

Letter to Unitholders

Overview

Our business had a strong start to the year. First quarter Adjusted EBITDA increased to approximately \$620 million driven by the benefit of recently acquired businesses and progress achieved on value creation initiatives. We also continue to advance our capital recycling program, generating over \$230 million of proceeds from distributions and monetizations during the quarter while progressing the sale of Westinghouse which is expected to close in the third quarter.

Proceeds from future asset sales will substantially reduce borrowings at the corporate level later this year, which will improve our cash flow generation in the second half.

Despite a volatile and uncertain operating environment, our business maintained strong performance. Most of our operations comprise market-leading providers of essential products and services that consumers and businesses require on a non-discretionary basis. This resilience underpins the earnings and cash flow we generate today.

Market Cycles Come and Go

While markets are always unpredictable, we had a particularly eventful start to the year. The good news is governments and regulators are taking action to contain the impacts of recent U.S. regional banking issues and maintain confidence in the health of the broader financial system. Inflation also appears to have peaked, and interest rates may soon follow.

Global capital markets are reopening and banks are selectively lending for buyout activity again. Bond yields in the U.S. have tightened from peak levels in March and recent bond issuance activity has increased to the highest levels since late 2021. European credit markets are experiencing a similar, albeit slower recovery in new issuance activity and a tightening of bond spreads.

A clear preference for quality credits has emerged with investors gravitating to higher-quality issuers that can withstand the impacts of increased interest rates and slower economic growth. This favors the types of businesses we own. The market price of debt at our largest operations including Clarios, Scientific Games and CDK Global is trading at or near par. We have also been able to readily refinance existing borrowings or issue new debt to extend existing maturities at favorable terms. For example, last month Clarios sought to refinance \$1.5 billion of its debt in order to extend its maturities through 2030. Not only was it successful in doing so, the exceptional demand for its debt enabled us to upsize its offering to \$3.5 billion at an overall cost of approximately 7%, resulting in virtually no increase to its overall cost of borrowings.

In the alternative, if any of the debt of our companies trades off, we are opportunistically buying it back as an effective means to deleverage our operations.

Through all this, our approach to financial risk management has continued to serve us well. Nearly all our larger-scale operations are financed with long-dated maturities that have limited or no financial maintenance covenants and no recourse back to BBU or across other operations. This provides us flexibility to manage maturities and refinancings.

Private credit markets are playing an increasingly meaningful role where acquisition financings with strong credit stories are finding sufficient demand, but at a higher cost. This simply means that buyers of businesses will need to pay less to generate similar targeted returns. Our value approach is particularly well suited to the current environment and we will be patient as seller valuation expectations continue to reset.

Capital Recycling in Motion

Our strategy is simple: buy great businesses for reasonable value and take a hands-on approach to improve the operations of the businesses we own. We fund our growth, in part, through our capital recycling initiatives including ongoing distributions from operations and the sale of our business interests at the right time.

It often takes several years for us to implement improvements, reposition operations and build value in our businesses. This means that all else being equal, in the short term, the earnings and cash flows of businesses we buy are usually lower than those of more mature businesses we sell.

To put this in context, we recently reached an agreement to sell Westinghouse, our nuclear technology services provider, for a total enterprise value of approximately \$8 billion. Our share of net proceeds from the sale of our 44% interest in the business funded the acquisition of three great businesses last year – Scientific Games, our lottery services operation, CDK Global, our dealer software and technology services operation, and La Trobe, our Australian residential mortgage lender.

Over the next few years we expect to drive improvements to these businesses which should nearly double the share of free cash flow we are giving up from the sale of Westinghouse.

In the near term, proceeds from the Westinghouse sale will repay the financial obligations we assumed to bridge the funding of our substantial acquisition activity last year which will enhance our free cash generation.

Liquidity and Capital Position

We ended the quarter with total available liquidity of approximately \$9 billion of which \$1.6 billion is available at the corporate level.

During the quarter we generated approximately \$195 million of net proceeds from the sale of public securities and a smaller business. We initially acquired most of these public securities at significant discounts to intrinsic value during the market downturn in early 2020. Since then, the sale of these investments has crystalized over \$300 million of liquidity for our business.

Operating Performance

Adjusted EBITDA increased by 25% over the prior year and the quarterly Adjusted EBITDA margin of our operations increased to 19% supported by higher-quality earnings and continued progress achieved on our business improvement plans.

Industrials

Our Industrials segment generated first quarter Adjusted EBITDA of \$219 million.

Improved performance at our advanced energy storage operation during the quarter was driven by higher overall battery volumes, ongoing pricing initiatives and continued operational improvement. The business is expanding its advanced battery production capacity to meet increasing global demand as electric vehicle adoption rates continue to accelerate. These investments are driving an acceleration of longer-term earnings and cash flow, which combined with debt repayment, is deleveraging the business.

Our engineered components manufacturing operation is performing well despite reduced volumes in North America and Europe, supported by commercial and cost optimization initiatives which are contributing to higher margins.

Our water and wastewater operation generated strong performance during the quarter. Increased contribution over the prior year was driven by the ongoing growth of its service network and higher billing rates that are contributing to resilient margin performance. The business continues to advance high priority growth projects to expand its service network.

Infrastructure Services

Our Infrastructure Services segment generated first quarter Adjusted EBITDA of \$225 million.

Our lottery services operation had a good quarter. Despite broader recessionary concerns, lottery fundamentals have remained extremely resilient with U.S. instant ticket lottery sales continuing to grow at low single-digit rates to start the year. Input cost pressures are easing while the business continues to make progress on commercial strategy and supply chain optimization.

At our modular building leasing services operation, growing demand for higher margin value-added products and services and continued resilient utilization rates in Asia Pacific are offsetting the impacts of softer market conditions in the U.K. Earlier this year the business acquired a leading U.K. rental provider which is expected to strengthen our presence as the markets recover and diversify end markets in the region.

We are generating improved results at our work access services operation. While activity levels continue to be impacted by reduced levels of customer maintenance and large capital projects, we are optimizing commercial contract terms and accelerating cost reduction initiatives.

Business Services

Our Business Services segment generated first quarter Adjusted EBITDA of \$212 million.

Our residential mortgage insurer performed well and in line with expectations given a more normalized Canadian housing market. Higher mortgage rates in Canada have led to reduced housing affordability, lower housing sales activity and payment pressures for some borrowers. At the same time, unemployment levels across Canada continue to remain near historically low levels and home prices, while down approximately 15% from the peak in early 2022, are still more than 30% above pre-pandemic levels. The sales-to-new listings ratio, a key indicator of housing market supply and demand, is also now beginning to shift back toward being a seller's market. As a result, overall mortgage delinquencies have remained low. Our expectation is that claims on losses in our business will increase and result in loss ratios in line with the long-term average of 15–25% which the business can readily manage while still generating positive cash flows.

We are making good progress on our value creation plans at our dealer software and technology services operation. Performance during the quarter benefited from recent optimization initiatives and continued growth of the business' core subscription-based product and service offering. In May, the business closed the sale of a non-core division servicing the heavy equipment sector for approximately \$500 million.

Our investment in Nielsen, the global leader in third-party audience measurement services, is off to a good start. The business recently launched Nielsen ONE, its cross-media measurement service, and secured contracts with major subscription-based service providers to measure their ad-supported content. These are critical milestones that further validate its position as the leader in audience measurement across all forms of media, platforms and devices. Given we account for this investment as a financial asset, we earn a dividend on our investment and our share of EBITDA from operations is not included in our overall financial results. If we were to include our proportionate share of earnings, it would add approximately \$80 million to our annual Adjusted EBITDA.

Outlook

Our first quarter performance provides us with a strong start to the year. We are focused on continuing initiatives to surface value within our operations and completing business sales. Our business fundamentals remain strong and we remain committed to generating increased intrinsic value per unit.

Thank you for your continued interest in Brookfield Business Partners and your ongoing support. Please do not hesitate to reach out to any of us should you have suggestions, ideas or comments you wish to share as partners in our business.

Sincerely,



Cyrus Madon

Chief Executive Officer

May 5, 2023

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, including the United States Private Securities Litigation Reform Act of 1995. 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.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: 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, including the anticipated sale of Westinghouse; 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; catastrophic events, such as earthquakes, hurricanes and pandemics/epidemics including COVID-19; the possible impact of international conflicts, wars and related developments including Russia’s invasion of Ukraine, 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 in the “Risk Factors” section in our annual report for the year ended December 31, 2022 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 Non-IFRS Measures

This letter to unitholders contains references to Non-IFRS Measures. Adjusted EBITDA and Adjusted EBITDA margin are not generally accepted accounting measures under IFRS and therefore may differ from definitions used by other entities. We believe these measures are useful supplemental measures that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. However, Adjusted EBITDA and Adjusted EBITDA margin should not be considered in isolation from, or as substitutes 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 news release will be available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our interim report for the first quarter ended March 31, 2023 furnished on Form 6-K.