

Medline Inc. First 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

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			
	March 28, 2026	March 29, 2025	\$ Change	% Change
Net sales	\$ 7,352	\$ 6,644	\$ 708	10.7 %
Cost of goods sold	5,511	4,820	691	14.3 %
Gross profit	1,841	1,824	17	0.9 %
<i>Gross margin %</i>	25.0 %	27.5 %		
Operating expense				
Selling, general and administrative expenses	1,228	1,070	158	14.8 %
Amortization of intangible assets	176	175	1	0.6 %
Other operating expenses	15	8	7	87.5 %
Total operating expense	1,419	1,253	166	13.3 %
Operating income	422	571	(149)	(26.1)%
<i>Operating margin %</i>	5.7 %	8.6 %		
Other expense				
Interest expense, net	(136)	(210)	74	(35.2)%
Other income, net	1	—	1	NM ⁽¹⁾
Foreign exchange gain (loss), net	4	(23)	27	NM ⁽¹⁾
Total other expense	(131)	(233)	102	(43.8)%
Income before income taxes	291	338	(47)	(13.9)%
Provision for income taxes	52	16	36	NM ⁽¹⁾
Net income	239	322	(83)	(25.8)%
<i>Net income %</i>	3.3 %	4.8 %		
Net income attributable to noncontrolling interests	110	—	110	NM ⁽¹⁾
Net income attributable to Medline Inc.	\$ 129	\$ 322	\$ (193)	(59.9)%
Earnings per share attributable to Medline Inc.				
Basic	\$ 0.16	N/A		
Diluted	\$ 0.16	N/A		
Weighted-average number of Class A common stock outstanding				
Basic	819	N/A		
Diluted	825	N/A		

⁽¹⁾ Not Meaningful

MEDLINE INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(in millions, except per share amounts)</i>	As of March 28, 2026 (Unaudited)	As of December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,236	\$ 1,939
Trade accounts receivable, net of allowance for credit losses of \$148 and \$152 as of March 28, 2026 and December 31, 2025, respectively	3,674	3,533
Inventories	4,807	4,769
Other current assets	463	438
Total current assets	11,180	10,679
Property, plant, and equipment, net	4,758	4,778
Other non-current assets		
Goodwill	8,076	8,079
Intangible assets, net	13,717	13,893
Deferred tax assets	837	583
Other long-term assets	446	472
Total other non-current assets	23,076	23,027
Total assets	\$ 39,014	\$ 38,484
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term borrowings and other short-term borrowings	\$ 77	\$ 77
Accounts payable	932	961
Accrued expenses and other current liabilities	1,527	1,452
Total current liabilities	2,536	2,490
Non-current liabilities		
Long-term borrowings, less current portion	12,495	12,484
Tax receivable agreement liability	4,009	3,542
Other long-term liabilities	625	682
Total non-current liabilities	17,129	16,708
Total liabilities	\$ 19,665	\$ 19,198
Commitments and contingencies		
Stockholders' equity		
Class A common stock, par value \$0.0001 per share; 50,000 shares authorized; 846 and 812 shares issued and outstanding as of March 28, 2026 and December 31, 2025, respectively	—	—
Class B common stock, par value \$0.0001 per share; 50,000 shares authorized; 468 and 502 shares issued and outstanding as of March 28, 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	11,132	10,717
Retained earnings (accumulated deficit)	122	(7)
Accumulated other comprehensive income	18	27
Total Medline Inc. stockholders' equity	11,272	10,737
Noncontrolling interests	8,077	8,549
Total stockholders' equity	19,349	19,286
Total liabilities and stockholders' equity	\$ 39,014	\$ 38,484

MEDLINE INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(in millions)</i>	Three months ended	
	March 28, 2026	March 29, 2025
Cash flows from operating activities		
Net income	\$ 239	\$ 322
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	254	247
Stock-based compensation expense	23	19
Amortization of deferred financing costs	11	15
Deferred taxes	37	(4)
Credit losses	1	26
Unrealized foreign exchange (gain) loss, net	(12)	29
Non-cash lease expense	17	17
Other non-cash adjustments	3	6
Changes in assets and liabilities, net of acquisitions:		
Trade accounts receivable	(146)	(98)
Inventories	(42)	71
Other assets	(19)	(28)
Accounts payable	6	35
Accrued expenses and other current liabilities	72	34
Other liabilities	(32)	(9)
Net cash provided by operating activities	412	682
Cash flows from investing activities		
Purchases of property and equipment, net	(96)	(98)
Acquisitions of businesses, net of cash acquired	—	6
Net cash used in investing activities	(96)	(92)
Cash flows from financing activities		
Payment for offering costs	(3)	—
Repayments under lines of credit	—	(179)
Proceeds from lines of credit	—	179
Payment towards Class B unit repurchases	—	(9)
Distributions to noncontrolling interests	(10)	—
Net cash used in financing activities	(13)	(9)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(7)	9
Net change in cash and cash equivalents and restricted cash	296	590
Cash, cash equivalents and restricted cash, beginning of year	1,942	250
Cash, cash equivalents and restricted cash, end of period	\$ 2,238	\$ 840
Supplemental disclosure of cash flow information:		
Cash payments for interest on borrowings	\$ 61	\$ 136
Cash received from interest rate hedging activities	7	15
Recognition of tax receivable agreement liability	479	—
Recognition of deferred tax assets from equity transactions	294	—

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 March 28, 2026 and December 31, 2025:

<i>(in millions)</i>	March 28, 2026	December 31,
	(Unaudited)	2025
Cash and cash equivalents	\$ 2,236	\$ 1,939
Restricted cash included in other current assets	2	3
Cash, cash equivalents and restricted cash	\$ 2,238	\$ 1,942

MEDLINE INC.

Net Sales by Segment (Unaudited)

<i>(in millions)</i>	Three months ended			
	March 28, 2026	March 29, 2025	\$ Change	% Change
Medline Brand	\$ 3,465	\$ 3,264	\$ 201	6.2 %
Front Line Care	1,618	1,526	92	6.0 %
Surgical Solutions	1,554	1,447	107	7.4 %
Laboratory & Diagnostics	293	291	2	0.7 %
Supply Chain Solutions	3,887	3,380	507	15.0 %
Total Medline	<u>\$ 7,352</u>	<u>\$ 6,644</u>	<u>\$ 708</u>	<u>10.7 %</u>

Net Sales by Channel (Unaudited)

<i>(in millions)</i>	Three months ended			
	March 28, 2026	March 29, 2025	\$ Change	% Change
Acute care	\$ 5,125	\$ 4,572	\$ 553	12.1 %
Non-Acute care	1,732	1,622	110	6.8 %
United States	6,857	6,194	663	10.7 %
International	495	450	45	10.0 %
Total Medline	<u>\$ 7,352</u>	<u>\$ 6,644</u>	<u>\$ 708</u>	<u>10.7 %</u>

Segment Net Sales and Adjusted EBITDA Margin (Unaudited)

<i>(in millions)</i>	Three months ended			
	March 28, 2026	March 29, 2025	\$ Change	% Change
Medline Brand segment				
Net sales	\$ 3,465	\$ 3,264	\$ 201	6.2 %
Adjusted EBITDA	765	830	(65)	(7.8)%
Adjusted EBITDA Margin	22.1 %	25.4 %		
Supply Chain Solutions segment				
Net sales	\$ 3,887	\$ 3,380	\$ 507	15.0 %
Adjusted EBITDA	187	182	5	2.7 %
Adjusted EBITDA Margin	4.8 %	5.4 %		
Corporate & Other ⁽¹⁾	\$ (176)	\$ (144)	\$ (32)	22.2 %

⁽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	
	Amount	Percentage
Net sales for period ended March 28, 2026	\$ 7,352	
Net sales for period ended March 29, 2025	6,644	
Net sales growth	708	10.7 %
Impact from changes in foreign exchange rates	34	0.6 %
Organic Sales	\$ 674	10.1 %

MEDLINE INC.

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

<i>(in millions)</i>	Trailing Twelve months ended		Three months ended		
	March 28, 2026	March 28, 2026	March 29, 2025	\$ Change	% Change
Net income	\$ 1,074	\$ 239	\$ 322	\$ (83)	(25.8)%
Interest expense, net	738	136	210	(74)	(35.2)%
Provision for income taxes	127	52	16	36	NM ⁽⁵⁾
Depreciation and amortization	1,018	254	247	7	2.8 %
Inventory-related adjustments ⁽¹⁾	91	29	21	8	38.1 %
Stock-based compensation expense	80	23	22	1	4.5 %
Litigation charges (gains), net ⁽²⁾	1	—	(34)	34	NM ⁽⁵⁾
Transaction-related costs ⁽³⁾	81	35	12	23	NM ⁽⁵⁾
Other non-core charges ⁽⁴⁾	165	8	52	(44)	(84.6)%
Adjusted EBITDA	\$ 3,375	\$ 776	\$ 868	\$ (92)	(10.6)%
Net income margin	3.7 %	3.3 %	4.8 %		
Adjusted EBITDA Margin	11.6 %	10.6 %	13.1 %		
Total debt	\$ 12,755				
Less: Cash and cash equivalents	2,236				
Net debt	\$ 10,519				
Net Leverage	3.1				
Run-rate Impact of signed contracts	210				

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

⁽²⁾ For the three months ended March 29, 2025, represents a settlement adjustment of \$(8) million related to the ethylene oxide litigation, \$(30) million related to settlement of an intellectual property dispute, and \$4 million related to other legal settlements.

⁽³⁾ For the three months ended March 28, 2026 and March 29, 2025, respectively, includes \$27 million and \$4 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 \$8 million and \$8 million of acquisition and integration-related costs and adjustments.

⁽⁴⁾ For the three months ended March 28, 2026 and March 29, 2025, respectively, includes \$9 million and \$5 million of other project costs; \$(4) million and \$22 million of realized and unrealized foreign exchange and investment (gains) losses; and \$(4) million and \$24 million credit (recoveries) loss expense related to certain customer receivables. The three months ended March 28, 2026 also includes \$8 million of losses on disposal of assets and exits.

⁽⁵⁾ Not Meaningful

MEDLINE INC.

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

	Three months ended March 28, 2026											
	Gross profit	Selling, general and administrative expenses	Amortization of intangible assets	Other operating expenses	Operating Income	Other income, net	Foreign exchange gain, net	EBITDA	Provision for income taxes	Net Income	Diluted earnings per share attributable to Medline Inc.	
<i>(in millions, except number of shares and per share amounts)</i>												
Reported	\$ 1,841	\$ 1,228	\$ 176	\$ 15	\$ 422	\$ 1	\$ 4	\$ 681	\$ 52	\$ 239	\$	0.16
Adjustments:												
Interest expense, net	—	—	—	—	—	—	—	—	—	—	—	0.00
Amortization	—	—	(176)	—	176	—	—	—	—	176	—	0.14
Inventory-related adjustments ⁽¹⁾	29	—	—	—	29	—	—	29	—	29	—	0.02
Stock-based compensation expense	—	(23)	—	—	23	—	—	23	—	23	—	0.02
Litigation charges, net ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	0.00
Transaction-related costs ⁽³⁾	8	(18)	—	(9)	35	—	—	35	—	35	—	0.03
Other non-core charges, net ⁽⁴⁾	—	(5)	—	(8)	13	(1)	(4)	8	—	8	—	0.01
Tax effect on non-GAAP adjustments ⁽⁵⁾	—	—	—	—	—	—	—	—	65	(65)	—	(0.05)
Tax provision on conversion of noncontrolling interests ⁽⁶⁾	—	—	—	—	—	—	—	—	19	(19)	—	(0.01)
Tax impact of retained TRA benefits ⁽⁷⁾	—	—	—	—	—	—	—	—	(7)	7	—	0.01
Adjusted	\$ 1,878	\$ 1,182	\$ —	\$ (2)	\$ 698	\$ —	\$ —	\$ 776	\$ 129	\$ 433	\$	0.33

Weighted-average number of Class A common stock outstanding (Diluted)	824,836,037
Exchange of Class B common stock ⁽⁸⁾	492,676,526
Adjusted weighted-average common stock outstanding (Diluted)	1,317,512,563

	Three months ended March 29, 2025											
	Gross profit	Selling, general and administrative expenses	Amortization of intangible assets	Other operating expenses	Operating Income	Other expense, net	Foreign exchange loss, net	EBITDA				
<i>(in millions)</i>												
Reported	\$ 1,824	\$ 1,070	\$ 175	\$ 8	\$ 571	\$ —	\$ (23)	\$ 795				
Adjustments:												
Amortization	—	—	(175)	—	175	—	—	—				
Inventory-related adjustments ⁽¹⁾	21	—	—	—	21	—	—	21				
Stock-based compensation expense	—	(22)	—	—	22	—	—	22				
Litigation gains, net ⁽²⁾	—	30	—	4	(34)	—	—	(34)				
Transaction-related costs ⁽³⁾	—	—	—	(12)	12	—	—	12				
Other non-core charges, net ⁽⁴⁾	—	(29)	—	—	29	—	23	52				
Adjusted	\$ 1,845	\$ 1,049	\$ —	\$ —	\$ 796	\$ —	\$ —	\$ 868				

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

⁽²⁾ For the three months ended March 29, 2025, represents a settlement adjustment of \$(8) million related to the ethylene oxide litigation, \$(30) million related to settlement of an intellectual property dispute, and \$4 million related to other legal settlements.

⁽³⁾ For the three months ended March 28, 2026 and March 29, 2025, respectively, includes \$27 million and \$4 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 \$8 million and \$8 million of acquisition and integration-related costs and adjustments.

⁽⁴⁾ For the three months ended March 28, 2026 and March 29, 2025, respectively, includes \$9 million and \$5 million of other project costs; \$(4) million and \$22 million of realized and unrealized foreign exchange and investment (gains) losses; and \$(4) million and \$24 million credit (recoveries) loss expense related to certain customer receivables. The three months ended March 28, 2026 also includes \$8 million of losses on disposal of assets and exits.

⁽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 the full exchange of the units held by noncontrolling interests for shares of Class A common stock.

MEDLINE INC.

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

<i>(in millions)</i>	Three months ended			
	March 28, 2026	March 29, 2025	\$ Change	% Change
Net cash provided by operating activities	\$ 412	\$ 682	\$ (270)	(39.6)%
Net capital expenditures	(96)	(98)	2	(2.0)%
Free Cash Flow	\$ 316	\$ 584	\$ (268)	(45.9)%

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