

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

	Three Months Ended		
	May 31, 2023	May 31, 2022	% Change
Revenue:			
Uniform rental and facility services	\$ 1,773,206	\$ 1,630,213	8.8%
Other	511,265	444,473	15.0%
Total revenue	2,284,471	2,074,686	10.1%
Costs and expenses:			
Cost of uniform rental and facility services	926,689	885,789	4.6%
Cost of other	269,004	242,702	10.8%
Selling and administrative expenses	617,980	541,759	14.1%
Operating income	470,798	404,436	16.4%
Interest income	(844)	(74)	1,040.5%
Interest expense	25,773	23,058	11.8%
Income before income taxes	445,869	381,452	16.9%
Income taxes	99,668	86,991	14.6%
Net income	<u>\$ 346,201</u>	<u>\$ 294,461</u>	17.6%
Basic earnings per share	<u>\$ 3.39</u>	<u>\$ 2.87</u>	18.1%
Diluted earnings per share	<u>\$ 3.33</u>	<u>\$ 2.81</u>	18.5%
Basic weighted average common shares outstanding	101,788	102,375	
Diluted weighted average common shares outstanding	103,418	104,427	

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	Twelve Months Ended		
	May 31, 2023	May 31, 2022	% Change
Revenue:			
Uniform rental and facility services	\$ 6,897,130	\$ 6,226,980	10.8%
Other	1,918,639	1,627,479	17.9%
Total revenue	<u>8,815,769</u>	<u>7,854,459</u>	12.2%
Costs and expenses:			
Cost of uniform rental and facility services	3,632,175	3,316,433	9.5%
Cost of other	1,010,226	905,780	11.5%
Selling and administrative expenses	<u>2,370,704</u>	<u>2,044,876</u>	15.9%
Operating income	1,802,664	1,587,370	13.6%
Interest income	(1,716)	(242)	609.1%
Interest expense	<u>111,232</u>	<u>88,844</u>	25.2%
Income before income taxes	1,693,148	1,498,768	13.0%
Income taxes	<u>345,138</u>	<u>263,011</u>	31.2%
Net income	<u>\$ 1,348,010</u>	<u>\$ 1,235,757</u>	9.1%
Basic earnings per share	<u>\$ 13.21</u>	<u>\$ 11.92</u>	10.8%
Diluted earnings per share	<u>\$ 12.99</u>	<u>\$ 11.65</u>	11.5%
Basic weighted average common shares outstanding	101,645	103,172	
Diluted weighted average common shares outstanding	103,377	105,523	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended		Twelve Months Ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Uniform rental and facility services gross margin	47.7%	45.7%	47.3%	46.7%
Other gross margin	47.4%	45.4%	47.3%	44.3%
Total gross margin	47.7%	45.6%	47.3%	46.2%
Net income margin	15.2%	14.2%	15.3%	15.7%

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 below.

Operating Income Results

(In thousands)	Twelve Months Ended				
	May 31, 2023	% of Revenue	May 31, 2022	% of Revenue	Growth vs. Fiscal 2022
Operating income	\$ 1,802,664	20.4%	\$ 1,587,370	20.2%	13.6%
Gain on sale of operating assets	—		(12,129)		
Gain on equity method investment transaction ⁽¹⁾	—		(30,151)		
Operating income excluding above item	\$ 1,802,664	20.4%	\$ 1,545,090	19.7%	16.7%

⁽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

	Twelve Months Ended		
	May 31, 2023	May 31, 2022	Growth vs. Fiscal 2022
Diluted EPS	\$ 12.99	\$ 11.65	11.5%
Pre-tax gain and the related tax benefit on sale of operating assets	—	(0.09)	
Pre-tax gain and the related tax benefit on equity method investment transaction ⁽¹⁾	—	(0.28)	
Diluted EPS excluding above item	\$ 12.99	\$ 11.28	15.2%

⁽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)	Twelve Months Ended	
	May 31, 2023	May 31, 2022
Net cash provided by operations	\$ 1,597,814	\$ 1,537,625
Capital expenditures	(331,109)	(240,672)
Free cash flow	\$ 1,266,705	\$ 1,296,953

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 May 31, 2023					
Revenue	\$ 1,773,206	\$ 249,756	\$ 261,509	\$ —	\$ 2,284,471
Gross margin	\$ 846,517	\$ 127,390	\$ 114,871	\$ —	\$ 1,088,778
Selling and administrative expenses	\$ 461,621	\$ 80,312	\$ 76,047	\$ —	\$ 617,980
Interest income	\$ —	\$ —	\$ —	\$ (844)	\$ (844)
Interest expense	\$ —	\$ —	\$ —	\$ 25,773	\$ 25,773
Income (loss) before income taxes	\$ 384,896	\$ 47,078	\$ 38,824	\$ (24,929)	\$ 445,869
For the three months ended May 31, 2022					
Revenue	\$ 1,630,213	\$ 218,224	\$ 226,249	\$ —	\$ 2,074,686
Gross margin	\$ 744,424	\$ 100,680	\$ 101,091	\$ —	\$ 946,195
Selling and administrative expenses	\$ 413,921	\$ 68,026	\$ 59,812	\$ —	\$ 541,759
Interest income	\$ —	\$ —	\$ —	\$ (74)	\$ (74)
Interest expense	\$ —	\$ —	\$ —	\$ 23,058	\$ 23,058
Income (loss) before income taxes	\$ 330,503	\$ 32,654	\$ 41,279	\$ (22,984)	\$ 381,452
For the twelve months ended May 31, 2023					
Revenue	\$ 6,897,130	\$ 951,496	\$ 967,143	\$ —	\$ 8,815,769
Gross margin	\$ 3,264,955	\$ 482,088	\$ 426,325	\$ —	\$ 4,173,368
Selling and administrative expenses	\$ 1,786,198	\$ 301,398	\$ 283,108	\$ —	\$ 2,370,704
Interest income	\$ —	\$ —	\$ —	\$ (1,716)	\$ (1,716)
Interest expense	\$ —	\$ —	\$ —	\$ 111,232	\$ 111,232
Income (loss) before income taxes	\$ 1,478,757	\$ 180,690	\$ 143,217	\$ (109,516)	\$ 1,693,148
For the twelve months ended May 31, 2022					
Revenue	\$ 6,226,980	\$ 832,458	\$ 795,021	\$ —	\$ 7,854,459
Gross margin	\$ 2,910,547	\$ 372,193	\$ 349,506	\$ —	\$ 3,632,246
Selling and administrative expenses	\$ 1,557,057	\$ 265,430	\$ 222,389	\$ —	\$ 2,044,876
Interest income	\$ —	\$ —	\$ —	\$ (242)	\$ (242)
Interest expense	\$ —	\$ —	\$ —	\$ 88,844	\$ 88,844
Income (loss) before income taxes	\$ 1,353,490	\$ 106,763	\$ 127,117	\$ (88,602)	\$ 1,498,768