

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

	Three Months Ended		
	February 28, 2021	February 29, 2020	% Change
Revenue:			
Uniform rental and facility services	\$ 1,417,865	\$ 1,448,021	(2.1)%
Other	359,191	362,627	(0.9)%
Total revenue	<u>1,777,056</u>	<u>1,810,648</u>	(1.9)%
Costs and expenses:			
Cost of uniform rental and facility services	761,850	784,930	(2.9)%
Cost of other	205,690	201,323	2.2%
Selling and administrative expenses	<u>483,048</u>	<u>509,743</u>	(5.2)%
Operating income	326,468	314,652	3.8%
Interest income	(87)	(347)	(74.9)%
Interest expense	<u>24,552</u>	<u>25,943</u>	(5.4)%
Income before income taxes	302,003	289,056	4.5%
Income taxes	<u>43,619</u>	<u>54,536</u>	(20.0)%
Net income	<u>\$ 258,384</u>	<u>\$ 234,520</u>	10.2%
Basic earnings per share	<u>\$ 2.44</u>	<u>\$ 2.23</u>	9.4%
Diluted earnings per share	<u>\$ 2.37</u>	<u>\$ 2.16</u>	9.7%
Basic weighted average common shares outstanding	105,264	104,245	
Diluted weighted average common shares outstanding	107,996	107,588	

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

	Nine Months Ended		
	February 28, 2021	February 29, 2020	% Change
Revenue:			
Uniform rental and facility services	\$ 4,222,764	\$ 4,372,524	(3.4)%
Other	1,057,914	1,093,012	(3.2)%
Total revenue	5,280,678	5,465,536	(3.4)%
Costs and expenses:			
Cost of uniform rental and facility services	2,217,073	2,338,543	(5.2)%
Cost of other	608,004	601,065	1.2%
Selling and administrative expenses	1,426,555	1,570,666	(9.2)%
Operating income	1,029,046	955,262	7.7%
Interest income	(369)	(792)	(53.4)%
Interest expense	73,659	79,441	(7.3)%
Income before income taxes	955,756	876,613	9.0%
Income taxes	112,510	144,838	(22.3)%
Income from continuing operations	843,246	731,775	15.2%
Loss from discontinued operations, net of tax	—	(323)	(100.0)%
Net income	\$ 843,246	\$ 731,452	15.3%
Basic earnings per share:			
Continuing operations	\$ 7.99	\$ 6.98	14.5%
Discontinued operations	0.00	0.00	—%
Basic earnings per share	\$ 7.99	\$ 6.98	14.5%
Diluted earnings per share:			
Continuing operations	\$ 7.78	\$ 6.76	15.1%
Discontinued operations	0.00	0.00	—%
Diluted earnings per share	\$ 7.78	\$ 6.76	15.1%
Basic weighted average common shares outstanding	104,782	103,840	
Diluted weighted average common shares outstanding	107,696	107,280	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin and Net Income Margin Results

	Three Months Ended	
	February 28, 2021	February 29, 2020
Uniform rental and facility services gross margin	46.3%	45.8%
Other gross margin	42.7%	44.5%
Total gross margin	45.6%	45.5%
Net income margin	14.5%	13.0%

	Nine Months Ended	
	February 28, 2021	February 29, 2020
Uniform rental and facility services gross margin	47.5%	46.5%
Other gross margin	42.5%	45.0%
Total gross margin	46.5%	46.2%
Net income margin, continuing operations	16.0%	13.4%

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

	Nine Months Ended	
	February 28, 2021	February 29, 2020
Net cash provided by operations	\$ 904,815	\$ 934,549
Capital expenditures	(100,410)	(189,379)
Free cash flow	\$ 804,405	\$ 745,170

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			Nine Months Ended		
	February 28, 2021	February 29, 2020	Growth %	February 28, 2021	February 29, 2020	Growth %
	A	B	G	I	J	O
Revenue	\$ 1,777,056	\$ 1,810,648	(1.9)%	\$ 5,280,678	\$ 5,465,536	(3.4)%
			$G=(A-B)/B$			$O=(I-J)/J$
	C	D		K	L	
Workdays in the period	64	65		195	195	
	E	F	H	M	N	P
Workday adjusted revenue growth	\$ 1,804,823	\$ 1,810,648	(0.3)%	\$ 5,280,678	\$ 5,465,536	(3.4)%
	$E=(A/C)*D$	$F=(B/D)*D$	$H=(E-F)/F$	$M=(I/K)*L$	$N=(J/L)*L$	$P=(M-N)/N$
Acquisition, divestitures and foreign currency exchange impact, net			0.2%			0.2%
Organic growth			(0.1)%			(3.2)%

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 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 three months ended February 29, 2020					
Revenue	\$ 1,448,021	\$ 170,541	\$ 192,086	\$ —	\$ 1,810,648
Gross margin	\$ 663,091	\$ 81,910	\$ 79,394	\$ —	\$ 824,395
Selling and administrative expenses	\$ 391,462	\$ 57,218	\$ 61,063	\$ —	\$ 509,743
Interest income	\$ —	\$ —	\$ —	\$ (347)	\$ (347)
Interest expense	\$ —	\$ —	\$ —	\$ 25,943	\$ 25,943
Income (loss) before income taxes	\$ 271,629	\$ 24,692	\$ 18,331	\$ (25,596)	\$ 289,056

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

For the nine months ended February 29, 2020					
Revenue	\$ 4,372,524	\$ 512,299	\$ 580,713	\$ —	\$ 5,465,536
Gross margin	\$ 2,033,981	\$ 248,272	\$ 243,675	\$ —	\$ 2,525,928
Selling and administrative expenses	\$ 1,206,982	\$ 174,170	\$ 189,514	\$ —	\$ 1,570,666
Interest income	\$ —	\$ —	\$ —	\$ (792)	\$ (792)
Interest expense	\$ —	\$ —	\$ —	\$ 79,441	\$ 79,441
Income (loss) before income taxes	\$ 826,999	\$ 74,102	\$ 54,161	\$ (78,649)	\$ 876,613