

Letter to Unitholders

Overview

Our business fundamentals remain sound and Adjusted EBITDA of \$524 million was supported by the ongoing performance of our larger operations. While we encountered a few isolated challenges during the quarter, they are manageable within the context of our overall business and we are continuing to build value within our operations.

With inflationary pressures abating and interest rates expected to come down, liquidity remains robust for high-quality businesses such as the ones we own. We have continued to take advantage of strong debt markets over the past few months, refinancing more than \$11 billion of borrowings and reducing the spread on the cost of these borrowings by an average of 50 basis points. Going forward this should reduce annual interest expense at our operations by over \$50 million, or approximately \$15 million at our share. As base rates decline from current levels our interest expense should come down further over time.

Global Transaction Activity: A Tale of Two Cities

Much has been made of the slowdown in private market transactions over the past few years amidst the impact of relatively higher rates and more challenging financing markets. To put this in perspective, last year global private market transaction activity declined more than 60% from the peak in 2021. However, this does not tell the full story, which in our view is increasingly a tale of two cities. Lower quality businesses that have historically relied on low-cost leverage to support their growth may be more difficult to sell today. On the other hand, great businesses continue to be sought after by investors in nearly all environments or all parts of an economic cycle.

Against this backdrop we have had good success monetizing businesses. Over the past 18 months we have either sold or reached agreements to sell 10 businesses for approximately \$3 billion of total proceeds, at our share.

Most of our returns have been achieved by buying good businesses on a value basis, improving their operations and prudently recycling capital to optimize value and support our growth. This takes time but allows us to compound value and generate reasonable risk adjusted returns over a long period of time. While we do not depend on multiple expansion at exit, we do benefit from the additional upside if it occurs since through the execution of our value creation plans we are generally selling a much improved and better-quality business than we acquired.

Our objective no matter when we sell a business is to maximize value. In some cases, we are able to implement improvements and build considerable value in a relatively short time period which may provide opportunities to generate proceeds sooner than expected. For example, last year we sold a portion of our interest in our technology services operation after achieving substantial immediate progress growing the business and improving its margins. While we had only owned it for just over two years, the business was valued at four times our original investment. As such, the sale of our interest enabled us to significantly de-risk our remaining investment and continue to participate in further upside alongside a partner.

In other cases, the repositioning of a business may take more time. This past quarter we closed the sale of our Canadian aggregates production operation, a business we have held since 2016. In 2021, during a difficult market environment we took a longer-term view and doubled down for an eventual sale in a more optimal market

environment. As it played out, the business' competitive position meaningfully improved which gave us the impetus to launch the sale process that ultimately generated interest from several strategics, enabling us to crystalize an attractive multiple of over 2.5x on the investment and an IRR of approximately 14%.

Selling all or a portion of our interest in a business may not always be the best path to maximizing value. Many of our operations generate stable and predictable cash flows and holding them for longer may be the best means to continue compounding value.

In some instances, as the earnings of these operations increase we may also be able to prudently increase debt as a viable option to fund distributions. For example, we could have sold our entertainment operation at any point over the past few years. Instead, we saw a trajectory of strong earnings growth and chose to responsibly re-lever the business with an appropriate level of debt by completing a \$450 million upfinancing which funded a dividend of approximately \$60 million at our share. Combined with proceeds received to date, we have already realized a multiple in excess of 20x our original investment.

Since becoming a public company, we have monetized 20 businesses, realizing a 3x multiple on our capital and an IRR of approximately 30%. We generated approximately \$6 billion in proceeds from these businesses and reinvested that capital to acquire larger, more resilient operations. Today, we own businesses of exceptional quality and are building value in our operations as we advance our improvement plans. This should create opportunities for us to generate meaningful proceeds from our next phase of monetizations.

Balance Sheet and Liquidity

Our balance sheet remains well capitalized with no meaningful maturities over the next 12 months. Approximately 70% of our borrowings are either fixed or naturally hedged, with an average term of approximately six years. Our corporate liquidity at the end of the quarter was approximately \$1.6 billion and we have an additional \$7 billion of available liquidity within our operations which provides further flexibility to support growth.

Our continued strong access to capital enabled us to complete several key initiatives to opportunistically manage our maturities and reduce our overall financing costs during the quarter. These initiatives included:

- Repricing a \$3.6 billion USD term loan at our dealer software and technology services operation, reducing the spread on the cost of debt by 75 basis points.
- Repricing a \$2.7 billion USD term loan at our advanced energy storage operation, reducing the spread on the cost of debt by 50 basis points.
- Refinancing a \$1.2 billion EUR term loan at our advanced energy storage operation, reducing the spread on the cost of debt by 25 basis points and extended the maturity by five years.
- Repricing a \$2.1 billion USD term loan at our lottery services operation, reducing the spread on the cost of debt by 25 basis points.
- Repricing a \$1.9 billion EUR term loan at our modular building services operation, reducing the spread on the debt by 25 basis points.

Operating Results

Adjusted EBITDA for the quarter was \$524 million compared to \$606 million in the prior year. Improved performance at our larger operations was more than offset by increased costs on a project nearing completion at our construction operation and the one-time impact of a cybersecurity incident at our dealer software and technology services operation.

Business Services

Our Business Services segment generated second quarter Adjusted EBITDA of \$182 million. Reduced contribution at our dealer software and technology services operation was partially offset by ongoing strong performance at our residential mortgage insurer.

In June, after our dealer software and technology services operation detected unauthorized cyber activity on its network, it proactively shut down its systems and notified the appropriate authorities. With the support of third-party experts, the business has brought all its customers back onto its core dealer management system and restored third-party software connections. The business has remained highly focused on being a best-in-class partner to its customers by putting its dealers first, offering tools to support alternative ways to conduct business during the service outage and providing one-time billing credits to those affected by the disruption.

Our residential mortgage insurer is performing well. The Canadian housing market has remained resilient supported by increasing activity levels and stable overall home prices. We expect that the Bank of Canada's decision in June to begin lowering its benchmark interest rate will contribute to improved affordability and support higher levels of housing activity. Losses on claims remain low and the business continues to generate consistently strong levels of cash flow. During the quarter the business paid distributions of \$125 million, of which our share was approximately \$50 million.

The majority of projects underway at our construction operation are performing well, however overall results were impacted by additional costs primarily on one project nearing completion in Australia. The business is focused on completing the project later this year and mitigating the impacts of additional cost escalation. The bidding environment for social infrastructure projects is improving which could support increased backlog visibility and profitability in the business.

Industrials

Our Industrials segment generated second quarter Adjusted EBITDA of \$213 million supported by strong performance at our advanced energy storage operation.

As the global leader in low-voltage batteries for all vehicles, performance of our advanced energy storage operation continues to increase driven by the growing demand of higher margin advanced batteries and the benefit of ongoing optimization initiatives. The business' global market share for low-voltage batteries is over 30% today and its share of higher margin advanced battery technologies is even greater. It is now partnering with original equipment manufacturers to provide battery solutions on close to 200 electric vehicle platforms to support the growing power requirements of its customers. Over the past 12 months the business generated approximately \$700 million of free cash flow after interest, taxes, maintenance capex and growth reinvestment. This represents a cash yield of over 20% on our equity investment and we have chosen to use this cash to pay down debt and further deleverage the balance sheet. We are now focused on progressing options for the business to generate proceeds for us.

Our engineered components manufacturer is executing well despite the impact of weaker industry conditions. The business' highly variable cost structure, product diversification and global footprint is contributing to performance in the current environment. Ongoing productivity enhancements in the business should support improved profitability when volumes recover.

Infrastructure Services

Our Infrastructure Services segment generated second quarter Adjusted EBITDA of \$157 million. Results in the quarter reflect the impact of the sale of our nuclear technology services operation which was completed late last year.

We are making good progress on the repositioning of our offshore oil services operation. Earlier this year, the business sold its non-core towage operations with proceeds largely used to pay down debt as it continues to strengthen its capital structure. The business is benefiting from higher rates on the re-contracting of its shuttle tanker fleet for customers looking to secure transportation for new offshore field development projects on the back of improving industry sentiment. While the Floating Production Storage and Offloading (FPSO) operations have historically been the more challenged part of the business, last year the business finalized agreements for the long-term deployment of two FPSO vessels onto new field developments with customers in both cases funding the incremental capital required to refurbish the vessels. The first of these vessel redeployments should be operational next year and begin contributing incremental cash flow to the business.

Our lottery services operation is accelerating optimization initiatives focused on cost reduction and manufacturing rationalization which are supporting resilient margin performance. We are continuing to help scale the business' digital capabilities and the ramp-up of several recent commercial wins including the new digital lottery services offering in the U.K., which should contribute to a higher run-rate level of earnings.

Strong demand for value added products and services is supporting performance at our modular building leasing services operation. Utilization of our units is mixed as conditions in the U.K. continue to be soft which is being offset by more resilient performance in Germany and Asia Pacific. We recently appointed a new CEO of the business who was previously instrumental in executing our value creation plans at our nuclear services operation which we sold last year.

Closing

Most of our larger operations are meeting expectations through the first half of the year. We have more work to do as we address a few of the challenges that impacted our results this quarter, but we are confident in both the quality of our operations and our ability to continue building long-term growth in intrinsic value. Liquidity has come back to the capital markets for good businesses, and we stand to benefit meaningfully as interest rates decline and investor confidence increases.

Thank you for your continued interest in our business and your ongoing support. We look forward to speaking with you all at our upcoming Investor Day in September. In the interim, please contact any one of us should you have questions, ideas or comments you wish to share as partners in our business.

Sincerely,



Anuj Ranjan
Chief Executive Officer



Cyrus Madon
Executive Chairman

August 2, 2024

Cautionary Statement Regarding Forward-looking Statements and Information

Note: This letter to unitholders contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of applicable Canadian and U.S. securities laws. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Brookfield Business Partners, as well as regarding recently completed and proposed acquisitions, dispositions and other transactions, and the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “seeks”, “intends”, “targets”, “projects”, “forecasts”, “views”, “potential”, “likely” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, investors and other readers should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield Business Partners to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations and our plans and strategies may vary materially from those expressed in the forward-looking statements and forward-looking information herein.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the cyclical nature of our operating businesses and general economic conditions and risks relating to the economy, including unfavorable changes in interest rates, foreign exchange rates, inflation and volatility in the financial markets; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including our ability to complete dispositions and achieve the anticipated benefits therefrom; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; ability to collect amounts owed; our reliance on computerized business systems, which could expose us to cyber-attacks; catastrophic events, such as earthquakes, hurricanes and pandemics/epidemics; cybersecurity incidents; the possible impact of international conflicts, wars and related developments including terrorist acts and cyber terrorism; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States including those set forth in the “Risk Factors” section in our annual report for the year ended December 31, 2023 filed on Form 20-F.

Statements relating to “reserves” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described herein can be profitably produced in the future. We qualify any and all of our forward-looking statements by these cautionary factors.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

Cautionary Statement Regarding the Use of a Non-IFRS Measure

This letter to unitholders contains references to a Non-IFRS measure. Adjusted EBITDA is not a generally accepted accounting measure under IFRS and therefore may differ from definitions used by other entities. We believe this is a useful supplemental measure that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. However, Adjusted EBITDA should not be considered in isolation from, or as substitute for, analysis of our financial statements prepared in accordance with IFRS.

References to Brookfield Business Partners are to Brookfield Business Partners L.P. together with its subsidiaries, controlled affiliates and operating entities. Unitholders’ results include limited partnership units, redemption-exchange units, general partnership units, BBUC exchangeable shares and special limited partnership units. More detailed information on certain references made in this letter to unitholders will be available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our interim report for the second quarter ended June 30, 2024 furnished on Form 6-K.