

REFINITIV

DELTA REPORT

10-Q

HCACU - BLUE BIRD CORP

10-Q - DECEMBER 30, 2023 COMPARED TO 10-Q - JULY 01, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3571
CHANGES	237
DELETIONS	516
ADDITIONS	2818

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 **July 1, 2023** **December 30, 2023**

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
<u>Common stock, \$0.0001 par value</u>	<u>BLBD</u>	<u>NASDAQ Global Market</u>

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	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 August 4, 2023 February 2, 2024, 82,146,329 32,198,592 shares of the registrant's common stock, \$0.0001 par value, were outstanding.

BLUE BIRD CORPORATION
FORM 10-Q
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

(in thousands of dollars, except for share data)	(in thousands of dollars, except for share data)	July 1, 2023	October 1, 2022	(in thousands of dollars, except for share data)	December 30, 2023	September 30, 2023
Assets	Assets					
Current assets	Current assets					
Current assets						
Current assets						

Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 50,497	\$ 10,479
Accounts receivable, net	Accounts receivable, net	11,429	12,534
Inventories	Inventories	129,169	142,977
Other current assets	Other current assets	9,614	8,486
Total current assets	Total current assets	\$200,709	\$174,476
Restricted cash		\$ 238	\$ —
Property, plant and equipment, net			
Property, plant and equipment, net			
Property, plant and equipment, net	Property, plant and equipment, net	96,091	100,608
Goodwill	Goodwill	18,825	18,825
Intangible assets, net	Intangible assets, net	45,926	47,433
Equity investment in affiliate	Equity investment in affiliate	14,826	10,659
Deferred tax assets	Deferred tax assets	10,385	10,907
Finance lease right-of-use assets	Finance lease right-of-use assets	1,209	1,736
Other assets	Other assets	1,802	1,482
Total assets	Total assets	\$390,011	\$366,126
Liabilities and Stockholders' Equity	Liabilities and Stockholders' Equity		
Current liabilities	Current liabilities		
Current liabilities			
Current liabilities			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$136,185	\$107,937
Warranty	Warranty	6,593	6,685
Accrued expenses	Accrued expenses	28,499	16,386
Deferred warranty income	Deferred warranty income	7,769	7,205
Finance lease obligations	Finance lease obligations	580	566
Other current liabilities	Other current liabilities	18,263	6,195
Current portion of long-term debt	Current portion of long-term debt	19,800	19,800
Total current liabilities	Total current liabilities	\$217,689	\$164,774
Long-term liabilities	Long-term liabilities		
Revolving credit facility			

Revolving credit facility				
Revolving credit facility	Revolving credit facility	\$	—	\$ 20,000
Long-term debt	Long-term debt	115,149	130,390	
Warranty	Warranty	8,784	9,285	
Deferred warranty income	Deferred warranty income	13,866	11,590	
Deferred tax liabilities	Deferred tax liabilities	215	—	
Finance lease obligations	Finance lease obligations	1,135	1,574	
Other liabilities	Other liabilities	8,181	11,107	
Pension	Pension	14,548	16,024	
Total long-term liabilities	Total long-term liabilities	\$161,878	\$199,970	
Guarantees, commitments and contingencies (Note 6)	Guarantees, commitments and contingencies (Note 6)			Guarantees, commitments and contingencies (Note 6)
Stockholders' equity	Stockholders' equity			
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, 0 shares outstanding at July 1, 2023 and October 1, 2022		\$	—	\$ —
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 32,121,607 and 32,024,911 shares outstanding at July 1, 2023 and October 1, 2022, respectively			3	3
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, 0 shares outstanding at December 30, 2023 and September 30, 2023				
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, 0 shares outstanding at December 30, 2023 and September 30, 2023				
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, 0 shares outstanding at December 30, 2023 and September 30, 2023				
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 32,198,592 and 32,165,225 shares outstanding at December 30, 2023 and September 30, 2023, respectively				
Additional paid-in capital	Additional paid-in capital	176,290	173,103	
Accumulated deficit	Accumulated deficit	(74,318)	(79,512)	

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(41,249)	(41,930)
Treasury stock, at cost, 1,782,568 shares at July 1, 2023 and October 1, 2022		(50,282)	(50,282)
Treasury stock, at cost, 1,782,568 shares at December 30, 2023 and September 30, 2023			
Total stockholders' equity	Total stockholders' equity	\$ 10,444	\$ 1,382
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$390,011	\$366,126

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

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands of dollars except for share data)					
(in thousands of dollars except for share data)					
(in thousands of dollars except for share data)	(in thousands of dollars except for share data)				
		July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net sales	Net sales	\$ 294,284	\$ 206,083	\$ 829,830	\$ 542,965
Net sales					
Net sales					
Cost of goods sold					
Cost of goods sold					
Cost of goods sold	Cost of goods sold	248,534	184,490	740,974	502,018
Gross profit	Gross profit	\$ 45,750	\$ 21,593	\$ 88,856	\$ 40,947
Gross profit					
Gross profit					
Operating expenses					
Operating expenses					
Operating expenses					
Operating expenses	Operating expenses				
Selling, general and administrative expenses	Selling, general and administrative expenses	26,328	20,505	66,365	58,596
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Operating profit (loss)					

Operating profit (loss)									
Operating profit (loss)	Operating profit (loss)	\$	19,422	\$	1,088	\$	22,491	\$	(17,649)
Interest expense	Interest expense		(4,507)		(3,908)		(13,895)		(9,481)
Interest expense									
Interest expense									
Interest income	Interest income		246		—		258		—
Other (expense) income, net			(6,421)		735		(6,999)		2,215
Loss on debt modification			—		—		(537)		(561)
Interest income									
Interest income									
Other expense, net									
Other expense, net									
Other expense, net									
Loss on debt refinancing or modification									
Loss on debt refinancing or modification									
Loss on debt refinancing or modification									
Income (loss) before income taxes									
Income (loss) before income taxes									
Income (loss) before income taxes	Income (loss) before income taxes	\$	8,740	\$	(2,085)	\$	1,318	\$	(25,476)
Income tax (expense) benefit	Income tax (expense) benefit		(1,884)		(2,860)		(292)		6,317
Equity in net income (loss) of non-consolidated affiliate			2,502		(1,490)		4,168		(3,505)
Income tax (expense) benefit									
Income tax (expense) benefit									
Equity in net income of non-consolidated affiliate									
Equity in net income of non-consolidated affiliate									
Equity in net income of non-consolidated affiliate									
Net income (loss)									
Net income (loss)									
Net income (loss)	Net income (loss)	\$	9,358	\$	(6,435)	\$	5,194	\$	(22,664)
Earnings (loss) per share:	Earnings (loss) per share:								
Earnings (loss) per share:									
Basic weighted average shares outstanding									
Basic weighted average shares outstanding									
Basic weighted average shares outstanding	Basic weighted average shares outstanding		32,073,497		31,990,860		32,044,581		30,687,406
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding		32,598,938		31,990,860		32,335,381		30,687,406
Diluted weighted average shares outstanding									
Diluted weighted average shares outstanding									

Basic earnings (loss) per share					
Basic earnings (loss) per share					
Basic earnings (loss) per share	Basic earnings (loss) per share	\$	0.29	\$	(0.20)
Diluted earnings (loss) per share	Diluted earnings (loss) per share	\$	0.29	\$	(0.20)
Diluted earnings (loss) per share					
Diluted earnings (loss) per share					

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

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net income (loss)	Net income (loss)	\$ 9,358	\$ (6,435)	\$ 5,194	\$ (22,664)
Net income (loss)					
Net income (loss)					
Other comprehensive income, net of tax:	Other comprehensive income, net of tax:				
Other comprehensive income, net of tax:					
Other comprehensive income, net of tax:					
Net change in defined benefit pension plan					
Net change in defined benefit pension plan					
Net change in defined benefit pension plan	Net change in defined benefit pension plan	227	221	681	663
Total other comprehensive income	Total other comprehensive income	\$ 227	\$ 221	\$ 681	\$ 663
Total other comprehensive income					
Total other comprehensive income					
Comprehensive income (loss)	Comprehensive income (loss)	\$ 9,585	\$ (6,214)	\$ 5,875	\$ (22,001)
Comprehensive income (loss)					
Comprehensive income (loss)					

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)

		Nine Months Ended			
		Three Months Ended		Three Months Ended	
		July 1, 2023	July 2, 2022	December 30, 2023	December 31, 2022
(in thousands of dollars)	(in thousands of dollars)			(in thousands of dollars)	
Cash flows from operating activities	Cash flows from operating activities				
Net income (loss)	Net income (loss)	\$ 5,194	\$ (22,664)		

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net income (loss)			
Net income (loss)			
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense			
Depreciation and amortization expense			
Depreciation and amortization expense	Depreciation and amortization expense	12,077	10,089
Non-cash interest expense	Non-cash interest expense	1,124	3,084
Share-based compensation expense	Share-based compensation expense	2,229	3,153
Equity in net (income) loss of non-consolidated affiliate		(4,168)	3,505
Equity in net income of non-consolidated affiliate			
Dividend from equity investment in affiliate			
Loss on disposal of fixed assets	Loss on disposal of fixed assets	13	12
Impairment of fixed assets		—	1,354
Deferred income tax expense (benefit)			
Deferred income tax expense (benefit)			
Deferred income tax expense (benefit)	Deferred income tax expense (benefit)	522	(6,293)
Amortization of deferred actuarial pension losses	Amortization of deferred actuarial pension losses	896	872
Loss on debt modification		537	561
Loss on debt refinancing or modification			
Changes in assets and liabilities:	Changes in assets and liabilities:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	1,105	(3,037)
Inventories	Inventories	13,808	(91,519)
Other assets	Other assets	(228)	80
Accounts payable	Accounts payable	27,953	56,280
Accrued expenses, pension and other liabilities	Accrued expenses, pension and other liabilities	23,069	(9,928)
Total adjustments	Total adjustments	\$ 78,937	\$ (31,787)
Total cash provided by (used in) operating activities		\$ 84,131	\$ (54,451)
Total adjustments			

Total adjustments			
Total cash provided by operating activities			
Cash flows from investing activities	Cash flows from investing activities		
Cash paid for fixed assets	Cash paid for fixed assets	\$ (6,390)	\$ (4,748)
Cash paid for fixed assets			
Cash paid for fixed assets			
Proceeds from sale of fixed assets			
Total cash used in investing activities	Total cash used in investing activities	<u>\$ (6,390)</u>	<u>\$ (4,748)</u>
Cash flows from financing activities	Cash flows from financing activities		
Revolving credit facility borrowings		\$ 45,000	\$120,000
Revolving credit facility borrowings (Note 4)			
Revolving credit facility borrowings (Note 4)			
Revolving credit facility borrowings (Note 4)			
Revolving credit facility repayments	Revolving credit facility repayments	(65,000)	(105,000)
Term loan borrowings - new credit agreement (Note 4)			
Term loan repayments - previous credit agreement (Note 4)			
Principal payments on finance leases			
Cash paid for debt costs (Note 4)			
Term loan repayments		(14,850)	(11,138)
Principal payments on finance leases		(425)	(993)
Cash paid for debt costs		(3,272)	(2,468)
Sale of common stock		—	75,000
Cash paid for common stock issuance costs		—	(202)
Repurchase of common stock in connection with stock award exercises			
Repurchase of common stock in connection with stock award exercises			
Repurchase of common stock in connection with stock award exercises	Repurchase of common stock in connection with stock award exercises	(57)	(1,503)
Cash received from stock option exercises	Cash received from stock option exercises	1,119	303
Total cash (used in) provided by financing activities		<u>\$(37,485)</u>	<u>\$ 73,999</u>
Total cash provided by (used in) financing activities			
Total cash provided by (used in) financing activities			

Total cash provided by (used in) financing activities			
Change in cash, cash equivalents, and restricted cash	Change in cash, cash equivalents, and restricted cash		
		40,256	14,800
Cash, cash equivalents, and restricted cash at beginning of period	Cash, cash equivalents, and restricted cash at beginning of period	10,479	11,709
Cash, cash equivalents, and restricted cash at end of period	Cash, cash equivalents, and restricted cash at end of period	\$ 50,735	\$ 26,509
Supplemental disclosures of cash flow information			
Cash paid or received during the period:			
Interest paid, net of interest received		\$ 12,202	\$ 10,408
Income tax (received) paid, net of tax refunds		(33)	48
Non-cash investing and financing activities:			
Changes in accounts payable for capital additions to property, plant and equipment		\$ 745	\$ 1,718
Right-of-use assets obtained in exchange for operating lease obligations		199	—

(in thousands of dollars)	Three Months Ended	
	December 30, 2023	December 31, 2022
Supplemental disclosures of cash flow information		
Cash paid or received during the period:		
Interest paid, net of interest received	\$ 1,807	\$ 3,170
Income tax paid (received), net of tax refunds	2	(90)
Non-cash investing and financing activities:		
Changes in accounts payable for capital additions to property, plant and equipment	\$ 953	\$ 672
Accrue debt modification costs	—	61
Right-of-use assets obtained in exchange for operating lease obligations	1,241	199
Warrants issued for equity investment in affiliate	7,416	—

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

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

Three Months Ended				
(in thousands of dollars, except for share data)				
	Shares			
	Shares			
	Shares	Par Value	Additional Paid-In-Capital	Shares Amount
Balance, September 30, 2023				

Three Months Ended											
(in thousands of dollars, except for share data)											
		Common Stock			Convertible Preferred Stock			Treasury Stock			
Issuance of warrants (Note 12)											
				Additional			Accumulated			Total	
		Shares	Par Value	Paid-In-Capital	Shares	Amount	Other Comprehensive Loss	Accumulated Deficit	Shares	Amount	Stockholders' (Deficit) Equity
Balance, April 1, 2023		32,036,149	\$ 3	\$174,313	—	\$ —	\$ (41,476)	\$ (83,676)	1,782,568	\$(50,282)	\$ (1,118)
Issuance of warrants (Note 12)											
Issuance of warrants (Note 12)											
Restricted stock activity	Restricted stock activity	28,771	—	—	—	—	—	—	—	—	—
Stock option activity	Stock option activity	56,687	—	1,053	—	—	—	—	—	—	1,053
Share-based compensation expense											
Share-based compensation expense											
Share-based compensation expense	Share-based compensation expense	—	—	924	—	—	—	—	—	—	924
Net income	Net income	—	—	—	—	—	—	9,358	—	—	9,358
Other comprehensive income, net of tax		—	—	—	—	—	227	—	—	—	227
Balance, July 1, 2023		32,121,607	\$ 3	\$176,290	—	\$ —	\$ (41,249)	\$ (74,318)	1,782,568	\$(50,282)	\$ 10,444
Balance, April 2, 2022		31,990,860	\$ 3	\$172,191	—	\$ —	\$ (44,352)	\$ (49,982)	1,782,568	\$(50,282)	\$ 27,578
Net income											
Net income											
Other comprehensive income, net of tax											
Balance, December 30, 2023											
Balance, October 1, 2022											
Balance, October 1, 2022											
Balance, October 1, 2022											
Restricted stock activity											
Restricted stock activity											
Restricted stock activity											
Share-based compensation expense											
Share-based compensation expense											
Share-based compensation expense	Share-based compensation expense	—	—	623	—	—	—	—	—	—	623
Net loss	Net loss	—	—	—	—	—	—	(6,435)	—	—	(6,435)
Net loss											
Net loss											

Other comprehensive income, net of tax	Other comprehensive income, net of tax	—	—	—	—	—	221	—	—	—	221
Balance, July 2, 2022		<u>31,990,860</u>	<u>\$ 3</u>	<u>\$172,814</u>	<u>—</u>	<u>\$ —</u>	<u>\$ (44,131)</u>	<u>\$ (56,417)</u>	<u>1,782,568</u>	<u>\$(50,282)</u>	<u>\$ 21,987</u>
Balance, December 31, 2022											

(in thousands of dollars, except for share data)	Nine Months Ended									
	Common Stock			Convertible Preferred Stock		Accumulated Other Comprehensive Loss			Treasury Stock	
	Shares	Par Value	Additional Paid-In Capital	Shares	Amount	Loss	Accumulated Deficit	Shares	Amount	Total Stockholders' Equity (Deficit)
Balance, October 1, 2022	32,024,911	\$ 3	\$ 173,103	—	\$ —	\$ (41,930)	\$ (79,512)	1,782,568	\$ (50,282)	\$ 1,382
Restricted stock activity	35,927	—	(57)	—	—	—	—	—	—	(57)
Stock option activity	60,769	—	1,119	—	—	—	—	—	—	1,119
Share-based compensation expense	—	—	2,125	—	—	—	—	—	—	2,125
Net income	—	—	—	—	—	—	5,194	—	—	5,194
Other comprehensive income, net of tax	—	—	—	—	—	681	—	—	—	681
Balance, July 1, 2023	<u>32,121,607</u>	<u>\$ 3</u>	<u>\$ 176,290</u>	<u>—</u>	<u>\$ —</u>	<u>\$ (41,249)</u>	<u>\$ (74,318)</u>	<u>1,782,568</u>	<u>\$ (50,282)</u>	<u>\$ 10,444</u>
Balance, October 2, 2021	27,205,269	\$ 3	\$ 96,170	—	\$ —	\$ (44,794)	\$ (33,753)	1,782,568	\$ (50,282)	\$ (32,656)
Private placement	4,687,500	—	74,798	—	—	—	—	—	—	74,798
Restricted stock activity	82,505	—	(1,484)	—	—	—	—	—	—	(1,484)
Stock option activity	15,586	—	284	—	—	—	—	—	—	284
Share-based compensation expense	—	—	3,046	—	—	—	—	—	—	3,046
Net loss	—	—	—	—	—	—	(22,664)	—	—	(22,664)
Other comprehensive income, net of tax	—	—	—	—	—	663	—	—	—	663
Balance, July 2, 2022	<u>31,990,860</u>	<u>\$ 3</u>	<u>\$ 172,814</u>	<u>—</u>	<u>\$ —</u>	<u>\$ (44,131)</u>	<u>\$ (56,417)</u>	<u>1,782,568</u>	<u>\$(50,282)</u>	<u>\$ 21,987</u>

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 **September 28, 2024 ("fiscal 2024") and ended September 30, 2023 ("fiscal 2023") and ended October 1, 2022**

("fiscal 2022") consist or consisted of 52 weeks. The third first quarters of fiscal 2023 2024 and fiscal 2022 2023 both included 13 weeks. The nine month periods in fiscal 2023 and 2022 both included 39 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 October 1, 2022 September 30, 2023 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 October 1, 2022 September 30, 2023 as set forth in the Company's fiscal 2022 2023 Form 10-K filed with the Securities and Exchange Commission ("SEC") on December 12, 2022 December 11, 2023.

Impacts of COVID-19 and Subsequent Supply Chain Constraints on our Business

Towards the end of our second quarter of As discussed in detail in the fiscal year that ended October 3, 2020 ("fiscal 2020") 2023 Form 10-K filed with the SEC on December 11, 2023, the novel coronavirus known as "COVID-19" spread throughout the world, resulting in a global pandemic. Countermeasures taken to address the COVID-19 pandemic included virtual and hybrid schooling in many jurisdictions throughout the United States of America ("U.S.") and Canada. The uncertainty of when and how schools would open materially affected demand for new buses and replacement/maintenance parts during the second half of our fiscal 2020 year that ended October 3, 2020 ("fiscal 2020") and first half of the our fiscal year that ended October 2, 2021 ("fiscal 2021"), significantly impacting our business and operations.

Demand Although demand for school buses strengthened substantially during the second half of fiscal 2021, as COVID-19 vaccines were administered and many jurisdictions began preparing for a return to in-person learning environments for the new school year that began in mid-August to early September 2021. However, during this same period of time, the Company, and automotive industry as a whole, began experiencing significant supply chain constraints resulting from, among others, labor shortages; the lack around this same period of maintenance on, and acquisition of, capital assets by suppliers during the extended COVID-19 global lockdowns; significant increased demand for consumer products containing certain materials required for the production of vehicles, such as microchips, as consumers spent stimulus and other funds on items for their homes; etc. time. These supply chain disruptions had a significant adverse impact on our operations and results during the second half of fiscal 2021 and all of fiscal 2022 due to higher purchasing costs, including freight costs incurred to expedite receipt of critical components, increased manufacturing inefficiencies and our inability to complete the production of buses to fulfill sales orders.

Additionally, Russian military forces launched a large-scale invasion of Ukraine on February 24, 2022, which further exacerbated global supply chain disruptions. While the Company has no assets or customers in either of these countries, this military conflict has significantly impacted our financial results, primarily in an indirect manner since the Company does not sell to customers located in, or source goods directly from, either country. Specifically, it contributed to increased a) costs charged by suppliers for the purchase of inventory that is at least partially dependent on resources originating from either of the countries and b) freight costs, both of which negatively impacted the gross profit recognized on sales during fiscal 2022, fiscal 2023 and continuing into fiscal 2024.

Towards the end of fiscal 2022 and continuing into fiscal 2023, there were slight improvements in the supply chain's ability to deliver the parts and components necessary to support our production operations, resulting in increased (i) manufacturing efficiencies and (ii) production of buses to fulfill sales orders during the first three quarters of fiscal 2023. However, the higher costs charged by suppliers to procure inventory that continued into fiscal 2023 had a significant adverse impact on our operations and results. Specifically, such cost increases outpaced the increases in sales prices that we charged for the buses that were sold during the first quarter of fiscal 2023, many of which were included in the backlog of fixed price sales orders originating in fiscal 2021 and the early months of fiscal 2022 that carried forward into fiscal 2023. During the second and third quarters remainder of fiscal 2023, the buses that were sold were generally included in the backlog of fixed price sales orders originating more recently (i.e., the latter months of fiscal 2022 and in fiscal 2023), with the cumulative increases in sales prices we charged for those buses generally outpacing the higher costs we paid to procure inventory, resulting in gross profit during the quarters. While the gross margin on bus sales during the second quarter of fiscal 2023 lagged the historical gross margin reported prior to the COVID-19 pandemic, it returned to more normal historical levels during the third quarter latter half of fiscal 2023.

Additionally, Russian military forces launched a large-scale invasion of Ukraine on February 24, 2022, which further exacerbated global supply Supply chain disruptions. While disruptions continued into the Company has no assets or customers in either of these countries, this military conflict significantly impacted our financial results during the second half first quarter of fiscal 2022 and continuing into fiscal 2023, primarily 2024 as there were still occasional shortages of certain critical components as well as ongoing increases in an indirect manner since the Company does not sell to customers located in, or source goods directly from, either country. Specifically, it has contributed to increased a) costs charged by suppliers for the purchase of inventory that is at least partially dependent on resources originating from either of the countries and b) freight raw materials costs, both of which negatively impacted our business and operations by limiting the number 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 three fiscal years allowed the Company to better navigate these supply chain challenges and consistently produce buses to fulfill sales orders. Ongoing improvements in manufacturing operations, when coupled with periodic pricing actions taken by the Company to ensure that the increased sales prices charged for buses kept pace with increased costs to procure inventory to produce the buses, allowed the Company to report gross profit recognized on sales and gross margin during the second half first quarter of fiscal 2022 and continuing into fiscal 2023.

Significant uncertainty exists concerning the magnitude and duration of the pandemic and subsequent supply chain constraints and accordingly, precludes any prediction as 2024 that were consistent with, or better than, historic levels experienced prior to the ultimate severity of the adverse impacts on our business, financial condition, results of operations, and liquidity. COVID-19 pandemic.

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 any COVID-19 outbreaks and

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 Company's fiscal 2022 2023 Form 10-K, filed with the SEC on December 12, 2022 December 11, 2023. 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 nine three months ended July 1, 2023 December 30, 2023.

Recently Issued Accounting Standards

ASU 2020-04 2023-07 On March 12, 2020 November 27, 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, 2023-07, Reference Rate Reform Segment Reporting (Topic 848) 280: Facilitation of the Effects of Reference Rate Reform on Financial Reporting Improvements to Reportable Segment Disclosures, providing temporary guidance which requires public entities to ease the potential burden in accounting disclose information about their reportable segments' significant expenses on an interim and annual basis. The ASU is effective for reference rate reform primarily resulting from the discontinuation of LIBOR (defined below) fiscal years beginning after December 15, 2023, which was initially expected to occur on December 31, 2021. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued, interim periods beginning after December 15, 2024, with early adoption permitted.

ASU 2021-01 2023-09 On January 7, 2021 December 14, 2023, the FASB issued ASU 2021-01, 2023-09, Reference Rate Reform Income Taxes (Topic 848) 740: Scope Improvements to Income Tax Disclosures, which refines the scope requires entities to disclose more detailed information in their reconciliation of Accounting Standards Codification Topic their statutory tax rate to their effective tax rate. Public business entities ("ASC" PBEs") 848, Reference Rate Reform 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, and clarifies some of its guidance as part of the FASB's ongoing monitoring of global reference rate reform activities. The ASU permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, computing variation margin settlements, and calculating price alignment interest in connection interim periods beginning after December 15, 2025, with reference rate reform activities under way in global financial markets.

ASU 2022-06 On December 21, 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848, which defers the sunset date of ASC 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in ASC 848, early adoption permitted.

The above amendments are effective for all entities from March 12, 2020 through December 31, 2024. An entity may elect to apply new ASUs will not impact amounts recorded in the amendments to contract modifications on a (i) full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 or (ii) prospective basis from any date within an interim period that includes or is subsequent to March 12, 2020 through the date that the interim financial statements but instead, will require more detailed disclosures in the footnotes to the financial statement. The Company plans to provide the updated disclosures required by the ASUs in the periods in which they are issued or available to be issued. effective.

On March 5, 2021, the Intercontinental Exchange, Inc. ("ICE") Benchmark Administration ("IBA"), the administrator of the United States Dollar London Interbank Offering Rate ("LIBOR"), issued a statement, following the completion of a formal consultation process, reaffirming the preliminary announcement it made on November 30, 2020, to cease publication of (i) 1 week and 2 month LIBOR subsequent to December 31, 2021 and (ii) the overnight and 1, 3, 6 and 12 month LIBOR tenors subsequent to June 30, 2023. The IBA's statement regarding such cessation dates primarily resulted from a majority of LIBOR panel banks communicating to the IBA that they would be unwilling to continue contributing to the relevant LIBOR settings after such dates. As a result, the IBA determined that it would be unable to publish the relevant LIBOR settings on a representative basis after such dates. The United Kingdom Financial Conduct Authority ("FCA"), which regulates the IBA, confirmed that, based on information it received from LIBOR panel banks, it did not expect that any LIBOR settings would become unrepresentative before the announced cessation dates summarized above.

With the maturity of the interest rate collar on September 30, 2022 and execution of the Fifth Amended Credit Agreement (defined below) on September 2, 2022, which, among other things, changed one of the market interest rate indices that the Company can elect to accrue interest on outstanding borrowings from LIBOR to the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York ("SOFR") and became effective at the end of the applicable interest period for any LIBOR borrowings outstanding on the fifth amendment effective date, the Company no longer has any contracts that reference LIBOR. The change in interest rate indices from LIBOR to SOFR occurred at the end of December 2022 when the LIBOR interest rate on outstanding borrowings on the fifth amendment effective date matured. At that time, the Company adjusted the effective interest rate on outstanding borrowings on a prospective basis, which did not have a material impact on the condensed consolidated financial statements.

3. Supplemental Financial Information

Inventories

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

(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	October 1, 2022	(in thousands of dollars)	December 30, 2023	September 30, 2023
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Raw materials	Raw materials	\$ 83,775	\$106,070
Work in process	Work in process	40,430	35,398
Finished goods	Finished goods	4,964	1,509
Total inventories	Total inventories	<u>\$129,169</u>	<u>\$142,977</u>

Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the applicable Condensed Consolidated Balance Sheets that sum to the total of such amounts reported on the Condensed Consolidated Statements of Cash Flows:

(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	(in thousands of dollars)	December 30, 2023	December 31, 2022
Cash and cash equivalents	Cash and cash equivalents	\$50,497	\$26,509			
Restricted cash	Restricted cash	238	—			
Total cash, cash equivalents, and restricted cash reported on the Condensed Consolidated Statements of Cash Flows	Total cash, cash equivalents, and restricted cash reported on the Condensed Consolidated Statements of Cash Flows	<u>\$50,735</u>	<u>\$26,509</u>			

Amounts included in restricted cash represent those **that were** required by a contractual agreement with a financial institution to serve as collateral against outstanding balances pertaining to the Company's corporate credit card program.

Product Warranties

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended			
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Balance at beginning of period	Balance at beginning of period	\$ 15,554	\$ 16,985	\$ 15,970	\$ 18,550
Balance at beginning of period					
Balance at beginning of period					
Add current period accruals					
Add current period accruals					
Add current period accruals	Add current period accruals	2,291	1,894	6,756	5,181

Current period reductions of accrual	Current period reductions of accrual	(2,468)	(2,735)	(7,349)	(7,587)
Current period reductions of accrual					
Current period reductions of accrual					
Balance at end of period	Balance at end of period	\$ 15,377	\$ 16,144	\$ 15,377	\$ 16,144
Balance at end of period					
Balance at end of period					

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		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Balance at beginning of period	Balance at beginning of period	\$ 20,081	\$ 18,414	\$ 18,795	\$ 20,144
Balance at beginning of period					
Balance at beginning of period					
Add current period deferred income					
Add current period deferred income					
Add current period deferred income	Add current period deferred income	3,507	1,908	8,599	4,268
Current period recognition of income	Current period recognition of income	(1,953)	(2,184)	(5,759)	(6,274)
Current period recognition of income					
Current period recognition of income					
Balance at end of period	Balance at end of period	\$ 21,635	\$ 18,138	\$ 21,635	\$ 18,138
Balance at end of period					
Balance at end of period					

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 **\$2.1 million** **\$6.4 million** of the outstanding contract liability during the remainder of fiscal **2023, \$7.2 million** **2024, \$6.9 million** in fiscal **2024, 2025**, and the remaining balance thereafter.

Other Current Liabilities

The balance in other current liabilities as of **July 1, 2023** **December 30, 2023** includes approximately **\$13.2** **\$7.1** million of funds awarded by the U.S. Environmental Protection Agency in administering the U.S. Infrastructure Investment and Jobs Act ("IIJA") that was signed into law in mid-November 2021. The IIJA allocates federal funds to help local school jurisdictions purchase zero and low emission school buses over a five year period. The Company expects to recognize **the vast majority of** this amount as revenue during **the fourth quarter of fiscal 2023 and first quarter of** fiscal 2024 as the underlying buses are produced and delivered.

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)	(in thousands of dollars)	July 1, 2023	October 1, 2022	(in thousands of dollars)	December 30, 2023	September 30, 2023
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Current portion	Current portion	\$4,012	\$3,996
Long-term portion	Long-term portion	1,879	1,794
Total accrued self-insurance	Total accrued self-insurance	<u>\$5,891</u>	<u>\$5,790</u>

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 \$4.7 million and \$4.2 million \$4.3 million for the three months ended July 1, 2023 December 30, 2023 and July 2, 2022, respectively, and \$13.1 million and \$11.1 million for the nine months ended July 1, 2023 and July 2, 2022 December 31, 2022, respectively. The related cost of goods sold was \$4.0 million \$4.3 million and \$3.7 million \$3.8 million for the three months ended July 1, 2023 December 30, 2023 and July 2, 2022, respectively, and \$11.7 million and \$9.9 million for the nine months ended July 1, 2023 and July 2, 2022 December 31, 2022, respectively.

Pension Expense

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Interest cost	Interest cost	\$ 1,509	\$ 1,092	\$ 4,527	\$ 3,276
Interest cost					
Interest cost					
Expected return on plan assets					
Expected return on plan assets					
Expected return on plan assets	Expected return on plan assets	(1,630)	(2,122)	(4,890)	(6,366)
Amortization of prior loss	Amortization of prior loss	299	291	897	873
Net periodic benefit expense (income)		\$ 178	\$ (739)	\$ 534	\$ (2,217)
Amortization of prior loss					
Amortization of prior loss					
Net periodic pension benefit expense					
Net periodic pension benefit expense					
Net periodic pension benefit expense					
Amortization of prior loss, recognized in other comprehensive income	Amortization of prior loss, recognized in other comprehensive income	(299)	(291)	(897)	(873)
Total recognized in net periodic pension benefit expense (income) and other comprehensive income		\$ (121)	\$ (1,030)	\$ (363)	\$ (3,090)
Amortization of prior loss, recognized in other comprehensive income					
Amortization of prior loss, recognized in other comprehensive income					

Total recognized in net periodic pension benefit expense and other comprehensive income

Total recognized in net periodic pension benefit expense and other comprehensive income

Total recognized in net periodic pension benefit expense and other comprehensive income

4. Debt

On November 21, 2022 November 17, 2023 (the "Closing Date"), BBBC, (as "Borrower") as Borrower, executed a sixth amendment to \$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 dated as consist of December 12, 2016 ("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 Agreement"); as amended by Facility," and together with the first amendment to 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, dated as of September 13, 2018 (the "First Amended Credit Agreement"), the second amendment to the Credit Agreement, dated as of May 7, 2020 (the "Second Amended Credit Agreement"), the third amendment to the Credit Agreement, dated as of December 4, 2020 (the "Third Amended Credit Agreement"); the fourth amendment to the Credit Agreement, dated as of November 24, 2021 (the "Fourth Amended Credit Agreement"); the fifth amendment and limited waiver to the Credit Agreement, dated as of September 2, 2022 (the "Fifth Amended Credit Agreement"); and as further amended by the sixth amendment (the "Sixth Amended Credit Agreement" and collectively, the "Amended Credit Agreement"). The Sixth Amended Credit Agreement, among other things, extends the maturity date for both the term loan and revolving credit facilities from September 13, 2023 to December 31, 2024. The total revolving credit facility commitment is reduced to an aggregate principal amount of \$90.0 million, of which \$80.0 million is available for Borrower to draw, with the remaining \$10.0 million subject to written approval from the lenders, which, once obtained, will be irrevocable. There was no change in the term loan facility commitment; however, the Sixth Amended Credit Agreement requires principal repayments approximating \$5.0 million on a quarterly basis through September 30, 2024, with the remaining balance due upon maturity. There were \$151.6 million of term loan borrowings outstanding on the sixth amendment effective date.

The Sixth Amended Credit Agreement also provides for temporary amendments to certain financial performance covenants during the period from the third amendment effective date, December 4, 2020, through and including April 1, 2023 (the "Amended Limited Availability Period"), which will terminate on the date on which the Company's Total Net Leverage Ratio ("TNLR"), defined as the ratio of (a) consolidated net debt to (b) consolidated EBITDA, for the two fiscal quarters most recently ended is each less than 4.00x and no default or event of default has occurred and is continuing. However, the Amended Limited Availability Period can re-occur upon a default or event of default or if the TNLR for the immediately preceding fiscal quarter is equal to or greater than 4.00x.

The minimum consolidated EBITDA that the Company is required to maintain during the Amended Limited Availability Period is updated limitations as set forth in the table below (in millions): Credit Agreement, and which additional loans and/or commitments would require further commitments from existing lenders or from new lenders.

Period	Minimum Consolidated EBITDA
Fiscal quarter ending July 1, 2023	\$50.0
Fiscal quarter ending September 30, 2023	\$60.0

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

For purposes of complying with certain circumstances) are required to be used to prepay borrowings outstanding under the above minimum consolidated EBITDA covenant, Credit Facilities. Borrowings under the Company's consolidated EBITDA for Term Loan Facility, which were made on the (i) two fiscal quarter period ending July 1, 2023 is multiplied by 2 Closing Date, may not be reborrowed once they are repaid while borrowings under the Revolving Credit Facility may be repaid and (ii) three fiscal quarter period ending September 30, 2023 is multiplied by 4/3, reborrowed from time to time at our election.

The minimum liquidity (in Term Loan Facility is subject to amortization of principal, payable in equal quarterly installments on the form of undrawn availability under the revolving credit facility and unrestricted cash and cash equivalents) that the Company is required to maintain at the end last day of each fiscal month during quarter, commencing on March 30, 2024, with 5.0% of the Amended Limited Availability Period is amended as set forth in the table below (in millions):

Period	Minimum Liquidity
Sixth amendment effective date through December 30, 2023	\$30.0

Additionally, the financial performance covenant requiring that school bus units manufactured by the Company ("Units") not fall below certain pre-set thresholds on a three month trailing basis ("Units Covenant") is amended for Units to be calculated \$100.0 million aggregate principal amount of all initial term loans outstanding at the end Closing Date payable each year prior to the maturity date of each applicable fiscal month 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 a cumulative basis, with the minimum cumulative threshold that November 17, 2028 maturity date of the Company is required to maintain during the Amended Limited Availability Period amended as set forth in the table below. The Units Covenant is triggered only if the Company's liquidity for the most-recently ended fiscal month is less than \$50.0 million during the Amended Limited Availability Period:

Period	Minimum Units Manufactured
Period from October 2, 2022 and ending October 29, 2022	450
Period from October 2, 2022 and ending November 26, 2022	900
Period from October 2, 2022 and ending December 31, 2022	1,400
Period from October 2, 2022 and ending January 28, 2023	1,900
Period from October 2, 2022 and ending February 25, 2023	2,400
Period from October 2, 2022 and ending April 1, 2023	3,000

The Company is not required to comply with a maximum TNLR financial maintenance covenant for any fiscal quarters from the sixth amendment effective date through September 30, 2023, with the maximum threshold amended thereafter as follows:

Period	Maximum Total Net Leverage Ratio	
Fiscal quarter ending December 30, 2023 through the fiscal quarter ending March 30, 2024	4.00:1.00	
Fiscal quarter ending June 29, 2024 and thereafter	3.50:1.00	Credit

Agreement.

The pricing grid in 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 which 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.

The \$100.0 million of Term Loan Facility proceeds and \$36.2 million of Revolving Credit Facility proceeds that were borrowed on the Closing Date were used to pay (i) the \$131.8 million of term loan indebtedness outstanding under the previous credit agreement ("Amended Credit Agreement"), (ii) interest and commitment fees accrued under the Amended Credit Agreement through the Closing Date and (iii) transaction costs associated with the consummation of the Credit Agreement.

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 Total Net Leverage Ratio ("TNLR," which is based 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.

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, is applicable to both term loan and revolving borrowings and is determined quarterly in accordance arrears.

The Credit Agreement also includes a requirement that the Company comply with the amended pricing matrix set forth below:

Level	Total Net Leverage Ratio	ABR Loans	SOFR Loans
I	Less than 2.00x	0.75%	1.75%
II	Greater than or equal to 2.00x and less than 2.50x	1.00%	2.00%
III	Greater than or equal to 2.50x and less than 3.00x	1.25%	2.25%

IV	Greater than or equal to 3.00x and less than 3.25x	1.50%	2.50%
V	Greater than or equal to 3.25x and less than 3.50x	1.75%	2.75%
VI	Greater than or equal to 3.50x and less than 4.00x	2.00%	3.00%
VII	Greater than or equal to 4.00x and less than 4.50x	2.75%	3.75%
VIII	Greater than or equal to 4.50x and less than 5.00x	3.75%	4.75%
IX	Greater than 5.00x	4.75%	5.75%

Further, following financial covenants on the pricing margins for levels VII through IX above are last day of each increased (x) by 0.25% if the aggregate revolving borrowings are equal to or fiscal quarter through maturity: (i) a pro forma TNLR of not greater than \$50.0 million 3.00:1.00 and (ii) a pro forma fixed charge coverage ratio (as defined in the Credit Agreement) of not less than or equal to \$80.0 million and (y) by 0.50% if the aggregate revolving borrowings are greater than \$80.0 million. On the sixth amendment effective date, the interest rate 1.20:1.00. The Company was set at SOFR plus 5.75% and will be adjusted, in compliance with such covenants as applicable, for future fiscal quarters in accordance with the amended pricing grid set forth above.

Finally, the Company is required to deliver to the administrative agent, on a quarterly basis, a projected consolidated balance sheet and consolidated statements of projected operations and cash flows containing the next four fiscal quarters. December 30, 2023.

The Company incurred approximately \$3.3 \$3.1 million in lender fees and other issuance costs relating to the sixth amendment Credit Agreement. Of such total, approximately \$1.2 \$1.9 million and \$1.5 \$0.8 million was capitalized within other assets and long-term debt (as a contra-balance), respectively, on the Condensed Consolidated Balance Sheets and will be amortized as an adjustment to interest expense on a straight-line basis and utilizing the effective interest method, respectively, until maturity of the Amended Credit Agreement. The remaining approximate \$0.5 \$0.4 million was recorded to loss on debt refinancing or modification on the Condensed Consolidated Statements of Operations.

In conjunction with executing the Credit Agreement, previously capitalized lender fees and other issuance costs relating to the Amended Credit Agreement and incurred in prior periods totaling \$1.1 million were also expensed to loss on debt refinancing or modification on the Condensed Consolidated Statements of Operations.

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

(in thousands of dollars)	(in thousands of dollars)	July 1, 2023		October 1, 2022		December 30, 2023	September 30, 2023
		2023	2022	2023	2022		
2023 term loan, net of deferred financing costs of \$1,801 and \$1,410, respectively		\$134,949	\$150,190				
Term loan borrowings, net of deferred financing costs of \$1,514 and \$1,456, respectively							
Less: current portion of long-term debt	Less: current portion of long-term debt	19,800	19,800				
Long-term debt, net of current portion	Long-term debt, net of current portion	\$115,149	\$130,390				

Term loans 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, 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 July 1, 2023 December 30, 2023 and October 1, 2022 September 30, 2023, \$136.8 million \$100.0 million and \$151.6 million \$131.8 million, respectively, were outstanding on the term loans.

At July 1, 2023 December 30, 2023 and October 1, 2022 September 30, 2023, the stated interest rates on the term loans were 11.1% 8.5% and 7.9% 10.0%, respectively. At July 1, 2023 For the three month periods ended December 30, 2023 and October 1, 2022 September 30, 2023, the weighted-average annual effective interest rates for the term loans were 11.6% 9.9% and 8.0% 10.9%, respectively, which includes amortization of the deferred financing costs and interest relating to the interest rate collar, as applicable, respectively.

At July 1, 2023 December 30, 2023, \$6.3 million \$6.7 million of letters of credit were outstanding, which reduces the availability on the revolving line of credit. There were no \$36.2 million borrowings outstanding on the revolving credit facility; Revolving Credit Facility; therefore, the Company would have been able to borrow \$83.7 million \$107.1 million on the revolving line of credit.

Interest expense on all indebtedness was \$4.5 million \$3.6 million and \$3.9 million \$4.2 million for the three months ended July 1, 2023 December 30, 2023 and July 2, 2022, respectively, and \$13.9 million and \$9.5 million for the nine months ended July 1, 2023 and July 2, 2022 December 31, 2022, respectively.

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

(in thousands of dollars)			
Fiscal Year	Fiscal Year	Principal Payments	Fiscal Year
2023		\$ 4,950	
2024	2024	19,800	
2025	2025	112,000	
2026			
2027			
2028			
Thereafter			
Total remaining principal payments	Total remaining principal payments	\$136,750	

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 July 1, 2023 December 30, 2023 was 21.6% 25.9% 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 December 31, 2022 was 20.8%, which aligned with the statutory federal income tax rate of 21% and is comprised of normal tax rate items, including impacts from state taxes federal and state tax credits (net of valuation allowances) and permanent differences, which were partially offset by the impact of discrete period items during the quarter.

The effective tax rate for the three months ended July 2, 2022 was (137.2)%, which differed from the statutory federal income tax rate of 21%. In addition, the amount recorded represents income tax expense in a three month period in which the Company recorded loss before income taxes. This unusual relationship exists as the amount recorded was necessary to adjust the income tax benefit for the nine months ended July 2, 2022, discussed below, to reflect the Company's revised estimated annual income tax rate, including the effects of discrete period tax items.

Nine Months

The effective tax rate for the nine months ended July 1, 2023 was 22.2%, which aligned with the statutory federal tax rate of 21% and is comprised of normal tax rate items, including impacts from state taxes, federal and state tax credits (net of valuation allowances) and permanent differences, which were partially offset by the impact of discrete period items during the period.

The effective tax rate for the nine months ended July 2, 2022 was 24.8% and differed from the statutory federal income tax rate of 21%. The difference is mainly due to normal tax rate items, including impacts from state taxes and federal and state tax credits (net of valuation allowances), which were partially offset by with discrete period tax expense resulting from net non-deductible compensation expenses and other tax adjustments. items having a nominal impact on the effective rate during the quarter.

6. Guarantees, Commitments and Contingencies

Litigation

Environmental

7. Segment Information

Net sales	Net sales				
	Three Months Ended			Nine Months Ended	
Net sales					
Net sales					
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Bus (1)	Bus (1)	\$ 270,282	\$ 186,631	\$ 757,003	\$ 487,552
Bus (1)					
Bus (1)					
Parts (1)					
Parts (1)					
Parts (1)	Parts (1)	24,002	19,452	72,827	55,413
Segment net sales	Segment net sales	\$ 294,284	\$ 206,083	\$ 829,830	\$ 542,965
Segment net sales					
Segment net sales					

Gross profit		Three Months Ended		Nine Months Ended	
Gross profit (loss)					
Gross profit (loss)					
Gross profit (loss)					
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022

Bus	Bus	\$	34,176	\$	13,632	\$	53,544	\$	19,290
Bus									
Bus									
Parts									
Parts									
Parts	Parts		11,574		7,961		35,312		21,657
Segment gross profit	Segment gross profit	\$	45,750	\$	21,593	\$	88,856	\$	40,947
Segment gross profit									
Segment gross profit									

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(in thousands of dollars)					
(in thousands of dollars)					
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Segment gross profit	Segment gross profit	\$ 45,750	\$ 21,593	\$ 88,856	\$ 40,947
Segment gross profit					
Segment gross profit					
Adjustments:					
Adjustments:					
Adjustments:	Adjustments:				
Selling, general and administrative expenses	Selling, general and administrative expenses	(26,328)	(20,505)	(66,365)	(58,596)
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Interest expense					
Interest expense					
Interest expense	Interest expense	(4,507)	(3,908)	(13,895)	(9,481)
Interest income	Interest income	246	—	258	—
Other (expense) income, net		(6,421)	735	(6,999)	2,215
Loss on debt modification		—	—	(537)	(561)
Interest income					
Interest income					
Other expense, net					
Other expense, net					
Other expense, net					
Loss on debt refinancing or modification					
Loss on debt refinancing or modification					
Loss on debt refinancing or modification					
Income (loss) before income taxes	Income (loss) before income taxes	\$ 8,740	\$ (2,085)	\$ 1,318	\$ (25,476)
Income (loss) before income taxes					
Income (loss) before income taxes					

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

		Three Months Ended		Nine Months Ended	
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		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
United States		\$ 282,908	\$ 193,571	\$ 751,730	\$ 488,363
(in thousands of dollars)					
(in thousands of dollars)					
U.S.					
U.S.					
U.S.					
Canada					
Canada					
Canada	Canada	9,801	12,009	72,556	50,506
Rest of world	Rest of world	1,575	503	5,544	4,096
Rest of world					
Rest of world					
Total net sales	Total net sales	\$ 294,284	\$ 206,083	\$ 829,830	\$ 542,965
Total net sales					
Total net sales					

8. Revenue

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Diesel buses	Diesel buses	\$ 87,318	\$ 79,355	\$ 248,607	\$ 221,669
Diesel buses					
Diesel buses					
Alternative power buses (1)	Alternative power buses (1)	172,234	96,897	475,449	237,267
Alternative power buses (1)					
Alternative power buses (1)					
Other (2)					
Other (2)					
Other (2)	Other (2)	11,326	10,952	34,821	30,320
Parts	Parts	23,406	18,879	70,953	53,709
Parts					
Parts					
Net sales	Net sales	\$ 294,284	\$ 206,083	\$ 829,830	\$ 542,965
Net sales					
Net sales					

(1) Includes buses sold with any power source other than diesel (e.g., gasoline, propane, compressed natural gas ("CNG") or electric).

(2) Includes shipping and handling revenue, extended warranty income, surcharges and chassis and bus shell sales.

9. Earnings (Loss) Per Share

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands except for share data)					
(in thousands except for share data)					
(in thousands except for share data)	(in thousands except for share data)	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Numerator:	Numerator:				
Numerator:					
Numerator:					
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss) \$	9,358	\$ (6,435)	\$ 5,194	\$ (22,664)
Denominator:	Denominator:				
Denominator:					
Denominator:					
Weighted-average common shares outstanding					
Weighted-average common shares outstanding					
Weighted-average common shares outstanding	Weighted-average common shares outstanding	32,073,497	31,990,860	32,044,581	30,687,406
Weighted-average dilutive securities, restricted stock	Weighted-average dilutive securities, restricted stock	407,015	—	286,989	—
Weighted-average dilutive securities, restricted stock					
Weighted-average dilutive securities, restricted stock					
Weighted-average dilutive securities, stock options					
Weighted-average dilutive securities, stock options					
Weighted-average dilutive securities, stock options					
Weighted-average dilutive securities, warrants (Note 12)					
Weighted-average dilutive securities, warrants (Note 12)					
Weighted-average dilutive securities, warrants (Note 12)					
Weighted-average dilutive securities, stock options		118,426	—	3,811	—
Weighted-average shares and dilutive potential common shares (1)					
Weighted-average shares and dilutive potential common shares (1)					

Weighted-average shares and dilutive potential common shares (1)	Weighted-average shares and dilutive potential common shares (1)	32,598,938	31,990,860	32,335,381	30,687,406
Earnings (loss) per share:	Earnings (loss) per share:				
Earnings (loss) per share:					
Earnings (loss) per share:					
Basic earnings (loss) per share					
Basic earnings (loss) per share					
Basic earnings (loss) per share	Basic earnings (loss) per share	\$ 0.29	\$ (0.20)	\$ 0.16	\$ (0.74)
Diluted earnings (loss) per share	Diluted earnings (loss) per share	\$ 0.29	\$ (0.20)	\$ 0.16	\$ (0.74)
Diluted earnings (loss) per share					
Diluted earnings (loss) per share					

(1) Potentially dilutive securities representing 0.1 0.2 million and 0.6 million 0.8 million shares of common stock were excluded from the computation of diluted earnings per share for the three month periods ending July 1, 2023 December 30, 2023 and July 2, 2022, respectively, and potentially dilutive securities representing 0.5 million and 0.4 million shares of common stock were excluded from the computation of diluted earnings per share for the nine months ending July 1, 2023 and July 2, 2022 December 31, 2022, respectively, as their effect would have been antidilutive.

10. Accumulated Other Comprehensive Loss

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

		Three Months Ended		Nine Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
(in thousands of dollars)	(in thousands of dollars)	Defined Benefit Pension Plan	Total AOCL	Defined Benefit Pension Plan	Total AOCL
July 1, 2023					
(in thousands of dollars)					
(in thousands of dollars)					
December 30, 2023					
December 30, 2023					
December 30, 2023					
Beginning Balance					
Beginning Balance					
Beginning Balance	Beginning Balance	\$ (41,476)	\$ (41,476)	\$ (41,930)	\$ (41,930)
Amounts reclassified and included in earnings	Amounts reclassified and included in earnings	299	299	897	897
Amounts reclassified and included in earnings					
Amounts reclassified and included in earnings					
Total before taxes					
Total before taxes					
Total before taxes	Total before taxes	299	299	897	897
Income taxes	Income taxes	(72)	(72)	(216)	(216)
Ending Balance July 1, 2023		\$ (41,249)	\$ (41,249)	\$ (41,249)	\$ (41,249)
Income taxes					

Income taxes									
Ending Balance December 30, 2023									
Ending Balance December 30, 2023									
Ending Balance December 30, 2023									
July 2, 2022									
December 31, 2022									
December 31, 2022									
December 31, 2022									
Beginning Balance									
Beginning Balance									
Beginning Balance	Beginning Balance	\$	(44,352)	\$	(44,352)	\$	(44,794)	\$	(44,794)
Amounts reclassified and included in earnings	Amounts reclassified and included in earnings		291		291		873		873
Amounts reclassified and included in earnings									
Amounts reclassified and included in earnings									
Total before taxes									
Total before taxes									
Total before taxes	Total before taxes		291		291		873		873
Income taxes	Income taxes		(70)		(70)		(210)		(210)
Ending Balance July 2, 2022		\$	(44,131)	\$	(44,131)	\$	(44,131)	\$	(44,131)
Income taxes									
Income taxes									
Ending Balance December 31, 2022									
Ending Balance December 31, 2022									
Ending Balance December 31, 2022									

11. Stockholder Transaction Costs

On ~~June 7, 2023~~ December 14, 2023, the Company entered into an underwriting agreement with BofA Securities, Inc. and Barclays Capital Inc., as representatives of the several underwriters and American Securities LLC Coliseum Capital Partners, L.P., and Blackwell Partners LLC – Series A ("Selling Stockholders" ~~Stockholder~~), pursuant to which the Selling ~~Stockholders~~ ~~Stockholder~~ agreed to sell ~~5,175,000~~ 2,500,000 shares of common stock including the sale of 675,000 shares pursuant to the underwriters' exercise of their over-allotment option, at a purchase price of ~~\$20.00~~ \$25.10 per share ("Offering").

The Offering was conducted pursuant to a prospectus supplement, dated ~~June 7, 2023~~ December 14, 2023, to the prospectus, dated December 22, 2021, included in the Company's registration statement on Form S-3 (File No. 333-261858) that was initially filed with the SEC on December 23, 2021.

The Offering closed on ~~June 12, 2023~~ December 19, 2023. Although the Company did not sell any shares or receive any proceeds from the Offering, it was required to pay certain expenses in connection with the Offering that totaled approximately ~~\$5.6 million and \$6.3~~ \$1.2 million for the three ~~and nine~~ month ~~periods~~ period ending ~~July 1, 2023~~ December 30, 2023, respectively, with no similar expense recorded during the same ~~periods~~ period of fiscal ~~2022~~ 2023. The ~~\$6.3~~ \$1.2 million of expense is included within other ~~(expense)~~ income, expense, net on the Condensed Consolidated Statements of Operations for the three ~~month~~ period ending December 30, 2023.

12. Joint Ventures

Micro Bird Holdings, Inc.

During the three month period ended December 30, 2023, Micro Bird Holdings, Inc., our unconsolidated Canadian joint venture, paid dividends to all common stockholders, with the Company's proportionate share totaling \$3.0 million, gross of required withholding taxes. The dividend was recorded as a reduction in the balance of equity investment in affiliate on the Condensed Consolidated Balance Sheets and ~~nine~~ month periods ending July 1, 2023 is presented as a cash inflow in the operating section of the Condensed Consolidated Statements of Cash Flows.

Clean Bus Solutions, LLC

On December 7, 2023, although approximately \$0.7 the Company, through its wholly owned subsidiary, BBBC, and GC Mobility Investments I, LLC, a wholly owned subsidiary of Generate Capital, PBC ("Generate Capital"), a sustainable investment company focusing on clean energy, transportation, water, waste, agriculture, smart cities and industrial decarbonization, executed a definitive agreement ("Joint Venture Agreement") establishing a joint venture, Clean Bus Solutions, LLC, to provide a fleet-as-a-service ("FaaS") offering using electric school buses manufactured and sold by the Company ("Joint Venture"). The service will be offered to qualified customers of the Company. Through the Joint Venture, the Company will provide its end customers 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.

The Company and Generate Capital will initially have an equal common ownership interest in the Joint Venture, and will initially jointly share management responsibility and control, with each party having certain customary consent and approval rights and control triggers. The parties have each agreed to contribute up to \$10.0 million to the Joint Venture, as agreed from time to time, for common interests to fund administrative expenses, and up to an additional \$100.0 million of such expense capital in the form of preferred interests to fund the purchase, delivery, installation, operation and maintenance of FaaS projects, inclusive of Blue Bird electric school buses and associated charging infrastructure. Of this amount, the Company has committed to provide up to \$20.0 million and Generate Capital has committed to provide up to \$80.0 million, with the Company's aggregate commitment in any one year not to exceed \$10.0 million without its consent.

In accordance with the terms of the Joint Venture Agreement, the Company will promote the Joint Venture as the Company's preferred FaaS offering for electric school buses and has agreed to not participate as a joint venture partner in any other similar FaaS offering for electric school buses, except as an original equipment manufacturer of buses. The Company's obligations do not prevent or limit any activities of its dealers.

The Joint Venture has a perpetual duration subject to the right of either party to terminate early upon the occurrence of certain events of default or the failure to achieve certain milestones set forth in the terms of the Joint Venture Agreement.

In connection with the execution of the Joint Venture Agreement, the Company granted Generate Capital warrants to purchase an aggregate of 1,000,000 shares of Company common stock at an exercise price of \$25.00 per share during a five-year exercise period ("Warrants"). Two-thirds of the Warrants were immediately exercisable while the remaining Warrants will become exercisable upon Generate Capital satisfying certain funding conditions. The exercise price and the number of shares issuable upon exercise of the Warrants are subject to adjustment in the event of a recapitalization, stock dividend or similar event.

The Company recorded the \$7.4 million fair value of the Warrants upon issuance as permanent equity within additional paid-in capital on the Condensed Consolidated Balance Sheets and is not required to subsequently record changes in fair value as long as the Warrants continue to be classified within stockholders' equity. Additionally, since the Warrants were provided in exchange for an investment in the Joint Venture, the Company recorded the cost of its investment based on the fair value of the Warrants upon issuance, which increased the balance of equity investment in affiliate on the Condensed Consolidated Balance Sheets by a corresponding \$7.4 million. No other activity was initially recorded within selling, general and administrative expenses relating to the Joint Venture during the second quarter of fiscal 2023 and reclassified to other (expense) income, net, during the third quarter of fiscal 2023, three month period ended December 30, 2023.

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 the Company 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 nine months ended July 1, 2023 December 30, 2023 and July 2, 2022 December 31, 2022 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 titled 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 the novel coronavirus pandemic known as "COVID-19," and any other pandemics, public health crises, or epidemics, 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 the pandemic;
- 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 the pandemic, including possible cost containment actions;
- financial difficulties of our customers impacted by the pandemic;
- reductions in market demand for our products due to the pandemic; and
- potential negative impacts of various actions taken by federal, state and/or local governments in response to the pandemic.
- future impacts resulting from Russia's invasion of Ukraine, 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 either of these countries; and
 - negative impacts to manufacturing operations resulting from inventory cost volatility or the supply chain due to shutdowns or other disruptions in operations.

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 titled entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2022 fiscal 2023 Form 10-K, filed with the SEC on December 12, 2022 December 11, 2023. 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 2022 2023 Form 10-K, filed with the SEC on December 12, 2022 December 11, 2023.

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 filings 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 compressed natural gas ("CNG")-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 September 28, 2024 as "fiscal 2024," the fiscal year ended September 30, 2023 as "fiscal 2023," the fiscal year ended October 1, 2022 as "fiscal 2022" and 2022," the fiscal year ended October 2, 2021 as "fiscal 2021." 2021" and the fiscal year ended October 3, 2020 as "fiscal 2020." There will be or were 52 weeks in fiscal 2023, fiscal 2022 and fiscal 2021. The third quarters of 2024, fiscal 2023 and fiscal 2022 2022. The first quarters of fiscal 2024 and fiscal 2023 both included 13 weeks. The nine month periods in fiscal 2023 and 2022 both included 39 weeks.

Impacts of COVID-19 and Subsequent Supply Chain Constraints on Our Business

Beginning As discussed in our second quarter of detail in the fiscal year that ended October 3, 2020 ("fiscal 2020") 2023 Form 10-K filed with the SEC on December 11, 2023, the novel coronavirus known as "COVID-19" began to spread throughout the world, resulting in a global pandemic. The pandemic triggered a significant downturn in global commerce as early as February 2020 and the challenging market conditions continued into the early months of calendar year 2021. Countermeasures taken to address the COVID-19 pandemic included virtual and hybrid schooling in many jurisdictions throughout the U.S. and Canada. The uncertainty of when and how schools would open materially affected demand within the Type C for new buses and Type D school bus industry in replacement/maintenance parts during the second half of the Company's fiscal 2020.

While demand for school buses remained suppressed during the 2020 and first half of fiscal 2021, as a result of the continuing impact of the COVID-19 pandemic, it significantly impacting our business and operations. Although demand for school buses strengthened substantially during the second half of the fiscal year as COVID-19 vaccines were administered and many jurisdictions began preparing for a return to in-person learning environments for the new school year that began in mid-August to early September 2021. However, during the second half of fiscal 2021, the Company, and automotive industry as a whole, began experiencing significant supply chain constraints around this same period of time. Additionally, the already challenged global supply chain for automotive parts that began in fiscal 2021 was further impacted, including continuing escalating inventory purchase costs, by additional stress resulting from among others, labor shortages due to the 'great resignation,' the lack Russia's invasion of maintenance on, and acquisition of, capital assets during the extended COVID-19 global lockdowns; significant increased demand for consumer products containing certain materials required for the production of

vehicles, such as microchips, as consumers spent stimulus and other funds on items for their homes; etc. Ukraine in February 2022 (see further discussion below). These supply chain disruptions have had a significant adverse impact on our operations and results during the second half of fiscal 2021 and all of fiscal 2022 due to higher purchasing costs, including freight costs incurred to expedite receipt of critical components, increased manufacturing inefficiencies and our inability to complete the production of buses to fulfill sales orders primarily during the latter half of fiscal 2021 and most of fiscal 2022. Specifically, management estimates that the sale of approximately 2,000 units was deferred from fiscal 2021 into fiscal 2022 as a result of the shortage of critical components that prevented the Company from initiating or completing, as applicable, the production process for certain units that were otherwise scheduled to be delivered to customers during the year. Including these units, the Company's backlog exceeded 4,200 units as of October 2, 2021, orders.

Although there were pockets of COVID-19 outbreaks in Towards the U.S. throughout fiscal 2022, most school systems maintained partial or full in-person learning environments for the entirety of the school year. Accordingly, new bus orders during fiscal 2022 remained extremely robust, primarily due to pent-up demand resulting from the cumulative effect of the COVID-19 pandemic when many school systems conducted virtual learning (i.e., approximately January 2020 through June 2021). This strong demand, when coupled with an already challenged global supply chain for automotive parts that continued from fiscal 2021 but that was further impacted, including continuing escalating inventory purchase costs, by additional stress resulting from Russia's invasion of Ukraine in February 2022 (see further discussion below) and several complete shutdowns in China as a result of widespread COVID-19 outbreaks, resulted in the Company's order backlog continuing to grow during fiscal 2022, exceeding 5,000 units as of October 1, 2022 (only minimal sales orders were canceled during the fiscal year as a result of continued delays in our production process).

Shortages of key components during the second half of fiscal 2021 and most end of fiscal 2022 hindered and continuing into fiscal 2023, there were slight improvements in the Company's supply chain's ability to complete deliver the parts and components necessary to support our production operations, resulting in increased (i) manufacturing efficiencies and (ii) production of buses to fulfill sales orders which during fiscal 2023. However, the higher costs charged by suppliers to procure inventory that continued into fiscal 2023 had a significant adverse impact on the Company's revenues during these periods. The Company has also experienced significant increased purchase costs for many of its raw materials as a result of supply chain disruptions over these same periods and continuing into fiscal 2023 that have negatively impacted the gross profit it recognized on sales. In response, beginning in July 2021 and continuing throughout fiscal 2022, the Company announced a number of sales price increases that apply to new sales orders and partially applied to backlog orders that were both intended to mitigate the impact of rising purchase costs on our operations and results. Additionally, Specifically, such cost increases outpaced the increases in sales prices that we charged for the buses that were sold during the first quarter of fiscal 2022, 2023, many of which were included in the Company began including backlog of fixed price escalation provisions when bidding on contracts so that it can consider economic fluctuations between the bid date sales orders originating in fiscal 2021 and the contract date to determine whether increased costs should be passed along to customers. Most of these price increases were generally not realized in the first half early months of fiscal 2022 as sales recorded during such quarters related to that carried forward into fiscal 2023. During the remainder of fiscal 2023, the buses that were sold were generally included in the backlog of fixed price sales orders that existed originating more recently (i.e., the latter months of fiscal 2022 and in fiscal 2023), with the cumulative increases in sales prices we charged for those buses generally outpacing the higher costs we paid to procure inventory, resulting in gross profit during the quarters. While the gross margin on bus sales during the second quarter of fiscal 2023 lagged the historical gross margin reported prior and therefore were not subject, to the price increases. While they began COVID-19 pandemic, it returned to impact sales and gross profit in more normal historical levels during the latter half of fiscal 2022, such impact did not offset the significant 2023.

Supply chain disruptions continued increase in the Company's production costs, resulting in further deterioration of the Company's gross profit during the second half of fiscal 2022 and continuing into the first quarter of fiscal 2023 2024 as it produced and sold the oldest units included there were still occasional shortages of certain critical components as well as ongoing increases in the backlog as of the end of fiscal 2022. However, they had a positive impact on sales and gross profit during the second and third quarters of fiscal 2023, which is expected to continue for the remainder of fiscal 2023, as the Company fulfills sales orders (i) from the backlog existing as of the end of fiscal 2022 and (ii) that are taken during fiscal 2023, raw materials costs, both of which contained, or will contain, most or all impacted our business and operations by limiting the number of school buses that we could produce and sell as well as increasing the cumulative costs to manufacture buses. Nonetheless, the lessons learned, and resulting actions taken, by management over the past three fiscal years allowed the Company to better navigate these supply chain challenges and consistently produce buses to fulfill sales orders. Ongoing improvements in manufacturing operations, when coupled with periodic pricing actions taken by the Company to ensure that the increased sales prices increases charged for buses kept pace with increased costs to procure inventory to produce the buses, allowed the Company to report gross profit and gross margin during the first quarter of fiscal 2024 that have been announced since July 2021, were consistent with, or better than, historic levels experienced prior to the COVID-19 pandemic.

New bus orders during fiscal 2023 and continuing into fiscal 2024 remained robust, primarily 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 that began during the latter half of fiscal 2021 and most continued through the first quarter of fiscal 2022 2024. Accordingly, the Company's backlog remained strong at approximately 5,200 4,600 units and as of July 1, 2023 both September 30, 2023 and December 30, 2023 despite it selling almost 6,400 over 8,500 units during fiscal 2023, many the majority of which were included in the backlog that existed as of October 1, 2022.

, and 2,100 units in the first quarter of fiscal 2024.

In general, management believes that supply chain disruptions could continue in future periods and could materially impact our results if we are unable to i) obtain parts and supplies in sufficient quantities to meet our production needs and/or ii) pass along rising costs to our customers. Additionally, although we have not experienced any pervasive COVID-19 illnesses to date, if we were to experience some form of outbreak within our facilities, we would take all appropriate measures to protect the health and safety of our employees, which could include a temporary halt in production.

The COVID-19 pandemic and subsequent supply chain constraints They have resulted, and could to continue to result, in significant economic disruption and have adversely affected our business. They could adversely impact our business for the remainder of fiscal 2023 2024 and perhaps beyond. Significant uncertainty exists concerning the magnitude of the impact and duration of any future COVID-19 outbreaks ongoing supply chain constraints and their potential impact on the overall economy, both within the U.S and globally. Accordingly, the magnitude and duration of any demand reductions, production and supply chain disruptions and their related financial impacts on our business cannot be estimated at this time.

The impacts from the COVID-19 pandemic and subsequent supply chain constraints on the Company's business and operations during the second half of fiscal 2020 2021 and continuing into fiscal 2023 2024 negatively affected our revenues, inventory procurement costs, gross profit, income and cash flows. We continue to monitor and assess the level of future customer demand, the ability of school boards to maintain normal in-person learning in the foreseeable future, the ability of suppliers to resume and/or maintain operations and to provide parts and supplies in sufficient quantities to meet our production needs the ability of our employees to continue to work, and our ability to maintain continuous production during the remainder of fiscal 2023 2024 and beyond. See PART I, Item 1.A. "Risk Factors," of our 2022 fiscal 2023 Form 10-K, filed with the SEC on December 12,

2022 December 11, 2023, for a discussion of the material risks we believe we face particularly related to the COVID-19 pandemic supply chain disruptions and subsequent supply chain related constraints.

Impact of Russia's Invasion of Ukraine on Our Business

On February 24, 2022, Russian military forces launched a large-scale invasion of Ukraine. While the Company has no assets or customers in either of these countries, this military conflict has had a significant negative impact on the Company's operations, cash flows and results during fiscal 2022 and continuing into fiscal 2023, 2024, primarily in an indirect manner since the Company does not sell to customers located in, or source goods directly from, either country.

Specifically, Ukraine has historically been a large exporter of ferroalloy materials used in the manufacture of steel and the disruption in the supply of these minerals has resulted in a significant increase volatility in the price of steel from \$1,057 per ton the third week of February 2022 to as high as \$1,492 per ton the third week of April 2022 before finally decreasing to an average of \$1,078 per ton the last two weeks of June and continuing to decline to \$791 per ton the last week in September 2022. During fiscal 2023, the decrease in the price of steel continued during the first quarter to \$664 per ton the last week in December 2022 but began to increase significantly during the second quarter to \$1,152 per ton the last week in March 2023 before slowly decreasing during the third quarter to \$878 per ton the last week in June 2023 (source for all per ton prices: sheet prices published by the CRU Index every Wednesday that provide price benchmarking in North America for U.S. Midwest Domestic Hot-Rolled Coil Steel). steel. While the Company has generally mitigated its direct exposure to steel prices by executing fixed price purchase contracts (generally purchased up to six months four quarters in advance) for the majority of the significant amount of steel used in the manufacture of school bus bodies, many suppliers from which the Company purchases components containing steel increased the price that they charge the Company to acquire such inventory, primarily on a lagged basis, during starting from the latter half of fiscal 2022 and continuing into fiscal 2023, 2024, as applicable. These inventory costs impact gross profit when school buses are sold and cash flows when the related invoices are paid.

Additionally, Russia has historically been a large global exporter of oil and many countries have ceased buying Russian oil in protest of the invasion and to comply with sanctions imposed by the U.S. and many European countries. Accordingly, the disruption in the supply of oil has significantly impacted the price of goods refined from oil, such as diesel fuel, the price of which increased from \$4.055 per gallon has been volatile and has remained high since the week ending February 21, 2022 to as high as \$5.810 per gallon the week ending June 20, 2022, before decreasing slightly throughout the remainder of our fiscal 2022 to \$4.889 per gallon the week ending September 26, 2022 and fluctuating within a range from \$5.341 and \$3.767 per gallon during the first three quarters latter half of fiscal 2023 (source: U.S Energy Information Administration - Weekly U.S. No 2 Diesel Retail Prices). 2022. These increases have higher costs significantly impacted the Company both as a result of the price that suppliers charge the Company to acquire inventory (since diesel fuel impacts their cost of acquiring the inventory used in producing their goods) and the price that the Company pays for freight to deliver the inventory that it acquires. Additionally, such increases are generally implemented with very little lag so that they impact the purchase cost of inventory and cash flows on an almost real-time basis.

Finally, both countries have large quantities of other minerals that impact commodity costs, such as rubber and resin, among others, and the disruption caused by the ongoing military conflict has increased the cost and/or decreased the supply of components containing these materials, further impacting an already challenged global supply chain for automotive parts.

Russia's invasion of Ukraine has resulted, and is likely to continue to result, in significant economic disruption and has adversely affected our business. Specifically, it has contributed to higher inventory purchase costs, including freight costs, that negatively impacted the gross profit recognized on sales during the latter part of fiscal 2022 and continuing into the first half of fiscal 2023, 2024. Because peace negotiations do not appear to be productive and because Russia has recently intensified its military operations in Ukraine, we currently believe that this matter will continue to adversely impact our business for the remainder of fiscal 2023, 2024 and perhaps beyond. Significant uncertainty exists concerning the magnitude of the impact and duration of the ongoing military conflict and its impact on the overall economy, both within the U.S. and globally. Accordingly, the duration of any production and supply chain disruptions, and related financial impacts, cannot be estimated at this time.

Labor Union Representation

On May 22, 2023, the National Labor Relations Board ("NLRB") certified the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied & Industrial Service Workers International Union, AFL-CIO, CLC ("USW") as the exclusive bargaining representative for a bargaining unit of the Company's full-time and regular part-time production, maintenance, quality control, and warehouse employees at the Company's Fort Valley and Macon, Georgia locations, with certain exceptions. The bargaining unit consists of approximately 1,350 employees. As a result, the Company is obligated to bargain with the USW as the bargaining representative for employees within the designated bargaining unit. The Company has recently commenced bargaining sessions and thus, has not yet entered into any collective bargaining agreement as of July 1, 2023.

The Company's business is labor intensive. As a result of the USW election, a large majority of our workforce is now represented by a labor union. The Company expects to negotiate in good faith toward a collective bargaining agreement, and any such resulting agreement may cause it to incur higher labor costs for our employees than we would have incurred absent such agreement. At this time, it is uncertain as to when and if an agreement with the USW will be reached. As such, uncertainty exists regarding labor costs and labor actions, which may include increased labor costs, strikes, work stoppages, unfair labor practices claims and other disturbances and disputes.

Union actions that may occur in the future could cause disruptions to our operations and may cause us to incur additional costs, any of which could have a material adverse effect on our cash flow, results of operations and financial condition.

Critical Accounting Policies and Estimates, Recent Accounting Pronouncements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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 2022 fiscal 2023 Form 10-K, filed with the SEC on December 12, 2022 December 11, 2023, 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 **nine** months ended **July 1, 2023** December 30, 2023.

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** **and/or** recently adopted accounting **pronouncements**.

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 governs 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 and general inflationary pressures.

- **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.** Historically, our sales have been 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 are typically greater than the first and second fiscal quarters due to the desire of municipalities to have any new buses that they order available to them at the beginning of the new school year. 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, 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 **more recently**, Russia's invasion of Ukraine have significantly increased our inventory purchase costs, including freight costs incurred to expedite receipt of critical components, reflected in cost of goods sold during the latter half of fiscal 2021, all of fiscal 2022 and continuing, **to a lesser extent**, into fiscal **2023, 2023 and fiscal 2024**. In response, **beginning in July 2021**, the Company **has** announced several sales price increases that apply to new sales orders and partially applied to backlog orders that were both intended to mitigate the impact of rising purchase costs on our operations and results. Most of these price increases **were generally not realized in the first half of fiscal 2022 as sales recorded during such quarters related only began to the backlog of orders that existed prior, and therefore were not subject, to the price increases. While they began to marginally impact sales and gross profit in the latter half of fiscal 2022, such impact 2022. Specifically, they did not offset the significant continued increase in the Company's production costs, resulting in further deterioration of the Company's gross profit during the second half of fiscal 2022 and continuing into the first quarter of fiscal 2023 as it produced and sold the oldest units included in the backlog as of the end of fiscal 2022. However, they had began to have a more significant, positive impact on sales and gross profit during the second and third quarters of fiscal 2023, which is expected to continue for the remainder of fiscal 2023, as the Company fulfills fulfilled sales orders (i) from the backlog existing as of the end of fiscal 2022 that originated more recently (i.e., during the latter months of fiscal 2022) and (ii) that are were taken during fiscal 2023, both of which contained or will contain, most or all of the cumulative sales prices increases that have been announced since July 2021. announced. These cumulative price increases also continued to have a significant, positive impact on sales and gross profit during the first quarter of fiscal 2024.**

Factors Affecting Our Expenses and Other Items

Our expenses and other line items on our unaudited 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, efforts by certain suppliers to pass through the economics associated with key commodities, 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 salary 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.
- *Other expense/income, net.* This balance includes 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 affiliate.* We include in this line item our 50% share of net income or loss from our investment in Micro Bird Holdings, Inc., our unconsolidated Canadian joint venture.

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 to determine (a) the annual cash bonus payouts, if any, to be made to certain members of management 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 Amended 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"), as and when applicable, which is also utilized in determining the interest rate we pay on borrowings under our Amended 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 as a single operating expense in selling, general and administrative expenses in our U.S. GAAP financial statements) that represents interest expense on lease liabilities; income taxes; and depreciation and amortization including the component of operating lease expense (which is presented as a single operating expense in 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; net gains or losses on the disposal of assets as well as certain charges such as (i) significant product design changes; (ii) transaction related costs; or (iii) discrete expenses related to major cost cutting and/or operational transformation initiatives; or (iv) costs directly attributed to the COVID-19 pandemic initiatives. While certain of the charges that are added back in the Adjusted EBITDA calculation, such as transaction related costs and operational transformation and major product redesign 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 operations. Accordingly, Free Cash Flow will 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 sales 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 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 **July 1, 2023** **December 30, 2023** and **July 2, 2022** **December 31, 2022**:

		Three Months Ended			
		Three Months Ended		Three Months Ended	
		Ended			
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	(in thousands of dollars)	
Net sales	Net sales	\$294,284	\$206,083		
Cost of goods sold	Cost of goods sold	248,534	184,490		
Gross profit	Gross profit	\$ 45,750	\$ 21,593		
Operating expenses	Operating expenses				
Selling, general and administrative expenses	Selling, general and administrative expenses	26,328	20,505		
Operating profit		\$ 19,422	\$ 1,088		
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Operating profit (loss)					
Interest expense	Interest expense	(4,507)	(3,908)		
Interest income	Interest income	246	—		
Other (expense) income, net		(6,421)	735		
Other expense, net					
Loss on debt refinancing or modification					
Income (loss) before income taxes					

Income tax (expense) benefit			
Equity in net income of non-consolidated affiliate			
Income (loss) before income taxes	\$	8,740	\$ (2,085)
Income tax expense		(1,884)	(2,860)
Equity in net income (loss) of non-consolidated affiliate		2,502	(1,490)
Net income (loss)			
Net income (loss)			
Net income (loss)	Net income (loss)	\$	\$
		<u>9,358</u>	<u>(6,435)</u>
Other financial data:	Other financial data:		
Adjusted EBITDA	Adjusted EBITDA	\$ 28,015	\$ 8,792
Adjusted EBITDA			
Adjusted EBITDA			
Adjusted EBITDA margin	Adjusted EBITDA margin	9.5 %	4.3 %
Adjusted EBITDA margin		15.0 %	(1.5) %

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

(in thousands of dollars)		Three Months Ended		(in thousands of dollars)		Three Months Ended	
Net Sales by Segment	Net Sales by Segment	July 1, 2023	July 2, 2022	Net Sales by Segment		December 30, 2023	December 31, 2022
Bus	Bus	\$270,282	\$186,631				
Parts	Parts	24,002	19,452				
Total	Total	\$294,284	\$206,083				
Gross Profit by Segment							
Gross Profit (Loss) by Segment							
Gross Profit (Loss) by Segment							
Gross Profit (Loss) by Segment							
Bus							
Bus							
Bus	Bus	\$ 34,176	\$ 13,632				
Parts	Parts	11,574	7,961				
Total	Total	\$ 45,750	\$ 21,593				

Net sales. Net sales were \$294.3 million \$317.7 million for the third first quarter of fiscal 2023, 2024, an increase of \$88.2 million \$81.9 million, or 42.8% 34.8%, compared to \$206.1 million \$235.7 million for the third first quarter of fiscal 2022, 2023. The increase in net sales is primarily due to increased unit bookings, product and mix changes, as well as pricing actions taken by management in response to increased inventory purchase costs. Significant supply chain disruptions began limiting the availability of certain critical components primarily beginning towards the end of the third quarter of fiscal 2021 and continuing throughout fiscal 2022. However, during fiscal 2023, supply chain constraints began to improve slightly, allowing for increased production during the third quarter of fiscal 2023 relative to the third quarter of fiscal 2022.

Bus sales increased \$83.7 million \$80.2 million, or 44.8% 37.6%, reflecting a 23.8% 8.8% increase in units booked and a 17.0% 26.5% increase in average sales price per unit. In the third first quarter of fiscal 2023, 2,137 2024, 2,129 units were booked compared to 1,726 1,957 units booked for the same period in fiscal 2022, 2023. The increase in units sold was

primarily due to slight improvements in supply chain constraints in impacting the Company's ability to produce and deliver buses due to shortages of critical components in during the third first quarter of 2024 relative to the first quarter of fiscal 2022, 2023. The 17.0% increase in unit price for the third first quarter of fiscal 2023 2024 compared to the same period in fiscal 2022 2023 reflects pricing actions taken by management as well as product and customer mix changes.

Parts sales increased \$4.6 million \$1.7 million, or 23.4% 7.7%, for the third first quarter of fiscal 2023 2024 compared to the third first quarter of fiscal 2022, 2023. This increase is primarily attributed to pricing actions taken price increases, driven by management ongoing inflationary pressures, as well as higher fulfillment volumes and slight variations due to offset increases in purchased parts costs product and increased inventory availability as supply chain constraints began to improve during the third quarter of fiscal 2023 relative to the third quarter of fiscal 2022.

channel mix.

Cost of goods sold. Total cost of goods sold was \$248.5 million \$254.1 million for the third first quarter of fiscal 2023, 2024, an increase of \$64.0 million \$25.8 million, or 34.7% 11.3%, compared to \$184.5 million \$228.3 million for the third first quarter of fiscal 2022, 2023. As a percentage of net sales, total cost of goods sold improved from 89.5% 96.8% to 84.5%, 80.0%, primarily due to the pricing actions discussed above taking effect.

Bus segment cost of goods sold increased \$63.1 million \$25.2 million, or 36.5% 11.6%, for the third first quarter of fiscal 2023 2024 compared to the same period in fiscal 2022, 2023. The increase was primarily driven by the 23.8% 8.8% increase in units booked in the third first quarter of fiscal 2023 2024 compared to the same period in fiscal 2022, 2023. Also contributing was increased inventory costs, as the average cost of goods sold per unit for the third first quarter of fiscal 2023 2024 was 10.2% 2.6% higher compared to the third first quarter of fiscal 2022, 2023, primarily due to increases in manufacturing costs attributable to a) increased raw materials costs resulting from ongoing inflationary pressures and b) ongoing supply chain disruptions that resulted in higher purchase costs for components and freight components.

The \$0.9 million \$0.7 million, or 8.2% 5.9%, increase in parts segment cost of goods sold for the third first quarter of fiscal 2023 2024 compared to the third first quarter of fiscal 2022 2023 was primarily due to increased purchased parts costs, driven by ongoing inflationary pressures and supply chain disruptions, as well as slight variations due to product and channel mix.

Operating profit (loss). Operating profit was \$19.4 million \$38.0 million for the third first quarter of fiscal 2023, 2024, an increase of \$18.3 million \$47.3 million, compared to operating profit loss of \$1.1 million \$9.4 million for the third first quarter of fiscal 2022, 2023. Profitability was primarily impacted by an increase of \$24.2 million \$56.1 million in gross profit as outlined in the revenue and cost of goods sold discussions, discussions above. The increase in gross profit was partially offset by an increase of \$5.8 million \$8.8 million in selling, general and administrative expenses, primarily due to an increase in labor costs. Additionally, selling, general and administrative expenses during the first quarter of fiscal 2023 benefited from actions taken by management to reduce labor costs and certain discretionary spending to mitigate the significant adverse impact of ongoing supply chain constraints on the Company's operations and results.

Interest expense. Interest expense was \$4.5 million \$3.6 million for the third first quarter of fiscal 2023, an increase 2024, a decrease of \$0.6 million, or 15.3% 13.5%, compared to \$3.9 million \$4.2 million for the third first quarter of fiscal 2022, 2023. The increase decrease was primarily attributable to an increase a decrease in the stated term loan interest rate from 7.9% 10.5% at July 2, 2022 December 31, 2022 to 11.1% 8.5% at July 1, 2023 December 30, 2023, which was partially offset by as well as lower borrowings outstanding borrowings in the first quarter of fiscal 2024 compared to the first quarter of fiscal 2023.

Other expense/income, expense, net. Other expense, net, was \$6.4 million \$1.2 million for the third first quarter of fiscal 2023, 2024, an increase of \$7.2 million \$1.0 million, or 973.6% 417.4%, compared to \$0.7 million \$0.2 million of other income, expense, net, for the same period in fiscal 2022. We recorded \$0.2 million of net periodic pension expense during the third quarter of fiscal 2023 when compared with \$0.7 million of net periodic pension income recorded during the third quarter of fiscal 2022, 2023.

Additionally, on June 7, 2023 On December 14, 2023, the Company entered into an underwriting agreement with BofA Securities, Inc. and Barclays Capital Inc., as representatives of the several underwriters and American Securities LLC Coliseum Capital Partners, L.P., and Blackwell Partners LLC – Series A ("Selling Stockholders" Stockholder"), pursuant to which the Selling Stockholders Stockholder agreed to sell 5,175,000 2,500,000 shares of common stock including the sale of 675,000 shares pursuant to the underwriters' exercise of their over-allotment option, at a purchase price of \$20.00 \$25.10 per share ("Offering").

The Offering was conducted pursuant to a prospectus supplement, dated June 7, 2023 December 14, 2023, to the prospectus, dated December 22, 2021, included in the Company's registration statement on Form S-3 (File No. 333-261858) that was initially filed with the SEC on December 23, 2021.

The Offering closed on June 12, 2023 December 19, 2023. Although the Company did not sell any shares or receive any proceeds from the Offering, Offering, it was required to pay certain expenses in connection with the Offering that totaled \$6.3 million (approximately \$0.7 million of which were expensed in approximately \$1.2 million for the second quarter of fiscal 2023 within selling, general and administrative expenses and reclassified to other expense, net, during the third quarter of fiscal 2023) three month period ending December 30, 2023, with no similar expense recorded during the same period of fiscal 2022, 2023.

Income taxes. Income tax expense was \$1.9 million \$8.4 million for the third first quarter of fiscal 2023 2024 compared to \$2.9 million income tax benefit of \$3.0 million for the same period in fiscal 2022, 2023.

The effective tax rate for the three months ended July 1, 2023 December 30, 2023 was 21.6% 25.9% 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 December 31, 2022 was 20.8%, which aligned with the statutory federal income tax rate of 21% and is comprised of normal tax rate items, including impacts from state taxes and federal and state tax credits (net of valuation allowances) and permanent differences, which were partially offset by the impact of, with discrete period items having a nominal impact on the effective rate during the quarter.

The effective tax rate for the three months ended July 2, 2022 was (137.2)%, which differed from the statutory federal income tax rate of 21%. In addition, the amount recorded represents income tax expense in a three month period in which the Company recorded loss before income taxes. This unusual relationship exists as the amount recorded was necessary to adjust the income tax benefit for the nine months ended July 2, 2022, discussed below, to reflect the Company's revised estimated annual income tax rate, including the effects of discrete period tax items.

Adjusted EBITDA. Adjusted EBITDA was \$28.0 million \$47.6 million, or 9.5% 15.0% of net sales, for the third first quarter of fiscal 2023, 2024, an increase of \$19.2 million \$51.1 million, or 218.6% 1,446.3%, compared to \$8.8 million, \$(3.5) million, or 4.3% (1.5)% of net sales, for the third first quarter of fiscal 2022, 2023. The increase in Adjusted EBITDA is primarily the result of the \$15.8 million \$37.4 million increase in net income as a result of the factors discussed above as well as a \$1.8 million the \$11.4 million corresponding increase in depreciation, amortization, and disposals and a \$5.5 million increase in stockholder transaction costs, which were income tax expense.

partially offset by a \$3.9 million decrease in operational transformation initiative costs that we incurred in fiscal 2022 to address the supply chain constraints that were having a significant adverse impact on our operations and financial results, with only minor amounts of such activity recorded during fiscal 2023.

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

		Three Months Ended	
		Three Months Ended	
		Three Months Ended	
		Three Months Ended	
(in thousands of dollars)			
(in thousands of dollars)			
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022
Net income (loss)	Net income (loss)	\$ 9,358	\$ (6,435)
Net income (loss)			
Net income (loss)			
Adjustments:			
Adjustments:			
Adjustments:	Adjustments:		
Interest expense, net (1)	Interest expense, net (1)	4,353	3,976
Income tax expense		1,884	2,860
Interest expense, net (1)			
Interest expense, net (1)			
Income tax expense (benefit)			
Income tax expense (benefit)			
Income tax expense (benefit)			
Depreciation, amortization, and disposals (2)			
Depreciation, amortization, and disposals (2)			
Depreciation, amortization, and disposals (2)	Depreciation, amortization, and disposals (2)	5,481	3,642
Operational transformation initiatives	Operational transformation initiatives	196	4,065
Share-based compensation		941	667
Product redesign initiatives		—	15
Operational transformation initiatives			
Operational transformation initiatives			
Share-based compensation expense			
Share-based compensation expense			
Share-based compensation expense			
Stockholder transaction costs	Stockholder transaction costs	5,509	—
Stockholder transaction costs			
Stockholder transaction costs			
Loss on debt refinancing or modification			
Loss on debt refinancing or modification			

Loss on debt refinancing or modification					
Other	Other	293		2	
Other					
Other					
Subtotal (Adjusted EBITDA as previously presented)					
Subtotal (Adjusted EBITDA as previously presented)					
Subtotal (Adjusted EBITDA as previously presented)					
Micro Bird Holdings, Inc. total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense					
Micro Bird Holdings, Inc. total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense					
Micro Bird Holdings, Inc. total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense					
Adjusted EBITDA					
Adjusted EBITDA					
Adjusted EBITDA	Adjusted EBITDA	\$	28,015	\$	8,792
Adjusted EBITDA margin (percentage of net sales)	Adjusted EBITDA margin (percentage of net sales)		9.5 %		4.3 %
Adjusted EBITDA margin (percentage of net sales)					
Adjusted EBITDA margin (percentage of net sales)					

(1) Includes \$0.1 million for both fiscal periods, representing interest expense on operating lease liabilities, which are a component of lease expense and presented as a single operating expense in selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

(2) Includes \$0.5 million \$0.6 million and \$0.2 million \$0.4 million for the three months ended July 1, 2023 December 30, 2023 and July 2, 2022, respectively, representing amortization charges on right-of-use lease assets, which are a component of lease expense and presented as a single operating expense in selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

Consolidated Results of Operations for the Nine Months Ended July 1, 2023 and July 2, 2022:

(in thousands of dollars)	Nine Months Ended	
	July 1, 2023	July 2, 2022
Net sales	\$ 829,830	\$ 542,965
Cost of goods sold	740,974	502,018
Gross profit	\$ 88,856	\$ 40,947
Operating expenses		
Selling, general and administrative expenses	66,365	58,596
Operating profit (loss)	\$ 22,491	\$ (17,649)
Interest expense	(13,895)	(9,481)
Interest income	258	—
Other (expense) income, net	(6,999)	2,215
Loss on debt modification	(537)	(561)
Income (loss) before income taxes	\$ 1,318	\$ (25,476)
Income tax (expense) benefit	(292)	6,317
Equity in net income (loss) of non-consolidated affiliate	4,168	(3,505)
Net income (loss)	\$ 5,194	\$ (22,664)
Other financial data:		
Adjusted EBITDA	\$ 43,611	\$ 1,701
Adjusted EBITDA margin	5.3 %	0.3 %

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

(in thousands of dollars)	Nine Months Ended	
	July 1, 2023	July 2, 2022
Net Sales by Segment		
Bus	\$ 757,003	\$ 487,552

Parts	72,827	55,413
Total	\$ 829,830	\$ 542,965
Gross Profit by Segment		
Bus	\$ 53,544	\$ 19,290
Parts	35,312	21,657
Total	\$ 88,856	\$ 40,947

Net sales. Net sales were \$829.8 million for the nine months ended July 1, 2023, an increase of \$286.9 million, or 52.8%, compared to \$543.0 million for the nine months ended July 2, 2022. The increase in net sales is primarily due to increased unit bookings, product and mix changes, as well as pricing actions taken by management in response to increased inventory purchase costs. Significant supply chain disruptions began limiting the availability of certain critical components primarily beginning towards the end of the third quarter of fiscal 2021 and continuing throughout most of fiscal 2022. However, during fiscal 2023, supply chain constraints began to improve slightly, allowing for increased production relative to the first three quarters of fiscal 2022.

Bus sales increased \$269.5 million, or 55.3%, reflecting a 33.1% increase in units booked and a 16.6% increase in average sales price per unit. 6,398 units booked in the nine months ended July 1, 2023 compared with 4,806 units booked during the same period in fiscal 2022. The increase in units sold was primarily due to constraints in the Company's ability to produce and deliver buses due to shortages of critical components in the first three quarters of fiscal 2022. The increase in unit price for the first three quarters of fiscal 2023 compared to the same period in fiscal 2022 reflects pricing actions taken by management as well as product and customer mix changes.

Parts sales increased \$17.4 million, or 31.4%, for the nine months ended July 1, 2023 compared to the nine months ended July 2, 2022. This increase is primarily attributed to pricing actions taken by management to offset increases in purchased parts costs and increased inventory availability as supply chain constraints began to improve slightly during fiscal 2023 relative to the first three quarters of fiscal 2022.

Cost of goods sold. Total cost of goods sold was \$741.0 million for the nine months ended July 1, 2023, an increase of \$239.0 million, or 47.6%, compared to \$502.0 million for the nine months ended July 2, 2022. As a percentage of net sales, total cost of goods sold improved from 92.5% to 89.3%.

Bus segment cost of goods sold increased \$235.2 million, or 50.2%, for the nine months ended July 1, 2023 compared to the nine months ended July 2, 2022. The increase was primarily driven by the 33.1% increase in units booked in the nine months ended July 1, 2023 compared to the same period in fiscal 2022. Also contributing was increased inventory costs, as the average cost of goods sold per unit for the nine months ended July 1, 2023 was 12.9% higher compared to the nine months ended July 2, 2022, primarily due to increases in manufacturing costs attributable to a) increased raw materials costs resulting from ongoing inflationary pressures and b) ongoing supply chain disruptions that resulted in higher purchase costs for components and freight.

The \$3.8 million, or 11.1%, increase in parts segment cost of goods sold for the nine months ended July 1, 2023 compared to the nine months ended July 2, 2022 was primarily due to increased purchased parts costs, driven by ongoing inflationary pressures and supply chain disruptions, as well as slight variations due to product and channel mix.

Operating profit (loss). Operating profit was \$22.5 million for the nine months ended July 1, 2023, an increase of \$40.1 million compared to operating loss of \$17.6 million for the nine months ended July 2, 2022. Profitability was primarily impacted by an increase of \$47.9 million in gross profit as outlined in the revenue and cost of goods sold discussions. The increase in gross profit was partially offset by an increase of \$7.8 million in selling, general and administrative expenses, primarily due to an increase in labor costs.

Interest expense. Interest expense was \$13.9 million for the nine months ended July 1, 2023, an increase of \$4.4 million, or 46.6%, compared to \$9.5 million for the nine months ended July 2, 2022. The increase was primarily attributable to an increase in the stated term loan interest rate from 7.9% at July 2, 2022 to 11.1% at July 1, 2023, which was partially offset by lower borrowings.

Other expense/income, net. Other expense, net, was \$7.0 million for the nine months ended July 1, 2023, an increase of \$9.2 million, or 416.0%, compared to \$2.2 million of other income, net, for the nine months ended July 2, 2022. We recorded \$0.5 million of net

periodic pension expense during the nine months ended July 1, 2023 when compared with \$2.2 million of net periodic pension income recorded during the nine months ended July 2, 2022. Additionally, we were required to pay certain expenses in connection with the Offering that totaled \$6.3 million during the nine months ended July 1, 2023, with no similar expense recorded during the same period of fiscal 2022.

Income taxes. Income tax expense was \$0.3 million for the nine months ended July 1, 2023 compared to income tax benefit of \$6.3 million for the nine months ended July 2, 2022.

The effective tax rate for the nine months ended July 1, 2023 was 22.2%, which aligned with the statutory federal tax rate of 21% and is comprised of normal tax rate items, including impacts from state taxes, federal and state tax credits (net of valuation allowances) and permanent items, which were partially offset by the impact of discrete period items during the period.

The effective tax rate for the nine months ended July 2, 2022 was 24.8%, which differed from the statutory federal income tax rate of 21%. The difference is mainly due to normal tax rate items, including impacts from state taxes and federal and state tax credits (net of valuation allowances), which were partially offset by discrete period tax expense resulting from net non-deductible compensation expenses and other tax adjustments.

Adjusted EBITDA. Adjusted EBITDA was \$43.6 million, or 5.3% of net sales, for the nine months ended July 1, 2023, an increase of \$41.9 million, or 2,463.8%, compared to \$1.7 million, or 0.3% of net sales, for the nine months ended July 2, 2022. The increase in Adjusted EBITDA is primarily the result of the \$27.9 million increase in net income and the

related \$6.6 million increase in income tax expense, as well as a \$4.4 million increase in interest expense, as a result of the factors discussed above. Additionally, it was further impacted by a \$2.7 million increase in depreciation, amortization, and disposals and a \$6.3 million increase in stockholder transaction costs, which were partially offset by a \$4.5 million decrease in operational transformation initiative costs that we incurred in fiscal 2022 to address the supply chain constraints that were having a significant adverse impact on our operations and financial results, with only minor amounts of such activity recorded during fiscal 2023.

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

(in thousands of dollars)	Nine Months Ended	
	July 1, 2023	July 2, 2022
Net income (loss)	\$ 5,194	\$ (22,664)
Adjustments:		
Interest expense, net (1)	13,923	9,696
Income tax expense (benefit)	292	(6,317)
Depreciation, amortization, and disposals (2)	13,477	10,787
Operational transformation initiatives	1,133	5,651
Loss on debt modification	537	561
Share-based compensation	2,229	3,153
Product redesign initiatives	—	549
Stockholder transaction costs	6,252	—
Other	574	285
Adjusted EBITDA	\$ 43,611	\$ 1,701
Adjusted EBITDA margin (percentage of net sales)	5.3 %	0.3 %

(1) Includes \$0.3 million and \$0.2 million for the nine months ended July 1, 2023 and July 2, 2022, respectively, representing interest expense on operating lease liabilities, which are a component of lease expense and presented as a single operating expense in selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.

(2) Includes \$1.3 million and \$0.6 million for the nine months ended July 1, 2023 and July 2, 2022 December 31, 2022, respectively, representing amortization charges on right-of-use lease assets, which are a component of lease expense and presented as a single operating expense in 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 July 1, 2023 December 30, 2023, the Company had \$50.5 million \$77.3 million of available cash (net of outstanding checks) and \$83.7 million \$107.1 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.

Sixth Amendment to the Credit Agreement

On November 21, 2022 November 17, 2023 (the "Closing Date"), Blue Bird Body Company ("BBBC," as "Borrower" Borrower) executed a sixth amendment to the Credit Agreement, dated \$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 December 12, 2016 ("Credit Agreement"); as amended by the first amendment to the Credit Agreement, dated as of September 13, 2018 other lenders (the "First Amended Credit Agreement"), the second amendment to the Credit Agreement, dated as of May 7, 2020 (the "Second Amended Credit Agreement"), the third amendment to the Credit Agreement, dated as of December 4, 2020 (the "Third Amended Credit Agreement"); the fourth amendment to the Credit Agreement, dated as of November 24, 2021 (the "Fourth Amended Credit Agreement"); the fifth amendment and limited waiver to the Credit Agreement, dated as of September 2, 2022 (the "Fifth Amended Credit Agreement"); and as further amended by the sixth amendment (the "Sixth Amended Credit Agreement" and collectively, the "Amended Credit" "Credit Agreement"). The Sixth Amended Credit Agreement, among other things, extends the maturity date for both the term loan and revolving credit facilities from September 13, 2023 to December 31, 2024. The total revolving credit facility commitment is reduced to an aggregate principal amount of \$90.0 million, of which \$80.0 million is available for Borrower to draw, with the remaining \$10.0 million subject to written approval from the lenders, which, once obtained, will be irrevocable. There was no change in the term loan facility commitment; however, the Sixth Amended Credit Agreement requires principal repayments approximating \$5.0 million on a quarterly basis through September 30, 2024, with the remaining balance due upon maturity. There were \$151.6 million of term loan borrowings outstanding on the sixth amendment effective date.

The Sixth Amended Credit Agreement also provides for temporary amendments to certain financial performance covenants during the period from the third amendment effective date, December 4, 2020, through and including April 1, 2023 (the "Amended Limited Availability Period"), which will terminate on the date on which the Company's TNLR, defined as the ratio of (a) consolidated net debt to (b) consolidated EBITDA, for the two fiscal quarters most recently ended is each less than 4.00x and no default or event of default has occurred and is continuing. However, the Amended Limited Availability Period can re-occur upon a default or event of default or if the TNLR for the immediately preceding fiscal quarter is equal to or greater than 4.00x.

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 consolidated EBITDA that of \$100.0 million of additional term loans and/or revolving credit commitments may be incurred under the Company is required Credit Agreement, subject to maintain during the Amended Limited Availability Period is updated certain limitations as set forth in the table below (in millions): Credit Agreement, and which additional loans and/or commitments would require further commitments from existing lenders or from new lenders.

Period	Minimum Consolidated EBITDA
Fiscal quarter ending July 1, 2023	\$50.0
Fiscal quarter ending September 30, 2023	\$60.0

For purposes of complying with Borrower has the above minimum consolidated EBITDA covenant, right to prepay the Company's consolidated EBITDA for loans outstanding under the (i) two fiscal quarter period ending July 1, 2023 is multiplied by 2 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 (ii) three fiscal quarter period ending September 30, 2023 is multiplied by 4/3, reborrowed from time to time at our election.

The minimum liquidity (in Term Loan Facility is subject to amortization of principal, payable in equal quarterly installments on the form of undrawn availability under the revolving credit facility and unrestricted cash and cash equivalents) that the Company is required to maintain at the end last day of each fiscal month during quarter, commencing on March 30, 2024, with 5.0% of the Amended Limited Availability Period is amended as set forth in the table below (in millions):

Period	Minimum Liquidity
Sixth amendment effective date through December 30, 2023	\$30.0

Additionally, the financial performance covenant requiring that school bus units manufactured by the Company ("Units") not fall below certain pre-set thresholds on a three month trailing basis ("Units Covenant") is amended for Units to be calculated \$100.0 million aggregate principal amount of all initial term loans outstanding at the end Closing Date payable each year prior to the maturity date of each applicable fiscal month 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 a cumulative basis, with the minimum cumulative threshold that November 17, 2028 maturity date of the Company is required to maintain during the Amended Limited Availability Period amended as set forth in the table below. The Units Covenant is triggered only if the

Company's liquidity for the most-recently ended fiscal month is less than \$50.0 million during the Amended Limited Availability Period:

Period	Minimum Units Manufactured
Period from October 2, 2022 and ending October 29, 2022	450
Period from October 2, 2022 and ending November 26, 2022	900
Period from October 2, 2022 and ending December 31, 2022	1,400
Period from October 2, 2022 and ending January 28, 2023	1,900
Period from October 2, 2022 and ending February 25, 2023	2,400
Period from October 2, 2022 and ending April 1, 2023	3,000

The Company is not required to comply with a maximum TNLR financial maintenance covenant for any fiscal quarters from the sixth amendment effective date through September 30, 2023, with the maximum threshold amended thereafter as follows:

Period	Maximum Total Net Leverage Ratio	
Fiscal quarter ending December 30, 2023 through the fiscal quarter ending March 30, 2024	4.00:1.00	
Fiscal quarter ending June 29, 2024 and thereafter	3.50:1.00	Credit Agreement.

The pricing grid in 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 which 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.

The \$100.0 million of Term Loan Facility proceeds and \$36.2 million of Revolving Credit Facility proceeds that were borrowed on the Closing Date were used to pay (i) the \$131.8 million of term loan indebtedness outstanding under the previous credit agreement ("Amended Credit Agreement"), (ii) interest and commitment fees accrued under the

Amended Credit Agreement which is based through the Closing Date and (iii) transaction costs associated with the consummation of the Credit Agreement.

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 applicable defined in the Credit Agreement as the ratio of consolidated net debt to both term loan and revolving borrowings and is determined in accordance with consolidated EBITDA on a trailing four quarter basis) of the amended pricing matrix set forth below. Company as follows:

Level	Level	Total Net Leverage Ratio	ABR Loans	SOFR Loans	Level	TNLr	ABR Loans	SOFR Loans
I	I	Less than 2.00x	0.75%	1.75%	I	Less than 1.00x	0.75%	1.75%
II	II	Greater than or equal to 2.00x and less than 2.50x	1.00%	2.00%	II	Greater than or equal to 1.00x and less than 1.50x	1.50%	2.50%
III	III	Greater than or equal to 2.50x and less than 3.00x	1.25%	2.25%	III	Greater than or equal to 1.50x and less than 2.25x	2.00%	3.00%
IV	IV	Greater than or equal to 3.00x and less than 3.25x	1.50%	2.50%	IV	Greater than or equal to 2.25x	2.25%	3.25%
V	V	Greater than or equal to 3.25x and less than 3.50x	1.75%	2.75%				
VI	VI	Greater than or equal to 3.50x and less than 4.00x	2.00%	3.00%				
VII	VII	Greater than or equal to 4.00x and less than 4.50x	2.75%	3.75%				

	Greater than or equal to 4.50x and less than		
VIII	5.00x	3.75%	4.75%
	Greater than		
IX	5.00x	4.75%	5.75%

Further,

Pricing on the pricing margins for levels VII through IX above are each increased (x) by 0.25% if the aggregate revolving borrowings are equal to or greater than \$50.0 million and less than or equal to \$80.0 million and (y) by 0.50% if the aggregate revolving borrowings are greater than \$80.0 million. On the sixth amendment effective date, the interest rate Closing Date was set at SOFR plus 5.75% Level III until receipt of the financial information and will be adjusted, as applicable, related compliance certificate for future the first fiscal quarters quarter ending after the Closing Date.

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 accordance arrears.

The Credit Agreement also includes a requirement that the Company comply with the amended pricing grid set forth above.

Finally, following financial covenants on the Company is required to deliver to 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 administrative agent, on a quarterly basis, a projected consolidated balance sheet and consolidated statements Credit Agreement) of projected operations and cash flows containing the next four fiscal quarters, not less than 1.20:1.00.

Detailed descriptions of the Credit Agreement as well as the First, Second, Third, Fourth, and Fifth Amended Credit Agreements Agreement are set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" contained in the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2022 September 30, 2023, filed with the SEC on December 12, 2022 December 11, 2023.

At July 1, 2023 December 30, 2023, the Borrower and the guarantors under the Amended Credit Agreement were in compliance with all covenants.

Short-Term and Long-Term Liquidity Requirements

Our ability to make principal and interest payments on borrowings under our credit facility Credit FacilityVies 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. The adverse impacts from ongoing supply chain disruptions which were further exacerbated by Russia's invasion of Ukraine in February 2022, materially impacted our operations and results during the second half of fiscal 2021 and all of fiscal 2022 due to higher purchasing costs, including freight costs incurred to expedite receipt of critical components, increased manufacturing inefficiencies and our inability to complete the production of buses to fulfill sales orders.

Towards the end of fiscal 2022 and continuing into fiscal 2023, there were slight improvements in the supply chain's ability to deliver the parts and components necessary to support our production operations, resulting in increased (i) manufacturing efficiencies and (ii) production of buses to fulfill sales orders during the first three quarters of fiscal 2023. However, the higher costs charged by suppliers to procure inventory that continued into fiscal 2023 had a significant adverse impact on our operations and results. Specifically, such cost increases outpaced the increases in sales prices that we charged for the buses that were sold during the first quarter of fiscal 2023, many of which were included in the backlog of fixed price sales orders originating in fiscal 2021 and the early months of fiscal 2022 that carried forward into fiscal 2023. During the second and third quarters remainder of fiscal 2023, the buses that were sold were generally included in the backlog of fixed price sales orders originating more recently (i.e., the latter months of fiscal 2022 and in fiscal 2023), with the cumulative increases in sales prices we charged for those buses generally outpacing the higher costs we paid to procure inventory, resulting in gross profit during the quarters. While the gross margin on bus sales during the second quarter of fiscal 2023 lagged the historical gross margin reported prior to the COVID-19 pandemic, it returned to more normal historical levels during the third latter half of fiscal 2023.

Supply chain disruptions continued into the first quarter of fiscal 2023, 2024 as there were still occasional shortages of certain critical components as well as ongoing increases in raw materials costs, both of which impacted our business and operations by limiting the number of school buses that we could produce and sell as well as increasing the costs to manufacture buses. Nonetheless, ongoing improvements in manufacturing operations, when coupled with periodic pricing actions taken by the Company to ensure that the increased sales prices charged for buses kept pace with increased costs to procure inventory to produce the buses, allowed the Company to report gross profit and gross margin during the first quarter of fiscal 2024 that were consistent with, or better than, historic levels experienced prior to the COVID-19 pandemic.

The development and fluidity of ongoing or future supply chain constraints preclude any prediction as to the ultimate severity of the adverse impacts on our business, financial condition, results of operations, and liquidity. See PART I, Item 1.A. "Risk Factors," of our 2022 fiscal 2023 Form 10-K, filed with the SEC on December 12, 2022 December 11, 2023, for a discussion of the material risks we believe we face particularly related to the COVID-19 pandemic health epidemics and subsequent supply chain constraints.

Future COVID-19 outbreaks health epidemics and/or continuing supply chain constraints could cause a more severe contraction in our profits and/or liquidity, which could lead to issues complying with our Amended Credit Agreement covenants. Our primary financial covenants are (i) minimum consolidated EBITDA, which is an adjusted EBITDA metric that could differ from Adjusted EBITDA appearing in the Company's periodic filings on Form 10-K or Form 10-Q as the adjustments to the calculations are not uniform, at the end of each fiscal quarter for the trailing four fiscal quarter period most recently then ended for fiscal 2022 and at the end of the third and fourth fiscal quarters of fiscal 2023 calculated on an annualized basis; (ii) for fiscal 2022 through December 30, 2023, minimum liquidity at the end of each fiscal month; (iii) when applicable during fiscal 2022 through April 1, 2023,

minimum school bus units manufactured calculated on a three month trailing basis at the end of each fiscal month for fiscal 2022 and on a cumulative basis at the end of each fiscal month for the first and second fiscal quarters of fiscal 2023; and (iv) beginning in the fiscal year ending September 28, 2024 ("fiscal 2024") and thereafter, TNLR at the end of each fiscal quarter. If we are not able to comply with such covenants, we may need to seek amendment for covenant relief or even refinance the debt to a "covenant lite" or "no covenant" structure. We cannot assure our investors can offer no assurance that we would be successful in amending or refinancing the existing debt. An amendment or refinancing of our existing debt could lead to higher interest rates and possible up-front expenses not included in our historical financial statements.

To increase our liquidity in future periods, we could pursue raising additional capital via an equity or debt offering utilizing a currently effective "shelf" registration statement. However, we cannot assure our investors 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:

Nine Months Ended					
Three Months Ended				Three Months Ended	
(in thousands of dollars)	(in thousands of dollars)	July 1, 2023	July 2, 2022	(in thousands of dollars)	December 31, 2022
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	\$10,479	\$11,709		
Total cash provided by (used in) operating activities		84,131	(54,451)		
Total cash provided by operating activities					
Total cash used in investing activities	Total cash used in investing activities	(6,390)	(4,748)		
Total cash (used in) provided by financing activities		(37,485)	73,999		
Total cash provided by (used in) financing activities					

Change in cash, cash equivalents and restricted cash	Change in cash, cash equivalents and restricted cash		
		\$40,256	\$14,800
Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	\$50,735	\$26,509

Total cash provided by (used in) operating activities

Cash flows provided by operating activities totaled \$84.1 million \$0.2 million for the nine three months ended July 1, 2023 December 30, 2023, an increase a decrease of \$138.6 million \$19.7 million from the \$54.5 million \$19.9 million of cash flows used in provided by operating activities during the nine three months ended July 2, 2022 December 31, 2022.

The effect of net changes in operating assets and liabilities negatively impacted operating cash flows by \$64.7 million during the three months ended December 30, 2023 compared to the three months ended December 31, 2022. The increase was primarily due to \$105.3 million, \$33.0 million, \$4.1 million, \$2.0 million, and \$6.8 million increases primary drivers in cash provided by favorable this category were unfavorable changes in inventory accrued expenses, pension and other liabilities, accounts receivable, depreciation payable of \$21.0 million and amortization, and deferred income tax expense, respectively, as well as the \$27.9 million increase in net income. \$39.7 million, respectively. At the end of fiscal 2022 and continuing into during the first quarter of fiscal 2023, inflationary pressures and supply chain disruptions significantly increased our purchase costs for components and freight, which, when coupled with increased production and sales volumes during the first quarter of fiscal 2023, resulted in a significant increase in the accounts payable balance (a net source of cash) when compared with a significant decrease in the accounts payable balance at the end of the first quarter of fiscal 2024 (a net use of cash). Additionally, we became more efficient at managing supply chain disruptions, and thus building and selling buses, buses, during the the first quarter of fiscal 2023. These efficiencies resulted in us consuming more inventory in production, which resulted in a significant decrease in the inventory balance at the end of the third first quarter of fiscal 2023 (a net source of cash) when compared with . In comparison, we had a significant marginal increase in the inventory balance at the end of the corresponding period first quarter of fiscal 2022 2024 (a net use of cash), as we elected to strategically acquire larger quantities of certain components (i) that have longer lead times and could impact our production schedule if not manufactured by our suppliers and delivered to us in a timely manner and (ii) in anticipation of model year changeovers by some of our larger suppliers that are expected to decrease the availability of such inventory later in fiscal 2024.

These favorable unfavorable changes were partially offset by several unfavorable changes including a \$28.3 million decrease in cash resulting from changes in accounts payable, \$7.7 million \$37.4 million increase in equity in net income and a \$3.0 million increase in the dividend received from our unconsolidated Canadian joint venture during the first quarter of non-consolidated affiliate, \$2.0 million decrease fiscal 2024 when compared with the corresponding period in non-cash interest expense, and \$1.4 million decrease in impairment of fixed assets, fiscal 2023.

Total cash used in investing activities

Cash flows used in investing activities totaled \$6.4 million \$2.9 million for the nine three months ended July 1, 2023 December 30, 2023, as compared to \$4.7 million \$1.1 million for the nine three months ended July 2, 2022 December 31, 2022. The \$1.6 million \$1.8 million increase was primarily due to an increase in spending on fixed assets, as increased profitability in the first three quarters quarter of fiscal 2023 2024 when compared to the same period in fiscal 2022 2023 allowed for more capital spending. During this period in the first quarter of fiscal 2022, 2023, capital spending was reduced to lower than normal amounts in an effort to mitigate the impact of supply chain constraints on our operations, financial results and cash flows.

Total cash provided by (used in) provided by financing activities

Cash flows provided by financing activities totaled \$1.0 million for the three months ended December 30, 2023 as compared to \$23.4 million of cash flows used in financing activities totaled \$37.5 million for the nine three months ended July 1, 2023 as compared to \$74.0 million of cash flows provided by financing activities for the nine months ended July 2, 2022 December 31, 2022. The \$111.5 million difference \$24.4 million increase between fiscal periods was primarily attributable to \$75.0 million \$100.0 million of proceeds received from term loan borrowings under the issuance and sale of common stock in a private placement transaction during the first three quarters of fiscal 2022 with no similar activity in the corresponding period of fiscal 2023, Credit Agreement as well as a \$51.2 million net \$35.0 million decrease (i.e., repayments) increase in revolving line of credit facility borrowings, which were partially offset by a \$126.9 million net decrease in term loan principal repayments under the nine months ended July 1, 2023 compared to the nine months ended July 2, 2022, previous credit agreement.

Free cash flow

Management believes the non-GAAP measurement of Free Cash Flow, defined as net cash provided by (used in) 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:

Nine Months Ended	Three Months Ended	Three Months Ended

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 2022 fiscal 2023 Form 10-K. Such risk factors are expressly incorporated herein by reference, and could materially adversely affect our business, financial condition, cash flows or operating results. The risks described in the 2022 fiscal 2023 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 5. Other Information.

- (c) During the third first quarter of fiscal 2023, 2024, the Company did not adopt or terminate, and none of the Company's 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
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	Bylaws of Blue Bird Corporation, 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).
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.
10.1	Credit Agreement, dated as of November 17, 2023, by and among the Company, School Bus Holdings, Inc. and certain of its subsidiaries, including Blue Bird Body Company as the borrower, Bank of Montreal, as Administrative Agent and certain other financial institutions party thereto (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed by the registrant with the SEC on November 20, 2023).
10.2*	Limited Liability Company Agreement of Clean Bus Solutions, LLC, dated as of December 7, 2023, by and among Blue Bird Body Company, Clean Bus Solutions, LLC, and GC Mobility Investments I, LLC.
10.3*	Warrant to Purchase Common Stock of Blue Bird Corporation, dated as of December 7, 2023, by and among Blue Bird Corporation and Generate Capital, PBC.
10.4*	Warrant to Purchase Common Stock of Blue Bird Corporation, dated as of December 7, 2023, by and among Blue Bird Corporation and Generate Capital, PBC.
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.

^ 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.

Dated: February 7, 2024 /s/ Philip Horlock

Philip Horlock

Chief Executive Officer

Dated: February 7, 2024 /s/ Razvan Radulescu

Razvan Radulescu

Chief Financial Officer

EXECUTION VERSION

DATED AS OF DECEMBER 7, 2023
LIMITED LIABILITY COMPANY AGREEMENT

OF

CLEAN BUS SOLUTIONS, LLC

THE INTERESTS EVIDENCED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF ANY STATE, HAVE BEEN ACQUIRED FOR INVESTMENT, AND MAY NOT BE SOLD, OR OTHERWISE DISPOSED OF, OR OFFERED FOR SALE UNLESS REGISTRATION STATEMENTS UNDER SUCH ACTS WITH RESPECT TO SUCH INTERESTS ARE THEN IN EFFECT OR EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS ARE THEN APPLICABLE TO SUCH OFFER OR SALE, AND UNLESS THE PROVISIONS OF THIS AGREEMENT ARE SATISFIED.

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THIS LIMITED LIABILITY COMPANY AGREEMENT OF CLEAN BUS SOLUTIONS, LLC (this “**Agreement**”) is entered into on December 7, 2023 (the “**Effective Date**”),

BY AND AMONG:

- (1) CLEAN BUS SOLUTIONS, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “**Company**”);
- (2) BLUE BIRD BODY COMPANY, a domestic profit corporation organized and existing under the laws of the State of Georgia, with its principal place of business at 3920 Arkwright Rd, Suite 200, Macon, GA 31210 (“**Blue Bird**”); and
- (3) GC MOBILITY INVESTMENTS I, LLC, a limited liability company, organized and existing under the laws of the State of Delaware, with its principal place of business at 560 Davis Street, San Francisco, CA 94111 (the “**Investor**”).

RECITALS:

- (A) WHEREAS, Blue Bird is a leading school bus manufacturer with a complete line of Type C and D electric vehicle school bus body configurations, and the Investor is a leading sustainable infrastructure investor;

- (B) WHEREAS, the Members have decided to establish the Company to jointly develop and deliver fleet-as-a-service to Qualified Customers (as defined below) using BB EV School Buses (as defined below); and
- (C) WHEREAS, the Members desire to enter into this Agreement to provide for their respective rights and obligations associated with the ownership and management of the Company.

NOW, THEREFORE, subject to the terms and conditions hereof and in consideration for the foregoing premises and the mutual agreements contained herein the Members agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

"Accession Agreement" means an agreement substantially as set out in Exhibit 2 to be executed by a transferee or acquirer of any Interests.

"Act" means the Delaware Limited Liability Company Act, 6 Dec. C. § 18101 et seq., as amended from time to time.

"Additional Contributions Effective Date" means the date on which each of the following conditions has been satisfied:

- (a) the Updated Budget and Updated Business Plan have been adopted by the Board in accordance with Section 6.5(a)(ii) and Section 6.5(b)(ii);
- (b) in respect of the Investor only, approval of commencement of funding of Capital Contributions by the Investor's internal investment committee;
- (c) in respect of Blue Bird only, approval of commencement of funding of Capital Contributions by its Board of Directors;

(d) completion of customary "know your customer" requirements of each of Blue Bird and the Investor; and

(e) no Material Adverse Effect has occurred and is continuing in respect of Blue Bird or the Company.

"Adjusted Capital Account" means, with respect to any Member, the balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments: (a) add to such balance any amounts which such Member is obligated to restore pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Treasury Regulation Section 1.704-2(g)(1) and 1.704-2(i)(5); and (b) subtract from such balance the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" of a person means any other person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with the first person. For purposes of clarity, in no event will a Dealer be deemed an Affiliate of Blue Bird.

"Agreed Value" means, with respect to (a) all property hereafter transferred to the Company as a Capital Contribution, the Fair Market Value of the property on the date that it is contributed to the Company, (b) with respect to all property distributed by the Company to a Member, the Fair Market Value of the property on the date of distribution, and (c) with respect to the second to last sentence of Section 5.1(a), the Fair Market Value of such Company Property at the time of the event requiring such revaluation, in each case as determined by mutual agreement of Blue Bird and the Investor or, if they fail to agree, a nationally recognized valuation firm chosen by mutual agreement of Blue Bird and the Investor.

"Alternative PowerSchool Buses" means school buses that run on electricity or any other technology (including, without limitation, propane) approved by the Board and each Member.

"Annual Limit" has the meaning given to such term in Section 4.2(c).

"Applicable Law" means any constitutional provision, law (including common law), statute, rule, regulation, ordinance, decree, administrative plan, policy, treaty, convention, approval, authorization, order, judgment, written interpretations or court decree along with any interpretation thereof having the force of law, enacted, issued or promulgated by any governmental entity having jurisdiction over the Members or the matter in question, including any amendment, supplement, replacement or other modifications thereto from time to time, in each case that applies to, or is binding on, any Capital Member or the Company.

"Appraiser" has the meaning given to such term in Section 8.6.

“Asset Expenses” means all customary asset expenses including purchase, delivery, installation, operation and maintenance of fleet-as-a-service projects, inclusive of Bus Assets and Charging Assets.

“Asset Management Agreement” means any asset management agreement entered into by the Company or any of its Subsidiaries.

“Assumed Tax Liability” means with respect to any Member for any Fiscal Year, the product of (a) the items of U.S. federal taxable income allocated by the Company to such Member in such Fiscal Year, less the items of U.S. federal taxable loss allocated by the Company to such Member in such Fiscal Year multiplied by (b) the highest applicable U.S. federal, state and local income tax rate applicable to an

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individual or, if higher, a corporation, resident in California with respect to the character of U.S. federal taxable income or loss allocated by the Company to such Member during such Fiscal Year.

“Background Proprietary Information” means Proprietary Information that is (i) Developed or Controlled by any Capital Member as of the Execution Date, and (ii) is necessary for or useful to the Relevant Purpose.

“BB Change of Control” means the occurrence of any of the following events: (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934), becoming the ultimate “beneficial owner” (as such term is used in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that for purposes of this clause (a), such person or group shall be deemed to have “beneficial ownership” of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the voting stock of Blue Bird or (b) Blue Bird sells, conveys, transfers or leases (either in one transaction or a series of related transactions) all or substantially all of Blue Bird’s assets (determined on a consolidated basis) to any person.

“BB EV School Buses” means EV School Buses that are manufactured by Blue Bird or a Subsidiary of Blue Bird.

“Blue Bird” has the meaning given to such term in the preamble.

“Board” has the meaning given to such term in Section 6.1(a).

“Book Value” means, with respect to any Company Property, its adjusted tax basis, *provided, however*, that with respect to any Company Property the Agreed Value of which differs from its adjusted tax basis at the time of its contribution to or distribution from the Company or a revaluation pursuant to the second to last sentence of Section 5.1(a), Book Value shall be determined in a manner consistent with the determination of Net Income or Net Loss.

“Budget” means the budget for the relevant period for the ordinary operating expenses that are allocated to the overhead of the Company and its Subsidiaries and approved by the Board from time to time in accordance with Section 6.5(a).

“Bus Assets” means the BB EV School Buses or other Alternative Power School Buses used in connection with any Company Project.

“Bus Purchase and Warranty Agreement” means the bus purchase agreement and related warranties pursuant to which the Bus Assets for a particular Company Project are purchased by the Company or a Subsidiary of the Company from Blue Bird or its Affiliates or Dealers.

“Bus Services Agreement” means any bus services agreement entered into by the Company or any of its Subsidiaries.

“Business Day” means any day other than a Saturday, Sunday or any other day on which banks in (a) New York City, New York, (b) San Francisco, California, or (c) Atlanta, Georgia are authorized to be closed.

“Business Plan” means the business plan (together with any Project Criteria and Approval Process and Qualified Customer Criteria) for the Company and its Subsidiaries approved by the Board from time to time in accordance with this Agreement.

“Capital Account” means the capital account of a Member in the Company, calculated as set forth in Section 5.1(a).

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“Capital Contribution Timeline” means March 31, June 30, September 30, and December 31 of each year, unless otherwise adjusted by the Board (as set forth in then-current Budget or otherwise on an emergency basis as determined by the Board).

“Capital Contributions” means the amount of cash and the Agreed Value of property contributed by a Member to the capital of the Company.

“Capital Interests” means any Class A Interest and any Class B Interest.

“Capital Member” means any Class A Member and any Class B Member.

“Certified Public Accountants” means an independent public accounting firm selected from time to time by the Board.

“Chairman” has the meaning given to such term in Section 6.2(a).

“Change of Control” means (a) with respect to Blue Bird, a BB Change of Control; (b) with respect to the Investor, an Investor Change of Control, or (c) with respect to any other Member, (i) the sale of all or substantially all of the assets of such Member; (ii) any merger, consolidation or acquisition of such Member with, by or into another corporation, entity or person; or (iii) any change in the ownership of more than fifty percent (50%) of the voting capital stock of such Member in one or more related transactions.

“Charger Management Agreement” means any agreement that the Company or a Company Subsidiary enters into to provide for the development, maintenance, and operation of the Charging Assets.

“Charging Assets” means the electric vehicle charging equipment and infrastructure and assets appurtenant to such equipment and infrastructure used, or to be used, in connection with any Company Project, but expressly excluding the Bus Assets.

“Class” means any class of Equity Securities of the Company issued in accordance with the terms of this Agreement, including the Class A Interests and Class B Interests.

“Class A Commitment” has the meaning given to such term in Section 3.2(a).

“Class A Commitment Amount” in respect of Class A Interests for the funding of Corporate Expenses, \$10,000,000 per Class A Member, subject in the case of Blue Bird to the Annual Limit.

“Class A Interest” means a membership interest in the Company designated as a “Class A Interest,” with the rights, preferences, powers, restrictions, qualifications, and limitations ascribed thereto as set forth in this Agreement.

“Class A Member” means any Member holding Class A Interests with respect to such Member’s particular membership interests in the Company designated as “Class A Interests”.

“Class A Pro Rata Share” means, with respect to a Class A Member on a Distribution Date, a percentage equal to such Member’s aggregate number of Class A Interests on such Distribution Date divided by the aggregate number of Class A Interests issued and outstanding on such Distribution Date.

“Class B Capital Call Conditions” means, in respect of any capital call in respect of any Class B Member’s Class B Commitment Amount, each of the following:

- (a) completion of customary “know your customer” requirements of such Class B Member;

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- (b) no Material Adverse Effect has occurred and is continuing in respect of Blue Bird or the Company;

- (c) no Event of Default under this Agreement has occurred and is continuing and no default or event of default under any Project Document has occurred and is continuing; and

- (d) the Company Project(s) to be funded by the relevant Capital Contribution in respect of Class B Interests either (i) satisfies the Project Criteria and Approval Process or (ii) otherwise is approved by the Board.

“Class B Commitment” has the meaning given to such term in Section 3.2(b)(i).

“Class B Commitment Amount” means, in respect of Class B Interests for the funding of Asset Expenses, (i) in respect of Blue Bird, \$20,000,000, subject to the Annual Limit, and (ii) in respect of the Investor, \$80,000,000.

"Class B Contributed Amount" means, with respect to any Member, the sum of all Capital Contributions made to the Company by such Member in respect of its Class B Commitment Amount.

"Class B Interest" means a membership interest in the Company designated herein as a "Class B Interest", with the rights, preferences, powers, restrictions, qualifications, and limitations ascribed thereto as set forth in this Agreement.

"Class B Member" means any Member holding Class B Interests with respect to such Member's particular membership interests in the Company designated as "Class B Interests".

"Class B Pro Rata Share" means, with respect to any Class B Member on a Distribution Date, a percentage equal to such Member's aggregate number of Class B Interests on such Distribution Date divided by the aggregate number of Class B Interests issued and outstanding on such Distribution Date.

"Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent revenue laws.

"Commitment Amount" means in respect of a Member, as applicable, the Class A Commitment Amount or Class B Commitment Amount.

"Company" has the meaning given to such term in the Preamble of this Agreement.

"Company Minimum Gain" means, with respect to each Nonrecourse Liability, the amount of gain (of whatever character) that would be realized by the Company if it disposed of the Company Property subject to such liability in a taxable transaction in full satisfaction of such liability (and for no other consideration), and by then aggregating the amounts so computed. It is further understood that Company Minimum Gain shall be determined in a manner consistent with the rules of Treasury Regulation Section 1.704-2(d), including the requirement that if the book value of property (as determined for purposes of computing Net Income and Net Loss) subject to one or more Nonrecourse Liabilities differs from its adjusted tax basis, Company Minimum Gain shall be determined with reference to such book value.

"Company Project" means each BB EV School Bus or Alternative Power School Bus fleet-as-a-service project approved by the Board from time to time.

"Company Property" means all property, whether real or personal, tangible or intangible, owned by the Company.

"Company Proprietary Information" has the meaning given to such term in Section 12.1(b).

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"Competitor" means, in respect of Blue Bird those persons listed in Part 1 of Exhibit 3, and in respect of the Investor, those persons described in Part 2 of Exhibit 3, and in respect of the Company, those persons described in Part 3 of Exhibit 3.

"Confidential Information" means all information of a confidential nature that is: (i) disclosed by whatever means by a Member to the other Member in connection with the Company, the business of the Company, the Development Activities or any Company Project; or (ii) developed or maintained by the Company in connection with the business of the Company, the Development Activities, or any Company Project. Confidential Information includes:

- (a) such information generated in connection with the Company, the business of the Company, Development Activities or a Company Project by a Member of by the Company or any of its officers, employees, or agents; and
- (b) the provisions and subject matter of this Agreement and the agreements and contracts entered into in connection with the Company, the business of the Company, Development Activities or any Company Project and the matters contemplated by this Agreement.

"Contingent Warrant" means that certain Warrant to Purchase Common Stock of Blue Bird Corporation dated on or around the Effective Date between Blue Bird Corporation and the Investor pursuant to which the Investor is entitled to purchase up to 333,333 shares of common stock of Blue Bird Corporation.

"Contributing Member" has the meaning given to such term in Section 4.3.

"Control" or **"Controlled"** means, (i) the power, directly or indirectly, to direct or cause the direction of the management or policies of a person, whether through the ownership of securities, by contract or otherwise (including for the avoidance of doubt, acting as the general partner, managing member or similar of such person), or (ii) with respect to any Proprietary Information, the possession by a Capital Member, whether by ownership or license (other than by licenses granted under this Agreement), of the ability to grant to any other party access, a license or a sublicense as provided herein without (a) requiring the consent of a third party, (b) violating the terms of any agreement or other arrangement with, or obligation to, any third party, or (c) incurring any requirement to compensate any third party in any way, in each case, as of the date hereof, or if any of the foregoing is Developed after the date hereof, on the date it is first Developed.

“Control Trigger Event” means, subject to a condition precedent that the Investor has at such time contributed greater than [REDACTED] percent ([REDACTED]%) of the total aggregate outstanding equity in the Company and outstanding Member Loans, the occurrence of any of the following events, as may be adjusted by the Board at any date prior to or simultaneously with the adoption of the Updated Business Plan pursuant to Section 6.5(b):

- (a) the Company does not collect [REDACTED] or more of its projected aggregate accounts receivable (to be based upon actual contracts with customers) over any 12-month period due to the fault of Blue Bird in (i) the unremediated operational performance of BB EV School Buses; or (ii) meeting delivery commitments of BB EV School Buses to customers of the Company, solely to the extent that delivery constraints of Blue Bird are applied prejudicially to the disadvantage of the Company.
- (b) damages arising under one or more Project Documents arising from liquidated damages arising the delivery or performance of BB EV School Buses to the extent provided for under any Project Document (which for purposes of clarity, will not include damages or claims for personal injury or other tort liability) that are paid by the Company or are assessed and payable by the Company in respect of the Company pursuant to the applicable dispute resolution

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procedure thereunder in an amount that over any 12-month period exceeds [REDACTED] of the total aggregate contracted revenues from the Company's customers for such period.

“Conversion Rate” means the ratio of the amount of equity that a Member receives for each dollar of Member Loan that the Member converts under Section 4.3(c)(ii), which shall be 1.5 for all Members.

“Corporate Expenses” means selling, general and administrative (SG&A) and other corporate expenses of the Company.

“Damages” has the meaning given to such term in Section 6.7.

“Deadlock Event” has the meaning given to the term in Section 7(a).

“Deadlock Notice” has the meaning given to the term in Section 7(a).

“Dealer” means any person or entity, other than Blue Bird or a Subsidiary of Blue Bird, that is authorized by Blue Bird to sell, lease, service, or distribute BB EV School Buses under the terms and conditions set forth in a separate dealer agreement between Blue Bird and such person or entity.

“Dealer Network Agreement” means any agreement between the Company and any Dealer in respect of sourcing of opportunities for Company Projects.

“Defaulting Member” has the meaning given to such term in Section 8.5(a).

“Defaulting Party” has the meaning given to such term in Section 17.1.

“Designated Individual” has the meaning set forth in Section 13(a).

“Developed” means created, invented, conceived, reduced to practice, originated, discovered, developed, acquired or otherwise obtained by a Capital Member, whether solely or jointly with any other Capital Member, such Capital Member's representatives or a third party (as applicable).

“Developing Party” means any Capital Member (or its representatives or third parties acting on its behalf) that Develops any Foreground Proprietary Information.

“Development Activities” means the purchase, development, ownership and management of one or more Company Projects and the development, construction, ownership and management of related Charging Assets and the provision of a range of fleet-as-a-service offerings to Qualified Customers, in each case, in accordance with the terms of this Agreement.

“Dispute” has the meaning given to such term in Section 20.

“Dispute Notice” has the meaning given to such term in Section 20.

“Disqualified Entity” means a legal entity who is or is an Affiliate of a legal entity who (a) is a party to any consent decree or order with respect to an alleged violation of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. §§ 78dd-1, et seq.), the International Emergency Economic Powers Act, the Trading With the Enemy Act, or any similar federal or state law, (b) has been convicted, sanctioned, or has entered into any consent judgment or order with respect to an alleged material violation of any federal or state law relating to Securities (as that term is defined in Section 2(l) of the Securities Act), or has entered into any

consent judgment or order with respect to an alleged material violation of any federal or state law relating to Securities, (c) has been banned or suspended from banking activities or from providing services to banks, (d) is reported to have substantial business or other affiliations with an organized crime figure or a person involved in money laundering, (e) whose name appears on, or who is

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owned or controlled, directly or indirectly, by one or more persons whose name appears on the Specially Designated Nationals and Blocked Persons List published by OFAC or is a department, agency or instrumentality of, or otherwise owned or controlled by or acting on behalf of, the government of any country that is the target of any Sanctions or is a current or former political leader or senior official of any such country, (f) is otherwise reasonably anticipated, in good faith, to cause a material legal or regulatory issue under any of the foregoing or any similar foreign laws and regulations for the Company or any Member of the Company (including with respect to loss of material permits or licenses held by the Company), as a result of such person or its Affiliates becoming a Member of the Company, (g) (i) is a Competitor of Blue Bird, if concerning a Transfer of the Investor's Interests; provided that any financial institution directly or indirectly holding an equity interest in such a Competitor will not be deemed a Disqualified Entity, or (ii) is a Competitor of the Investor, if concerning a Transfer of Blue Birds' Interests, (h) is controlled by a Disqualified Person, (i) has been disbarred from entering into contracts with any Governmental Entity, or (j) by virtue of their ownership in the Company, would cause the Company to be in breach of any Project Documents, cause the Company or the Company's customers that operate the Company's bussing assets to be in breach of or fail to comply with any School Authority requirements, or would prohibit the Company's customers that operate the Company's bussing assets from being able to compete for new School Authority contracts.

"Disqualified Person" means a person who is or is an Affiliate of a person who (a) has been convicted of a felony crime or any crime involving moral turpitude or a party to any consent decree or order with respect to an alleged violation of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. §§ 78dd-1, et seq.), the International Emergency Economic Powers Act, the Trading With the Enemy Act, or any similar federal or state law, (b) has been convicted, sanctioned, or has entered into any consent judgment or order with respect to an alleged material violation of any federal or state law relating to Securities (as that term is defined in Section 2(l) of the Securities Act), or has entered into any consent judgment or order with respect to an alleged material violation of any federal or state law relating to Securities, (c) has been banned or suspended from banking activities or from providing services to banks, (d) is an organized crime figure or is reported to have substantial business or other affiliations with an organized crime figure or a person involved in money laundering, (e) whose name appears on, or who is owned or controlled, directly or indirectly, by one or more persons whose name appears on the Specially Designated Nationals and Blocked Persons List published by OFAC or is a department, agency or instrumentality of, or otherwise owned or controlled by or acting on behalf of, the government of any country that is the target of any Sanctions or is a current or former political leader or senior official of any such country or (f) is otherwise reasonably anticipated, in good faith, to cause a material legal or regulatory issue under any of the foregoing or any similar foreign laws and regulations for the Company or any Member of the Company (including with respect to loss of material permits or licenses held by the Company), as a result of such person or its Affiliates serving as an officer, Member or Manager of the Company.

"Distribution Date" means each Quarterly Payment Date or such other date determined by the Board on which a distribution of Excess Cash is made pursuant to Section 5.4.

"Distribution Rate" means [REDACTED]

"Drawdown Percentage" means (a) for Capital Contributions in respect of the Class A Interests, [REDACTED] for the Investor and [REDACTED] for Blue Bird, and (b) for Capital Contributions in respect of the Class B Interests, (i) if the number of BB EV School Buses that have been acquired and placed and in service (which number will include the count of any BB EV School Buses that have been acquired and sold) by the Company and its Subsidiaries is less than or equal to [REDACTED] for the Investor and [REDACTED] for Blue Bird, (ii) if the number of BB EV School Buses owned and in service by the Company and its Subsidiaries is [REDACTED] for the Investor and [REDACTED] for Blue Bird, and (iii) if the number of BB EV School Buses owned and in service by

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the Company and its Subsidiaries is [REDACTED] for the Investor and [REDACTED] for Blue Bird.

"Economic Risk of Loss" with respect to any liability of the Company means the economic risk of loss borne by a Member with respect to such liability as determined under Treasury Regulation Section 1.752-2(a).

"Effective Date" has the meaning given to such term in the Preamble.

"Electing Member" has the meaning given to such term in Section 3.3.

"Equity Commitment Support" means an equity commitment letter or other form of credit support from a Capital Member in form and substance reasonably satisfactory to the other Capital Member.

"Equity Interests" has the meaning given to such term in Section 3.2(c).

"Equity Securities" has the meaning given to such term in Section 3.2(c).

"EV School Buses" means electric vehicle school buses, being school buses that run on electricity from a battery (as opposed to diesel or other fuel source).

"Event of Default" has the meaning given to such term in Section 17.1.

"Event of Default Call Exercise Notice" has the meaning given to such term in Section 8.5(c).

"Event of Default Call Right" has the meaning given to such term in Section 8.5(c).

"Event of Default Call Right Closing" has the meaning given to such term in Section 8.5(d).

"Event of Default Put Right" has the meaning given to such term in Section 8.5(c).

"Event of Default Put Exercise Notice" has the meaning given to such term in Section 8.5(c).

"Event of Default Put Right Closing" has the meaning given to such term in Section 8.5(c).

"Excess Cash" means, at any time, available cash and cash equivalents of the Company and the Company Subsidiaries on hand at such time, less amounts determined by the Board for current and anticipated cash requirements for one full calendar quarter, including all Reserves maintained, or required pursuant to the Agreement to be maintained, at such time by the Company and the Company Subsidiaries.

"Execution Date" means the date of this Agreement.

"Exercise Notice" has the meaning given to such term in Section 3.3.

"Exercise Period" has the meaning given to such term in Section 3.3.

"Fair Market Value" means (a) with respect to any property other than Interests, the price at which a willing seller would sell and a willing buyer would buy such property having full knowledge of the facts, in an arm's length transaction without time constraints, and without being under any compulsion to buy or sell, and (b) with respect to any Interests, the price at which a willing seller would sell and a willing buyer would buy such Interests having full knowledge of the facts, in an arm's-length transaction without time constraints, without being under any compulsion to buy or sell, and without factoring in or applying (x) any discount or other reduction in value due to the minority or illiquid nature of any

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Interests, or the lack of voting or other rights to control or manage the Company or (y) any control premium, but taking into account the capital contribution obligations of the Members.

"FaaS Agreement" means any "fleet as a service" agreement entered into by the Company or any of its Subsidiaries.

"Financiers" means the financial institution or financial institutions selected by the Board for arranging and/or underwriting the financing required to fund any Company Projects.

"Fiscal Year" means the period commencing on January 1 and ending on December 31 of each calendar year.

"FMV Determination Procedure" has the meaning given to such term in Section 8.6.

"Foreground Proprietary Information" means Proprietary Information, including all modifications, developments and improvements to Background Proprietary Information, that (i) is Controlled by any Capital Member after the Execution Date, and (ii) is necessary for or useful to the Relevant Purpose. For the avoidance of doubt, Foreground Proprietary Information shall not include Background Proprietary Information.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Effective Date.

“General Manager” has the meaning given to such term in Section 6.4(a).

“Governmental Entity” means (a) any multinational, federal, provincial, state, municipal, local or other governmental or public department, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (b) any subdivision, agent, commission or board of any of the foregoing; or (c) any quasi-governmental exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

“Indemnified Person” has the meaning given to such term in Section 6.7.

“Initial Budget” means the initial Budget adopted by the Board in accordance with Section 6.5(a)(i).

“Initial Business Plan” means the initial Business Plan adopted by the Board in accordance with Section 6.5(b)(i).

“Initial Warrant” means that certain Warrant to Purchase Common Stock of Blue Bird Corporation dated on or around the Effective Date between Blue Bird Corporation and the Investor pursuant to which the Investor is entitled to purchase up to 666,667 shares of common stock of Blue Bird Corporation.

“Interest” means an equity interest in the Company, designated as a Class A Interest or Class B Interest, with the relative rights, preferences, privileges, duties, liabilities, restrictions, and obligations set forth in this Agreement.

“Interest Change Date” shall have the meaning set forth in Section 5.2(j).

“Investor” has the meaning given to such term in the preamble.

“Investor Change of Control” means any event or series of events after which Generate Capital, PBC (i) fails to own, directly or indirectly, at least a majority of the equity or economic interests of the Investor after the date of this Agreement, or (ii) fails to Control the Investor after the date of this Agreement.

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“IRS” has the meaning given to such term in Section 13(b).

“License Termination Event” has the meaning given to such term in Section 12.3(a).

“Lien” means, with respect to any property or asset, any mortgage, charge, pledge, lien, hypothecation, security interest or other similar encumbrance in respect of such property or asset.

“Liquidation Preference” means, as of any date of calculation for any Class B Member, an amount equal to such Class B Member’s Unreturned Class B Contributions, plus any accrued and unpaid amount of Quarterly Distributions.

“Litigation” has the meaning given to such term in Section 12.5(b).

“Lock-Up Date” has the meaning given to such term in Section 8.1(e).

“Majority Approval” means the approval of those Managers representing at least 55% of the Class A Interests.

“Management Incentive Plan” means the management and employee incentive plan of the Company in effect and approved from time to time in accordance with Section 6.1(g) of this Agreement.

“Manager” has the meaning given to such term in Section 6.1.

“Material Adverse Effect” means any omission, change, occurrence, fact or other circumstance, that is, or in the aggregate with any other events, acts, omissions, changes, occurrences, facts or other circumstances are, materially adverse to, or would reasonably be expected to have a material adverse effect on (a) the present or currently planned business, operations, assets, liabilities, properties, results of operations or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, (b) the development, financing, construction, completion or operation of the Company Projects as currently planned, or (c) the ability of a party to perform its obligations or exercise any of its rights under this Agreement.

“Member” means each of Blue Bird, the Investor and any other person (from time to time) who holds Interests (which have been issued or transferred to such person in accordance with this Agreement) and has executed an Accession Agreement.

“Member Loan” has the meaning given to such term in Section 4.3.

"Member Nonrecourse Debt" means any nonrecourse debt of the Company for which any Member bears the Economic Risk of Loss.

"Milestone" has the meaning given to such term in Section 4.4.

"Milestone Date" has the meaning given to such term in Section 4.4.

"Minimum Gain Attributable to a Member Nonrecourse Debt" means, with respect to any Member Nonrecourse Debt, an amount equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulation Section 1.704-2(i)(3).

"Net Income" or "Net Loss" means, for each Fiscal Year of the Company, the taxable income or loss, respectively, of the Company for federal income tax purposes, except that (a) any income of the Company that is exempt from federal income tax, as described in Code Section 705(a)(1)(B), and not otherwise taken into account in computing taxable income or loss shall be added to such taxable income

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or subtracted from such taxable loss, (b) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as expenditures described in Section 705(a)(2)(B) of the Code pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account under this definition (any such expenditures being referred to for purposes of this Agreement as **"Section 705(a)(2)(B) Expenditures"**) shall be subtracted from such taxable income or added to such loss, (c) an amount of gain or loss that would have been recognized by the Company if property distributed by the Company to a Member had instead been sold in a taxable disposition for its Agreed Value at the time of distribution shall be taken into account, (d) if any of the Company's property is revalued pursuant to the second to last sentence of Section 5.1(a), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property, and (e) items of income, gain, loss or deduction with respect to Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property. Except as otherwise provided in the Treasury Regulations issued under Section 704(b) of the Code, such amounts shall be computed without regard to any basis adjustment for federal income tax purposes under Sections 732, 734, and 743 of the Code resulting from an election under Section 754 of the Code.

"Non-Contributing Member" has the meaning given to such term in Section 4.3.

"Non-Defaulting Member" has the meaning given to such term in Section 8.5(a).

"Non-Developing Party" means any Capital Member other than the Developing Party.

"Non-Permitted Transferee" has the meaning given to such term in Section 8.1(f).

"Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Sections 1.704(b)(1) and 1.704-2(c).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member bears the Economic Risk of Loss.

"Notice" has the meaning given to such term in Section 18(a).

"Officer" has the meaning given to such term in Section 6.4

"Partnership Representative" has the meaning set forth in Section 11.

"Partnership Representative Removal Event" means the occurrence of any of the following events:

- (a) the Partnership Representative breaches or defaults in respect of its obligations under Sections 3.1 or 3.2 or otherwise breaches or defaults in respect of any other material covenant or obligation under this Agreement;
- (b) the Partnership Representative or its applicable Affiliate breaches or defaults in respect of any material covenant or obligation under any Project Document;
- (c) the Partnership Representative (i) engages, or causes the Company to engage, in fraud, willful misconduct or gross negligence, or (ii) breaches a fiduciary duty;
- (d) the breach of material Applicable Law by the Partnership Representative; or
- (e) any bankruptcy or insolvency of the Partnership Representative or its permitted holder whether voluntary or involuntary.

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"Patents" means any and all patents and patent applications (whether provisional or non-provisional, including continuations, continuations-in-part, divisions and substitute applications), all patents issued from any such patent applications, all reissues, renewals, extensions and re-examinations (including all supplemental protection certificates) of any such patent, all foreign counterparts to the foregoing, and all rights provided by international treaties or conventions.

"Permitted Direct Transfer" has the meaning given to such term in Section 8.7(a).

"Permitted Transferee" means (a) any Affiliate of a transferring Member, (b) in the case of the Investor, (i) co-investors and investment funds or vehicles affiliated with, managed or advised by the Investor or its Affiliates, provided that such co-investors or investment funds or vehicles have committed uncalled capital equal to or greater than the amount of remaining and unfunded Commitment Amount of the Investor, and (ii) as collateral security, to ordinary course commercial lending institutions, excluding any distressed debt fund or Competitor of Blue Bird (provided that any financial institution directly or indirectly holding an equity interest in such a Competitor of Blue Bird will not be deemed a Disqualified Entity for this purpose) or the Investor.

"PCAOB" means the Public Company Accounting Oversight Board.

"PIK Amount" has the meaning given to such term in Section 5.4(d).

"PIK Event" has the meaning given to such term in Section 5.4(d).

"Positive Operating Cash Flow" means, for any Fiscal Year, the excess, if any, of (a) the aggregate amount of cash and cash equivalents received by the Company as a result of gross margin from asset deployments, over (b) the aggregate amount of cash and cash equivalents paid or required to be paid by the Company during such period for its operations, including, without limitation, selling general and administrative expenses, taxes, debt service, and other obligations or liabilities arising from or related to any Company Project.

"Power Management Agreement" means any power management agreement entered into by the Company or any of its Subsidiaries.

"Pre-emptive Rights Notice" has the meaning given to such term in Section 3.3.

"Pre-emptive Securities" has the meaning given to such term in Section 3.3.

"Prime Rate" means the rate listed in the Wall Street Journal as the so-called national "prime rate", but if no such designation is published, the term shall mean the nearest equivalent to such term as published by the Wall Street Journal (as determined by the other Member in relation to the Member that is being charged interest determined in relation to the "Prime Rate"), or if no equivalent is published by the Wall Street Journal, by another financial publication of national standing (as determined by the other Member). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Principal Office" has the meaning given to such term in Section 2.6.

"Pro Rata Capital Share" means, with respect to a Capital Member on any date, a percentage equal to such Member's aggregate number of Capital Interests on such date divided by the aggregate number of Capital Interests issued and outstanding on such date.

"Proceeding" has the meaning given to such term in Section 6.7.

"Project Criteria and Approval Process" means the commercial, legal, and technical criteria for fleet-as-a-service projects to be pursued by the Company the eligibility criteria (including without limitation the Qualified Customer Criteria) and related approval process with respect thereto, as established by the Board from time to time in accordance with this Agreement.

"Project Document" and **"Project Documents"** means and includes those certain documents related to a Company Project entered into from time to time by the Company or any of its Subsidiaries, including any Dealer Network Agreements, Charger Management Agreement, Power Management Agreements,

Bus Purchase and Warranty Agreements, Bus Services Agreements, Asset Management Agreements, FaaS Agreements, and any such other agreements in relation to a Company Project that the Members may designate as such from time to time.

"Proprietary Information" means any and all of the following, and any or all rights arising therefrom or associated therewith, throughout the world: (i) Patents and designs, (ii) trademarks, service marks, logos, trade names and similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations of, applications for and renewals of, any of the foregoing, (iii) copyrights and works of authorship (whether or not copyrightable), and all registrations of, applications for and renewals of, any of the foregoing, (iv) domain names, webpages, and all content and data thereon or relating thereto, (v) trade secrets, inventions (whether or not patentable), know-how, and other proprietary or confidential information (including all technology, processes, methods, designs, specifications, discoveries, modifications, developments and improvements), (vi) computer programs, operating systems, applications, firmware and other code (including all source code and object code), interfaces, databases, data compilations and collections, protocols, specifications and other related documentation, and (vii) other corresponding or equivalent rights or forms of protection.

"Proprietary Information Owner" has the meaning given to such term in Section 12.5.

"Qualified Contract" means any contract for fleet-as-a-service with a Qualified Customer.

"Qualified Customer" means any customer which satisfies the Qualified Customer Criteria.

"Qualified Customer Criteria" means the eligibility criteria for school district and other customers of the Company established by the Board from time to time in accordance with this Agreement.

"Quarterly Distribution" means an amount equal to the accrued and unpaid interest, including any PIK Amount previously accrued and not yet paid, at the Distribution Rate through the applicable Quarterly Payment Date, on (a) the Unreturned Class B Contributions, plus (b) any PIK Amount following a PIK Event for such time as such PIK Amount remains unpaid, as of each Quarterly Payment Date.

"Quarterly Payment Date" means each of March 31, June 30, September 30, and December 31 of each calendar year.

"Receiving Party" has the meaning given to such term in Section 15.2(a).

"Related Party" means, in respect of each Member, any of its Affiliates or any of its or their respective directors, officers, members, managers, partners, financing sources (both debt and equity), consultants, employees, attorneys or advisors, but shall exclude the Company and any other Subsidiaries of the Company.

"Related Party Transaction" means any transaction, arrangement, agreement or contract, directly or indirectly, between the Company and any Related Party.

"Relevant Purpose" means the performance by the Company or any of its Subsidiaries of Development Activities in accordance with the terms of this Agreement.

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"Removal Event" means, in respect of any person, the occurrence of any event that causes such person to become a Disqualified Person.

"Required Transfer Documentation" means an assignment agreement in form and substance reasonably acceptable to the transferor and the transferee providing for the sale and assignment of Interests, free and clear of all Liens other than those imposed by applicable securities law or the Agreement. The Required Transfer Documentation shall (without limitation) include representations and warranties by the transferor as to (a) due organization and good standing of the transferor, (b) the power and authority of such transferor, (c) the due authorization of the Required Transfer Documentation, (d) the due execution and delivery of the Required Transfer Documentation, (e) the enforceability of the Required Transfer Documentation, (f) the execution, delivery and performance of the Required Transfer Documentation not requiring any notice to, filing with, consent, permit or approval of, or license from any Governmental Entity, other than such as have been made or secured and are in full force and effect, (g) the "non-contravention" of the execution, delivery and performance of the Required Transfer Documentation with the transferor's organizational documents, Applicable Law, the Project Documents, any financing documents to which the Company is party, and contracts to which the transferor is a party, (h) the transferee not being a Disqualified Entity or Disqualified Person, and (i) the assignment to the transferee of good and valid title to such Interests, free and clear of all pledges, Liens, mortgages or security interests (of any nature whatsoever).

"Reserves" means funds set aside or amounts allocated to reserves (in each case by the Company and/or one or more of its Subsidiaries).

"ROFO Notice Period" has the meaning given to such term in Section 8.2(b)(ii).

"ROFO Offer Notice" has the meaning given to such term in Section 8.2(c)(i).

"ROFO Offered Interest" has the meaning given to such term in Section 8.2(a).

"ROFO Offering Member" has the meaning given to such term in Section 8.2(a).

"ROFO Offering Member Notice" has the meaning given to such term in Section 8.2(b)(i).

"ROFR Notice Period" has the meaning given to such term in Section 8.3(b)(ii).

"ROFR Offered Interest" has the meaning given to such term in Section 8.3(a).

"ROFR Offering Member" has the meaning given to such term in Section 8.3(a).

"ROFR Offering Member Notice" has the meaning given to such term in Section 8.3(b)(i).

"Sanction(s)" means economic or financial sanctions laws, requirements, trade embargoes or other restrictive measures imposed, administered or enforced by any Sanctions Authority.

"Sanctions Authority" means the government of the United States (including the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State and the U.S. Department of Commerce), the United Nations Security Council, the European Union, any European Union member state, the United Kingdom (including His Majesty's Treasury), or any other Governmental Entity that imposes, administers or enforces Sanctions.

"School Authority" means the applicable school district or other similar authority.

"Secretary" has the meaning given to such term in Section 6.2(b).

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"Section 705(a)(2)(B) Expenditure" shall have the meaning assigned to such term in the definition of the term "Net Income" or "Net Loss."

"Securities Act" means the US Securities Act of 1933, as amended.

"Senior Employee" has the meaning determined by the Board from time to time (and which initially means the General Manager or any officer of the Company or any of its Subsidiaries).

"Solely-Owned Proprietary Information" has the meaning given to such term in Section 12.1(a).

"Subsidiary" means, with respect to any specified person, any other person, as to which such specified person owns, of record or beneficially, directly or indirectly, (a) more than 50% of the voting power or otherwise holds sufficient voting power to enable such person to elect a majority of such entity's board of directors or other governing body or (b)(i) if such other person is a corporation, more than 50% of the outstanding capital stock or issued share capital and (ii) if such other person is not a corporation, more than 50% of the equity and profits interests at the time any determination thereof is made.

"Supermajority Approval" has the meaning given to such term in Section 6.1(f).

"Tag-Along Holder" has the meaning given to such term in Section 8.1(a).

"Tag-Along Notice" has the meaning given to such term in Section 8.1(a).

"Tag-Along Notice Period" has the meaning given to such term in Section 8.1(b).

"Tag-Along Response Notice" has the meaning given to such term in Section 8.1(b).

"Tag-Along Sale" has the meaning given to such term in Section 8.1(a).

"Tag-Along Sale Percentage" has the meaning given to such term in Section 8.1(a).

"Tag-Along Securities" has the meaning given to such term in Section 8.1(a).

"Tagging Person" has the meaning given to such term in Section 8.1(b).

"Tax" means any federal, state, local or non-U.S. tax, including any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs, duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax, fee, levy or other assessment or charge of any kind, in each case in the nature of a tax, together with any interest, penalty, addition to tax or additional amount related thereto, and any liability for any of the foregoing as transferee.

"Tax Distribution" means, with respect to any Capital Member for any Fiscal Year, the excess, if any, of (a) the Assumed Tax Liability of such Capital Member as of such Fiscal Year, over (b) the amount of distributions made to such Member pursuant to Section 5.4 during such Fiscal Year.

"Tax Distribution Date" means, with respect to each Fiscal Year, 30 days following the end of such Fiscal Year.

"Tax Return" means any return, report or similar statement filed or required to be filed with respect to any Taxes (including any attached schedules), including any Schedule K-1 issued to Members by the Company, information return, claim for refund, amended return or declaration of estimated Tax.

"Term" has the meaning given to such term in Section 2.5.

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"Territory" means the U.S.

"Transfer" means, in relation to any Interests or the legal or beneficial direct or indirect interest in any Interests, to: (a) sell, assign, transfer or otherwise dispose of it; (b) pledge, mortgage, charge or encumber it; (c) enter into any agreement (other than this Agreement) in respect of any right or interest in the Interests (including any agreement to waive, not to exercise or otherwise limit or lock-up the voting rights attaching to any Interest); (d) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing; or (e) as the context may require, the implementation of any of the above matters.

"Treasury Regulations" means final and temporary regulations promulgated under the Code.

"U.S." means the United States of America.

"Unanimous Member Consent" means a written consent executed by all Class A Members of the Company.

"Unfunded Contribution" has the meaning given to such term in Section 4.3.

"Unreturned Class B Contributions" means, with respect to a Class B Member as of the date of calculation, an amount equal to the positive difference, if any, between (i) the Class B Contributed Amount of such Class B Member and (ii) the aggregate amount of distributions to such Class B Member under Section 5.4(c)(i)(B) and Section 5.5.

"Updated Budget" has the meaning given to such term in Section 6.5(a)(i).

"Updated Business Plan" has the meaning given to such term in Section 6.5(b)(i).

"Valuation Notice" has the meaning given to such term in Section 8.5(a).

"Voluntary Redemption" has the meaning given to such term in Section 4.5.

"Voluntary Redemption Amount" has the meaning given to such term in Section 4.5.

1.2 Construction

- (a) Unless a contrary indication appears in this Agreement, a reference in this Agreement to:
- (i) an "amendment" includes a restatement, supplement, novation, assignment or re-enactment and "amended" is to be construed accordingly;
 - (ii) an "authorization" includes an authorization, consent, permit, approval, resolution, license, exemption, filing and registration;
 - (iii) a "person" includes any firm, company, corporation, state entity, association or partnership (in each case, whether or not having separate legal personality);

- (iv) a “regulation” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organization;
- (v) references to the Preamble, Recitals, Sections, Schedules and Exhibits are references to the preamble, recitals, sections, schedules and exhibits of this Agreement;

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- (vi) a “person” includes its successors and assigns;
 - (vii) “include” and its cognates shall be construed without limitation;
 - (viii) references to “herein” or “hereunder” refer to this Agreement unless a specific section is identified;
 - (ix) references to “Section” or “Sections” refers to the Sections of this Agreement unless otherwise specifically stated;
 - (x) the term “and/or” means any one, any combination of, or all of the persons, words, provisions or items connected by that term “and/or”;
 - (xi) “Will” is a synonym for “shall”, and vice versa, and both are obligatory.
- (b) The headings in this Agreement do not affect its interpretation.
- (c) In this Agreement any reference, express or implied, to an enactment (which includes any legislation in any jurisdiction) includes:
- (i) that enactment as amended, extended or applied by or under any other enactment (before, on or after the date of this Agreement);
 - (ii) any enactment which that enactment re-enacts (with or without modification); and
 - (iii) any subordinate legislation (including regulations) made (before, on or after the date of this Agreement) under that enactment, including (where applicable) that enactment as amended, extended or applied as described in subparagraph (i), or under any enactment which it re-enacts as described in subparagraph (ii).

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2. FORMATION AND NAME; PURPOSE; TERM; OFFICE; MEMBERS

2.1 Organization; Qualification

The Company was formed as a limited liability company pursuant to the Act upon the filing of the Certificate of Formation in the Office of the Secretary of State of the State of Delaware on November 29, 2023, with Blue Bird and the Investor as the sole members. Prior to the Company’s conducting business in any jurisdiction other than Delaware, the Company will comply with all requirements necessary to qualify the Company as a foreign limited liability company in such jurisdiction.

2.2 Name of the Company

The name of the Company is “Clean Bus Solutions, LLC”. All business of the Company shall be conducted under such name and such name shall be used at all times in connection with the Company’s business and affairs, except as otherwise determined by the Board in compliance with Applicable Law.

2.3 Purpose; Nature

- (a) The purpose of the Company shall be (i) to purchase, own, and manage BB EV School Buses (and, if agreed by the Board and each Member, other Alternative Power School Buses that are manufactured by Blue Bird or a Subsidiary of Blue Bird) and develop, construct, own and manage related Charging Assets, and provide a range of fleet-as-a-service offerings to Qualified Customers, and (ii) to engage in any other business or activity related thereto for which a limited liability company may be formed under the Act.

- (b) The Members intend that the Company shall be treated as a partnership for federal and, if applicable and permissible, state and local income Tax purposes, and each Member and the Company shall file all Tax Returns and shall otherwise take all Tax and financial reporting positions in a manner consistent with such treatment.

2.4 Authority

The Company shall have all the powers conferred by the laws of the State of Delaware on limited liability companies formed under the Act, and may do any and all lawful acts or things, in each case that are necessary, appropriate, incidental or convenient for the furtherance and accomplishment of the purpose of the Company as set forth in Section 2.3. Without limiting the generality of the foregoing, the Company shall have the authority to execute, deliver and perform all of its obligations under the Project Documents.

2.5 Term

The term of the Company (the "Term") began upon the acceptance of the Certificate of Formation by the office of the Secretary of State of the State of Delaware and the Company shall continue perpetually, unless and until its existence is terminated as provided in Section 11.

2.6 Registered Office

The registered office of the Company in the State of Delaware shall be located at Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, or at any other place within the State of Delaware that the Board shall select. The location of the principal office of the Company (the "Principal Office") shall be determined by the Board from time to time.

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2.7 Registered Agent

The name of the Company's initial registered agent in the State of Delaware is Corporation Service Company.

2.8 Company Subsidiaries

Unless otherwise directed by the Board, (i) each Company Project shall be implemented through a Company Subsidiary, (ii) the Company shall not have any Subsidiaries, other than Subsidiaries in which the Company holds, directly or indirectly, 100% of the common equity interests, (iii) each Subsidiary of the Company shall be managed by the Company in its capacity as the sole member of such Subsidiary, and (iv) all actions taken by any Subsidiary of the Company shall be taken only with the consent of, or pursuant to the written direction of, the Board.

3. MEMBERS; EQUITY INTERESTS

3.1 Members

The name and address of each Member are set forth on Exhibit 1 hereto. Exhibit 1 shall be maintained and supplemented by the Board from time to time so that it sets forth the then current name and mailing address of each Member.

3.2 Membership Interests

- (a) Effective as of the execution and delivery of this Agreement on the Effective Date, the holders of Class A Interests are reflected on Exhibit 1 attached hereto. Each of Blue Bird and the Investor hereby agree to purchase from the Company and make Capital Contributions to the Company for, and in exchange the Company shall sell and issue to Blue Bird or the Investor (as applicable), additional Class A Interests up to their respective Class A Commitment Amount, subject to the terms and conditions of this Agreement ("Class A Commitment"). The maximum number of Class A Members at any time shall be two (2). Without the consent of the Members, the Board is hereby authorized and directed to amend or cause to be amended Exhibit 1 to reflect any changes in Members and their respective Interests, including the addition of holders of Class B Interests from time to time, resulting from any (i) Capital Contributions by a Member in respect of any Class of Equity Securities, or Transfers of Interests to a Permitted Transferee, (ii) admissions of new Members in respect of any Class of Equity Securities and (iii) any appropriate adjustments for Equity Securities splits, Equity Securities dividends, combinations, and other recapitalizations, in each case to the extent effected in accordance with this Agreement. Any reference in this Agreement to Exhibit 1 (other than in the first sentence of this Section 3.2(a)) shall be deemed a reference to Exhibit 1 as amended in accordance with this Agreement and in effect from time to time.

- (b) Class B Interests

- (i) Each of Blue Bird and the Investor hereby agree to purchase from the Company and make Capital Contributions to the Company for, and in exchange the Company shall sell and issue to Blue Bird or the Investor (as applicable), Class B Interests up to their respective Class B Commitment Amount, subject to the terms and conditions of this Agreement ("**Class B Commitment**").
- (ii) The Class B Commitment Amounts shall be available for drawdown by the Company pursuant to capital calls issued by the Board in accordance with Section 4.2 at any time from and including the Additional Contributions Effective Date until and including the fifth (5th) anniversary of the Effective Date. In consideration of Capital Contributions

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of the Class B Members in respect of their Class B Commitment Amount, the Company shall issue Class B Interests to each Class B Member. Following issuance of any Class B Interests, the Board shall cause Exhibit 1 hereto to be updated to provide a list of the Class B Pro Rata Shares and corresponding Class B Members.

- (iii) Following the issuance of any Class B Interests, dividends shall accrue on each Class B Interest at the Distribution Rate, and shall be paid quarterly, as of each Quarterly Payment Date, in cash or in kind through a PIK Event, as provided herein, to the holder of such Class B Interest.
- (c) Subject to Section 6.1(g), and in compliance with the other provisions of this Agreement (including Section 3.3), the Company may, solely upon the prior approval of the Board, at any time and from time to time, (i) issue additional Interests of any Class, (ii) create and issue other equity interests in the Company, in other Classes or series, in the case of clauses (i) and (ii), having rights, preferences, privileges, duties, liabilities, restrictions, and obligations different from those of the Interests of the Classes existing as of the date hereof (the interests described in clauses (i) and (ii), together with the Interests issued as of the Effective Date, collectively, "**Equity Interests**"), (iii) issue obligations, evidences of indebtedness, or other debt securities or interests convertible into, or exchangeable or exercisable for, Interests or other Equity Interests, (iv) issue warrants, options, or other rights to purchase or otherwise acquire Interests or other Equity Interests, and (v) issue any interest, right, or participation in the share of the profits, income, or distributions of the Company (the interests described in clauses (i)-(v), together with the Interests issued as of the Effective Date, collectively, "**Equity Securities**"); provided, however, that at any time following the Effective Date, the Company shall not issue Equity Interests to any person unless such person shall have executed a counterpart to this Agreement (or, in the case of other Equity Securities convertible or exchangeable into Interests or other Equity Interests, an agreement to execute and deliver to the Company, as a condition to such conversion or exchange, a counterpart to this Agreement). The Company shall issue Class B Interests in accordance with Section 3.2(b) and Section 4.2(b). In each instance where new Equity Interests are issued in accordance with the terms of this Agreement, the Board shall amend Exhibit 1 attached hereto solely to the extent necessary to reflect such additional issuances and the Board may make any such other amendments to this Agreement, including to Section 5.4, as are necessary to reflect such additional issuances, consistent with the foregoing and the other terms of this Agreement. Unless otherwise determined by the Board or requested by the applicable Member, the Equity Interests shall not be certificated.

3.3 Pre-emptive Rights

- (a) If, at any time after the date of this Agreement, the Company proposes to issue or sell any Equity Securities other than as explicitly contemplated herein (the "**Pre-emptive Securities**") (it being understood and in any event agreed that any such issuance would require approval of each Class A Member), then, prior to any such issuance or sale, the Company shall give each Class A Member (other than a Class A Member in respect of which an Event of Default shall then be continuing) written notice of such proposed issuance or sale describing in reasonable detail the Pre-emptive Securities (including the number proposed to be issued or sold), the prospective purchaser(s) of such Pre-emptive Securities, the purchase price per unit of Pre-emptive Securities, the payment and other material terms and the portion of such Pre-emptive Securities corresponding to such Class A Member's Class A Pro Rata Share (each such written notice, a "**Pre-emptive Rights Notice**"). Each Class A Member (other than a Class A Member in respect of which an Event of Default shall then be continuing) shall have the option, exercisable by written notice to the Company within 30 days after receipt by such Class A Member of the Pre-emptive Rights Notice (such written notice, an "**Exercise Notice**" and such period, the "**Exercise Period**"), to elect to purchase from the Company, on the same terms and conditions

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as set forth in the Pre-emptive Rights Notice, all or any portion of the Pre-emptive Securities commensurate with its Class A Pro Rata Share. In any Exercise Notice, the Member electing to exercise its pre-emptive rights pursuant to this Section 3.3 (each, an "**Electing Member**") shall specify the

number of Pre-emptive Securities, up to its Class A Pro Rata Share, that it desires to purchase. Any Member who fails to give the Company an Exercise Notice during the Exercise Period shall be deemed to have forfeited such Member's right to acquire the Pre-emptive Securities offered pursuant to such Pre-emptive Rights Notice but, for the avoidance of doubt, any such failure shall not affect such Member's pre-emptive rights pursuant to this Section 3.3 with respect to any future issuances or sales of Pre-emptive Securities.

- (b) During the 120 days (which such 120-day period may be extended for a reasonable time to obtain any required regulatory approvals) following the expiration of the Exercise Period, the Company shall be entitled to issue or sell the Pre-emptive Securities described in the Pre-emptive Rights Notice with respect to which the Electing Members declined to exercise the pre-emptive right set forth in this Section 3.3 on a price per unit of Pre-emptive Securities not less than, and otherwise on terms no less favorable to the Company than, those set forth in the Pre-emptive Rights Notice. If the Company has not sold such Pre-emptive Securities within such time period, the Company shall not thereafter issue or sell any Pre-emptive Securities without first again offering such securities to the Class A Members in accordance with the procedures set forth in this Section 3.3.
- (c) The closing of the issuance or sale of Pre-emptive Securities to any Electing Member shall occur on the date and at the location specified by the Company in the Pre-emptive Rights Notice, subject to the other provisions of this Section 3.3.
- (d) The Class A Pro Rata Shares automatically shall be appropriately adjusted to reflect any issuance or sale of Pre-emptive Securities that are Class A Interests (other than any such sale or issuance solely to existing Members pro rata in accordance with their respective existing Class A Pro Rata Shares).
- (e) The rights set forth in this Section 3.3 shall not apply in respect of any issuance of any Class B Interests in accordance with this Agreement.

3.4 Voting

- (a) In order for the Company to determine the Members entitled to (i) notice of or to vote at any meeting of Members or any adjournment thereof, (ii) express consent to action in writing without a meeting, (iii) receive payment of any distribution, or (iv) exercise any rights or fulfill any obligations hereunder and in order to determine the allocation of votes, rights, or obligations based on the Interests held by the Members, the Board may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting.
- (b) Except as otherwise provided in this Agreement, to the extent that the vote of Members holding Class B Interests may be required hereunder or pursuant to a non-waivable provision of Applicable Law (if any), Class A Members and Class B Members shall vote as a single class for all purposes and the act of holders owning a majority of the issued and outstanding Capital Interests shall be the act of the Members. Each such Member shall be entitled to one vote for each Capital Interest held by such Member and to a fractional vote for any fractional Capital Interest held by such Member. For the purposes of clarity, other than as provided in this Section 3.4(b) (i.e., pursuant to a non-waivable provision of Applicable Law (if any)) and Section 19.1, holders of Class B Interests do not have any voting rights with respect to such Class B Interests.

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3.5 Additional Members

After the Effective Date, a person may be admitted to the Company as an additional or substituted Member only upon compliance with all the terms and conditions set forth in this Agreement applicable thereto (including this Section 3.5) and only upon furnishing to the Company (a) an Accession Agreement and (b) such other documents or instruments as may be deemed necessary or appropriate by the Board to effect such person's admission as a Member. Such admission shall become effective on the date on which the Board determines that such conditions have been satisfied and when any such admission is shown on the books and records of the Company.

3.6 Liability of Members Generally

Except as otherwise expressly provided in this Agreement and/or the Act, no Member (or former Member) shall be obligated to make any contribution of capital (or lend any funds) to the Company. Except as otherwise expressly provided in the Act (and without limitation of any capital contribution obligations expressly specified in this Agreement and/or the Act), no Member (or former Member) shall have any liability for the debts and/or obligations of, or any obligation to make any capital contribution or loan to, the Company. This Section 3.6 is in furtherance of, and not in limitation of, Section 18-303(a) of the Act. For avoidance of doubt, in the event that, from time to time after the Effective Date, the Company or any Subsidiary is required to provide credit support in the form of one or more letters of credit, guarantees, equity commitment letters or other similar instruments or agreements to support obligations under any Project Document (a "Support Obligation"), no Member shall be obligated to provide any such Support Obligation unless agreed to by that Member.

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4. CAPITAL CONTRIBUTIONS

4.1 Funding of Expenses; Initial Capital Contributions

- (a) Prior to the Additional Contributions Effective Date, each of the Investor and Blue Bird agrees to pay or cause to be paid fifty percent (50%) of all reasonable, necessary and documented costs and expenses incurred by or on behalf of the Company as mutually agreed from time to time by the Investor and Blue Bird, and on the Additional Contributions Effective Date such payments shall be treated as deemed Capital Contributions of such Member to the extent of any such payments actually made; provided that to the extent the Investor and Blue Bird agree from time to time to reimburse each other for any such costs and expenses to the extent of any imbalance thereof prior to the Additional Contributions Effective Date, any such amounts reimbursed shall not be deemed Capital Contributions of the relevant Member. If (i) an Event of Default occurs with respect to a Member, (ii) a Member terminates its obligations to make any Capital Contributions in accordance with Section 4.4, or (iii) the Company is otherwise dissolved pursuant to Section 11, in each case prior to the Additional Contributions Effective Date, then each of the Investor and Blue Bird shall prepare and deliver to each other a statement showing the aggregate amount of costs and expenses that were agreed pursuant to this clause (b) and were actually paid or caused to be paid by such Member, and, to the extent of any imbalance between the parties, the party in deficit shall promptly reimburse the other party upon receipt of an invoice from such other party.
- (b) On the Additional Contributions Effective Date, the Company shall prepare and deliver to each Member a statement showing the aggregate amount of costs and expenses that were agreed pursuant to clause (b) above, and were actually paid or caused to be paid by each Member from the Effective Date until the Additional Contributions Effective Date. The cash amount of each Member's initial Capital Contribution to be made on or following the Additional Contributions Effective Date shall then be adjusted by the amount of such net balance, such that any Member who has paid or caused to be paid more than its proportionate share of costs and expenses shall make a lower cash Capital Contribution, and any Member who has paid or caused to be paid less than its proportionate share of costs and expenses shall make a higher cash Capital Contribution, in order to equalize the aggregate Capital Contributions of the Members as of the initial Capital Contribution to be made on or following the Additional Contributions Effective Date.

4.2 Additional Capital Contributions

- (a) Class A Additional Capital Contributions
 - (i) After the Additional Contributions Effective Date and otherwise in accordance with the Capital Contribution Timeline or as determined by the Board based on cash flow needs from time to time, the Board shall (i)(x) determine the Company's cash-on-hand and (y) estimate the amount of the anticipated and actual aggregate cash expenditures of the Company in respect of Corporate Expenses coming due and payable during the following three months, which amount together with amounts previously expended in respect of Corporate Expenses shall not exceed one hundred and ten percent (110%) of such amounts as set forth in the then-current Budget, and (ii) promptly thereafter, cause the Company, by written notice to the Members (a "Capital Call Notice"), to make a call for Capital Contributions from the Class A Members in an aggregate amount equal to the excess, if any, of the amounts described in clause (i)(y) over the amount described in clause (i)(x).
 - (ii) All Capital Contributions pursuant to this Section 4.2(a) will be made (i) by the Class A Members in accordance with their Drawdown Percentage, and (ii) within thirty (30) days of delivery of the corresponding Capital Call Notice unless a later date is specified

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by the Board in the subject Capital Call Notice, in which case such Capital Contributions shall be made by that date.

- (iii) Notwithstanding the foregoing or anything to the contrary in this Agreement, no Class A Member shall be obligated to make any Capital Contribution pursuant to this Section 4.2(a) to the extent that, after giving effect thereto, the aggregate amount of Capital Contributions in respect of such Class A Member's Class A Interests, made by such Class A Member would exceed its respective Class A Commitment Amount.
- (iv) Notwithstanding anything to the contrary in this Agreement, in respect of any call for a Capital Contribution under this Section 4.2(a), if any Class A Member has previously satisfied, or as a result of partially funding the requested amount under the relevant Capital Call Notice will satisfy, its Class A Commitment Amount, and declines to fund additional Capital Contributions in excess of its Class A Commitment Amount, then in such case the other Class A Member may make none, all, or any part of the Capital Contributions requested in such Capital Call

Notice above its Drawdown Percentage (including disproportionate Capital Contributions in respect of the relevant Capital Call Notice inconsistent with its Drawdown Percentage).

(b) Class B Additional Capital Contributions

- (i) After the Additional Contributions Effective Date, in connection with the approval by the Board of any new Company Project and otherwise in accordance with the Capital Contributions Timeline or as determined by the Board based on cash flow needs from time to time from, the Board shall (i)(x) determine the Company's cash-on-hand and (y) estimate the amount of the anticipated and actual aggregate cash expenditures of the Company in respect of Asset Expenses in accordance with the applicable budget for such Company Project and (ii) promptly thereafter cause the Company to issue a Capital Call Notice to the Members to make a call for Capital Contributions from the Class B Members in an aggregate amount equal to the excess, if any, of the amounts described in clause (i)(y) over the amount described in clause(i)(x).
- (ii) Each call for Capital Contributions from Class B Members in respect of their Class B Commitment Amount must be for a minimum of \$1,000,000 per Class B Member and may be made no more frequently than once per month.
- (iii) All Capital Contributions pursuant to this Section 4.2(b) will be made (i) by the Class B Members in accordance with their Drawdown Percentage, and (ii) within thirty (30) days of delivery of the corresponding Capital Call Notice unless a later date is specified by the Board in the subject Capital Call Notice, in which case such Capital Contributions shall be made by that date.
- (iv) Notwithstanding anything to the contrary in this Agreement:
 - (A) No Class B Member shall be obligated to make any Capital Contribution pursuant to this Section 4.2(b) to the extent that, after giving effect thereto, the aggregate amount of Capital Contributions in respect of such Class B Member's Class B Interests, made by such Class B Member would exceed its respective Class B Commitment Amount;
 - (B) Notwithstanding anything to the contrary in this Agreement, in respect of any call for Capital Contributions pursuant to this Section 4.2(b), if any Class B Member has previously satisfied, or as a result of partially funding the requested amount under the relevant Capital Call Notice will satisfy, its applicable Class

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B Commitment Amount, and declines to fund additional Capital Contributions in excess of its Class B Commitment Amount, then in such case each other Class B Member may make none, all, or any part of the Capital Contributions requested in such Capital Call Notice above its Drawdown Percentage (including disproportionate Capital Contributions in respect of the relevant Capital Call Notice inconsistent with its Drawdown Percentage);

- (C) No Class B Member shall be obligated to make any Capital Contribution in respect of its Class B Interests prior to the satisfaction or waiver of each Class B Capital Call Condition; and
 - (D) No Class B Member shall be obligated to make any Capital Contribution in respect of Class B Interests after the fifth anniversary of the Effective Date.
- (c) Notwithstanding anything to the contrary in this Agreement, Blue Bird shall not be obligated to make any Capital Contribution pursuant to this Section 4.2 to the extent it would cause the aggregate amount of Capital Contributions made by Blue Bird in any Fiscal Year to exceed \$10,000,000 without its prior written consent (the "Annual Limit"). To the extent the Company issues Capital Call Notices that would cause Blue Bird to exceed the Annual Limit and Blue Bird declines to fund Capital Contributions in accordance with its Drawdown Percentage, the Investor may, but shall not be obligated to, extend a Member Loan to cover such amounts in accordance with the terms of Section 4.3 below; provided that such Member Loan shall initially be extended to the Company, and shall convert to a Member Loan extended to Blue Bird as the Non-Contributing Member for purposes of Section 4.3 upon the end of the Fiscal Year in which such Member Loan was made (being such time as the relevant Annual Limit no longer applies).
- (d) All Capital Contributions (other than in kind Capital Contributions) shall be made in U.S. Dollars by wire transfer or other direct funds transfer in immediately available funds to the bank account of the Company specified in writing by the Company.
- (e) The Board may from time to time, in its discretion, request or accept funding by way of subordinated loans from the Members in lieu of Capital Contributions on terms to be determined at such time.

- (f) The Members shall not have any right to make additional Capital Contributions to the Company except in accordance with the terms of this Agreement.

4.3 Failure to Fund Capital Contributions

- (a) If a Member fails to make all or part of any Capital Contribution (such amount its **"Unfunded Contribution"**) requested under Section 4.2 within thirty (30) days after delivery of written notice from the Board of such request (a **"Non-Contributing Member"**), the other Member(s) will have the option, but not be obligated, to contribute to the Company all or part of the Unfunded Contribution (each such Member who funds any part of an Unfunded Contribution, a **"Contributing Member"**). If the proposed contributions by the Contributing Members exceed the Unfunded Contribution, then each Contributing Member may fund a portion of the Unfunded Contribution on a pro rata basis according to the respective Class A Pro Rata Share or Class B Pro Rata Share (as applicable) of such Contributing Members in place of such Non-Contributing Member. The amount contributed by any Contributing Member in accordance with the foregoing sentence is deemed a **"Member Loan"**, which will be treated as loaned by such Contributing Member to the Non-Contributing Member (or as applicable under Section 4.2(c), to the Company), and in turn, contributed by the Non-Contributing Member to the Company.

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The Non-Contributing Member hereby agrees that the proceeds of the Member Loan may be paid directly to the Company by such Contributing Member.

- (b) Any such Member Loan shall bear interest at a rate equal to (i) if such Member Loan is made prior to the satisfaction of the Non-Contributing Member's applicable Commitment Amount for the relevant period, [REDACTED] per annum, accruing monthly in arrears or (ii) if such Member Loan is made after the satisfaction of the Non-Contributing Member's applicable Commitment Amount, [REDACTED] per annum, accruing monthly in arrears.
- (c) If the Non-Contributing Member fails to repay such Member Loan within (i) if such Member Loan is made prior to the satisfaction of the Non-Contributing Member's applicable Commitment Amount for the relevant period, one-hundred twenty (120) days of the date on which such Member Loan was made or (ii) if such Member Loan is made after the satisfaction of the Non-Contributing Member's applicable Commitment Amount for the relevant period, one-hundred twenty (120) days from the end of the Fiscal Year in which such Member Loan was made, then an Event of Default shall occur in respect of such Non-Contributing Member and the Contributing Member shall have the right, at its discretion, to:
- (i) continue to extend such Member Loan, in which case until such time as the Member Loan has been repaid in full by the Non-Contributing Member, all distributions pursuant to this Agreement that would otherwise be paid (whether in cash or in kind) to the Non-Contributing Member shall be deemed to be paid to such Non-Contributing Member but shall actually be paid directly to the Contributing Member(s) in proportion to the percentage of the total amount funded that such Contributing Member funded and any such distributions actually and irrevocably received by such Contributing Member shall be credited towards and be deemed to constitute repayment of any Member Loan (including principal and interest) actually made by such Contributing Member (**"Distribution Diversion"**); and/or
 - (ii) convert such Member Loan at the Conversion Rate into equity, in which case the Non-Contributing Member's Class A Pro Rata Share or Class B Pro Rata Share (as applicable) will be decreased and the Class A Pro Rata Share or Class B Pro Rata Share (as applicable) of all Contributing Members shall be increased to reflect their respect percentages of Capital Contributions to the Company, and any then-current Distribution Diversion in favor of such Contributing Member shall cease.

4.4 Milestones

If any of the milestone events listed in Exhibit 4 (each a **"Milestone"**) fail to occur by the corresponding milestone date for such event described in Exhibit 4 (each such date, a **"Milestone Date"**), any Capital Member may, by written notice to the other Members within 120 days following the failure to achieve such Milestone by the applicable Milestone Date, terminate its respective obligations to make any Capital Contributions under this Section 4 or to otherwise fund the Company. Following such notice by any Capital Member, the Capital Members shall cooperate in good faith to determine a plan for the continued operation or transfer of any existing Company Projects and eventual wind down and dissolution of the Company following runoff or transfer of such Company Projects.

4.5 Voluntary Redemption

At any time following the Effective Date, and from time to time, the Board shall have the right to redeem the Class B Interests in whole or in part (a **"Voluntary Redemption"**) for an amount, paid in cash, equal to [REDACTED]% of the Liquidation Preference for such Class B Interests (the **"Voluntary**

Redemption Amount). Whenever the Board has elected to exercise a Voluntary Redemption pursuant to this Section 4.5, the Company shall provide the Class B Members with written notice of its intention

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to exercise such Voluntary Redemption, and such purchase shall be consummated not earlier than ten (10) and not later than twenty (20) Business Days following the date that such notice is delivered to Class B Members.

5. CAPITAL ACCOUNTS; DISTRIBUTIONS; ALLOCATIONS

5.1 Capital Accounts

- (a) A Capital Account shall be maintained for each Member in accordance with the rules of Treasury Regulations Section 1.704-1(b)(2)(iv). The Capital Account of each Member shall be credited with (i) the amount of any Capital Contribution made in cash by such Member, (ii) the Agreed Value (net of any liabilities the Company is considered to assume under or take subject to Section 752 of the Code) of any Capital Contribution made in property other than cash by such Member, (iii) allocations to such Member of Net Income pursuant to Section 5.2, and (iv) any other item required to be credited for proper maintenance of capital accounts by the Treasury Regulations under Section 704(b) of the Code. A Member's Capital Account shall be debited with (w) the amount of any cash distributed to such Member, (x) the Agreed Value (net of liabilities that such Member is considered to assume under or take subject to Section 752 of the Code) of any property other than cash distributed to such Member, (y) allocations to such Member of Net Loss pursuant to Section 5.2, and (z) any other item required to be debited for proper maintenance of capital accounts by the Treasury Regulations under Section 704(b) of the Code. Each Member's Capital Account shall be adjusted as required by Treasury Regulation Section 1.704-1(b)(2)(iv)(f) to reflect a revaluation of Company Property at Agreed Value upon the occurrence of any event described in Treasury Regulation Section 1.704-1(b)(2)(iv)(f)(5) based upon the manner in which gain or loss upon a sale of all the assets of the Company for Agreed Value would be allocated. A Member that has more than one class or series of Interests shall have a single Capital Account that reflects all such Interests; *provided, however*, that the Capital Accounts shall be maintained in such manner as will facilitate a determination of the portion of each Capital Account attributable to each class or series of Interests.
- (b) In the event that all or any portion of any Member's Interests are transferred in accordance with this Agreement, the transferee(s) of such Interests shall succeed to all or the corresponding portion, as the case may be, of the transferor's Capital Account.

5.2 Book Allocation of Net Income and Net Loss

- (a) Except as otherwise provided in Sections 5.2(b) through (h) and (k), Net Income or Net Loss for any Fiscal Year, and to the extent that the Members determine it is necessary or appropriate, individual items of income, gain, loss and deduction of the Company shall be allocated among the Members so as to cause each Member's Adjusted Capital Account balance to equal as nearly as possible (i) the amount of the distribution pursuant to Section 11.1(b)(iv) which such Member would receive if, at the end of such Fiscal Year, each Company asset were sold for an amount of cash equal to such asset's Book Value, each liability of the Company were satisfied in cash in accordance with its terms (limited, with respect to each Nonrecourse Liability, to the Book Value of any asset or assets securing such Nonrecourse Liability), and all remaining cash of the Company were distributed to the Members in accordance with Section 11.1(b) minus (ii) such Member's shares of Company Minimum Gain and Minimum Gain Attributable to Member Nonrecourse Debt, computed immediately prior to the hypothetical sale of assets.
- (b) If there is a net decrease in Company Minimum Gain during a Company taxable year, each Member shall be specially allocated items of income and gain for such year (and, if necessary, for subsequent years) in proportion to, and to the extent of, an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain during such year (which share of such net decrease shall be determined under Treasury Regulation Section

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1.704-2(g)(2)). This Section 5.2(b) is intended to be a "minimum gain chargeback" described in Treasury Regulation Section 1.704-2(f) and is to be interpreted in a manner consistent therewith.

- (c) If there is a net decrease during a Company taxable year in the Minimum Gain Attributable to a Member Nonrecourse Debt (as determined under Treasury Regulation Section 1.704-2(i)(3)), any Member with a share of Minimum Gain Attributable to such Member Nonrecourse Debt at the

beginning of such year shall be specially allocated items of income and gain for such year (and, if necessary, for subsequent years) in proportion to, and to the extent of, an amount equal to the portion of such Member's share of the net decrease in Minimum Gain Attributable to such Member Nonrecourse Debt (as determined under Treasury Regulation Section 1.704-2(g)(2)), during such year. This Section 5.2(c) is intended to be a "partner minimum gain chargeback" described in Treasury Regulation Section 1.704-2(i)(4) and is to be interpreted in a manner consistent therewith.

- (d) Items of Company loss, deduction or Section 705(a)(2)(B) Expenditure that are attributable to a Member Nonrecourse Debt shall be allocated among the Members who bear the Economic Risk of Loss for such Member Nonrecourse Debt. This provision is to be interpreted in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(1).
- (e) The Nonrecourse Deductions for each taxable year of the Company shall be allocated to the Members in proportion to their Pro Rata Capital Shares.
- (f) In the event that any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specifically allocated to such member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible. This provision is intended to be a "qualified income offset" described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and is to be interpreted in a manner consistent therewith.
- (g) To the extent that an adjustment to the adjusted tax basis of any Company Property pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to a Member, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the Company Property) or loss (if the adjustment decreases the basis of the Company Property), and such gain or loss shall be allocated to the Members in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4), as the case may be.
- (h) In the event that any item of Company income, gain, loss, deduction or Section 705(a)(2)(B) Expenditure is allocated pursuant to Section 5.2(b) through (g), subsequent items of Company income, gain, loss, deduction or Section 705(a)(2)(B) Expenditure (as determined for purposes of computing Net Income or Net Loss) shall, to the extent consistent with Section 5.2(b) through (g), be allocated between the Members so as to eliminate as quickly as possible on a proportionate basis, with respect to each Member, any disparity between (i) the sum of (x) such Member's Capital Account balance and (y) such Member's share of Company Minimum Gain and Minimum Gain Attributable to Member Nonrecourse Debts determined in accordance with Treasury Regulation Sections 1.704-2(g) and (i)(5) and (ii) the Capital Account which such Member would have had if all Company Minimum Gain and Minimum Gain Attributable to any Member Nonrecourse Debt had been realized and all allocations of Net Income and Net Loss

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had been made pursuant to Section 5.2(a) (without giving effect to the reference therein to Section 5.2(b) through (h)).

- (i) In the event that any item or items of income, gain, loss or deduction of the Company or any Member (or any person related to a Member) is reallocated between the Company and any Member (or any person related to a Member) pursuant to Code Section 482, then the allocation of the income, gain, loss or deduction of the Company for the year in which such reallocation occurs shall be made in such a fashion that the Capital Accounts of all Members, after taking into account any deemed contributions or distributions arising in connection with such reallocation, shall be equal to what they would have been if no reallocation had occurred.
- (j) In the event that the Pro Rata Capital Shares of the Members shall change pursuant to the terms of this Agreement, there shall be an interim closing of the books of the Company as of the close of the day of such change (the "**Interest Change Date**") and the Capital Accounts of the Members shall be revalued pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) revalued effective immediately prior to the event giving rise to the interim closing of the books of the Company. The Net Income or Net Loss of the Company for the period ending on the Interest Change Date shall be allocated to the Members in accordance with their respective Pro Rata Capital Shares in effect prior to the Interest Change Date. The Net Income or Net Loss of the Company for any period commencing after the Interest Change Date shall be allocated to the members in accordance with their respective Pro Rata Capital Shares in effect after the Interest Change Date. Notwithstanding the foregoing, if the Interest Change Date is not the last day of a month, Net Income or Net Loss of the Company for the month in which the Interest Change Date occurs shall be prorated on a daily basis between the portion of the month ending on the Interest Change Date and the remainder of such month.
- (k) In the event that any Member contributes any services to the Company, or such member otherwise provides or makes available such services to the Company and in connection therewith the Company is entitled to a current tax deduction (including depreciation and amortization allowed in any current year) in excess of the amount paid for such services by the Company in cash or property (other than an interest in the Company) or otherwise

taken into account as part of the Agreed Value of such Member's Capital Contributions contributed to the Company on the Execution Date, the amount of such excess shall be treated as a Capital Contribution by such Member and a corresponding amount of the Company's deductions shall be specially allocated to such Member, with no net effect on such Member's Capital Account.

5.3 Tax Allocations

For income tax purposes, all items of income, gain, loss, deduction and credit shall be allocated among the Members in the manner set forth in Section 5.2; provided, however, that (a) all items of income, gain, loss and deduction with respect to any property contributed to the Company by a Member or revalued pursuant to the second to last sentence of Section 5.1(a) shall, as determined by the Board, be allocated for income tax purposes so as to take into account any variation between the adjusted tax basis of such property and its Agreed Value at the time of contribution (or the event requiring revaluation) in accordance with Section 704(c) of the Code (and Treasury Regulation Section 1.704-1(b)(2)(iv)(f)) and the traditional or remedial method described in Treasury Regulation Section 1.704-3(d), (b) any gain arising from a disposition of Company Property that is characterized as ordinary income pursuant to Section 1245 or 1250 or any other applicable provision of the Code shall, to the extent that other items can be allocated in such a way that this provision does not affect the total amount of taxable income or loss allocable to any Member for tax purposes, be allocated to the Members who were allocated the depreciation or other deductions giving rise to such ordinary income in proportion to the deductions allocated to such Members (treating any such deductions allowable to any Member or Affiliate thereof for any period during which the Company Property was held by such Member or Affiliate as deductions

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allocable to such member), and (c) creditable foreign taxes shall be allocated in accordance with Treasury Regulation § 1.704-1(b)(4)(viii). Any increase (or decrease) in taxable income or loss resulting from adjustments to the basis of the assets of the Company made pursuant to Section 743 of the Code shall be taken into account by the Member or Members to which such adjustment is attributable.

5.4 Reserves and Distributions

- (a) At all times, Reserves shall be maintained and/or (with respect to Subsidiaries of the Company) caused to be maintained in amounts sufficient (determined in a reasonable and prudent manner, taking into account funds reasonably anticipated to be paid, contributed or loaned to the Company and its Subsidiaries) to provide for all reasonably possible and foreseeable present and future cash needs of the Company and its Subsidiaries, including (in each case in respect of the Company and its Subsidiaries) to provide for all reasonably possible and foreseeable present and future working capital requirements, capital expenditures, contingent liabilities and operating shortfalls, and to pay all reasonably possible and foreseeable present and future taxes, insurance, debt service and other costs, fees or expenses incident to the conduct of the business of the Company and/or its Subsidiaries. Without limitation of the preceding sentence, the Board shall review the Reserves periodically, and if any Manager requests, once every quarter.
- (b) The Board shall determine in good faith as of each Quarterly Payment Date if Excess Cash exists, and if so, the Board shall (unless otherwise agreed by Unanimous Member Consent in any instance) cause the Company to distribute such Excess Cash to the Members in accordance with this Section 5.4 (including for this purpose by causing its Subsidiaries to make a prior corresponding distribution to the Company). The Board in its discretion may determine in good faith more frequently than quarterly if Excess Cash exists, and if so, the Board may cause the Company to distribute such Excess Cash to the Members in accordance with this Section 5.4.
- (c) Subject to the other provisions of this Section 5.4 and Section 4.3(c), any distribution of Excess Cash shall be distributed to the Members as follows:
 - (i) Prior to the dissolution of the Company in accordance with Section 11:
 - (A) First, to the Class B Members, pro rata in accordance with their respective Class B Pro Rata Shares, until the aggregate amount distributed in respect of the Class B Interests of such Class B Member is equal to 100% of the Quarterly Distribution due and payable to such Class B Member on such Quarterly Payment Date;
 - (B) Second, to the Class B Members, pro rata in accordance with their respective Class B Pro Rata Shares, (x) until their respective Unreturned Class B Contributions are reduced to zero; or (y) in the event of a Voluntary Redemption, until the Voluntary Redemption Amount is reduced to zero; and
 - (C) The remainder, to the extent a distribution in respect of the Class A Interests is approved by the Board in accordance with Section 6.1(f), to the Class A Members pro rata in accordance with their respective Class A Pro Rata Shares.
 - (ii) On or after the date of dissolution of the Company in accordance with Section 11:

- (A) First, to the Class B Members, pro rata in accordance with their respective Class B Pro Rata Shares, until the aggregate amount distributed in respect of the Class B Interests of such Class B Member is equal to 100% of its Liquidation Preference; and

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- (B) The remainder, to the Class A Members, pro rata in accordance with their respective, Class A Pro Rata Shares.

- (d) Notwithstanding the foregoing, but subject to Section 4.3(c), if Excess Cash is insufficient to pay the Quarterly Distribution due and payable on any Quarterly Payment Date, the resulting payment shortfall in respect of the Quarterly Distribution (the “PIK Amount”) shall be paid in kind by adding such amount to the amount on which the Quarterly Distribution will be calculated thereafter (a “PIK Event”); provided, however, that once the Excess Cash becomes sufficient to pay such PIK Amount, and before any Excess Cash may be used to make the payments as per Sections 5.4(c), the Board shall cause the Company to pay such unpaid Quarterly Distribution amount to the Class B Members as part of the then-current Quarterly Distribution. The Board shall notify the Members of any such PIK Event, including details of the amount of the deficiency and the calculation of the in kind amount, on or before the Quarterly Payment Date in respect of which such PIK Event occurs.
- (e) The Company shall, to the extent required by Applicable Law, withhold taxes from distributions made to any Member or pay taxes on behalf of any Member pursuant to Sections 1441 through 1446 and 1471 through 1474 of the Code or any similar provision of federal, state, local, or foreign Applicable Law. The Company shall to the extent practicable give a Member advanced notice prior to withholding any taxes from distributions made to such Member or paying taxes on behalf of such member. Any taxes so withheld shall be timely remitted to the appropriate taxing authority and shall be deemed to have been distributed to such member or, to the extent that any such tax is not withheld from a distribution, such member shall promptly reimburse the Company therefor. If any imputed underpayment (including associated interest, penalties, or additions to tax) is required to be paid by the Company pursuant to Section 6225 of the Code or other Applicable Law with respect to income allocable to a Member or former Member, such member or former Member (and, in the case of a former Member, its transferee) shall promptly (and in any event within 90 days) reimburse the Company therefor. Any amount due from a Member or a former Member to the Company pursuant to the two preceding sentences shall bear interest at the Prime Rate plus 5% from the time of payment by the Company of the tax or imputed underpayment to the time of payment by the Member or former Member, and the Company may offset such amounts against distributions or other amounts due from the Company to such Member. A Member's obligations pursuant to this Section 5.4 shall continue even if such member ceases to be a Member.
- (f) The Company shall not make any distribution to its Members (other than to the Class B Members) if there shall be, at the time of any such contemplated distribution, accrued and unpaid dividends or other payments owed to any Class B Members.
- (g) No distribution shall be made by the Company except as specified in, and in accordance with, the provisions of this Section 5.4 or Section 11.1(b), unless such distribution shall have been authorized by the affirmative vote of the Board or unanimous consent of the Members.

5.5 Tax Distributions

Notwithstanding anything to the contrary in this Section 5, the Board may, subject to Excess Cash amounts, cause the Company to make cash distributions to each Capital Member on the Tax Distribution Date with respect to each Fiscal Year to the extent of the required Tax Distribution, if any, of such Capital Member for such Fiscal Year; provided, however, that the Company may, upon election by the Board, make such cash distributions on a quarterly basis based upon estimates of the required Tax Distribution in a manner sufficient to permit the Members to satisfy their respective quarterly estimated tax payment obligations. All quarterly Tax Distributions to a Capital Member shall be treated as an advance of, and shall offset, the cash distribution payable to the Capital Member (pursuant to this

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Section 5.5) on the next Tax Distribution Date. Any distributions made pursuant to this Section 5.5 to a Capital Member shall be treated as an advance payment of, and shall reduce, the amounts otherwise distributable to such Member pursuant to Section 5.4 in subsequent distributions.

5.6 No Interest; No Return of Capital

Subject to (and without limitation of) Sections 5.4 and Section 11, (a) no interest shall be payable on the Capital Contributions or in respect of the Capital Accounts of the Members, and (b) no Member shall have the right to require that any portion of its Capital Contributions or Capital Account be returned or otherwise paid over to it.

5.7 Negative Capital Accounts

No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

6. MANAGEMENT; RIGHTS, POWERS AND DUTIES

6.1 Management; Board of Managers

- (a) There is hereby established a board of managers of the Company (the "**Board**"). Each member of the Board (a "**Manager**") shall be considered a "manager" of the Company within the meaning of the Act, provided that the Board (and the Managers) may only act as set forth in this Agreement. All matters relating to the business of the Company shall be decided upon, carried-out and managed by the Board, except as otherwise set forth herein.
- (b) Each Class A Member shall be entitled to appoint three Managers. Each Class A Member may freely appoint such Managers per their entitlement, and Managers will serve at such Class A Member's will, *provided* that such Managers shall not be Disqualified Persons. For the avoidance of doubt, no Member who is not a Class A Member shall have any right to appoint one or more Managers to the Board.
- (c) Each person appointed as a Manager shall serve on the Board until their successor shall be duly appointed or until their death, disability, retirement or resignation, or their removal or replacement as specified in the following sentence. Any Manager may be removed by the Member that appointed them, at any time (with or without cause), upon written notice to each other Member, the Secretary (on behalf of the Board) and the Company. Additionally, and subject to Applicable Law, any Manager may resign at any time upon written notice to the Member that appointed such Manager, the Secretary (on behalf of the Board) and the Company. If as a result of death, disability, retirement, resignation, removal or any other reason a Manager ceases to serve in such capacity, the Member that appointed such Manager shall promptly nominate for appointment a replacement Manager to fill such vacancy by notice in writing to the Company and the other Member. Any Member removing a Manager appointed by it will be responsible for, and will hold the other Member(s) and the Company harmless from and against, any claim, action or proceedings for unfair or wrongful dismissal arising out of such removal and any reasonable costs and expenses incurred in defending such claim, action or proceedings, including, but without prejudice to the generality of the foregoing, the reasonable costs and expenses of any professional advisers that are actually incurred following the commencement or threat of commencement of any such claim, action or proceedings.
- (d) The Board may establish committees (including an executive committee and a compliance committee) as it deems appropriate from time to time; provided, however, that: (i) Each Class A Member be represented in an equal manner to the other Member on any such committee; and (ii)

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no designation of authority to any committee may be granted with respect to any matters which are subject to approval under sub-sections (e) – (g) of this Section 6.1.

(e) Actions Requiring Majority Board Approval

- (i) Unless otherwise specified in this Agreement, all decisions of the Board shall require the affirmative approval of Managers representing at least a Majority Approval. For the avoidance of doubt, such actions requiring Majority Approval shall include the actions set forth in Exhibit 5, and the Company shall not take, and none of the Board, the General Manager or any Officer may take or cause the Company or any Company Subsidiary to take, any such action without first having obtained the prior written approval (which approval may be given by email) of those Managers representing at least a Majority Approval.

(f) Actions Requiring Supermajority Approval

- (i) Notwithstanding anything in this Agreement to the contrary, but subject to Section 6.1(h), the Company shall not take, and none of the Board, the General Manager or any Officer may take or cause the Company or any Company Subsidiary to take, any of the actions set forth in Exhibit 6 without first having obtained the prior written approval (which approval may be given by email) of (A) those Managers representing at least Majority Approval and (B) at least one Manager appointed by each Class A Member (such approval satisfying clauses (A) and (B), "**Supermajority Approval**").

(g) Actions Requiring Member Approval

- (i) Notwithstanding anything in this Agreement to the contrary, the Company shall not take, and none of the Board, the General Manager or any Officer may take or cause the Company or any Company Subsidiary to take, any of the actions set forth in Exhibit 7 without first having obtained the prior written approval (which approval may be given by email) of each Class A Member.

(h) Control Trigger Events

- (i) On and from the date of the occurrence of a Control Trigger Event, notwithstanding anything in this Agreement to the contrary, the Investor shall be entitled to take on behalf of and in the name of the Company or any Company Subsidiary, or direct the Company or any Company Subsidiary, the General Manager or any Officer to take, and the Company shall then take or cause such Company Subsidiary to take, any of the actions set forth in Exhibit 5 and Exhibit 6, without the need for Majority Approval or Supermajority Approval, as applicable, provided that in the case of any action described in Part 1 of Exhibit 5, any such distributions shall be made in accordance with Section 5.4 or Section 11.1(b), as applicable.

6.2 Chairman and Secretary of the Board

- (a) The Board shall at all times have a chairman (the “**Chairman**”). The Class A Members shall nominate and appoint the Chairman by rotation every twelve months, so that each Class A Member appoints the Chairman once every twelve months. The first Chairman shall be nominated by Blue Bird from among the Managers nominated by Blue Bird. The Chairman shall preside over meetings of the Board and otherwise perform the acts designated for the Chairman in this Agreement. The Board shall remove the Chairman at the end of each twelve-month term and appoint the new Chairman nominated by the other Class A Member.

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- (b) The Board shall at all times have a secretary (the “**Secretary**”). The Class A Members shall nominate and appoint the Secretary by rotation every twelve months, so that each Class A Member appoints the Secretary once every twelve months. The first Secretary shall be nominated by the Investor from among the Managers nominated by the Investor. The Secretary shall keep the books and records of the Company on a digital platform selected by the Board and otherwise perform the acts designated for the Secretary in this Agreement. The Board shall remove the Secretary at the end of each twelve-month term and appoint the new Secretary nominated by the other Class A Member.

6.3 Board Meetings

- (a) The Board shall meet at least once each fiscal quarter. Additional meetings may be called by any Manager providing at least five (5) Business Days' notice (or shorter notice period if such notice requirement is waived by all of the Managers).
- (b) The Secretary shall, following a request by any Manager, convene a meeting of the Board by delivering to each Manager a notice (including the agenda for such meeting and, to the extent available, copies of any documents to be tabled at such meeting) at least five (5) Business Days prior to the proposed date of the meeting (or such shorter notice period as the Managers may agree). The agenda of each meeting shall include any matter submitted to the Secretary by any Manager at least two (2) Business Days prior to the delivery of the Notice for such meeting. Any Manager may add additional matters to the agenda for the meeting by submitting details of such matter and, to the extent relevant, copies of any documents to be executed in relation to such matter to the Secretary at least three (3) Business Days prior to the scheduled date of such meeting, and the Secretary shall deliver to each Manager an updated agenda to include such matter and, to the extent relevant, copies of such documents to be tabled in relation to such matter at least two (2) Business Days prior to the proposed date of the meeting (or such shorter notice period as the Managers may agree), which updated agenda and related documents may be delivered to the Managers via electronic mail. Matters not included on the agenda for the Board meeting may only be discussed at the Board meeting if the Managers unanimously agree to do so. A Manager may waive (with respect to that Manager), in writing, any requirement for advance notice of any meeting. A Manager's attendance at a Board meeting shall constitute a waiver of notice (with respect to that Manager) of that meeting, unless such attendance was solely for the purpose of protesting the inadequacy of the notice.
- (c) A quorum for each meeting of the Board shall exist when four Managers (at least two representing each Class A Member) is present, considering that a Manager may be represented by another Manager in accordance with Section 6.3(d) below. If at any meeting of the Board there is an insufficient quorum to take a valid decision, then a second meeting of the Board must be convened with at least five (5) Business Days prior written notice. If the quorum is not met at this second meeting, the deadlock procedure set out in Section 7 below will be applied.
- (d) A Manager may be represented at any Board meeting by any other Manager appointed by the same Member who appointed the first Manager, provided that the latter has been duly appointed as a proxy by the former in writing and notice of such appointment is delivered to the Secretary prior to such Board meeting.
- (e) A Manager may participate in any Board meeting by telephone or by video conference or by any other electronic means, provided that all Managers shall be able to communicate simultaneously. Such participation by any Manager shall constitute physical presence at such Board meeting. The Managers may be accompanied by such other internal representatives of, or advisers to, the respective Members as they shall deem appropriate.

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- (f) Each Manager shall have the power to vote one-third of its Class A Member's Class A Pro Rata Share; provided that, if any matter or decision of the Board relates to the enforcement or termination of a Related Party Transaction in respect of a Member, (i) any Manager appointed by that Member (the "Interested Manager") shall not vote on such matter or decision and shall be recused from any discussion or deliberation on such matter or decision, (ii) the voting interest of the Interested Manager shall be excluded from the calculation of the quorum and the required interests for any such matter or decision under this Section 6.3, and (iii) the Interested Manager shall disclose to the Board any such interest or involvement in any such Related Party Transaction of its appointing Member as soon as they become aware of it.
- (g) Minutes of Board meetings shall be taken by the Secretary, circulated to the Managers and, if agreed, signed by all Managers. If one or more Managers disagrees with the proposed Minutes of any Board meeting circulated by the Secretary, such Manager or Managers shall, within five (5) Business Days of receiving such Minutes, submit to the other Managers in writing the reason for such objection along with proposed edits to address such objection. The Managers shall consider such objection in good faith and shall endeavor to resolve such objection within five (5) Business Days. The documents evidencing the adoption of resolutions shall be filed by the Secretary in the minute book of the Company to be kept on a digital platform selected by the Board and accessible at the Principal Office and remotely by the Managers and Members.
- (h) On any matter that is to be voted on, consented to or approved by the Board, the Board may take such action without a meeting, without prior notice and without a vote if consented to or approved, in writing, by electronic transmission or by any other means permitted by law, by each of the Managers. Such resolution shall be forwarded to the Secretary for inclusion in the minute book of the Company.
- (i) The Members are bound by any decision validly taken by the Board and falling within the remit of the Board.

6.4 Operations; Officers

- (a) The Board may appoint such officers of the Company (each such officer of the Company, an "Officer"), and/or appoint and cause the Company to enter into a contract with a general manager (the "General Manager"), and delegate to them such powers, duties and responsibilities (including administrative powers, duties and responsibilities, generally and with respect to the Company's overall strategic management, oversight and implementation of any Company Projects, operational and financial reporting, government and community relations, human resources, compliance and interactions with the Board), as the Board may determine from time to time. At any time (with or without cause), the Board may revoke any appointment, or modify, limit or amend the powers, duties or responsibilities, of any such Officer or the General Manager; provided that, if a Removal Event occurs in respect of any Officer or the General Manager, then in such case any Capital Member may by notice to the Company request the revocation of any appointment of any such Officer or the General Manager (as applicable) and the Company shall promptly revoke the appointment of such Officer or the General Manager (as applicable). Any revocation of the appointment of an Officer or the General Manager shall be without prejudice to the contract rights, if any, of the person so removed.
- (b) No Officer nor the General Manager shall constitute a "manager" of the Company within the meaning of the Act, but, to the extent of the authority granted to them in accordance with, or otherwise pursuant to this Agreement, shall constitute delegates of the Board within the meaning of Section 18-407 of the Act. Except to the extent, if any, that such authority is granted to any of them by the Board, no Officer or the General Manager shall have the authority to bind the Company.

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- (c) The powers of the Officers or the General Manager shall in any event be subject to the control and direction of the Board.
- (d) Each Officer and the General Manager shall have the same duty of care, duty of loyalty and implied contractual covenant of good faith as an officer of a Delaware corporation (not governed by Subchapter XIV of the Delaware General Corporation Law).
- (e) Any Officer or the General Manager may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time is specified therein, at the time of its receipt by the Company. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

6.5 Budget; Business Plan

- (a) Budget

- (i) The Board shall adopt the Initial Budget for the period ending December 31, 2024 by written consent of the Board simultaneously with the occurrence of the Effective Date, and shall adopt an updated Budget in line with the Updated Business Plan (the “Updated Budget”) concurrently with such Updated Business Plan but in no event later than [REDACTED].
- (ii) The Board shall review and adopt a new Budget for the upcoming twelve (12) month period at least once every six (6) months unless otherwise determined by the Board.
- (iii) If the Board fails to adopt any Budget in accordance with clause (ii) above prior to the start of any new period not covered by the current approved Budget, then the current approved Budget shall remain effective for such period (with each line item increased by two percent (2%)) until a new Budget is approved by the Board.

(b) **Business Plan**

- (i) The Board shall adopt the Initial Business Plan by written consent of the Board simultaneously with the occurrence of the Effective Date, and shall work in good faith to adopt an updated Business Plan, which Business Plan shall include the complete Project Criteria and Approval Process (the “Updated Business Plan”), as soon as practicable but in any event by no later than [REDACTED].
- (ii) The Board shall review and adopt an updated Business Plan at least once every twelve (12) months thereafter unless otherwise determined by the Board.

6.6 Member Meetings

- (a) Meetings of the Members shall be held at any place within or outside of the State of Delaware as may be designated by the Capital Members. In the absence of any such designation, meetings of the Members shall be held at the Principal Office.
- (b) At each meeting of the Members, the Members holding at least 55% of the outstanding Class A Interests, present in person, by telephone, by video conference or by proxy, will constitute a quorum for the transaction of Company business. In the absence of a quorum, any Member present at such meeting in person or by proxy will have the power to adjourn such meeting until a quorum shall be constituted without further notice.

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- (c) Unless otherwise provided by law or this Agreement, the affirmative vote of the Members holding at least 55% of the Class A Interests will constitute the act of the Members.
- (d) Meetings of the Members may be called by the Chairman or any Capital Member from time to time. Notice of the time and place of all meetings shall be given by the Member calling the meeting. Notice shall be given orally, by telephone, by electronic mail, or in other writing at least five (5) Business Days prior to any proposed meeting (or such shorter notice period as the Members may agree), and shall include, by electronic mail or in other writing, the agenda for such meeting and, to the extent available, copies of any documents to be tabled at such meeting. Any Members may add additional matters to the agenda for the meeting by submitting details of such matter to the Secretary at least three (3) Business Days prior to the scheduled date of such meeting, and the Secretary shall deliver to each Member an updated agenda to include such matter at least two (2) Business Days prior to the proposed date of the meeting. No notice of any meeting of the Members need be given to any Member if such Member waives such notice, or if such Member attends the meeting without protesting prior thereto or at its commencement the lack of notice to them. Nothing contained herein shall limit the ability of the Members to agree in advance to a schedule of regular meetings pursuant to this Section 6.6(d) and no special or further notice of any such agreed scheduled meeting need be provided to the Members.
- (e) Members, or any members of a committee formed by the Members, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.
- (f) Unless otherwise restricted by this Agreement, any action required or permitted to be taken at any meeting of the Members, or any committee thereof, may be taken without a meeting with Unanimous Member Consent.
- (g) The Members may also unanimously pass any other resolution or unanimously take such other action as they may unanimously agree from time to time.
- (h) The Members will be responsible for their own out of pocket expenses, including travel, lodging and other similar expenses, incurred in connection with attending any general meeting or taking other actions in their capacity as Members.

- (i) Minutes of general meetings shall be taken by the Secretary, circulated to each of the Members and the Company, and, if agreed, signed by or on behalf of each attending Member, the Chairman and the Secretary (if any). The agreed record of meetings, including any documents evidencing the adoption of resolutions, shall be filed by the Secretary in the minute book of the Company to be kept on a digital platform selected by the Board and which is accessible from the Principal Office and remotely by the Managers and Members.

6.7 Liability; Duties; Indemnification

- (a) Notwithstanding anything in this Agreement to the contrary, (i) no Member or Manager and (ii) no Affiliate, director, officer, employee, holder of any equity interests, partner, trustee, member, manager, representative or agent of a Member (each of the foregoing described in (i) or (ii), together with any Officer, an "Indemnified Person"), will be liable to the Company or any other Member for any loss, damage, liability, obligation, fine, claim, action, suit, proceeding, demand, expense, tax or similar item, whether arising in contract, tort or otherwise, or any attorney fees relating to any of the foregoing (collectively, "Damages"), suffered or incurred by any person on account or by reason of (including on account or by reason of any claim, demand, action, suit or proceeding (a "Proceeding") based on or arising from) any act taken or omitted to be taken in good faith in the course of representing or acting for or on behalf of or performing

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services for the Company or any of its Subsidiaries or otherwise in its capacity as a Member (or Partnership Representative) or Manager, as the case may be (or, in the case of a Manager, in his or her capacity as a member of the board of managers (or similar governing body with a different name or any committee thereof) of any Subsidiary of the Company), or (without limitation of the foregoing) otherwise in good-faith reliance on the provisions of this Agreement, except to the extent that a judgment or other final adjudication (in each case which is not subject to appeal) adverse to such person establishes that his, her or its acts or omissions constituted gross negligence, willful misconduct, bad faith or fraud. Notwithstanding any other provision of this Agreement or any duty otherwise existing at law or in equity, (x) each Member, will, to the maximum extent permitted by law, including Section 18-1101(d) of the Act, owe no fiduciary duties to the Company, any other Member or any other person bound by this Agreement as long as such Member acts in accordance with the implied contractual covenant of good faith and fair dealing, and (y) no Manager (in his or her capacity as such) appointed by a particular Member will owe any fiduciary duties to the Company, any other Member or any other person (other than the Member that appointed such Manager). Without limiting the foregoing, neither a Member, nor any Manager appointed by such Member, shall be liable to the Company or to any other Member for any mistake of fact or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred by law. Without limiting the foregoing, each Member recognizes, acknowledges and agrees that each other Member has substantial financial interests in the Company to preserve and that, to the fullest extent permitted by law, the exercise by any Member of its rights under this Agreement (including, exercise of a Member of any right to direct the Managers appointed by it to authorize or approve (or refrain from authorizing or approving) any transaction to which the Company or any of its Subsidiaries is or may be a party) shall not be deemed to constitute a lack of good faith, breach of fiduciary duty or unfair dealing. For the avoidance of doubt, each of the preceding sentences of this Section 6.7(a) is in addition to, and not in limitation of, each of the other such preceding sentences.

- (b) The Company will indemnify any Indemnified Person and hold them harmless from and against all Damages suffered or incurred by them (i) relating to or arising out of any act taken or omitted to be taken by such Indemnified Person in good faith in the course of serving in any office of, or otherwise representing or acting for or on behalf of or performing services for, the Company or any of its Subsidiaries or otherwise in its capacity as a Member (or Partnership Representative), Manager or Officer, as the case may be (or, in the case of a Manager, in his or her capacity as a member of the board of managers (or similar governing body with a different name or any committee thereof) of any Subsidiary of the Company), or (without limitation of the foregoing) otherwise in good-faith reliance on the provisions of this Agreement, or (ii) otherwise solely by reason of the fact that such Indemnified Person (or any other Indemnified Person in relation to the same Member) is or was a Member, the Partnership Representative, a Manager or an Officer, except to the extent that a judgment or other final adjudication (in each case which is not subject to appeal) adverse to them establishes that (x) their acts constituted gross negligence, willful misconduct, bad faith or fraud, (y) in the case of any Member, to the extent constituting a breach of this Agreement, or (z) in the case of any Officer (or former Officer), they did not act in good faith and in a manner which he or she believed to be in, or not opposed to, the best interests of the Company, as applicable, or, with respect to any criminal proceeding, they had reasonable cause to believe they conduct was unlawful; *provided, however*, that (A) the Company shall not be required to indemnify any Indemnified Person with respect to (1) any Proceeding initiated by such Indemnified Person (unless such Proceeding was authorized by the Members (by Unanimous Member Consent)) other than directly in connection with a prior Proceeding not initiated by such Indemnified Person (or any other Indemnified Person in relation to the same Member) or (2) any Proceeding by a Member (or former Member) or any Affiliate thereof, against an Indemnified Person that is or was a Manager appointed by such Member (or former Member), with respect to any act(s) or omission(s) of such Indemnified Person in his or her capacity as such a Manager, and (B) notwithstanding anything in this Agreement to the contrary,

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any such indemnification will be solely from the net assets of the Company, and no Member will be required to make any Capital Contribution or otherwise pay any amount from its own assets as a result thereof. Upon making a claim for indemnification, an Indemnified Person may request in writing that the Company advance to them the expenses of defending the Proceeding giving rise to such indemnification claim or appearing as a witness or other participation in a Proceeding involving the Company or any of its Subsidiaries and the Company will advance such expenses; *provided, however*, that such Indemnified Person furnishes the Company with such assurances and security as may be reasonably requested by the Company to assure repayment of the amounts advanced by the Company in the event that a judgment or other final adjudication (in each case which is not subject to appeal) is rendered holding that they were not entitled to be indemnified by the Company pursuant to this Agreement. The Indemnified Person shall agree to return to the Company amounts advanced by the Company in the event that a judgment or other final adjudication (in each case which is not subject to appeal) is rendered holding that they were not entitled to be indemnified by the Company in accordance with this Agreement. The indemnification provided by this Section 6.7(b) shall not be deemed to be exclusive of any other rights to which each Indemnified Person may be entitled under any agreement, or as a matter of law, or otherwise, both as to any action in such Indemnified Person's official capacity and to any action in another capacity, and shall continue as to such Indemnified Person who has ceased to have an official capacity for acts or omissions, during such official capacity or otherwise, and shall inure to the benefit of the heirs, successors and administrators of such Indemnified Person.

- (c) In the event that any Proceeding shall be instituted or asserted or any Damages shall arise in respect of which indemnity may be sought by the Indemnified Person pursuant to Section 6.7(b), such Indemnified Person shall promptly notify the Company thereof in writing. Failure to provide notice shall not affect the Company's obligations hereunder except to the extent the Company is actually and materially prejudiced thereby. The Company shall have the right to control the defense of any such Proceeding for which a claim for indemnification is sought by an Indemnified Person. In connection therewith, the Company shall have the right to retain counsel reasonably acceptable to the Indemnified Person, at the Company's expense, to represent each Indemnified Person and any others the Company may designate in such Proceeding. The Company shall keep the Indemnified Person advised of the status of such Proceeding and the defense thereof and shall consider in good faith recommendations made by the Indemnified Person with respect thereto. In any such Proceeding, the Indemnified Person shall have the right to retain its own counsel at its own expense; *provided, however*, that the fees and expenses of such Indemnified Person's counsel shall be at the expense of the Company if (i) the Company and such Indemnified Person shall have mutually agreed to the retention of such counsel, (ii) the Company shall have failed, within a reasonable time after being notified by the Indemnified Person of the existence of an indemnified claim, to assume the defense of such indemnified claim or (iii) the defendants to any such Proceeding include both the Company and such Indemnified Person and representation of both parties by the same counsel may involve the Company in a material conflict of interest. The Company shall not be liable for any settlement of any Proceeding effected without its written consent (which consent shall not be unreasonably withheld or delayed). The Company shall not effect any settlement of any pending or threatened Proceeding in respect of which any Indemnified Person is seeking indemnification hereunder without the prior written consent of each such Indemnified Person (which consent shall not be unreasonably withheld or delayed), unless such settlement includes an unconditional release of each such Indemnified Person from all liability and claims that are the subject matter of such Proceeding. The Company and each such Indemnified Person shall reasonably cooperate in the execution and delivery of agreements, instruments and other documents and in the provision of access to witnesses, documents and property, consistent with this Agreement.

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- (d) Notwithstanding anything to the contrary in this Agreement, except as otherwise expressly required by law, no Member, solely by reason of being a Member, shall have any liability in excess of (i) the amount of its aggregate Capital Contributions, (ii) its share of any undistributed profits and assets of the Company and (iii) the amount of any distributions wrongfully distributed to it.
- (e) The Members hereby agree and acknowledge that the Investor (together with its Affiliates) (each, a "**Professional Investment Organization**") is a professional investment organization, and as such reviews the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as currently proposed to be conducted). Subject in all cases to the Investor's obligations under Section 10.1(e), nothing in this Agreement shall preclude or in any way restrict the Professional Investment Organization from evaluating or purchasing securities, including publicly traded securities, of a particular enterprise, or investing or participating in any particular enterprise whether or not such enterprise has products or services that compete with those of the Company except as set forth in Section 10.1(e); *provided, however*, that the foregoing shall not contravene the confidentiality obligations in this Agreement or relieve the Investor (or its Affiliates) from liability associated with the unauthorized disclosure of Confidential Information obtained pursuant to this Agreement.

6.8 No Interest in Company Property

No Company Property shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company, and legal title to all assets of the Company shall be taken and at all times held in the name of the Company.

6.9 Members' and Managers' Individual Decision-Making

Each Member shall have the right to make decisions (including with respect to directing its Managers, in their capacity as such, to act or refrain from acting), including whether to grant or withhold approval or consent, in its sole and absolute discretion, taking into account only such Member's own views, self-interest, objectives and strategic concerns, and it is acknowledged that the Members may require corporate approvals in connection with its decisions regarding some or all of such decisions. Similarly, each Manager, in his or her capacity as such, may act (or refrain from acting) solely according to the interests (or the perceived interests) or instructions of the Member that appointed such Manager and none of the foregoing shall be deemed to breach any fiduciary duty that, pursuant to this Agreement or at law or in equity, such Manager otherwise would be deemed to have to the Company or any other Member. Neither a particular Member, nor any Manager appointed by such Member, shall have any obligation or duty to the Company or any other Member to decide any matter in a particular manner, and neither the Company nor any such other Member shall have any claim (whether relating to the fact of such decision, any delay in rendering any such decision, or the consequences thereof) by reason of such particular Member, or any Manager appointed by such particular Member, having failed to decide any matter in a particular manner.

6.10 Books, Accounts, Records and Information Rights

- (a) The Company shall keep or cause to be kept complete and accurate books and records of the Company and its Subsidiaries and supporting documentation of the transactions with respect to the conduct of the business of the Company and its Subsidiaries. The records shall include complete and accurate information regarding the state of the business and financial condition of the Company and its Subsidiaries, a copy of the Certificate of Formation and this Agreement and all amendments to the Certificate of Formation and this Agreement; a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's (and its Subsidiaries' respective) federal, state, or local Tax Returns. The books and

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records shall be maintained in accordance with GAAP, on a digital platform and access thereto shall be available (including at the Principal Office) for examination by any Member or the Member's duly authorized representative at any time (which in the case of access from the Principal Office shall be during normal business hours) for any purpose reasonably related to such Member's interest as a Member.

- (b) The Board shall determine the annual accounting period of the Company and its Subsidiaries and their taxable year (unless a specific taxable year is otherwise required by Section 706 of the Code, in which case the taxable year shall be that which is required by Section 706 of the Code).
- (c) The Board shall from time to time appoint the Company's auditors and determine their term and compensation. The Board shall review the appointment of the auditors at least annually and if the Board shall not have reached agreement by March 31 of each Fiscal Year to appoint or replace the auditors, the appointment of the auditors of the previous year shall be considered renewed. Any auditors appointed for the Company shall be registered with the PCAOB and shall be engaged to perform all services in compliance with applicable PCAOB standards.
- (d) The Members shall procure that the Company prepare and maintain (in each case on the basis of the accounting policies) at the Principal Office, and deliver to the Board and to each Member:
 - (i) quarterly unaudited management financial statements for the Company, containing such information as the Members shall agree from time to time, within a period determined by the Board from time to time;
 - (ii) commencing in Fiscal Year 2024, annual audited financial statements for the Company in accordance with Applicable Laws, as soon as available and in any event not later than such date as determined by the Board from time to time;
 - (iii) copies of the Tax filings for each Fiscal Year within a period determined by the Board from time to time and these documents (and any supporting documentation) shall be retained for a period determined by the Board from time to time in the case of an audit by a taxation authority;
 - (iv) quarterly copies of the then-current Budget, Business Plan, and corporate financial model;
 - (v) upon request by a Member, any final versions of market studies or forecasts relevant to the sub-sectors in which the Company operates;
 - (vi) quarterly management reports including comparison of performance to budgeted revenue, expenses (SG&A), and deployments for such immediately prior quarterly period being reported on, delivered together with the quarterly financial statements in paragraph (d)(i) above and including a reasonably detailed revenue, expenses (SG&A) and deployments breakdown;

- (vii) annually, IRS Form 1065 Schedule K-1 and an estimate of the tax components of any distribution, if applicable; and
 - (viii) any other financial, Tax or operating information reasonably requested by the Board or any Member from time to time and as soon as reasonably practicable.
- (e) The Members agree that it shall be their joint responsibility to exercise their powers as members to procure that the Company prepares and delivers the financial statements and other financial and operating information to the Board and the Members within the periods set out above.

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- (f) In addition to the information rights set out in Section 6.10(d), each of the Members and its authorized representative shall have a right of access (at its own cost and upon reasonable prior written Notice other than in the case of access to the digital platform where books and records are stored which may be accessed at any time without Notice) to the Principal Office, premises, employees, digitally stored books, accounts and records (including sources, application of funds and general ledgers), and any information regarding the transaction, status of business, operations, financial condition of the Company and any material changes thereto, as applicable, for the purposes of carrying out an internal or external audit or to comply with its regulatory obligations under Applicable Laws or to determine whether or not the Company is complying with this Agreement, any agreement to which the Company is a party or any requirements of Applicable Laws. Such right of access and audit should only be exercised, other than in the case of access to the digital platform where books and records are stored, with reasonable prior written Notice to the Company, to verify and authenticate any issue, including any transaction, revenue, purchase, income or expense item. Upon the exercise of such right of audit and request for provisions of information by any Member, the Members shall procure that the Company shall deliver to each Member the requested information as soon as reasonably practicable.
- (g) The Members agree that the annual financial statements and/or the quarterly unaudited management financial statements of the Company shall be prepared in accordance with GAAP.
- (h) Notwithstanding any time period provided for the delivery of information under this Section 6.10, the Members agree that the Company will accommodate the delivery of any information contemplated under this Section 6.10 within such periods as may be reasonably requested by Blue Bird or the Investor in order for Blue Bird or the Investor to make any securities filings that are required law or any applicable securities exchange rules.

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7. DEADLOCK

- (a) If the Managers entitled to vote or consent with respect to any matter before the Board fail to agree on the outcome of such matter with sufficient voting power as required by this Agreement, after consideration (or failure to establish a quorum) at any three (3) consecutive meetings of the Board (occurring within a period of not fewer than ninety (90) days) called to consider such matter (a “**Deadlock Event**”), any Capital Member may submit a written notice of such Deadlock Event (a “**Deadlock Notice**”) to the other Members within five (5) Business Days of the occurrence of such Deadlock Event requiring that the Deadlock Event be referred to mediation, and the Members shall use their commercially reasonable efforts to resolve the Deadlock Event as follows:
- (i) the Capital Members shall agree on a mediator within fifteen (15) Business Days after the date of the Deadlock Notice or, failing agreement, any Capital Member may unilaterally apply for a mediator to be promptly appointed by the American Arbitration Association to conduct the mediation of the Deadlock Event;
 - (ii) the mediation shall be conducted in the U.S. and in the English language under the American Arbitration Association Mediation Rules;
 - (iii) each Capital Member shall be represented at the mediation by an individual with authority to settle the Deadlock Event;
 - (iv) the costs of the mediation, including the fees and expenses of the mediator (but excluding each Member's own costs, which shall be borne by the Member incurring such costs) shall be borne equally by the Capital Members, unless otherwise agreed to in writing; and
 - (v) the Capital Members shall use commercially reasonable efforts to resolve the Deadlock Event, in consultation with the mediator and with reference to the mediator's recommendations, by no later than forty-five (45) days after the date on which the Deadlock Notice is given.

- (b) If the Capital Members are unsuccessful at resolving the Deadlock Event through mediation then, within 30 days following the conclusion of the mediation procedure, any member of the Board may give written notice to the other Members requesting that the Deadlock Event be referred to arbitration in accordance with the procedure set forth in Section 20(b). Any resulting arbitral award shall be binding and final on the Members.

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8. TRANSFERS OF INTERESTS

8.1 Transfer by Members

- (a) No Member shall Transfer any of its Interests in the Company (and each Member shall procure that no Transfer of any of such Member's Interest occurs), except pursuant to and in accordance with this Section 8. Any Transfer, or purported Transfer, in violation of this Agreement shall be null and void *ab initio* and the transferee, or purported transferee, in any such Transfer, or purported Transfer, shall not become a Member or obtain any rights under this Agreement.
- (b) Each (i) Class A Member may Transfer all (but not less than all) of its Class A Interests in the Company, and (ii) Class B Member may Transfer all or any portion of its Class B Interests in the Company or its Class B Commitment, in each case together with its rights or obligations under this Agreement to a Permitted Transferee of such Capital Member without the consent of the other Member. If either Capital Member Transfers its Capital Interests in accordance with the foregoing sentence to a Permitted Transferee, the Permitted Transferee shall execute and deliver to the Company an Accession Agreement upon consummation of the Transfer.
- (c) In the event of a Transfer of Interests or any Class B Commitment otherwise in accordance with this Agreement, the Transferring Capital Member shall continue to be liable for all of its obligations associated with such Interests or such Class B Commitment (as applicable) arising under this Agreement, unless the Transferee is a Creditworthy Transferee (as defined below), in which case the Transferring Capital Member shall be released from such obligations under this Agreement in respect of the Interests or Class B Commitment so Transferred which arise from and after the date of the Permitted Transferee's execution of such Accession Agreement. In the case of any Transfer of Interests or Class B Commitment by a Capital Member to a Transferee that is not a Creditworthy Transferee, the Capital Member shall deliver to the Company, simultaneously with consummation of the Transfer, Equity Commitment Support in form and substance reasonably satisfactory to the other Capital Member. For the purposes of this paragraph, "**Creditworthy Transferee**" means that such person [REDACTED] [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED] [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED]
- (d) Notwithstanding anything herein to the contrary, (i) no Member may Transfer any of its Class A Commitment independent of its corresponding Class A Interests without the prior written consent of the other Member, and (ii) no Member may Transfer any of its unsatisfied Class B Commitment (including, for avoidance of doubt, such Member's obligation to purchase and subscribe for Class B Interests to the extent of its unfunded Class B Commitment Amount) prior to the date that is [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED] [REDACTED][REDACTED] [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED] [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED]
- (e) No Capital Member shall, except to a Permitted Transferee in accordance with Section 8.1(b) or with the prior written consent of the other Capital Member, directly or indirectly Transfer any or all of [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED] [REDACTED] [REDACTED][REDACTED][REDACTED][REDACTED][REDACTED] [REDACTED] [REDACTED][REDACTED] (each such anniversary, as applicable, a "**Lock-Up Date**").
- (f) At any time after the applicable Lock-Up Date, (i) a Class A Member may Transfer all (but not less than all) of its Class A Interests in the Company, or (ii) a Class B Member may Transfer all or any portion of its Class B Interests in the Company, in each case to a person that is not a Permitted Transferee (a "**Non-Permitted Transferee**") subject to the provisions of Section 8.1(h) and 8.1(h).

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- (g) A direct or indirect holder of equity interests in a Member may Transfer Interests held indirectly through the Member (i) to a Permitted Transferee in accordance with Section 8.1(b); (ii) to any person so long as such Transfer does not constitute a Change of Control of such Member; or (iii) otherwise in accordance with Section 8.1(h) as if such holder were the Member and such Transfer were a direct Transfer.

- (h) Notwithstanding anything contained in this Agreement to the contrary, no Member may Transfer any of its Interests in the Company, and each Member shall procure that no such Transfer of any of its Interests in the Company shall occur, if:
- (i) such Transfer would require the filing of a registration statement under the Securities Act of 1933, as amended, by the Company or would otherwise violate any federal or state securities laws or regulations applicable to the Company;
 - (ii) such Transfer would result in the Company being treated as anything other than a partnership for United States federal income tax purposes;
 - (iii) such Transfer could cause the Company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code and the regulations promulgated thereunder;
 - (iv) such Transfer would result in the Company being regulated under the Investment Company Act of 1940, as amended; or
 - (v) such Transfer would be to a Disqualified Person or Disqualified Entity.

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8.2 Right of First Offer

[REDACTED]

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8.3 Right of First Refusal

[REDACTED]

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8.4 Tag-Along Rights

- (i) If either Class A Member wishes to Transfer all or any portion of its Class A Interests in one or a series of related transactions at any time in accordance with the other terms of this Agreement (a "**Tag-Along Sale**"), then such Class A Member as the transferring Capital Member (in such case, the "**Tag-Along Seller**") shall deliver a written notice (a "**Tag-Along Notice**") to the Company, which shall provide the other Class A Member (in each such instance, the "**Tag-Along Holder**") with a copy of such notice which shall offer each such Tag-Along Holder the opportunity to participate in such Transfer of Class A Interests. The Tag-Along Notice shall identify (i) the Class A Interests proposed to be sold by the Tag-Along Seller (the "**Tag-Along Securities**"), (ii) the fraction expressed as a percentage, determined by dividing the number of Class A Interests to be purchased from the Tag-Along Seller in such Tag-Along Sale by the total number of Class A Interests held by such Tag-Along Seller (the "**Tag-Along Sale Percentage**"), (iii) the purchase price for the Tag-Along Securities, (iv) the name and address of each proposed transferee, (v) the proposed Transfer date and (vi) all other material terms and conditions of the Tag-Along Sale.

- (j) The Tag-Along Holder shall have the right to request that the Tag-Along Seller include in the proposed Transfer a number of Interests of the same class of Interests as the Tag-Along Securities held by such Tag-Along Holder (such number of Interests shall not in any event exceed the Tag-Along Sale Percentage of the total number of Interests of the specified class of Tag-Along Securities held by such Tag-Along Holder) by delivering written notice to each of the Company and the Tag-Along Seller within twenty (20) Business Days after delivery of the Tag-Along Notice (such time period, the **"Tag-Along Notice Period"**), and such notice shall include wire transfer instructions for payment of the purchase price for the Interests of such Tag-Along Holder to be included in the Tag-Along Sale and a limited power-of-attorney authorizing the Tag-Along Seller to Transfer such Interests on the terms set forth in the Tag-Along Notice (the **"Tag-Along Response Notice"**). If the Tag-Along Holder has elected to participate in such Tag-Along Sale, the Tag-Along Seller and the Tag-Along Holder (each, a **"Tagging Person"**) will each be entitled to sell in the contemplated Transfer, at the same price and on the same terms, with respect to the Interests to be Transferred. If at the termination of the Tag-Along Notice Period, the Tag-Along Holder has not elected to participate in the Tag-Along Sale by validly delivering a Tag-Along Response Notice, such Tag-Along Holder shall be deemed to have waived its rights under this Section 8.4 with respect to, and only with respect to, the Transfer of its Interests pursuant to such Tag-Along Sale. At the termination of the Tag-Along Notice Period, the Tag-Along Seller may Transfer its Interests pursuant to a Tag-Along Sale provided that (i) the Interests elected to be sold by the Tag-Along Holder prior to the termination of the Tag-Along Notice Period, if any, are purchased at the same time, and on the same terms, or (ii) if such prospective transferee declines to allow the participation of any Tagging Person (or to purchase all the Interests that a Tagging Person has validly elected to Transfer in connection with such Tag-Along Sale) but the Tag-Along Seller wishes to proceed with the Tag-Along Sale then the Tag-Along Seller may do so provided that simultaneously with such Tag-Along Sale, the Tag-Along Seller purchases the aggregate number of Interests from such Tagging Person which such Tagging Person is otherwise entitled to Transfer pursuant to this Section 8.4 on terms no more or less favorable to the Tag-Along Seller as set forth herein.
- (k) Each participating Tagging Person shall (i) pay its pro rata share of the third party costs and expenses (together with any applicable Taxes) incurred by the Tag-Along Seller in connection with such Tag-Along Sale, to the extent that such expenses are not paid or reimbursed by the Company or any of its Subsidiaries, (ii) grant the same representations and warranties as the Tag-Along Seller, including in respect of identity, due authorization, solvency, non-

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contravention and free and clear title on the same terms as such warranties are given by the Tag-Along Seller and (iii) be obligated to join on a several (and not joint and several) pro rata basis in the funding of any indemnification in respect of representations and warranties or otherwise or other monetary obligations that the Tag-Along Seller itself agrees to undertake in connection with such Tag-Along Sale, except that this clause (iii) shall not apply to any representations or warranties given by the Tag-Along Seller relating to identity, due authorization, non-contravention and free and clear title given by the Tag-Along Seller solely in respect of its own interests.

- (l) Notwithstanding anything contained in this Section 8.4, there shall be no liability on the part of the Tag-Along Seller to the Tag-Along Holder or any other person if the Tag-Along Sale pursuant to this Section 8.4 is not consummated for any reason. Whether to effect a Tag-Along Sale pursuant to this Section 8.4 by the Tag-Along Seller is in the sole and absolute discretion of the Tag-Along Seller.

8.5 Event of Default Put and Call Rights

- (a) At any time within sixty (60) Business Days after receipt of notice by another Member, or such other Member otherwise having actual knowledge of, the occurrence of an Event of Default with respect to a Member (such Member and any other Members who are Affiliates of such Member, the **"Defaulting Member"**, and all other Members, collectively, the **"Non-Defaulting Member"**), the Non-Defaulting Member may request a determination of the Fair Market Value of its Interests and the Interests of the Defaulting Member by giving the Defaulting Member written notice of such request (the **"Valuation Notice"**). The Non-Defaulting Member may withdraw the Valuation Notice at any time after the delivery thereof. It is understood and agreed that once a Valuation Notice has been delivered, the Members shall have the rights and obligations set forth below in this Section 8.5 regardless of whether the Defaulting Member subsequently cures the relevant Event of Default.
- (b) After the delivery of a Valuation Notice, the Members shall follow the FMV Determination Procedure.
- (c) Subject to Section 17.1(c)(i), the Non-Defaulting Member shall have the irrevocable option to (i) require the Defaulting Member to purchase all of the Interests of the Non-Defaulting Member, at a [REDACTED] premium over the Fair Market Value of such Interests (the **"Event of Default Put Right"**), or (ii) (either through itself or by way of an Affiliate) purchase from the Defaulting Member all of the Interests of the Defaulting Member, subject to Section 17.1(c)(i), at a [REDACTED] discount off of the Fair Market Value of such Interests (the **"Event of Default Call Right"**), each such option being exercisable by the Non-Defaulting Member giving the Defaulting Member written notice of such exercise (an **"Event of Default Put Exercise Notice"** or a **"Event of Default Call Exercise Notice"**, as applicable) within 30 days after a final determination of the Fair Market Value of such Interests pursuant to the FMV Determination Procedure.

- (d) If the Non-Defaulting Member shall timely deliver an Event of Default Put Exercise Notice, the closing of the purchase and sale of the Interest of the Non-Defaulting Member pursuant to the Event of Default Put Right (an “**Event of Default Put Right Closing**”) shall occur at the offices of the Non-Defaulting Member on the tenth Business Day after the latest to occur of (i) the 90th day after the delivery of such Event of Default Put Exercise Notice, and (ii) the date on which all third party consents required to consummate the transaction, if any, have been obtained, or at such other place, date and time mutually agreed upon by the Members. At such closing, each Member constituting the Non-Defaulting Member shall execute and deliver the Required Transfer Documentation against receipt of the purchase price to be paid in accordance with

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Section 8.5(g) below, in an amount equal to (A) if such Member is the sole Member constituting the Non-Defaulting Member, the Fair Market Value of the Interests of the Non-Defaulting Member so acquired (as previously determined pursuant to the FMV Determination Procedure) plus [REDACTED] or (B) if such Member is one of multiple Members constituting the Non-Defaulting Member, such Member’s proportionate share (based on the relative percentage shares of all of the Members constituting the Non-Defaulting Member) of the Fair Market Value of the aggregate Interests of the Non-Defaulting Member so acquired (as previously determined pursuant to the FMV Determination Procedure) plus [REDACTED]

- (e) If the Non-Defaulting Member shall timely deliver an Event of Default Call Exercise Notice, the closing of the purchase and sale of the Interest of the Defaulting Member pursuant to the Event of Default Call Right (an “**Event of Default Call Right Closing**”) shall occur at the offices of the Non-Defaulting Member on the tenth Business Day after the latest to occur of (i) the delivery of such Event of Default Call Exercise Notice, and (ii) the date on which all third party consents required to consummate the transaction, if any, have been obtained, or at such other place, date and time mutually agreed upon by the Members. At such closing, each Member constituting the Defaulting Member shall execute and deliver the Required Transfer Documentation against receipt of the purchase price to be paid in accordance with Section 8.5(g), in an amount equal to (A) if such Member is the sole Member constituting the Defaulting Member, the Fair Market Value of the Interests of the Defaulting Member so acquired (as previously determined pursuant to the FMV Determination Procedure) less [REDACTED] [REDACTED] (subject to Section 17.1(c)(i)) or (B) if such Member is one of multiple Members constituting the Defaulting Member, such Member’s proportionate share (based on the relative percentage shares of all of the Members constituting the Defaulting Member) of the Fair Market Value of the aggregate Interests of the Defaulting Member so acquired (as previously determined pursuant to the FMV Determination Procedure) less [REDACTED] (subject to Section 17.1(c)(i)).
- (f) Each Member shall notify the other Member of the existence or occurrence of any Event of Default with respect to itself or any of its Affiliates who are Members.
- (g) The purchase price payable at any Event of Default Call Right Closing shall be payable in full on the date of such Event of Default Call Right Closing. The purchase price payable at any Event of Default Put Right Closing will be payable at least [REDACTED] on the date of such Event of Default Put Right Closing, with the balance being paid pursuant to a promissory note (which shall accrue interest at the then-current Prime Rate) that is payable on the one (1) year anniversary of such Event of Default Put Right Closing.

8.6 FMV Determination Procedure

Following delivery of a Valuation Notice indicating the need to determine the Fair Market Value in respect of specified Interests, such determination shall be made as follows (the “**FMV Determination Procedure**”):

- (a) The Members will negotiate in good faith to determine the Fair Market Value of the applicable Interests (including by considering the average of each Member’s initial estimate of Fair Market Value), and will provide each other with reasonable access to appropriate employees and advisors and books and records as may be reasonably requested to assist in the determination of Fair Market Value. If the Members are unable to agree on Fair Market Value within thirty (30) days of receipt of the Valuation Notice, then the Members shall (i) designate a mutually acceptable investment bank or valuation firm of national standing and experience valuing assets in the same industry as the Company Projects to determine the Fair Market Value as provided herein (or, if such Members are unable to agree on such one firm, the firm will be designated by

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the American Arbitration Association) (such firm, however selected, the “**Appraiser**”) and (ii) submit their respective initial estimates of Fair Market Value to the Appraiser.

- (b) Within thirty (30) days after appointment, the Appraiser shall determine its own view as to the Fair Market Value and shall deliver such view to each Member. If the Appraiser's view is in between the range of the higher value claimed by a Member and the lower value claimed by a Member, such view shall be deemed the Fair Market Value. If the Appraiser's view is outside the range referred to in the preceding sentence, the value claimed by a Member that is closest to the Appraiser's view shall be deemed the Fair Market Value.
- (c) A determination of Fair Market Value made pursuant to Section 8.6(b) shall be final and binding on the Board and all Members and shall constitute Fair Market Value for the relevant purpose under this Agreement.
- (d) The Company shall provide reasonable access for the Appraiser to members of management of the Company and to the books and records of the Company so as to allow the Appraiser to conduct a due diligence examination in scope and duration as are customary in valuations of this kind. Each of the Members and any Permitted Transferee agrees to cooperate with the Appraiser and to provide such information as may reasonably be requested. The fees and expenses of the Appraiser shall be borne by the Members equally in proportion to their Interests unless otherwise expressly provided in this Agreement.

8.7 Certain Effects of Transfer

- (a) Following a direct Transfer by a Member of all or part of its Interests permitted or required by this Section 8 (a "Permitted Direct Transfer"), (i) the transferee of such direct Transfer shall constitute a Member from and after the effective date of the Transfer and (ii) without limitation of clause (i), any allocations or distributions previously made to, and any Capital Contributions previously made by, the Member Transferring such Interests with respect to the Interests subject to such Transfer shall be deemed to have been made to or by the transferee (and not to have been made by the transferor) for purposes of this Agreement, and such transferee shall be entitled to receive distributions of cash or other property, and allocations of Net Income, Net Loss and of items of income, deduction, gain, loss, or credit, from the Company attributable to the Interests subject to such Transfer and shall succeed to all economic and other rights and obligations of the Member Transferring such Interests attributable to the Interests subject to such Transfer from and after the effective date of the Transfer, provided for the avoidance of doubt, that, in the case of any Permitted Direct Transfer of only part of a Member's Interests, this clause (ii) shall be applied in proportion to the fraction of the Pro Rata Capital Share of such transferring Member being transferred.
- (b) Upon consummation of a Permitted Direct Transfer of all of the Interests of a Member (other than a Transfer to a Permitted Transferee in accordance with Section 8.1(b)), the transferring Member shall cease to be a Member or to have any right, title or interest in or to the Company, and this Agreement (other than Sections 12, 15.2 and, to the extent applicable, Sections 18 through 22, which (as in effect on the date of consummation of such Transfer) shall continue to be binding upon such transferring Member) shall terminate with respect to such transferring Member (and all Indemnified Persons in relation to such transferring Member). However, no such Transfer (and no resulting cessation of such transferring Member's status as a Member or termination of this Agreement with respect to such transferring Member) shall relieve the transferring Member of any of the liabilities and/or obligations of the transferring Member under this Agreement to the extent required under the terms of this Agreement to have been paid and/or performed prior to the consummation of such Transfer (or of any liability the transferring

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Member may have arising out of any breach, misrepresentation, violation or default by such transferring Member prior to such consummation).

- (c) Promptly upon the consummation of a Permitted Direct Transfer by any Member, Exhibit 1 hereto shall be automatically amended to reflect such Transfer.

9. REPRESENTATIONS AND WARRANTIES

Each Capital Member represents and warrants to the other Capital Member as at the date of this Agreement that each of the following statements is correct in respect of itself:

- (a) it is, (i) in the case of Blue Bird, a domestic profit corporation validly existing under the laws of the State of Georgia, and (ii) in the case of the Investor, a limited liability company validly existing under the laws of the State of Delaware.
- (b) it has the power to enter into and perform its obligations under this Agreement.
- (c) it has all necessary authorizations in connection with the entry into and performance of its obligations under this Agreement.
- (d) this Agreement constitutes its legal, valid and binding obligations enforceable against it in accordance with the terms hereof, subject to applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

- (e) neither it nor any of its Affiliates (or its or their licensees or sublicensees) has received written Notice of any claim or litigation which alleges any Proprietary Information of a third party is infringed, misappropriated or otherwise violated by the use, exploitation or commercialization of any Background Proprietary Information.
- (f) to the knowledge of such Capital Member, neither it nor its Affiliates is infringing, misappropriating or otherwise violating any third party Proprietary Information through the use, exploitation or commercialization of any Background Proprietary Information.
- (g) it has, and throughout the Term will retain, the unconditional right and authority to grant the rights to its Background Proprietary Information and Solely-Owned Proprietary Information granted pursuant to the terms of this Agreement, and, to the knowledge of such Capital Member, it will not be under any obligation that does or will conflict with or otherwise affect Section 10.
- (h) to the knowledge of such Capital Member, no third party has any right, title or interest in, to or under such Capital Member's Background Proprietary Information or Solely-Owned Proprietary Information (whether contingent or non-contingent) that would limit the rights granted to the other Capital Member under this Agreement.
- (i) its entry into this Agreement and performance of its obligations under this Agreement will not violate or conflict with, or exceed any limit imposed by:
 - (i) any law or regulation to which it is subject;
 - (ii) its memorandum and articles of association, partnership agreement, limited liability company agreement, or other applicable constitutional documents; or
 - (iii) any other agreement, instrument or undertaking binding upon it.

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- (j) there is no pending or threatened proceeding, litigation, arbitration, governmental investigation, action or claim against it which would, if adversely determined, materially impair its ability to perform its obligations under this Agreement.
- (k) in respect of Blue Bird only, to the actual knowledge of Blue Bird, without undertaking any investigation of such matters, no Dealer meets the criteria set forth in clauses (a), (b), (c), (d), (e), (f) or (i) of the definition of Disqualified Entity.

10. COMPLIANCE WITH THIS AGREEMENT

10.1 Compliance with this Agreement

- (a) Each Member will be responsible for ensuring compliance with its internal procedures, articles, by-laws, memoranda (as applicable) and other constitutional documents.
- (b) Each Member shall take all practicable steps including the exercise of votes it directly or indirectly controls at meetings of the Board and any meeting of the Members to ensure that the terms of this Agreement are complied with and to procure that the Company and the Board comply with their respective obligations, and that it shall do all such other acts and things as may be necessary or desirable to implement of this Agreement, including supporting the Company in obtaining the required approvals and in starting operations of the Company Projects.
- (c) At all times from the Effective Date while Blue Bird or any Affiliate of Blue Bird holds any Class A Interests, Blue Bird shall (and shall cause any such Affiliate to) promote (as defined below) the Company as its preferred Alternative Power School Bus "as a service" offering with its customers and Dealers. For purposes of this Section 10.1(c), "promote" shall mean active and ongoing promotion and encouragement through written materials, oral representations and other commercially reasonable efforts of a preferred solution for as-a-service funding for Alternative Power School Bus acquisition in accordance with guidelines approved by the Board from time to time.
- (d) At all times from the Effective Date until the date that is 18 months after (x) the date that Blue Bird or any Affiliate of Blue Bird ceases to hold any Class A Interests, or (y) the dissolution of the Company as a result of an Event of Default in respect of Blue Bird, Blue Bird shall not, and shall cause its Affiliates not to, directly or indirectly, (i) invest in, carry on or be engaged in, acquire, finance, operate, establish or participate as a joint venture partner in, or otherwise pursue investment transactions with, any other "as a service" business for Alternative Power School Buses (or engage in substantive discussions regarding, make any commitment to any person concerning any of the foregoing actions described in this clause (i)), except as an original equipment manufacturer of buses and parts, (ii) promote (as defined below) any alternative Alternative Power School Bus "as a service" offering whether or not they are participating with respect thereto or otherwise, except as an original equipment manufacturer of buses and parts, or (iii) solicit, entice, induce or attempt to solicit, entice, induce or hire any Senior Employee, executive, officer or director of the Company or

any of its Subsidiaries, or encourage or assist any such person to leave the employment or service of the Company or any of its Subsidiaries, without the prior written consent of the Company, of any such person by Blue Bird or any Affiliate of Blue Bird or any other person or entity. For purposes of Section 10.1(d)(ii), "promote" shall mean any action to promote or encourage an alternative solution for as-a-service funding for Alternative Power School Bus acquisition.

- (e) At all times from the Effective Date until the earlier of (x) the date that the Investor or any Affiliate of the Investor ceases to hold any Class A Interests, or (y) the dissolution of the Company, the Investor will use commercially reasonable efforts to promote the Company as its

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preferred Alternative Power School Bus "as a service" offering with its (and its Affiliates') customers and prospective customers. At all times from the Effective Date until the date that is 18 months after (x) the date that the Investor or any Affiliate of the Investor ceases to hold any Class A Interests, or (y) the dissolution of the Company as a result of an Event of Default in respect of the Investor, neither the Investor nor any of its Affiliates will directly or indirectly: (A) invest in, establish, or participate in a joint venture, partnership, or other similar equity co-ownership association, enterprise or arrangement in any other (1) "as a service" business or (2) fleet financing, in each case for Alternative Power School Buses; or (B) engage in substantive discussions regarding or make any commitment to any person concerning any of the actions described in the preceding clause (A).

10.2 Member Responsibilities

Each Member undertakes to use commercially reasonable efforts to perform its respective obligations as set out in Exhibit 8.

10.3 Warrant Agreements

Simultaneous with the first funding by the Investor of any Capital Contributions in respect of the Investor's Class B Commitment Amount in accordance with Section 4.2(b) from and including the Additional Contributions Effective Date, Blue Bird shall cause Blue Bird Corporation to issue a replacement warrant (the "Replacement Warrant") to replace the Contingent Warrant with the form of the Initial Warrant (provided that, for avoidance of doubt, the number of Warrant Shares (as defined in the Replacement Warrant) shall be equal to the number of Warrant Shares set forth in the Contingent Warrant, less any Warrant Shares previously issued, if any). Upon such issuance of the Replacement Warrant the Contingent Warrant shall be canceled.

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11. DISSOLUTION, LIQUIDATION AND TERMINATION OF THE COMPANY

11.1 Termination and Dissolution.

- (a) The Company shall be dissolved upon, and (any term of the Act to the contrary notwithstanding) only upon, the earliest to occur of the following:
- (i) Unanimous Member Consent to dissolve the Company;
 - (ii) Subject to Section 17.1(c)(ii), following an Event of Default, at the election of the Non-Defaulting Member; and
 - (iii) when a judicial decree of dissolution has been issued under Section 18-802 of the Act.
- (b) On dissolution of the Company, (i) unless clause (ii) is applicable, the Board shall act as liquidator, or (ii) the Members may appoint one or more persons (which may consist solely of, or include, any Member) to act as liquidator (which person or persons shall act as liquidator subject to the supervision of the Board). The liquidator shall proceed diligently, in good faith and in accordance with Applicable Law to wind up the affairs of the Company and make final distributions as provided in this Agreement. The costs of liquidation shall be borne as a Company expense. Until final distribution, the Members shall continue to operate the Company as provided for in this Agreement. The steps to be accomplished by the liquidator are as follows:
- (i) as promptly as practicable after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of Certified Public Accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

- (ii) the liquidator shall pay from the Company's funds all of the debts and liabilities of the Company (including all expenses incurred in liquidation) or otherwise make adequate provision for them (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine);
- (iii) either (i) the Members shall negotiate in good faith as to which of the Members shall retain the Company Property and the Member selected to so retain such Company Property shall purchase such Company Property from the Company at the Fair Market Value of such property, or (ii) if no Member wishes to retain all or any part of the Company Property or the Members fail to agree on which of them should purchase such property, the liquidator shall sell at auction to the highest bidder such Company Property, with either Member having the right to bid thereon; and
- (iv) any remaining unsold Company Property, and any proceeds from the disposition of Company Property, shall be distributed to the Members in accordance with Section 5.

11.2 Filing of Certificate of Cancellation

Upon completion of the winding up of the affairs of the Company, the Company, or the person or persons selected to act as liquidator of the Company, shall promptly file a certificate of cancellation with the Office of the Secretary of State of the State of Delaware.

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12. PROPRIETARY INFORMATION

12.1 Proprietary Information Ownership

- (a) As between the Members, the Developing Party shall solely and exclusively own all right, title and interest in and to all Foreground Proprietary Information that is first Developed during the Term individually by such Developing Party as a result of work conducted pursuant to this Agreement (the "Solely-Owned Proprietary Information").
- (b) The Company shall own all right, title and interest in and to all Foreground Proprietary Information that is (i) first Developed jointly by the Capital Members during the Term as a result of work conducted pursuant to this Agreement, or such Capital Members' evaluation, use or implementation of any Capital Member's Background Proprietary Information, where none of the Developing Parties substantially individually Developed such Foreground Proprietary Information or (ii) first created, invented, conceived, reduced to practice, originated, discovered, developed, acquired or otherwise obtained solely by the Company during the Term (collectively, the "Company Proprietary Information"). For the avoidance of doubt, no Developing Party shall have the right to (i) use, exploit or commercialize Company Proprietary Information for any purpose other than the Relevant Purpose, (ii) grant any license to Company Proprietary Information to its Affiliates or any third party or (iii) encumber, enforce, assert, transfer, assign or otherwise dispose of any right, title or interest in or to Company Proprietary Information, in each case, without the prior written consent of each other Developing Party.
- (c) To the extent any Solely-Owned Proprietary Information vests in or is otherwise owned (including under Applicable Laws) by a Non-Developing Party (including the Company), the Non-Developing Party hereby irrevocably transfers, conveys and assigns to the Developing Party all of its rights, title and interest in and to all Solely-Owned Proprietary Information (without additional consideration).
- (d) To the extent any Company Proprietary Information vests in or is otherwise owned (including under Applicable Laws) by a Developing Party, such Developing Party hereby irrevocably transfers, conveys and assigns to the Company all of its rights, title and interest in and to all Company Proprietary Information (without additional consideration).
- (e) Each Developing Party shall disclose to each Non-Developing Party all of its Solely-Owned Proprietary Information at least 15 Business Days before any public disclosure of such Proprietary Information or any required submission to government agencies in compliance with the requirements of government supported research.
- (f) The Members, through the Board, shall use commercially reasonable efforts to address all issues concerning the inventorship or ownership of, or any rights to, Solely-Owned Proprietary Information and Company Proprietary Information in a fair and equitable manner. If a dispute arises concerning the foregoing and the Board is unable to resolve the dispute within 60 Business Days after commencing discussions, the matter shall be handled pursuant to Section 20.
- (g) Except as otherwise expressly provided in this Agreement, under no circumstances shall a Capital Member obtain any right, title or interest in or to any Solely-Owned Proprietary Information of another Capital Member or any Company Proprietary Information as a result of this Agreement or otherwise.

12.2 Proprietary Information Licenses

- (a) Subject to the terms and conditions of this Agreement, during the Term, each Capital Member, on behalf of itself and its Affiliates, hereby grants to the other Capital Member and the Company a fully paid up, non-exclusive, royalty-free, transferable and sublicensable license under its Background Proprietary Information and Solely-Owned Proprietary Information to Develop, reproduce and use such Proprietary Information for the Relevant Purpose in the Territory.
- (b) Notwithstanding any other provision in this Agreement, under no circumstances shall a Capital Member have any right under or to the Background Proprietary Information or Solely-Owned Proprietary Information of any other Capital Member as a result of this Agreement, except for the limited activities and purposes permitted by the license set forth in Section 12.2(a).

12.3 Effect of Termination, Dissolution or Transfer

- (a) Upon the earlier of: (i) such date that either of Blue Bird (or any Affiliate of Blue Bird) or the Investor (or any Affiliate of the Investor) ceases to be a Class A Member) or (ii) dissolution of the Company (each a "License Termination Event"), all licenses granted hereunder shall terminate with immediate effect.
- (b) Notwithstanding Section 12.3(a), upon a License Termination Event pursuant to Section 12.3(a)(i), the Capital Member who ceases to be a Class A Member, on behalf of itself and its Affiliates, hereby grants to the Company a perpetual, fully paid up, non-exclusive, royalty-free, sublicenseable and non-transferable license under its Background Proprietary Information and Solely-Owned Proprietary Information solely for the purpose of reproducing and using such Proprietary Information in order to continue the operation of the Company Projects.
- (c) Notwithstanding Section 12.3(a), upon a dissolution of the Company, the Company shall irrevocably transfer, convey and assign to each of the Capital Members an equal, undivided share in all of its rights, title and interest in and to all Company Proprietary Information (without additional consideration).

12.4 Prosecution and Maintenance of Proprietary Information

- (a) Each Proprietary Information Owner shall have the sole and exclusive right (but not the obligation) to file, prosecute and maintain its Solely-Owned Proprietary Information in any jurisdiction in the world at its sole cost and expense. The Proprietary Information Owner shall keep the Board reasonably informed of developments concerning the filing, prosecution and maintenance of all Solely-Owned Proprietary Information.
- (b) The Board shall determine the strategy for filing, prosecuting and maintaining any Company Proprietary Information, including the Party that shall have the right (but not the obligation) to file, prosecute and maintain Company Proprietary Information in any jurisdiction in the world and that shall pay the costs and expenses therefor.
- (c) If a Proprietary Information Owner, with respect to any Solely-Owned Proprietary Information, or the Party selected by the Board pursuant to 12.4(b), with respect to any Company Proprietary Information, (A) declines to file, prosecute or maintain any Patent included in the Solely-Owned Proprietary Information or Company Proprietary Information (as applicable), (B) discontinues or fails to pursue any application, prosecution or maintenance of such Patent, or (C) desires to allow such Patent to lapse or go abandoned, expire or terminate, in each case, in any jurisdiction in the world:

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- (i) for any Patent included in the Solely-Owned Proprietary Information, the Proprietary Information Owner shall promptly notify the Non-Developing Parties in writing. Any Non-Developing Party may elect to pursue the application, prosecution or maintenance of such Patent by notifying the Proprietary Information Owner of such election within 60 Business Days after the Proprietary Information Owner's Notice under this Section. The Proprietary Information Owner shall promptly and irrevocably transfer, convey and assign to such Non-Developing Party all of its right, title and interest in such Patent (without additional consideration); and
- (ii) for any Patent included in the Company Proprietary Information, the Developing Parties shall promptly notify the Board in writing.

- (d) Any Notice by any Proprietary Information Owner under Section 12.4(c)(ii) shall be provided at least ninety (90) Business Days before any priority date, non-statutory response date or other deadline concerning the relevant Patent by which an action must be taken to establish or preserve the relevant Patent right. Any dispute relating to this Section shall be resolved in accordance with Section 12.1(g).

12.5 Enforcement and Infringement of Proprietary Information

- (a) Each Capital Member shall promptly provide written notice to the (i) other Capital Member reasonably detailing any known or alleged infringement, misappropriation or other violation by a third party of any Background Proprietary Information or Solely-Owned Proprietary Information of such Capital Member (each such Capital Member (as applicable), the "**Proprietary Information Owner**") and (ii) Company reasonably detailing any known alleged infringement, misappropriation or other violation by a third party of any Company Proprietary Information, and, in each case, of any declaratory judgment, review, opposition or similar action or proceeding challenging the validity, registrability, patentability, enforceability or ownership of or alleging non-infringement of any such Proprietary Information.
- (b) The Proprietary Information Owner shall have the sole and exclusive right (but not the obligation) to bring suit or defend a declaratory judgment action or proceeding relating to its Background Proprietary Information or Solely-Owned Proprietary Information (collectively, a "**Litigation**") and control the conduct thereof (including settlement) at its sole cost and expense. The Proprietary Information Owner shall keep the Board reasonably informed of developments concerning the Litigation.
- (c) The Board shall determine (i) whether to bring a Litigation relating to Company Proprietary Information, (ii) the Party that shall bring such Litigation, and pay the costs and expenses therefor, and (iii) the strategy for and conduct of such Litigation (including settlement).
- (d) If requested by the Proprietary Information Owner, the Company, or any Developing Party (as applicable), such Capital Member agrees to intervene or join as a party to the Litigation (to the extent that it is an indispensable party and as permitted by Applicable Laws) and to provide reasonable assistance to the Proprietary Information Owner, the Company or Developing Party (as applicable) in the conduct of the Litigation, including by executing documents and cooperating in discovery. Any reasonable out-of-pocket costs incurred in providing such assistance shall be paid by the Proprietary Information Owner or Developing Party (as applicable); provided that any costs incurred in providing assistance with respect to Company Proprietary Information shall be determined by the Board. Neither the Proprietary Information Owner, the Company nor Developing Party shall settle or compromise any Litigation (whether by settlement or other voluntary final disposition) in a manner that (i) impairs any other Party's rights in or licenses to the Background Proprietary Information, Solely-Owned Proprietary Information or Company Proprietary Information under this Agreement, (ii) requires the other

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Capital Member or the Company (as applicable) to make any payment, (iii) requires the admission of any infringement, misappropriation, other violation or liability by the other Capital Member or the Company (as applicable), or (iv) fails to grant the other Capital Member or the Company (as applicable) a release of all claims in the Litigation, in each case, without the prior written consent of such Capital Member or the Company (as applicable). The Proprietary Information Owner, the Company or Developing Party (as applicable) shall indemnify and hold the other Capital Member or the Company (as applicable) harmless from any and all losses, costs, expenses, damages or liabilities (including reasonable attorneys' fees) arising from the Litigation.

12.6 Further Assurances

Upon the terms and subject to the conditions contained in this Agreement, each Capital Member and the Company shall, upon the reasonable request and at the sole cost and expense, of the other Capital Member or the Company (as applicable): take or perform any and all acts and promptly execute any and all documents and perform such acts to file, prosecute, maintain, perfect, confirm and protect their respective ownership rights in any Solely-Owned Proprietary Information or Company Proprietary Information as may be necessary to give full effect to the terms of this Section 12.

13. TAX MATTERS

- (a) The Board shall appoint the Company's partnership representative (which shall be either Blue Bird or the Investor) within the meaning of Section 6223 of the Code (the "**Partnership Representative**"), provided, however that in the case of a Partnership Representative Removal Event, the Class A Member that is not appointed as the Partnership Representative shall have the right (but not the obligation) to remove the Partnership Representative and assume the rights, duties and obligations of the Partnership Representative and to be designated as such. The Class A Member that is appointed by the Board as the Partnership Representative shall remain as the Partnership Representative so long as it retains any ownership interests in the Company unless the other Class A Member assumes the rights and duties of the Partnership Representative under the proviso to the first sentence of this paragraph. Any replacement of any Partnership Representative shall be effective only upon appointment of a replacement Partnership Representative. For each Fiscal Year of the Company, the Partnership Representative shall timely designate an individual that is an

employee or officer of the Partnership Representative (or an Affiliate thereof) to act in the name and on behalf of the Partnership Representative for purposes of Subchapter C of Chapter 63 of the Code (the “**Designated Individual**”) in accordance with the provisions thereof. At the request of any Member, the Partnership Representative shall provide the identity of, and contact information for, the Designated Individual for any Fiscal Year. If the Designated Individual with respect to any Fiscal Year ceases to be an employee or officer of the Partnership Representative (or an Affiliate thereof), the Partnership Representative shall promptly designate another individual that is an employee or officer of the Partnership Representative (or an Affiliate thereof) to serve as the new Designated Individual with respect to such Fiscal Year in accordance with the provisions of Subchapter C of Chapter 63 of the Code. In the event of the removal or resignation of the Partnership Representative with respect to any Fiscal Year, the designation of the Designated Individual with respect to such Fiscal Year shall automatically be revoked, and the successor Partnership Representative shall be required to promptly designate a new Designated Individual with respect to such Fiscal Year. The Partnership Representative is hereby directed and authorized to take whatever steps, the Partnership Representative, in its reasonable discretion, deems necessary or desirable to perfect the designations, including filing any forms or documents, taking such other action as may from time to time be required under the Treasury Regulations.

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- (b) The Partnership Representative shall keep all Members informed of all material notices from Taxing Governmental Entities that may come to the attention of the Partnership Representative, and shall provide written notice to the Members of the commencement of any audit, administrative or judicial proceedings and in the event of any pending tax audit, investigation, claim or controversy of the Company which proposes or may result in a material adjustment. The Partnership Representative will (i) furnish to each Member a complete copy of each material notice or other communication received from the Internal Revenue Service (“IRS”) or applicable state authority (except such notices or communications as are sent directly to the Member) within ten (10) days of receipt, (ii) keep each Member informed of any administrative or judicial proceeding with respect to the Company, (iii) allow each Member an opportunity to participate in all such administrative and judicial proceedings, including allowing Members to review and comment on any substantive submission, so long as such comments are provided three (3) Business Days prior to any applicable due date for such submission, and (iv) advise and consult with each Member as to proposed adjustments to the federal or state income Tax Returns of the Company. Unless otherwise directed by the Members (by Unanimous Member Consent), the Partnership Representative (i) shall make an “election out” under Section 6221(b) of the Code if the Company is eligible to make such an election, and (ii) shall not commence a judicial action with respect to Tax matters or appeal any adverse determination of a judicial tribunal. The Company shall pay and be responsible for all reasonable third-party costs, fees or expenses incurred by the Partnership Representative in performing its duties. Notwithstanding anything contained in this Agreement, except for any proceeding involving less than \$500,000 and the settlement or compromise of which does not discriminate among the Members, the Partnership Representative shall obtain the prior written consent of the other Member (such consent not to be unreasonably withheld or delayed) before settling or compromising any proceeding relating to taxes before any judicial, administrative, or other Governmental Entity, including the IRS, if such other Member (or any of their respective Affiliates) could be affected thereby; *provided, however* that if the Members are unable to agree in good faith as to any such decision as to settlement or compromise after good faith efforts to do so, the Partnership Representative shall be entitled to settle or compromise any such proceeding as long as such settlement or compromise does not discriminate against the dissenting Members.
- (c) Notwithstanding any provision of this Agreement the contrary, (a) if a distribution of Company property as described in Section 734 of the Code occurs or if a transfer of an Interest as described in Section 743 of the Code occurs, on written request from the transferring Member (if a transfer) or any Member (if a distribution), the Company will make the election under Section 754 of the Code for the taxable year in which the transfer or distribution occurs, and (b) the Company will not elect to be classified as an association taxable as a corporation for federal income tax purposes without the prior written consent of all Members.
- (d) The Partnership Representative shall, on behalf of the Company, retain the Certified Public Accountants to prepare all U.S. federal, state and local income Tax Returns and information returns for the Company. Each Member shall provide such information, if any, as may be reasonably needed by the Company for purposes of preparing such Tax Returns; provided, such information is readily available from regularly maintained records. Without further consent of any Member, the Partnership Representative may extend the time for filing any such Tax Returns as provided for under applicable statutes.
- (e) Subject to the provisions of this Section 13, all Tax Returns of the Company shall be prepared on a basis consistent with this Agreement, unless (i) the Company is required to file an inconsistent Tax Return as a result of a final determination, or (ii) the Certified Public Accountants advise the Partnership Representative that the Company is required to file the Tax Return in a manner inconsistent with this Agreement.

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- (f) The Partnership Representative shall use commercially reasonable efforts to furnish to the Members, (i) by no later than May 15 of each year, preliminary drafts of the Schedules K-1 proposed to be delivered to the Members and filed by the Company with its Tax Return, and (ii) by no later than August 15 of each year, the Tax Return proposed to be filed by the Company (which proposed Tax Return shall in any event be furnished to the Members by the Partnership Representative no less than thirty (30) days prior to the date (as extended) on which the Partnership Representative is required to file the Tax Return). The Partnership Representative shall as requested by any Member provide on a quarterly basis an estimate of such Member's share of items of income, gain, loss, and deductions expected for that year at such time.
- (g) The Partnership Representative shall consider in good faith all reasonable changes or comments requested or made by the other Member to any proposed federal, state or local income Tax Returns and information returns; provided, that such changes or comments are received by the Partnership Representative at least ten (10) days prior to the filing date for such returns (as extended). Subject to the provisions of this Section 13 the Partnership Representative shall, on behalf of the Company, file such Tax Returns in a timely manner, taking into account any applicable extensions. Within thirty (30) days after filing, the Partnership Representative shall, on behalf of the Company, deliver to each Member a copy of the income Tax Returns and information returns as filed, together with any additional tax-related information in the possession of the Partnership Representative or the Company that such Member may reasonably and timely request in order to prepare its own income Tax Returns. All Tax Return drafts and related communications are to be communicated by electronic transmission. The Company shall bear the costs of the preparation and filing of its Tax Returns.
- (h) The Company shall make the following elections on the appropriate tax returns: (i) to the extent permitted under Code Section 706, to adopt the calendar year as the Company's Fiscal Year; (ii) to adopt the accrual method of accounting; (iii) elect pursuant to Code Section 754 to adjust the basis of the Company's properties; (iv) to elect to amortize the organizational expenses of the Company ratably over a period of 180 months to the extent permitted by Code Section 709(b); (v) to make an "election out" under Section 6221(b) of the Code if the Company is eligible to make such an election; (vi) to make a "push out" election under Code Section 6226 to the extent applicable; and (vii) if approved in writing by the Managers, any other election the Managers may deem appropriate.

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14. INSURANCE

The Company shall be responsible for obtaining and maintaining comprehensive insurance including, without limitation, all risks property insurance, operation insurance, business interruption insurance, directors' and officers' insurance, and such other insurance policies as are customarily maintained by an operator of an EV School Bus business substantially similar to that of the Company.

15. PUBLICITY, CONFIDENTIALITY AND LIMITATION OF LIABILITY

15.1 Publicity

- (a) Except as required by law or regulation (including rules of any securities exchange), (i) No Member shall make any press release or other public communication with respect to this Agreement, the business of the Company, the Company, any Development Activities or any Company Project without the prior written consent of the other Member; *provided, however*, that such other Member shall be deemed to have granted such consent in the event such other Member has not responded to a request from the requesting Member that it approves a press release or public communication within five (5) Business Days of receiving notice thereof, and (ii) the Company may not make any press release or other public communication with respect to this Agreement, the business of the Company, the Company, any Development Activities or any Company Project without the prior written consent of the Board. In the case of any press release or other public communication required by law or regulation (including the rules of any securities exchange), the Member subject to such requirement shall use commercially reasonable efforts to consult with the other Members with respect to the content thereof prior to such communication.
- (b) Any public communications concerning any Company Projects shall be directed and managed by the Board. Each Member acknowledges that its identity and the identity of the other Members and the arrangements between the Members may be disclosed to Financiers, any School Authority and other key counterparties with respect to the Company Projects, and may in turn be publicly disclosed in connection with any board proceedings by any School Authority, subject in all cases to the approval of the Board.

15.2 Confidentiality

- (a) Each Member who receives Confidential Information (a "Receiving Party") agrees to:
- (i) keep the Confidential Information confidential and not to disclose it to any person except to the extent permitted by this Section 15.2; and

- (ii) use any Confidential Information only in accordance with this Agreement and directly for the purpose of evaluating, negotiating and implementing the Development Activities and the Company Projects.
- (b) A Receiving Party may disclose Confidential Information if and to the extent:
 - (i) required by law or any applicable securities exchange rules;
 - (ii) required or requested by any competent regulatory authority;
 - (iii) required pursuant to a court order; or
 - (iv) that such information is in the public domain other than through breach of this Section 15.2.

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provided that any Confidential Information shall only be disclosed after notification to the other Member, unless such prior notification is prohibited by Applicable Laws. In such case, the other Member may, to the extent permitted by Applicable Laws and at its cost, defend against such disclosure before such applicable regulatory authority or seek an appropriate protective order. Notwithstanding the foregoing, no notice or other compliance with this Section 15.2 shall be required if a Receiving Party is required to disclose Confidential Information pursuant to a broad or routine audit, examination or request for information by any legal, judicial, governmental, administrative, or regulatory authority having jurisdiction over such Receiving Party that is not specific to the Confidential Information provided hereunder.

- (c) Subject to Section 15.2(d) below, a Receiving Party may disclose Confidential Information to:
 - (i) its Related Parties (including, for avoidance of doubt, to prospective debt and equity sources (provided that such prospective debt and equity sources are subject to reasonable and customary confidentiality obligations));
 - (ii) the Financiers with whom the Member may contract;
 - (iii) its attorneys, accountants or advisors, who, in the reasonably judgment of such Receiving Party, need to know such Confidential Information; and
 - (iv) any other person agreed to by the other Member,

if such Confidential Information is required in connection with the implementation of the Development Activities or any Company Project, makes each such recipient aware of the obligations of confidentiality assumed by it under this Agreement; *provided* that it uses all commercially reasonable efforts to ensure that such recipient complies with those obligations as if it was a party to this Agreement; *provided further* that there shall be no such obligation where that person is subject to professional obligations of confidentiality in respect of the Confidential Information or is otherwise bound by obligations of confidentiality in respect of the Confidential Information that are sufficient to ensure compliance with the obligations of confidentiality and non-use herein.

- (d) The provisions of this Section 15.2 shall continue to apply until the earlier of: (i) second anniversary of the dissolution of the Company; or (ii) with respect to any Member and its Affiliates, the second anniversary of the date that the Member and any of its Affiliates cease to be a Member.
- (e) The Mutual Non-Disclosure Agreement dated as of August 25, 2022 between Blue Bird Corporation and Generate Capital, PBC shall be deemed to be superseded and replaced in all respects by the confidentiality provisions of this Agreement.

15.3 Limitation of Liability

- (a) Each Member acknowledges and agrees that the information provided to or by the Members in relation to the Development Activities or the Company Projects (including, without limitation, any Confidential Information) does not purport to be all inclusive and that no representation or warranty is made by or on behalf of any Member or any other person as to the accuracy, reliability or completeness of any such information. Accordingly, each Member agrees with the other Members that no Member (and none of its Related Parties) shall have any liability to the other Members or any other person resulting from the use of, or reliance on, such information.
- (b) In no event, whether based on contract, indemnity, warranty, tort (including, as the case may be, a Member's own negligence) or otherwise, shall any Member be liable to another hereunder for or with respect to any claim for consequential, indirect, punitive, exemplary or special damages,

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lost profits, lost revenues or otherwise; provided that this Section 15.3 shall not limit a Member's right to seek any damages from another Member which arise out of the fraud or willful misconduct of the Member from which such damages are sought.

16. ASSIGNMENT

Except as expressly provided in this Agreement, no Member may assign, transfer, charge or otherwise deal with its rights or obligations under this Agreement (or sub-contract the performance of any of its obligations hereunder) without the prior written consent of the other Member.

17. DEFAULT; REMEDIES

17.1 Event of Default

- (a) Any of the following events shall be an "Event of Default" with respect to a Member (the "Defaulting Party") if:
- (i) (A) a court of competent jurisdiction makes an order, or a resolution is passed, for the winding-up, dissolution or administration (or other process having substantially the same effect) of such Member; (B) a liquidator, receiver, administrator, administrative receiver, or other similar officer is appointed in respect of such Member or any material part of their assets; (C) a proceeding is commenced against any Member under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief, and such proceeding is not dismissed or stayed within sixty (60) days; or (D) a Member generally stops or suspends payment of its debts, becomes unable to pay its debts in any relevant jurisdiction as they become due;
 - (ii) if such Member breaches any term or condition of this Agreement that results in a Material Adverse Effect; *provided that* if any such breach (other than a failure to repay any applicable Member Loan within the time period applicable thereto pursuant to Section 4.3(c)) is capable of remedy then the Company or any other Member may give notice of an Event of Default under this paragraph and it shall have effect only if (and after) (A) written notice of that breach is served on such Member by the Company or such other Member (specifying that it is served under this paragraph); and (B) such Member fails to remedy such breach within sixty (60) days of service of such notice;
 - (iii) a breach of such Member or any Affiliate of a Member under any Project Document to which such Member or its Affiliate is a party that results in a Material Adverse Effect; *provided that* if any such breach is capable of remedy then the Company or any other Member may give notice of such material breach under this paragraph and it shall have effect only if (and after) (A) written notice of that breach is served on such Member by the Company or such other Member (specifying that it is served under this paragraph); and (B) such Member fails to remedy such breach within sixty (60) days of service of such notice;
 - (iv) a Member is the subject of a Removal Event or otherwise becomes a Disqualified Person; or
 - (v) if a Non-Contributing Member fails to repay any applicable Member Loan within the time period applicable thereto pursuant to Section 4.3(c).

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- (b) If an Event of Default occurs, (i) the non-Defaulting Party shall have the right (without prejudice to any other right or remedy it may have under this Agreement or at law or in equity), in its sole discretion, to commence to exercise its Event of Default Put Rights or Event of Default Call Rights in accordance with Section 8.3; (ii) the Defaulting Party shall, subject to Section 15.3, be liable to the non-Defaulting Party and its Affiliates for all damages, losses, and expenses (including reasonable attorney's fees and disbursements) suffered or incurred by the non-Defaulting Party or its Affiliates as a result of such Event of Default; (iii) so long as such Event of Default is continuing, notwithstanding anything in this Agreement to the contrary, the Non-Defaulting Member shall have no obligation to make any additional Capital Contributions to the Company; and (iv) the non-Defaulting Party may exercise any other remedies it may have hereunder or at law or in equity, including without limitation specific performance.
- (c) Notwithstanding any other provision of this Agreement, a breach by Blue Bird of Section 8.1(g) of this Agreement resulting from a BB Change of Control as contemplated under clause (a) of the definition of "BB Change of Control" (a "BB Ownership Change of Control") will only be deemed an Event of Default for the limited purposes of:
- (i) Section 8.5 of this Agreement; provided, however that with respect to a BB Ownership Change of Control: (x) the Non-Defaulting Member's sole right under Section 8.5 will be to exercise an Event of Default Call Right (but not an Event of Default Put Right); and (y) to the extent the

Event of Default Call Right is exercised, the purchase price for Blue Bird's Interest will be 100% of the Fair Market Value of the Interest (as opposed to applying any discount otherwise contemplated under Section 8.5); and

- (ii) Section 11.1(a)(ii) of this Agreement; provided, however that with respect to a BB Ownership Change of Control, the Non-Defaulting Member's rights under Section 11.1(a)(ii) shall only be exercisable within one hundred eighty (180) days after the earlier of: (x) the Non-Defaulting Member's receipt of notice from Blue Bird that the BB Ownership Change of Control has occurred; or (y) the first date that the Non-Defaulting Member otherwise has actual knowledge that the BB Ownership Change of Control has occurred. During such one hundred eighty (180) day period, notwithstanding any other provision of this Agreement, no Member shall have the obligation to make any additional Capital Contributions to the Company.

Further notwithstanding any other provision of this Agreement, a Non-Defaulting Member's sole and exclusive remedy following any breach by Blue Bird of Section 8.1(g) resulting from a BB Ownership Change of Control will be an exercise of its rights under either Section 8.5 or Section 11.1(a)(ii), in each case as modified by this Section 17.1(c).

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18. NOTICES

- (a) Any notice or other formal communication to be given under, or in connection with, this Agreement (a "Notice") shall be in writing (including in electronic form) and signed by or on behalf of the person giving it.
- (b) Any Notice sent in accordance with this Section 18 shall be deemed to have been duly given:
- (i) if sent by email, when received;
 - (ii) if hand delivered, when delivered; or
 - (iii) if sent by international mail, when received.
- (c) The contact details of the Company shall be determined by the Board and the contact details of each Member are as follows:

Party	Attention	Address	Email
The Company	To be determined by the Board	To be determined by the Board	To be determined by the Board
Blue Bird	Ted Scartz, General Counsel	3920 Arkwright Road Suite 200 Macon, GA 31210	Ted.Scartz@blue-bird.com
Investor	CIO, Infrastructure	c/o [REDACTED]	[REDACTED]

If to any other Member other than those set forth in the table above: to such Member based on the notice information set forth in the Accession Agreement executed by such Member.

- (d) Each Member shall have the right to change any of its contact details by Notice (sent in like manner) to the Company.

19. GENERAL

19.1 Waivers and Amendments

- (a) No waiver by any Member of any provision of this Agreement (or of any right, power or privilege hereunder) shall be effective unless given in writing and signed by such Member. No failure or delay in exercising any right, power or privilege under this Agreement will operate as a waiver of it, nor will any single or partial exercise of it preclude any further exercise or the exercise of any other right, power or privilege under this Agreement or otherwise.
- (b) Any amendment or other modification of this Agreement shall not be effective unless in writing and signed by each Member. The terms of this Agreement shall be subject to the terms of any subsequent agreement in writing entered into between the parties and referring to this Agreement.

19.2 Entire Agreement

This Agreement constitutes the entire understanding and the whole agreement in relation to its subject matter and supersedes any previous understanding, agreement or arrangement (whether written or oral) between the Members with respect to its subject matter and (without limiting the generality of the foregoing) excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing.

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19.3 Severability

If any provision of this Agreement is held to be invalid or unenforceable, such provision shall (to the extent that it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement (but without invalidating any of the remaining provisions of this Agreement).

19.4 Counterparts

This Agreement may be executed (including by electronic means) in any number of counterparts and by the signatories to it on separate counterparts but will not be effective until each signatory has executed at least one counterpart. Each counterpart will constitute an original of this Agreement but all the counterparts will together constitute but one and the same instrument.

19.5 Language

The language of this Agreement and the transactions envisaged by it is English and all notices, demands, requests, statements, certificates or other documents or communications shall be in English unless otherwise agreed.

20. DISPUTES

Except as otherwise specifically provided herein, any dispute, claim, controversy or difference (each a “Dispute”) arising out of or in relation to this Agreement shall be resolved amicably between the Members in accordance with the procedure in this Section 20.

(a) Escalation. The Capital Member raising any Dispute shall first serve written notification of the Dispute on the other Capital Member (a “Dispute Notice”). Within 30 calendar days of the service of a Dispute Notice, a senior executive of each Capital Member with authority to settle the Dispute shall meet with the other to seek to resolve the Dispute in good faith. If within 30 calendar days of service of the Dispute Notice, or such longer period agreed in writing between the Capital Members, the Dispute has not been resolved, the Dispute shall be referred to arbitration by any Capital Member pursuant to Section 20(b) below.

(b) Arbitration Procedures

- (i) Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, not resolved pursuant to clause (a) above, shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
- (ii) This Section 20(b) and all Disputes determined hereunder shall be governed by the United States Federal Arbitration Act to the exclusion of any state laws inconsistent therewith.
- (iii) Claims shall be heard by one (1) arbitrator. Within fifteen (15) days after the commencement of arbitration, the Capital Members shall select one (1) person to act as arbitrator. If the Capital Members cannot agree on such arbitrator, then (A) the panel of arbitrators shall be increased to three arbitrators, (B) within a further ten (10) days each Capital Member shall select one person to act as arbitrator and the two selected shall, within ten (10) days of their appointment, select a third arbitrator, who shall be the president of the tribunal, and (C) if the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the American Arbitration Association.

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- (iv) Except as may be required by law, no Member nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both Capital Members.
 - (v) The seat or legal place of the arbitration shall be New York, NY.

- (vi) The language of the arbitration shall be English. The submission of documents, exhibits, submissions and expert reports shall be in English with no obligation or requirement to provide translations in any other language. The award will be rendered in English.
- (vii) The award of the arbitrators shall be accompanied by a reasoned opinion and shall be final and binding upon the Members. Judgment to enforce the award may be entered by any court having jurisdiction thereof. The arbitrators will have the ability to award equitable relief, including interim equitable relief; provided, that the arbitrators shall not have the power or jurisdiction to award punitive or exemplary damages for any reason.
- (viii) Each Member shall bear its own expenses, including attorney's fees, incurred in connection with the arbitration and any judicial enforcement. The cost of the arbitrators and arbitration proceeding itself shall be shared by the Capital Members equally.

21. WAIVER OF JURY TRIAL

EACH MEMBER WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING RELATING TO THIS AGREEMENT. EACH MEMBER CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF ANY PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) IT MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, AND (D) ACKNOWLEDGES THAT IT AND EACH OTHER MEMBER HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 21.

22. GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, USA, WITHOUT REGARD TO CHOICE OF LAW OR CONFLICT OF LAWS PRINCIPLES (WHETHER OF THE STATE OF DELAWARE OF OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.

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BLUE BIRD BODY COMPANY

By: /s/ Phil Horlock
Name: Phil Horlock
Title: CEO

[Signature Page to Limited Liability Company Agreement]

GC MOBILITY INVESTMENTS I, LLC

By: /s/ Scott Gosselink
Name: Scott Gosselink
Title: Manager

[Signature Page to Limited Liability Company Agreement]

Exhibit 1

[REDACTED][REDACTED]

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Exhibit 2

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Exhibit 3

COMPETITORS

Part 1

BLUE BIRD COMPETITORS

[REDACTED]

Part 2

INVESTOR COMPETITORS

[REDACTED]

Part 3

COMPANY COMPETITORS

[REDACTED]

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Exhibit 4

MILESTONES

[REDACTED]

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Exhibit 5

[REDACTED]

Exhibit 6

[REDACTED]

Exhibit 7

[REDACTED]

Exhibit 8

[REDACTED]

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) SUCH TRANSACTION IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT AND THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OR (2) THE COMPANY IS PROVIDED WITH AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, STATING THAT SUCH TRANSACTION IS IN COMPLIANCE WITH EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE LAWS. NO TRANSFER OF ANY INTEREST IN THIS WARRANT OR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE EFFECTED WITHOUT FIRST SURRENDERING THIS WARRANT OR SUCH SECURITIES, AS THE CASE MAY BE, TO THE COMPANY OR ITS TRANSFER AGENT, IF ANY.

WARRANT TO PURCHASE COMMON STOCK OF BLUE BIRD CORPORATION

December 7, 2023

FOR VALUE RECEIVED, Blue Bird Corporation, a Delaware corporation (the "**Company**"), hereby certifies that GC Mobility Investments I, LLC, a Delaware limited liability company, or its registered assigns (the "**Holder**") is entitled to purchase up to 666,667 duly authorized, validly issued, fully paid, and nonassessable shares of Common Stock (the "**Warrant Shares**"), \$0.0001 par value per share, at a purchase price per share of \$25.00 (subject to adjustment as provided herein, the "**Exercise Price**"). This Warrant is also subject to the following terms conditions.

1. Exercise and Payment; Exchange.

(a) This Warrant may be exercised in whole or in part at any time from and after the date hereof (the "**Issue Date**") through 5:00 p.m., Eastern time, on the date that is five (5) years following the Issue Date (the "**Expiration Date**"), at which time this Warrant shall expire and become void, but if such date is a day on which federal or state chartered banking institutions located in the State of New York are authorized to close, then on the next succeeding day which shall not be such a day. Exercise shall be by presentation and surrender to the Company, or at the office of any transfer agent designated by the Company (the "**Transfer Agent**"), of (i) this Warrant, (ii) a properly executed exercise agreement in the form attached hereto as Exhibit A (the "**Exercise Agreement**"), and (iii) a certified or official bank check for the Exercise Price for the number of Warrant Shares specified in the Exercise Agreement. If this Warrant is exercised in part only, the Company or the Transfer Agent shall, upon surrender of the Warrant, execute and deliver a new Warrant evidencing the rights of the Holder to purchase the remaining number of Warrant Shares purchasable hereunder. Upon receipt by the Company of this Warrant, the properly executed Exercise Agreement, and payment as aforesaid, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then be actually delivered to the Holder. Under no circumstance shall the Company be required to make any cash payments or net cash settlement to the Holder in lieu of delivery of the Warrant Shares.

(b) The restrictions in Section 7 shall apply, to the extent applicable by their terms, to any exercise or exchange of this Warrant permitted by this Section 1.

2. Reservation of Shares. The Company shall, at all times until the expiration of this Warrant, reserve for issuance and delivery upon exercise of this Warrant the number of Warrant Shares which shall be required for issuance and delivery upon exercise of this Warrant.

3. Fractional Interests. The Company shall not issue any fractional shares or scrip representing fractional shares upon the exercise or exchange of this Warrant. With respect to any fraction

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of a share resulting from the exercise or exchange hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current fair market value per share of Common Stock, determined as follows:

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange, the current fair market value shall be the last reported sale price of the Common Stock on such exchange on the last business day prior to the date of exercise of this Warrant or if no such sale is made on such day, the mean of the closing bid and asked prices for such day on such exchange;

(b) If the Common Stock is not so listed or admitted to unlisted trading privileges on a national securities exchange, the current fair market value shall be the mean of the last bid and asked prices reported on the last business day prior to the date of the exercise of this Warrant by the OTC Markets Group, Inc.; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges on a national securities exchange and bid and asked prices are not so reported, the current fair market value shall be an amount, not less than book value, determined in such reasonable manner as may be prescribed by the Company in good faith.

4. No Rights as Shareholder. This Warrant shall not entitle the Holder to any rights as a shareholder of the Company, either at law or in equity. The rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

5. Adjustments in Number and Exercise Price of Warrant Shares.

(a) The number of shares of Common Stock for which this Warrant may be exercised and the Exercise Price therefor shall be subject to adjustment as follows:

(i) If the Company is recapitalized through the subdivision or combination of its outstanding shares of Common Stock into a larger or smaller number of shares, the number of Warrant Shares shall be increased or reduced, as of the record date for such recapitalization, in the same proportion as the increase or decrease in the outstanding shares of Common Stock, and the Exercise Price shall be adjusted so that the aggregate amount payable for the purchase of all of the Warrant Shares issuable hereunder immediately after the record date for such recapitalization shall equal the aggregate amount so payable immediately before such record date.

(ii) If the Company declares a dividend on Common Stock payable in Common Stock or securities convertible into Common Stock, the number of shares of Common Stock for which this Warrant may be exercised shall be increased as of the record date for determining which holders of Common Stock shall be entitled to receive such dividend, in proportion to the increase in the number of outstanding shares (and shares of Common Stock issuable upon conversion of all such securities convertible into Common Stock) of Common Stock as a result of such dividend, and the Exercise Price shall be adjusted so that the aggregate amount payable for the purchase of all the Warrant Shares issuable hereunder immediately after the record date for such dividend shall equal the aggregate amount so payable immediately before such record date.

(iii) If the Company distributes to holders of its Common Stock, other than as part of its dissolution or liquidation or the winding up of its affairs, any evidence of indebtedness or any of its assets (other than cash, Common Stock or securities convertible into Common Stock), the Company shall give written notice to the Holder of any such distribution at least fifteen (15) days prior to the proposed record date in order to permit the Holder to exercise this Warrant on or before the record date. There shall be no adjustment in the number of shares of Common Stock for which this Warrant may be exercised, or in the Exercise Price, by virtue of any such distribution.

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(iv) If the Company offers rights or warrants to the holders of Common Stock which entitle them to subscribe to or purchase additional Common Stock or securities convertible into Common Stock, the Company shall give written notice of any such proposed offering to the Holder at least fifteen (15) days prior to the proposed record date in order to permit the Holder to exercise this Warrant on or before such record date. There shall be no adjustment in the number of shares of Common Stock for which this Warrant may be exercised, or in the Exercise Price, by virtue of any such distribution.

(v) If the event, as a result of which an adjustment is made under sub-paragraph (i) or (ii) above, does not occur, then any adjustments in the Exercise Price or number of shares issuable that were made in accordance with such sub-paragraph (i) or (ii) shall be adjusted to the Exercise Price and number of shares as were in effect immediately prior to the record date for such event.

(b) In the event of any reorganization or reclassification of the outstanding shares of Common Stock (other than a change in par value or from no par value to par value, or from par value to no par value, or as a result of a subdivision or combination) or in the event of any consolidation or merger of the Company with another entity after which the Company is not the surviving entity, at any time prior to the expiration of this Warrant, upon subsequent exercise of this Warrant the Holder shall have the right to receive the same kind and number of shares of common stock and other securities, cash or other property as would have been distributed to the Holder upon such reorganization, reclassification, consolidation or merger had the Holder exercised this Warrant immediately prior to such reorganization, reclassification, consolidation or merger, appropriately adjusted for any subsequent event described in this Section 5. The Holder shall pay upon such exercise the Exercise Price that otherwise would have been payable pursuant to the terms of this Warrant. If any such reorganization, reclassification, consolidation or merger results in a cash distribution in excess of the then applicable Exercise Price, the Holder may, at the Holder's option, exercise this Warrant without making payment of the Exercise Price, and in such case the Company shall, upon distribution to the Holder, consider the Exercise Price to have been paid in full, and in making settlement to the Holder, shall deduct an amount equal to the Exercise Price from the amount payable to the Holder. In the event of any such reorganization, merger or consolidation, the corporation formed by such consolidation or merger or the corporation which shall have acquired the assets of the Company shall execute and deliver a supplement hereto to the foregoing effect, which supplement shall also provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Warrant.

(c) If the Company shall, at any time before the expiration of this Warrant, dissolve, liquidate or wind up its affairs, the Holder shall have the right to receive upon exercise of this Warrant, in lieu of the shares of Common Stock of the Company that the Holder otherwise would have been entitled to receive, the same kind and amount of assets as would have been issued, distributed or paid to the Holder upon any such dissolution, liquidation or winding up with respect to such Common Stock receivable upon exercise of this Warrant on the date for determining those entitled to receive any such distribution. If any such dissolution, liquidation or winding up results in any cash distribution in excess of the Exercise Price provided by this Warrant, the Holder may, at the Holder's option, exercise this Warrant without making payment of the Exercise Price and, in such case, the Company shall, upon distribution to the Holder,

consider the Exercise Price to have been paid in full and, in making settlement to the Holder, shall deduct an amount equal to the Exercise Price from the amount payable to the Holder.

6. Notices to Holder. So long as this Warrant shall be outstanding, if (a) the Company shall pay any dividends or make any distribution upon the Common Stock otherwise than in cash; (b) the Company shall offer generally to the holders of Common Stock the right to subscribe to or purchase any shares of any class of Common Stock or securities convertible into Common Stock or any similar rights; or (c) there shall be any capital reorganization of the Company in which the Company is not the surviving entity, recapitalization of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or other transfer of all or substantially all of the property and assets of the Company, or voluntary or involuntary dissolution, liquidation or winding up of

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the Company, then in such event, the Company shall cause to be mailed to the Holder, at least thirty (30) days prior to the relevant date described below (or such shorter period as is reasonably possible if thirty (30) days is not reasonably possible), a notice containing a description of the proposed action and stating the date or expected date on which a record of the Company's shareholders is to be taken for the purpose of any such dividend, distribution of rights, or such reclassification, reorganization, consolidation, merger, conveyance, lease or transfer, dissolution, liquidation or winding up is to take place and the date or expected date, if any is to be fixed, as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such event.

7. Transfer, Exercise, Exchange, Assignment or Loss of Warrant, Warrant Shares or Other Securities.

(a) This Warrant may be transferred, exercised, exchanged or assigned ("**transferred**"), in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities ("**Other Securities**") received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Securities Act of 1933, as amended (the "**Securities Act**"), unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel satisfactory to the Company, which may be counsel to the Company, that this Warrant, the Warrant Shares or Other Securities may be transferred without such registration. This Warrant and the Warrant Shares or Other Securities may also be subject to restrictions on transferability under applicable state securities or blue sky laws. Until this Warrant and the Warrant Shares or Other Securities are registered under the Securities Act, the Holder shall reimburse the Company for its expenses, including attorneys' fees, incurred in connection with any transfer or assignment, in whole or in part, of this Warrant or any Warrant Shares or Other Securities.

(b) Until this Warrant, the Warrant Shares or other Securities are registered under the Securities Act, the Company may require, as a condition of transfer of this Warrant, the Warrant Shares, or Other Securities, that the transferee (who may be the Holder in the case of an exercise or exchange) represent that such transferee is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act and that the securities being transferred are being acquired for investment purposes and for the transferee's own account and not with a view to or for sale in connection with any distribution of the security.

(c) Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be cancelled.

(d) Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonable satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, any such lost, stolen or destroyed Warrant thereupon shall become void.

8. Representations and Warranties of the Holder. The Holder hereby represents and warrants to the Company with respect to the issuance of the Warrant as follows:

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(a) Experience. The Holder has substantial experience in evaluating and investing in securities in companies similar to the Company so that such Holder is capable of evaluating the merits and risks of such Holder's investment in the Company and has the capacity to protect such Holder's own interests.

(b) Investment. The Holder is acquiring this Warrant (and the Warrant Shares issuable upon exercise of this Warrant) for investment for such Holder's own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Holder understands that this Warrant (and the Warrant Shares issuable upon exercise of the Warrant) have not been, and will not be, registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of such Holder's representations as expressed herein.

(c) Held Indefinitely. The Holder acknowledges that this Warrant (and the Warrant Shares issuable upon exercise of this Warrant) must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available.

(d) Accredited Holder. The Holder is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act.

(e) Legends. The Holder understands and acknowledges that the certificate(s) evidencing the securities issued by the Company will be imprinted with a restrictive legend as referenced in Section 7.1 above.

(f) Access to Data. The Holder has had an opportunity to discuss the Company's business, management, and financial affairs with the Company's management and the opportunity to review the Company's facilities and business plans. The Holder has also had an opportunity to ask questions of officers of the Company, which questions were answered to its satisfaction.

9. Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing, and must in all cases be sent by e-mail in addition to any other means sent, and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9).

If to the Company:

Blue Bird Corporation
3920 Arkwright Road, 2nd Floor
Macon, Georgia 31210

Email: Ted.Scartz@blue-bird.com
Attention: Ted Scartz, General Counsel

with a copy to:

Kilpatrick Townsend & Stockton LLP
1100 Peachtree Street NE, Suite 2800
Atlanta, Georgia 30309-4528

Email: bbarkley@ktslaw.com
Attention: Ben Barkley

If to the Holder:

c/o Generate Capital, PBC
560 Davis Street
San Francisco, CA 94111

Email: notices@generatecapital.com
Attention: CIO, Infrastructure

with a copy to:

Allen & Overy LLP
1221 Avenue of the Americas
New York, NY 10020

with a copy to:

Email: Jillian.Ashley@AllenOvery.com
Attention: Jillian Ashley

c/o Generate Capital, PBC
560 Davis Street
San Francisco, CA 94111
Attention: General Counsel

10. Amendment. Any provision of this Warrant may be amended or the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the mutual written consent of the Company and the Holder.

11. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware.

[Signature page follows.]

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IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BLUE BIRD
CORPORATION

By: /s/ Phil
Horlock
Name: Phil
Horlock
Title: CEO
/s/ Philip Horlock

Dated:

August 9, 2023

[Signature Page to Warrant Agreement]

Accepted and Agreed,

GC Mobility Investments I, LLC

By: /s/ Scott Gosselink

Name: Scott Gosselink

Title: Manager

[Signature Page to Warrant Agreement]

Exhibit A

Form Exercise Agreement

[insert date]

To Whom It May Concern:

(1) The undersigned hereby elects to purchase _____ shares of Common Stock of Blue Bird Corporation (the "**Company**") pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned:

(Name)

(Address)

(3) The undersigned represents that: (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; The undersigned is an "accredited investor," as that term is defined under the Securities Act of 1933, as amended (the "**Securities Act**") and Rule 501 of Regulation D thereunder; (iv) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (v) the undersigned understands that the shares of Common Stock issuable upon exercise of this Warrant have not been registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (vi) the undersigned is aware that the aforesaid shares of Common Stock may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; and (vii) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of Common Stock unless and until there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, or the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

Philip
Horlock

Chief Executive Officer

Dated:

August 9, 2023

/s/ Razvan Radulescu

[Signature Block]

By: _____

Name:

Title:

Razvan Radulescu

Chief Financial Officer

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THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) SUCH TRANSACTION IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT AND THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OR (2) THE COMPANY IS PROVIDED WITH AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, STATING THAT SUCH TRANSACTION IS IN COMPLIANCE WITH EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE LAWS. NO TRANSFER OF ANY INTEREST IN THIS WARRANT OR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE EFFECTED WITHOUT FIRST SURRENDERING THIS WARRANT OR SUCH SECURITIES, AS THE CASE MAY BE, TO THE COMPANY OR ITS TRANSFER AGENT, IF ANY.

WARRANT TO PURCHASE COMMON STOCK OF BLUE BIRD CORPORATION

December 7, 2023

FOR VALUE RECEIVED, Blue Bird Corporation, a Delaware corporation (the "**Company**"), hereby certifies that GC Mobility Investments I, LLC, a Delaware limited liability company, or its registered assigns (the "**Holder**") is entitled to purchase up to 333,333 duly authorized, validly issued, fully paid, and nonassessable shares of Common Stock (the "**Warrant Shares**"), \$0.0001 par value per share, at a purchase price per share of \$25.00 (subject to adjustment as provided herein, the "**Exercise Price**"). This Warrant is also subject to the following terms conditions.

Reference is made to the Limited Liability Company Agreement of Clean Bus Solutions, LLC (the "**JV**"), dated on or about the date hereof, by and among the JV, Blue Bird Body Company and the Holder (the "**JV LLCA**"). Capitalized terms used but not defined herein have the meanings given to such terms in the JV LLCA.

1. Exercise and Payment; Exchange.

(a) This Warrant may be exercised in whole or in part at any time from and after the date of the first funding of Capital Contributions by the Holder to the JV from and after the Additional Contributions Effective Date (the "**Contribution Date**") through 5:00 p.m., Eastern time, on the date that is five (5) years following the Contribution Date (the "**Expiration Date**"), at which time this Warrant shall expire and become void, but if such date is a day on which federal or state chartered banking institutions located in the State of New York are authorized to close, then on the next succeeding day which shall not be such a day. If the Contribution Date has not occurred by the date which is 180 days after the Additional Contributions Effective Date, this Warrant shall expire and become void on such date. Exercise shall be by presentation and surrender to the Company, or at the office of any transfer agent designated by the Company (the "**Transfer Agent**"), of (i) this Warrant, (ii) a properly executed exercise agreement in the form attached hereto as Exhibit A (the "**Exercise Agreement**"), and (iii) a certified or official bank check for the Exercise Price for the number of Warrant Shares specified in the Exercise Agreement. If this Warrant is exercised in part only, the Company or the Transfer Agent shall, upon surrender of the Warrant, execute and deliver a new Warrant evidencing the rights of the Holder to purchase the remaining number of Warrant Shares purchasable hereunder. Upon receipt by the Company of this Warrant, the properly executed Exercise Agreement, and payment as aforesaid, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then be actually delivered to the Holder. Under no circumstance shall the Company be required to make any cash payments or net cash settlement to the Holder in lieu of delivery of the Warrant Shares.

(b) The restrictions in Section 7 shall apply, to the extent applicable by their terms, to any exercise or exchange of this Warrant permitted by this Section 1.

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2. **Reservation of Shares.** The Company shall, at all times until the expiration of this Warrant, reserve for issuance and delivery upon exercise of this Warrant the number of Warrant Shares which shall be required for issuance and delivery upon exercise of this Warrant.

3. **Fractional Interests.** The Company shall not issue any fractional shares or scrip representing fractional shares upon the exercise or exchange of this Warrant. With respect to any fraction of a share resulting from the exercise or exchange hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current fair market value per share of Common Stock, determined as follows:

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange, the current fair market value shall be the last reported sale price of the Common Stock on such exchange on the last business day prior to the date of exercise of this Warrant or if no such sale is made on such day, the mean of the closing bid and asked prices for such day on such exchange;

(b) If the Common Stock is not so listed or admitted to unlisted trading privileges on a national securities exchange, the current fair market value shall be the mean of the last bid and asked prices reported on the last business day prior to the date of the exercise of this Warrant by the OTC Markets Group, Inc.; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges on a national securities exchange and bid and asked prices are not so reported, the current fair market value shall be an amount, not less than book value, determined in such reasonable manner as may be prescribed by the Company in good faith.

4. **No Rights as Shareholder.** This Warrant shall not entitle the Holder to any rights as a shareholder of the Company, either at law or in equity. The rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

5. **Adjustments in Number and Exercise Price of Warrant Shares.**

(a) The number of shares of Common Stock for which this Warrant may be exercised and the Exercise Price therefor shall be subject to adjustment as follows:

(i) If the Company is recapitalized through the subdivision or combination of its outstanding shares of Common Stock into a larger or smaller number of shares, the number of Warrant Shares shall be increased or reduced, as of the record date for such recapitalization, in the same proportion as the increase or decrease in the outstanding shares of Common Stock, and the Exercise Price shall be adjusted so that the aggregate amount payable for the purchase of all of the Warrant Shares issuable hereunder immediately after the record date for such recapitalization shall equal the aggregate amount so payable immediately before such record date.

(ii) If the Company declares a dividend on Common Stock payable in Common Stock or securities convertible into Common Stock, the number of shares of Common Stock for which this Warrant may be exercised shall be increased as of the record date for determining which holders of Common Stock shall be entitled to receive such dividend, in proportion to the increase in the number of outstanding shares (and shares of Common Stock issuable upon conversion of all such securities convertible into Common Stock) of Common Stock as a result of such dividend, and the Exercise Price shall be adjusted so that the aggregate amount payable for the purchase of all the Warrant Shares issuable hereunder immediately after the record date for such dividend shall equal the aggregate amount so payable immediately before such record date.

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(iii) If the Company distributes to holders of its Common Stock, other than as part of its dissolution or liquidation or the winding up of its affairs, any evidence of indebtedness or any of its assets (other than cash, Common Stock or securities convertible into Common Stock), the Company shall give written notice to the Holder of any such distribution at least fifteen (15) days prior to the proposed record date in order to permit the Holder to exercise this Warrant on or before the record date. There shall be no adjustment in the number of shares of Common Stock for which this Warrant may be exercised, or in the Exercise Price, by virtue of any such distribution.

(iv) If the Company offers rights or warrants to the holders of Common Stock which entitle them to subscribe to or purchase additional Common Stock or securities convertible into Common Stock, the Company shall give written notice of any such proposed offering to the Holder at least fifteen (15) days prior to the proposed record date in order to permit the Holder to exercise this Warrant on or before such record date. There shall be no adjustment in the number of shares of Common Stock for which this Warrant may be exercised, or in the Exercise Price, by virtue of any such distribution.

(v) If the event, as a result of which an adjustment is made under sub-paragraph (i) or (ii) above, does not occur, then any adjustments in the Exercise Price or number of shares issuable that were made in accordance with such sub-paragraph (i) or (ii) shall be adjusted to the Exercise Price and number of shares as were in effect immediately prior to the record date for such event.

(b) In the event of any reorganization or reclassification of the outstanding shares of Common Stock (other than a change in par value or from no par value to par value, or from par value to no par value, or as a result of a subdivision or combination) or in the event of any consolidation or merger of the Company with another entity after which the Company is not the surviving entity, at any time prior to the expiration of this Warrant, upon subsequent exercise of this Warrant the Holder shall have the right to receive the same kind and number of shares of common stock and other securities, cash or other property as would have been distributed to the Holder upon such reorganization, reclassification, consolidation or merger had the Holder exercised this Warrant immediately prior to such reorganization, reclassification, consolidation or merger, appropriately adjusted for any subsequent event described in this Section 5. The Holder shall pay upon such exercise the Exercise Price that otherwise would have been payable pursuant to the terms of this Warrant. If any such reorganization, reclassification, consolidation or merger results in a cash distribution in excess of the then applicable Exercise Price, the Holder may, at the Holder's option, exercise this Warrant without making payment of the Exercise Price, and in such case the Company shall, upon distribution to the Holder, consider the Exercise Price to have been paid in full, and in making settlement to the Holder, shall deduct an amount equal to the Exercise Price from the amount payable to the Holder. In the event of any such reorganization, merger or consolidation, the corporation formed by such consolidation or merger or the corporation which shall have acquired the assets of the Company shall execute and deliver a supplement hereto to the foregoing effect, which supplement shall also provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Warrant.

(c) If the Company shall, at any time before the expiration of this Warrant, dissolve, liquidate or wind up its affairs, the Holder shall have the right to receive upon exercise of this Warrant, in lieu of the shares of Common Stock of the Company that the Holder otherwise would have been entitled to receive, the same kind and amount of assets as would have been issued, distributed or paid to the Holder upon any such dissolution, liquidation or winding up with respect to such Common Stock receivable upon exercise of this Warrant on the date for determining those entitled to receive any such distribution. If any such dissolution, liquidation or winding up results in any cash distribution in excess of the Exercise Price provided by this Warrant, the Holder may, at the Holder's option, exercise this Warrant without making payment of the Exercise Price and, in such case, the Company shall, upon distribution to the Holder, consider the Exercise Price to have been paid in full and, in making settlement to the Holder, shall deduct an amount equal to the Exercise Price from the amount payable to the Holder.

6. Notices to Holder. So long as this Warrant shall be outstanding, if (a) the Company shall pay any dividends or make any distribution upon the Common Stock otherwise than in cash; (b) the Company shall offer generally to the holders of Common Stock the right to subscribe to or purchase any shares of any class of Common Stock or securities convertible into Common Stock or any similar rights; or (c) there shall be any capital reorganization of the Company in which the Company is not the surviving entity, recapitalization of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or other transfer of all or substantially all of the property and assets of the Company, or voluntary or involuntary dissolution, liquidation or winding up of the Company, then in such event, the Company shall cause to be mailed to the Holder, at least thirty (30) days prior to the relevant date described below (or such shorter period as is reasonably possible if thirty (30) days is not reasonably possible), a notice containing a description of the proposed action and stating the date or expected date on which a record of the Company's shareholders is to be taken for the purpose of any such dividend, distribution of rights, or such reclassification, reorganization, consolidation, merger, conveyance, lease or transfer, dissolution, liquidation or winding up is to take place and the date or expected

date, if any is to be fixed, as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such event.

7. Transfer, Exercise, Exchange, Assignment or Loss of Warrant, Warrant Shares or Other Securities.

(a) This Warrant may be transferred, exercised, exchanged or assigned ("**transferred**"), in whole or in part, subject to the following restrictions. This Warrant and the Warrant Shares or any other securities ("**Other Securities**") received upon exercise of this Warrant shall be subject to restrictions on transferability until registered under the Securities Act of 1933, as amended (the "**Securities Act**"), unless an exemption from registration is available. Until this Warrant and the Warrant Shares or Other Securities are so registered, this Warrant and any certificate for Warrant Shares or Other Securities issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant the Warrant Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel satisfactory to the Company, which may be counsel to the Company, that this Warrant, the Warrant Shares or Other Securities may be transferred without such registration. This Warrant and the Warrant Shares or Other Securities may also be subject to restrictions on transferability under applicable state securities or blue sky laws. Until this Warrant and the Warrant Shares or Other Securities are registered under the Securities Act, the Holder shall reimburse the Company for its expenses, including attorneys' fees, incurred in connection with any transfer or assignment, in whole or in part, of this Warrant or any Warrant Shares or Other Securities.

(b) Until this Warrant, the Warrant Shares or other Securities are registered under the Securities Act, the Company may require, as a condition of transfer of this Warrant, the Warrant Shares, or Other Securities, that the transferee (who may be the Holder in the case of an exercise or exchange) represent that such transferee is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act and that the securities being transferred are being acquired for investment purposes and for the transferee's own account and not with a view to or for sale in connection with any distribution of the security.

(c) Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or Transfer Agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be cancelled.

(d) Upon receipt by the Company of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of reasonable satisfactory indemnification, or, in the case of mutilation, upon surrender of this

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Warrant, the Company will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant of like tenor and date, any such lost, stolen or destroyed Warrant thereupon shall become void.

8. Representations and Warranties of the Holder. The Holder hereby represents and warrants to the Company with respect to the issuance of the Warrant as follows:

(a) **Experience.** The Holder has substantial experience in evaluating and investing in securities in companies similar to the Company so that such Holder is capable of evaluating the merits and risks of such Holder's investment in the Company and has the capacity to protect such Holder's own interests.

(b) **Investment.** The Holder is acquiring this Warrant (and the Warrant Shares issuable upon exercise of this Warrant) for investment for such Holder's own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Holder understands that this Warrant (and the Warrant Shares issuable upon exercise of the Warrant) have not been, and will not be, registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of such Holder's representations as expressed herein.

(c) **Held Indefinitely.** The Holder acknowledges that this Warrant (and the Warrant Shares issuable upon exercise of this Warrant) must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available.

(d) **Accredited Holder.** The Holder is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act.

(e) Legends. The Holder understands and acknowledges that the certificate(s) evidencing the securities issued by the Company will be imprinted with a restrictive legend as referenced in Section 7.1 above.

(f) Access to Data. The Holder has had an opportunity to discuss the Company's business, management, and financial affairs with the Company's management and the opportunity to review the Company's facilities and business plans. The Holder has also had an opportunity to ask questions of officers of the Company, which questions were answered to its satisfaction.

9. Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing, and must in all cases be sent by e-mail in addition to any other means sent, and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9).

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If to the Company:

Blue Bird Corporation
3920 Arkwright Road, 2nd Floor
Macon, Georgia 31210

Email: Ted.Scartz@blue-bird.com
Attention: Ted Scartz, General Counsel

with a copy to:

Kilpatrick Townsend & Stockton LLP
1100 Peachtree Street NE, Suite 2800
Atlanta, Georgia 30309-4528

Email: bbarkley@ktslaw.com
Attention: Ben Barkley

If to the Holder:

c/o Generate Capital, PBC
560 Davis Street
San Francisco, CA 94111

Email: notices@generatecapital.com
Attention: CIO, Infrastructure

with a copy to:

Allen & Overy LLP
1221 Avenue of the Americas
New York, NY 10020

with a copy to:

Email: Jillian.Ashley@AllenOvery.com
Attention: Jillian Ashley

c/o Generate Capital, PBC
560 Davis Street
San Francisco, CA 94111
Attention: General Counsel

10. Amendment. Any provision of this Warrant may be amended or the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the mutual written consent of the Company and the Holder.

11. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware.

[Signature page follows.]

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IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BLUE BIRD CORPORATION

By: /s/ Phil Horlock

Name: Phil Horlock

Title: CEO

[Signature Page to Warrant Agreement]

Accepted and Agreed,

GC Mobility Investments I, LLC

By: /s/ Scott Gosselink

Name: Scott Gosselink

Title: Manager

[Signature Page to Warrant Agreement]

Exhibit A

Form Exercise Agreement

[insert date]

To Whom It May Concern:

(1) The undersigned hereby elects to purchase _____ shares of Common Stock of Blue Bird Corporation (the "**Company**") pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned:

(Name)

(Address)

(3) The undersigned represents that: (i) the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; The undersigned is an "accredited investor," as that term is defined under the Securities Act of 1933, as amended (the "**Securities Act**") and Rule 501 of Regulation D thereunder; (iv) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (v) the undersigned understands that the shares of Common Stock issuable upon exercise of this Warrant have not been registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (vi) the undersigned is aware that the aforesaid shares of Common Stock may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; and (vii) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of Common Stock unless and until there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, or the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

[Signature Block]

By: _____

Name:

Title:

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Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Philip Horlock, the Chief Executive Officer of Blue Bird Corporation (the "registrant"), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Blue Bird Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 9, 2023 February 7, 2024 /s/ Philip Horlock

Philip Horlock
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Razvan Radulescu, the Chief Financial Officer of Blue Bird Corporation (the "registrant"), certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Blue Bird Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 9, 2023 February 7, 2024 /s/ Razvan Radulescu

Razvan Radulescu
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Blue Bird Corporation (the "**Company**") on Form 10-Q for the quarterly period ended **July 1, 2023** **December 30, 2023**, as filed with the United States Securities and Exchange Commission on the date hereof (the "**Report**"), the undersigned, Philip Horlock, Chief Executive Officer of the Company, and Razvan Radulescu, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **August 9, 2023** **February 7,**
2024 /s/ Philip Horlock

Philip Horlock
Chief Executive Officer

Dated: **August 9, 2023** **February 7,**
2024 /s/ Razvan Radulescu

Razvan Radulescu
Chief Financial Officer

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