

Medline Inc. Second Quarter 2026 Disclosures and Non-GAAP Reconciliations

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Non-GAAP financial measures

To supplement the financial information provided, the Company has presented Organic Sales, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, and Net Leverage, which are considered non-GAAP financial measures. The non-GAAP financial measures presented may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures in the same way. These measures are not substitutes for their comparable GAAP financial measures, such as net income/(loss), net income margin, diluted earnings per share, net cash provided by/(used for) operating activities, net sales, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to assist in comparing the Company's performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect the Company's ongoing operating performance. The Company believes Organic Sales, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS provide important comparability of ongoing operating performance, allowing investors and management to assess the Company's operating performance on a consistent basis. The Company believes Free Cash Flow and Net Leverage provide a measure of the Company's core operating performance, the cash-generating capabilities of the Company's business operations, and are factors used in determining the Company's borrowing capacity and the amount of cash available for debt repayments, acquisitions, and other corporate purposes.

Management believes that presenting the Company's non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items that we do not consider indicative of our ongoing operating performance, (ii) permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting the Company's business than could be obtained absent these disclosures.

Definitions

Organic Sales

Organic Sales is defined as net sales excluding, when they occur, the impact of acquisitions, divestitures, and changes in foreign exchange rates from the net sales changes. These amounts are calculated by translating current period GAAP results at the prior period foreign currency exchange rates and comparing these amounts to the current period GAAP results at the current period foreign currency exchange rates.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as net income (loss) adjusted for (i) interest expense, net, (ii) provision for income taxes, (iii) depreciation and amortization, (iv) inventory-related adjustments, (v) stock-based compensation, (vi) litigation (gains) charges, net, (vii) transaction-related costs, and (viii) other non-core (gains) charges. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales.

Adjusted Net Income and Adjusted Diluted EPS

Adjusted Net Income is shown as net income (loss) adjusted for (i) intangible asset amortization, (ii) inventory-related adjustments, (iii) stock-based compensation, (iv) litigation (gains) charges, net, (v) transaction-related costs, (vi) other non-core (gains) charges, and (vii) tax impacts related to non-GAAP adjustments, noncontrolling interests conversion, and retained tax receivable agreement ("TRA") benefits. Adjusted Diluted EPS is defined as Adjusted Net Income divided by adjusted weighted-average number of common stock, diluted. The adjusted weighted shares calculation assumes the impact of certain antidilutive securities that were excluded from the U.S. GAAP diluted earnings per share.

Free Cash Flow

Free Cash Flow is defined as net cash provided by/(used for) operating activities less net capital expenditures. The use of this non-GAAP measure does not imply or represent the residual cash flow for discretionary expenditures since the Company has certain non-discretionary obligations such as debt service that are not deducted from the measure.

Net Leverage

Net Leverage is defined as net debt (total debt less cash, cash equivalents and short-term investments) divided by Adjusted EBITDA.

Guidance

Guidance for Adjusted EBITDA and Organic Sales is provided on a non-GAAP basis only because certain information necessary to calculate the most comparable GAAP measure is unavailable due to the uncertainty and inherent difficulty of predicting the occurrence and the future financial statement impact of such items impacting comparability, including, but not limited to, inventory-related adjustments, stock-based compensation, litigation (gains) charges, net, transaction-related costs, the impact of currency, and other non-core (gains) charges, among other items. Therefore, as a result of the uncertainty and variability of the nature and amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of these measures with reasonable certainty and without unreasonable effort.

MEDLINE INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

<i>(in millions, except per share amounts)</i>	Three months ended				Six months ended			
	June 27, 2026	June 28, 2025	\$ Change	% Change	June 27, 2026	June 28, 2025	\$ Change	% Change
Net sales	\$ 7,685	\$ 6,886	\$ 799	11.6 %	\$ 15,037	\$ 13,530	\$ 1,507	11.1 %
Cost of goods sold	5,470	4,981	489	9.8 %	10,981	9,801	1,180	12.0 %
Gross profit	2,215	1,905	310	16.3 %	4,056	3,729	327	8.8 %
<i>Gross margin %</i>	28.8 %	27.7 %			27.0 %	27.6 %		
Operating expense								
Selling, general and administrative expenses	1,295	1,073	222	20.7 %	2,523	2,143	380	17.7 %
Amortization of intangible assets	177	176	1	0.6 %	353	351	2	0.6 %
Other operating expenses	348	14	334	NM ⁽¹⁾	363	22	341	NM ⁽¹⁾
Total operating expense	1,820	1,263	557	44.1 %	3,239	2,516	723	28.7 %
Operating income	395	642	(247)	(38.5)%	817	1,213	(396)	(32.6)%
<i>Operating margin %</i>	5.1 %	9.3 %			5.4 %	9.0 %		
Other expense								
Interest expense, net	(119)	(223)	104	(46.6)%	(255)	(433)	178	(41.1)%
Other loss, net	(42)	—	(42)	NM ⁽¹⁾	(41)	—	(41)	NM ⁽¹⁾
Foreign exchange gain (loss), net	1	(60)	61	NM ⁽¹⁾	5	(83)	88	NM ⁽¹⁾
Total other expense	(160)	(283)	123	(43.5)%	(291)	(516)	225	(43.6)%
Income before income taxes	235	359	(124)	(34.5)%	526	697	(171)	(24.5)%
Provision for income taxes	96	26	70	NM ⁽¹⁾	148	42	106	NM ⁽¹⁾
Net income	139	333	(194)	(58.3)%	378	655	(277)	(42.3)%
<i>Net income %</i>	1.8 %	4.8 %			2.5 %	4.8 %		
Net income attributable to noncontrolling interests	79	—	79	NM ⁽¹⁾	189	—	189	NM ⁽¹⁾
Net income attributable to Medline Inc.	\$ 60	\$ 333	\$ (273)	(82.0)%	\$ 189	\$ 655	\$ (466)	(71.1)%
Earnings per share attributable to Medline Inc.								
Basic	\$ 0.07	N/A			\$ 0.23	N/A		
Diluted	\$ 0.07	N/A			\$ 0.23	N/A		
Weighted-average number of Class A common stock outstanding								
Basic	857	N/A			838	N/A		
Diluted	861	N/A			843	N/A		

⁽¹⁾ Not Meaningful

MEDLINE INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(in millions, except per share amounts)</i>	As of June 27, 2026 (Unaudited)	As of December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,327	\$ 1,939
Trade accounts receivable, net of allowance for credit losses of \$148 and \$152 as of June 27, 2026 and December 31, 2025, respectively	3,661	3,533
Inventories	4,665	4,769
Short-term investments	350	—
Other current assets	739	438
Total current assets	11,742	10,679
Property, plant, and equipment, net	4,697	4,778
Other non-current assets		
Goodwill	8,072	8,079
Intangible assets, net	13,538	13,893
Deferred tax assets	866	583
Other long-term assets	435	472
Total other non-current assets	22,911	23,027
Total assets	\$ 39,350	\$ 38,484
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term borrowings and other short-term borrowings	\$ 29	\$ 77
Accounts payable	1,043	961
Accrued expenses and other current liabilities	1,638	1,452
Total current liabilities	2,710	2,490
Non-current liabilities		
Long-term borrowings, less current portion	12,548	12,484
Tax receivable agreement liability	4,392	3,542
Other long-term liabilities	623	682
Total non-current liabilities	17,563	16,708
Total liabilities	\$ 20,273	\$ 19,198
Commitments and contingencies		
Stockholders' equity		
Class A common stock, par value \$0.0001 per share; 50,000 shares authorized; 877 and 812 shares issued and outstanding as of June 27, 2026 and December 31, 2025, respectively	—	—
Class B common stock, par value \$0.0001 per share; 50,000 shares authorized; 437 and 502 shares issued and outstanding as of June 27, 2026 and December 31, 2025, respectively	—	—
Preferred stock, par value \$0.0001; 5,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	11,396	10,717
Retained earnings (accumulated deficit)	182	(7)
Accumulated other comprehensive (loss) income	(6)	27
Total Medline Inc. stockholders' equity	11,572	10,737
Noncontrolling interests	7,505	8,549
Total stockholders' equity	19,077	19,286
Total liabilities and stockholders' equity	\$ 39,350	\$ 38,484

MEDLINE INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(in millions)</i>	Six months ended	
	June 27, 2026	June 28, 2025
Cash flows from operating activities		
Net income	\$ 378	\$ 655
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	510	497
Stock-based compensation expense	52	34
Amortization of deferred financing costs	24	30
Deferred taxes	101	(7)
Credit losses	7	39
Unrealized foreign exchange (gain) loss, net	(17)	94
Loss on extinguishment of debt	23	—
Non-cash lease expense	35	35
Fire at distribution center	320	—
Other non-cash adjustments	18	4
Changes in assets and liabilities, net of acquisitions:		
Trade accounts receivable	(148)	(149)
Inventories	(116)	(160)
Other assets	(297)	(43)
Accounts payable	89	45
Accrued expenses and other current liabilities	191	(174)
Other liabilities	(43)	(21)
Net cash provided by operating activities	1,127	879
Cash flows from investing activities		
Purchases of property and equipment, net	(207)	(208)
Acquisitions of businesses, net of cash acquired	—	6
Cash paid for asset acquisitions	—	(33)
Short-term investments	(350)	—
Net cash used in investing activities	(557)	(235)
Cash flows from financing activities		
Proceeds from long-term borrowings	4,733	—
Repayment for long-term borrowings	(4,771)	(19)
Repayment under lines of credit	—	(179)
Proceeds from lines of credit	—	179
Payment for debt issuance cost	(3)	—
Payment for offering costs	(4)	—
Payment towards Class B unit repurchases	—	(15)
Exercise of employee stock options	1	—
Settlement of taxes withheld on stock-based awards	(5)	—
Distributions to partners	—	(303)
Distributions to noncontrolling interests	(123)	—
Net cash used in financing activities	(172)	(337)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(11)	27
Net change in cash and cash equivalents and restricted cash	387	334
Cash, cash equivalents and restricted cash, beginning of year	1,942	250
Cash, cash equivalents and restricted cash, end of period	\$ 2,329	\$ 584

MEDLINE INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (Continued)

<i>(in millions)</i>	Six months ended	
	June 27, 2026	June 28, 2025
Supplemental disclosure of cash flow information:		
Cash payments for interest on borrowings	\$ 324	\$ 472
Cash received from interest rate hedging activities	17	38
Cash payments for income taxes, net	55	26
Non-cash purchases of property, plant and equipment	52	42
Recognition of tax receivable agreement liability	862	—
Recognition of deferred tax assets from equity transactions	391	—

The following table provides reconciliation of cash, cash equivalents and restricted cash shown above to the amounts reported within the Condensed Consolidated Balance Sheets as of June 27, 2026 and December 31, 2025:

<i>(in millions)</i>	June 27, 2026 (Unaudited)	December 31, 2025
Cash and cash equivalents	\$ 2,327	\$ 1,939
Restricted cash included in other current assets	2	3
Cash, cash equivalents and restricted cash	\$ 2,329	\$ 1,942

MEDLINE INC.

Net Sales by Segment (Unaudited)

<i>(in millions)</i>	Three months ended				Six months ended			
	June 27, 2026	June 28, 2025	\$ Change	% Change	June 27, 2026	June 28, 2025	\$ Change	% Change
Medline Brand	\$ 3,540	\$ 3,322	\$ 218	6.6 %	\$ 7,005	\$ 6,586	\$ 419	6.4 %
Front Line Care	1,652	1,592	60	3.8 %	3,270	3,118	152	4.9 %
Surgical Solutions	1,640	1,509	131	8.7 %	3,194	2,956	238	8.1 %
Laboratory & Diagnostics	248	221	27	12.2 %	541	512	29	5.7 %
Supply Chain Solutions	4,145	3,564	581	16.3 %	8,032	6,944	1,088	15.7 %
Total Medline	<u>\$ 7,685</u>	<u>\$ 6,886</u>	<u>\$ 799</u>	<u>11.6 %</u>	<u>\$ 15,037</u>	<u>\$ 13,530</u>	<u>\$ 1,507</u>	<u>11.1 %</u>

Net Sales by Channel (Unaudited)

<i>(in millions)</i>	Three months ended				Six months ended			
	June 27, 2026	June 28, 2025	\$ Change	% Change	June 27, 2026	June 28, 2025	\$ Change	% Change
Acute care	\$ 5,407	\$ 4,716	\$ 691	14.7 %	\$ 10,532	\$ 9,288	\$ 1,244	13.4 %
Non-Acute care	1,745	1,683	62	3.7 %	3,477	3,305	172	5.2 %
United States	7,152	6,399	753	11.8 %	14,009	12,593	1,416	11.2 %
International	533	487	46	9.4 %	1,028	937	91	9.7 %
Total Medline	<u>\$ 7,685</u>	<u>\$ 6,886</u>	<u>\$ 799</u>	<u>11.6 %</u>	<u>\$ 15,037</u>	<u>\$ 13,530</u>	<u>\$ 1,507</u>	<u>11.1 %</u>

Segment Net Sales and Adjusted EBITDA Margin (Unaudited)

<i>(in millions)</i>	Three months ended				Six months ended			
	June 27, 2026	June 28, 2025	\$ Change	% Change	June 27, 2026	June 28, 2025	\$ Change	% Change
Medline Brand segment								
Net sales	\$ 3,540	\$ 3,322	\$ 218	6.6 %	\$ 7,005	\$ 6,586	\$ 419	6.4 %
Adjusted EBITDA	1,067	890	177	19.9 %	1,832	1,720	112	6.5 %
Adjusted EBITDA Margin	30.1 %	26.8 %			26.2 %	26.1 %		
Supply Chain Solutions segment								
Net sales	\$ 4,145	\$ 3,564	\$ 581	16.3 %	\$ 8,032	\$ 6,944	\$ 1,088	15.7 %
Adjusted EBITDA	204	201	3	1.5 %	391	383	8	2.1 %
Adjusted EBITDA Margin	4.9 %	5.6 %			4.9 %	5.5 %		
Corporate & Other ⁽¹⁾	\$ (211)	\$ (156)	\$ (55)	35.3 %	\$ (387)	\$ (300)	\$ (87)	29.0 %

⁽¹⁾ The organizational structure includes Corporate & Other which consists of expenses related to centralized corporate functions, such as finance, information technology, legal, human resources, and internal audit.

MEDLINE INC.

Reconciliation of Net Sales to Organic Sales (Unaudited)

<i>(in millions, except percentages)</i>	Three months ended		Six months ended	
	Amount	Percentage	Amount	Percentage
Net sales for period ended June 27, 2026	\$ 7,685		\$ 15,037	
Net sales for period ended June 28, 2025	6,886		13,530	
Net sales growth	799	11.6 %	1,507	11.1 %
Impact from changes in foreign exchange rates	8	0.1 %	42	0.3 %
Organic Sales	\$ 791	11.5 %	\$ 1,465	10.8 %

MEDLINE INC.

Reconciliation of Net Income to Adjusted EBITDA and Net Leverage (Unaudited)

<i>(in millions)</i>	Trailing Twelve months ended	Three months ended				Six months ended			
	June 27, 2026	June 27, 2026	June 28, 2025	\$ Change	% Change	June 27, 2026	June 28, 2025	\$ Change	% Change
Net income	\$ 880	\$ 139	\$ 333	\$ (194)	(58.3)%	\$ 378	\$ 655	\$ (277)	(42.3)%
Interest expense, net	634	119	223	(104)	(46.6)%	255	433	(178)	(41.1)%
Provision for income taxes	197	96	26	70	NM ⁽⁶⁾	148	42	106	NM ⁽⁶⁾
Depreciation and amortization	1,024	256	250	6	2.4 %	510	497	13	2.6 %
Inventory-related adjustments ⁽¹⁾	79	3	15	(12)	(80.0)%	32	36	(4)	(11.1)%
Stock-based compensation expense	94	29	15	14	93.3 %	52	37	15	40.5 %
Litigation charges (gains), net ⁽²⁾	14	—	(13)	13	NM ⁽⁶⁾	—	(47)	47	NM ⁽⁶⁾
Transaction-related costs ⁽³⁾	99	29	11	18	NM ⁽⁶⁾	64	23	41	NM ⁽⁶⁾
Other non-core charges ⁽⁴⁾	479	389	75	314	NM ⁽⁶⁾	397	127	270	NM ⁽⁶⁾
Adjusted EBITDA	\$ 3,500	\$ 1,060	\$ 935	\$ 125	13.4 %	\$ 1,836	\$ 1,803	\$ 33	1.9 %
Net income margin ⁽⁵⁾	2.9 %	1.8 %	4.8 %			2.5 %	4.8 %		
Adjusted EBITDA Margin ⁽⁵⁾	11.7 %	13.8 %	13.6 %			12.2 %	13.3 %		
Total debt	\$ 12,750								
Less: Cash and cash equivalents	2,327								
Less: Investment in time deposits	350								
Net debt	\$ 10,073								
Net Leverage	2.9								

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⁽¹⁾ Represents inventory adjustment associated with non-cash last-in, first-out reserves.

⁽²⁾ For the three months ended June 28, 2025, represents \$(13) million related to settlement of an intellectual property dispute. For the six months ended June 28, 2025, represents a settlement adjustment of \$(8) million related to the ethylene oxide litigation, \$(43) million related to settlement of an intellectual property dispute, and \$4 million related to other legal settlements.

⁽³⁾ For the three and six months ended June 27, 2026 and June 28, 2025, respectively, includes \$30 million, \$4 million, \$57 million and \$8 million of expenses related to our IPO and subsequent offerings, consisting of legal, accounting, and advisory fees, as well as one-time employee bonuses, which are subject to an ongoing service requirement, and \$(1) million, \$7 million, \$7 million and \$15 million of acquisition and integration-related costs and adjustments.

⁽⁴⁾ For the three and six months ended June 27, 2026 and June 28, 2025, respectively, includes \$14 million, \$7 million, \$23 million and \$12 million of other project costs; \$(1) million, \$60 million, \$(5) million and \$82 million of realized and unrealized foreign exchange and investment (gains) losses; and \$(2) million, \$8 million, \$(6) million and \$32 million credit (recoveries) loss expense related to certain customer receivables. The three and six months ended June 27, 2026, respectively, includes \$(2) million and \$6 million of (gains) losses on disposal of assets and exits. The three and six months ended June 27, 2026 also includes loss of \$336 million attributable to fire at distribution center in Tracy, California and \$45 million of loss on debt extinguishment and other debt refinancing costs and fees.

⁽⁵⁾ Net income margin represents net income divided by net sales and Adjusted EBITDA Margin represents Adjusted EBITDA divided by net sales.

⁽⁶⁾ Not Meaningful

MEDLINE INC.

Reconciliation of GAAP Results to Non-GAAP Results (Unaudited)

Three months ended June 27, 2026												
<i>(in millions, except number of shares and per share amounts)</i>	Gross profit	Selling, general and administrative expenses	Amortization of intangible assets	Other operating expenses	Operating Income	Other loss, net	Foreign exchange gain, net	EBITDA	Provision for income taxes	Net Income	Diluted earnings per share attributable to Medline Inc.	
Reported	\$ 2,215	\$ 1,295	\$ 177	\$ 348	\$ 395	\$ (42)	\$ 1	\$ 610	\$ 96	\$ 139	\$	0.07
Adjustments:												
Amortization	—	—	(177)	—	177	—	—	—	—	177		0.14
Inventory-related adjustments ⁽¹⁾	3	—	—	—	3	—	—	3	—	3		—
Stock-based compensation expense	—	(29)	—	—	29	—	—	29	—	29		0.03
Litigation gains, net ⁽²⁾	—	—	—	—	—	—	—	—	—	—		—
Transaction-related costs ⁽³⁾	8	(15)	—	(8)	31	(2)	—	29	—	29		0.03
Other non-core charges, net ⁽⁴⁾	—	(12)	—	(334)	346	44	(1)	389	—	389		0.30
Tax effect on non-GAAP adjustments ⁽⁵⁾	—	—	—	—	—	—	—	—	70	(70)		(0.05)
Tax provision on conversion of noncontrolling interests ⁽⁶⁾	—	—	—	—	—	—	—	—	38	(38)		(0.03)
Tax impact of retained TRA benefits ⁽⁷⁾	—	—	—	—	—	—	—	—	(8)	8		0.01
Adjusted	\$ 2,226	\$ 1,239	\$ —	\$ 6	\$ 981	\$ —	\$ —	\$ 1,060	\$ 196	\$ 666	\$	0.50
Weighted-average number of Class A common stock outstanding (Diluted)	860,890,719											
Anti-dilutive securities ⁽⁸⁾	478,993,675											
Adjusted weighted-average common stock outstanding (Diluted)	1,339,884,394											

Three months ended June 28, 2025

<i>(in millions)</i>	Gross profit	Selling, general and administrative expenses	Amortization of intangible assets	Other operating expenses	Operating Income	Other loss, net	Foreign exchange loss, net	EBITDA
Reported	\$ 1,905	\$ 1,073	\$ 176	\$ 14	\$ 642	\$ —	\$ (60)	\$ 832
Adjustments:								
Amortization	—	—	(176)	—	176	—	—	—
Inventory-related adjustments ⁽¹⁾	15	—	—	—	15	—	—	15
Stock-based compensation expense	—	(15)	—	—	15	—	—	15
Litigation gains, net ⁽²⁾	—	13	—	—	(13)	—	—	(13)
Transaction-related costs ⁽³⁾	—	—	—	(11)	11	—	—	11
Other non-core charges, net ⁽⁴⁾	—	(15)	—	—	15	—	60	75
Adjusted	\$ 1,920	\$ 1,056	\$ —	\$ 3	\$ 861	\$ —	\$ —	\$ 935

MEDLINE INC.

Reconciliation of GAAP Results to Non-GAAP Results (Unaudited) (Continued)

Six months ended June 27, 2026												
<i>(in millions, except number of shares and per share amounts)</i>	Gross profit	Selling, general and administrative expenses	Amortization of intangible assets	Other operating expenses	Operating Income	Other loss, net	Foreign exchange gain, net	EBITDA	Provision for income taxes	Net Income	Diluted earnings per share attributable to Medline Inc.	
Reported	\$ 4,056	\$ 2,523	\$ 353	\$ 363	\$ 817	\$ (41)	\$ 5	\$ 1,291	\$ 148	\$ 378	\$	0.23
Adjustments:												
Amortization	—	—	(353)	—	353	—	—	—	—	353		0.28
Inventory-related adjustments ⁽¹⁾	32	—	—	—	32	—	—	32	—	32		0.03
Stock-based compensation expense	—	(52)	—	—	52	—	—	52	—	52		0.05
Litigation gains, net ⁽²⁾	—	—	—	—	—	—	—	—	—	—		—
Transaction-related costs ⁽³⁾	16	(33)	—	(17)	66	(2)	—	64	—	64		0.06
Other non-core charges, net ⁽⁴⁾	—	(17)	—	(342)	359	43	(5)	397	—	397		0.31
Tax effect on non-GAAP adjustments ⁽⁵⁾	—	—	—	—	—	—	—	—	135	(135)		(0.10)
Tax provision on conversion of noncontrolling interests ⁽⁶⁾	—	—	—	—	—	—	—	—	57	(57)		(0.04)
Tax impact of retained TRA benefits ⁽⁷⁾	—	—	—	—	—	—	—	—	(15)	15		0.01
Adjusted	\$ 4,104	\$ 2,421	\$ —	\$ 4	\$ 1,679	\$ —	\$ —	\$ 1,836	\$ 325	\$ 1,099	\$	0.83
Weighted-average number of Class A common stock outstanding (Diluted)	842,879,656											
Anti-dilutive securities ⁽⁸⁾	477,910,246											
Adjusted weighted-average common stock outstanding (Diluted)	1,320,789,902											

Six months ended June 28, 2025

<i>(in millions)</i>	Gross profit	Selling, general and administrative expenses	Amortization of intangible assets	Other operating expenses	Operating Income	Other loss, net	Foreign exchange loss, net	EBITDA
Reported	\$ 3,729	\$ 2,143	\$ 351	\$ 22	\$ 1,213	\$ —	\$ (83)	\$ 1,627
Adjustments:								
Amortization	—	—	(351)	—	351	—	—	—
Inventory-related adjustments ⁽¹⁾	36	—	—	—	36	—	—	36
Stock-based compensation expense	—	(37)	—	—	37	—	—	37
Litigation gains, net ⁽²⁾	—	43	—	4	(47)	—	—	(47)
Transaction-related costs ⁽³⁾	—	—	—	(23)	23	—	—	23
Other non-core charges, net ⁽⁴⁾	—	(44)	—	—	44	—	83	127
Adjusted	\$ 3,765	\$ 2,105	\$ —	\$ 3	\$ 1,657	\$ —	\$ —	\$ 1,803

MEDLINE INC.

Reconciliation of GAAP Results to Non-GAAP Results (Unaudited) (Continued)

⁽¹⁾ Represents inventory adjustment associated with non-cash last-in, first-out reserves.

⁽²⁾ For the three months ended June 28, 2025, represents \$(13) million related to settlement of an intellectual property dispute. For the six months ended June 28, 2025, represents a settlement adjustment of \$(8) million related to the ethylene oxide litigation, \$(43) million related to settlement of an intellectual property dispute, and \$4 million related to other legal settlements.

⁽³⁾ For the three and six months ended June 27, 2026 and June 28, 2025, respectively, includes \$30 million, \$4 million, \$57 million and \$8 million of expenses related to our IPO and subsequent offerings, consisting of legal, accounting, and advisory fees, as well as one-time employee bonuses, which are subject to an ongoing service requirement, and \$(1) million, \$7 million, \$7 million and \$15 million of acquisition and integration-related costs and adjustments.

⁽⁴⁾ For the three and six months ended June 27, 2026 and June 28, 2025, respectively, includes \$14 million, \$7 million, \$23 million and \$12 million of other project costs; \$(1) million, \$60 million, \$(5) million and \$82 million of realized and unrealized foreign exchange and investment (gains) losses; and \$(2) million, \$8 million, \$(6) million and \$32 million credit (recoveries) loss expense related to certain customer receivables. The three and six months ended June 27, 2026, respectively, includes \$(2) million and \$6 million of (gains) losses on disposal of assets and exits. The three and six months ended June 27, 2026 also includes loss of \$336 million attributable to fire at distribution center in Tracy, California and \$45 million of loss on debt extinguishment and other debt refinancing costs and fees.

⁽⁵⁾ Non-GAAP adjustments are tax effected using an estimated effective tax rate of 25%. Stock-based compensation expense related to partnership units is not tax deductible and, therefore, not tax effected.

⁽⁶⁾ Represents incremental tax provision assuming 100% ownership by Medline Inc., using an estimated effective tax rate of 25%, applied to the income before income taxes on our unaudited Condensed Consolidated Statements of Income.

⁽⁷⁾ Represents the 10% benefit that we retain for the shared tax benefits related to the TRA.

⁽⁸⁾ Assumes full exchange of noncontrolling interest units for Class A common stock and the effect of securities that were anti-dilutive during the three and six months ended June 27, 2026.

MEDLINE INC.

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (Unaudited)

<i>(in millions)</i>	Six months ended			
	June 27, 2026	June 28, 2025	\$ Change	% Change
Net cash provided by operating activities	\$ 1,127	\$ 879	\$ 248	28.2 %
Net capital expenditures	(207)	(208)	1	(0.5)%
Free Cash Flow	<u>\$ 920</u>	<u>\$ 671</u>	<u>\$ 249</u>	<u>37.1 %</u>

MEDLINE INC.

Business Days Summary

Medline closes and reports on a 4-4-5 week calendar, which can create discrepancy in days per quarter. While this tends to net out for the full year, certain quarters could have slightly more or less days than the same quarter in the previous year. The differences in days could have an impact on year-over-year growth rates.

	Q1	Q2	Q3	Q4	FY
2022	59	64	63	67	253
2023	59	64	63	67	253
2024	64	64	63	64	255
2025	62	64	63	65	254
2026	61	64	63	66	254