

Cintas Corporation
Consolidated Condensed Statements of Income
(Unaudited)
(In thousands except per share data)

	Three Months Ended		
	August 31, 2023	August 31, 2022	% Change
Revenue:			
Uniform rental and facility services	\$ 1,826,825	\$ 1,697,772	7.6%
Other	515,505	468,682	10.0%
Total revenue	2,342,330	2,166,454	8.1%
Costs and expenses:			
Cost of uniform rental and facility services	947,583	890,766	6.4%
Cost of other	253,176	247,576	2.3%
Selling and administrative expenses	641,015	587,992	9.0%
Operating income	500,556	440,120	13.7%
Interest income	(422)	(155)	172.3%
Interest expense	24,544	27,720	(11.5)%
Income before income taxes	476,434	412,555	15.5%
Income taxes	91,349	60,866	50.1%
Net income	<u>\$ 385,085</u>	<u>\$ 351,689</u>	9.5%
Basic earnings per share	<u>\$ 3.76</u>	<u>\$ 3.45</u>	9.0%
Diluted earnings per share	<u>\$ 3.70</u>	<u>\$ 3.39</u>	9.1%
Basic weighted average common shares outstanding	101,895	101,428	
Diluted weighted average common shares outstanding	103,572	103,337	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended	
	August 31, 2023	August 31, 2022
Uniform rental and facility services gross margin	48.1%	47.5%
Other gross margin	50.9%	47.2%
Total gross margin	48.7%	47.5%
Net income margin	16.4%	16.2%

Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosure

The press release contains non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. To supplement its consolidated condensed financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company provides the additional non-GAAP financial measure of cash flow. The Company believes that this non-GAAP financial measure is appropriate to enhance understanding of its past performance as well as prospects for future performance. A reconciliation of the difference between this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is shown in the table below.

Computation of Free Cash Flow

(In thousands)	Three Months Ended	
	August 31, 2023	August 31, 2022
Net cash provided by operations	\$ 336,945	\$ 298,156
Capital expenditures	(106,697)	(70,016)
Free cash flow	<u>\$ 230,248</u>	<u>\$ 228,140</u>

Management uses free cash flow to assess the financial performance of the Company. Management believes that free cash flow is useful to investors because it relates the operating cash flow of the Company to the capital that is spent to continue, improve and grow business operations.

SUPPLEMENTAL SEGMENT DATA

(In thousands)	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate	Total
For the three months ended August 31, 2023					
Revenue	\$ 1,826,825	\$ 260,693	\$ 254,812	\$ —	\$ 2,342,330
Gross margin	\$ 879,242	\$ 145,776	\$ 116,553	\$ —	\$ 1,141,571
Selling and administrative expenses	\$ 472,713	\$ 86,196	\$ 82,106	\$ —	\$ 641,015
Interest income	\$ —	\$ —	\$ —	\$ (422)	\$ (422)
Interest expense	\$ —	\$ —	\$ —	\$ 24,544	\$ 24,544
Income (loss) before income taxes	\$ 406,529	\$ 59,580	\$ 34,447	\$ (24,122)	\$ 476,434
For the three months ended August 31, 2022					
Revenue	\$ 1,697,772	\$ 234,161	\$ 234,521	\$ —	\$ 2,166,454
Gross margin	\$ 807,006	\$ 116,137	\$ 104,969	\$ —	\$ 1,028,112
Selling and administrative expenses	\$ 442,235	\$ 75,291	\$ 70,466	\$ —	\$ 587,992
Interest income	\$ —	\$ —	\$ —	\$ (155)	\$ (155)
Interest expense	\$ —	\$ —	\$ —	\$ 27,720	\$ 27,720
Income (loss) before income taxes	\$ 364,771	\$ 40,846	\$ 34,503	\$ (27,565)	\$ 412,555