

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

	Three Months Ended		
	November 30, 2021	November 30, 2020	% Change
Revenue:			
Uniform rental and facility services	\$ 1,535,271	\$ 1,410,488	8.8%
Other	387,010	346,560	11.7%
Total revenue	1,922,281	1,757,048	9.4%
Costs and expenses:			
Cost of uniform rental and facility services	817,261	739,811	10.5%
Cost of other	219,879	197,353	11.4%
Selling and administrative expenses	503,913	467,012	7.9%
Operating income	381,228	352,872	8.0%
Interest income	(56)	(218)	(74.3)%
Interest expense	21,902	24,557	(10.8)%
Income before income taxes	359,382	328,533	9.4%
Income taxes	64,713	43,676	48.2%
Net income	<u>\$ 294,669</u>	<u>\$ 284,857</u>	3.4%
Basic earnings per share	<u>\$ 2.83</u>	<u>\$ 2.69</u>	5.2%
Diluted earnings per share	<u>\$ 2.76</u>	<u>\$ 2.62</u>	5.3%
Basic weighted average common shares outstanding	103,646	104,999	
Diluted weighted average common shares outstanding	106,122	107,981	

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	Six Months Ended		
	November 30, 2021	November 30, 2020	% Change
Revenue:			
Uniform rental and facility services	\$ 3,043,447	\$ 2,804,899	8.5%
Other	775,784	698,723	11.0%
Total revenue	3,819,231	3,503,622	9.0%
Costs and expenses:			
Cost of uniform rental and facility services	1,596,562	1,455,223	9.7%
Cost of other	434,772	402,314	8.1%
Selling and administrative expenses	1,012,568	943,507	7.3%
Operating income	775,329	702,578	10.4%
Interest income	(112)	(282)	(60.3)%
Interest expense	43,756	49,107	(10.9)%
Income before income taxes	731,685	653,753	11.9%
Income taxes	105,837	68,891	53.6%
Net income	<u>\$ 625,848</u>	<u>\$ 584,862</u>	7.0%
Basic earnings per share	<u>\$ 6.02</u>	<u>\$ 5.55</u>	8.5%
Diluted earnings per share	<u>\$ 5.87</u>	<u>\$ 5.40</u>	8.7%
Basic weighted average common shares outstanding	103,463	104,546	
Diluted weighted average common shares outstanding	106,026	107,556	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended		Six Months Ended	
	November 30, 2021	November 30, 2020	November 30, 2021	November 30, 2020
Uniform rental and facility services gross margin	46.8%	47.5%	47.5%	48.1%
Other gross margin	43.2%	43.1%	44.0%	42.4%
Total gross margin	46.0%	46.7%	46.8%	47.0%
Net income margin	15.3%	16.2%	16.4%	16.7%

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 operating income, earnings per diluted share and cash flow. 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 measure calculated in accordance with GAAP are shown in the tables within the narrative of the press release or below.

Operating Income Results

	Three Months Ended			
	November 30, 2021	% of Revenue	November 30, 2020	% of Revenue
Operating income	\$ 381,228	19.8%	\$ 352,872	20.1%
Loss (gain) on sale of certain operating assets	49		(17,963)	
Operating income excluding above item	\$ 381,277	19.8%	\$ 334,909	19.1%

	Six Months Ended			
	November 30, 2021	% of Revenue	November 30, 2020	% of Revenue
Operating income	\$ 775,329	20.3%	\$ 702,578	20.1%
Gain on sale of certain operating assets	(12,129)		(17,963)	
Operating income excluding above item	\$ 763,200	20.0%	\$ 684,615	19.5%

Earnings Per Share Results

	Three Months Ended		
	November 30, 2021	November 30, 2020	Growth vs. Fiscal 2021
Diluted EPS	\$ 2.76	\$ 2.62	5.3%
Pre-tax gain and the related tax benefit on sale of certain operating assets	0.00	(0.25)	
Diluted EPS excluding above item	<u>\$ 2.76</u>	<u>\$ 2.37</u>	<u>16.5%</u>

	Six Months Ended		
	November 30, 2021	November 30, 2020	Growth vs. Fiscal 2021
Diluted EPS	\$ 5.87	\$ 5.40	8.7%
Pre-tax gain and the related tax benefit on sale of certain operating assets	(0.09)	(0.25)	
Diluted EPS excluding above item	<u>\$ 5.78</u>	<u>\$ 5.15</u>	<u>12.2%</u>

Computation of Free Cash Flow

	Six Months Ended	
	November 30, 2021	November 30, 2020
Net cash provided by operations	\$ 593,782	\$ 572,964
Capital expenditures	(108,629)	(57,659)
Free cash flow	<u>\$ 485,153</u>	<u>\$ 515,305</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

	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate	Total
For the three months ended November 30, 2021					
Revenue	\$ 1,535,271	\$ 202,160	\$ 184,850	\$ —	\$ 1,922,281
Gross margin	\$ 718,010	\$ 88,034	\$ 79,097	\$ —	\$ 885,141
Selling and administrative expenses	\$ 380,395	\$ 65,957	\$ 57,561	\$ —	\$ 503,913
Interest income	\$ —	\$ —	\$ —	\$ (56)	\$ (56)
Interest expense	\$ —	\$ —	\$ —	\$ 21,902	\$ 21,902
Income (loss) before income taxes	\$ 337,615	\$ 22,077	\$ 21,536	\$ (21,846)	\$ 359,382
For the three months ended November 30, 2020					
Revenue	\$ 1,410,488	\$ 194,419	\$ 152,141	\$ —	\$ 1,757,048
Gross margin	\$ 670,677	\$ 83,597	\$ 65,610	\$ —	\$ 819,884
Selling and administrative expenses	\$ 355,068	\$ 62,091	\$ 49,853	\$ —	\$ 467,012
Interest income	\$ —	\$ —	\$ —	\$ (218)	\$ (218)
Interest expense	\$ —	\$ —	\$ —	\$ 24,557	\$ 24,557
Income (loss) before income taxes	\$ 315,609	\$ 21,506	\$ 15,757	\$ (24,339)	\$ 328,533
For the six months ended November 30, 2021					
Revenue	\$ 3,043,447	\$ 401,276	\$ 374,508	\$ —	\$ 3,819,231
Gross margin	\$ 1,446,885	\$ 177,309	\$ 163,703	\$ —	\$ 1,787,897
Selling and administrative expenses	\$ 779,888	\$ 129,504	\$ 103,176	\$ —	\$ 1,012,568
Interest income	\$ —	\$ —	\$ —	\$ (112)	\$ (112)
Interest expense	\$ —	\$ —	\$ —	\$ 43,756	\$ 43,756
Income (loss) before income taxes	\$ 666,997	\$ 47,805	\$ 60,527	\$ (43,644)	\$ 731,685
For the six months ended November 30, 2020					
Revenue	\$ 2,804,899	\$ 398,899	\$ 299,824	\$ —	\$ 3,503,622
Gross margin	\$ 1,349,676	\$ 165,701	\$ 130,708	\$ —	\$ 1,646,085
Selling and administrative expenses	\$ 719,039	\$ 125,668	\$ 98,800	\$ —	\$ 943,507
Interest income	\$ —	\$ —	\$ —	\$ (282)	\$ (282)
Interest expense	\$ —	\$ —	\$ —	\$ 49,107	\$ 49,107
Income (loss) before income taxes	\$ 630,637	\$ 40,033	\$ 31,908	\$ (48,825)	\$ 653,753