UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2022

Commission File Number 1-4422

ROLLINS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**51-0068479**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2170 Piedmont Road, N.E., Atlanta, Georgia
(Address of principal executive offices)

30324
(Zip Code)

(404) 888-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ROL	NYSE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Rollins, Inc. had 492,472,436 shares of its $1 par value Common Stock outstanding as of October 17, 2022.

PART 1 FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022, AND DECEMBER 31, 2021
(in thousands except share data)
(unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	**$ 121,876**	$ 105,301
Trade receivables, net of allowance for expected credit losses of $ 13,783 and $13,885, respectively	**170,274**	139,579
Financed receivables, short-term, net of allowance for expected credit losses of $ 1,779 and $1,463, respectively	**32,253**	26,152
Materials and supplies	**28,572**	28,926
Other current assets	**45,981**	52,422
Total current assets	**398,956**	352,380
Equipment and property, net of accumulated depreciation of $330,173 and $315,891, respectively	**130,362**	133,257
Goodwill	**772,325**	721,819
Customer contracts, net	**319,382**	325,929
Trademarks & tradenames, net	**114,016**	108,976
Other intangible assets, net	**9,807**	11,679
Operating lease right-of-use assets	**270,365**	244,784
Financed receivables, long-term, net of allowance for expected credit losses of $ 3,121 and $2,522, respectively	**58,634**	47,097
Other assets	**38,636**	34,949
Total assets	**$ 2,112,483**	$ 1,980,870
LIABILITIES		
Accounts payable	**$ 42,874**	$ 44,568
Accrued insurance - current	**40,424**	36,414
Accrued compensation and related liabilities	**95,694**	97,862
Unearned revenues	**166,866**	145,122
Operating lease liabilities - current	**82,611**	75,240
Current portion of long-term debt	**15,000**	18,750
Other current liabilities	**66,300**	73,206
Total current liabilities	**509,769**	491,162
Accrued insurance, less current portion	**35,257**	31,545
Operating lease liabilities, less current portion	**191,565**	172,520
Long-term debt	**109,878**	136,250
Other long-term accrued liabilities	**69,463**	67,345
Total liabilities	**915,932**	898,822
Commitments and contingencies (see Note 11)		
STOCKHOLDERS' EQUITY		
Preferred stock, without par value; 500,000 shares authorized, zero shares issued	**—**	—
Common stock, par value $1 per share; 800,000,000 shares authorized, 492,472,436 and 491,911,087 shares issued and outstanding, respectively	**492,472**	491,911
Additional paid in capital	**113,995**	105,629
Accumulated other comprehensive loss	**(43,566)**	(16,411)
Retained earnings	**633,650**	500,919
Total stockholders' equity	**1,196,551**	1,082,048
Total liabilities and stockholders' equity	**$ 2,112,483**	$ 1,980,870

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(in thousands except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
REVENUES				
Customer services	**$ 729,704**	$ 650,199	**$ 2,034,433**	$ 1,823,957
COSTS AND EXPENSES				
Cost of services provided (exclusive of depreciation and amortization below)	**348,158**	305,474	**980,316**	864,888
Sales, general and administrative	**213,581**	194,261	**612,353**	539,951
Depreciation and amortization	**24,282**	23,617	**73,454**	70,519
Total operating expenses	**586,021**	523,352	**1,666,123**	1,475,358
OPERATING INCOME	**143,683**	126,847	**368,310**	348,599
Interest expense, net	**846**	222	**2,294**	1,334
Other (income), net	**(1,980)**	(447)	**(5,170)**	(33,598)
CONSOLIDATED INCOME BEFORE INCOME TAXES	**144,817**	127,072	**371,186**	380,863
PROVISION FOR INCOME TAXES	**37,195**	33,219	**90,820**	95,513
NET INCOME	**$ 107,622**	$ 93,853	**$ 280,366**	$ 285,350
NET INCOME PER SHARE - BASIC AND DILUTED	**$ 0.22**	$ 0.19	**$ 0.57**	$ 0.58
Weighted average shares outstanding - basic	**492,316**	492,069	**492,285**	492,058
Weighted average shares outstanding - diluted	**492,430**	492,069	**492,398**	492,058
DIVIDENDS PAID PER SHARE	**$ 0.10**	$ 0.08	**$ 0.30**	$ 0.24

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (in thousands) (unaudited)

	Three Months Ending September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
NET INCOME	**$ 107,622**	$ 93,853	**$ 280,366**	$ 285,350
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	**(12,417)**	(7,207)	**(26,203)**	(6,924)
Unrealized loss on available for sale securities	**—**	—	**(952)**	—
Change in derivatives	—	632	—	356
Other comprehensive income (loss), net of tax	**(12,417)**	(6,575)	**(27,155)**	(6,568)
Comprehensive income	**$ 95,205**	$ 87,278	**$ 253,211**	$ 278,782

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(in thousands)
(unaudited)

	Common Stock Shares	Common Stock Amount	Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
Balance at June 30, 2022	**492,417**	**$ 492,417**	**$ 109,070**	**$ (31,149)**	**$ 575,229**	**$ 1,145,567**
Net Income	—	—	—	—	107,622	107,622
Other comprehensive income / (loss), net of tax:						
Foreign currency translation adjustments	—	—	—	(12,417)	—	(12,417)
Cash dividends	—	—	—	—	(49,201)	(49,201)
Stock compensation	55	55	4,902	—	—	4,957
Employee stock buybacks	—	—	23	—	—	23
Balance at September 30, 2022	**492,472**	**$ 492,472**	**$ 113,995**	**$ (43,566)**	**$ 633,650**	**$ 1,196,551**

	Common Stock Shares	Common Stock Amount	Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
Balance at June 30, 2021	**492,079**	**$ 492,079**	**$ 98,842**	**$ (10,890)**	**$ 470,653**	**$ 1,050,684**
Net Income	—	—	—	—	93,853	93,853
Other comprehensive income / (loss), net of tax:						
Foreign currency translation adjustments	—	—	—	(7,207)	—	(7,207)
Change in derivatives	—	—	—	632	—	632
Cash dividends	—	—	—	—	(39,945)	(39,945)
Stock compensation	(22)	(22)	3,942	—	—	3,920
Employee stock buybacks	(8)	(8)	(300)	—	—	(308)
Balance at September 30, 2021	**492,049**	**$ 492,049**	**$ 102,484**	**$ (17,465)**	**$ 524,561**	**$ 1,101,629**

	Common Stock Shares	Common Stock Amount	Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
Balance at December 31, 2021	**491,911**	**$ 491,911**	**$ 105,629**	**$ (16,411)**	**$ 500,919**	**$ 1,082,048**
Net Income					280,366	280,366
Other comprehensive income / (loss), net of tax:						
Foreign currency translation adjustments	—	—	—	(26,203)	—	(26,203)
Unrealized losses on available for sale securities	—	—	—	(952)	—	(952)
Cash dividends	—	—	—	—	(147,635)	(147,635)
Stock compensation	786	786	15,128	—	—	15,914
Employee stock buybacks	(225)	(225)	(6,762)	—	—	(6,987)
Balance at September 30, 2022	**492,472**	**$ 492,472**	**$ 113,995**	**$ (43,566)**	**$ 633,650**	**$ 1,196,551**

	Common Stock Shares	Common Stock Amount	Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
Balance at December 31, 2020	**491,612**	**$ 491,612**	**$ 101,757**	**$ (10,897)**	**$ 358,888**	**$ 941,360**
Net Income					285,350	285,350
Other comprehensive income / (loss), net of tax:						
Foreign currency translation adjustments				(6,924)		(6,924)
Change in derivatives				356		356
Cash dividends					(119,677)	(119,677)
Stock compensation	728	728	11,034		—	11,762
Employee stock buybacks	(291)	(291)	(10,307)		—	(10,598)
Balance at September 30, 2021	**492,049**	**$ 492,049**	**$ 102,484**	**$ (17,465)**	**$ 524,561**	**$ 1,101,629**

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2022	2021
OPERATING ACTIVITIES		
Net income	**$ 280,366**	$ 285,350
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**73,454**	70,519
Stock-based compensation expense	**15,914**	11,762
Provision for expected credit losses	**13,593**	8,522
Gain on sale of assets, net	**(5,170)**	(33,598)
Provision for deferred income taxes	**2,210**	2,221
Changes in operating assets and liabilities:		
Trade accounts receivable and other accounts receivable	**(40,872)**	(34,294)
Financing receivables	**(21,021)**	(13,041)
Materials and supplies	**295**	3,780
Other current assets	**(3,580)**	(11,426)
Accounts payable and accrued expenses	**(669)**	(8,564)
Unearned revenue	**19,655**	20,685
Other long-term assets and liabilities	**8,362**	(3,005)
Net cash provided by operating activities	**342,537**	298,911
INVESTING ACTIVITIES		
Acquisitions, net of cash acquired	**(110,418)**	(39,692)
Capital expenditures	**(22,921)**	(20,031)
Proceeds from sale of assets	**9,822**	70,967
Other investing activities, net	**139**	(140)
Net cash (used in) provided by investing activities	**(123,378)**	11,104
FINANCING ACTIVITIES		
Payment of contingent consideration	**(11,663)**	(19,413)
Borrowings under term loan	**252,000**	—
Borrowings under revolving commitment	**11,000**	82,500
Repayments of term loan	**(175,000)**	(83,000)
Repayments of revolving commitment	**(118,000)**	(134,500)
Payment of dividends	**(147,635)**	(119,677)
Cash paid for common stock purchased	**(6,987)**	(10,598)
Net cash used in financing activities	**(196,285)**	(284,688)
Effect of exchange rate changes on cash	**(6,299)**	(6,149)
Net increase in cash and cash equivalents	**16,575**	19,178
Cash and cash equivalents at beginning of period	**105,301**	98,477
Cash and cash equivalents at end of period	**$ 121,876**	$ 117,655
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 3,229**	$ 681
Cash paid for income taxes, net	**$ 104,974**	$ 88,350
Non-cash additions to operating lease right-of-use assets	**$ 92,365**	$ 101,720

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1. BASIS OF PREPARATION

Basis of Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, the instructions to Form 10-Q and applicable sections of SEC regulation S-X, and therefore do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. There have been no material changes in the Company’s significant accounting policies or the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-K of Rollins, Inc. (including its subsidiaries unless the context otherwise requires, “Rollins,” “we,” “us,” “our,” or the “Company”) for the year ended December 31, 2021. Accordingly, the quarterly condensed consolidated financial statements and related disclosures herein should be read in conjunction with the 2021 Annual Report on Form 10-K.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and certain financial statement disclosures. Estimates and assumptions are used for, but not limited to, accrued insurance, revenue recognition, right-of-use ("ROU") asset and liability valuations, accounts and financing receivable reserves, income tax contingency accruals and valuation allowances, contingency accruals and goodwill and other intangible asset valuations. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results may ultimately differ from these estimates and assumptions.

The Company’s condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets and liabilities and related disclosures as of the date of the condensed consolidated financial statements. The Company considered the impact of COVID-19 and other economic trends on the assumptions and estimates used in preparing the condensed consolidated financial statements. In the opinion of management, all material adjustments necessary for a fair presentation of the Company’s financial results for the quarter have been made. These adjustments are of a normal recurring nature but complicated by the continued uncertainty surrounding COVID-19 and other economic trends. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of results for the entire year. The severity, magnitude and duration of certain economic trends, as well as the economic consequences of COVID-19, continue to be uncertain and are difficult to predict. Therefore, our accounting estimates and assumptions may change over time in response to COVID-19 and other economic trends and may change materially in future periods.

The Company operates as one reportable segment and the results of operations and its financial condition are not reliant upon any single customer.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting standards

In November 2021, the FASB issued Accounting Standards Update (“ASU”) 2021-10, “Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance.” The amendments in this Update require disclosures about transactions with a government that have been accounted for by analogizing to a grant or contribution accounting model to increase transparency about (1) the types of transactions, (2) the accounting for the transactions, and (3) the effect of the transactions on an entity’s financial statements. The amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2021. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements.

Accounting standards issued but not yet adopted

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." The amendments in this Update eliminate the accounting guidance for troubled debt restructurings (TDRs) by creditors in Subtopic 310-40, Receivables-Troubled Debt Restructurings by Creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Additionally, for public business entities, the amendments in this Update require that an entity disclose current-period gross write-offs by year of origination for financing receivables. ASU 2022-02 is effective for fiscal years beginning after December 15, 2022. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurements of Equity Securities Subject to Contractual Sale Restrictions." The amendments in this Update clarify the guidance in Topic 820 when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security. This Update also introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. These amendments are effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. The Company does not currently own any equity securities and therefore the adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

NOTE 3. ACQUISITIONS

The Company made 27 acquisitions during the nine-month period ended September 30, 2022, and39 acquisitions for the year ended December 31, 2021. For the 27 acquisitions completed through September 30, 2022, the preliminary values of major classes of assets acquired and liabilities assumed recorded at the dates of acquisition, as adjusted during the valuation period, are included in the reconciliation of the total consideration as follows (in thousands):

		September 30, 2022
Accounts receivable, net	$	**2,926**
Materials and supplies		**439**
Equipment and property		**6,245**
Goodwill		**60,962**
Customer contracts		**44,377**
Trademarks & tradenames		**5,615**
Other intangible assets		**1,393**
Current liabilities		**(4,285)**
Other assets and liabilities, net		**(1,384)**
Total consideration	$	**116,288**
Less: Acquisition holdback liabilities		**(8,978)**
Total cash purchase price	$	**107,310**

The Company also made a final payment of $3.1 million for a 2021 acquisition in 2022.

Goodwill from acquisitions represents the excess of the purchase price over the fair value of net assets of businesses acquired. The factors contributing to the amount of goodwill are based on strategic and synergistic benefits that are expected to be realized. For the nine months ended September 30, 2022, $61.0 million of goodwill was added related to the27 acquisitions noted above. The recognized goodwill is expected to be deductible for tax purposes. The purchase price allocations for these acquisitions are preliminary until the Company obtains final information regarding these fair values.

NOTE 4. REVENUE

The following tables present our revenues disaggregated by revenue source (in thousands).

Sales and usage-based taxes are excluded from revenues. No sales to an individual customer or in a country other than the United States accounted for 10% or more of the sales for the periods listed in the following table.

Revenue, classified by the major geographic areas in which our customers are located, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
(in thousands)				
United States	**$ 676,408**	$ 602,336	**$ 1,884,571**	$ 1,686,371
Other countries	**53,296**	47,863	**149,862**	137,586
Total Revenues	**$ 729,704**	$ 650,199	**$ 2,034,433**	$ 1,823,957

Revenue from external customers, classified by significant product and service offerings, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2022**	2021	**2022**	2021
Residential revenue	**$ 337,878**	$ 307,747	**$ 922,448**	$ 835,871
Commercial revenue	**243,478**	218,648	**683,748**	618,183
Termite completions, bait monitoring, & renewals	**139,668**	117,423	**406,155**	350,791
Franchise revenues	**4,068**	4,128	**11,960**	11,698
Other revenues	**4,612**	2,253	**10,122**	7,414
Total Revenues	**$ 729,704**	$ 650,199	**$ 2,034,433**	$ 1,823,957

The Company records unearned revenue when we have either received payment or contractually have the right to bill for services in advance of the services or performance obligations being performed. Deferred revenue recognized in the three and nine months ended September 30, 2022 and 2021 was $51.6 million and $47.3 million, respectively and $152.5 and $139.6, respectively. Changes in unearned revenue were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
(in thousands)				
Beginning balance	**$ 192,972**	$ 172,951	**$ 168,607**	$ 149,224
Deferral of unearned revenue	**54,946**	49,060	**180,209**	165,094
Recognition of unearned revenue	**(51,553)**	(47,316)	**(152,451)**	(139,623)
Ending balance	**$ 196,365**	$ 174,695	**$ 196,365**	$ 174,695

As of September 30, 2022, and December 31, 2021, the Company had long-term unearned revenue of $29.5 million and $18.4 million, respectively, recorded in other long-term accrued liabilities. Unearned short-term revenue is recognized over the next 12-month period. The majority of unearned long-term revenue is recognized over a period of five years or less with immaterial amounts recognized through 2033.

NOTE 5. ALLOWANCE FOR CREDIT LOSSES

The Company is exposed to credit losses primarily related to accounts receivables and financed receivables derived from customer services revenue. To reduce credit risk for residential pest control accounts receivable, we promote enrollment in our auto-pay programs. In general, we may suspend future services for customers with past due balances. The Company’s credit risk is generally low with a large number of individuals and entities comprising Rollins’ customer base and dispersion across many different geographical regions.

The Company manages its financing receivables on an aggregate basis when assessing and monitoring credit risks. The Company’s established credit evaluation and monitoring procedures seek to minimize the amount of business we conduct with higher risk customers. The credit quality of a potential obligor is evaluated at the loan origination based on an assessment of the individual’s Beacon/credit bureau score. Rollins requires a potential obligor to have good credit worthiness with low risk before entering into a contract. Depending upon the individual’s credit score, the Company may accept with 100% financing, require a significant down payment or turn down the contract. Delinquencies of accounts are monitored each month. Financing receivables include installment receivable amounts, some of which are due subsequent to one year from the balance sheet dates.

The Company’s allowances for credit losses for trade accounts receivable and financed receivables are developed using historical collection experience, current economic and market conditions, reasonable and supportable forecasts, and a review of the current status of customers’ receivables. The Company’s receivable pools are classified between residential customers, commercial customers, large commercial customers, and financed receivables. Accounts are written off against the allowance for credit losses when the Company determines that amounts are uncollectible, and recoveries of amounts previously written off are recorded when collected. The Company stops accruing interest to these receivables when they are deemed uncollectible. Below is a roll forward of the Company’s allowance for credit losses for the three and nine months ended September 30, 2022 and 2021 (in thousands).

	Allowance for Credit Losses		
	Trade Receivables	**Financed Receivables**	**Total Receivables**
Balance at June 30, 2022	$ 13,666	$ 4,554	$ 18,220
Provision for expected credit losses	3,842	1,316	5,158
Write-offs charged against the allowance	(5,095)	(970)	(6,065)
Recoveries collected	1,370	—	1,370
Balance at September 30, 2022	$ 13,783	$ 4,900	$ 18,683

	Allowance for Credit Losses		
	Trade Receivables	**Financed Receivables**	**Total Receivables**
Balance at June 30, 2021	$ 13,863	$ 4,341	$ 18,204
Provision for expected credit losses	3,526	323	3,849
Write-offs charged against the allowance	(5,163)	(657)	(5,820)
Recoveries collected	1,247	—	1,247
Balance at September 30, 2021	$ 13,473	$ 4,007	$ 17,480

	Allowance for Credit Losses		
	Trade Receivables	Financed Receivables	Total Receivables
Balance at December 31, 2021	$ 13,885	$ 3,985	$ 17,870
Provision for expected credit losses	9,396	4,195	13,591
Write-offs charged against the allowance	(13,561)	(3,280)	(16,841)
Recoveries collected	4,063	—	4,063
Balance at September 30, 2022	$ 13,783	$ 4,900	$ 18,683

	Allowance for Credit Losses		
	Trade Receivables	Financed Receivables	Total Receivables
Balance at December 31, 2020	$ 16,854	$ 3,231	$ 20,085
Provision for expected credit losses	5,760	2,762	8,522
Write-offs charged against the allowance	(12,912)	(1,986)	(14,898)
Recoveries collected	3,771	—	3,771
Balance at September 30, 2021	$ 13,473	$ 4,007	$ 17,480

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

The following table summarizes changes in goodwill during the nine months ended September 30, 2022 and the twelve months ended December 31, 2021 (in thousands):

Goodwill:	
Balance at December 31, 2020	$ 653,176
Additions	69,264
Adjustments due to currency translation	(621)
Balance at December 31, 2021	721,819
Additions	60,962
Measurement adjustments	65
Adjustments due to currency translation	(10,521)
Balance at September 30, 2022	$ 772,325

The carrying amount of goodwill in foreign countries was $88.9 million as of September 30, 2022 and $82.1 million as of December 31, 2021.

The Company completed its most recent annual impairment analysis as of September 30, 2022. Based upon the results of this analysis, the Company concluded that no impairment of its goodwill or other intangible assets was indicated.

The following table sets forth the components of indefinite-lived and amortizable intangible assets as of September 30, 2022 and December 31, 2021 (in thousands):

	September 30, 2022			December 31, 2021			
	Gross	Accumulated Amortization	Carrying Value	Gross	Accumulated Amortization	Carrying Value	Useful Life in Years
Amortizable intangible assets:							
Customer contracts	$ 567,698	$ (248,316)	$ 319,382	$ 551,277	$ (225,348)	$ 325,929	3-20
Trademarks and tradenames	18,086	(7,201)	10,885	12,784	(6,492)	6,292	7-20
Non-compete agreements	13,999	(6,927)	7,072	13,125	(5,573)	7,552	3-20
Patents	6,934	(6,692)	242	6,946	(5,509)	1,437	3-15
Other assets	1,910	(1,645)	265	2,150	(1,687)	463	10
Total amortizable intangible assets	$ 608,628	$ (270,781)	337,847	$ 586,282	$ (244,609)	341,673	
Indefinite-lived intangible assets:							
Trademarks and tradenames			103,131			102,684	
Internet domains			2,227			2,227	
Total indefinite-lived intangible assets			105,358			104,911	
Total customer contracts and other intangible assets			$ 443,205			$ 446,584	

The carrying amount of customer contracts in foreign countries was $41.6 million and $42.1 million as of September 30, 2022 and December 31, 2021, respectively. The carrying amount of trademarks and tradenames in foreign countries was $4.1 million and $2.9 million as of September 30, 2022 and December 31, 2021, respectively. The carrying amount of other intangible assets in foreign countries was $0.7 million and $0.7 million as of September 30, 2022 and December 31, 2021, respectively.

Amortization expense related to intangible assets was $15.9 million and $13.4 million for the three months ended September 30, 2022 and 2021, respectively. Amortization expense related to intangible assets was $46.7 million and $39.5 million for the nine months ended September 30, 2022 and 2021, respectively. Customer contracts and other amortizable intangible assets are amortized on a straight-line basis over their economic useful lives.

Estimated amortization expense for the existing carrying amount of customer contracts and other intangible assets for each of the five succeeding fiscal years as of September 30, 2022 are as follows:

(in thousands)		
2022 (excluding the nine months ended September 30, 2022)	$	16,283
2023		59,772
2024		56,197
2025		47,083
2026		42,670

NOTE 7. LEASES

The Company leases certain buildings, vehicles, and equipment. The Company elected the practical expedient approach permitted under Accounting Standards Codification Topic 842 “Leases”, not to include short-term leases with a duration of 12 months or less on the balance sheet. As of September 30, 2022, and December 31, 2021, all leases were classified as operating leases. Building leases generally carry terms of 5 to 15 years with annual rent escalations at fixed amounts per the lease. Vehicle leases generally carry a fixed term ofone year with renewal options to extend the lease on a monthly basis resulting in lease terms up to 7 years depending on the class of vehicle. The exercise of renewal options is at the Company’s sole discretion. It is reasonably certain that the Company will exercise the renewal options on its vehicle leases. The measurement of right-of-use assets and liabilities for vehicle leases includes the fixed payments associated with such renewal periods. We separate lease and non-lease components of contracts. Our lease agreements do not contain any material variable payments, residual value guarantees, early termination penalties or restrictive covenants.

During the nine months ended September 30, 2021, the Company completed multiple sale-leaseback transactions where it sold17 of its properties related to the Clark Pest Control acquisition for gross proceeds of $67.0 million and a pre-tax gain of $31.5 million, which is included as Other income, net on the income statement. These leases are classified as operating leases with terms of 7 to 15 years.

The Company uses the rate implicit in the lease when available; however, most of our leases do not provide a readily determinable implicit rate. Accordingly, we estimate our incremental borrowing rate based on information available at lease commencement.

(in thousands, except Other Information)		Three Months Ended September 30,		Nine Months Ended September 30,	
Lease Classification	**Financial Statement Classification**	**2022**	2021	**2022**	2021
Short-term lease cost	Cost of services provided, Sales, general, and administrative expenses	**$ 46**	$ 51	**$ 108**	$ 176
Operating lease cost	Cost of services provided, Sales, general, and administrative expenses	**24,419**	23,472	**72,057**	69,497
Total lease expense		**$ 24,465**	$ 23,523	**$ 72,165**	$ 69,673
Other Information:					
Weighted-average remaining lease term - operating leases				**5.2 years**	5.5 years
Weighted-average discount rate - operating leases				**3.41 %**	3.69 %
Cash paid for amounts included in the measurement of lease liabilities:					
Operating cash flows for operating leases				**$ 71,240**	$ 68,614

Lease Commitments

Future minimum lease payments, including assumed exercise of renewal options as of September 30, 2022 were as follows:

(in thousands)	Operating
2022 (excluding the nine months ended September 30, 2022)	$ 24,234
2023	86,079
2024	62,772
2025	44,160
2026	26,286
2027	14,764
Thereafter	48,050
Total Future Minimum Lease Payments	306,345
Less: Amount representing interest	32,169
Total future minimum lease payments, net of interest	$ 274,176

Future commitments presented in the table above include lease payments in renewal periods for which it is reasonably certain that the Company will exercise the renewal option. Total future minimum lease payments for operating leases, including the amount representing interest, are comprised of $163.5 million for building leases and $142.8 million for vehicle leases. As of September 30, 2022, the Company had additional future obligations of $15.6 million for leases that had not yet commenced.

NOTE 8. FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash and cash equivalents, trade receivables, financed and notes receivable, accounts payable, other short-term liabilities, and debt. The carrying amounts of these financial instruments approximate their respective fair values. The Company also has derivative instruments as further discussed in Note 10. Derivative Instruments and Hedging Activities.

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and Level 3 includes fair values estimated using significant non-observable inputs.

As of September 30, 2022, and December 31, 2021, we had investments in international bonds of $10.6 million and $12.6 million, respectively. These bonds are accounted for as available for sale securities and are level 2 assets under the fair value hierarchy. At December 31, 2021, the entire investment was recorded in other current assets. Management reassessed their intentions on the investment and at September 30, 2022, $0.6 million was included in other current assets and $10.0 million was included in other assets. The bonds are recorded at fair market value with unrealized losses of $1.0 million included in other comprehensive income during the nine months ended September 30, 2022.

As of September 30, 2022 and December 31, 2021, the Company had $19.4 million and $25.2 million of acquisition holdback and earnout liabilities payable to former owners of acquired companies, respectively. The earnout liabilities were discounted to reflect the expected probability of payout, and both earnout and holdback liabilities were discounted to their net present value on the Company's books and are considered level 3 liabilities. The table below presents a summary of the changes in fair value for these liabilities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2022**	2021	**2022**	2021
Beginning balance	**$ 22,742**	$ 27,057	**$ 25,156**	$ 35,744
New acquisitions and revaluations	**3,706**	1,341	**6,457**	5,314
Payouts	**(6,468)**	(6,540)	**(11,663)**	(19,413)
Interest on outstanding contingencies	**79**	178	**327**	715
Charge offset, forfeit and other	**(669)**	(514)	**(887)**	(838)
Ending balance	**$ 19,390**	$ 21,522	**$ 19,390**	$ 21,522

NOTE 9. DEBT

In April 2019, the Company entered into a Revolving Credit Agreement with Truist Bank N.A. (formerly SunTrust Bank N.A.) and Bank of America, N.A. (the "Credit Agreement") for an unsecured revolving commitment of up to $175.0 million, which includes a $75.0 million letter of credit subfacility and a $25.0 million swingline subfacility (the "Revolving Commitment"), and an unsecured variable rate $250.0 million term loan (the "Term Loan"). On January 27, 2022, the Company entered into an amendment (the "Amendment") to the Credit Agreement with Truist Bank and Bank of America, N.A. whereby additional term loans in an aggregate principal amount of $252.0 million were advanced to the Company. The Amendment also replaced LIBOR as the benchmark interest rate for borrowings with the Bloomberg Short-Term Bank Yield Index rate ("BSBY") and reset the amortization schedule for all term loans under the Credit Agreement. The maturity of all loans made under the Credit Agreement prior to the Amendment remains unchanged at April 29, 2024 and all other terms of the Credit Agreement remain unchanged in all material respects. In addition, the Credit Agreement has provisions to extend the term of the Revolving Commitment beyond April 29, 2024, as well as the right at any time and from time to time to prepay any borrowing under the Credit Agreement, in whole or in part, without premium or penalty.

As of September 30, 2022, the Company had outstanding borrowings of $124.9 million under the Term Loan and there were no outstanding borrowings under the Revolving Commitment. The aggregate effective interest rate on the debt outstanding as of September 30, 2022 was 3.866%. The effective interest rate is comprised of the BSBY plus a margin of75.0 basis points as determined by the Company's leverage ratio calculation. As of December 31, 2021, the Revolving

Commitment had outstanding borrowings of $107.0 million and the Term Loan had outstanding borrowings of $48.0 million.

The Company maintains approximately $71.3 million in letters of credit as of September 30, 2022. These letters of credit are required by the Company's insurance companies, due to the Company's high deductible insurance program, to secure various workers' compensation and casualty insurance contracts coverage and were increased from $37.2 million as of December 31, 2021. The Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate potential future insurance claims.

In order to comply with applicable debt covenants, the Company is required to maintain at all times a leverage ratio of not greater than 3.00:1.00. The Leverage Ratio is calculated as of the last day of the fiscal quarter most recently ended. The Company remained in compliance with applicable debt covenants through the date of this filing and expects to maintain compliance throughout 2022.

NOTE 10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to certain interest rate risks on our outstanding debt and foreign currency risks arising from our international business operations and global economic conditions. The Company enters into certain derivative financial instruments to lock in certain interest rates, as well as to protect the value or fix the amount of certain obligations in terms of its functional currency, the U.S. dollar.

The Company is exposed to fluctuations in various foreign currencies against its functional currency, the US dollar. We use foreign currency derivatives, specifically foreign currency forward contracts ("FX Forwards"), to manage our exposure to fluctuations in the USD-CAD and USD-AUD exchange rates. FX Forwards involve fixing the foreign currency exchange rate for delivery of a specified amount of foreign currency on a specified date. The FX Forwards are typically settled in US dollars for their fair value at or close to their settlement date. We do not currently designate any of these FX Forwards under hedge accounting, but rather reflect the changes in fair value immediately in earnings. We do not use such instruments for speculative or trading purposes, but rather use them to manage our exposure to foreign exchange rates. Changes in the fair value of FX Forwards were recorded in other income/expense and were equal to net gains of $1.0 million and net losses of $0.1 million for the quarters ended September 30, 2022 and 2021, respectively, and net gains of $l.1 million and net losses of $0.6 million for the nine months ended September 30, 2022 and 2021, respectively. The fair values of the Company's FX Forwards were recorded as a net asset of $0.8 million in Other Current Assets as of September 30, 2022 and an insignificant net obligation in Other Current Liabilities as of December 31, 2021, respectively.

As of September 30, 2022, the Company had the following outstanding FX Forwards (in thousands except for number of instruments):

Non-Designated Derivative Summary

FX Forward Contracts	Number of Instruments	Sell Notional	Buy Notional
Sell AUD/Buy USD Fwd Contract	16	2,300	$ 1,615
Sell CAD/Buy USD Fwd Contract	16	16,000	12,313
Total	32		$ 13,928

NOTE 11. CONTINGENCIES

In the normal course of business, the Company and its subsidiaries are involved in, and will continue to be involved in, various claims, arbitrations, contractual disputes, investigations, and regulatory and litigation matters relating to, and arising out of, our businesses and our operations. These matters may involve, but are not limited to, allegations that our services or vehicles caused damage or injury, claims that our services did not achieve the desired results, claims related to acquisitions and allegations by federal, state or local authorities, including taxing authorities, of violations of regulations or statutes. In addition, we are parties to employment-related cases and claims from time to time, which may include claims on a representative or class action basis alleging wage and hour law violations. We are also involved from time to time in certain environmental matters primarily arising in the normal course of business. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

The Company retains, up to specified limits, certain risks related to general liability, workers' compensation and auto liability. The estimated costs of existing and future claims under the retained loss program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts with an independent third party to provide the Company an estimated liability based upon historical claims information. The actuarial study is a major consideration in establishing the reserve, along with management's knowledge of changes in business practice and existing claims compared to current balances. Management's judgment is inherently subjective as a number of factors are outside management's knowledge and control. Additionally, historical information is not always an accurate indication of future events. The accruals and reserves we hold are based on estimates that involve a degree of judgment and are inherently variable and could be overestimated or insufficient. If actual claims exceed our estimates, our operating results could be materially affected, and our ability to take timely corrective actions to limit future costs may be limited.

Management does not believe that any pending claim, proceeding or litigation, regulatory action or investigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or liquidity; however, it is possible that an unfavorable outcome of some or all of the matters could result in a charge that might be material to the results of an individual quarter or year.

NOTE 12. PENSION PLANS

In September 2019, the Company settled its fully-funded Rollins, Inc. pension plan, and during 2021, all remaining assets were reverted to the Company per ERISA regulations. The Company continues to sponsor its Waltham, Inc. defined benefit plan. This plan had assets of $2.2 million, a projected liability of $2.9 million and an unfunded status of $0.7 million as of September 30, 2022. The Company has not made any employer contributions to its Waltham defined benefit retirement plan in 2022.

NOTE 13. STOCKHOLDERS' EQUITY

During the nine months ended September 30, 2022, the Company paid $147.6 million, or $0.30 per share, in cash dividends compared to $119.7 million, or $0.24 per share, during the same period in 2021.

During the nine months ended September 30, 2022 and during the same period in 2021, the Company did not repurchase shares on the open market.

The Company repurchases shares from employees for the payment of their taxes on restricted shares that have vested. The Company repurchased $0.0 million and $0.3 million for the quarters ended September 30, 2022 and 2021, and $7.0 million and $10.6 million for the nine-month periods ended September 30, 2022 and 2021, respectively.

As more fully discussed in Note 15 of the Company's notes to the consolidated financial statements in its 2021 Annual Report on Form 10-K, time-lapse restricted awards and restricted stock units ("restricted shares") have been issued to officers and other management employees under the Company's Employee Stock Incentive Plans. Beginning with the 2022 grant, restricted shares vest in 20 percent increments over five years from the date of the grant. Prior grants vest over six years from the date of grant. The Company issues new shares from its authorized but unissued share pool. As of September 30, 2022, approximately 5.9 million shares of the Company's common stock were reserved for issuance.

Time Lapse Restricted Shares

The following table summarizes the components of the Company’s stock-based compensation programs recorded as expense:

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Time lapse restricted stock:				
Pre-tax compensation expense	**$ 4,957**	$ 3,920	**$ 15,914**	$ 11,762
Tax benefit	**(1,298)**	(1,025)	**(3,894)**	(2,950)
Restricted stock expense, net of tax	**$ 3,659**	$ 2,895	**$ 12,020**	$ 8,812

The following table summarizes information on unvested restricted stock outstanding as of September 30, 2022:

(number of shares in thousands)	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested Restricted Stock at December 31, 2021	**2,596**	$ 26.26
Forfeited	**(68)**	26.32
Vested	**(666)**	19.97
Granted	**854**	30.12
Unvested Restricted Stock at September 30, 2022	**2,716**	$ 28.93

As of September 30, 2022, and December 31, 2021, the Company had $57.9 million and $65.2 million of total unrecognized compensation cost, respectively, related to time-lapse restricted shares that are expected to be recognized over a weighted average period of approximately 3.7 years and 4.5 years, respectively.

NOTE 14. EARNINGS PER SHARE

The Company reports both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income available to participating common stockholders by the weighted average number of participating common shares outstanding for the period. Diluted earnings per share is calculated by dividing the net income available to participating common shareholders by the diluted weighted average number of shares outstanding for the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive equity.

A reconciliation of weighted average shares outstanding is as follows (in thousands):

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Weighted-average outstanding common shares	**489,756**	489,306	**489,705**	489,241
Add participating securities:				
Weighted-average time-lapse restricted awards	**2,560**	2,763	**2,580**	2,817
Total weighted-average shares outstanding - basic	**492,316**	492,069	**492,285**	492,058
Dilutive effect of restricted stock units	**114**	—	**113**	—
Weighted-average shares outstanding - diluted	**492,430**	492,069	**492,398**	492,058

NOTE 15. INCOME TAXES

The Company's provision for income taxes is recorded on an interim basis based upon the Company's estimate of the annual effective income tax rate for the full year applied to "ordinary" income or loss, adjusted each quarter for discrete items. The Company recorded a provision for income taxes of $37.2 million and $33.2 million for the three months ended September 30, 2022 and 2021, respectively, and $90.8 million and $95.5 million for the nine months ended September 30, 2022 and 2021, respectively.

The Company's effective tax rate decreased to 25.7% in the third quarter of 2022 compared to 26.1% in 2021. During the nine months ended September 30, 2022, the Company's effective tax rate decreased to 24.5% compared to 25.1% in 2021. The rate was lower due to a decrease in foreign taxes from 2021 to 2022.

As of September 30, 2022 and December 31, 2021, we had deferred income tax assets of $2.6 million and $2.9 million, respectively, included in other assets, and deferred income tax liabilities of $15.1 million and $13.3 million, respectively, included in other long-term accrued liabilities.

NOTE 16. SUBSEQUENT EVENTS

Quarterly Dividend

On October 25, 2022, the Company's Board of Directors declared a regular quarterly cash dividend on its common stock of $0.13 per share payable on December 9, 2022 to stockholders of record at the close of business on November 10, 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties and reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors," of our 2021 Form 10-K and Part II, Item 1A, "Risk Factors" and "Caution Regarding Forward-Looking Statements" included in this report and those discussed in other documents we file from time to time with the SEC.

GENERAL OPERATING COMMENTS

Revenues for the quarter increased 12.2% percent to $729.7 million compared to $650.2 million for the prior year. Income before income taxes increased 14.0% to $144.8 million compared to $127.1 million the prior year. Net income increased 14.7% to $107.6 million, with earnings per diluted share of $0.22 compared to $93.9 million, or $0.19 per diluted share for the prior year.

During the nine months ended September 30, 2022, revenues increased 11.5% to $2.0 billion compared to $1.8 billion for the prior year. Income before income taxes decreased 2.5% to $371.2 million compared to $380.9 million the prior year. Net income decreased 1.7% to $280.4 million, with earnings per diluted share of $0.57 compared to $285.4 million, or $0.58 per diluted share for the prior year.

As more fully discussed in the results of operations, our residential, commercial, and termite and ancillary services experienced double digit revenue percentage growth for both the quarter and nine months ended September 30, 2022.

IMPACT OF COVID-19 AND OTHER ECONOMIC TRENDS

The global spread and unprecedented impact of the COVID-19 pandemic ("COVID-19") has created uncertainty and economic disruption around the world. We will continue to monitor COVID-19 and may again take actions that may alter our operations, including those that may be required by federal, state, or local authorities, or that we determine are in the best interests of our employees and customers. We do not know when, or if, it will become practical to eliminate all of these measures entirely as there is no guarantee that COVID-19 will be fully contained.

In addition, continued disruption in economic markets due to high inflation, increased fuel costs, business interruptions due to natural disasters, employee shortages and supply chain issues, all pose challenges which may adversely affect our future performance. The Company continues to carry out various strategies previously implemented to help mitigate the impact of these economic disruptors, including revamping its routing and scheduling process to decrease the number of miles per stop, advanced scheduling to compensate for employee and vehicle shortages, shipping delays, and maintaining higher purchasing levels to allow for sufficient inventory. However, the Company cannot reasonably estimate whether these strategies will help mitigate the impact of these economic disruptors in the future.

The Company's condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets and liabilities and related disclosures as of the date of the condensed consolidated financial statements. The Company considered the impact of COVID-19 and other economic trends on the assumptions and estimates used in preparing the condensed consolidated financial statements. In the opinion of management, all material adjustments necessary for a fair presentation of the Company's financial results for the quarter have been made. These adjustments are of a normal recurring nature but complicated by the continued uncertainty surrounding COVID-19 and other economic trends. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of results for the entire year. The severity, magnitude and duration of certain economic trends, as well as the economic consequences of COVID-19, continue to be uncertain and are difficult to predict. Therefore, our accounting estimates and assumptions may change over time in response to COVID-19 and other economic trends and may change materially in future periods.

The extent to which COVID-19, inflation and other economic trends will continue to impact the Company's business, financial condition and results of operations is highly uncertain. Therefore, we cannot reasonably estimate the full future impacts of these matters at this time.

RESULTS OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 2022 COMPARED TO QUARTER ENDED SEPTEMBER 30, 2021

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Variance $	Variance %	As a % of Revenue 2022	As a % of Revenue 2021
REVENUES						
Customer services	**$ 729,704**	$ 650,199	79,505	12.2	**100.0**	100.0
COSTS AND EXPENSES						
Cost of services provided (exclusive of depreciation and amortization below)	**348,158**	305,474	42,684	14.0	**47.7**	47.0
Sales, general and administrative	**213,581**	194,261	19,320	9.9	**29.3**	29.9
Depreciation and amortization	**24,282**	23,617	665	2.8	**3.3**	3.6
Total operating expenses	**586,021**	523,352	62,669	12.0	**80.3**	80.5
OPERATING INCOME	**143,683**	126,847	16,836	13.3	**19.7**	19.5
Interest expense, net	**846**	222	624	NM	**0.1**	0.0
Other (income), net	**(1,980)**	(447)	(1,533)	NM	**(0.3)**	(0.1)
CONSOLIDATED INCOME BEFORE INCOME TAXES	**144,817**	127,072	17,745	14.0	**19.8**	19.5
PROVISION FOR INCOME TAXES	**37,195**	33,219	3,976	12.0	**5.1**	5.1
NET INCOME	**$ 107,622**	$ 93,853	13,769	14.7	**14.7**	14.4

Revenue

Revenues for the third quarter ended September 30, 2022 were $729.7 million, an increase of $79.5 million, or 12.2%, from third quarter 2021 revenues of $650.2 million. Revenue performance was strong in the third quarter despite a resurgence of COVID-19 that affected our business earlier in the quarter as well as the business interruption from Hurricane Ian that impacted the Southeast market in the latter part of the quarter. Comparing 2022 to 2021, residential pest control revenue increased 10%, commercial pest control revenue increased 11% and termite and ancillary services grew 19%. The Company's revenue mix for the third quarter ended September 30, 2022 consisted primarily of 46% residential pest control, 33% commercial pest control and 19% termite and ancillary revenues (such as moisture control, insulation, deck and gutter work). The Company's foreign operations accounted for approximately 7% of total revenues for the third quarters ended September 30, 2022 and 2021.

Revenues are impacted by the seasonal nature of the Company's pest and termite control services. The increase in pest activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the change in seasons), has historically resulted in an increase in the Company's revenues as evidenced by the following chart:

(in thousands)	Consolidated Net Revenues 2022	Consolidated Net Revenues 2021	Consolidated Net Revenues 2020
First Quarter	**$ 590,680**	$ 535,554	$ 487,901
Second Quarter	**714,049**	638,204	553,329
Third Quarter	**729,704**	650,199	583,698
Fourth Quarter	—	600,343	536,292
Year to date	**$ 2,034,433**	$ 2,424,300	$ 2,161,220

Cost of Services Provided

For the quarter ended September 30, 2022, cost of services provided increased $42.7 million, or 14.0%, compared to the quarter ended September 30, 2021. As a percentage of revenue cost of services increased to 47.7% from 47.0% in the prior year. Cost of services as a percent of revenue increased primarily due to an increase in the casualty reserve. The change in the casualty reserve was driven by a number of asserted auto claims that matured in the quarter. These claims can change from time to time and we either reached resolution or received additional information about the nature of the claim that provided a better estimation of the total liability associated with the claim in the quarter. We also saw a general increase in spending associated with people, materials and supplies and fleet costs, due to an increase in business activity albeit at a slower pace than revenue growth.

Sales, General and Administrative

For the quarter ended September 30, 2022, sales, general and administrative (SG&A) expenses increased $19.3 million, or 9.9%, compared to the quarter ended September 30, 2021. As a percentage of revenue SG&A decreased to 29.3% from 29.9% in the prior year. Despite investing in additional people, advertising and other customer facing activities to drive growth, we saw an improvement in SG&A as a percentage of sales as we continue to manage our cost structure. Although claims activity had an impact on SG&A, it had a lesser impact on SG&A than cost of services.

Depreciation and Amortization

For the quarter ended September 30, 2022, depreciation and amortization increased $0.7 million, or 2.8%, compared to the quarter ended September 30, 2021. The increase was due to the additional amortization from acquisitions.

Operating Income

For the quarter ended September 30, 2022, operating income increased $16.8 million, or 13.3%, compared to the quarter ended September 30, 2021. As a percentage of revenue operating income increased to 19.7% from 19.5% in the prior year. Operating income increased due to an increase in revenue driven by double digit growth in all lines of service, despite a resurgence of COVID-19 that affected our productivity earlier in the quarter as well as the business interruption from Hurricane Ian that impacted the Southeast market in the latter part of the quarter. The improvement in revenue was partially offset by an increase in expenses associated with the casualty reserve as well as an increase in spending associated with people, advertising and customer facing activities.

Other Income, Net

During the quarter ended September 30, 2022, other income increased $1.5 million compared to the quarter ended September 30, 2021 due to gains on asset sales.

Interest Expense, Net

For the quarter ended September 30, 2022, interest expense, net increased $0.6 million, compared to the quarter ended September 30, 2021 due to the increase in the average debt balance and the increase in weighted average interest rates.

Income Taxes

The Company’s effective tax rate decreased to 25.7% in the third quarter of 2022 compared to 26.1% in 2021. The rate was lower due to a decrease in foreign taxes from 2021 to 2022.

NINE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2021

	Nine Months Ended September 30,		Variance		As a % of Revenue	
(in thousands)	**2022**	2021	$	%	**2022**	2021
REVENUES						
Customer services	**$ 2,034,433**	$ 1,823,957	210,476	11.5	**100.0**	100.0
COSTS AND EXPENSES						
Cost of services provided (exclusive of depreciation and amortization below)	**980,316**	864,888	115,428	13.3	**48.2**	47.4
Sales, general and administrative	**612,353**	539,951	72,402	13.4	**30.1**	29.6
Depreciation and amortization	**73,454**	70,519	2,935	4.2	**3.6**	3.9
Total operating expenses	**1,666,123**	1,475,358	190,765	12.9	**81.9**	80.9
OPERATING INCOME	**368,310**	348,599	19,711	5.7	**18.1**	19.1
Interest expense, net	**2,294**	1,334	960	72.0	**0.1**	0.1
Other (income), net	**(5,170)**	(33,598)	28,428	84.6	**(0.3)**	(1.8)
CONSOLIDATED INCOME BEFORE INCOME TAXES	**371,186**	380,863	(9,677)	(2.5)	**18.2**	20.9
PROVISION FOR INCOME TAXES	**90,820**	95,513	(4,693)	(4.9)	**4.5**	5.2
NET INCOME	**$ 280,366**	$ 285,350	(4,984)	(1.7)	**13.8**	15.6

Revenue

Revenues for the nine months ended September 30, 2022 were $2.0 billion, an increase of $210.5 million, or 11.5%, from 2021 revenues of $1.8 billion. Comparing 2022 to 2021, residential pest control revenue increased 10%, commercial pest control revenue increased 11% and termite and ancillary services grew 16%. The Company’s revenue mix for the nine months ended September 30, 2022 consisted primarily of 45% residential pest control, 34% commercial pest control and 20% termite and ancillary revenues. The Company’s foreign operations accounted for approximately 7% and 8% of total revenues for the nine months ended September 30, 2022 and 2021, respectively.

Cost of Services Provided

For the nine months ended September 30, 2022, cost of services provided increased $115.4 million, or 13.3%, compared to the nine months ended September 30, 2021. As a percentage of revenue cost of services increased to 48.2% from 47.4% in the prior year. Cost of Services increased due to an increase in the casualty reserve in the third quarter coupled with an increase in people costs, materials and supplies and fleet costs due to an increase in business activity.

Sales, General and Administrative

For the nine months ended September 30, 2022, sales, general and administrative (SG&A) expenses increased $72.4 million, or 13.4%, compared to the nine months ended September 30, 2021. As a percentage of revenue SG&A increased to 30.1% from 29.6% in the prior year. SG&A increased due primarily to an increase in people costs, advertising costs and fleet costs due to an increase in business activity.

Depreciation and Amortization

For the nine months ended September 30, 2022, depreciation and amortization increased $2.9 million, or 4.2%, compared to the nine months ended September 30, 2021. The increase was primarily due to the additional amortization from several acquisitions.

Operating Income

For the nine months ended September 30, 2022, operating income increased $19.7 million, or 5.7%, compared to the prior year. As a percentage of revenue operating income decreased to 18.1% from 19.1% in the prior year. The increase in revenue was partially offset by an increase in expense associated with the casualty reserve in the third quarter coupled with an increase in spending associated with people, advertising, and fleet costs on the increased business activity.

Other Income, Net

During the nine months ended September 30, 2022, other income decreased $28.4 million compared to the nine months ended September 30, 2021 due to the Company recognizing a $31.5 million gain in the prior year related to multiple sale-leaseback transactions where the Company sold and leased back properties that it acquired in 2019 with the Clark Pest Control acquisition.

Interest Expense, Net

During the nine months ended September 30, 2022, interest expense, net increased $1.0 million compared to the nine months ended September 30, 2021 primarily due to the increase in the average debt balance and the increase in weighted average interest rates for the nine months ended September 30, 2022.

Income Taxes

During the nine months ended September 30, 2022, the Company's effective tax rate decreased to 24.5% compared to 25.1% in 2021. The rate was lower due to a decrease in foreign taxes from 2021 to 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Flow

The Company's $121.9 million of total cash at September 30, 2022 is primarily money market funds and cash held at various banking institutions. Approximately $65.4 million is held in cash accounts at international bank institutions and the remaining $56.5 million is primarily held in Federal Deposit Insurance Corporation ("FDIC") insured non-interest-bearing accounts at various domestic banks which at times exceed federally insured amounts.

The Company's international business is expanding, and we intend to continue to grow the business in foreign markets in the future through reinvestment of foreign deposits and future earnings as well as acquisitions of unrelated companies. Repatriation of cash from the Company's international subsidiaries is not a part of the Company's current business plan.

As of September 30, 2022, the Company had outstanding borrowings of $124.9 million under the Term Loan and there were no outstanding borrowings under the Revolving Commitment. The aggregate effective interest rate on the debt outstanding as of September 30, 2022 was 3.866%. The effective interest rate is comprised of the BSBY plus a margin of 75.0 basis points as determined by the Company's leverage ratio calculation. As of December 31, 2021, the Revolving Commitment had outstanding borrowings of $107.0 million and the Term Loan had outstanding borrowings of $48.0 million.

The Company maintains approximately $71.3 million in letters of credit as of September 30, 2022. These letters of credit are required by the Company's insurance companies, due to the Company's high deductible insurance program, to secure various workers' compensation and casualty insurance contracts coverage and were increased from $37.2 million as of December 31, 2021. The Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate potential future insurance claims.

Rollins maintains adequate liquidity and capital resources, without regard to its foreign deposits, that are directed to finance domestic operations and obligations and to fund expansion of its domestic business. In order to comply with applicable debt covenants, the Company is required to maintain at all times a leverage ratio of not greater than 3.00:1.00. The leverage ratio is calculated as of the last day of the fiscal quarter most recently ended. The Company remained in compliance with applicable debt covenants at September 30, 2022 and expects to maintain compliance throughout 2022.

The Company believes its current cash and cash equivalents balances, future cash flows expected to be generated from operating activities, and available borrowings under its $175 million revolving credit facility and $300 million term loan facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future.

The following table sets forth a summary of our cash flows from operating, investing and financing activities for the nine-month periods presented:

	Nine Months Ended September 30,		Variance	
(in thousands)	**2022**	2021	**$**	%
Net cash provided by operating activities	**$ 342,537**	$ 298,911	43,626	14.6
Net cash (used in) provided by investing activities	**(123,378)**	11,104	(134,482)	NM
Net cash used in financing activities	**(196,285)**	(284,688)	88,403	31.1
Effect of exchange rate on cash	**(6,299)**	(6,149)	(150)	(2.4)
Net increase in cash and cash equivalents	**$ 16,575**	$ 19,178	(2,603)	(13.6)

Cash Provided by Operating Activities

Cash from operating activities is the principal source of cash generation for our businesses. The most significant source of cash in our cash flow from operations is customer-related activities, the largest of which is collecting cash resulting from services sold. The most significant operating use of cash is to pay our suppliers, employees, and tax authorities. The Company's operating activities generated net cash of $342.5 million and $298.9 million for the nine months ended September 30, 2022 and 2021, respectively. The $43.6 million increase was driven primarily by strong operating results and the timing of cash receipts and cash payments to vendors, employees, and tax and regulatory authorities.

Cash Used in or Provided by Investing Activities

The Company's investing activities used $123.4 million for the nine months ended September 30, 2022 and provided $11.1 million for the nine months ended September 30, 2021. The Company invested approximately $22.9 million in capital expenditures during 2022 compared to $20.0 million during 2021. Capital expenditures for the period consisted primarily of equipment replacements and technology-related projects. Cash paid for acquisitions totaled $110.4 million for the nine months ended September 30, 2022 as compared to $39.7 million for the nine months ended September 30, 2021. The expenditures for the Company's acquisitions were funded through existing cash balances and operating cash flows. The nine months ended September 30, 2021 included approximately $67 million in cash proceeds from the sale of assets related to the Clark Pest property sale-leaseback transactions.

Cash Provided by or Used in Financing Activities

Cash used by financing activities was $196.3 million during the nine months ended September 30, 2022 compared to cash used of $284.7 million in the prior year. The Company made net debt repayments of $30.0 million during the nine months ended September 30, 2022, compared to net repayments of $135.0 million during 2021. A total of $147.6 million was paid in cash dividends ($0.30 per share) during the nine months ended September 30, 2022 compared to $119.7 million in cash dividends paid ($0.24 per share) during the nine months ended September 30, 2021.

In 2012, the Company's Board of Directors authorized the purchase of up to 5 million shares of the Company's common stock. After adjustments for stock splits, the total authorized shares under the share repurchase plan are 16.9 million shares. The Company did not repurchase shares of its common stock on the open market during the first nine months of 2022 nor during the same period in 2021. In total, 11.4 million additional shares may be purchased under the share repurchase program. The Company repurchased $7.0 million and $10.6 million of common stock for the nine months ended September 30, 2022 and 2021, respectively, from employees for the payment of taxes on vesting restricted shares.

CONTINGENCIES

In the normal course of business, the Company and its subsidiaries are involved in, and will continue to be involved in, various claims, arbitrations, contractual disputes, investigations, litigation, and tax and other regulatory matters relating to, and arising out of, our businesses and our operations. These matters may involve, but are not limited to, allegations that our services or vehicles caused damage or injury, claims that our services did not achieve the desired results, claims related to acquisitions and allegations by federal, state or local authorities, including taxing authorities, of violations of regulations or statutes. In addition, we are parties to employment-related cases and claims from time to time, which may include claims on a representative or class action basis alleging wage and hour law violations. We are also involved from time to time in certain environmental and tax matters primarily arising in the normal course of business. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

The Company retains, up to specified limits, certain risks related to general liability, workers' compensation and auto liability. The estimated costs of existing and future claims under the retained loss program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts with an independent third party to provide the Company an estimated liability based upon historical claims information. The actuarial study is a major consideration in establishing the reserve, along with management's knowledge of changes in business practice and existing claims compared to current balances. Management's judgment is inherently subjective as a number of factors are outside management's knowledge and control. Additionally, historical information is not always an accurate indication of future events. The accruals and reserves we hold are based on estimates that involve a degree of judgment and are inherently variable and could be overestimated or insufficient. If actual claims exceed our estimates, our operating results could be materially affected, and our ability to take timely corrective actions to limit future costs may be limited.

Management does not believe that any pending claim, proceeding or litigation, regulatory action or investigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or liquidity; however, it is possible that an unfavorable outcome of some or all of the matters could result in a charge that might be material to the results of an individual quarter or year.

CRITICAL ACCOUNTING ESTIMATES

There have been no changes to the Company's critical accounting estimates since the filing of its Form 10-K for the year ended December 31, 2021.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties concerning the business and financial results of Rollins, Inc. We have based these forward-looking statements largely on our current opinions, expectations, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Such forward looking-statements include, but are not limited to, statements regarding:

- the Company's belief that its accounting estimates and assumptions, financial condition and results of operations may change materially in future periods in response to the COVID-19 pandemic;

- the outcomes of any pending claim, proceeding, litigation, regulatory action or investigation filed against us, either alone or in the aggregate, which could have a material adverse effect on our business, or liquidity, financial condition and results of operations;

- the Company's evaluation of pending and threatened claims and establishment of loss contingency reserves based upon outcomes it currently believes to be probable and reasonably estimable;

- the Company's reasonable certainty that it will exercise the renewal options on its operating leases;

- risks related to the Company's belief that its current cash and cash equivalent balances, future cash flows expected to be generated from operating activities and available borrowings under its $175.0 million revolving credit facility and $300.0 million term loan facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future;

- the Company's ability to remain in compliance with applicable debt covenants under the Credit Facility throughout 2022;

- the Company's belief that the adoption of ASU 2022-02 and ASU 2022-03 is not expected to have a material impact on the Company's consolidated financial statements;

- the Company's ability to continue the purchase of Company common stock when appropriate;

- risks related to the Company's ability to continue to grow its business in foreign markets in the future through reinvestment of foreign deposits and future earnings as well as acquisitions of unrelated companies and that repatriation of cash from the company's foreign subsidiaries is not a part of the Company's current business plan;

- the Company's expectation that total unrecognized compensation cost related to time-lapse restricted shares will be recognized over a weighted average period of approximately 3.7 years;

- the Company's expectation that the acquisition-related goodwill recognized during the quarter will be deductible for tax purposes;
- the Company's conclusion that there are no impairments of its goodwill or other intangible assets;
- the Company's belief that the factors contributing to the amount of goodwill are based on strategic and synergistic benefits that are expected to be realized;
- the Company's belief that it has adequate liquid assets, funding sources and insurance accruals to accommodate potential future insurance claims;
- the Company's belief that foreign exchange rate risk will not have a material effect on the Company's results of operations going forward;
- the Company's belief that recent disruptions in economic markets due to high inflation, increased fuel costs, and supply chain issues, all pose current and future challenges which may adversely affect the Company's future performance;
- that the Company cannot reasonably estimate whether its current strategies will help mitigate the impact of high inflation, increased fuel costs, employee and vehicle shortages, shipping delays and supply chain issues in the future;
- the Company's belief that it maintains adequate liquidity and capital resources that are directed to finance domestic operations and obligations and to fund expansion of its domestic business for the foreseeable future without regard to its foreign deposits; and
- the Company's belief that it will continue to be involved in various claims, arbitrations, contractual disputes, investigations, and regulatory and litigation matters relating to, and arising out of, its businesses and its operations.

Forward-looking statements are based on information available at the time those statements are made and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Such risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. The reader should consider the factors discussed under Item 1A., "Risk Factors," of Part I of the Company's Annual Report on Form 10 K, filed with the U.S. Securities and Exchange Commission, for the year ended December 31, 2021 (the "2021 Annual Report") that could cause the Company's actual results and financial condition to differ materially from estimated results and financial condition. The Company does not undertake to update its forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risks, see "Quantitative and Qualitative Disclosures about Market Risk," in Part II, Item 7.A of our 2021 Form 10-K. There were no material changes to our market risk exposure during the three and nine months ended September 30, 2022.

ITEM 4. CONTROLS AND PROCEDURES

The Disclosure Committee, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of September 30, 2022 (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the Evaluation Date to ensure that the information required to be included in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Controls Over Financial Reporting

Management's quarterly evaluation identified no changes in our internal control over financial reporting during the third quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, the Company and its subsidiaries are involved in, and will continue to be involved in, various claims, arbitrations, contractual disputes, investigations, litigation, and tax and other regulatory matters relating to, and arising out of, our businesses and our operations. These matters may involve, but are not limited to, allegations that our services or vehicles caused damage or injury, claims that our services did not achieve the desired results, claims related to acquisitions and allegations by federal, state or local authorities, including taxing authorities, of violations of regulations or statutes. In addition, we are parties to employment-related cases and claims from time to time, which may include claims on a representative or class action basis alleging wage and hour law violations. We are also involved from time to time in certain environmental and tax matters primarily arising in the normal course of business. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

The Company retains, up to specified limits, certain risks related to general liability, workers' compensation and auto liability. The estimated costs of existing and future claims under the retained loss program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts with an independent third party to provide the Company an estimated liability based upon historical claims information. The actuarial study is a major consideration in establishing the reserve, along with management's knowledge of changes in business practice and existing claims compared to current balances. Management's judgment is inherently subjective as a number of factors are outside management's knowledge and control. Additionally, historical information is not always an accurate indication of future events. The accruals and reserves we hold are based on estimates that involve a degree of judgment and are inherently variable and could be overestimated or insufficient. If actual claims exceed our estimates, our operating results could be materially affected, and our ability to take timely corrective actions to limit future costs may be limited.

Management does not believe that any pending claim, proceeding or litigation, regulatory action or investigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or liquidity; however, it is possible that an unfavorable outcome of some or all of the matters could result in a charge that might be material to the results of an individual quarter or year.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Rollins, Inc did not purchase any equity securities reportable under Item 703 of Regulation S-K during the period from July 1, 2022 to September 30, 2022.

Period	Total number of shares purchased	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced repurchases (1)	Maximum number of shares that may yet be purchased under the repurchase plan (1)
July 1 to 31, 2022	—	$ —	—	11,415,625
August 1 to 31, 2022	—	—	—	11,415,625
September 1 to 30, 2022	—	—	—	11,415,625
Total	—	$ —	—	11,415,625

(1) The Company has a share repurchase plan, adopted in 2012, to repurchase up to 16.9 million shares of the Company's common stock. The plan has no expiration date.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated By Reference			Filed Herewith
		Form	Date	Number	
2.1	Stock Purchase Agreement by and among Rollins, Inc., Clark Pest Control of Stockton, Inc., the Stockholders of Clark Pest Control of Stockton, Inc. the Principals and the Stockholders Representative	10-Q	April 26, 2019	10.1	
2.2	Asset Purchase Agreement among King Distribution, Inc., a Delaware corporation, Geotech Supply Co., LLC, a California limited liability company, and Clarksons California Properties, California limited partnership	10-Q	April 26, 2019	10.2	
2.3	Real Estate Purchase Agreement by and between RCI – King, Inc., and Clarksons California Properties, a California limited partnership	10-Q	April 26, 2019	10.3	
3.1	Restated Certificate of Incorporation of Rollins, Inc., dated July 28, 1981	10-Q	August 1, 2005	(3)(i)(A)	
3.2	Certificate of Amendment of Certificate of Incorporation of Rollins, Inc., dated August 20, 1987	10-K	March 11, 2005	(3)(i)(B)	
3.3	Certificate of Change of Location of Registered Office and of Registered Agent, dated March 22, 1994	10-Q	August 1, 2005	(3)(i)(C)	
3.4	Certificate of Amendment of Certificate of Incorporation of Rollins, Inc., dated April 26, 2011	10-K	February 25, 2015	(3)(i)(E)	
3.5	Certificate of Amendment of Certificate of Incorporation of Rollins, Inc., dated April 28, 2015	10-Q	July 29, 2015	(3)(i)(F)	
3.6	Certificate of Amendment of Certificate of Incorporation of Rollins, Inc., dated April 23, 2019	10-Q	April 26, 2019	(3)(i)(G)	
3.7	Certificate of Amendment of Certificate of Incorporation of Rollins, Inc., dated April 27, 2021	10-Q	July 30, 2021	(3)(i)(H)	
3.8	Amended and Restated By-laws of Rollins, Inc., dated May 20, 2021	8-K	May 24, 2021	3.1	
4.1	Form of Common Stock Certificate of Rollins, Inc.	10-K	March 26, 1999	(4)	
4.2	Description of Registrant's Securities	10-K	February 28, 2020	4(b)	
10.1+	Membership Interest Purchase Agreement by and among Rollins, Inc., Northwest Exterminating Co., Inc. NW Holdings, LLC and the stockholders of Northwest Exterminating Co., Inc. dated as of July 24, 2017	10-Q	October 27, 2017	10.1	
10.2*	Rollins, Inc. Amended and Restated Deferred Compensation Plan	S-8	November 18, 2005	4.1	
10.3*	Form of Plan Agreement pursuant to the Rollins, Inc. Amended and Restated Deferred Compensation Plan	S-8	November 18, 2005	4.2	
10.4*	Written description of Rollins, Inc. Performance-Based Incentive Cash Compensation Plan for Executive Officer	8-K	February 1, 2021	10(a)	
10.5*	2018 Stock Incentive Plan	DEF 14A	March 21, 2018	Appendix A	
10.6*	Form of Restricted Stock Grant Agreement	8-K	April 28, 2008	10(d)	
10.7*	Form of Time-Lapse Restricted Stock Agreement	10-Q	April 27, 2012	10.1	
10.8*	Summary of Compensation Arrangements with Executive Officers	10-K	February 25, 2011	(10)(q)	
10.9*	Summary of Compensation Arrangements with Non-Employee Directors	10-K	February 25, 2015	10(i)	
10.10	Revolving Credit Agreement dated as of April 30, 2019 between Rollins, Inc. and SunTrust Bank and Bank of America, N.A.	10-K	February 28, 2020	10.1	
10.11	Amended Credit Agreement dated as of January 27, 2022 between Rollins, Inc. and Truist Bank in its capacity as Administrative Agent and as a Lender and Bank of America, N.A. as a Lender	10-K	February 25, 2022	10.12	
10.12	Annex A to the Credit Agreement dated as of January 27, 2022 between Rollins, Inc. and Truist Bank in its capacity as	10-K	February 25, 2022	10.13	

Exhibit No.	Exhibit Description	Incorporated By Reference			Filed Herewith
		Form	Date	Number	
	Administrative Agent and as a Lender and Bank of America, N.A. as a Lender				
10.13	Annex B to the Credit Agreement dated as of January 27, 2022 between Rollins, Inc. and Truist Bank in its capacity as Administrative Agent and as a Lender and Bank of America, N.A. as a Lender	10-K	February 25, 2022	10.14	
10.14*	Form of Rollins, Inc. 2022 Executive Bonus Plan	10-K	February 25, 2022	10.15	
10.15*	Rollins, Inc. 2022 Executive Bonus Plan - Jerry Gahlhoff	10-K	February 25, 2022	10.16	
10.16*	Confidential Settlement and General Release Agreement dated as of April 5, 2022 between the Company and Paul E. Northen	10-Q	April 28, 2022	10.17	
10.17*	Form of Time-Lapse Restricted Stock Agreement for Non-Section 16 Reporting Person				X
10.18*	Form of Time-Lapse Restricted Stock Agreement For Section 16 Reporting Persons				X
10.19*	Offer Letter dated July 25, 2022, between Kenneth D. Krause and the Company				X
31.1	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	Inline XBRL Instance Document				X
101.SCH	Inline XBRL Schema Document				X
101.CAL	Inline XBRL Calculation Linkbase Document				X
101.LAB	Inline XBRL Labels Linkbase Document				X
101.PRE	Inline XBRL Presentation Linkbase Document				X
101.DEF	Inline XBRL Definition Linkbase Document				X
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)				X

+ Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10)

* Indicates management contract or compensatory plans or arrangements.

** Furnished with this report

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROLLINS, INC.
(Registrant)

Date: October 27, 2022

By: /s/ Gary W. Rollins
Gary W. Rollins
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: October 27, 2022

By: /s/ Traci Hornfeck
Traci Hornfeck
Chief Accounting Officer
(Principal Accounting Officer)

ROLLINS, INC.

TIME-LAPSE RESTRICTED STOCK AGREEMENT
(For Non-Section 16 Reporting Persons)

TIME-LAPSE RESTRICTED STOCK AGREEMENT made as of ____ day of _____, 2022, between Rollins, Inc., a Delaware corporation (hereinafter called the “Company”), and [[FIRSTNAME]] [[LASTNAME]], an employee of the Company or one or more of its subsidiaries (hereinafter called the “Employee”).

WHEREAS, the Company desires to grant to the Employee, as an incentive for Employee to promote the interests of the Company and its subsidiaries, «Shares» shares of its Common Stock, par value $1.00 per share (hereinafter called the “Common Stock”), subject to certain continued employment and vesting criteria, pursuant to the terms and provisions of the Company’s 2018 Stock Incentive Plan (hereinafter called the “Plan”), as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and Employee’s employment by the Company, the parties hereto agree as follows:

1. THE PLAN. This Agreement is made pursuant to and in accordance with the terms and provisions of the Plan. Anything in this Agreement to the contrary notwithstanding, the terms and provisions of the Plan, all of which are hereby incorporated herein by reference, shall be controlling in the event of any inconsistency herewith.

2. ADMINISTRATION. The Plan shall be administered by a committee of the Board of Directors of the Company, hereinafter referred to as the “Stock Grant Committee,” as designated by the Compensation Committee of the Board from time to time, unless administration of the Plan is assumed by the Compensation Committee or by the Board of Directors of the Company. The Stock Grant Committee is authorized and empowered to administer and interpret the Plan and this Agreement. Any interpretations of this Agreement or of the Plan made by the Stock Grant Committee shall be final and binding upon the parties hereto.

3. GRANT OF TIME-LAPSE RESTRICTED STOCK. Effective as of January 26, 2022 (the “Grant Date”), the Company hereby irrevocably grants to the Employee [[SHARESGRANTED]] shares of Common Stock, which shares are subject to satisfaction of the vesting requirements and the terms and conditions hereinafter set forth (such shares of Common Stock being hereinafter referred to in the aggregate as the “Time-Lapse Restricted Stock”).

4. SERVICE/EMPLOYMENT; VESTING.

   (a) All Time-Lapse Restricted Stock shall vest as follows: 20 percent effective on the first anniversary of the Grant Date, then 20 percent annually thereafter, and will be fully vested by the fifth anniversary of the Grant Date anniversary of the Grant Date, but only if, through each such date, Employee shall have been in the continuous employ of the Company or a subsidiary thereof, in a position of equivalent or greater responsibility as on the Grant Date; provided, however, that the Stock Grant Committee may waive, at any time on or after the Grant Date, the requirement that Employee’s employment position be one of equivalent or greater responsibility as on the Grant Date, with respect to all or a portion of the Time-Lapse Restricted Stock.

Vesting Schedule:

[[ALLVESTSEGS]]
Total: [[SHARESGRANTED]]

Date	Shares Vested
Total:	100% of Shares Granted

If Employee's employment with the Company terminates at any time prior to the vesting pursuant to this Section 3 of the Time-Lapse Restricted Stock issued hereunder, he or she shall forfeit all unvested Time-Lapse Restricted Stock, unless the Employee's employment terminates due to his or her (i) permanent Disability (as defined in the Plan), in which case a portion of such unvested Time-Lapse Restricted Stock pursuant to this Agreement shall vest. In the case of permanent Disability, the number of shares to vest immediately will be determined by prorating the Time-Lapse Restricted Stock by dividing the total number of months elapsed from the Grant Date to the date of permanent Disability by 72, multiplying the result by the aggregate amount of Time-Lapse Restricted Stock pursuant to this Agreement, and reducing the result by any previously vested shares pursuant to this Agreement, if any [Example: Employee becomes permanently disabled 33 months after receiving a grant of 6,000 shares of Time-Lapse Restricted Stock; 1,200 shares vested on the second anniversary of the Grant Date; and an additional 1,548 shares shall vest upon permanent Disability calculated as follows – 33/72 = 45.8% X 6,000 = 2,748 less 1,200 shares], or (ii) death, in which case all unvested Time-Lapse Restricted Stock shall vest immediately. The transfer of employment by Employee between the Company and a subsidiary thereof shall not be deemed a termination of employment under the Plan or this Agreement.

(b) Upon the occurrence of a Change in Control, as determined by the Board of Directors, all unvested Time-Lapse Restricted Stock shall vest immediately.

5. ESCROW; DIVIDENDS AND VOTING RIGHTS. Prior to the completion of the vesting periods referenced in Section 4 above, all shares of Time-Lapse Restricted Stock shall be held in escrow by the Company for the benefit of Employee. During such period, prior to any forfeiture of the shares, Employee shall receive all cash dividends declared with respect to the shares held as of the record date and shall have the right to exercise all voting rights with respect to the shares. At the discretion of the Company, any share certificates so held in escrow shall be inscribed with a legend referencing the transfer restrictions contained in this Agreement and any other applicable transfer restrictions. Any share certificates issued pursuant to a stock split or as dividends with respect to the Time-Lapse Restricted Stock held in escrow shall also be held in escrow on the same terms as

the Time-Lapse Restricted Stock and shall be released at the same time as, and subject to the same risk of forfeiture as, the shares with respect to which they were issued. Any issued Time-Lapse Restricted Stock which the Employee does not forfeit pursuant to Section 4 above shall be transferred to the Employee free of any forfeiture conditions under the Plan or this Agreement as soon as reasonably practicable after the service vesting condition under Section 4 above has been satisfied or no longer applies; provided, however, that if the Stock Grant Committee at any time before such transfer reasonably determines that the Employee is likely to have violated any applicable criminal law, the Stock Grant Committee shall have the right to cause all of Employee's Time-Lapse Restricted Stock then held in escrow to be forfeited, without regard to whether (i) Employee has satisfied the service vesting condition set forth in Section 4 before the date the Stock Grant Committee makes such determination, or (ii) Employee's employment is (or might have been) terminated as a result of such conduct.

6. NON-TRANSFERABILITY. No Time-Lapse Restricted Stock granted pursuant to this Agreement shall be assignable or transferable, and such Time-Lapse Restricted Stock shall not be subject to execution, attachment or other process, until that date on which the Time-Lapse Restricted Stock vests pursuant to Section 4 above and has been transferred to Employee. Any attempt by the Employee to alienate, assign, pledge, hypothecate or otherwise dispose of the Employee's interest in this Agreement or any Time-Lapse Restricted Stock prior to its becoming fully vested and transferred to Employee shall be ineffective and shall permit the Company to terminate this Agreement and cause the forfeiture of any unvested shares. The Company may, at its discretion, place a legend to such effect on the certificates representing the shares of Time-Lapse Restricted Stock and issue appropriate stop transfer instructions to the Company's transfer agent.

7. CHANGE IN CAPITALIZATION. If there are any changes in the capitalization of the Company affecting in any manner the number or kind of outstanding shares of Common Stock of the Company, whether such changes occur by declaration of a stock dividend or stock split or in the event of any merger, reorganization, consolidation, or similar event, such substitute or adjustment shall be made in the shares subject to this Time-Lapse Restricted Stock award as may be determined to be appropriate by the Stock Grant Committee, in its sole discretion, provided that the number of shares subject to any Award shall always be a whole number. The Stock Grant Committee need not treat other holders of Time-Lapse Restricted Stock in the same manner as Employee is treated.

8. REQUIREMENTS OF LAW. If any law, regulation of the Securities and Exchange Commission, or any regulation of any other commission or agency having jurisdiction shall require the Company or the Employee to take any action prior to the issuance or release from escrow of any shares of Time-Lapse Restricted Stock, then the date upon which the Company shall deliver or cause to be issued or released from escrow the certificate or certificates for such shares of Time-Lapse Restricted Stock shall be postponed until full compliance has been made with all such requirements or law or regulations. Further, at or before the time of issuance of any shares of Time-Lapse Restricted Stock, the Employee shall, if requested by the Company, deliver to the Company his/her written statement that he/she intends to hold such shares for investment and not with a view to resale or other distribution thereof to the public. Further, in the event the Company shall determine that, in compliance with the Securities Act of 1933, as amended, or other applicable statute or regulation, it is necessary to register any of the shares of Time-Lapse Restricted Stock, or to qualify any such shares for exemption from any of the requirements of the Securities Act of 1933, as amended, or other applicable statute or regulations, then the Company shall take such action at its own expense, but not until such action has been completed shall the shares be issued in the name of the Employee.

9. WITHHOLDING. The Company shall have the power and the right to deduct or withhold or require an Employee to remit to the Company, an amount (including any shares of Common Stock withheld as provided herein) sufficient to satisfy Federal, state and local taxes (including the Employee's FICA obligation) required by law to be withheld with respect to vesting of Time-Lapse Restricted Stock pursuant to this agreement. With the Company's consent, the Employee may elect that such tax-withholding requirements be satisfied, in whole or in part, (1) by providing a personal check payable to Rollins, Inc. for the full amount sufficient to satisfy Federal, state and local taxes or (2) through a reduction in the number of shares of Time-Lapse Restricted Stock issued or transferred to the Employee. Any such election shall be irrevocable, made in writing and acknowledged by the Employee. The Company reserves the right to reduce the number of shares of Time-Lapse Restricted Stock issued or transferred to the Employee in order to satisfy such minimum applicable tax withholding requirements.

10. NO EFFECT ON EMPLOYMENT. Nothing herein shall be construed to grant Employee the right to continued employment with the Company or to limit or restrict the right of the Company or any of its subsidiaries to terminate an Employee's employment at any time, with or without cause, or to increase or decrease the compensation of the Employee from the rate in existence at the date hereof.

11. GOVERNING LAW. This Agreement and all awards made and actions taken hereunder shall be governed by and construed in accordance with the Delaware General Corporation Law, to the extent applicable, and in accordance with the laws of the State of Georgia in all other respects.

IN WITNESS WHEREOF, the Company has caused this Time-Lapse Restricted Stock Agreement to be duly executed by an authorized officer, and the Employee has hereunto set his/her hand, via electronic acceptance, all as of the day and year first above written.

ROLLINS, INC.

By:____
Its: Julie K. Bimmerman
Interim Chief Financial Officer and Treasurer

____
Employee Signature

____
Employee Printed Name

Exhibit 10.18

ROLLINS, INC.

TIME-LAPSE RESTRICTED STOCK AGREEMENT
(For Section 16 Reporting Persons)

TIME-LAPSE RESTRICTED STOCK AGREEMENT made as of the ___ day of ______, 2022, between Rollins, Inc., a Delaware corporation (hereinafter called the “Company”), and [[FIRSTNAME]] [[LASTNAME]], an employee of the Company or one or more of its subsidiaries (hereinafter called the “Employee”).

WHEREAS, the Company desires to grant to the Employee, as an incentive for Employee to promote the interests of the Company and its subsidiaries, [[SHARESGRANTED]] shares of its Common Stock, par value $1.00 per share (hereinafter called the “Common Stock”), subject to certain continued employment and vesting criteria, pursuant to the terms and provisions of the Company’s 2018 Stock Incentive Plan (hereinafter called the “Plan”), as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and Employee’s employment by the Company, the parties hereto agree as follows:

1. THE PLAN. This Agreement is made pursuant to and in accordance with the terms and provisions of the Plan. Anything in this Agreement to the contrary notwithstanding, the terms and provisions of the Plan, all of which are hereby incorporated herein by reference, shall be controlling in the event of any inconsistency herewith.

2. ADMINISTRATION. The Plan shall be administered by a committee of the Board of Directors of the Company, hereinafter referred to as the “Compensation Committee,” unless administration of the Plan is assumed by the Board of Directors of the Company. The Compensation Committee is authorized and empowered to administer and interpret the Plan and this Agreement. Any interpretations of this Agreement or of the Plan made by the Compensation Committee shall be final and binding upon the parties hereto.

3. GRANT OF TIME-LAPSE RESTRICTED STOCK . Effective as of [[DATE]] (the “Grant Date”), the Company hereby irrevocably grants to the Employee [[SHARESGRANTED]] shares of Common Stock, which shares are subject to satisfaction of the vesting requirements and the terms and conditions hereinafter set forth (such shares of Common Stock being hereinafter referred to in the aggregate as the “Time-Lapse Restricted Stock”).

4. SERVICE/EMPLOYMENT; VESTING.

   (a) All Time-Lapse Restricted Stock shall vest as follows: 20 percent effective on the first anniversary of the Grant Date, then 20 percent annually thereafter, and will be fully vested by the fifth anniversary of the Grant Date, but only if, through each such date, Employee shall have been in the continuous employ of the Company or a subsidiary thereof, in a position of equivalent or greater responsibility as on the Grant Date; provided, however, that the Committee or its permitted designee may waive, at any time on or after the Grant Date, the requirement that Employee’s employment position be one of equivalent or greater responsibility as on the Grant Date, with respect to all or a portion of the Time-Lapse Restricted Stock.

   Vesting Schedule:

   [[ALLVESTSEGS]]
   Total: [[SHARESGRANTED]]

Date	**Shares Vested**

If Employee's employment with the Company terminates at any time prior to the vesting pursuant to this Section 3 of the Time-Lapse Restricted Stock issued hereunder, he or she shall forfeit all unvested Time-Lapse Restricted Stock, unless the Employee's employment terminates due to his or her (i) permanent Disability (as defined in the Plan), in which case a portion of such unvested Time-Lapse Restricted Stock pursuant to this Agreement shall vest. In the case of permanent Disability, the number of shares to vest immediately will be determined by prorating the Time-Lapse Restricted Stock by dividing the total number of months elapsed from the Grant Date to the date of permanent Disability by 72, multiplying the result by the aggregate amount of Time-Lapse Restricted Stock pursuant to this Agreement, and reducing the result by any previously vested shares pursuant to this Agreement, if any [Example: Employee becomes permanently disabled 33 months after receiving a grant of 6,000 shares of Time-Lapse Restricted Stock; 1,200 shares vested on the second anniversary of the Grant Date; and an additional 1,548 shares shall vest upon permanent Disability calculated as follows – 33/72 = 45.8% X 6,000 = 2,748 less 1,200 shares], or (ii) death, in which case all unvested Time-Lapse Restricted Stock shall vest immediately. The transfer of employment by Employee between the Company and a subsidiary thereof shall not be deemed a termination of employment under the Plan or this Agreement.

(b) Upon the occurrence of a Change in Control, as determined by the Board of Directors, all unvested Time-Lapse Restricted Stock shall vest immediately.

5. ESCROW; DIVIDENDS AND VOTING RIGHTS. Prior to the completion of the vesting periods referenced in Section 4 above, all shares of Time-Lapse Restricted Stock shall be held in escrow by the Company for the benefit of Employee. During such period, prior to any forfeiture of the shares, Employee shall receive all cash dividends declared with respect to the shares held as of the record date and shall have the right to exercise all voting rights with respect to the shares. At the discretion of the Company, any share certificates so held in escrow shall be inscribed with a legend referencing the transfer restrictions contained in this Agreement and any other applicable transfer restrictions. Any share certificates issued pursuant to a stock split or as dividends with respect to the Time-Lapse Restricted Stock held in escrow shall also be held in escrow on the same terms as the Time-Lapse Restricted Stock and shall be released at the same time as, and subject to the same risk of forfeiture as, the shares with respect to which they were issued. Any issued Time-Lapse Restricted Stock which the Employee does not forfeit pursuant to Section 4 above shall be transferred to the Employee free of any forfeiture conditions under the Plan or this Agreement as soon as reasonably practicable after the service vesting condition under Section 4 above has been satisfied or no longer applies; provided, however, that if the Compensation Committee at any time before such transfer reasonably determines that the Employee is likely to have violated any applicable criminal law, the Compensation Committee shall have the right to cause all of Employee's Time-Lapse Restricted Stock then held in escrow to be forfeited, without regard to whether (i) Employee has satisfied the service vesting condition set forth in Section 4 before the date the Compensation Committee makes such determination, or (ii) Employee's employment is (or might have been) terminated as a result of such conduct.

6. NON-TRANSFERABILITY. No Time-Lapse Restricted Stock granted pursuant to this Agreement shall be assignable or transferable, and such Time-Lapse Restricted Stock shall not be subject to execution, attachment or other process, until that date on which the Time-Lapse Restricted Stock vests pursuant to Section 4 above and has been transferred to Employee. Any attempt by the Employee to alienate, assign, pledge, hypothecate or otherwise dispose of the Employee's interest in this Agreement or any Time-Lapse Restricted Stock prior to its becoming fully vested and transferred to Employee shall be ineffective and shall permit the Company to terminate this Agreement and cause the forfeiture of any unvested shares. The Company may, at its discretion, place a legend to such effect on the certificates representing the shares of Time-Lapse Restricted Stock and issue appropriate stop transfer instructions to the Company's transfer agent.

7. CHANGE IN CAPITALIZATION. If there are any changes in the capitalization of the Company affecting in any manner the number or kind of outstanding shares of Common Stock of the Company, whether such changes occur by declaration of a stock dividend or stock split or in the event of any merger, reorganization, consolidation, or similar event, such substitute or adjustment shall be made in the shares subject to this Time-Lapse Restricted Stock award as may be determined to be appropriate by the Compensation Committee, in its sole discretion, provided that the number of shares subject to any Award shall always be a whole number. The Compensation Committee need not treat other holders of Time-Lapse Restricted Stock in the same manner as Employee is treated.

8. REQUIREMENTS OF LAW. If any law, regulation of the Securities and Exchange Commission, or any regulation of any other commission or agency having jurisdiction shall require the Company or the Employee to take any action prior to the issuance or release from escrow of any shares of Time-Lapse Restricted Stock, then the date upon which the Company shall deliver or cause to be issued or released from escrow the certificate or certificates for such shares of Time-Lapse Restricted Stock shall be postponed until full compliance has been made with all such requirements or

law or regulations. Further, at or before the time of issuance of any shares of Time-Lapse Restricted Stock, the Employee shall, if requested by the Company, deliver to the Company his/her written statement that he/she intends to hold such shares for investment and not with a view to resale or other distribution thereof to the public. Further, in the event the Company shall determine that, in compliance with the Securities Act of 1933, as amended, or other applicable statute or regulation, it is necessary to register any of the shares of Time-Lapse Restricted Stock, or to qualify any such shares for exemption from any of the requirements of the Securities Act of 1933, as amended, or other applicable statute or regulations, then the Company shall take such action at its own expense, but not until such action has been completed shall the shares be issued in the name of the Employee.

9. WITHHOLDING . The Company shall have the power and the right to deduct or withhold or require an Employee to remit to the Company, an amount (including any shares of Common Stock withheld as provided herein) sufficient to satisfy Federal, state and local taxes (including the Employee's FICA obligation) required by law to be withheld with respect to vesting of Time-Lapse Restricted Stock pursuant to this agreement. With the Company's consent, the Employee may elect that such tax-withholding requirements be satisfied, in whole or in part, (1) by providing a personal check payable to Rollins, Inc. for the full amount sufficient to satisfy Federal, state and local taxes or (2) through a reduction in the number of shares of Time-Lapse Restricted Stock issued or transferred to the Employee. Any such election shall be irrevocable, made in writing and acknowledged by the Employee. The Company reserves the right to reduce the number of shares of Time-Lapse Restricted Stock issued or transferred to the Employee in order to satisfy such minimum applicable tax withholding requirements.

10. NO EFFECT ON EMPLOYMENT. Nothing herein shall be construed to grant Employee the right to continued employment with the Company or to limit or restrict the right of the Company or any of its subsidiaries to terminate an Employee's employment at any time, with or without cause, or to increase or decrease the compensation of the Employee from the rate in existence at the date hereof.

11. GOVERNING LAW. This Agreement and all awards made and actions taken hereunder shall be governed by and construed in accordance with the Delaware General Corporation Law, to the extent applicable, and in accordance with the laws of the State of Georgia in all other respects.

IN WITNESS WHEREOF, the Company has caused this Time-Lapse Restricted Stock Agreement to be duly executed by an authorized officer, and the Employee has hereunto set his/her hand, via electronic acceptance, all as of the day and year first above written.

ROLLINS, INC.

By:____
Its: Julie K. Bimmerman
Interim Chief Financial Officer and Treasurer

____

Employee Signature

____
Employee Printed Name

July 25, 2022

Kenneth Krause
[redacted]

Dear Kenneth,

I am pleased to extend to you an offer and to confirm your acceptance of the **Executive Vice President, Chief Financial Officer and Treasurer** position with Rollins, Inc. effective on or before **September 1, 2022**. In this position, you will report to me. Rollins, Inc. has long been recognized as an organization of excellence, and we look forward to your playing an important role in continuing to build our "Winning Tradition."

Base Salary:
Your starting salary will be **$675,000.00 annualized**. You will be paid bi-weekly at a rate of **$25,961.54 per pay period**.

Annual Bonus Opportunity:
You will have a bonus target of **100% of your base salary** subject to the terms and conditions of the Rollins, Inc. CFO Bonus Plan. Annual payouts are subject to approval by the Human Capital Committee of the Board of Directors.

2022 Annual Bonus Opportunity:
Your 2022 bonus payout will be prorated at **50%** if you begin your employment with Rollins, Inc. on or before September 1, 2022, subject to the terms and conditions of the Rollins, Inc. CFO Bonus Plan.

Annual Equity Opportunity:
Subject to your performance and approval by the Human Capital Committee of the Board of Directors, you will be eligible for annual stock grants equal to **200% of your cash compensation opportunity** (base salary plus annual bonus opportunity).

Company Car:
In line with your position, you will receive a **company-owned executive level vehicle** and company-issued fuel card. You will have payroll deductions each pay period for personal use of the vehicle.

Relocation Assistance:

You and your family will receive company-provided relocation assistance in accordance with the Rollins, Inc. Executive Relocation Policy ("Relocation Policy") as provided. We will extend temporary housing as needed to ensure a smooth transition for your family.

Signing Bonus:
You will receive a one-time signing bonus of **$500,000**, less customary tax withholdings, which will be paid within 30 days of your start date. Should you leave the company for any reason prior to one year of tenure, you will be responsible for full repayment of this bonus. Offsetting any potential COBRA expenses you may incur before you are eligible for Rollins benefits is included in this signing bonus. After one year of service, you are fully vested for this signing bonus.

One-Time Equity Award/Stock Grant:
You will receive a one-time equity award/stock grant to equal to $2,500,000 to replace the value of your MSA unvested stock. You will receive Rollins, Inc. shares equal to that amount based on the closing price of Rollins

stock on September 1, 2022. Vesting will be over 3 years with 1/3 earned beginning January 1, 2023, 1/3 January 1, 2024, and 1/3 January 2025.

One-Time Cash Compensation:
You will receive a one-time cash lump sum of $430,000, less customary tax withholdings. This one-time payment is provided to ensure you are compensated for earned executive benefits not payable by your previous employer due to resignation. Those benefits include:

- $300,000 for loss of annual short-term bonus earned at MSA.
- $130,000 for taxes triggered due to Deferred Comp/ Retirement Plan.

This lump sum will be paid on or before February 28, 2023. Should you leave the company for any reason prior to one year of tenure, you will be responsible for full repayment of this lump sum. After one year of service, you are fully vested for this lump sum payment.

Benefits:
You will be eligible to participate in Rollins medical, dental, vision and voluntary benefits on the first day of the calendar month following completion of 60 days of service, which will be **November 1, 2022**. You will be eligible to participate in the Rollins, Inc. 401(k) program on the first day of the quarter after you complete three months of service, which will be **January 1, 2023**.

Paid Time Off (PTO):
You will receive 160 hours of paid time off per year. For 2022, you will receive 80 hours of PTO for use between your start date and the end of the calendar year.

Your employment is contingent upon completing a successful background check and drug test.

Kenneth, we are confident that you will play a significant role in our continuing to remain the "Diamond Standard" in the service industry.

Sincerely,

Jerry Gahlhoff
President and COO
Rollins, Inc.

cc: Gary W. Rollins—Chairman and CEO
John Wilson—Vice Chairman
Quentin Misenheimer—Vice President, Human Resources

ACKNOWLEDGMENT:

I accept this offer of employment and the terms outlined within.

____________________ ________________
Signature Date

Exhibit 31.1

I, Gary W. Rollins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2022

/s/ Gary W. Rollins
Gary W. Rollins,
Chairman and Chief Executive Officer
(Principle Executive Officer)

Exhibit 31.2

I, Kenneth D. Krause, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2022

/s/ Kenneth D. Krause
Kenneth D. Krause
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rollins, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2022

By: /s/ Gary W. Rollins
Gary W. Rollins
Chairman and Chief Executive Officer
(Principle Executive Officer)

Date: October 27, 2022

By: /s/ Kenneth D. Krause
Kenneth D. Krause
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.