

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

	Three Months Ended		
	May 31, 2021	May 31, 2020	% Change
Revenue:			
Uniform rental and facility services	\$ 1,466,868	\$ 1,270,970	15.4%
Other	368,793	348,614	5.8%
Total revenue	1,835,661	1,619,584	13.3%
Costs and expenses:			
Cost of uniform rental and facility services	766,441	716,602	7.0%
Cost of other	210,170	195,162	7.7%
Selling and administrative expenses	502,604	500,386	0.4%
Operating income	356,446	207,434	71.8%
Interest income	(98)	(196)	(50.0)%
Interest expense	24,551	25,952	(5.4)%
Income before income taxes	331,993	181,678	82.7%
Income taxes	64,271	37,093	73.3%
Net income	<u>\$ 267,722</u>	<u>\$ 144,585</u>	85.2%
Basic earnings per share	<u>\$ 2.53</u>	<u>\$ 1.38</u>	83.3%
Diluted earnings per share	<u>\$ 2.47</u>	<u>\$ 1.35</u>	83.0%
Basic weighted average common shares outstanding	105,143	103,758	
Diluted weighted average common shares outstanding	107,726	106,231	

Cintas Corporation
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(In thousands except per share data)

	Twelve Months Ended		
	May 31, 2021	May 31, 2020	% Change
Revenue:			
Uniform rental and facility services	\$ 5,689,632	\$ 5,643,494	0.8%
Other	1,426,708	1,441,626	(1.0)%
Total revenue	<u>7,116,340</u>	<u>7,085,120</u>	0.4%
Costs and expenses:			
Cost of uniform rental and facility services	2,983,514	3,055,145	(2.3)%
Cost of other	818,175	796,227	2.8%
Selling and administrative expenses	<u>1,929,159</u>	<u>2,071,052</u>	(6.9)%
Operating income	1,385,492	1,162,696	19.2%
Interest income	(467)	(988)	(52.7)%
Interest expense	<u>98,210</u>	<u>105,393</u>	(6.8)%
Income before income taxes	1,287,749	1,058,291	21.7%
Income taxes	<u>176,781</u>	<u>181,931</u>	(2.8)%
Income from continuing operations	1,110,968	876,360	26.8%
Loss from discontinued operations, net of tax	—	(323)	(100.0)%
Net income	<u>\$ 1,110,968</u>	<u>\$ 876,037</u>	26.8%
Basic earnings per share:			
Continuing operations	\$ 10.52	\$ 8.36	25.8%
Discontinued operations	0.00	0.00	—%
Basic earnings per share	<u>\$ 10.52</u>	<u>\$ 8.36</u>	25.8%
Diluted earnings per share:			
Continuing operations	\$ 10.24	\$ 8.11	26.3%
Discontinued operations	0.00	0.00	—%
Diluted earnings per share	<u>\$ 10.24</u>	<u>\$ 8.11</u>	26.3%
Basic weighted average common shares outstanding	104,874	103,816	
Diluted weighted average common shares outstanding	107,707	107,012	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended	
	May 31, 2021	May 31, 2020
Uniform rental and facility services gross margin	47.7%	43.6%
Other gross margin	43.0%	44.0%
Total gross margin	46.8%	43.7%
Net income margin	14.6%	8.9%

	Twelve Months Ended	
	May 31, 2021	May 31, 2020
Uniform rental and facility services gross margin	47.6%	45.9%
Other gross margin	42.7%	44.8%
Total gross margin	46.6%	45.6%
Net income margin, continuing operations	15.6%	12.4%

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 measures of cash flow and workday adjusted revenue growth. The Company believes that these non-GAAP financial measures are appropriate to enhance understanding of its past performance as well as prospects for future performance. A reconciliation of the differences between these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP are shown in the tables within the narrative of the press release or below.

Computation of Free Cash Flow

	Twelve Months Ended	
	May 31, 2021	May 31, 2020
Net cash provided by operations	\$ 1,360,740	\$ 1,291,483
Capital expenditures	(143,470)	(230,289)
Free cash flow	<u>\$ 1,217,270</u>	<u>\$ 1,061,194</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.

Computation of Growth on a Constant Workday Basis

	Three Months Ended			Twelve Months Ended		
	May 31, 2021	May 31, 2020	Growth %	May 31, 2021	May 31, 2020	Growth %
	A	B	G	I	J	O
Revenue	\$ 1,835,661	\$ 1,619,584	13.3%	\$ 7,116,340	\$ 7,085,120	0.4%
			$G=(A-B)/B$			$O=(I-J)/J$
Workdays in the period	66	65		261	260	
	E	F	H	M	N	P
Workday adjusted revenue growth	\$ 1,807,848	\$ 1,619,584	11.6%	\$ 7,089,074	\$ 7,085,120	0.1%
	$E=(A/C)*D$	$F=(B/D)*D$	$H=(E-F)/F$	$M=(I/K)*L$	$N=(J/L)*L$	$P=(M-N)/N$
Acquisition, divestitures and foreign currency exchange impact, net			(0.1)%			0.1%
Organic growth			11.5%			0.2%

Management believes that organic revenue growth is valuable to investors because it reflects the revenue performance compared to a prior period with the same number of revenue generating days and excludes the impact from acquisitions, divestitures and foreign currency exchange rate fluctuations.

SUPPLEMENTAL SEGMENT DATA

	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate	Total
For the three months ended May 31, 2021					
Revenue	\$ 1,466,868	\$ 186,917	\$ 181,876	\$ —	\$ 1,835,661
Gross margin	\$ 700,427	\$ 80,294	\$ 78,329	\$ —	\$ 859,050
Selling and administrative expenses	\$ 388,627	\$ 64,964	\$ 49,013	\$ —	\$ 502,604
Interest income	\$ —	\$ —	\$ —	\$ (98)	\$ (98)
Interest expense	\$ —	\$ —	\$ —	\$ 24,551	\$ 24,551
Income (loss) before income taxes	\$ 311,800	\$ 15,330	\$ 29,316	\$ (24,453)	\$ 331,993

For the three months ended May 31, 2020					
Revenue	\$ 1,270,970	\$ 196,270	\$ 152,344	\$ —	\$ 1,619,584
Gross margin	\$ 554,368	\$ 90,389	\$ 63,063	\$ —	\$ 707,820
Selling and administrative expenses	\$ 376,809	\$ 57,599	\$ 65,978	\$ —	\$ 500,386
Interest income	\$ —	\$ —	\$ —	\$ (196)	\$ (196)
Interest expense	\$ —	\$ —	\$ —	\$ 25,952	\$ 25,952
Income (loss) before income taxes	\$ 177,559	\$ 32,790	\$ (2,915)	\$ (25,756)	\$ 181,678

For the twelve months ended May 31, 2021					
Revenue	\$ 5,689,632	\$ 784,291	\$ 642,417	\$ —	\$ 7,116,340
Gross margin	\$ 2,706,118	\$ 332,336	\$ 276,197	\$ —	\$ 3,314,651
Selling and administrative expenses	\$ 1,480,278	\$ 251,153	\$ 197,728	\$ —	\$ 1,929,159
Interest income	\$ —	\$ —	\$ —	\$ (467)	\$ (467)
Interest expense	\$ —	\$ —	\$ —	\$ 98,210	\$ 98,210
Income (loss) before income taxes	\$ 1,225,840	\$ 81,183	\$ 78,469	\$ (97,743)	\$ 1,287,749

For the twelve months ended May 31, 2020					
Revenue	\$ 5,643,494	\$ 708,569	\$ 733,057	\$ —	\$ 7,085,120
Gross margin	\$ 2,588,349	\$ 338,661	\$ 306,738	\$ —	\$ 3,233,748
Selling and administrative expenses	\$ 1,583,791	\$ 231,769	\$ 255,492	\$ —	\$ 2,071,052
Interest income	\$ —	\$ —	\$ —	\$ (988)	\$ (988)
Interest expense	\$ —	\$ —	\$ —	\$ 105,393	\$ 105,393
Income (loss) before income taxes	\$ 1,004,558	\$ 106,892	\$ 51,246	\$ (104,405)	\$ 1,058,291