

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

	Three Months Ended		
	February 28, 2023	February 28, 2022	% Change
Revenue:			
Uniform rental and facility services	\$ 1,716,165	\$ 1,553,320	10.5%
Other	473,821	407,222	16.4%
Total revenue	2,189,986	1,960,542	11.7%
Costs and expenses:			
Cost of uniform rental and facility services	907,993	834,082	8.9%
Cost of other	247,962	228,306	8.6%
Selling and administrative expenses	587,219	490,549	19.7%
Operating income	446,812	407,605	9.6%
Interest income	(373)	(56)	566.1%
Interest expense	28,819	22,030	30.8%
Income before income taxes	418,366	385,631	8.5%
Income taxes	92,539	70,183	31.9%
Net income	<u>\$ 325,827</u>	<u>\$ 315,448</u>	3.3%
Basic earnings per share	<u>\$ 3.19</u>	<u>\$ 3.04</u>	4.9%
Diluted earnings per share	<u>\$ 3.14</u>	<u>\$ 2.97</u>	5.7%
Basic weighted average common shares outstanding	101,714	103,388	
Diluted weighted average common shares outstanding	103,418	105,641	

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	Nine Months Ended		
	February 28, 2023	February 28, 2022	% Change
Revenue:			
Uniform rental and facility services	\$ 5,123,924	\$ 4,596,767	11.5%
Other	1,407,374	1,183,006	19.0%
Total revenue	6,531,298	5,779,773	13.0%
Costs and expenses:			
Cost of uniform rental and facility services	2,705,486	2,430,644	11.3%
Cost of other	741,222	663,078	11.8%
Selling and administrative expenses	1,752,724	1,503,117	16.6%
Operating income	1,331,866	1,182,934	12.6%
Interest income	(872)	(168)	419.0%
Interest expense	85,459	65,786	29.9%
Income before income taxes	1,247,279	1,117,316	11.6%
Income taxes	245,470	176,020	39.5%
Net income	<u>\$ 1,001,809</u>	<u>\$ 941,296</u>	6.4%
Basic earnings per share	<u>\$ 9.82</u>	<u>\$ 9.05</u>	8.5%
Diluted earnings per share	<u>\$ 9.65</u>	<u>\$ 8.84</u>	9.2%
Basic weighted average common shares outstanding	101,589	103,438	
Diluted weighted average common shares outstanding	103,363	105,896	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended		Nine Months Ended	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Uniform rental and facility services gross margin	47.1%	46.3%	47.2%	47.1%
Other gross margin	47.7%	43.9%	47.3%	43.9%
Total gross margin	47.2%	45.8%	47.2%	46.5%
Net income margin	14.9%	16.1%	15.3%	16.3%

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, 2023	% of Revenue	February 28, 2022	% of Revenue	Growth vs. Fiscal 2022	
Operating income	\$ 446,812	20.4%	\$ 407,605	20.8%	9.6%	
Gain on equity method investment ⁽¹⁾	—		(30,151)			
Operating income excluding above item	\$ 446,812	20.4%	\$ 377,454	19.3%	18.4%	

	Nine Months Ended					
	February 28, 2023	% of Revenue	February 28, 2022	% of Revenue	Growth vs. Fiscal 2022	
Operating income	\$ 1,331,866	20.4%	\$ 1,182,934	20.5%	12.6%	
Gain on sale of operating assets	—		(12,129)			
Gain on equity method investment ⁽¹⁾	—		(30,151)			
Operating income excluding above item	\$ 1,331,866	20.4%	\$ 1,140,654	19.7%	16.8%	

⁽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, 2023	February 28, 2022	Growth vs. Fiscal 2022
Diluted EPS	\$ 3.14	\$ 2.97	5.7%
Gain on equity method investment transaction ⁽¹⁾	—	(0.21)	
Tax benefit on equity method investment transaction ⁽¹⁾	—	(0.07)	
Diluted EPS excluding above item	<u>\$ 3.14</u>	<u>\$ 2.69</u>	16.7%
	Nine Months Ended		
	February 28, 2023	February 28, 2022	Growth vs. Fiscal 2022
Diluted EPS	\$ 9.65	\$ 8.84	9.2%
Pre-tax gain and the related tax benefit on sale of certain operating assets	—	(0.09)	
Gain on equity method investment transaction ⁽¹⁾	—	(0.21)	
Tax benefit on equity method investment transaction ⁽¹⁾	—	(0.07)	
Diluted EPS excluding above item	<u>\$ 9.65</u>	<u>\$ 8.47</u>	13.9%

⁽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

(In thousands)	Nine Months Ended	
	February 28, 2023	February 28, 2022
Net cash provided by operations	\$ 1,044,191	\$ 987,055
Capital expenditures	(224,116)	(165,851)
Free cash flow	<u>\$ 820,075</u>	<u>\$ 821,204</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 February 28, 2023					
Revenue	\$ 1,716,165	\$ 231,605	\$ 242,216	\$ —	\$ 2,189,986
Gross margin	\$ 808,172	\$ 119,408	\$ 106,451	\$ —	\$ 1,034,031
Selling and administrative expenses	\$ 448,177	\$ 72,137	\$ 66,905	\$ —	\$ 587,219
Interest income	\$ —	\$ —	\$ —	\$ (373)	\$ (373)
Interest expense	\$ —	\$ —	\$ —	\$ 28,819	\$ 28,819
Income (loss) before income taxes	\$ 359,995	\$ 47,271	\$ 39,546	\$ (28,446)	\$ 418,366
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 nine months ended February 28, 2023					
Revenue	\$ 5,123,924	\$ 701,740	\$ 705,634	\$ —	\$ 6,531,298
Gross margin	\$ 2,418,438	\$ 354,698	\$ 311,454	\$ —	\$ 3,084,590
Selling and administrative expenses	\$ 1,324,577	\$ 221,086	\$ 207,061	\$ —	\$ 1,752,724
Interest income	\$ —	\$ —	\$ —	\$ (872)	\$ (872)
Interest expense	\$ —	\$ —	\$ —	\$ 85,459	\$ 85,459
Income (loss) before income taxes	\$ 1,093,861	\$ 133,612	\$ 104,393	\$ (84,587)	\$ 1,247,279
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