

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

	Three Months Ended		
	February 28, 2022	February 28, 2021	% Change
Revenue:			
Uniform rental and facility services	\$ 1,553,320	\$ 1,417,865	9.6%
Other	407,222	359,191	13.4%
Total revenue	1,960,542	1,777,056	10.3%
Costs and expenses:			
Cost of uniform rental and facility services	834,082	761,850	9.5%
Cost of other	228,306	205,690	11.0%
Selling and administrative expenses	490,549	483,048	1.6%
Operating income	407,605	326,468	24.9%
Interest income	(56)	(87)	(35.6)%
Interest expense	22,030	24,552	(10.3)%
Income before income taxes	385,631	302,003	27.7%
Income taxes	70,183	43,619	60.9%
Net income	<u>\$ 315,448</u>	<u>\$ 258,384</u>	22.1%
Basic earnings per share	<u>\$ 3.04</u>	<u>\$ 2.44</u>	24.6%
Diluted earnings per share	<u>\$ 2.97</u>	<u>\$ 2.37</u>	25.3%
Basic weighted average common shares outstanding	103,388	105,264	
Diluted weighted average common shares outstanding	105,641	107,996	

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

	Nine Months Ended		
	February 28, 2022	February 28, 2021	% Change
Revenue:			
Uniform rental and facility services	\$ 4,596,767	\$ 4,222,764	8.9%
Other	1,183,006	1,057,914	11.8%
Total revenue	<u>5,779,773</u>	<u>5,280,678</u>	9.5%
Costs and expenses:			
Cost of uniform rental and facility services	2,430,644	2,217,073	9.6%
Cost of other	663,078	608,004	9.1%
Selling and administrative expenses	<u>1,503,117</u>	<u>1,426,555</u>	5.4%
Operating income	1,182,934	1,029,046	15.0%
Interest income	(168)	(369)	(54.5)%
Interest expense	<u>65,786</u>	<u>73,659</u>	(10.7)%
Income before income taxes	1,117,316	955,756	16.9%
Income taxes	<u>176,020</u>	<u>112,510</u>	56.4%
Net income	<u>\$ 941,296</u>	<u>\$ 843,246</u>	11.6%
Basic earnings per share	<u>\$ 9.05</u>	<u>\$ 7.99</u>	13.3%
Diluted earnings per share	<u>\$ 8.84</u>	<u>\$ 7.78</u>	13.6%
Basic weighted average common shares outstanding	103,438	104,782	
Diluted weighted average common shares outstanding	105,896	107,696	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended		Nine Months Ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
Uniform rental and facility services gross margin	46.3%	46.3%	47.1%	47.5%
Other gross margin	43.9%	42.7%	43.9%	42.5%
Total gross margin	45.8%	45.6%	46.5%	46.5%
Net income margin	16.1%	14.5%	16.3%	16.0%

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 below.

Operating Income Results

(In thousands)	Three Months Ended	
	February 28, 2022	% of Revenue
Operating income	\$ 407,605	20.8%
Gain on equity method investment transaction ⁽¹⁾	(30,151)	
Operating income excluding above item	\$ 377,454	19.3%

⁽¹⁾ In connection with the acquisition of the remaining interest in an equity method investment during the third quarter of fiscal 2022, the Company was required by U.S. GAAP to remeasure its existing interest in the equity method investment at its acquisition-date fair value and recognize the resulting gain in operating income.

Earnings Per Share Results

	Three Months Ended	
	February 28, 2022	Growth vs. Fiscal 2021
Diluted EPS	\$ 2.97	25.3%
Gain on equity method investment transaction ⁽¹⁾	(0.21)	
Tax benefit on equity method investment transaction ⁽¹⁾	(0.07)	
Diluted EPS excluding above item	\$ 2.69	13.5%

⁽¹⁾ In connection with the acquisition of the remaining interest in an equity method investment during the third quarter of fiscal 2022, the Company was required by U.S. GAAP to remeasure its existing interest in the equity method investment at its acquisition-date fair value and recognize the resulting gain in operating income. The gain taxed at the statutory tax rate resulted in an earnings per share benefit of \$0.21. However, the actual tax rate associated with the transaction was significantly lower than the statutory tax rate resulting in an additional earnings per share benefit of \$0.07.

Computation of Free Cash Flow

	Nine Months Ended	
	February 28, 2022	February 28, 2021
Net cash provided by operations	\$ 987,055	\$ 904,815
Capital expenditures	(165,851)	(100,410)
Free cash flow	\$ 821,204	\$ 804,405

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 February 28, 2022					
Revenue	\$ 1,553,320	\$ 212,958	\$ 194,264	\$ —	\$ 1,960,542
Gross margin	\$ 719,238	\$ 94,204	\$ 84,712	\$ —	\$ 898,154
Selling and administrative expenses	\$ 363,248	\$ 67,900	\$ 59,401	\$ —	\$ 490,549
Interest income	\$ —	\$ —	\$ —	\$ (56)	\$ (56)
Interest expense	\$ —	\$ —	\$ —	\$ 22,030	\$ 22,030
Income (loss) before income taxes	\$ 355,990	\$ 26,304	\$ 25,311	\$ (21,974)	\$ 385,631
For the three months ended February 28, 2021					
Revenue	\$ 1,417,865	\$ 198,474	\$ 160,717	\$ —	\$ 1,777,056
Gross margin	\$ 656,015	\$ 86,341	\$ 67,160	\$ —	\$ 809,516
Selling and administrative expenses	\$ 372,612	\$ 60,521	\$ 49,915	\$ —	\$ 483,048
Interest income	\$ —	\$ —	\$ —	\$ (87)	\$ (87)
Interest expense	\$ —	\$ —	\$ —	\$ 24,552	\$ 24,552
Income (loss) before income taxes	\$ 283,403	\$ 25,820	\$ 17,245	\$ (24,465)	\$ 302,003
For the nine months ended February 28, 2022					
Revenue	\$ 4,596,767	\$ 614,234	\$ 568,772	\$ —	\$ 5,779,773
Gross margin	\$ 2,166,123	\$ 271,513	\$ 248,415	\$ —	\$ 2,686,051
Selling and administrative expenses	\$ 1,143,136	\$ 197,404	\$ 162,577	\$ —	\$ 1,503,117
Interest income	\$ —	\$ —	\$ —	\$ (168)	\$ (168)
Interest expense	\$ —	\$ —	\$ —	\$ 65,786	\$ 65,786
Income (loss) before income taxes	\$ 1,022,987	\$ 74,109	\$ 85,838	\$ (65,618)	\$ 1,117,316
For the nine months ended February 28, 2021					
Revenue	\$ 4,222,764	\$ 597,373	\$ 460,541	\$ —	\$ 5,280,678
Gross margin	\$ 2,005,691	\$ 252,042	\$ 197,868	\$ —	\$ 2,455,601
Selling and administrative expenses	\$ 1,091,651	\$ 186,189	\$ 148,715	\$ —	\$ 1,426,555
Interest income	\$ —	\$ —	\$ —	\$ (369)	\$ (369)
Interest expense	\$ —	\$ —	\$ —	\$ 73,659	\$ 73,659
Income (loss) before income taxes	\$ 914,040	\$ 65,853	\$ 49,153	\$ (73,290)	\$ 955,756