



Brookfield Business Partners L.P.

Q3 2021 INTERIM REPORT

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

BROOKFIELD BUSINESS PARTNERS L.P.

As at September 30, 2021 and December 31, 2020 and for the
three and nine months ended September 30, 2021 and 2020

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FINANCIAL STATEMENTS OF BROOKFIELD BUSINESS PARTNERS L.P.**

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BROOKFIELD BUSINESS PARTNERS L.P.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION

(US\$ MILLIONS)	Notes	September 30, 2021	December 31, 2020
Current Assets			
Cash and cash equivalents	4	\$ 2,371	\$ 2,743
Financial assets	5	2,070	2,575
Accounts and other receivable, net	6	4,534	4,306
Inventory, net	7	3,971	3,696
Other assets	9	1,273	1,173
		<u>14,219</u>	<u>14,493</u>
Financial assets	5	6,575	6,221
Accounts and other receivable, net	6	699	683
Other assets	9	429	411
Property, plant and equipment	10	12,901	13,982
Deferred income tax assets		910	761
Intangible assets	11	10,859	11,261
Equity accounted investments	13	1,569	1,690
Goodwill	12	5,599	5,244
		<u>\$ 53,760</u>	<u>\$ 54,746</u>
Liabilities and Equity			
Current Liabilities			
Accounts payable and other	14	\$ 11,301	\$ 10,416
Corporate borrowings	16	—	300
Non-recourse borrowings in subsidiaries of the partnership	16	2,035	1,417
		<u>13,336</u>	<u>12,133</u>
Accounts payable and other	14	7,755	7,516
Corporate borrowings	16	751	310
Non-recourse borrowings in subsidiaries of the partnership	16	19,303	21,749
Deferred income tax liabilities		1,517	1,701
		<u>\$ 42,662</u>	<u>\$ 43,409</u>
Equity			
Limited partners	19	\$ 2,186	\$ 1,928
Non-controlling interests attributable to:			
Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	19	1,972	1,564
Interest of others in operating subsidiaries		6,940	7,845
		<u>11,098</u>	<u>11,337</u>
		<u>\$ 53,760</u>	<u>\$ 54,746</u>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS
OF OPERATING RESULTS

(US\$ MILLIONS, except per unit amounts)	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Revenues	22	\$ 12,043	\$ 10,070	\$ 33,107	\$ 27,586
Direct operating costs	21	(11,155)	(9,269)	(30,682)	(25,526)
General and administrative expenses		(247)	(236)	(751)	(708)
Interest income (expense), net		(358)	(371)	(1,057)	(1,088)
Equity accounted income (loss), net	13	25	17	61	26
Impairment expense, net	10	—	(7)	(201)	(149)
Gain (loss) on acquisitions/dispositions, net	8	—	—	1,823	179
Other income (expense), net		(20)	(9)	(78)	(77)
Income (loss) before income tax		288	195	2,222	243
Income tax (expense) recovery					
Current		(119)	(102)	(430)	(200)
Deferred		131	(8)	246	157
Net income (loss)		\$ 300	\$ 85	\$ 2,038	\$ 200
Attributable to:					
Limited partners	19	\$ 46	\$ (10)	\$ 277	\$ (136)
Non-controlling interests attributable to:					
Redemption-Exchange Units held by Brookfield Asset Management Inc.	19	41	(9)	246	(118)
Special Limited Partners	19	—	—	79	—
Interest of others in operating subsidiaries		213	104	1,436	454
		\$ 300	\$ 85	\$ 2,038	\$ 200
Basic and diluted earnings (loss) per limited partner unit	19	\$ 0.59	\$ (0.12)	\$ 3.53	\$ (1.69)

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS
OF COMPREHENSIVE INCOME (LOSS)

(US\$ MILLIONS)	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Net income (loss)		\$ 300	\$ 85	\$ 2,038	\$ 200
Other comprehensive income (loss):					
Items that may be reclassified subsequently to profit or loss:					
Fair value through other comprehensive income		(45)	7	(137)	149
Foreign currency translation		(310)	225	(272)	(574)
Net investment and cash flow hedges	4	6	(127)	95	(120)
Equity accounted investments	13	(8)	5	(7)	(4)
Taxes on the above items		18	—	39	(55)
Reclassification to profit or loss		14	28	33	66
		(325)	138	(249)	(538)
Items that will not be reclassified subsequently to profit or loss:					
Fair value through other comprehensive income		18	63	178	(19)
Taxes on the above item		(11)	(9)	(31)	9
Total other comprehensive income (loss)		(318)	192	(102)	(548)
Comprehensive income (loss)		\$ (18)	\$ 277	\$ 1,936	\$ (348)
Attributable to:					
Limited partners		\$ (11)	\$ 24	\$ 259	\$ (201)
Non-controlling interests attributable to:					
Redemption-Exchange Units held by Brookfield Asset Management Inc.		(11)	20	230	(174)
Special Limited Partners		—	—	79	—
Interest of others in operating subsidiaries		4	233	1,368	27
		\$ (18)	\$ 277	\$ 1,936	\$ (348)

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(US\$ MILLIONS)	Limited Partners					Non-Controlling Interests					Special Limited Partners	Preferred Shares	Interest of others in operating subsidiaries	Total equity
						Redemption-Exchange Units held by Brookfield Asset Management Inc.								
	Capital	Retained earnings	Ownership changes	Accumulated other comprehensive income (loss) ⁽¹⁾	Limited Partners	Capital	Retained earnings	Ownership changes	Accumulated other comprehensive income (loss) ⁽¹⁾	Redemption-Exchange units				
Balance as at January 1, 2021	\$ 2,275	\$ (235)	\$ 68	\$ (180)	\$ 1,928	\$ 1,924	\$ (222)	\$ 78	\$ (231)	\$ 1,549	\$ —	\$ 15	\$ 7,845	\$ 11,337
Net income (loss)	—	277	—	—	277	—	246	—	—	246	79	—	1,436	2,038
Other comprehensive income (loss)	—	—	—	(18)	(18)	—	—	—	(16)	(16)	—	—	(68)	(102)
Total comprehensive income (loss)	—	277	—	(18)	259	—	246	—	(16)	230	79	—	1,368	1,936
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	1,048	1,048
Distributions ⁽²⁾	—	(15)	—	—	(15)	—	(12)	—	—	(12)	(79)	—	(1,660)	(1,766)
Ownership changes ⁽³⁾	—	60	39	(37)	62	—	53	101	36	190	—	—	(1,992)	(1,740)
Unit repurchases ⁽²⁾	(48)	—	—	—	(48)	—	—	—	—	—	—	—	—	(48)
Acquisition of interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	331	331
Balance as at September 30, 2021	\$ 2,227	\$ 87	\$ 107	\$ (235)	\$ 2,186	\$ 1,924	\$ 65	\$ 179	\$ (211)	\$ 1,957	\$ —	\$ 15	\$ 6,940	\$ 11,098
Balance as at January 1, 2020	\$ 2,331	\$ (217)	\$ 220	\$ (218)	\$ 2,116	\$ 1,924	\$ (209)	\$ 210	\$ (264)	\$ 1,661	\$ —	\$ 15	\$ 7,261	\$ 11,053
Net income (loss)	—	(136)	—	—	(136)	—	(118)	—	—	(118)	—	—	454	200
Other comprehensive income (loss)	—	—	—	(65)	(65)	—	—	—	(56)	(56)	—	—	(427)	(548)
Total comprehensive income (loss)	—	(136)	—	(65)	(201)	—	(118)	—	(56)	(174)	—	—	27	(348)
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	651	651
Distributions ⁽²⁾	—	(15)	—	—	(15)	—	(12)	—	—	(12)	—	—	(1,051)	(1,078)
Ownership changes ⁽³⁾	—	1	(152)	2	(149)	—	1	(132)	2	(129)	—	—	129	(149)
Unit repurchases ⁽²⁾	(26)	—	—	—	(26)	—	—	—	—	—	—	—	—	(26)
Acquisition of interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	230	230
Balance as at September 30, 2020	\$ 2,305	\$ (367)	\$ 68	\$ (281)	\$ 1,725	\$ 1,924	\$ (338)	\$ 78	\$ (318)	\$ 1,346	\$ —	\$ 15	\$ 7,247	\$ 10,333

(1) See Note 20 for additional information.

(2) See Note 19 for additional information on distributions and for additional information on unit repurchases.

(3) Includes gains or losses on changes in ownership interests of consolidated subsidiaries.

(4) See Note 3 for additional information.

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(US\$ MILLIONS)	Notes	Nine Months Ended September 30,	
		2021	2020
Operating Activities			
Net income (loss)		\$ 2,038	\$ 200
Adjusted for the following items:			
Equity accounted earnings, net of distributions		(21)	8
Impairment expense, net	10	201	149
Depreciation and amortization expense		1,651	1,618
Gain on acquisitions/dispositions, net	8	(1,823)	(179)
Provisions and other items		91	230
Deferred income tax expense (recovery)		(246)	(157)
Changes in non-cash working capital, net	24	(441)	1,205
Cash from operating activities		1,450	3,074
Financing Activities			
Proceeds from non-recourse subsidiary borrowings of the partnership		3,079	3,026
Repayment of non-recourse subsidiary borrowings of the partnership		(3,411)	(3,169)
Proceeds from corporate borrowings		1,011	750
Repayment of corporate borrowings		(870)	(62)
Proceeds from other financing		119	87
Repayment of other financing		(89)	(76)
Proceeds from (repayment of) other credit facilities, net		324	(482)
Lease liability repayment		(185)	(172)
Capital provided by others who have interests in operating subsidiaries	19	1,582	629
Capital paid to others who have interests in operating subsidiaries		(1,287)	(36)
Partnership units repurchased		(48)	(26)
Distributions to limited partners and Redemption-Exchange Unitholder		(27)	(27)
Distributions to Special LP Unitholder	19	(79)	—
Distributions to others who have interests in operating subsidiaries	19	(1,352)	(800)
Cash from (used in) financing activities		(1,233)	(358)
Investing Activities			
Acquisitions			
Subsidiaries, net of cash acquired	3	(483)	149
Property, plant and equipment and intangible assets		(1,097)	(1,066)
Equity accounted investments	13	(5)	(446)
Financial assets and other		(2,294)	(1,584)
Dispositions			
Subsidiaries, net of cash disposed		349	165
Property, plant and equipment and intangible assets		53	33
Equity accounted investments	13	327	—
Financial assets and other		1,999	1,141
Net settlement of hedges		15	134
Restricted cash and deposits		567	(293)
Cash from (used in) investing activities		(569)	(1,767)
Cash and cash equivalents			
Change during the period		(352)	949
Impact of foreign exchange		(20)	(120)
Balance, beginning of year		2,743	1,986
Balance, end of period		<u>\$ 2,371</u>	<u>\$ 2,815</u>

Supplemental cash flow information is presented in Note 24

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

**NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**As at September 30, 2021 and December 31, 2020 and for the three and nine months ended
September 30, 2021 and 2020**

NOTE 1. NATURE AND DESCRIPTION OF THE PARTNERSHIP

Brookfield Business Partners L.P. and its subsidiaries (collectively, “the partnership”) own and operate business services and industrial operations (“the Business”) on a global basis. Brookfield Business Partners L.P. was established as a limited partnership under the laws of Bermuda, and organized pursuant to a limited partnership agreement as amended on May 31, 2016, and as thereafter amended. Brookfield Business Partners L.P. is a subsidiary of Brookfield Asset Management Inc. (“Brookfield Asset Management” or “Brookfield” or the “parent company”). Brookfield Business Partners L.P.’s limited partnership units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols “BBU” and “BBU.UN”, respectively. The registered head office of Brookfield Business Partners L.P. is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements of the partnership have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board, or the IASB, and using the accounting policies the partnership applied in its annual consolidated financial statements as at and for the year ended December 31, 2020, except for the impact of the adoption of the new accounting policies and standards described below. The accounting policies the partnership applied in its annual consolidated financial statements as at and for the year ended December 31, 2020 are disclosed in Note 2 of such consolidated financial statements, with which reference should be made in reading these unaudited interim condensed consolidated financial statements. All defined terms are also described in the annual consolidated financial statements. The unaudited interim condensed consolidated financial statements are prepared on a going concern basis and have been presented in U.S. dollars rounded to the nearest million unless otherwise indicated.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The critical accounting estimates and judgments have been set out in Note 2 to the partnership’s consolidated financial statements as at and for the year ended December 31, 2020. There have been no significant changes to the method of determining significant estimates and judgments since December 31, 2020.

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors of the partnership’s General Partner on behalf of the partnership and authorized for issue on November 8, 2021.

Revision of Comparatives

During the third quarter of 2021, the partnership reclassified depreciation and amortization expense to direct operating costs whereas it was previously included in depreciation and amortization on the unaudited interim condensed consolidated statements of operating results. The partnership reclassified prior period amounts to reflect this change. This reclassification increased direct operating costs by \$556 million and \$1,651 million for the three and nine months ended September 30, 2021, respectively, and \$547 million and \$1,618 million for the three and nine months September 30, 2020, respectively, with equal and offsetting decreases to depreciation and amortization expense. This reclassification had no impact on revenues, net income (loss), or earnings (loss) per limited partner unit.

(i) Critical accounting judgments and measurement uncertainty

The preparation of financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**As at September 30, 2021 and December 31, 2020 and for the three and nine months ended
September 30, 2021 and 2020**

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. To date, there has been significant volatility in capital markets, commodity prices and foreign currencies, restrictions on the conduct of business in many jurisdictions, and the global movement of people and some goods has become restricted. The partnership considered the impacts of these circumstances on the key critical judgments, estimates and assumptions that affect the reported and contingent amount of assets, liabilities, revenues and expenses, including whether goodwill, intangible assets and property, plant and equipment needed to be reevaluated for impairment as of September 30, 2021. The partnership has a diversified portfolio of operating businesses, many of which provide essential products and services to their customers. Based on its assessments, no additional impairments were required as at September 30, 2021. The partnership will continue to monitor the situation and review its critical estimates and judgments as circumstances evolve.

(b) New accounting policies adopted

(i) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amendments for IBOR reform

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (“IBOR”) is replaced with an alternative nearly risk-free interest rate (“RFR”).

The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the partnership. The partnership intends to use the practical expedients in future periods when they become applicable.

(c) Future changes in accounting policies

(i) Insurance contracts

In May 2017, the IASB published IFRS 17, *Insurance contracts* (“IFRS 17”), a comprehensive standard that establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 will replace IFRS 4, *Insurance contracts*. In June 2020, the IASB decided on a further deferral of the effective date of IFRS 17 from annual periods beginning on or after January 1, 2021 to annual periods beginning on or after January 1, 2023.

The measurement approach under IFRS 17 is based on the following:

- fulfillment cash flows which comprise:
 - a current, unbiased probability-weighted estimate of future cash flows expected to arise as the insurer fulfills the contract;
 - the effect of the time value of money; and
 - a risk adjustment that measures the effects of uncertainty about the amount and timing of future cash flows;
- a contractual service margin which represents the unearned profit in a contract and that is recognized in profit or loss over time as the insurance coverage is provided.

There will also be a new financial statement presentation for insurance contracts and additional disclosure requirements.

IFRS 17 requires the partnership to distinguish between groups of contracts expected to be profit-making and groups of contracts expected to be onerous. IFRS 17 is to be applied retrospectively to each group of insurance contracts. If full retrospective application to a group of contracts is impracticable, the modified retrospective or fair value method may be used. The partnership is currently assessing the impact of IFRS 17 on its financial statements.

**NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**As at September 30, 2021 and December 31, 2020 and for the three and nine months ended
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(ii) Amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”)

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023. The partnership is currently assessing the impact of these amendments.

(iii) Amendments to IAS 12 – Income taxes (“IAS 12”)

The amendments clarify that the initial recognition exception does not apply to the initial recognition of leases and decommissioning obligations. The amendments to IAS 12 apply to annual reporting periods beginning on or after January 1, 2023. The partnership is currently assessing the impact of these amendments.

There are currently no other future changes to IFRS with potential impact on the partnership.

NOTE 3. ACQUISITION OF BUSINESSES

When determining the basis of accounting for the partnership’s investees, the partnership evaluates the degree of influence that the partnership exerts directly or through an arrangement over the investees’ relevant activities. Control is obtained when the partnership has power over the acquired entities and an ability to use its power to affect the returns of these entities.

The partnership accounts for business combinations using the acquisition method of accounting, pursuant to which the cost of acquiring a business is allocated to its identifiable tangible and intangible assets and liabilities on the basis of the estimated fair values at the date of acquisition.

(a) Acquisitions completed in the nine months ended September 30, 2021

The following summarizes the consideration transferred, assets acquired, liabilities assumed and non-controlling interests recognized at the applicable acquisition dates for significant acquisitions:

Industrials

Aldo Componentes Eletrônicos LTDA (“Aldo”)

On August 31, 2021, the partnership, together with institutional partners, acquired a 100% economic interest in Aldo, a leading distributor of solar power solutions for the distributed generation market in Brazil. The partnership’s economic interest was 35% comprising \$104 million of cash consideration and \$116 million of contingent consideration payable to the former shareholder once certain performance targets have been met. The partnership received 100% of the voting rights, which provided the partnership with control. Accordingly, the partnership has consolidated the business for financial reporting purposes.

The acquisition contributed \$256 million of intangible assets, \$59 million of cash and cash equivalents, \$48 million of inventory, \$87 million of deferred tax liabilities, and net other liabilities of \$99 million. Goodwill of \$445 million was recognized and represents growth the partnership expects to experience from the integration of the operations. The goodwill recognized is not deductible for income tax purposes. Non-controlling interests of \$402 million recognized on business combination were measured at fair value. The initial fair values of acquired assets, liabilities, and goodwill for the acquisition have been determined on a preliminary basis at the end of the reporting period.

The partnership’s results from operations for the period ended September 30, 2021 includes revenues of \$54 million and \$2 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2021, the partnership would have recorded revenues of \$373 million and net income of \$22 million attributable to the partnership for the nine months ended September 30, 2021.

**NOTES TO UNAUDITED INTERIM CONDENSED
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**As at September 30, 2021 and December 31, 2020 and for the three and nine months ended
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Business services

Everise Holdings Pte Ltd. (“Everise”)

On January 8, 2021, the partnership, together with institutional partners, acquired a 100% economic interest in Everise, a business process outsourcing company that specializes in managing customer interactions for large global healthcare and technology clients primarily based in the U.S. The partnership’s economic interest was 36% for total consideration of \$103 million, comprising \$80 million of cash consideration and \$23 million of contingent consideration related to the achievement of near-term performance targets payable to the former shareholders. The partnership received 100% of the voting rights, which provided the partnership with control. Accordingly, the partnership has consolidated the business for financial reporting purposes.

The acquisition contributed \$91 million of intangible assets, net other assets of \$4 million and \$103 million of non-recourse borrowings. Goodwill of \$290 million was recognized and represents growth the partnership expects to experience from the operations. The goodwill recognized is not deductible for income tax purposes. Non-controlling interests of \$179 million recognized on business combination were measured at fair value. The initial fair values of acquired assets, liabilities, and goodwill for the acquisition have been determined on a preliminary basis at the end of the reporting period. Total acquisition costs of \$7 million were recorded as other expenses in the unaudited interim condensed consolidated statements of operating results.

The partnership’s results from operations for the period ended September 30, 2021 includes revenues of \$228 million contributed from Everise. If the acquisition had been effective January 1, 2021, the partnership would have recorded revenues of \$236 million for the nine months ended September 30, 2021.

(b) Acquisitions completed in 2020

The following summarizes the consideration transferred, assets acquired, liabilities assumed and non-controlling interests recognized at the applicable acquisition dates for significant acquisitions:

Business services

IndoStar Capital Finance Limited (“IndoStar”)

On May 27, 2020, the partnership, together with institutional partners, acquired a 31% ownership interest in IndoStar, an Indian financing company focused on commercial vehicle lending and affordable home finance, for consideration of \$162 million. The partnership did not receive voting rights with its initial investment and on June 30, 2020 classified the investment as a financial asset measured at fair value through profit and loss.

On July 8 and 9, 2020, the partnership, together with institutional partners, acquired an additional 26% interest in IndoStar through a Mandatory Tender Offer and a secondary offering, for \$114 million and \$19 million, respectively, for a total ownership interest of 57%. Upon completion of the additional investment, the partnership received 57% of the voting rights which provided the partnership with control over the business on July 9, 2020. Accordingly, the partnership has consolidated the business for financial reporting purposes. Total consideration for the acquisition, inclusive of the May 27, 2020 transaction, was \$105 million attributable to the partnership, representing a 20% economic interest. Total acquisition costs of \$4 million were recorded as other expenses within the consolidated statements of operating results in 2020.

The transaction was accounted for as a business combination achieved in stages. The partnership’s previously held investment in IndoStar was remeasured to fair value prior to the acquisition of additional interests. The fair value approximated carrying value and no cumulative gain or loss arising from changes in the fair value of the investment was recognized.

The acquisition contributed \$1,112 million of loans receivable, \$78 million of cash and cash equivalents, \$227 million of financial assets, intangible assets of \$20 million, net other assets of \$30 million and non-recourse borrowings of \$988 million. Goodwill of \$29 million was recognized and represents the benefits the partnership expects to receive from the integration of the operations. Non-controlling interests of \$403 million recognized on business combination were measured at the proportionate share of the fair value of assets acquired and liabilities assumed.

The partnership’s results from operations for the year ended December 31, 2020 includes revenues of \$86 million and \$3 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2020, the partnership would have recorded revenues of \$175 million for the year ended December 31, 2020 and a net loss of \$7 million attributable to the partnership for the year ended December 31, 2020.

**NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**As at September 30, 2020 and December 31, 2019 and for the three and nine months ended
September 30, 2020 and 2019**

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table provides the details of financial instruments and their associated classifications as at September 30, 2021:

(US\$ MILLIONS)

MEASUREMENT BASIS	FVTPL	FVOCI	Amortized cost	Total
Financial assets				
Cash and cash equivalents	\$ —	\$ —	\$ 2,371	\$ 2,371
Accounts and other receivable, net (current and non-current)	—	—	5,233	5,233
Other assets (current and non-current) ⁽¹⁾	—	—	465	465
Financial assets (current and non-current) ⁽²⁾	<u>634</u>	<u>6,351</u>	<u>1,660</u>	<u>8,645</u>
Total	<u>\$ 634</u>	<u>\$ 6,351</u>	<u>\$ 9,729</u>	<u>\$ 16,714</u>
Financial liabilities				
Accounts payable and other (current and non-current) ⁽²⁾⁽³⁾	\$ 631	\$ 313	\$ 9,999	\$ 10,943
Corporate borrowings (current and non-current)	—	—	751	751
Non-recourse borrowings in subsidiaries of the partnership (current and non-current)	—	—	21,338	21,338
Total	<u>\$ 631</u>	<u>\$ 313</u>	<u>\$ 32,088</u>	<u>\$ 33,032</u>

(1) Excludes prepayments, subrogation recoverable, deferred policy acquisition costs and other assets of \$1,237 million.

(2) Refer to Hedging Activities in Note 4(a) below.

(3) Includes derivative liabilities, and excludes provisions, decommissioning liabilities, deferred revenues, unearned premium reserve, work in progress, post-employment benefits, liabilities held for sale and various taxes and duties of \$8,113 million.

Included in cash and cash equivalents as at September 30, 2021 is \$1,879 million of cash (December 31, 2020: \$2,269 million) and \$492 million of cash equivalents (December 31, 2020: \$474 million).

Included in financial assets as at September 30, 2021 is \$1,273 million (December 31, 2020: \$850 million) of equity instruments and \$4,949 million (December 31, 2020: \$4,041 million) of debt instruments designated as measured at fair value through other comprehensive income. The remaining balance of instruments designated as measured at fair value through other comprehensive income relates primarily to derivatives designated in hedging relationships.

The fair value of all financial assets and liabilities as at September 30, 2021 were consistent with carrying value, with the exception of the borrowings at the partnership's offshore oil services operations measured at amortized cost, where fair value determined using Level 1 and Level 2 inputs resulted in a fair value of \$2,534 million (December 31, 2020: \$2,753 million) versus a carrying value of \$2,581 million (December 31, 2020: \$2,769 million).

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The following table provides the allocation of financial instruments and their associated classifications as at December 31, 2020:

(US\$ MILLIONS)

MEASUREMENT BASIS	FVTPL	FVOCI	Amortized cost	Total
Financial assets				
Cash and cash equivalents	\$ —	\$ —	\$ 2,743	\$ 2,743
Accounts and other receivable, net (current and non-current)	—	—	4,989	4,989
Other assets (current and non-current) ⁽¹⁾	—	—	536	536
Financial assets (current and non-current) ⁽²⁾	933	5,561	2,302	8,796
Total ⁽³⁾	<u>\$ 933</u>	<u>\$ 5,561</u>	<u>\$ 10,570</u>	<u>\$ 17,064</u>
Financial liabilities				
Accounts payable and other ⁽²⁾⁽⁴⁾	\$ 435	\$ 370	\$ 9,063	\$ 9,868
Corporate borrowings (current and non-current)	—	—	610	610
Non-recourse borrowings in subsidiaries of the partnership (current and non-current)	—	—	23,166	23,166
Total	<u>\$ 435</u>	<u>\$ 370</u>	<u>\$ 32,839</u>	<u>\$ 33,644</u>

(1) Excludes prepayments, subrogation recoverable and other assets of \$1,048 million.

(2) Refer to Hedging Activities in Note 4(a) below.

(3) Total financial assets include \$4,704 million of assets pledged as collateral.

(4) Includes derivative liabilities and excludes provisions, decommissioning liabilities, deferred revenues, unearned premium reserve, work in progress, post-employment benefits, liabilities held for sale and various taxes and duties of \$8,064 million.

(a) Hedging activities

Net investment hedges

The partnership uses foreign exchange contracts and foreign currency denominated debt instruments to manage foreign currency exposures arising from net investments in foreign operations. For the three and nine months ended September 30, 2021, a pre-tax net gain of \$66 million and net gain of \$124 million (September 30, 2020: pre-tax net loss of \$110 million and net gain \$159 million) was recorded in other comprehensive income for the effective portion of hedges of net investments in foreign operations. As at September 30, 2021, there was a derivative asset balance of \$48 million (December 31, 2020: \$17 million) and derivative liability balance of \$24 million (December 31, 2020: \$59 million) relating to derivative contracts designated as net investment hedges.

Cash flow hedges

The partnership uses commodity swap contracts to hedge the sale price of natural gas contracts, purchase price of decant oil, lead, polypropylene, and tin, foreign exchange contracts and option contracts to hedge highly probable future transactions, and interest rate contracts to hedge the cash flows on its floating rate borrowings. A number of these contracts are designated as cash flow hedges. For the three and nine months ended September 30, 2021, a pre-tax net loss of \$60 million and net loss of \$29 million (September 30, 2020: pre-tax net loss of \$17 million and net loss of \$279 million) was recorded in other comprehensive income for the effective portion of cash flow hedges. As at September 30, 2021, there was a derivative asset balance of \$81 million (December 31, 2020: \$82 million) and derivative liability balance of \$289 million (December 31, 2020: \$311 million) relating to the derivative contracts designated as cash flow hedges.

Derivative instruments not designated in a hedging relationship are measured at fair value, with changes in fair value recognized in the unaudited interim condensed consolidated statements of operating results.

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Fair value hierarchical levels – financial instruments

Level 3 assets and liabilities measured at fair value on a recurring basis include \$340 million (December 31, 2020: \$341 million) of financial assets and \$397 million (December 31, 2020: \$11 million) of financial liabilities, which are measured at fair value using valuation inputs based on management’s best estimates of what market participants would use in pricing the asset or liability at the measurement date.

There were no transfers between levels during the three and nine months ended September 30, 2021. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Common shares	\$ 789	\$ —	\$ —	\$ 481	\$ —	\$ —
Corporate and government bonds	201	4,081	—	—	4,049	—
Derivative assets	7	250	—	46	231	—
Other financial assets ⁽¹⁾	645	672	340	775	571	341
	\$ 1,642	\$ 5,003	\$ 340	\$ 1,302	\$ 4,851	\$ 341
Financial liabilities						
Derivative liabilities	\$ 53	\$ 494	\$ —	\$ 72	\$ 722	\$ —
Other financial liabilities ⁽²⁾	—	—	397	—	—	11
	\$ 53	\$ 494	\$ 397	\$ 72	\$ 722	\$ 11

⁽¹⁾ Other financial assets include secured debentures, asset-backed securities and preferred shares in the partnership’s business services segment. Level 1 other financial assets are primarily publicly traded preferred shares and mutual funds. Level 2 other financial assets are primarily asset-backed securities and Level 3 financial assets are primarily secured debentures.

⁽²⁾ Other financial liabilities primarily relates to contingent consideration on recently completed acquisitions.

The following table presents the change in the balance of financial assets classified as Level 3 as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Balance at beginning of period	\$ 341	\$ 287
Fair value change recorded in net income	(10)	(2)
Fair value change recorded in other comprehensive income	7	(3)
Additions	122	221
Disposals	(120)	(162)
Balance at end of period	\$ 340	\$ 341

(b) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset with the net amount reported in the unaudited interim condensed consolidated statements of financial position where the partnership currently has a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. As at September 30, 2021, \$nil of financial assets (December 31, 2020: \$68 million) and \$8 million of financial liabilities (December 31, 2020: \$14 million) were offset in the unaudited interim condensed consolidated statements of financial position.

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NOTE 5. FINANCIAL ASSETS

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Current		
Marketable securities	\$ 1,271	\$ 995
Restricted cash	239	833
Derivative contracts	140	167
Loans and notes receivable	242	195
Other financial assets ⁽¹⁾	178	385
Total current	\$ 2,070	\$ 2,575
Non-current		
Marketable securities	\$ 3,800	\$ 3,535
Restricted cash	293	272
Derivative contracts	117	110
Loans and notes receivable	795	1,002
Other financial assets ⁽¹⁾	1,570	1,302
Total non-current	\$ 6,575	\$ 6,221

⁽¹⁾ Other financial assets include secured debentures, asset-backed securities and preferred shares in the partnership's business services segment.

NOTE 6. ACCOUNTS AND OTHER RECEIVABLE, NET

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Current, net	\$ 4,534	\$ 4,306
Non-current, net		
Accounts receivable	57	60
Retainer on customer contract	71	68
Billing rights	571	555
Total non-current, net	\$ 699	\$ 683
Total	\$ 5,233	\$ 4,989

Non-current billing rights primarily represent unbilled rights arising at the partnership's water and wastewater operations in Brazil from revenues earned from the construction on public concession contracts classified as financial assets, which are recognized when there is an unconditional right to receive cash or other financial assets from the concession authority for the construction services.

The partnership's construction operations has a retention balance, which comprises amounts that have been earned but held back until the satisfaction of certain conditions specified in the contract.

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NOTE 7. INVENTORY, NET

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Raw materials and consumables	\$ 1,033	\$ 980
Fuel products ⁽¹⁾	783	648
Work in progress	643	638
RTFO certificates ⁽²⁾	305	365
Finished goods and other ⁽³⁾	1,207	1,065
Carrying amount of inventories	\$ 3,971	\$ 3,696

(1) Fuel products that are traded in active markets are purchased with a view to resell in the near future. As a result, these stocks of fuel products are recorded at fair value based on quoted market prices.

(2) Renewable Transport Fuel Obligations (“RTFO”) certificates held for trading as at September 30, 2021 have a fair value of \$14 million (December 31, 2020: \$25 million). There is no externally quoted marketplace for the valuation of RTFO certificates. In order to value these contracts, the partnership has adopted a pricing methodology combining both observable inputs based on market data and assumptions developed internally based on observable market activity.

(3) Finished goods and other are mainly composed of finished goods inventory in the infrastructure services and industrials segments.

NOTE 8. DISPOSITIONS

For the three month period ended September 30, 2021, the partnership recognized a net gain on dispositions of \$nil (September 30, 2020: \$nil). For the nine month period ended September 30, 2021, the partnership recognized a net gain on dispositions of \$1,823 million primarily due to the partial disposition of the investment in its graphite electrode operations (September 30, 2020: net gain of \$179 million).

On January 14, 2021, the partnership, together with institutional partners, sold 20 million common shares of its investment in its graphite electrode operations as part of a block trade transaction for total proceeds of \$214 million. The transaction decreased the partnership’s voting interest in the investment to 48% but did not result in a loss of control. The partnership recorded a pre-tax gain of \$239 million in the unaudited interim condensed consolidated statements of changes in equity, of which \$82 million was attributable to the partnership.

On March 1, 2021, the partnership, together with institutional partners, sold an additional 30 million common shares of its graphite electrode operations as part of a block trade for total proceeds of \$350 million, which decreased the partnership’s voting interest to 37% and resulted in the deconsolidation of its investment. The partnership retained significant influence and continued to account for its 13% economic ownership in the investment using the equity method. As a result of the loss of control, a pre-tax gain of \$1,764 million was recorded in the unaudited interim condensed consolidated statements of operating results. The partnership’s share of the total pre-tax gain recorded in gain (loss) on acquisitions/dispositions was \$609 million. The gain on deconsolidation was calculated as the fair value of the interest retained by the partnership, together with institutional investors, in shares of the investment, cash proceeds received on the sale of shares to third parties, net of the derecognition of net assets and non-controlling interests in the graphite electrode operations.

In May 2021, the partnership sold 11.3 million common shares of its graphite electrode operations through two block trade transactions for pre-tax proceeds of approximately \$150 million. The transactions decreased the partnership’s economic ownership to 8%. The partnership recorded a pre-tax gain of \$5 million in the unaudited interim condensed consolidated statements of operating results.

Additionally, the partnership recognized a pre-tax gain of \$41 million in the first quarter of 2021 from the disposition of a portion of the partnership’s investment in public securities. The prior period unrealized fair value changes related to these securities were recorded in other income (expense), net in the unaudited interim condensed consolidated statements of operating results.

The gain recognized in the nine month period ended September 30, 2020 is primarily related to the partnership’s sale of its cold storage logistics business for gross proceeds of approximately \$255 million, resulting in a \$186 million pre-tax gain recognized by the partnership.

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NOTE 9. OTHER ASSETS

<u>(US\$ MILLIONS)</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Current		
Work in progress ⁽¹⁾	\$ 425	\$ 488
Prepayments and other assets	826	650
Assets held for sale	22	35
Total current	\$ 1,273	\$ 1,173
Non-current		
Work in progress ⁽¹⁾	\$ 40	\$ 48
Prepayments and other assets	389	363
Total non-current	\$ 429	\$ 411

⁽¹⁾ See Note 15 for additional information.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

<u>(US\$ MILLIONS)</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Gross carrying amount		
Balance at beginning of period	\$ 18,004	\$ 16,502
Additions	974	1,526
Dispositions ⁽¹⁾	(1,079)	(599)
Acquisitions through business combinations ⁽²⁾	89	79
Assets reclassified as held for sale	(61)	(56)
Foreign currency translation and other	(303)	552
Balance at end of period	\$ 17,624	\$ 18,004
Accumulated depreciation and impairment		
Balance at beginning of period	\$ (4,022)	\$ (2,610)
Depreciation/depletion/impairment expense	(1,236)	(1,686)
Dispositions ⁽¹⁾	490	316
Assets reclassified as held for sale	44	26
Foreign currency translation and other	1	(68)
Balance at end of period	\$ (4,723)	\$ (4,022)
Net book value ⁽³⁾	\$ 12,901	\$ 13,982

⁽¹⁾ During the first quarter of 2021, the partnership derecognized \$505 million of property, plant and equipment, net of accumulated amortization related to the deconsolidation of the partnership's graphite electrode operations on March 1, 2021. Refer to Note 8 for additional information.

⁽²⁾ See Note 3 for additional information.

⁽³⁾ Includes right-of-use assets of \$1,207 million as at September 30, 2021 and \$1,252 million as at December 31, 2020.

During the first quarter of 2021, the partnership recorded impairment expense, net of \$201 million in the unaudited interim condensed consolidated statements of operating results which primarily related to the closure of one of the partnership's North American recycling facilities within the industrials segment.

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NOTE 11. INTANGIBLE ASSETS

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Gross carrying amount		
Balance at beginning of period	\$ 12,874	\$ 12,504
Additions	206	610
Dispositions ⁽¹⁾	(149)	(173)
Acquisitions through business combinations ⁽²⁾	339	171
Assets reclassified as held for sale	—	(1)
Foreign currency translation	(321)	(237)
Balance at end of period	\$ 12,949	\$ 12,874
Accumulated amortization and impairment		
Balance at beginning of period	\$ (1,613)	\$ (945)
Amortization/impairment expense	(592)	(752)
Dispositions ⁽¹⁾	73	90
Foreign currency translation	42	(6)
Balance at end of period	\$ (2,090)	\$ (1,613)
Net book value	\$ 10,859	\$ 11,261

(1) The partnership derecognized \$71 million of intangible assets, net of accumulated amortization, related to the deconsolidation of the partnership's graphite electrode operations on March 1, 2021. Refer to Note 8 for additional information.

(2) See Note 3 for additional information.

NOTE 12. GOODWILL

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Balance at beginning of period	\$ 5,244	\$ 5,218
Acquisitions through business combinations ⁽¹⁾	772	(83)
Dispositions ⁽²⁾	(171)	(215)
Foreign currency translation	(246)	324
Balance at end of period	\$ 5,599	\$ 5,244

(1) See Note 3 for additional information.

(2) Relates to the deconsolidation of the partnership's graphite electrode operations on March 1, 2021. Refer to Note 8 for additional information.

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NOTE 13. EQUITY ACCOUNTED INVESTMENTS

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Balance at beginning of year	\$ 1,690	\$ 1,273
Acquisitions through business combinations	—	(5)
Additions ⁽¹⁾	430	446
Impairment losses	(29)	—
Dispositions ⁽²⁾	(531)	(30)
Share of net income	61	57
Share of other comprehensive income (loss)	(7)	6
Distributions received	(41)	(41)
Foreign currency translation	(4)	(16)
Balance at end of period	\$ 1,569	\$ 1,690

(1) Includes an equity accounted investment in the partnership's graphite electrode operations recorded upon deconsolidation of the investment on March 1, 2021. Refer to Note 8 for additional information.

(2) During the second quarter of 2021, the advanced energy storage operations of the partnership made a partial disposal of an equity accounted investment. The retained interest is accounted for as a marketable security as at September 30, 2021. Refer to Note 5 for additional information.

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NOTE 14. ACCOUNTS PAYABLE AND OTHER

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Current:		
Accounts payable	\$ 3,402	\$ 2,971
Accrued and other liabilities ⁽¹⁾⁽²⁾	4,645	3,864
Lease liabilities	235	222
Financial liabilities ⁽³⁾	432	727
Unearned premiums reserve ⁽⁴⁾	608	533
Work in progress ⁽⁵⁾	1,469	1,539
Provisions and decommissioning liabilities	510	560
Total current	\$ 11,301	\$ 10,416
Non-current:		
Accounts payable	\$ 120	\$ 82
Accrued and other liabilities ⁽²⁾	1,744	1,325
Lease liabilities	1,028	1,142
Financial liabilities ⁽³⁾	2,196	2,457
Unearned premiums reserve ⁽⁴⁾	1,593	1,356
Work in progress ⁽⁵⁾	3	23
Provisions and decommissioning liabilities	1,071	1,131
Total non-current	\$ 7,755	\$ 7,516

(1) Includes bank overdrafts of \$703 million as at September 30, 2021 (December 31, 2020: \$400 million).

(2) Includes post-employment benefits of \$980 million (\$8 million current and \$972 million non-current) as at September 30, 2021 and \$1,018 million (\$19 million current and \$999 million non-current) as at December 31, 2020.

(3) Includes financial liabilities of \$1,722 million (\$65 million current and \$1,657 million non-current) as at September 30, 2021 and \$1,847 million (\$56 million current and \$1,791 million non-current) as at December 31, 2020 related to the sale and leaseback of hospitals.

(4) See Note 25 for additional information.

(5) See Note 15 for additional information.

NOTE 15. CONTRACTS IN PROGRESS

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Contract costs incurred to date	\$ 25,158	\$ 26,411
Profit recognized to date (less recognized losses)	1,543	1,476
	26,701	27,887
Less: progress billings	(27,708)	(28,913)
Contract work in progress (liability)	\$ (1,007)	\$ (1,026)
Comprising:		
Amounts due from customers – work in progress	\$ 465	\$ 536
Amounts due to customers – creditors	(1,472)	(1,562)
Net work in progress	\$ (1,007)	\$ (1,026)

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NOTE 16. BORROWINGS

(a) Corporate borrowings

The partnership has bilateral credit facilities backed by large global banks. The credit facilities are available in euros, sterling, Australian, U.S. and Canadian dollars. Advances under the credit facilities bear interest at the specified LIBOR, EURIBOR, CDOR, BBSY or bankers' acceptance rate plus 2.50%, or the specified base rate or prime rate plus 1.50%. The credit facilities require the partnership to maintain a minimum tangible net worth and deconsolidated debt-to-capitalization ratio at the corporate level. At September 30, 2021, the partnership had \$1,324 million available on its bilateral credit facilities with a maturity date of June 29, 2026. The balance drawn on the bilateral credit facility at September 30, 2021 is \$751 million (December 31, 2020: \$310 million).

The partnership has a revolving acquisition credit facility with Brookfield that permits borrowings of up to \$500 million as at September 30, 2021. The credit facility is guaranteed by the partnership, Brookfield Business L.P. ("Holding LP"), and the Holding Entities. The credit facility is available in U.S. or Canadian dollars, and advances are made by way of LIBOR, base rate, bankers' acceptance rate or prime rate loans. The credit facility bears interest at the specified LIBOR or bankers' acceptance rate plus 3.45%, or the specified base rate or prime rate plus 2.45%. The credit facility requires the partnership to maintain a minimum deconsolidated net worth and contains restrictions on the ability of the borrowers and the guarantors to, among other things, incur liens, engage in certain mergers and consolidations or enter into speculative hedging arrangements. Net proceeds above a specified threshold that are received by the borrowers from asset dispositions, debt incurrences or equity issuances by the borrowers or their subsidiaries must be used to pay down the credit facility (which can then be redrawn to fund future investments). The facility automatically renews for consecutive one-year periods until June 29, 2026. As at September 30, 2021, the credit facility remains undrawn. Subsequent to September 30, 2021, the partnership and Brookfield increased the size of the revolving acquisition credit facility to \$1.0 billion until April 2023.

The partnership is currently in compliance with or has obtained waivers related to all material covenant requirements, and the partnership continues to monitor performance against such covenant requirements.

Refer to Note 17 for further details on the Deposit Agreement with Brookfield. As at September 30, 2021, there were no funds on deposit from Brookfield.

(b) Non-recourse subsidiary borrowings of the partnership

Total non-recourse subsidiary borrowings of the partnership as at September 30, 2021 were \$21,338 million (December 31, 2020: \$23,166 million).

Some of the partnership's businesses have credit facilities in which they borrow and repay on a monthly basis. This movement has been shown on a net basis in the partnership's unaudited interim condensed consolidated statements of cash flow.

The partnership has financing arrangements within its operating businesses that trade in public markets or are held at major financial institutions. The financing arrangements are primarily composed of term loans, credit facilities and notes and debentures which are subject to fixed or floating interest rates. Most of these borrowings are not subject to financial maintenance covenants, however, some are subject to fixed charge coverage, leverage ratios and minimum equity or liquidity covenants.

The partnership's operations are currently in compliance with or have obtained waivers related to all material covenant requirements, and the partnership continues to work with its businesses to monitor performance against such covenant requirements.

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NOTE 17. RELATED PARTY TRANSACTIONS

In the normal course of operations, the partnership entered into the transactions below with related parties at exchange value. These transactions have been measured at fair value and are recognized in the unaudited interim condensed consolidated financial statements.

(a) Transactions with the parent company

The partnership has in place a Deposit Agreement with Brookfield whereby it may place funds on deposit with Brookfield and whereby Brookfield may place funds on deposit with the partnership. The deposit balance is due on demand and bears interest at LIBOR plus 1.50%. As at September 30, 2021, the amount of the deposit from Brookfield was \$nil (December 31, 2020: \$300 million). For the three and nine months ended September 30, 2021, the partnership paid interest expense of \$nil and \$4 million, respectively on these deposits.

The partnership pays Brookfield a quarterly base management fee, which is reflected within general and administrative expenses. For purposes of calculating the base management fee, the total capitalization of Brookfield Business Partners L.P. is equal to the quarterly volume-weighted average trading price of a unit on the principal stock exchange for the partnership units (based on trading volumes) multiplied by the number of units outstanding at the end of the quarter (assuming full conversion of the Redemption-Exchange Units into units of Brookfield Business Partners L.P.), plus the value of securities of the other service recipients that are not held by the partnership, plus all outstanding debt with recourse to a service recipient, less all cash held by such entities. The base management fee for the three and nine months ended September 30, 2021 was \$24 million and \$65 million (September 30, 2020: \$15 million and \$47 million).

In its capacity as the holder of the special limited partnership units (“Special LP Units”) of Holding LP, Brookfield is entitled to incentive distribution rights. The incentive distribution for the three and nine months ended September 30, 2021 was \$nil and \$79 million (September 30, 2020: \$nil and \$nil).

In addition, at the time of spin-off, the partnership entered into indemnity agreements with Brookfield related to certain contracts that were in place prior to the spin-off. Under these indemnity agreements, Brookfield has agreed to indemnify the partnership for the receipt of payments relating to such contracts.

(b) Other

The following tables summarize other transactions and balances the partnership has entered into with related parties:

<u>(US\$ MILLIONS)</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Transactions during the period				
Business services revenues ⁽¹⁾	\$ 83	\$ 168	\$ 370	\$ 432

⁽¹⁾ Within the partnership’s business services segment, the partnership provides construction services to affiliates of Brookfield.

<u>(US\$ MILLIONS)</u>	September 30, 2021	December 31, 2020
Balances at end of period		
Accounts and other receivable, net	\$ 128	\$ 98
Accounts payable and other ⁽¹⁾	\$ 491	\$ 97

⁽¹⁾ Includes \$306 million (December 31, 2020: \$nil) related to a tax receivable agreement payable to related parties by the partnership’s advanced energy storage operations.

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NOTE 18. DERIVATIVE FINANCIAL INSTRUMENTS

The partnership's activities expose it to a variety of financial risks, including market risk, currency risk, interest rate risk, commodity risk and other price risks. The partnership and its subsidiaries selectively use derivative financial instruments principally to manage these risks.

The aggregate fair values of the partnership's derivative financial instruments positions are as follows:

<u>(US\$ MILLIONS)</u>	September 30, 2021		December 31, 2020	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
Foreign exchange contracts	\$ 163	\$ 109	\$ 129	\$ 122
Cross currency swaps	5	2	3	1
Interest rate derivatives	50	254	65	553
Equity derivatives	—	3	—	28
Commodities contracts	39	178	80	90
Total	\$ 257	\$ 546	\$ 277	\$ 794
Total current	\$ 140	\$ 276	\$ 167	\$ 340
Total non-current	\$ 117	\$ 270	\$ 110	\$ 454

NOTE 19. EQUITY

The partnership's consolidated equity interests include the non-voting publicly traded limited partnership units ("LP Units") held by public unitholders and Brookfield, general partner units held by Brookfield ("GP Units"), redemption-exchange partnership units ("Redemption-Exchange Units") in Holding LP, a holding subsidiary of Brookfield Business Partners L.P., held by Brookfield, and Special LP Units in Holding LP held by Brookfield (collectively, "Units" or "Unitholders").

For the three and nine months ended September 30, 2021, the partnership made distributions to LP Units, GP Units and Redemption-Exchange Units of \$9 million and \$27 million, respectively, or approximately \$0.0625 per Unit (September 30, 2020: \$9 million and \$27 million, or approximately \$0.0625 per unit). For the three and nine months ended September 30, 2021, the partnership distributed \$380 million and \$1,660 million, respectively (September 30, 2020: \$312 million and \$1,051 million), to others who have interests in the operating subsidiaries, primarily resulting from the distributions of proceeds from the sale of the partnership's share of the graphite electrode operations common shares, combined with the distribution of proceeds from the sale of investments in public securities, and the distribution resulting from the privatization of the partnership's residential mortgage insurer.

During the nine months ended September 30, 2021, the partnership repurchased and canceled 1,186,919 LP Units (September 30, 2020: 977,426 LP Units).

(a) Earnings per limited partner unit

Net income (loss) attributable to limited partnership unitholders for the three and nine months ended September 30, 2021 was \$46 million and \$277 million, respectively (September 30, 2020: net loss of \$10 million and \$136 million). The weighted average number of LP Units for the three and nine months ended September 30, 2021 was 78.3 million and 78.6 million, respectively (September 30, 2020: 80.3 million and 80.5 million).

(b) Incentive distribution to Special LP Unitholder

In its capacity as the holder of the Special LP Units of Holding LP, the special limited partner is entitled to incentive distributions which are calculated as 20% of the increase in the market value of the units over an initial threshold based on the volume-weighted average price of the LP Units, subject to a high-water mark. During the three months ended September 30, 2021, the volume-weighted average price was \$44.21 per LP Unit, which was below the previous incentive distribution threshold of \$44.64 per LP Unit, resulting in an incentive distribution of \$nil three months ended September 30, 2021 (September 30, 2020: \$nil). For the nine months ended September 30, 2021, the incentive distribution was \$79 million (September 30, 2020: \$nil).

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(c) GP Units and LP Units

UNITS	GP Units	LP Units	Total
Balance as at January 1, 2021	4	79,031,984	79,031,988
Repurchased and canceled	—	(1,186,919)	(1,186,919)
Balance as at September 30, 2021	<u>4</u>	<u>77,845,065</u>	<u>77,845,069</u>

(d) Redemption-Exchange Units

UNITS	Redemption- Exchange Units
Balance as at January 1, 2021	69,705,497
Repurchased and canceled	—
Balance as at September 30, 2021	<u>69,705,497</u>

(e) Acquisition of remaining publicly held interest in residential mortgage insurer

On April 1, 2021, the partnership, together with institutional partners, completed the acquisition of the remaining 43% publicly held shares of its residential mortgage insurer for consideration of \$1.3 billion. The partnership funded \$185 million, net of financing raised. This transaction was accounted for as a transaction with owners in their capacity as owners. The partnership recorded an ownership change gain of \$47 million in the unaudited interim condensed consolidated statements of changes in equity, attributable to Unitholders, measured as the difference between consideration paid and the carrying value of non-controlling interests acquired.

NOTE 20. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(a) Attributable to Limited Partners

(US\$ MILLIONS)	Foreign currency translation	FVOCI	Other ⁽¹⁾	Accumulated other comprehensive income (loss)
Balance as at January 1, 2021	\$ (144)	\$ 52	\$ (88)	\$ (180)
Other comprehensive income (loss)	(49)	14	17	(18)
Ownership changes	(38)	—	1	(37)
Balance as at September 30, 2021	<u>\$ (231)</u>	<u>\$ 66</u>	<u>\$ (70)</u>	<u>\$ (235)</u>

⁽¹⁾ Represents net investment hedges, cash flow hedges and other reserves.

(US\$ MILLIONS)	Foreign currency translation	FVOCI	Other ⁽¹⁾	Accumulated other comprehensive income (loss)
Balance as at January 1, 2020	\$ (169)	\$ 11	\$ (60)	\$ (218)
Other comprehensive income (loss)	(93)	19	9	(65)
Ownership changes	—	2	—	2
Balance as at September 30, 2020	<u>\$ (262)</u>	<u>\$ 32</u>	<u>\$ (51)</u>	<u>\$ (281)</u>

⁽¹⁾ Represents net investment hedges, cash flow hedges and other reserves.

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(b) Attributable to non-controlling interests – Redemption-Exchange Units held by Brookfield Asset Management Inc.

(US\$ MILLIONS)	Foreign currency translation	FVOCI	Other ⁽¹⁾	Accumulated other comprehensive income (loss)
Balance as at January 1, 2021	\$ (199)	\$ 45	\$ (77)	\$ (231)
Other comprehensive income (loss)	(44)	12	16	(16)
Ownership changes	36	—	—	36
Balance as at September 30, 2021	<u>\$ (207)</u>	<u>\$ 57</u>	<u>\$ (61)</u>	<u>\$ (211)</u>

⁽¹⁾ Represents net investment hedges, cash flow hedges and other reserves.

(US\$ MILLIONS)	Foreign currency translation	FVOCI	Other ⁽¹⁾	Accumulated other comprehensive income (loss)
Balance as at January 1, 2020	\$ (221)	\$ 9	\$ (52)	\$ (264)
Other comprehensive income (loss)	(81)	16	9	(56)
Ownership changes	\$ —	\$ 2	\$ —	\$ 2
Balance as at September 30, 2020	<u>\$ (302)</u>	<u>\$ 27</u>	<u>\$ (43)</u>	<u>\$ (318)</u>

⁽¹⁾ Represents net investment hedges, cash flow hedges and other reserves.

NOTE 21. DIRECT OPERATING COSTS

The partnership has no key employees or directors and does not remunerate key management personnel. Details of the allocation of costs incurred by Brookfield on behalf of the partnership are disclosed in Note 17. Key decision makers of the partnership are all employees of the ultimate parent company or its subsidiaries, which provides management services under the Master Services Agreement with Brookfield.

Direct operating costs include all expenses that are directly and indirectly attributable to revenue earning activities of our operations such as cost of inventory, compensation, depreciation and amortization, and other. Direct operating costs excludes non-operating expenses relating to general and administrative costs, interest, impairment and other expenses. Direct operating costs for the three and nine months ended September 30, 2021 was \$11,155 million and \$30,682 million, respectively (2020: \$9,269 million and \$25,526 million), and primarily related to cost of inventory of \$8,103 million and \$21,935 million, respectively (2020: \$5,575 million and \$15,215 million), compensation of \$974 million and \$2,945 million, respectively (2020: \$930 million and \$2,625 million), and depreciation and amortization of \$556 million and \$1,651 million, respectively (2020: \$547 million and \$1,618 million). Other direct operating costs primarily relates to cost of work in progress and duties and amounted to \$1,522 million and \$4,151 million, respectively, for the three and nine months ended September 30, 2021 (2020: \$2,217 million and \$6,068 million).

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NOTE 22. REVENUES

(a) Revenues by type

The tables below summarize the partnership's segment revenues by type of revenue for the three and nine months ended September 30, 2021:

<u>(US\$ MILLIONS)</u>	Three Months Ended September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Revenues by type					
Revenues from contracts with customers	\$ 7,761	\$ 926	\$ 2,935	\$ —	\$ 11,622
Other revenues	270	143	8	—	421
Total revenues	\$ 8,031	\$ 1,069	\$ 2,943	\$ —	\$ 12,043

<u>(US\$ MILLIONS)</u>	Nine Months Ended September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Revenues by type					
Revenues from contracts with customers	\$ 20,855	\$ 2,783	\$ 8,293	\$ —	\$ 31,931
Other revenues	757	402	17	—	1,176
Total revenues	\$ 21,612	\$ 3,185	\$ 8,310	\$ —	\$ 33,107

The tables below summarize the partnership's segment revenues by type of revenue for the three and nine months ended September 30, 2020:

<u>(US\$ MILLIONS)</u>	Three Months Ended September 30, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Revenues by type					
Revenues from contracts with customers	\$ 5,864	\$ 924	\$ 2,887	\$ —	\$ 9,675
Other revenues	260	134	1	—	395
Total revenues	\$ 6,124	\$ 1,058	\$ 2,888	\$ —	\$ 10,070

<u>(US\$ MILLIONS)</u>	Nine Months Ended September 30, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Revenues by type					
Revenues from contracts with customers	\$ 16,040	\$ 2,894	\$ 7,528	\$ —	\$ 26,462
Other revenues	666	454	4	—	1,124
Total revenues	\$ 16,706	\$ 3,348	\$ 7,532	\$ —	\$ 27,586

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(b) Timing of recognition of revenues from contracts with customers

The tables below summarize the partnership's segment revenues by timing of revenue recognition for the total revenues from contracts with customers for the three and nine months ended September 30, 2021:

(US\$ MILLIONS)	Three Months Ended September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Timing of revenue recognition					
Goods and services provided at a point in time	\$ 6,772	\$ 364	\$ 2,872	\$ —	\$ 10,008
Services transferred over a period of time	989	562	63	—	1,614
Total revenues from contracts with customers	\$ 7,761	\$ 926	\$ 2,935	\$ —	\$ 11,622
Other non IFRS 15 revenues	270	143	8	—	421
Total revenues	\$ 8,031	\$ 1,069	\$ 2,943	\$ —	\$ 12,043

(US\$ MILLIONS)	Nine Months Ended September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Timing of revenue recognition					
Goods and services provided at a point in time	\$ 17,739	\$ 1,025	\$ 8,144	\$ —	\$ 26,908
Services transferred over a period of time	3,116	1,758	149	—	5,023
Total revenues from contracts with customers	\$ 20,855	\$ 2,783	\$ 8,293	\$ —	\$ 31,931
Other non IFRS 15 revenues	757	402	17	—	1,176
Total revenues	\$ 21,612	\$ 3,185	\$ 8,310	\$ —	\$ 33,107

The tables below summarize the partnership's segment revenues by timing of revenue recognition for the total revenues from contracts with customers for the three and nine months ended September 30, 2020:

(US\$ MILLIONS)	Three Months Ended September 30, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Timing of revenue recognition					
Goods and services provided at a point in time	\$ 4,815	\$ 354	\$ 2,801	\$ —	\$ 7,970
Services transferred over a period of time	1,049	570	86	—	1,705
Total revenues from contracts with customers	\$ 5,864	\$ 924	\$ 2,887	\$ —	\$ 9,675
Other non IFRS 15 revenues	260	134	1	—	395
Total revenues	\$ 6,124	\$ 1,058	\$ 2,888	\$ —	\$ 10,070

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(US\$ MILLIONS)	Nine Months Ended September 30, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Timing of revenue recognition					
Goods and services provided at a point in time	\$ 13,014	\$ 1,116	\$ 7,365	\$ —	\$ 21,495
Services transferred over a period of time	3,026	1,778	163	—	4,967
Total revenues from contracts with customers	\$ 16,040	\$ 2,894	\$ 7,528	\$ —	\$ 26,462
Other non IFRS 15 revenues	666	454	4	—	1,124
Total revenues	\$ 16,706	\$ 3,348	\$ 7,532	\$ —	\$ 27,586

(c) Revenues by geography

The tables below summarize the partnership's segment revenues by geography for revenues from contracts with customers for the three and nine months ended September 30, 2021:

(US\$ MILLIONS)	Three Months Ended September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
United Kingdom	\$ 4,964	\$ 86	\$ 37	\$ —	\$ 5,087
United States of America	80	448	1,205	—	1,733
Europe	685	262	660	—	1,607
Australia	1,084	—	17	—	1,101
Canada	664	19	141	—	824
Brazil	81	21	307	—	409
Mexico	—	—	209	—	209
Other	203	90	359	—	652
Total revenues from contracts with customers	\$ 7,761	\$ 926	\$ 2,935	\$ —	\$ 11,622
Other revenues	270	143	8	—	421
Total revenues	\$ 8,031	\$ 1,069	\$ 2,943	\$ —	\$ 12,043

(US\$ MILLIONS)	Nine Months Ended September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
United Kingdom	\$ 13,105	\$ 227	\$ 123	\$ —	\$ 13,455
United States of America	235	1,132	3,289	—	4,656
Europe	1,705	894	2,045	—	4,644
Australia	3,320	7	47	—	3,374
Canada	1,752	71	396	—	2,219
Brazil	188	44	713	—	945
Mexico	—	—	597	—	597
Other	550	408	1,083	—	2,041
Total revenues from contracts with customers	\$ 20,855	\$ 2,783	\$ 8,293	\$ —	\$ 31,931
Other revenues	757	402	17	—	1,176
Total revenues	\$ 21,612	\$ 3,185	\$ 8,310	\$ —	\$ 33,107

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The tables below summarize the partnership's segment revenues by geography for revenues from contracts with customers for the three and nine months ended September 30, 2020:

<u>(US\$ MILLIONS)</u>	Three Months Ended September 30, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
United Kingdom	\$ 3,625	\$ 90	\$ 47	\$ —	\$ 3,762
United States of America	1	444	1,152	—	1,597
Europe	271	280	702	—	1,253
Australia	1,101	4	18	—	1,123
Canada	520	25	120	—	665
Brazil	102	20	202	—	324
Mexico	—	—	217	—	217
Other	244	61	429	—	734
Total revenues from contracts with customers	\$ 5,864	\$ 924	\$ 2,887	\$ —	\$ 9,675
Other revenues	260	134	1	—	395
Total revenues	\$ 6,124	\$ 1,058	\$ 2,888	\$ —	\$ 10,070

<u>(US\$ MILLIONS)</u>	Nine Months Ended September 30, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
United Kingdom	\$ 9,883	\$ 277	\$ 138	\$ —	\$ 10,298
United States of America	15	1,361	2,922	—	4,298
Europe	766	859	1,843	—	3,468
Australia	3,104	10	49	—	3,163
Canada	1,350	66	353	—	1,769
Brazil	303	59	570	—	932
Mexico	—	—	543	—	543
Other	619	262	1,110	—	1,991
Total revenues from contracts with customers	\$ 16,040	\$ 2,894	\$ 7,528	\$ —	\$ 26,462
Other revenues	666	454	4	—	1,124
Total revenues	\$ 16,706	\$ 3,348	\$ 7,532	\$ —	\$ 27,586

NOTE 23. SEGMENT INFORMATION

The partnership's operations are organized into four operating segments which are regularly reviewed by the Chief Operating Decision Maker ("CODM") for the purpose of allocating resources to the segment and to assess its performance. In the current period the partnership realigned its segment reporting and removed Company EBITDA from its segment disclosures. In addition, the partnership has changed the name of its segment measure of profit and loss from Company FFO to Adjusted funds from operations ("Adjusted FFO"). The method to calculate Adjusted FFO is unchanged from how the partnership previously calculated Company FFO. The CODM uses Adjusted FFO to assess performance and make resource allocation decisions. Adjusted FFO allows the CODM to evaluate the partnership's segments on the basis of return on invested capital by removing the effect of non-cash and other items. Adjusted FFO is calculated as the partnership's share of net income and equity accounted income excluding the impact of depreciation and amortization, deferred income taxes, transaction costs, non-cash valuation gains or losses, impairment expense and other items. In order to provide additional insight regarding performance on a cumulative realized basis, Adjusted FFO includes realized disposition gains or losses, along with associated tax impacts, recorded in net income, other comprehensive income, or directly in equity, such as ownership changes. These include gains or losses arising from transactions during the reporting period together with fair value changes recorded in prior periods.

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The tables below provide each segment's results in the format that the CODM organizes reporting segments to make resource allocation decisions and assess performance. Each segment is presented on a proportionate basis, taking into account the partnership's ownership in operations accounted for using the consolidation and equity methods under IFRS. The tables below reconcile the partnership's share of its consolidated results to the partnership's IFRS consolidated statements of operating results.

(US\$ MILLIONS)	Three Months Ended September 30, 2021					Attributable to non- controlling interests	As per IFRS Financials
	Total attributable to Unitholders						
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 2,336	\$ 465	\$ 826	\$ —	\$ 3,627	\$ 8,416	\$ 12,043
Direct operating costs ⁽²⁾	(2,148)	(337)	(654)	(5)	(3,144)	(7,455)	(10,599)
General and administrative expenses	(36)	(16)	(21)	(26)	(99)	(148)	(247)
Other income (expense), net ⁽³⁾	2	—	—	—	2	2	4
Interest income (expense), net	(19)	(33)	(57)	(4)	(113)	(245)	(358)
Current income tax (expense) recovery	(35)	(3)	(9)	10	(37)	(82)	(119)
Equity accounted Adjusted FFO ⁽⁴⁾	9	15	16	—	40	24	64
Adjusted FFO	109	91	101	(25)	276		
Depreciation and amortization expense ^{(2), (5)}					(189)	(367)	(556)
Other income (expense), net ⁽³⁾					(7)	(17)	(24)
Deferred income tax (expense) recovery					36	95	131
Non-cash items attributable to equity accounted investments ⁽⁴⁾					(29)	(10)	(39)
Net income (loss)					\$ 87	\$ 213	\$ 300

(1) Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.

(2) The sum of these amounts equates to direct operating costs of \$11,155 million as per the unaudited interim condensed consolidated statements of operating results.

(3) The sum of these amounts equates to other income (expense), net of \$(20) million as per the unaudited interim condensed consolidated statements of operating results.

(4) The sum of these amounts equates to equity accounted income (loss), net of \$25 million as per the unaudited interim condensed consolidated statements of operating results.

(5) For the three month period ended September 30, 2021, depreciation and amortization expense by segment is as follows: business services \$120 million, infrastructure services \$171 million, industrials \$265 million, and corporate and other \$nil.

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(US\$ MILLIONS)	Nine Months Ended September 30, 2021					Attributable to non- controlling interests	As per IFRS Financials
	Total attributable to Unitholders						
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 6,659	\$ 1,381	\$ 2,313	\$ —	\$10,353	\$ 22,754	\$ 33,107
Direct operating costs ⁽²⁾	(6,155)	(1,017)	(1,824)	(12)	(9,008)	(20,023)	(29,031)
General and administrative expenses	(111)	(51)	(61)	(78)	(301)	(450)	(751)
Gain (loss) on acquisitions / dispositions, net ⁽³⁾	—	—	572	—	572	740	1,312
Other income (expense), net ⁽⁴⁾	(1)	—	—	—	(1)	(12)	(13)
Interest income (expense), net	(50)	(110)	(172)	(11)	(343)	(714)	(1,057)
Current income tax (expense) recovery ⁽⁵⁾	(83)	(11)	(132)	32	(194)	(245)	(439)
Equity accounted Adjusted FFO ⁽⁶⁾	13	44	42	—	99	79	178
Adjusted FFO	272	236	738	(69)	1,177		
Depreciation and amortization expense ^{(2), (7)}					(562)	(1,089)	(1,651)
Impairment expense, net					(58)	(143)	(201)
Gain (loss) on acquisitions / dispositions, net ⁽³⁾					60	451	511
Current income tax (expense) recovery ⁽⁵⁾					9	—	9
Other income (expense), net ⁽⁴⁾					(12)	(53)	(65)
Deferred income tax (expense) recovery					71	175	246
Non-cash items attributable to equity accounted investments ⁽⁶⁾					(83)	(34)	(117)
Net income (loss)					\$ 602	\$ 1,436	\$ 2,038

- (1) Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.
- (2) The sum of these amounts equates to direct operating costs of \$30,682 million as per the unaudited interim condensed consolidated statements of operating results.
- (3) The sum of these amounts equates to the gain (loss) on acquisitions/dispositions, net of \$1,823 million as per the unaudited interim condensed consolidated statements of operating results.
- (4) The sum of these amounts equates to other income (expense), net of \$(78) million as per the unaudited interim condensed consolidated statements of operating results.
- (5) The sum of these amounts equates to current income tax (expense) recovery of \$(430) million as per the unaudited interim condensed consolidated statements of operating results.
- (6) The sum of these amounts equates to equity accounted income (loss), net of \$61 million as per the unaudited interim condensed consolidated statements of operating results.
- (7) For the nine month period ended September 30, 2021, depreciation and amortization expense by segment is as follows: business services \$344 million, infrastructure services \$519 million, industrials \$788 million, and corporate and other \$nil.

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(US\$ MILLIONS)	Three Months Ended September 30, 2020					Attributable to non- controlling interests	As per IFRS Financials
	Total attributable to Unitholders						
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 2,050	\$ 460	\$ 804	\$ —	\$ 3,314	\$ 6,756	\$ 10,070
Direct operating costs ⁽²⁾	(1,920)	(338)	(625)	(5)	(2,888)	(5,834)	(8,722)
General and administrative expenses	(36)	(13)	(23)	(18)	(90)	(146)	(236)
Other income (expense), net ⁽³⁾	—	(8)	1	—	(7)	(10)	(17)
Interest income (expense), net	(16)	(41)	(62)	(4)	(123)	(248)	(371)
Current income tax (expense) recovery	(17)	(2)	(17)	9	(27)	(75)	(102)
Equity accounted Adjusted FFO ⁽⁴⁾	1	20	8	—	29	31	60
Adjusted FFO	62	78	86	(18)	208		
Depreciation and amortization expense ^{(2), (5)}					(181)	(366)	(547)
Impairment expense, net					(3)	(4)	(7)
Other income (expense), net ⁽³⁾					(10)	18	8
Deferred income tax (expense) recovery					(2)	(6)	(8)
Non-cash items attributable to equity accounted investments ⁽⁴⁾					(31)	(12)	(43)
Net income (loss)					\$ (19)	\$ 104	\$ 85

- (1) Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.
- (2) The sum of these amounts equates to direct operating costs of \$9,269 million as per the unaudited interim condensed consolidated statements of operating results.
- (3) The sum of these amounts equates to other income (expense), net of \$(9) million as per the unaudited interim condensed consolidated statements of operating results.
- (4) The sum of these amounts equates to equity accounted income (loss), net of \$17 million as per the unaudited interim condensed consolidated statements of operating results.
- (5) For the three month period ended September 30, 2020, depreciation and amortization expense by segment is as follows: business services \$109 million, infrastructure services \$170 million, industrials \$268 million, and corporate and other \$nil.

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(US\$ MILLIONS)	Total attributable to Unitholders					Attributable to non- controlling interests	As per IFRS Financials
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
	\$	\$	\$	\$	\$		
Revenues	\$ 5,655	\$ 1,443	\$ 2,111	\$ —	\$ 9,209	\$ 18,377	\$ 27,586
Direct operating costs ⁽²⁾	(5,388)	(1,029)	(1,653)	(10)	(8,080)	(15,828)	(23,908)
General and administrative expenses	(101)	(52)	(71)	(63)	(287)	(421)	(708)
Gain (loss) on acquisitions / dispositions, net	46	—	(1)	—	45	134	179
Other income (expense), net ⁽³⁾	3	(21)	2	—	(16)	(20)	(36)
Interest income (expense), net	(47)	(116)	(190)	1	(352)	(736)	(1,088)
Current income tax (expense) recovery	(35)	(6)	(11)	30	(22)	(178)	(200)
Equity accounted Adjusted FFO ⁽⁴⁾	10	50	18	—	78	81	159
Adjusted FFO	143	269	205	(42)	575		
Depreciation and amortization expense ^{(2), (5)}					(539)	(1,079)	(1,618)
Impairment expense, net					(66)	(83)	(149)
Other income (expense), net ⁽³⁾					(193)	152	(41)
Deferred income tax (expense) recovery					57	100	157
Non-cash items attributable to equity accounted investments ⁽⁴⁾					(88)	(45)	(133)
Net income (loss)					\$ (254)	\$ 454	\$ 200

- (1) Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.
- (2) The sum of these amounts equates to direct operating costs of \$25,526 million as per the unaudited interim condensed consolidated statements of operating results.
- (3) The sum of these amounts equates to other income (expense), net of \$(77) million as per the unaudited interim condensed consolidated statements of operating results.
- (4) The sum of these amounts equates to equity accounted income (loss), net of \$26 million as per the unaudited interim condensed consolidated statements of operating results.
- (5) For the nine month period ended September 30, 2020, depreciation and amortization expense by segment is as follows: business services \$322 million, infrastructure services \$498 million, industrials \$798 million, and corporate and other \$nil.

Segment Assets

For the purpose of monitoring segment performance and allocating resources between segments, the CODM monitors the assets, including investments accounted for using the equity method, attributable to each segment.

The following is an analysis of the partnership's assets by reportable operating segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	As at September 30, 2021				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Total assets	\$ 21,025	\$ 10,353	\$ 22,274	\$ 108	\$ 53,760

**NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**As at September 30, 2021 and December 31, 2020 and for the three and nine months ended
September 30, 2021 and 2020**

(US\$ MILLIONS)	As at December 31, 2020				
	Business services	Infrastructure services	Industrials	Corporate and other	Total
Total assets	\$ 19,884	\$ 10,839	\$ 23,929	\$ 94	\$ 54,746

NOTE 24. SUPPLEMENTAL CASH FLOW INFORMATION

(US\$ MILLIONS)	Nine Months Ended September 30,	
	2021	2020
Interest paid	\$ 817	\$ 764
Income taxes paid	\$ 301	\$ 223

Amounts paid and received for interest were reflected as operating cash flows in the unaudited interim condensed consolidated statements of cash flow.

Details of “Changes in non-cash working capital, net” in the unaudited interim condensed consolidated statements of cash flow are as follows:

(US\$ MILLIONS)	Nine Months Ended September 30,	
	2021	2020
Accounts receivable	\$ (577)	\$ 310
Inventory	(541)	431
Prepayments and other	(52)	75
Accounts payable and other	729	389
Changes in non-cash working capital, net	\$ (441)	\$ 1,205

NOTE 25. INSURANCE CONTRACTS

The following summarizes the balances related to the partnership’s insurance contracts at its residential mortgage insurer:

(a) Premiums and unearned premiums reserve

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Unearned premiums reserve, beginning of the period	\$ 1,889	\$ 1,625
Premiums written during the period	781	744
Premiums earned during the period	(472)	(521)
Foreign currency translation	3	41
Unearned premiums reserve, end of the period	\$ 2,201	\$ 1,889

**NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**As at September 30, 2021 and December 31, 2020 and for the three and nine months ended
September 30, 2021 and 2020**

(b) Losses on claims and loss reserves

The following table presents the components of total loss reserves:

<u>(US\$ MILLIONS)</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Case reserves	\$ 56	\$ 78
Incurred but not reported reserves	14	53
Discounting	(1)	(1)
Provision for adverse deviation	5	14
Total loss reserves	\$ 74	\$ 144

The following table presents movement in loss reserves and the impact on losses on claims:

<u>(US\$ MILLIONS)</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Loss reserves, beginning of the period	\$ 144	\$ 105
Claims paid during the period	(38)	(50)
Changes in loss reserves related to the current period	(33)	85
Foreign currency translation	1	4
Loss reserves, end of the period	\$ 74	\$ 144

NOTE 26. SUBSEQUENT EVENTS

(a) Acquisition of DexKo

On October 4, 2021, together with institutional partners, the partnership completed the acquisition of DexKo Global Inc. (“DexKo”), for \$3.4 billion. DexKo is a leading global manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. The transaction was funded with approximately \$1.1 billion of equity, of which the partnership funded approximately \$395 million for a 35% ownership interest, with the balance funded by institutional partners.

Due to the recent closing of the acquisition, the complete valuation and initial purchase price accounting for the business combination is not available as at the date of release of these unaudited interim condensed consolidated financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain major classes of assets acquired and liabilities assumed.

(b) Distribution

On November 4, 2021, the Board of Directors declared a quarterly distribution in the amount of \$0.0625 per unit, payable on December 31, 2021 to unitholders of record as at the close of business on November 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

This management's discussion and analysis of financial condition and results of operations, or MD&A, of Brookfield Business Partners L.P. and its subsidiaries (collectively, the partnership, or we, or our) covers the financial position of the partnership as at September 30, 2021 and December 31, 2020, and results of operations for the three and nine months ended September 30, 2021 and 2020. The information in this MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements as at September 30, 2021 and December 31, 2020, and for the three and nine months ended September 30, 2021 and 2020, or the interim financial statements. This MD&A was prepared as of November 8, 2021. Additional information relating to the partnership can be found at www.sedar.com or www.sec.gov.

In addition to historical information, this MD&A contains forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks and uncertainties and actual results could differ materially from those reflected in the forward-looking statements.

Cautionary Statement Regarding Forward-looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable U.S. and Canadian securities laws. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding our operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook, as well as the outlook for North American and international economies for the current period 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 these forward-looking statements and information are based upon reasonable assumptions and expectations, investors and other readers should not place undue reliance on such 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 our actual results, performance or achievements 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:

- our financial condition and liquidity;
- market volatility and the market price of our LP Units;
- changes in the economic, political and market factors in the countries in which we do business and other international jurisdictions including as a result of government mandated economic restrictions related to the ongoing pandemic of a novel strain of coronavirus, COVID-19 ("COVID-19");
- the behavior of financial markets, including fluctuations in interest and foreign exchange rates;
- adverse conditions in the global equity, capital and credit markets;
- the availability of equity and debt financing and refinancing within equity, capital and credit markets, and our ability to access these markets;
- strategic actions, including acquisitions and dispositions;
- the completion of the special distribution of class A subordinate voting shares ("BBUC shares") of Brookfield Business Corporation ("BBUC"), the fact that there can be no assurance that the stock exchanges on which BBUC has applied to list the BBUC shares will approve the listing of such shares, BBUC's eligibility for index inclusion, BBUC's ability to attract new investors as well as the future performance and prospects of BBUC and the partnership following the distribution of BBUC shares, and the prospects and benefits of the combined company;
- the ability to complete previously announced acquisitions, dispositions or other transactions on the timeframe contemplated or at all;
- risks associated with, and our ability to derive fully anticipated benefits from, future or existing acquisitions, joint ventures, investments or dispositions;
- actions or potential actions that could be taken by our co-venturers, partners, fund investors or co-tenants;

- the effective integration of acquisitions into our existing operations;
- the cyclical nature of most of our operations;
- actions of competitors;
- risks commonly associated with a separation of economic interest from control;
- the ability to appropriately manage human capital and the impact of the departure of some or all of Brookfield's key professionals;
- actions or potential actions that could be taken by our parent company, or its subsidiaries (other than the partnership);
- technological change, including the rise of alternative technologies that could impact the demand for, or use of, the businesses and assets that we own and operate and that could impair or eliminate the competitive advantage of our businesses and assets;
- changes in government regulation and legislation within the countries in which we operate and the potential difficulties in obtaining effective legal redress in certain jurisdictions;
- changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates);
- the effect of applying future accounting changes;
- failure to maintain effective internal controls;
- governmental investigations;
- pending or threatened litigation;
- changes in tax laws;
- ability to collect amounts owed;
- ability to obtain adequate insurance at commercially reasonable rates;
- possible environmental liabilities and other contingent liabilities, including those related to climate change;
- the impact of the potential break-up of political-economic unions (or the departure of a union member);
- catastrophic events, such as earthquakes, hurricanes and epidemics/pandemics;
- the possible impact of international conflicts and other developments including terrorist acts;
- risks relating to our reliance on technology, including cyberterrorism;
- the risk of loss resulting from fraud, bribery, corruption or other illegal acts; and
- other risks and factors described in our most recent Annual Report on Form 20-F under the heading "Risk Factors" and as detailed from time to time in other documents we file with the securities regulators in Canada and the United States.

In addition, our future results may be impacted by COVID-19 and the related global reduction in commerce and travel and substantial volatility in stock markets worldwide, which may result in a decrease of cash flows and impairment losses and/or revaluations on our investments and assets, and we may be unable to achieve our expected returns. See "Risks Associated with the COVID-19 Pandemic" in the "Risk Factors" section included in our most recent Annual Report 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 evaluating and relying on our forward-looking statements or information, investors and other readers should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the partnership undertakes 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.

These risk factors and others are discussed in detail under the heading “Risk Factors” in our most recent Annual Report on Form 20-F. New risk factors may arise from time to time and it is not possible to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the partnership to be materially different from those contained in forward-looking statements or information. Given these risks and uncertainties, investors and other readers should not place undue reliance on forward-looking statements or information as a prediction of actual results. Although the forward-looking statements and information contained in this MD&A are based upon what the partnership believes to be reasonable assumptions, the partnership cannot assure investors that actual results will be consistent with these forward-looking statements and information, particularly in light of government mandated economic restrictions resulting from the COVID-19 pandemic in certain jurisdictions in which we operate. These forward-looking statements and information are made as of the date of this MD&A.

For a more comprehensive list of risks and uncertainties, please refer to our most recent Annual Report on Form 20-F under the heading “Risk Factors” available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

Basis of Presentation

The unaudited interim condensed consolidated financial statements of the partnership have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and using the accounting policies the partnership applied in its annual consolidated financial statements as at and for the year ended December 31, 2020, except for the impact of the adoption of the new accounting policies and standards described below. The accounting policies the partnership applied in its annual financial statements as at and for the year ended December 31, 2020 are disclosed in Note 2 of such consolidated financial statements, with which reference should be made in reading these unaudited interim condensed consolidated financial statements. All defined terms are also described in the annual consolidated financial statements. The unaudited interim condensed consolidated financial statements are prepared on a going concern basis and have been presented in U.S. dollars rounded to the nearest million unless otherwise indicated. The unaudited interim condensed consolidated financial statements include the accounts of the partnership and its consolidated subsidiaries, which are the entities over which the partnership has control. Certain comparative figures have been reclassified to conform to the current year’s presentation.

We also discuss the results of operations on a segment basis, consistent with how we manage and view our business. Our operating segments are: (i) business services, (ii) infrastructure services, (iii) industrials, and (iv) corporate and other.

The partnership’s consolidated equity interests include the non-voting publicly traded limited partnership units (“LP Units”) held by public unitholders and Brookfield, general partner units held by Brookfield (“GP Units”), redemption-exchange partnership units (“Redemption-Exchange Units”) in Brookfield Business L.P. (“Holding LP”), a holding subsidiary of the partnership, held by Brookfield, and special limited partnership units (“Special LP Units”) in Holding LP held by Brookfield. Holders of the LP Units, GP Units, Redemption-Exchange Units and Special LP Units will be collectively referred to throughout as “Unitholders” unless the context indicates or requires otherwise. LP Units, GP Units, Redemption-Exchange Units and Special LP Units will be collectively referred to throughout as “Units”, or as “per Unit”, unless the context indicates or requires otherwise.

Non-IFRS measures used in this MD&A are reconciled to the most directly comparable IFRS measure. All dollar references, unless otherwise stated, are in millions of U.S. dollars. Australian dollars are identified as “A\$” or “AUD”, Brazilian reais are identified as “R\$” or “BRL”, British pounds are identified as “£” or “GBP”, euros are identified as “€” or “EUR”, Indian rupees are identified as “INR”, and Canadian dollars are identified as “C\$” or “CAD”.

Overview of Our Business

The partnership is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act 1883, as amended, and the Bermuda Exempted Partnerships Act 1992, as amended.

We were established by Brookfield to be its flagship public partnership for its business services and industrial operations. Our operations are primarily located in Canada, Australia, the U.K., the United States, India and Brazil. The partnership is focused on owning and operating high quality businesses that are low cost producers and/or benefit from high barriers to entry. We seek to build value through enhancing the cash flows of our businesses, pursuing an operations-oriented acquisition strategy and opportunistically recycling capital generated from operations and dispositions into our existing operations, new acquisitions and investments. The partnership's goal is to generate returns to Unitholders primarily through capital appreciation with a modest distribution yield.

Operating Segments

We have four operating segments which are organized based on how management views business activities within particular sectors:

- i. Business services, including residential mortgage insurance services, healthcare services, road fuels operations, construction operations, non-bank financial services and other businesses;
- ii. Infrastructure services, which includes nuclear technology services, offshore oil services and work access services;
- iii. Industrials, including advanced energy storage operations, graphite electrode operations and other manufacturing, water and wastewater operations, natural gas production and a variety of other industrial operations; and
- iv. Corporate and other, which includes corporate cash and liquidity management, and activities related to the management of the partnership's relationship with Brookfield.

The tables below provide a breakdown of total assets of \$53,760 million as at September 30, 2021 and revenues of \$33,107 million for the nine months ended September 30, 2021 by operating segment and region.

Operating segments (US\$ MILLIONS)	Assets	Revenues
	As at September 30, 2021	Nine Months Ended September 30, 2021
Business services	\$ 21,025	\$ 21,612
Infrastructure services	10,353	3,185
Industrials	22,274	8,310
Corporate and other	108	—
Total	\$ 53,760	\$ 33,107

Regions (US\$ MILLIONS)	Assets	Revenues
	As at September 30, 2021	Nine Months Ended September 30, 2021
United Kingdom	\$ 5,160	\$ 13,460
United States of America	12,151	4,661
Europe	8,225	4,890
Australia	5,757	3,380
Canada	9,280	2,845
Brazil	5,998	1,095
Mexico	2,326	597
India	1,605	124
Other	3,258	2,055
Total	\$ 53,760	\$ 33,107

Business services

Our business services segment consists of (i) residential mortgage insurance services, (ii) healthcare services, (iii) road fuels operations, (iv) construction operations, (v) non-bank financial services and (vi) other businesses.

Our residential mortgage insurer, Sagen MI Canada Inc., is the largest private sector residential mortgage insurer in Canada, providing mortgage default insurance to Canadian residential mortgage lenders. Regulations in Canada require lenders to purchase mortgage insurance in respect of a residential mortgage loan whenever the loan-to-value ratio exceeds 80%. Our residential mortgage insurance operations play a significant role in increasing access to homeownership for Canadian residents, particularly for first-time homebuyers.

Our residential mortgage insurance operations have built a broad underwriting and distribution platform across Canada that provides customer-focused products and support services to the vast majority of Canada's residential mortgage lenders and originators. We underwrite mortgage insurance for residential properties in all provinces and territories of Canada.

The revenues of our residential mortgage insurance operations consist primarily of: (i) net premiums earned on mortgage insurance policies and (ii) net investment income and net investment gains and losses on the investment portfolio within the business.

Our Australian healthcare services operations are conducted through Healthscope Limited, a leading private hospital operator and provider of essential social infrastructure to the Australian healthcare system. We operate 42 private hospitals, providing doctors and patients with access to operating theaters, nursing staff, accommodations, and other critical care and consumables primarily in support of elective surgery activity.

Our road fuels operations are conducted through Greenergy Fuel Holdings Limited, an integrated renewables, fuel retail and fuel supply platform and are one of the largest biofuel producers in Europe. We operate an extensive gas station portfolio across Canada and Ireland and operate significant infrastructure assets in our key geographies. The renewables platform of our road fuels operations produce waste-based biofuels which are critical to energy transition. The integration with our fuel supply business allows our road fuels operations to capture value throughout the supply chain. We control a portfolio of 359 retail gas stations and associated convenience kiosks throughout Canada and Ireland. We benefit from significant scale and strong customer loyalty primarily through the PC Optimum loyalty program in Canada. On April 8, 2021, we completed the add-on acquisition of a fuel distributor and retailer based in Ireland which included a network of 34 retail fuel sites around the country.

Our construction operations are conducted through Multiplex Global Limited, a global contractor with a focus on high-quality construction, primarily on large scale and complex landmark buildings and social infrastructure. Construction projects are generally delivered through contracts for design, program, procurement and construction for a defined price. Most construction activity is typically subcontracted to reputable specialists whose obligations generally mirror those contained within the main construction contract. Our construction operations operate primarily in Australia and the U.K. across a broad range of sectors, including office, residential, hospitality and leisure, social infrastructure, retail and mixed-use properties.

A significant portion of revenue from our construction operations is generated from large projects and results can fluctuate quarterly and annually depending on the timing of project awards and the commencement and progress of work under contracts already awarded. We believe the financial strength and stability of our construction operations and the mature and robust risk management processes we have adopted position us to effectively service our current client base and attract new clients.

Our non-bank financial services operations are conducted through IndoStar Capital Finance Limited, a leading Indian financing company primarily focused on commercial vehicle lending and affordable housing. We cater to over 51,000 customers and help them buy their first home, secure commercial vehicle financing, or provide access to financing for small and medium-sized enterprises to support India's entrepreneurs. With a pan-India distribution network of more than 250 branches, our non-bank financial services operations are well established to cater to the growing credit demand in the country.

Our entertainment operations, in partnership with a leading Canadian operator, consist of four entertainment facilities in the Greater Toronto Area. Through a long-term contract with the Ontario Lottery and Gaming Corporation, we have the exclusive right to operate these facilities. Through our partnership, we have undertaken a growth strategy whereby we plan to enhance the guest experience and transform each of these sites into attractive, premier entertainment destinations. This modernization and development is intended to include enhanced entertainment offerings and integrated property expansions that will incorporate leading world-class amenities such as hotels, meeting and event facilities, performance venues, restaurants and retail shopping.

Our Brazilian fleet management services operations are conducted through Ouro Verde Locação e Serviços S.A., one of the leading providers of heavy equipment and light vehicle leasing in Brazil. We lease a variety of assets to corporate clients under long-term inflation linked contracts, including a fleet of trucks, trailers, tractors, harvesters and light vehicles, in addition to related services. We have a seasoned management team, a large fleet, a nationwide presence, a wide network of accredited maintenance shops, longstanding relationships with original equipment manufacturers (“OEMs”) and a reputation for value-added services. Our fleet management services operations have been able to sustain high contract renewal rates with high-quality clients as well as diversify into new asset and industry classes.

On January 8, 2021, together with institutional partners, we closed the acquisition of our technology services operations, Everise Holdings Pte. Ltd. (“Everise”), for \$360 million, which comprised \$220 million of equity. Everise is a business process outsourcing company which specializes in managing customer interactions for large global healthcare and technology clients primarily in the United States. Our share of the investment was \$80 million for a 36% economic interest.

Infrastructure services

Our infrastructure services segment comprises (i) nuclear technology services, (ii) offshore oil services, and (iii) work access services.

Our nuclear technology services are conducted through Westinghouse Electric Company, a leading supplier of services to the global nuclear power generation industry that generates a significant majority of its earnings from recurring refueling and maintenance services. We are the OEM or technology provider for approximately 50% of global commercial nuclear power plants and provide services to approximately two thirds of the world’s operating fleet. Decades of technological innovation have supported the build-out of world-class capabilities and a highly skilled workforce with know-how across technologies in the key markets of North America, Europe, the Middle East and Asia.

We generate revenues from our nuclear technology services through the entire life of the nuclear power plant. Our products and services include mission-critical fuel, ongoing maintenance services, engineering solutions, instrumentation and control systems and manufactured components. We also participate in the decontamination, decommissioning and remediation of power plant sites, primarily at the end of their useful lives, as well as provide technology, equipment, and engineering and design services to new power plants on a global basis. Our products and services help keep the existing commercial nuclear fleet operating safely and reliably.

Most of the profitability from our nuclear technology services are generated by the core operating plants business and is driven by recurring refueling and maintenance outages. While seasonal in nature, outage periods and services provided are required by regulatory standards, creating a stable business demand. We expect there will be some inter-year and intra-year seasonality given the planned timing of the outage cycles at customer plants. The majority of fuel operations revenue is generated as we make shipments to customers ahead of the spring and fall when power plants generally go offline to perform maintenance and replenish their fuel. In addition to performing recurring services, we deliver upgrades and perform event-driven work for operating plants, manufacture equipment instrumentation and controls for new power plants and perform decontamination, decommissioning and remediation to plants as they cease operations and come offline.

Our offshore oil services operations are conducted through Altera Infrastructure L.P., a global provider of marine transportation, offshore oil production, facility storage, long-distance towing and offshore installation, maintenance and safety services to the offshore oil production industry. We operate shuttle tankers (highly specialized vessels with dynamic positioning systems used for offloading from offshore oil installations), floating production storage and offloading units (or FPSOs), floating storage and offloading units (or FSOs), and long-haul towage vessels, also with highly specialized capabilities including dynamic positioning. We operate in selected oil regions globally, including the North Sea (Norway and the U.K.), Brazil and Canada.

As a fee-based business focused on critical services, our offshore oil services operations have limited direct commodity exposure and a portfolio which primarily comprised medium to long-term, fixed-rate contracts with high quality investment grade counterparties. A substantial part of our revenues are based on contracts with customers and are fee-based which is recognized on a straight-line basis over the term of the contracts.

Our work access services operations are conducted through Brand Industrial Holdings Inc., a leading provider of scaffolding and related services to the industrial and commercial markets servicing over 30,000 customers in 30 countries worldwide. Our scale and reputation as a leader in engineering innovation and productivity are competitive advantages in a fragmented industry. Our solutions support a wide range of global infrastructure ranging from refineries and petrochemical plants to commercial buildings, bridges, hydroelectric dams, and other power facilities. A substantial portion of our services are recurring and based on the ongoing maintenance requirements of our global customers. Since acquisition, our work access services operations focused on both organic growth, as well as growth through acquisitions. The business is executing on an active acquisition pipeline and acquired Brace Industrial Group, a multi-craft services provider, Muehlhan, a German scaffolding services provider, Big City Access, a residential work access provider, National Coating & Lining, a specialty industrial coating contractor, and JA Electronics, a cathodic protection provider.

In our infrastructure services segment, we expect to incur future costs associated with dismantlement, abandonment and restoration of our assets. The present value of the estimated future costs to dismantle, abandon and restore are added to the capitalized costs of our assets and recorded as a long-term liability.

Industrials

Our industrials segment comprises (i) advanced energy storage operations, (ii) graphite electrode operations, (iii) water and wastewater operations in Brazil, (iv) natural gas production, and (v) a variety of other industrial operations.

Our advanced energy storage operations are conducted through Clarios Global LP, a global market leader in manufacturing automotive batteries that has approximately 16,000 employees around the world with a footprint that consists of over 50 manufacturing, recycling and distribution centers servicing a global customer base in over 140 countries. We manufacture and distribute over 150 million batteries per year, which power one in three cars in the world.

The batteries manufactured by our advanced energy storage operations power both internal combustion engine and electric vehicles. We sell starting, lighting and ignition batteries which are used primarily for initial engine ignition of traditional vehicles. The business has made significant investments to develop higher margin advanced battery technologies, including enhanced flooded batteries and absorbent glass mat batteries, which provide the energy density necessary for next-generation vehicles to comply with increased regulatory requirements and support increased electrical loads such as start-stop functionality and autonomous features.

The evolution towards battery electric vehicles is driving demand for more advanced batteries and opportunities for our advanced energy storage operations. We are working hand-in-hand with most global OEMs to design and integrate our advanced battery technologies into their platforms, including electric vehicle platforms. We are also working with several manufacturers on their next generation vehicle platforms.

Our advanced energy storage operations distribute products primarily to OEMs and aftermarket retailers. Approximately 20% of our unit volume is generated through the OEM channel, which comprises sales to major car manufacturers globally and is driven by global demand for new vehicles. We have also developed longstanding relationships with large aftermarket customers. Approximately 80% of our unit volume is generated through the aftermarket channel, which services the existing car parc and represents a stable and recurring revenue base as end users replace car batteries on average two to four times over the life of each vehicle.

Our graphite electrode operations are conducted through GrafTech International Limited, a manufacturer of a broad range of high-quality graphite electrodes. Graphite electrodes are key components of the conductive power systems used to produce steel and non-ferrous metals and are consumed in the electric arc furnaces, steel melting process, the steel making technology used by all mini-mills. We also manufacture petroleum needle coke, which is the key material in the production of graphite electrodes.

Our water and wastewater operations, conducted through BRK Ambiental Participações S.A., the leading private sanitation service provider in Brazil, include collection, treatment and distribution of water and wastewater to a broad range of residential and governmental customers through long-term, inflation-adjusted concessions, public private partnerships and take-or-pay contracts throughout Brazil. We operate under the BRK Ambiental brand and provide services that benefit more than 15 million people in over 100 municipalities in Brazil.

Our Canadian natural gas properties produce approximately 41,000 barrels of oil equivalent per day, or BOE/d. Our properties are characterized by long-life, low-decline reserves located at shallow depths and are low-risk with low-cost capital projects. Operational results and financial condition are dependent principally upon the prices received for gas production which have fluctuated widely in recent years. Any upward or downward movement in oil and gas prices could have an impact on the natural gas operation's financial condition.

Our aggregate production operations comprises the operation and development of a limestone mine located in Alberta, Canada. Current operations are focused on the sale of limestone aggregates to large oil sands customers that require significant quantities of aggregates to build out roads, bridges, lay down areas, facility pads, and other critical infrastructure. The limestone quarry has 567 million tons of proven mineral reserves and 748 million tons of proven and probable mineral reserves. Decommissioning liabilities for the mine sites are recognized when incurred and reclamation costs are secured by a letter of credit.

Our returnable plastic packaging operations are conducted through Schoeller Allibert Group B.V., a leading European provider of returnable plastic packaging that has a strong competitive position given its extensive scale, diversified base of long-term customers serving multiple industries and its strong reputation for product innovation. We operate in a growing segment of the packaging space that has favorable long-term trends driven by an increased focus on sustainability and logistics.

Our U.S. based automotive aftermarket parts remanufacturer, Cardone Industries, Inc., supports a full spectrum of products and services for a diverse customer base, including OEMs, warehouse distributors, fleets and retailers.

On August 31, 2021, together with institutional partners, we acquired Aldo Componentes Eletrônicos LTDA (“Aldo”) for cash consideration of \$295 million before working capital adjustments, plus a contingent payment expected to be \$332 million. Aldo is a leading distributor of solar power generators in Brazil. Our share of the investment was \$104 million for a 35% economic interest.

On October 4, 2021, together with institutional partners, we acquired DexKo Global Inc. (“DexKo”) for \$3.4 billion, which comprised approximately \$1.1 billion of equity. DexKo is a leading manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. Our share of the investment was \$395 million for a 35% economic interest.

In our industrials segment, we expect to incur future costs associated with dismantlement, abandonment and restoration of our assets. The present value of these estimated future costs are added to the capitalized costs of our assets and recorded as a long-term liability.

Corporate and other

Corporate and other includes corporate cash and liquidity management, as well as activities related to the management of the partnership’s relationship with Brookfield.

Developments in Our Business

Below are key developments in our business since June 30, 2021:

On August 31, 2021, together with institutional partners, we completed the acquisition of Aldo, a leading distributor of solar power generators in Brazil, for cash consideration before working capital adjustments of \$295 million, plus a contingent payment expected to be \$332 million. Our share of the investment was \$104 million for which we will hold 100% voting interest and a 35% economic interest, with the balance held by our institutional partners.

On October 4, 2021, together with institutional partners, we completed the acquisition of DexKo, for \$3.4 billion. DexKo is a leading manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. The transaction was funded with approximately \$1.1 billion of equity, of which we funded approximately \$395 million for a 35% ownership interest, with the balance funded by institutional partners. A portion of our investment may be syndicated to other institutional investors.

On October 27, 2021, we signed an agreement to acquire Scientific Games Corporation’s global lottery services and technology business (“Scientific Games Lottery”) for approximately \$5.8 billion. Scientific Games Lottery is an essential service provider to government sponsored lottery programs through its capabilities in game design, distribution, systems and terminals, and turnkey technology solutions. We intend to fund the transaction with approximately \$2.6 billion of equity, of which we expect to fund approximately 30% on closing, with the balance coming from institutional partners. We intend to close the transaction in the second quarter of 2022, subject to regulatory approvals.

Outlook

We seek to increase the cash flows from our operations through acquisitions and organic growth opportunities as described below. We believe our global scale and leading operations allow us to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest opportunities to realize our targeted returns. We also actively seek to monetize business interests as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns.

Within our business services segment, our residential mortgage insurer continues to generate strong performance. During the third quarter of 2021, loss ratios were below normal and new underwriting activity remained robust. A slowdown from the pandemic-driven strength in Canadian housing activity has resulted in more moderate home price appreciation over the last several months. The market remains above 2019 levels and we expect systemic undersupply in housing and a growing population will support our continued resilience into 2022. In our healthcare services, demand for elective surgeries at our hospitals in Australia remained strong. Performance during the third quarter of 2021 was impacted by intermittent lockdowns and government restrictions in New South Wales and Victoria. As restrictions ease, we expect activity levels to quickly recover.

Within our infrastructure services segment, our nuclear technology services performed well during the third quarter of 2021, driven by higher volumes primarily due to the timing and scope of the fall outage cycle in the Americas. The strong performance was partially offset by higher costs incurred on two legacy manufacturing projects in Europe. We also continue to strengthen our outage maintenance and digital service offering. Subsequent to the third quarter of 2021, the business reached an agreement to acquire a partial interest in a Spanish engineering company, which will increase our competitiveness with customers in Europe and globally. Within our work access services, activity levels have strengthened across our international operations. During the third quarter of 2021, we completed an add-on acquisition which provides complementary services across the U.S. and extends our footprint into strategic end markets and service lines. Results in our offshore oil services stabilized during the third quarter of 2021, although the business continues to operate in a difficult environment. During the third quarter of 2021, we completed an exchange of debt held by a Brookfield-led consortium which will extend maturities and reduce cash interest payments.

Within our industrials segment, our advanced energy storage operations performed well and we continue to progress our targeted annual profit improvement plan. During the third quarter of 2021, growing aftermarket demand for higher margin advanced batteries more than offset the impact of reduced battery demand from auto manufacturers as a result of global auto production shortages. In our water and wastewater operations, we continue to build out our service network. We recently took full operational control of the newly acquired Maceió concession serving 1.5 million residents and have added more than 60,000 new connections this year.

Along with our existing operations, we continue to grow our overall business. During the third quarter of 2021, together with institutional partners, we completed the acquisition of Aldo, a leading distributor of solar power generators for the distributed generation market in Brazil. The Brazilian solar distributed generation market is experiencing rapid growth driven by strong demand, reliability needs and a supportive regulatory framework. We have identified further opportunities to support growth by expanding the business' services solutions and broadening its product offering into adjacent markets that benefit from increased demand for energy. We funded approximately \$104 million of the \$295 million equity investment for a 35% ownership interest. In addition, subsequent to the third quarter of 2021, we closed the acquisition of DexKo, a leading manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. We funded approximately \$395 million for a 35% ownership interest, with the balance funded by our institutional partners. We are in the early stages of implementing our onboarding plan and intend to continue growing this business, expanding into adjacent products, and supporting its acquisition strategy.

Geographically, we continue to be committed to taking a long-term view on the regions where Brookfield has an established presence and we are focusing efforts on accelerating growth initiatives and surfacing value opportunities within our key regions. We are working towards closing our acquisition of Modulaire Group, a leading provider of modular unit leasing services in Europe and Asia. The transaction is on track to close before the end of the year, subject to regulatory approval. We expect to invest approximately \$500 million for a 30% ownership interest, with the balance funded by our institutional partners. Subsequent to the third quarter of 2021, we reached an agreement to acquire a leading provider of products and services to government sponsored global lottery programs through a carve out from Scientific Games Corporation. The business is deeply integrated across the lottery ecosystem through its capabilities across game design, distribution, systems and terminals and turnkey technology solutions. The breadth of its product offering, scale and clear value proposition contribute to a high recurring revenue base and strong customer retention. We plan to work with management and support opportunities to enhance the business' service offerings, grow its customer base and participate in digital expansion. We intend to fund approximately 30% of the equity on closing, with the balance of the equity investment funded by our institutional partners. We expect to close the transaction in the second quarter of 2022, subject to regulatory approval.

The opportunities for our partnership to increase cash flows through acquisitions and organic growth are based on assumptions about our business and markets that management believes are reasonable in the circumstances and may change over time. There can be no assurance as to the growth in our cash flows, capital deployed for acquisitions or organic growth, or the future results of our operations and financial condition. See "Cautionary Statement Regarding Forward-looking Statements" included in this MD&A.

Unaudited Interim Condensed Consolidated Results of Operations

Comparison of the three and nine months ended September 30, 2021 and 2020

The table below summarizes our results of operations for the three and nine months ended September 30, 2021 and 2020. Further details on our results of operations and our financial performance are presented within the “Segment Analysis” section.

(US\$ MILLIONS, except per unit amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 12,043	\$ 10,070	\$ 33,107	\$ 27,586
Direct operating costs	(11,155)	(9,269)	(30,682)	(25,526)
General and administrative expenses	(247)	(236)	(751)	(708)
Interest income (expense), net	(358)	(371)	(1,057)	(1,088)
Equity accounted income (loss), net	25	17	61	26
Impairment expense, net	—	(7)	(201)	(149)
Gain (loss) on acquisitions/dispositions, net	—	—	1,823	179
Other income (expense), net	(20)	(9)	(78)	(77)
Income (loss) before income tax	288	195	2,222	243
Current income tax (expense) recovery	(119)	(102)	(430)	(200)
Deferred income tax (expense) recovery	131	(8)	246	157
Net income (loss)	\$ 300	\$ 85	\$ 2,038	\$ 200
Attributable to:				
Limited partners	\$ 46	\$ (10)	\$ 277	\$ (136)
Non-controlling interests attributable to:				
Redemption-Exchange Units held by Brookfield Asset Management Inc.	41	(9)	246	(118)
Special Limited Partners	—	—	79	—
Interest of others in operating subsidiaries	213	104	1,436	454
	\$ 300	\$ 85	\$ 2,038	\$ 200
Basic and diluted earnings per limited partner unit ⁽¹⁾	\$ 0.59	\$ (0.12)	\$ 3.53	\$ (1.69)

⁽¹⁾ Average number of LP Units outstanding on a fully diluted time-weighted average basis, assuming the exchange of Redemption-Exchange Units held by Brookfield Asset Management for LP Units, for the three and nine months ended September 30, 2021 was 148.0 million and 148.3 million, respectively, and for the three and nine months ended September 30, 2020 was 150.0 million and 150.2 million, respectively.

For the three months ended September 30, 2021, net income was \$300 million, with \$87 million of net income attributable to Unitholders. For the three months ended September 30, 2020, net income was \$85 million, with \$19 million of net loss attributable to Unitholders. The increase in net income was primarily due to increased contributions from our business services and industrials segments. Relative to the prior year, our operations delivered strong operating results as demonstrated in our analysis of Adjusted EBITDA and Adjusted FFO within the “Segment Analysis” section.

For the nine months ended September 30, 2021, net income was \$2,038 million, with \$602 million of net income attributable to Unitholders. For the nine months ended September 30, 2020, net income was \$200 million, with \$254 million of net loss attributable to Unitholders. The increase in net income was primarily due to the gains recognized on the partial disposals of our interest in our graphite electrode operations during 2021.

Revenues

For the three months ended September 30, 2021, revenues increased by \$1,973 million to \$12,043 million, compared to \$10,070 million for the three months ended September 30, 2020. Revenues from our business services segment increased by \$1,907 million, primarily due to higher volumes and prices in our road fuels operations. Included in the revenues and direct operating costs at our road fuels operations is duty payable to the government of the U.K., which is recorded gross within revenues and direct costs without impact on the margin generated by the business. Revenues from our industrials segment increased by \$55 million primarily due to favorable pricing and mix and a growing demand for higher margin advanced batteries within our advanced energy storage operations, combined with contributions from our solar power solutions operations acquired during the period. The increase was partially offset by the impact of the deconsolidation of our graphite electrode operations on March 1, 2021. Revenues from our infrastructure services segment increased by \$11 million as a result of higher revenues at our nuclear technology services and offshore oil services operations.

For the nine months ended September 30, 2021, revenues increased by \$5,521 million to \$33,107 million, compared to \$27,586 million for the nine months ended September 30, 2020. The increase was primarily due to the same factors described above.

Direct operating costs

For the three months ended September 30, 2021, direct operating costs increased by \$1,886 million to \$11,155 million, compared to \$9,269 million for the three months ended September 30, 2020. The increase was primarily due to higher variable costs as a result of the higher volumes at our road fuels operations as discussed above. The increase was partially offset by the deconsolidation of our graphite electrode operations on March 1, 2021. As noted above, included in the revenues and direct operating costs at our road fuels operations is duty payable to the government of the U.K., which is recorded gross within revenues and direct costs without impact on the margin generated by the business.

For the three and nine months ended September 30, 2021, the duty element included in revenues and direct operating costs was approximately \$2,518 million and \$6,790 million (September 30, 2020: \$2,199 million and \$5,778 million), respectively.

For the nine months ended September 30, 2021, direct operating costs increased by \$5,156 million to \$30,682 million compared to \$25,526 million for the nine months ended September 30, 2020. The increase was primarily due to the same factors described above.

General and administrative expenses

For the three months ended September 30, 2021, general and administrative, or G&A, expenses increased by \$11 million to \$247 million, compared to \$236 million for the three months ended September 30, 2020. The increase in G&A expenses was primarily due to higher management fees due to the growth in the partnership's market capitalization relative to the prior period.

For the nine months ended September 30, 2021, G&A expenses increased by \$43 million to \$751 million, compared to \$708 million for the nine months ended September 30, 2020. The increase in G&A expenses was primarily due to the same factor described above.

Interest income (expense), net

For the three months ended September 30, 2021, net interest expense decreased by \$13 million to \$358 million, compared to \$371 million for the three months ended September 30, 2020. The decrease was primarily due to the impact of the deconsolidation of our graphite electrode operations on March 1, 2021 and interest savings driven by a refinancing of debt at our nuclear technology services, partially offset by higher borrowings at our residential mortgage insurer.

For the nine months ended September 30, 2021, net interest expense decreased by \$31 million to \$1,057 million, compared to \$1,088 million for the nine months ended September 30, 2020. The decrease was primarily due to the same factors described above.

Equity accounted income, net

For the three months ended September 30, 2021, net equity accounted income increased by \$8 million to \$25 million, compared to \$17 million for the three months ended September 30, 2020. Net equity accounted income primarily comprised income from our investments in our work access services, graphite electrode operations and our entertainment operations, as well as equity accounted investments within our advanced energy storage operations, offshore oil services and our waste and wastewater operations. The increase was primarily due to increased contributions from our entertainment operations, following the reopening of gaming facilities, combined with contributions from our graphite electrode operations following its recognition as an equity accounted investment on March 1, 2021.

For the nine months ended September 30, 2021, net equity accounted income increased by \$35 million to \$61 million, compared to net equity accounted income of \$26 million for the nine months ended September 30, 2020. The increase was primarily due to the same factors described above.

Impairment expense, net

For the three months ended September 30, 2021, net impairment expense was \$nil compared to a net impairment expense of \$7 million for the three months ended September 30, 2020.

For the nine months ended September 30, 2021, net impairment expense increased by \$52 million to \$201 million, compared to \$149 million for the nine months ended September 30, 2020. The increase was primarily attributable to the closure of one of the North American recycling facilities at our advanced energy storage operations as part of the company's broader plans to improve the efficiency of its U.S. operations.

Gain (loss) on acquisitions/dispositions, net

For the three months ended September 30, 2020 and 2021, the net gain (loss) on acquisitions/dispositions was \$nil.

For the nine months ended September 30, 2021, net gain on acquisitions/dispositions increased by \$1,644 million to \$1,823 million, compared to a net gain of \$179 million for the nine months ended September 30, 2020. For the nine months ended September 30, 2021, net gain on acquisitions/dispositions primarily related to gains recognized on the deconsolidation of our graphite electrode operations and the partial sale of public securities. For the nine months ended September 30, 2020, net gains on acquisitions/dispositions primarily comprised the net gain recognized on the sale of our cold storage logistics business.

Other income (expense), net

For the three months ended September 30, 2021, net other expense increased by \$11 million to \$20 million, compared to net other expense of \$9 million for the three months ended September 30, 2020. Net other expense of \$20 million for the three months ended September 30, 2021 primarily related to transaction and restructuring costs in our nuclear technology services, advanced energy storage operations and road fuels operations, partially offset by mark-to-market inventory revaluation in our advanced energy storage operations. Net other expense of \$9 million for the three months ended September 30, 2020 included provisions, transactions expenses, restructuring costs, and unrealized mark-to-market revaluations including gains related to public securities.

For the nine months ended September 30, 2021, net other expense increased by \$1 million to \$78 million, compared to net other expense of \$77 million for the nine months ended September 30, 2020.

Income tax (expense) recovery

For the three months ended September 30, 2021, current income tax expense and deferred income tax recovery were \$119 million and \$131 million, respectively, compared to current income tax expense of \$102 million and deferred income tax expense of \$8 million for the three months ended September 30, 2020. Current tax expense increased by \$17 million primarily due to higher taxable income at our residential mortgage insurer. Deferred income tax recovery increased by \$139 million primarily due to the recognition of previously unrecognized losses within our advanced energy storage operations.

For the nine months ended September 30, 2021, current income tax expense and deferred income tax recovery were \$430 million and \$246 million, respectively, compared to current income tax expense of \$200 million and deferred income tax recovery of \$157 million for the nine months ended September 30, 2020. Current tax expense increased by \$230 million primarily due to the same factors as discussed above, as well as higher taxable income at our advanced energy storage operations and tax associated with the disposition of investments within our industrials segment. Deferred income tax recovery increased by \$89 million primarily due to the same factors as discussed above.

Our effective tax rate for the nine months ended September 30, 2021 was 8%, while our composite income tax rate was 27%. The recognition of previously unrecognized losses within our industrials segment gave rise to a 5% decrease in our effective tax rate. Our consolidated net income includes income attributable to non-controlling ownership interests in flow through entities, while our consolidated tax provision includes only our proportionate share of the tax provision of these entities which gave rise to a 14% decrease in our effective tax rate.

Summary of Results

Quarterly results

Total revenues and net income (loss) for the eight most recent quarters were as follows:

(US\$ MILLIONS, except per unit amounts)	2021				2020			2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	\$12,043	\$11,235	\$ 9,829	\$10,049	\$10,070	\$ 7,370	\$10,146	\$11,320
Direct operating costs	(11,155)	(10,549)	(8,978)	(9,104)	(9,269)	(6,818)	(9,439)	(10,487)
General and administrative expenses	(247)	(253)	(251)	(260)	(236)	(228)	(244)	(228)
Interest income (expense), net	(358)	(351)	(348)	(394)	(371)	(353)	(364)	(388)
Equity accounted income (loss), net	25	7	29	31	17	18	(9)	52
Impairment expense, net	—	—	(201)	(114)	(7)	(29)	(113)	(285)
Gain (loss) on acquisitions/dispositions, net	—	16	1,807	95	—	(4)	183	190
Other income (expense), net	(20)	(97)	39	188	(9)	149	(217)	(46)
Income (loss) before income tax	288	8	1,926	491	195	105	(57)	128
Income tax (expense) recovery								
Current	(119)	(118)	(193)	(84)	(102)	(23)	(75)	(93)
Deferred	131	81	34	(27)	(8)	67	98	52
Net income (loss)	\$ 300	\$ (29)	\$ 1,767	\$ 380	\$ 85	\$ 149	\$ (34)	\$ 87
Attributable to:								
Limited partners	\$ 46	\$ (50)	\$ 281	\$ 45	\$ (10)	\$ (59)	\$ (67)	\$ (57)
Non-controlling interests attributable to:								
Redemption-Exchange Units held by Brookfield Asset Management Inc.	41	(44)	249	40	(9)	(50)	(59)	(48)
Special Limited Partners	—	79	—	—	—	—	—	—
Interest of others in operating subsidiaries	213	(14)	1,237	295	104	258	92	192
	\$ 300	\$ (29)	\$ 1,767	\$ 380	\$ 85	\$ 149	\$ (34)	\$ 87
Basic and diluted earnings (loss) per limited partner unit ⁽¹⁾	\$ 0.59	\$ (0.63)	\$ 3.57	\$ 0.56	\$ (0.12)	\$ (0.73)	\$ (0.84)	\$ (0.70)

(1) The average number of LP Units outstanding on a fully diluted time weighted average basis, assuming the exchange of Redemption-Exchange Units held by Brookfield Asset Management for LP Units, for the three and nine months ended September 30, 2021 was 148.0 million and 148.3 million, respectively, and for the three and nine months ended September 30, 2020 was 150.0 million and 150.2 million, respectively.

Revenues and operating costs vary from quarter to quarter primarily due to acquisitions and dispositions of businesses, fluctuations in foreign exchange rates, business and economic cycles, weather and seasonality, broader economic factors and commodity market volatility. Within our industrials segment, in our advanced energy storage operations, the demand for batteries in the aftermarket is typically higher in the colder seasons, and in our natural gas production operations, the ability to move heavy equipment safely and efficiently in western Canadian oil and gas fields is dependent on weather conditions. Within our infrastructure services segment, in nuclear technology services, the core operating plants services business generates the majority of its revenues during the fall and spring when power plants go offline to perform maintenance and replenish their fuel. Work access services is impacted by seasonality in the industries it services; for example most refineries tend to close down for turnarounds during the spring and fall. In addition, cold temperatures in the first and fourth fiscal quarters typically limit activity on maintenance and capital projects in cold climates. Some of our business services activities are seasonal in nature and are affected by the general level of economic activity and related volume of services purchased by our clients. Road fuels operations is impacted by changes in demand for fuel linked to seasonal weather changes and the bi-annual change in the fuel specifications. Mortgage insurance premiums underwritten at our residential mortgage insurer fluctuate based on the general seasonality in the housing market. Net income is impacted by periodic gains and losses on acquisitions, monetizations and impairments.

Review of Consolidated Financial Position

The following is a summary of the unaudited interim condensed consolidated statements of financial position as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 2,371	\$ 2,743
Financial assets	8,645	8,796
Accounts and other receivable, net	5,233	4,989
Inventory and other assets	5,673	5,280
Property, plant and equipment	12,901	13,982
Deferred income tax assets	910	761
Intangible assets	10,859	11,261
Equity accounted investments	1,569	1,690
Goodwill	5,599	5,244
Total assets	\$ 53,760	\$ 54,746
Liabilities and equity		
Liabilities		
Accounts payable and other	\$ 19,056	\$ 17,932
Corporate borrowings	751	610
Non-recourse borrowings in subsidiaries of the partnership	21,338	23,166
Deferred income tax liabilities	1,517	1,701
	\$ 42,662	\$ 43,409
Equity		
Limited partners	\$ 2,186	\$ 1,928
Non-controlling interests attributable to:		
Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	1,972	1,564
Interest of others in operating subsidiaries	6,940	7,845
	11,098	11,337
Total liabilities and equity	\$ 53,760	\$ 54,746

Financial assets

Financial assets decreased by \$151 million to \$8,645 million as at September 30, 2021, compared to \$8,796 million as at December 31, 2020. The balance comprised marketable securities, loans and notes receivable, derivative contracts, restricted cash, and other financial assets. The decrease was primarily due to a reduction in the investment portfolio at our non-bank financial services in India, lower restricted cash following the acquisition of a concession at our water and wastewater operations, combined with the impact of the partial disposition of our investments in public securities in the first quarter of 2021. The decrease was partially offset by growth in our residential mortgage insurer's investment portfolio and the reclassification of an equity accounted investment to financial assets at our advanced energy storage operations following a partial sale of our minority interest in the second quarter of 2021.

The following table presents financial assets by segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	Business services	Infrastructure services	Industrials	Corporate and other	Total
September 30, 2021	\$ 7,307	\$ 363	\$ 973	\$ 2	\$ 8,645
December 31, 2020	\$ 7,200	\$ 413	\$ 1,181	\$ 2	\$ 8,796

Accounts and other receivable, net

Accounts and other receivable, net increased by \$244 million to \$5,233 million as at September 30, 2021, compared to \$4,989 million as at December 31, 2020. The increase was primarily due to an increase in volumes and prices at our road fuels operations, partially offset by the deconsolidation of our graphite electrode operations on March 1, 2021, combined with lower trade receivables in our advanced energy storage operations.

Inventory and other assets

Inventory and other assets increased by \$393 million to \$5,673 million as at September 30, 2021, compared to \$5,280 million as at December 31, 2020. The increase was primarily due to higher inventory on hand and increased costs at our advanced energy storage operations and our road fuels operations, partially offset by the deconsolidation of our graphite electrode operations on March 1, 2021.

Property, plant & equipment and intangible assets

PP&E decreased by \$1,081 million to \$12,901 million as at September 30, 2021, compared to \$13,982 million as at December 31, 2020. The decrease was primarily due to the deconsolidation of our graphite electrode operations on March 1, 2021, combined with an impairment recorded at our advanced energy storage operations in the first quarter of 2021. As at September 30, 2021, PP&E included \$1,207 million of right-of-use ("ROU") assets.

Intangible assets decreased by \$402 million to \$10,859 million as at September 30, 2021, compared to \$11,261 million as at December 31, 2020. The decrease was primarily due to regular amortization of intangibles and foreign currency movements, partially offset by the acquisition of our solar power solutions operations on August 31, 2021.

Capital expenditures represent additions to PP&E and certain intangible assets. Included in capital expenditures are maintenance capital expenditures, which are required to sustain the current performance of our operations, and growth capital expenditures, which are made for incrementally new assets that are expected to expand existing operations. Within our business services segment, capital expenditures were primarily related to maintenance and improvements on hospital facilities and new hospital equipment at our healthcare services operations, terminal expansions at our road fuels operations and maintenance and expansion of the fleet at our fleet management services operations. Within our infrastructure services segment, capital expenditures were primarily related to two new shuttle tankers and vessel dry-docking costs at our offshore oil services operations, and equipment refurbishment, tooling and new fuel design at our nuclear technology services. Within our industrials segment, capital expenditures were primarily related to expansions and equipment replacement at our advanced energy storage operations. We also include additions to intangible assets at our water and wastewater operations within capital expenditures due to the nature of our concession agreements. On a consolidated basis, maintenance and growth capital expenditures for the nine months ended September 30, 2021 were \$315 million and \$702 million, respectively.

Equity accounted investments

Equity accounted investments decreased by \$121 million to \$1,569 million as at September 30, 2021, compared to \$1,690 million as at December 31, 2020. The decrease was primarily due to the reclassification of an equity accounted investment to financial assets at our advanced energy storage operations following a partial sale of our minority interest in the second quarter of 2021, partially offset by the deconsolidation of our graphite electrode operations on March 1, 2021.

Goodwill

Goodwill increased by \$355 million to \$5,599 million as at September 30, 2021, compared to \$5,244 million as at December 31, 2020. The increase was primarily due to the acquisition of our solar power solutions operations on August 31, 2021, combined with the acquisition of our technology services operations in the first quarter of 2021. The increase was partially offset by the deconsolidation of our graphite electrode operations on March 1, 2021.

Accounts payable and other

Accounts payable and other increased by \$1,124 million to \$19,056 million as at September 30, 2021, compared to \$17,932 million as at December 31, 2020. The increase was primarily due to higher accrued liabilities and payables as a result of an increase in sales volumes and prices in road fuels operations, higher payables as a result of higher input costs in advanced energy storage operations, combined with the acquisition of solar power solutions on August 31, 2021. The increase was partially offset by the impact of the deconsolidation of graphite electrode operations on March 1, 2021, combined with a decrease in other liabilities following the acquisition of a concession in our water and wastewater operations. As at September 30, 2021, accounts payable and other included \$1,263 million of lease liabilities.

Corporate and non-recourse borrowings

Borrowings are discussed in the “Liquidity and Capital Resources” section of this MD&A.

Equity attributable to Unitholders

As at September 30, 2021, our capital structure comprised two classes of partnership units: LP Units and GP Units. LP Units entitle the holder to their proportionate share of distributions. GP Units entitle the holder the right to govern our financial and operating policies. See Item 10.B., “Memorandum and Articles of Association – Description of our Units and our Limited Partnership Agreement” in our Annual Report on Form 20-F.

Holding LP’s capital structure comprises three classes of partnership units: managing general partner units held by Brookfield Business Partners L.P., Special LP Units and Redemption-Exchange Units held by Brookfield. In its capacity as the holder of the Special LP Units of Holding LP, the special limited partner is entitled to receive incentive distributions based on a 20% increase in the partnership’s unit price over an initial threshold. See Item 10.B., “Memorandum and Articles of Association - Description of the Holding LP Limited Partnership Agreement” in our Annual Report on Form 20-F.

During the third quarter of 2021, the volume weighted average price was \$44.21 per LP Unit, which was below the previous incentive distribution threshold of \$44.64 per LP Unit, resulting in an incentive distribution of \$nil for the quarter.

On August 12, 2021, the Toronto Stock Exchange (“TSX”) accepted a notice filed by the partnership of its intention to renew a normal course issuer bid, (“NCIB”), for its LP Units. Under the NCIB, the partnership is authorized to repurchase up to 5% of its issued and outstanding LP Units as at August 12, 2021, or 3,929,206 LP Units, including up to 18,938 LP Units on the TSX during any trading day. During the nine months ended September 30, 2021, a total of 1,186,919 LP Units were repurchased (September 30, 2020: 416,935 LP Units).

As at September 30, 2021 and December 31, 2020, the total number of Units outstanding are as follows:

UNITS	September 30, 2021	December 31, 2020
GP Units	4	4
LP Units	77,845,065	79,031,984
Non-controlling interests:		
Redemption-Exchange Units, held by Brookfield	69,705,497	69,705,497
Special LP Units	4	4

Segment Analysis

Our operations are organized into four operating segments which are regularly reviewed by the Chief Operating Decision Maker (“CODM”) for the purpose of allocating resources to the segment and to assess its performance. The CODM uses Adjusted funds from operations (“Adjusted FFO”) and Adjusted EBITDA to assess performance and make resource allocation decisions. Adjusted FFO allows the CODM to evaluate the partnership’s segments on the basis of return on invested capital by removing the effect of non-cash and other items. Adjusted EBITDA provides a comprehensive understanding of the ability of the partnership’s businesses to generate recurring earnings and assists our CODM in understanding and evaluating the underlying financial performance of our segments.

Adjusted FFO is calculated as our share of net income and equity accounted income excluding the impact of depreciation and amortization, deferred income taxes, transaction costs, non-cash valuation gains or losses, impairment expense and other items. In order to provide additional insight regarding performance on a cumulative realized basis, Adjusted FFO includes realized disposition gains or losses, along with associated tax impacts, recorded in net income, other comprehensive income, or directly in equity, such as ownership changes. These include gains or losses arising from transactions during the reporting period together with fair value changes recorded in prior periods. Adjusted EBITDA is calculated as Adjusted FFO excluding the impact of our share of realized disposition gains and losses, interest income and expense, and current income taxes. Adjusted EBITDA is presented net to Unitholders.

The tables below provide each segment's results in the format that the CODM organizes its reporting segments to make resource allocation decisions and assess performance. Each segment is presented on a proportionate basis, taking into account the partnership's ownership in operations accounted for using the consolidation and equity methods under IFRS. See "Reconciliation to Non-IFRS Measures" for a more fulsome discussion, including a reconciliation to the partnership's IFRS consolidated statements of operating results on a line by line basis.

The following table presents Adjusted EBITDA and Adjusted FFO for the three and nine months ended September 30, 2021 and 2020:

<u>(US\$ MILLIONS)</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 3,627	\$ 3,314	\$ 10,353	\$ 9,209
Direct operating costs	(3,144)	(2,888)	(9,008)	(8,080)
General and administrative expenses	(99)	(90)	(301)	(287)
Equity accounted Adjusted EBITDA	59	45	167	119
Adjusted EBITDA ⁽¹⁾	\$ 443	\$ 381	\$ 1,211	\$ 961
Gain (loss) on acquisitions/dispositions, net	—	—	572	45
Other income (expense), net	2	(7)	(1)	(16)
Interest income (expense), net	(113)	(123)	(343)	(352)
Current income tax (expense) recovery	(37)	(27)	(194)	(22)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments	(19)	(16)	(68)	(41)
Adjusted FFO ⁽¹⁾	\$ 276	\$ 208	\$ 1,177	\$ 575

⁽¹⁾ Non-IFRS measure. Refer to the section "Reconciliation of Non-IFRS Measures" of this MD&A for a reconciliation of Adjusted EBITDA and Adjusted FFO to net income (loss).

Comparison of the three and nine months ended September 30, 2021 and 2020

Adjusted EBITDA for the three months ended September 30, 2021 was \$443 million, representing an increase of \$62 million compared to \$381 million for the three months ended September 30, 2020. The increase in Adjusted EBITDA was primarily due to increased contributions from our business services and industrials segments. Adjusted EBITDA in our business services segment increased primarily due to contributions from our residential mortgage insurer and construction operations, which was partially offset by lower contributions from our healthcare services. Adjusted EBITDA in our industrials segment increased primarily due to higher contributions from our advanced energy storage operations, which was partially offset by reduced contribution following the partial sale of our interest in our graphite electrode operations. Adjusted EBITDA for the nine months ended September 30, 2021 was \$1,211 million, representing an increase of \$250 million compared to \$961 million for the nine months ended September 30, 2020.

Adjusted FFO for the three months ended September 30, 2021 was \$276 million, representing an increase of \$68 million compared to \$208 million for the three months ended September 30, 2020. The increase in Adjusted FFO was primarily due to the factors contributing to the increase in Adjusted EBITDA, combined with interest savings driven by the refinancings of debt within our infrastructure services segment. The increase was partially offset by a higher tax expense within our business services segment resulting from higher taxable earnings in the quarter. Adjusted FFO for the nine months ended September 30, 2021 was \$1,177 million, representing an increase of \$602 million compared to \$575 million for the nine months ended September 30, 2020.

Business services

The following table presents Adjusted EBITDA and Adjusted FFO for our business services segment for the periods presented:

(US\$ MILLIONS)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 2,336	\$ 2,050	\$ 6,659	\$ 5,655
Direct operating costs	(2,148)	(1,920)	(6,155)	(5,388)
General and administrative expenses	(36)	(36)	(111)	(101)
Equity accounted Adjusted EBITDA	11	2	19	13
Adjusted EBITDA⁽¹⁾	\$ 163	\$ 96	\$ 412	\$ 179
Gain (loss) on acquisitions/dispositions, net	—	—	—	46
Other income (expense), net	2	—	(1)	3
Interest income (expense), net	(19)	(16)	(50)	(47)
Current income tax (expense) recovery	(35)	(17)	(83)	(35)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments	(2)	(1)	(6)	(3)
Adjusted FFO⁽¹⁾	\$ 109	\$ 62	\$ 272	\$ 143

(1) Non-IFRS measure. Refer to the section “Reconciliation of Non-IFRS Measures” of this MD&A for a reconciliation of Adjusted EBITDA and Adjusted FFO to net income (loss).

The following table presents equity attributable to Unitholders for our business services segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Total assets	\$ 21,025	\$ 19,884
Total liabilities	14,828	13,526
Interests of others in operating subsidiaries	3,558	4,133
Equity attributable to Unitholders	2,639	2,225
Total equity	\$ 6,197	\$ 6,358

Comparison of the three and nine months ended September 30, 2021 and 2020

Adjusted EBITDA in our business services segment for the three months ended September 30, 2021 was \$163 million, representing an increase of \$67 million compared to \$96 million for the three months ended September 30, 2020. The increase in Adjusted EBITDA was primarily due to higher contributions from our residential mortgage insurer and construction operations, which was partially offset by lower contributions from our healthcare services. Our residential mortgage insurer contributed \$81 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$33 million for the three months ended September 30, 2020. The increase was primarily due to strong business performance and our increased ownership (41% vs. 24%). Strong Canadian housing activity contributed to an increase in premiums earned and low levels of mortgage default rates during the quarter. Our construction operations contributed \$22 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$17 million for the three months ended September 30, 2020. The increase was primarily due to strong project execution despite impacts from temporary site restrictions in certain regions of Australia which reduced productivity levels during the quarter. Our healthcare services contributed \$17 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$21 million for the three months ended September 30, 2020. The prior period results included contribution from the pathology business which we sold in the fourth quarter of 2020 and higher levels of funding received in return for making our facilities available for public use. Activity levels in the quarter were impacted by lockdowns and restrictions on elective surgeries. The current quarter results also included higher equity accounted Adjusted EBITDA primarily due to higher contribution from the reopening of our gaming facilities in our entertainment operations. Adjusted EBITDA in our business services segment for the nine months ended September 30, 2021 was \$412 million, representing an increase of \$233 million compared to \$179 million for the nine months ended September 30, 2020.

Adjusted FFO in our business services segment for the three months ended September 30, 2021 was \$109 million, representing an increase of \$47 million compared to \$62 million for the three months ended September 30, 2020. The increase was primarily due to the factors described above, partially offset by higher current tax expense resulting from higher taxable earnings in the current quarter. Adjusted FFO for the nine months ended September 30, 2021 was \$272 million, representing an increase of \$129 million compared to \$143 million for the nine months ended September 30, 2020.

Infrastructure services

The following table presents Adjusted EBITDA and Adjusted FFO for our infrastructure services segment for the periods presented:

(US\$ MILLIONS)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 465	\$ 460	\$ 1,381	\$ 1,443
Direct operating costs	(337)	(338)	(1,017)	(1,029)
General and administrative expenses	(16)	(13)	(51)	(52)
Equity accounted Adjusted EBITDA	28	33	88	84
Adjusted EBITDA ⁽¹⁾	\$ 140	\$ 142	\$ 401	\$ 446
Other income (expense), net	—	(8)	—	(21)
Interest income (expense), net	(33)	(41)	(110)	(116)
Current income tax (expense) recovery	(3)	(2)	(11)	(6)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments	(13)	(13)	(44)	(34)
Adjusted FFO ⁽¹⁾	\$ 91	\$ 78	\$ 236	\$ 269

⁽¹⁾ Non-IFRS measure. Refer to the section “Reconciliation of Non-IFRS Measures” of this MD&A for a reconciliation of Adjusted EBITDA and Adjusted FFO to net income (loss).

The following table presents equity attributable to Unitholders for our infrastructure services segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Total assets	\$ 10,353	\$ 10,839
Total liabilities	9,410	9,856
Interests of others in operating subsidiaries	294	355
Equity attributable to Unitholders	649	628
Total equity	\$ 943	\$ 983

Comparison of the three and nine months ended September 30, 2021 and 2020

Adjusted EBITDA in our infrastructure services segment for the three months ended September 30, 2021 was \$140 million, representing a decrease of \$2 million compared to \$142 million for the three months ended September 30, 2020. Our results benefited from improved contributions from offshore oil services, partially offset by reduced contributions from our nuclear technology services and work access services. Offshore oil services contributed \$65 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$60 million for the three months ended September 30, 2020. Results benefited from improved contributions from our FPSO operations. Nuclear technology services contributed \$56 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$59 million for the three months ended September 30, 2020. Strong performance driven by higher volumes was in line with expected year-over-year growth as a result of the timing and scope of the fall outage cycle in the Americas. The increase in year-over-year performance was offset by increased costs on two legacy manufacturing projects in Europe. Work access services contributed \$19 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$23 million for the three months ended September 30, 2020. The decrease was primarily due to higher labor costs. Adjusted EBITDA for the nine months ended September 30, 2021 was \$401 million, representing a decrease of \$45 million compared to \$446 million for the nine months ended September 30, 2020.

Adjusted FFO in our infrastructure services segment for the three months ended September 30, 2021 was \$91 million, representing an increase of \$13 million compared to \$78 million for the three months ended September 30, 2020. Current period results included lower interest expense as a result of recent refinancings of debt. Adjusted FFO for the nine months ended September 30, 2021 was \$236 million, representing a decrease of \$33 million compared to \$269 million for the nine months ended September 30, 2020.

Industrials

The following table presents Adjusted EBITDA and Adjusted FFO for our industrials segment for the periods presented:

(US\$ MILLIONS)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 826	\$ 804	\$ 2,313	\$ 2,111
Direct operating costs	(654)	(625)	(1,824)	(1,653)
General and administrative expenses	(21)	(23)	(61)	(71)
Equity accounted Adjusted EBITDA	20	10	60	22
Adjusted EBITDA ⁽¹⁾	\$ 171	\$ 166	\$ 488	\$ 409
Gain (loss) on acquisitions/dispositions, net	—	—	572	(1)
Other income (expense), net	—	1	—	2
Interest income (expense), net	(57)	(62)	(172)	(190)
Current income tax (expense) recovery	(9)	(17)	(132)	(11)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments	(4)	(2)	(18)	(4)
Adjusted FFO ⁽¹⁾	\$ 101	\$ 86	\$ 738	\$ 205

⁽¹⁾ Non-IFRS measure. Refer to the section “Reconciliation of Non-IFRS Measures” of this MD&A for a reconciliation of Adjusted EBITDA and Adjusted FFO to net income (loss).

The following table presents equity attributable to Unitholders for our industrials segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Total assets	\$ 22,274	\$ 23,929
Total liabilities	17,646	19,354
Interests of others in operating subsidiaries	3,088	3,357
Equity attributable to Unitholders	1,540	1,218
Total equity	\$ 4,628	\$ 4,575

Comparison of the three and nine months ended September 30, 2021 and 2020

Adjusted EBITDA in our industrials segment for the three months ended September 30, 2021 was \$171 million, representing an increase of \$5 million compared to \$166 million for the three months ended September 30, 2020. The increase was primarily due to higher contribution from our advanced energy storage operations, which was partially offset by our reduced ownership in our graphite electrode operations. Our advanced energy storage operations contributed \$120 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$111 million for the three months ended September 30, 2020. The increase was primarily due to favorable pricing and mix due to growing demand for higher margin advanced batteries in the aftermarket, partially offset by lower battery sales volumes during the quarter due to auto production shortages. Our graphite electrode operations contributed \$14 million to Adjusted EBITDA for the three months ended September 30, 2021 compared to \$38 million for the three months ended September 30, 2020. The decrease was due to our reduced ownership compared to the third quarter of 2020. Adjusted EBITDA for the nine months ended September 30, 2021 was \$488 million, representing an increase of \$79 million compared to \$409 million for the nine months ended September 30, 2020.

Adjusted FFO in our industrials segment for the three months ended September 30, 2021 was \$101 million, representing an increase of \$15 million compared to \$86 million for the three months ended September 30, 2020. The increase in Adjusted FFO was primarily due to the factors noted above. Adjusted FFO for the nine months ended September 30, 2021 was \$738 million, representing an increase of \$533 million compared to \$205 million for the nine months ended September 30, 2020.

Corporate and other

The following table presents Adjusted EBITDA and Adjusted FFO for our corporate and other segment for the periods presented:

(US\$ MILLIONS)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Direct operating costs	\$ (5)	\$ (5)	\$ (12)	\$ (10)
General and administrative expenses	(26)	(18)	(78)	(63)
Adjusted EBITDA ⁽¹⁾	\$ (31)	\$ (23)	\$ (90)	\$ (73)
Interest income (expense), net	(4)	(4)	(11)	1
Current income tax (expense) recovery	10	9	32	30
Adjusted FFO ⁽¹⁾	\$ (25)	\$ (18)	\$ (69)	\$ (42)

⁽¹⁾ Non-IFRS measure. Refer to the section “Reconciliation of Non-IFRS Measures” of this MD&A for a reconciliation of Adjusted EBITDA and Adjusted FFO to net income (loss).

The following table presents equity attributable to Unitholders for our corporate and other segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Total assets	\$ 108	\$ 94
Total liabilities	778	673
Equity Attributable to Preferred Shares	15	15
Equity Attributable to Unitholders	(685)	(594)
Total equity	\$ (670)	\$ (579)

Pursuant to our Master Services Agreement, we pay Brookfield a quarterly base management fee equal to 0.3125% (1.25% annually) of our total capitalization, plus debt with recourse, net of cash held by corporate entities. The management fees for the three and nine months ended September 30, 2021 were \$24 million and \$65 million compared to \$15 million and \$47 million for the three and nine months ended September 30, 2020. General and administrative costs comprise management fees and corporate expenses, including audit and other expenses. The increase in the management fee was due to an increase in the total capitalization of the partnership.

Adjusted FFO in our corporate and other segment included a current income tax recovery of \$10 million for the three months ended September 30, 2021, primarily related to corporate expenses, including management fees.

We have a Deposit Agreement with Brookfield whereby we may place funds on deposit with Brookfield and whereby Brookfield may place funds on deposit with us. Any deposit balance is due on demand and earns an agreed upon rate of interest based on market terms. As at September 30, 2021, the amount of the deposit from Brookfield was \$nil (December 31, 2020: \$300 million).

Reconciliation of Non-IFRS Measures

Adjusted FFO

To measure our performance, amongst other measures, we focus on Adjusted FFO. Adjusted FFO was formerly referred to as Company FFO. The methodology for calculating Adjusted FFO is unchanged from how Company FFO was previously calculated. Adjusted FFO is calculated as our share of net income and equity accounted income excluding the impact of depreciation and amortization, deferred income taxes, transaction costs, non-cash valuation gains and losses, impairment expense and other items. In order to provide additional insight regarding performance on a cumulative realized basis, Adjusted FFO includes realized disposition gains or losses, along with associated tax impacts, recorded in net income, other comprehensive income, or directly in equity, such as ownership changes. These include gains or losses arising from transactions during the reporting period together with fair value changes recorded in prior periods. Adjusted FFO is presented net to Unitholders. Adjusted FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted FFO is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted FFO has the following limitations as an analytical tool:

- Adjusted FFO does not include depreciation and amortization expense; because we own capital assets with finite lives, depreciation and amortization expense recognizes the fact that we must maintain or replace our asset base in order to preserve our revenue generating capability;
- Adjusted FFO does not include deferred income taxes, which may become payable if we own our assets for a long period of time; and
- Adjusted FFO does not include any non-cash fair value adjustments or mark-to-market adjustments recorded to net income unless the underlying movement in the item being hedged is recorded within Adjusted FFO.

Because of these limitations, Adjusted FFO should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under IFRS. However, Adjusted FFO is a key measure that we use to evaluate the performance of our operations.

When viewed with our IFRS results, we believe that Adjusted FFO provides a more complete understanding of factors and trends affecting our underlying operations, including the impact of borrowing. Adjusted FFO allows us to evaluate our businesses on the basis of cash return on invested capital by removing the effect of non-cash and other items. We add back depreciation and amortization as the depreciated cost base of our assets is reflected in the ultimate realized disposition gain or loss on disposal. We add back deferred income taxes because we do not believe this item reflects the present value of the actual cash tax obligations we will be required to pay, particularly if our operations are held for a long period of time. We add back impairment losses as well as non-cash valuation gains or losses where the offsetting movement is not included within direct operating costs, as these are non-cash in nature and indicate a point in time approximation of value on long-term items. We also add back breakage and transaction costs as they are capital in nature.

Adjusted EBITDA

We also use Adjusted EBITDA as a measure of performance. Adjusted EBITDA was formerly referred to as Company EBITDA. The methodology for calculating Adjusted EBITDA is unchanged from how Company EBITDA was previously calculated. Adjusted EBITDA is calculated as Adjusted FFO excluding the impact of our share of realized disposition gains and losses, interest income and expense and current income taxes. Adjusted EBITDA is presented net to Unitholders. Adjusted EBITDA has limitations as an analytical tool as it does not include our share of realized disposition gains and losses, interest income and expense, and current income taxes, as well as depreciation and amortization, deferred income taxes, transaction costs, non-cash valuation gains or losses, impairment expense and other items. Because of these limitations, Adjusted EBITDA should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under IFRS. However, Adjusted EBITDA is a key measure that we use to evaluate the performance of our operations.

When viewed with our IFRS results, we believe that Adjusted EBITDA provides a comprehensive understanding of the ability of our businesses to generate recurring earnings which allows users to better understand and evaluate the underlying financial performance of our operations.

The following table reconciles Adjusted EBITDA and Adjusted FFO to net income attributable to Unitholders for the periods indicated.

(US\$ MILLIONS)	Three Months Ended September 30, 2021					Attributable to non-controlling interests	As per IFRS Financials
	Total attributable to Unitholders						
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 2,336	\$ 465	\$ 826	\$ —	\$ 3,627	\$ 8,416	\$ 12,043
Direct operating costs ⁽²⁾	(2,148)	(337)	(654)	(5)	(3,144)	(7,455)	(10,599)
General and administrative expenses	(36)	(16)	(21)	(26)	(99)	(148)	(247)
Equity accounted Adjusted EBITDA ⁽³⁾	11	28	20	—	59	29	88
Adjusted EBITDA	163	140	171	(31)	443		
Other income (expense), net ⁽⁴⁾	2	—	—	—	2	2	4
Interest income (expense), net	(19)	(33)	(57)	(4)	(113)	(245)	(358)
Current income tax (expense) recovery	(35)	(3)	(9)	10	(37)	(82)	(119)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments ⁽³⁾	(2)	(13)	(4)	—	(19)	(5)	(24)
Adjusted FFO	109	91	101	(25)	276		
Depreciation and amortization expense ⁽²⁾					(189)	(367)	(556)
Other income (expense), net ⁽⁴⁾					(7)	(17)	(24)
Deferred income tax (expense) recovery					36	95	131
Non-cash items attributable to equity accounted investments ⁽³⁾					(29)	(10)	(39)
Net income (loss)					\$ 87	\$ 213	\$ 300

(1) Adjusted EBITDA, Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted EBITDA, Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.

(2) The sum of these amounts equates to direct operating costs of \$11,155 million as per the unaudited interim condensed consolidated statements of operating results.

(3) The sum of these amounts equates to equity accounted income (loss), net of \$25 million as per the unaudited interim condensed consolidated statements of operating results.

(4) The sum of these amounts equates to other income (expense), net of \$(20) million as per the unaudited interim condensed consolidated statements of operating results.

Nine Months Ended September 30, 2021

(US\$ MILLIONS)	Total attributable to Unitholders					Attributable to non-controlling interests	As per IFRS Financials
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 6,659	\$ 1,381	\$ 2,313	\$ —	\$10,353	\$ 22,754	\$ 33,107
Direct operating costs ⁽²⁾	(6,155)	(1,017)	(1,824)	(12)	(9,008)	(20,023)	(29,031)
General and administrative expenses	(111)	(51)	(61)	(78)	(301)	(450)	(751)
Equity accounted Adjusted EBITDA ⁽³⁾	19	88	60	—	167	96	263
Adjusted EBITDA	412	401	488	(90)	1,211		
Gain (loss) on acquisitions / dispositions, net ⁽⁴⁾	—	—	572	—	572	740	1,312
Other income (expense), net ⁽⁵⁾	(1)	—	—	—	(1)	(12)	(13)
Interest income (expense), net	(50)	(110)	(172)	(11)	(343)	(714)	(1,057)
Current income tax (expense) recovery ⁽⁶⁾	(83)	(11)	(132)	32	(194)	(245)	(439)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments ⁽³⁾	(6)	(44)	(18)	—	(68)	(17)	(85)
Adjusted FFO	272	236	738	(69)	1,177		
Depreciation and amortization expense ⁽²⁾					(562)	(1,089)	(1,651)
Impairment expense, net					(58)	(143)	(201)
Gain (loss) on acquisitions / dispositions, net ⁽⁴⁾					60	451	511
Current income tax (expense) recovery ⁽⁶⁾					9	—	9
Other income (expense), net ⁽⁵⁾					(12)	(53)	(65)
Deferred income tax (expense) recovery					71	175	246
Non-cash items attributable to equity accounted investments ⁽³⁾					(83)	(34)	(117)
Net income (loss)					\$ 602	\$ 1,436	\$ 2,038

(1) Adjusted EBITDA, Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted EBITDA, Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.

(2) The sum of these amounts equates to direct operating costs of \$30,682 million as per the unaudited interim condensed consolidated statements of operating results.

(3) The sum of these amounts equates to equity accounted income (loss), net of \$61 million as per the unaudited interim condensed consolidated statements of operating results.

(4) The sum of these amounts equates to the gain (loss) on acquisitions/dispositions, net of \$1,823 million as per the unaudited interim condensed consolidated statements of operating results.

(5) The sum of these amounts equates to other income (expense), net of \$(78) million as per the unaudited interim condensed consolidated statements of operating results.

(6) The sum of these amounts equates to current income tax (expense) recovery of \$(430) million as per the unaudited interim condensed consolidated statements of operating results.

Three Months Ended September 30, 2020

<u>(US\$ MILLIONS)</u>	Total attributable to Unitholders					Attributable to non- controlling interests	As per IFRS Financials
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 2,050	\$ 460	\$ 804	\$ —	\$ 3,314	\$ 6,756	\$ 10,070
Direct operating costs ⁽²⁾	(1,920)	(338)	(625)	(5)	(2,888)	(5,834)	(8,722)
General and administrative expenses	(36)	(13)	(23)	(18)	(90)	(146)	(236)
Equity accounted Adjusted EBITDA ⁽³⁾	2	33	10	—	45	39	84
Adjusted EBITDA	96	142	166	(23)	381		
Other income (expense), net ⁽⁴⁾	—	(8)	1	—	(7)	(10)	(17)
Interest income (expense), net	(16)	(41)	(62)	(4)	(123)	(248)	(371)
Current income tax (expense) recovery	(17)	(2)	(17)	9	(27)	(75)	(102)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments ⁽³⁾	(1)	(13)	(2)	—	(16)	(8)	(24)
Adjusted FFO	62	78	86	(18)	208		
Depreciation and amortization expense ⁽²⁾					(181)	(366)	(547)
Impairment expense, net					(3)	(4)	(7)
Other income (expense), net ⁽⁴⁾					(10)	18	8
Deferred income tax (expense) recovery					(2)	(6)	(8)
Non-cash items attributable to equity accounted investments ⁽³⁾					(31)	(12)	(43)
Net income (loss)					\$ (19)	\$ 104	\$ 85

- (1) Adjusted EBITDA, Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted EBITDA, Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.
- (2) The sum of these amounts equates to direct operating costs of \$9,269 million as per the unaudited interim condensed consolidated statements of operating results.
- (3) The sum of these amounts equates to equity accounted income (loss), net of \$17 million as per the unaudited interim condensed consolidated statements of operating results.
- (4) The sum of these amounts equates to other income (expense), net of \$(9) million as per the unaudited interim condensed consolidated statements of operating results.

Nine Months Ended September 30, 2020

<u>(US\$ MILLIONS)</u>	Total attributable to Unitholders					Attributable to non- controlling interests	As per IFRS Financials
	Business services	Infrastructure services	Industrials	Corporate and other	Total ⁽¹⁾		
Revenues	\$ 5,655	\$ 1,443	\$ 2,111	\$ —	\$ 9,209	\$ 18,377	\$ 27,586
Direct operating costs ⁽²⁾	(5,388)	(1,029)	(1,653)	(10)	(8,080)	(15,828)	(23,908)
General and administrative expenses	(101)	(52)	(71)	(63)	(287)	(421)	(708)
Equity accounted Adjusted EBITDA ⁽³⁾	13	84	22	—	119	100	219
Adjusted EBITDA	179	446	409	(73)	961		
Gain (loss) on acquisitions / dispositions, net	46	—	(1)	—	45	134	179
Other income (expense), net ⁽⁴⁾	3	(21)	2	—	(16)	(20)	(36)
Interest income (expense), net	(47)	(116)	(190)	1	(352)	(736)	(1,088)
Current income tax (expense) recovery	(35)	(6)	(11)	30	(22)	(178)	(200)
Realized disposition gain, current income taxes and interest expense related to equity accounted investments ⁽³⁾	(3)	(34)	(4)	—	(41)	(19)	(60)
Adjusted FFO	143	269	205	(42)	575		
Depreciation and amortization expense ⁽²⁾					(539)	(1,079)	(1,618)
Impairment expense, net					(66)	(83)	(149)
Other income (expense), net ⁽⁴⁾					(193)	152	(41)
Deferred income tax (expense) recovery					57	100	157
Non-cash items attributable to equity accounted investments ⁽³⁾					(88)	(45)	(133)
Net income (loss)					\$ (254)	\$ 454	\$ 200

- (1) Adjusted EBITDA, Adjusted FFO and net income (loss) attributable to Unitholders include Adjusted EBITDA, Adjusted FFO, and net income (loss) attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units, respectively.
- (2) The sum of these amounts equates to direct operating costs of \$25,526 million as per the unaudited interim condensed consolidated statements of operating results.
- (3) The sum of these amounts equates to equity accounted income (loss), net of \$26 million as per the unaudited interim condensed consolidated statements of operating results.
- (4) The sum of these amounts equates to other income (expense), net of \$(77) million as per the unaudited interim condensed consolidated statements of operating results.

The following table reconciles equity attributable to LP Units, GP Units, Redemption-Exchange Units and Special LP Units to equity attributable to Unitholders for the periods indicated:

<u>(US\$ MILLIONS)</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
LP Units	\$ 2,186	\$ 1,928
Non-controlling interests attributable to:		
Redemption-Exchange Units	1,957	1,549
Equity attributable to Unitholders	\$ 4,143	\$ 3,477

The following table presents equity attributable to Unitholders by segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	Business services	Infrastructure services	Industrials	Corporate and other	Total
September 30, 2021	\$ 2,639	\$ 649	\$ 1,540	\$ (685)	\$ 4,143
December 31, 2020	\$ 2,225	\$ 628	\$ 1,218	\$ (594)	\$ 3,477

Liquidity and Capital Resources

Liquidity and capital requirements are managed through cash flows from operations, use of credit facilities, opportunistically monetizing mature operations and refinancing existing debt. We aim to maintain sufficient financial liquidity to meet our ongoing operating requirements and to fund debt service payments, recurring expenses, required capital expenditures, and acquisition opportunities as they arise. In addition, an integral part of our strategy is to pursue acquisitions through Brookfield led consortium arrangements with institutional investors or strategic partners, and to form partnerships to pursue acquisitions on a specialized or global basis. Brookfield has an established track record of leading such consortiums and partnerships and actively managing underlying assets to improve performance. Overall, our liquidity profile is strong, positioning us and our businesses well to take advantage of accretive investment opportunities.

Our principal sources of liquidity are financial assets, undrawn credit facilities, cash flows from operations, monetizations of mature businesses, and access to public and private capital markets.

The following table presents non-recourse borrowings in subsidiaries of the partnership by segment as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS)	Business services	Infrastructure services	Industrials	Total
September 30, 2021	\$ 4,006	\$ 5,708	\$ 11,624	\$ 21,338
December 31, 2020	\$ 3,389	\$ 5,904	\$ 13,873	\$ 23,166

As at September 30, 2021, the partnership had non-recourse borrowings in subsidiaries of \$21,338 million compared to \$23,166 million as at December 31, 2020. Non-recourse borrowings in subsidiaries of the partnership comprised the following:

(US\$ MILLIONS)	September 30, 2021	December 31, 2020
Credit facilities	\$ 1,285	\$ 1,095
Securitization program ⁽¹⁾	—	157
Project financing	613	503
Notes and debentures	7,482	7,631
Term loans	11,958	13,780
Total non-recourse borrowings in subsidiaries of the partnership	\$ 21,338	\$ 23,166

⁽¹⁾ Securitization program at the subsidiary level.

The partnership has financing arrangements within its operating businesses that trade in public markets or are held at major financial institutions. The financing arrangements are primarily composed of term loans, credit facilities and notes and debentures which are subject to fixed or floating interest rates. At the operating level, we endeavor to maintain prudent levels of debt which can be serviced through ongoing operations. The financing arrangements of the partnership's operating businesses totaled \$21,338 million as at September 30, 2021, compared to \$23,166 million as at December 31, 2020. The decrease of \$1,828 million was primarily attributable to the deconsolidation of our graphite electrode operations on March 1, 2021 and debt repayments in our advanced energy storage operations. The decrease was partially offset by borrowings issued as part of the privatization of our residential mortgage insurer.

We principally finance our assets at the operating company level with debt that is non-recourse to both the partnership and to our other operations and is generally secured against assets within the respective operating companies. Moreover, debt instruments at the operating company level do not cross-accelerate or cross-default to debt at other operating companies. This debt is in the form of revolving credit facilities, term loans and debt securities with varying maturities, ranging from on demand to 60 years. The weighted average maturity at September 30, 2021 was 4.7 years and the weighted average interest rate on debt outstanding was 4.8%. As at September 30, 2021, our maximum borrowing capacity at the corporate and operating subsidiary level was \$27,594 million, of which \$22,089 million was drawn.

The use of the credit facilities, term loans and debt securities is primarily related to ongoing operations, capital expenditures and to fund acquisitions. Interest rates charged on these facilities are based on market interest rates. Most of these borrowings are not subject to financial maintenance covenants, however, some are subject to fixed charge coverage, leverage ratios and minimum equity or liquidity covenants. For the nine months ended September 30, 2021, the financial performance of our businesses were in line with covenants and we took proactive measures, where necessary, to ensure compliance. Our operations are currently in compliance with or have obtained waivers related to all material covenant requirements, and we continue to work with our portfolio companies to monitor performance against such covenant requirements.

The partnership also has a revolving acquisition credit facility with Brookfield that permits borrowings of up to \$500 million. The credit facility is guaranteed by the partnership, Holding LP and the Holding Entities. The credit facility is available in U.S. or Canadian dollars, and advances are made by way of LIBOR, base rate, bankers' acceptance rate or prime rate loans. The credit facility bears interest at the specified LIBOR or bankers' acceptance rate plus 3.45%, or the specified base rate or prime rate plus 2.45%. The credit facility also requires us to maintain a minimum deconsolidated net worth and contains restrictions on the ability of the borrowers and the guarantors to, among other things, incur liens, engage in certain mergers and consolidations or enter into speculative hedging arrangements. Net proceeds above a specified threshold that are received by the borrowers from asset dispositions, debt incurrences or equity issuances by the borrowers or their subsidiaries must be used to pay down the credit facility (which can then be redrawn to fund future investments). The facility automatically renews for consecutive one-year periods until June 29, 2026. As at September 30, 2021, the revolving acquisition credit facility remains undrawn.

Subsequent to September 30, 2021, the partnership and Brookfield increased the size of the revolving acquisition credit facility to \$1.0 billion until April 2023.

The partnership has bilateral credit facilities backed by large global banks that continue to be highly supportive of our business. The credit facilities are available in euros, sterling, Australian, U.S., and Canadian dollars. Advances under the credit facilities bear interest at the specified LIBOR, EURIBOR, CDOR, BBSY, or bankers' acceptance rate plus 2.50%, or the specified base rate or prime rate plus 1.50%. The credit facilities require us to maintain a minimum tangible net worth and deconsolidated debt-to-capitalization ratio at the corporate level. At September 30, 2021, the partnership had \$1,324 million available on its bilateral credit facilities with a maturity date of June 29, 2026.

The partnership also has Deposit Agreements with Brookfield whereby it may place funds on deposit with Brookfield and whereby Brookfield may place funds on deposit with the partnership. The deposit balance is due on demand and bears interest at LIBOR plus 1.50%. As at September 30, 2021, the amount of the deposit from Brookfield was \$nil (December 31, 2020: \$300 million on deposit from Brookfield, included in corporate borrowings).

The table below outlines the partnership's consolidated net debt-to-capitalization as at September 30, 2021 and December 31, 2020:

(US\$ MILLIONS, except as noted)	September 30, 2021	December 31, 2020
Corporate borrowings	\$ 751	\$ 610
Non-recourse borrowings in subsidiaries of the partnership	21,338	23,166
Cash and cash equivalents	(2,371)	(2,743)
Net debt	\$ 19,718	\$ 21,033
Total equity	11,098	11,337
Total capital and net debt	\$ 30,816	\$ 32,370
Net debt-to-capitalization ratio	64 %	65 %

The partnership's general partner has implemented a distribution policy pursuant to which we intend to make quarterly cash distributions in an initial amount currently anticipated to be approximately \$0.25 per unit on an annualized basis. On November 4, 2021, the Board of Directors declared a quarterly distribution in the amount of \$0.0625 per unit payable on December 31, 2021 to unitholders of record as at the close of business on November 30, 2021.

During the third quarter of 2021, the volume weighted average price was \$44.21 per LP Unit, which was below the previous incentive distribution threshold of \$44.64 per LP Unit, resulting in an incentive distribution of \$nil for the quarter.

Cash Flow

We believe that we have sufficient access to capital resources and will continue to use our available capital resources to fund our operations. Our future capital resources include cash flow from operations, borrowings, proceeds from asset monetizations and proceeds from potential future equity issuances, if required.

As at September 30, 2021, we had cash and cash equivalents of \$2,371 million, compared to \$2,743 million as at December 31, 2020. The net cash flows for the nine months ended September 30, 2021 and September 30, 2020 were as follows:

(US\$ MILLIONS)	Nine Months Ended September 30,	
	2021	2020
Cash flows provided by (used in) operating activities	\$ 1,450	\$ 3,074
Cash flows provided by (used in) investing activities	(569)	(1,767)
Cash flows provided by (used in) financing activities	(1,233)	(358)
Impact of foreign exchange on cash	(20)	(120)
Change in cash and cash equivalents	\$ (372)	\$ 829

Cash flow provided by (used in) operating activities

Total cash flow provided by operating activities for the nine months ended September 30, 2021 was \$1,450 million compared to \$3,074 million for the nine months ended September 30, 2020. Net of working capital changes, the cash flow provided by operating activities increased \$22 million to \$1,891 million for the nine months ended September 30, 2021 compared to \$1,869 million for the nine months ended September 30, 2020. The cash flow provided by operating activities during the nine months ended September 30, 2021 was primarily attributable to the cash generated by our residential mortgage insurer, advanced energy storage operations, and our nuclear technology services.

Cash flow provided by (used in) investing activities

Total cash flow used in investing activities was \$569 million for the nine months ended September 30, 2021, compared to \$1,767 million for the nine months ended September 30, 2020. Our cash flows used in investing activities were primarily related to the acquisition of our technology services operations in January 2021 and our solar power solutions operations in August 2021. Other contributing factors include the net purchases of corporate and government bonds at our residential mortgage insurer and the acquisition of property, plant, and equipment and intangible assets primarily within our industrials and infrastructure services segments. This was partially offset by the cash proceeds received on the partial disposition of our graphite electrode operations in May 2021.

Cash flow provided by (used in) financing activities

Total cash flow used in financing activities was \$1,233 million for the nine months ended September 30, 2021, compared to \$358 million for the nine months ended September 30, 2020. During the nine months ended September 30, 2021, our financing activities included a net repayment of borrowings of \$191 million, which comprised primarily of the deconsolidation of our graphite electrode operations on March 1, 2021 and debt repayments in our advanced energy storage operations, partially offset by borrowings issued as part of the privatization of our residential mortgage insurer. Capital provided by others who have interests in operating subsidiaries was \$1,582 million for the nine months ended September 30, 2021, which was primarily related to capital contributions to fund the acquisition of our technology services, our solar power solutions operations and the acquisition of the remaining publicly held interests in our residential mortgage insurer. This was partially offset by distributions to others who have interests in operating subsidiaries of \$1,352 million for the nine months ended September 30, 2021, which was primarily related to the distribution of proceeds from the partial disposition of our graphite electrode operations, proceeds from the sale of our investment in public securities in our industrials segment, and distributions following the privatization of the partnership's residential mortgage insurer.

Off-Balance Sheet Arrangements

In the normal course of operations, our operating subsidiaries have bank guarantees, insurance bonds and letters of credit outstanding to third parties. As at September 30, 2021, the total outstanding amount was approximately \$2.0 billion. If these letters of credit or bonds are drawn upon, we will be obligated to reimburse the issuer of the letters of credit or bonds. The partnership does not conduct its operations, other than those of equity accounted investments, through entities that are not consolidated in the financial statements, and has not guaranteed or otherwise contractually committed to support any material financial obligations not reflected in the financial statements.

Our construction operations and other operations may be called upon to give, in the ordinary course of business, guarantees and indemnities in respect of the performance of controlled entities, associates and related parties of their contractual obligations. Any known losses have been brought to account.

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions and acquisitions, construction projects, capital projects, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay third parties, as many of the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under such indemnification agreements. In addition, we have also entered into indemnity agreements with Brookfield that relate to certain construction projects in the Middle East region that have been in place for several years. Under these indemnity agreements, Brookfield has agreed to indemnify us or refund us, as appropriate, for the receipt of payments relating to such projects.

From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations. In our construction operations, this may include litigation and claims from clients or subcontractors, in addition to our associated counterclaims. On an ongoing basis, we assess the potential impact of these events. We have determined that the potential loss amount of these claims cannot be measured and is not probable at this time.

Financial instruments – foreign currency hedging strategy

To the extent that we believe it is economical to do so, our strategy is to hedge all or a portion of our equity investments and/or cash flows exposed to foreign currencies by the partnership. The partnership's foreign currency hedging policy includes leveraging any natural hedges that may exist within our operations, utilizing local currency debt financing to the extent possible, and utilizing derivative contracts to minimize any residual exposures to the extent natural hedges are insufficient.

The following table presents our foreign currency equity positions, excluding interests of others in operating subsidiaries, as at September 30, 2021:

(US\$ MILLIONS)	Net Investment Hedges						
	CAD	AUD	BRL	GBP	EUR	INR	Other
Net Equity	\$ 1,514	\$ 938	\$ 510	\$ (94)	\$ 501	\$ 429	\$ 525
FX Contracts – US\$	(615)	(307)	(171)	—	(89)	(107)	—

As at September 30, 2021, approximately 30% of our foreign currency net equity exposure was hedged.

Contractual Obligations

An integral part of the partnership's strategy is to participate with institutional investors in Brookfield-sponsored private equity funds that target acquisitions that suit Brookfield private equity's profile. In the normal course of business, the partnership has made commitments to Brookfield-sponsored private equity funds to participate in these target acquisitions in the future, if and when identified.

In the ordinary course of business, we enter into contractual arrangements that may require future cash payments. The table below outlines our undiscounted contractual obligations as at September 30, 2021:

(US\$ MILLIONS)	Payments as at September 30, 2021				
	Total	< 1 Year	1-2 Years	3-5 Years	5+ Years
Borrowings	\$ 22,529	\$ 2,074	\$ 1,977	\$ 14,905	\$ 3,573
Lease liabilities	2,071	319	315	403	1,034
Interest expense	5,843	1,039	967	2,464	1,373
Decommissioning liabilities	1,661	14	4	46	1,597
Pension obligations	1,271	112	111	354	694
Obligations under agreements	287	192	19	39	37
Total	\$ 33,662	\$ 3,750	\$ 3,393	\$ 18,211	\$ 8,308

Related Party Transactions

We entered into a number of related party transactions with Brookfield as described in Note 17 of the unaudited interim condensed consolidated financial statements.

Subsequent Events

Subsequent to September 30, 2021, the partnership was party to the events as described in Note 26 of the unaudited interim condensed consolidated financial statements.

Critical Accounting Policies, Estimates and Judgments

The preparation of financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Due to the circumstances surrounding the global economic shutdown, such as significant volatility in capital markets, commodity prices and foreign currencies, restrictions on the conduct of business in many jurisdictions, and other impacts, we considered the impacts of these circumstances on the key critical judgments, estimates and assumptions that affect the reported and contingent amount of assets, liabilities, revenues and expenses, including whether goodwill, intangible assets and PP&E needed to be reevaluated for impairment as of September 30, 2021. The partnership has a diversified portfolio of operating businesses, many of which provide essential products and services to their customers. Based on our assessments, no additional impairments were required as at September 30, 2021. The partnership will continue to monitor the situation and review our critical estimates and judgments as circumstances evolve.

For further reference on accounting policies, critical judgments and estimates, see our significant accounting policies contained in Note 2 of our annual audited consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018.

Recently adopted accounting standards

(i) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amendments for IBOR reform

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (“IBOR”) is replaced with an alternative nearly risk-free interest rate (“RFR”).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the partnership. The partnership intends to use the practical expedients in future periods when they become applicable.

Controls and procedures

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting due to the global economic uncertainty. We are continually monitoring and assessing the global economic uncertainty on our internal controls to minimize the impact on their design and effectiveness.

Excluded from our evaluation were internal controls over financial reporting at our technology services operations for which control was acquired on January 8, 2021 and our solar power solutions operations for which was acquired on August 31, 2021. The financial statements of these businesses constitute approximately 2% of total assets, 5% of net assets, 1% of revenues, and less than 1% of net income of the unaudited interim condensed consolidated financial statements of the partnership as of and for the nine months ended September 30, 2021.

Quick Links

[Exhibit 99.1](#)

[UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF BROOKFIELD BUSINESS PARTNERS L.P.](#)

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[BROOKFIELD BUSINESS PARTNERS L.P. UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION](#)

[BROOKFIELD BUSINESS PARTNERS L.P. UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATING RESULTS](#)

[BROOKFIELD BUSINESS PARTNERS L.P. UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME](#)

[BROOKFIELD BUSINESS PARTNERS L.P. UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW](#)

[NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2021 AND DECEMBER 31, 2020 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020](#)

[MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS](#)



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