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, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
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 484,305,016 shares of its $1 par value Common Stock outstanding as of October 14, 2024.

ROLLINS, INC. AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(in thousands except share data)
(unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 95,282	$ 103,825
Trade receivables, net of allowance for expected credit losses of $18,548 and $15,797, respectively	226,452	178,214
Financed receivables, short-term, net of allowance for expected credit losses of $2,271 and $1,874, respectively	39,289	37,025
Materials and supplies	39,283	33,383
Other current assets	86,196	54,192
Total current assets	486,502	406,639
Equipment and property, net of accumulated depreciation of $378,768 and $360,421, respectively	129,168	126,661
Goodwill	1,135,122	1,070,310
Customer contracts, net	381,197	386,152
Trademarks & tradenames, net	151,294	151,368
Other intangible assets, net	8,230	8,214
Operating lease right-of-use assets	391,626	323,390
Financed receivables, long-term, net of allowance for expected credit losses of $5,354 and $3,728, respectively	87,880	75,909
Other assets	45,179	46,817
Total assets	$ 2,816,198	$ 2,595,460
LIABILITIES		
Accounts payable	$ 58,217	$ 49,200
Accrued insurance - current	50,106	46,807
Accrued compensation and related liabilities	108,227	114,355
Unearned revenues	201,909	172,380
Operating lease liabilities - current	113,727	92,203
Other current liabilities	89,882	101,744
Total current liabilities	622,068	576,689
Accrued insurance, less current portion	57,510	48,060
Operating lease liabilities, less current portion	280,555	233,369
Long-term debt	445,176	490,776
Other long-term accrued liabilities	93,112	90,999
Total liabilities	1,498,421	1,439,893
Commitments and contingencies (see Note 9)		
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, 484,305,525 and 484,080,014 shares issued and outstanding, respectively	484,306	484,080
Additional paid in capital	145,489	131,840
Accumulated other comprehensive loss	(21,137)	(26,755)
Retained earnings	709,119	566,402
Total stockholders' equity	1,317,777	1,155,567
Total liabilities and stockholders' equity	$ 2,816,198	$ 2,595,460

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, 2024 AND 2023
(in thousands except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
REVENUES				
Customer services	**$ 916,270**	$ 840,427	**$ 2,556,539**	$ 2,319,192
COSTS AND EXPENSES				
Cost of services provided (exclusive of depreciation and amortization below)	**421,892**	388,533	**1,197,735**	1,099,566
Sales, general and administrative	**274,918**	244,906	**769,522**	696,668
Restructuring costs	**—**	5,196	**—**	5,196
Depreciation and amortization	**27,664**	24,668	**82,685**	73,609
Total operating expenses	**724,474**	663,303	**2,049,942**	1,875,039
OPERATING INCOME	**191,796**	177,124	**506,597**	444,153
Interest expense, net	**7,150**	5,547	**22,650**	10,797
Other income, net	**(582)**	(493)	**(933)**	(6,226)
CONSOLIDATED INCOME BEFORE INCOME TAXES	**185,228**	172,070	**484,880**	439,582
PROVISION FOR INCOME TAXES	**48,315**	44,293	**124,176**	113,428
NET INCOME	**$ 136,913**	$ 127,777	**$ 360,704**	$ 326,154
NET INCOME PER SHARE - BASIC AND DILUTED	**$ 0.28**	$ 0.26	**$ 0.74**	$ 0.66
Weighted average shares outstanding – basic	**484,317**	490,775	**484,231**	491,980
Weighted average shares outstanding – diluted	**484,359**	490,965	**484,270**	492,158
DIVIDENDS PAID PER SHARE	**$ 0.15**	$ 0.13	**$ 0.45**	$ 0.39

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, 2024 AND 2023
(in thousands)
(unaudited)

	Three Months Ending September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
NET INCOME	**$ 136,913**	$ 127,777	**$ 360,704**	$ 326,154
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	**9,921**	(6,199)	**5,453**	(3,740)
Unrealized gains on available for sale securities	**138**	64	**165**	116
Other comprehensive income (loss), net of tax	**10,059**	(6,135)	**5,618**	(3,624)
Comprehensive income	**$ 146,972**	$ 121,642	**$ 366,322**	$ 322,530

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 MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(in thousands)
(unaudited)

	Common Stock Shares	Common Stock Amount	Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
Balance at June 30, 2024	**484,314**	**$ 484,314**	**$ 137,914**	**$ (31,196)**	**$ 645,026**	**$ 1,236,058**
Net Income	—	—	—	—	136,913	136,913
Other comprehensive income, net of tax:						
Foreign currency translation adjustments	—	—	—	9,921	—	9,921
Unrealized gains on available for sale securities	—	—	—	138	—	138
Cash dividends	—	—	—	—	(72,820)	(72,820)
Stock compensation	(16)	(16)	7,558	—	—	7,542
Shares withheld for payment of employee taxes	8	8	17	—	—	25
Balance at September 30, 2024	**484,306**	**$ 484,306**	**$ 145,489**	**$ (21,137)**	**$ 709,119**	**$ 1,317,777**

	Common Stock Shares	Common Stock Amount	Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
Balance at June 30, 2023	**492,821**	**$ 492,821**	**$ 121,005**	**$ (29,051)**	**$ 757,450**	**$ 1,342,225**
Net Income	—	—	—	—	127,777	127,777
Other comprehensive (loss) income, net of tax:						
Foreign currency translation adjustments	—	—	—	(6,199)	—	(6,199)
Unrealized gains on available for sale securities	—	—	—	64	—	64
Cash dividends	—	—	—	—	(63,809)	(63,809)
Stock compensation	(57)	(57)	6,153	—	—	6,096
Shares withheld for payment of employee taxes	(2)	(2)	(510)	—	—	(512)
Repurchase and retirement of common stock, including excise tax	(8,724)	(8,724)	(2,799)	—	(291,276)	(302,799)
Balance at September 30, 2023	**484,038**	**$ 484,038**	**$ 123,849**	**$ (35,186)**	**$ 530,142**	**$ 1,102,843**

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 NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(in thousands)
(unaudited)**

	Common Stock		Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at December 31, 2023	**484,080**	**$ 484,080**	**$ 131,840**	**$ (26,755)**	**$ 566,402**	**$ 1,155,567**
Net income	—	—	—	—	360,704	360,704
Other comprehensive income, net of tax:						
Foreign currency translation adjustments	—	—	—	5,453	—	5,453
Unrealized gains on available for sale securities	—	—	—	165	—	165
Cash dividends	—	—	—	—	(217,987)	(217,987)
Stock compensation	495	495	24,914	—	—	25,409
Shares withheld for payment of employee taxes	(269)	(269)	(11,265)	—	—	(11,534)
Balance at September 30, 2024	**484,306**	**$ 484,306**	**$ 145,489**	**$ (21,137)**	**$ 709,119**	**$ 1,317,777**

	Common Stock		Paid-in-Capital	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at December 31, 2022	**492,448**	**$ 492,448**	**$ 119,242**	**$ (31,562)**	**$ 687,069**	**$ 1,267,197**
Net income	—	—	—	—	326,154	326,154
Other comprehensive (loss) income, net of tax:						
Foreign currency translation adjustments	—	—	—	(3,740)	—	(3,740)
Unrealized gains on available for sale securities	—	—	—	116	—	116
Cash dividends	—	—	—	—	(191,805)	(191,805)
Stock compensation	586	586	17,841	—	—	18,427
Shares withheld for payment of employee taxes	(272)	(272)	(10,435)	—	—	(10,707)
Repurchase and retirement of common stock, including excise tax	(8,724)	(8,724)	(2,799)	—	(291,276)	(302,799)
Balance at September 30, 2023	**484,038**	**$ 484,038**	**$ 123,849**	**$ (35,186)**	**$ 530,142**	**$ 1,102,843**

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, 2024 AND 2023
(in thousands)
(unaudited)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
OPERATING ACTIVITIES		
Net income	$ 360,704	$ 326,154
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	82,685	73,609
Stock-based compensation expense	22,762	18,427
Provision for expected credit losses	24,915	17,484
Gain on sale of assets, net	(1,367)	(6,226)
Provision for deferred income taxes	—	144
Changes in operating assets and liabilities:		
Trade accounts receivable	(69,885)	(58,114)
Financing receivables	(14,234)	(14,887)
Materials and supplies	(5,208)	(2,729)
Other current assets	(32,553)	(30,496)
Accounts payable and accrued expenses	12,630	37,428
Unearned revenue	29,090	18,033
Other long-term assets and liabilities	9,956	(3,286)
Net cash provided by operating activities	419,495	375,541
INVESTING ACTIVITIES		
Acquisitions, net of cash acquired	(105,529)	(349,312)
Capital expenditures	(23,389)	(21,279)
Proceeds from sale of assets	2,973	10,214
Other investing activities, net	2,385	(1,957)
Net cash used in investing activities	(123,560)	(362,334)
FINANCING ACTIVITIES		
Payment of contingent consideration	(33,417)	(9,288)
Borrowings under revolving commitment	391,000	980,000
Repayments of term loan	—	(55,000)
Repayments of revolving commitment	(437,000)	(381,000)
Payment of dividends	(217,964)	(191,805)
Cash paid for common stock purchased	(11,534)	(314,914)
Other financing activities, net	3,409	5,750
Net cash (used in) provided by financing activities	(305,506)	33,743
Effect of exchange rate changes on cash	1,028	(49)
Net (decrease) increase in cash and cash equivalents	(8,543)	46,901
Cash and cash equivalents at beginning of period	103,825	95,346
Cash and cash equivalents at end of period	$ 95,282	$ 142,247
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 25,687	$ 9,746
Cash paid for income taxes, net	$ 133,807	$ 125,878
Non-cash additions to operating lease right-of-use assets	$ 153,848	$ 99,061

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 accounting principles generally accepted in the United States of America, or U.S. GAAP, the instructions to Form 10-Q and applicable sections of Securities and Exchange Commission ("SEC") regulation S-X, and therefore do not include all information and footnotes required by U.S. GAAP 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, 2023. Accordingly, the quarterly condensed consolidated financial statements and related disclosures herein should be read in conjunction with the 2023 Annual Report on Form 10-K.

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 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 economic trends. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of results for the entire year. The severity, magnitude and duration of certain economic trends continue to be uncertain and are difficult to predict. Therefore, our accounting estimates and assumptions may change over time in response to economic trends and may change materially in future periods.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards and disclosure rules issued but not yet adopted

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative," to amend certain disclosure and presentation requirements for a variety of topics within the Accounting Standards Codification ("ASC"). These amendments align the requirements in the ASC to the removal of certain disclosure requirements set out in Regulation S-X and Regulation S-K, announced by the SEC. The effective date for each amended topic in the ASC is either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. Early adoption is prohibited. The Company does not expect that the application of this standard will have a material impact on its disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which is intended to improve reportable segment disclosure requirements, primarily through additional and more detailed information about a reportable segment's expenses, even for companies with only one reportable segment. The Company is required to adopt the guidance for its 2024 annual report filed on Form 10-K. The Company is currently evaluating the impact of these amendments on its disclosures, but this standard update will not impact the Company's results of operations or financial position.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, while retrospective application is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule will require registrants to disclose certain climate-related information in registration statements and annual reports. On April 4, 2024, the SEC voluntarily stayed the effective date of the final rule pending judicial review of petitions challenging it, which have been consolidated for review by the U.S. District Court of Appeals for the 8th Circuit. Notwithstanding any changes as a result of these challenges, the disclosure requirements will apply to the Company's fiscal year beginning January 1, 2025. The Company is currently evaluating the impact this final rule will have on its financial statement disclosures.

NOTE 3. ACQUISITIONS

2024 Acquisitions

The Company made 32 acquisitions during the nine months ended September 30, 2024.The aggregate preliminary values of major classes of assets acquired and liabilities assumed recorded at the dates of acquisition are included in the reconciliation of the total preliminary consideration as follows (in thousands):

	September 30, 2024
Cash	$ 1,061
Accounts receivable	2,819
Materials and supplies	721
Other current assets	246
Equipment and property	5,961
Goodwill	61,689
Customer contracts	46,923
Trademarks & tradenames	1,612
Other intangible assets	1,685
Current liabilities	(715)
Unearned revenue	(353)
Other assets and liabilities, net	(1,771)
Assets acquired and liabilities assumed	$ 119,878

Included in the total consideration of $119.9 million are acquisition holdback liabilities of $13.7 million.

The Company also made payments of $0.4 million for prior year acquisitions during the nine months ended September 30, 2024.

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. A majority of the recognized goodwill is expected to be deductible for tax purposes. Valuations of certain assets and liabilities, including intangible assets and goodwill, as of the acquisition date have not been finalized at this time and are provisional.

Fox Pest Control Acquisition

On April 1, 2023, the Company acquired 100% of FPC Holdings, LLC (“Fox Pest Control”, or "Fox"). As part of funding the Fox acquisition, on April 3, 2023, the Company borrowed incremental amounts under the Credit Agreement of $305.0 million. The proceeds were used to pay cash consideration at closing.

The Fox acquisition was accounted for as a business combination. The valuation of the Fox acquisition was performed by a third-party valuation specialist under our management’s supervision. The values of identified assets acquired and liabilities assumed were finalized as of March 31, 2024 and are summarized in the table below (in thousands).

	Final Fair Value
Cash	$ 4,560
Accounts receivable	1,542
Materials and supplies	431
Operating lease right-of-use assets	8,689
Other current assets	487
Goodwill	188,176
Customer contracts	118,000
Trademarks & tradenames	38,000
Current liabilities	(5,538)
Unearned revenue	(6,144)
Operating lease liabilities	(8,689)
Assets acquired and liabilities assumed	**$ 339,514**

The Company purchased Fox for $339.5 million. Included in the total consideration were cash payments of $302.8 million made upon closing, contingent consideration valued at $28.0 million that were based on Fox's financial performance in the twelve months following acquisition, and holdback liabilities valued at $8.7 million held by the Company to settle indemnity claims and working capital adjustments. The fair value of the contingent consideration was estimated using a Monte Carlo simulation. During the nine months ended September 30, 2024, we recognized a charge of $1.0 million related to adjustments to the fair value of contingent consideration resulting from the acquisition of Fox. This charge is reported within sales, general and administrative expenses in our condensed consolidated statement of income.

Acquired customer contracts are estimated to have a remaining useful life of 7 years. The acquired trademarks and tradenames are expected to have an indefinite useful life.

Goodwill from this acquisition represents the excess of the purchase price over the fair value of net assets of the business acquired. The factors contributing to the amount of goodwill were based on strategic and synergistic benefits that are expected to be realized. The recognized goodwill is deductible for tax purposes.

Pro Forma Financial Information

The following table presents unaudited consolidated pro forma information as if the acquisition of Fox had occurred on January 1, 2022. The information presented below is for illustrative purposes only and is not necessarily indicative of results that would have been achieved if the acquisition had actually occurred as of the beginning of such years or results which may be achieved in the future.

(in thousands)	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Revenues	$ 840,427	$ 2,348,100
Net income	126,294	314,279

The pro forma financial information above adjusts for the effects of material business combination items, including the alignment of accounting policies, the effect of fair value adjustments including the amortization of acquired intangible assets, interest expense related to the incremental borrowings under the Credit Agreement, and income tax effects as if Fox had been part of Rollins since January 1, 2022.

NOTE 4. REVENUE

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,	
(in thousands)	**2024**	2023	**2024**	2023
United States	**$ 850,253**	$ 782,073	**$ 2,371,952**	$ 2,155,237
Other countries	**66,017**	58,354	**184,587**	163,955
Total Revenues	**$ 916,270**	$ 840,427	**$ 2,556,539**	$ 2,319,192

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)	**2024**	2023	**2024**	2023
Residential revenue	**$ 428,290**	$ 402,559	**$ 1,166,042**	$ 1,069,403
Commercial revenue	**299,633**	273,865	**845,517**	767,472
Termite completions, bait monitoring, & renewals	**177,674**	155,135	**515,758**	457,664
Franchise revenues	**4,282**	4,292	**12,688**	12,386
Other revenues	**6,391**	4,576	**16,534**	12,267
Total Revenues	**$ 916,270**	$ 840,427	**$ 2,556,539**	$ 2,319,192

Revenues classified by significant product and service offerings for the three and nine months ended September 30, 2023 were misstated by an immaterial amount and have been restated from the amounts previously reported to correct the classification of such revenues. There was no impact on our condensed consolidated statements of income, financial position, or cash flows.

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. Unearned revenue recognized in the three and nine months ended September 30, 2024 and 2023 was $63.8 million and $59.4 million, and $189.1 million and $172.6 million. Changes in unearned revenue were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	2023	**2024**	2023
Beginning balance	**$ 233,899**	$ 218,274	**$ 210,059**	$ 187,994
Deferral of unearned revenue	**69,980**	61,354	**219,145**	204,891
Recognition of unearned revenue	**(63,819)**	(59,375)	**(189,144)**	(172,632)
Ending balance	**$ 240,060**	$ 220,253	**$ 240,060**	$ 220,253

As of September 30, 2024 and December 31, 2023, the Company had long-term unearned revenue of $38.2 million and $37.7 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 2034.

Incremental Costs of Obtaining a Contract with a Customer

Incremental costs of obtaining a contract include only those costs that we incur to obtain a contract that we would not have incurred if the contract had not been obtained, primarily sales commissions. These costs are recorded as an asset and amortized to expense over the life of the contract to the extent such costs are expected to be recovered. As of September 30, 2024, we have $29.9 million of unamortized capitalized costs to obtain a contract, of which $23.6 million is recorded within other current assets and $6.3 million is recorded within other assets on our condensed consolidated statement of financial position. As of December 31, 2023, we had $22.0 million of unamortized capitalized costs to obtain a contract, of which $15.3 million was recorded within other current assets and $6.7 million was recorded within other assets on our condensed consolidated statement of financial position. During the three and nine months ended September 30, 2024, we recorded approximately $6.7 million and $14.7 million of amortization of capitalized costs, which is recorded within sales, general and administrative expense on our condensed consolidated statement of income. During the three and nine months ended September 30, 2023, we recorded $3.6 million and $4.8 million of amortization of capitalized costs, respectively.

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 financed 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 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. Financed 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, 2024 and 2023.

	Allowance for Credit Losses		
(in thousands)	Trade Receivables	Financed Receivables	Total Receivables
Balance at December 31, 2023	**$ 15,797**	**$ 5,602**	**$ 21,399**
Provision for expected credit losses	4,823	2,870	7,693
Write-offs charged against the allowance	(7,184)	(2,362)	(9,546)
Recoveries collected	1,428	146	1,574
Balance at March 31, 2024	**$ 14,864**	**$ 6,256**	**$ 21,120**
Provision for expected credit losses	4,503	2,941	7,444
Write-offs charged against the allowance	(4,690)	(2,985)	(7,675)
Recoveries collected	1,423	195	1,618
Balance at June 30, 2024	**$ 16,100**	**$ 6,407**	**$ 22,507**
Provision for expected credit losses	7,268	2,510	$ 9,778
Write-offs charged against the allowance	(6,244)	(1,361)	$ (7,605)
Recoveries collected	1,424	69	$ 1,493
Balance at September 30, 2024	**$ 18,548**	**$ 7,625**	**$ 26,173**

	Allowance for Credit Losses		
(in thousands)	Trade Receivables	Financed Receivables	Total Receivables
Balance at December 31, 2022	$ 14,073	$ 4,968	$ 19,041
Provision for expected credit losses	1,461	2,435	3,896
Write-offs charged against the allowance	(4,687)	(1,927)	(6,614)
Recoveries collected	1,629	—	1,629
Balance at March 31, 2023	$ 12,476	$ 5,476	$ 17,952
Provision for expected credit losses	3,185	2,865	6,050
Write-offs charged against the allowance	(4,271)	(2,332)	(6,603)
Recoveries collected	1,349	—	1,349
Balance at June 30, 2023	$ 12,739	$ 6,009	$ 18,748
Provision for expected credit losses	4,739	2,799	7,538
Write-offs charged against the allowance	(5,582)	(2,731)	(8,313)
Recoveries collected	1,428	—	1,428
Balance at September 30, 2023	$ 13,324	$ 6,077	$ 19,401

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

The following table summarizes changes in goodwill during the nine months ended September 30, 2024 (in thousands):

Balance at December 31, 2023	**$ 1,070,310**
Additions	61,689
Adjustments due to currency translation and other	3,123
Balance at September 30, 2024	**$ 1,135,122**

The following table sets forth the components of indefinite-lived and amortizable intangible assets as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024			December 31, 2023			
	Gross	Accumulated Amortization	Carrying Value	Gross	Accumulated Amortization	Carrying Value	Useful Life in Years
Amortizable intangible assets:							
Customer contracts	$ 674,690	$ (293,493)	$ 381,197	$ 625,920	$ (239,768)	$ 386,152	3-20
Trademarks and tradenames	23,367	(11,806)	11,561	21,566	(9,933)	11,633	7-20
Other intangible assets	26,577	(20,574)	6,003	24,766	(18,779)	5,987	3-20
Total amortizable intangible assets	$ 724,634	$ (325,873)	$ 398,761	$ 672,252	$ (268,480)	403,772	
Indefinite-lived intangible assets			141,960			141,962	
Total customer contracts and other intangible assets			$ 540,721			$ 545,734	

Amortization expense related to intangible assets was $19.2 million and $16.5 million for the three months ended September 30, 2024 and 2023, respectively. Amortization expense related to intangible assets was $57.2 million and $48.5 million for the nine months ended September 30, 2024 and 2023, 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 amortizable intangible assets for each of the five succeeding fiscal years as of September 30, 2024 are as follows:

(in thousands)		
2024 (excluding the nine months ended September 30, 2024)	$	18,952
2025		76,087
2026		71,931
2027		68,065
2028		66,054

NOTE 7. FAIR VALUE MEASUREMENT

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 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, 2024 and December 31, 2023, we had investments in international bonds of $8.7 million and $10.2 million, respectively. These bonds are accounted for as available for sale securities and are level 2 assets under the fair value hierarchy. The bonds are recorded at their fair market values and reported within other current assets and other assets in our condensed consolidated statement of financial position. The unrealized gain or loss activity during the three and nine months ended September 30, 2024 and 2023 was not significant.

As of September 30, 2024 and December 31, 2023, the Company had $22.1 million and $46.1 million of acquisition holdback and earnout liabilities payable to former owners of acquired companies, respectively. The earnout liabilities were adjusted 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)	**2024**	2023	**2024**	2023
Beginning balance	**$ 22,637**	$ 49,308	**$ 46,104**	$ 13,496
New acquisitions and measurement adjustments	**3,123**	2,872	**13,572**	42,903
Payouts	**(3,128)**	(4,938)	**(37,614)**	(9,288)
Interest and fair value adjustments	**13**	910	**556**	2,016
Charge offset, forfeit and other	**(507)**	(607)	**(480)**	(1,582)
Ending balance	**$ 22,138**	$ 47,545	**$ 22,138**	$ 47,545

NOTE 8. DEBT

On February 24, 2023, the Company entered into a revolving credit agreement (the "Credit Agreement") with, among others, JPMorgan Chase Bank, N.A. (“JPMorgan Chase”), as administrative agent (in such capacity, the “Administrative Agent”), which refinanced its previous credit facility.

The Credit Agreement provides for a $1.0 billion revolving credit facility (the “Credit Facility”), which may be denominated in U.S. Dollars and other currencies, including Euros, Australian Dollars, Canadian Dollars, New Zealand Dollars, Pounds Sterling and Japanese Yen, subject to a $400 million foreign currency sublimit. The Credit Facility also includes sub-facilities for the issuance of letters of credit of up to $150 million and swing line loans at the Administrative Agent’s discretion of up to $50 million. Certain subsidiaries of Rollins provide unsecured guarantees of the Credit Facility. Rollins has the ability to expand its borrowing availability under the Credit Agreement in the form of increased revolving commitments or one or more tranches of term loans by up to an additional $750 million, subject to the agreement of the participating lenders and certain other customary conditions. The maturity date of the loans under the Credit Agreement is February 24, 2028.

Loans under the Credit Agreement bear interest, at Rollins' election, at (i) for loans denominated in U.S. Dollars, (A) an alternate base rate (subject to a floor of 0.00%), which is the greatest of (x) the prime rate publicly announced from time to time by JPMorgan Chase, (y) the greater of the federal funds effective rate and the Federal Reserve Bank of New York overnight bank funding rate, plus 50 basis points, and (z) Adjusted Term SOFR for a one month interest period, plus a margin ranging from 0.00% to 0.50% per annum based on Rollins' consolidated total net leverage ratio; or (B) the greater of term SOFR for the applicable interest period plus 10 basis points ("Adjusted Term SOFR") and zero, plus a margin ranging from 1.00% to 1.50% per annum based on Rollins' consolidated total net leverage ratio; and (ii) for loans denominated in other currencies, including Euros, Australian Dollars, Canadian Dollars, New Zealand Dollars, Pounds Sterling and Japanese Yen, such interest rates as set forth in the Credit Agreement.

As of September 30, 2024, the Company had outstanding borrowings of $447.0 million under the Credit Facility. Borrowings under the Credit Facility are presented under the long-term debt caption of our condensed consolidated balance sheet, net of $1.8 million in unamortized debt issuance costs as of September 30, 2024. The aggregate effective interest rate on the debt outstanding as of September 30, 2024 was 6.2%. As of December 31, 2023, the Company had outstanding borrowings of $493.0 million under the Credit Facility and $2.2 million in unamortized debt issuance costs. The aggregate effective interest rate on the debt outstanding as of December 31, 2023 was 6.5%.

The Company maintained $72.0 million in letters of credit as of September 30, 2024 and $71.7 million as of December 31, 2023. 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. The Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate potential future insurance claims.

The Credit Agreement contains customary terms and conditions, including, without limitation, certain financial covenants including covenants restricting Rollins' ability to incur certain indebtedness or liens, or to merge or consolidate with or sell substantially all of its assets to another entity. Further, the Credit Agreement contains a financial covenant restricting Rollins' ability to permit the ratio of Rollins' consolidated total net debt to EBITDA to exceed 3.50 to 1.00. Following certain acquisitions, Rollins may elect to increase the financial covenant level to 4.00 to 1.00 temporarily. The Company is in compliance with applicable debt covenants as of September 30, 2024.

NOTE 9. 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 or claims filed under California's Private Attorneys General Act. 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 10. STOCKHOLDERS' EQUITY

During the three months ended September 30, 2024, the Company paid $72.8 million, or $0.15 per share, in cash dividends compared to $63.8 million, or $0.13 per share, during the same period in 2023. During the nine months ended September 30, 2024, the Company paid $218.0 million, or $0.45 per share, in cash dividends compared to $191.8 million, or $0.39 per share, during the same period in 2023.

The Company withholds shares from employees for the payment of their taxes on equity awards that have vested. The Company withheld $11.5 million and $10.7 million in connection with employee tax obligations during the nine month periods ended September 30, 2024 and 2023, respectively.

During the nine months ended September 30, 2023, the Company completed the repurchase of 8,724,100 of the shares of common stock from LOR, Inc ("LOR") for $300.0 million in conjunction with the Offering, as defined in our 2023 Annual Report on Form 10-K. As we repurchase our common stock, we reduce common stock for par value of the shares repurchased, with the excess of the purchase price over par value recorded as a reduction to additional paid-in capital and retained earnings.

The Company did not repurchase shares on the open market during the three and nine months ended September 30, 2024 and September 30, 2023.

The following table summarizes the components of the Company’s stock-based compensation programs, including time-lapsed restricted share awards, performance share unit awards, and employee stock purchase plan, recorded as expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	2023	**2024**	2023
Stock-based compensation expense	**$ 7,202**	$ 6,096	**$ 22,762**	$ 18,427

NOTE 11. 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,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Weighted-average outstanding common shares	**482,219**	488,304	**482,082**	489,467
Add participating securities:				
Weighted-average time-lapse restricted awards	**2,098**	2,471	**2,149**	2,513
Total weighted-average shares outstanding – basic	**484,317**	490,775	**484,231**	491,980
Dilutive effect of restricted stock units and PSUs	**42**	190	**39**	178
Weighted-average shares outstanding – diluted	**484,359**	490,965	**484,270**	492,158

NOTE 12. 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 $48.3 million and $44.3 million for the three months ended September 30, 2024 and 2023, and $124.2 million and $113.4 million for the nine months ended September 30, 2024 and 2023, respectively.

The Company’s effective tax rate increased to 26.1% in the third quarter of 2024 compared with 25.7% in the third quarter of 2023. The higher rate for the quarter was primarily due to an increase in non-deductible expenses and foreign tax expense in 2024. During the nine months ended September 30, 2024, the Company's effective tax rate decreased to 25.6% compared to 25.8% in 2023. The reduced rate was primarily due to a reduction in foreign tax expense in 2024.

NOTE 13. RESTRUCTURING COSTS

During the third quarter of 2023, the Company executed a restructuring program to modernize its workforce. These changes were primarily across corporate-related functions and enabled us to make more strategic improvements in our support functions. As a result of this program, the Company incurred $5.2 million in restructuring costs, consisting mainly of one-time termination benefits, including severance and outplacement services, stock-based compensation, and other benefits-related costs. These costs are recorded within restructuring costs in our condensed consolidated statement of income. As of December 31, 2023, the Company had accrued restructuring costs of $2.1 million, which are included in other current liabilities in our condensed consolidated balance sheet. No such costs were incurred during 2024 and as of September 30, 2024 we have no remaining obligation associated with this program.

NOTE 14. SUBSEQUENT EVENTS

Quarterly Dividend

On October 22, 2024, the Company’s Board of Directors declared a regular quarterly cash dividend on its common stock of $0.165 per share payable on December 10, 2024 to stockholders of record at the close of business on November 12, 2024.

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.

GENERAL OPERATING COMMENTS

Below is a summary of the key operating results for the three months ended September 30, 2024:

- Third quarter revenues were $916.3 million, an increase of 9.0% over the third quarter of 2023 with organic revenues* increasing 7.7%.
- Quarterly operating income was $191.8 million, an increase of 8.3% over the third quarter of 2023. Quarterly operating margin was 20.9%, a decrease of 20 basis points versus the third quarter of 2023. Adjusted operating income* was $196.0 million, an increase of 4.5% over the prior year. Adjusted operating income margin* was 21.4%, a decrease of 90 basis points compared to the prior year.
- Adjusted EBITDA* was $219.5 million, an increase of 5.5% over the prior year. Adjusted EBITDA margin* was 24.0%, a decrease of 80 basis points versus the third quarter of 2023.
- Quarterly net income was $136.9 million, an increase of 7.1% over the prior year. Adjusted net income* was $139.6 million, an increase of 3.3% over the prior year.
- Quarterly EPS was $0.28 per diluted share, a 7.7% increase over the prior year EPS of $0.26. Adjusted EPS* was $0.29 per diluted share, an increase of 3.6% over the prior year.
- Operating cash flow was $146.9 million for the quarter, an increase of 15.4% compared to the prior year. The Company invested $23.9 million in acquisitions, $7.5 million in capital expenditures, and paid dividends totaling $72.8 million.

Demand remains favorable to start the fourth quarter and the pipeline of acquisition activity remains healthy. Although we continue to navigate a highly uncertain macro-environment, we believe we are well positioned to continue to deliver strong results in the last quarter of 2024.

We remain focused on driving 7% to 8% organic revenue growth while adding 2% to 3% of inorganic revenue growth for 2024. While we believe this goal is achievable, we acknowledge the potential impact weather as well as volatility in one-time business, and staffing levels, amongst other factors, might have on revenue performance. We continue to focus on improving the efficiency of our business model while investing in programs aimed at growing our business across our service offerings.

*Amounts are non-GAAP financial measures. See the schedules below for a discussion of non-GAAP financial metrics including a reconciliation of the most directly comparable GAAP measure.

IMPACT OF ECONOMIC TRENDS

The continued disruption in economic markets due to inflation, changing interest rates, business interruptions due to natural disasters and changes in weather patterns, employee shortages, and supply chain issues, all pose challenges which may adversely affect our future performance. The Company continues to execute various strategies previously implemented to help mitigate the impact of these economic disruptors.

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 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 are complicated by the continued uncertainty surrounding these macro economic trends.

The severity, magnitude and duration of certain economic trends continue to be uncertain and are difficult to predict. Therefore, our accounting estimates and assumptions may change over time in response to economic trends and may change materially in future periods.

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

Tax Legislation Developments

The Organization for Economic Co-operation and Development ("OECD") has proposed a global minimum tax of 15% of reported profits ("Pillar Two") for multinational enterprises with annual global revenues exceeding €750 million. Pillar Two has been agreed upon in principle by over 140 countries and is intended to apply for tax years beginning in 2024. The OECD has issued administrative guidance (including transitional safe harbor rules) in conjunction with the implementation of the Pillar Two global minimum tax. The Company has evaluated the impact of these rules and currently believes they will not have any material impact on financial results in 2024 due to certain transitional safe harbors. The Company will continue to monitor the potential impact of Pillar Two proposals and developments on our condensed consolidated financial statements and related disclosures as various tax jurisdictions begin enacting such legislation.

RESULTS OF OPERATIONS

Quarter ended September 30, 2024 compared to quarter ended September 30, 2023

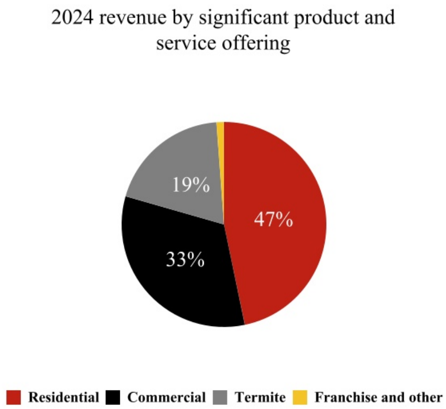
	Three Months Ended September 30,			
			Variance	
(in thousands, except per share data)	**2024**	2023	$	%
GAAP Metrics				
Revenues	**$ 916,270**	$ 840,427	$ 75,843	9.0 %
Gross profit [1]	**$ 494,378**	$ 451,894	$ 42,484	9.4 %
Gross profit margin [1]	**54.0 %**	53.8 %		20 bps
Operating income	**$ 191,796**	$ 177,124	$ 14,672	8.3 %
Operating income margin	**20.9 %**	21.1 %		(20) bps
Net income	**$ 136,913**	$ 127,777	$ 9,136	7.1 %
EPS	**$ 0.28**	$ 0.26	$ 0.02	7.7 %
Operating cash flow	**$ 146,947**	$ 127,355	$ 19,592	15.4 %
Non-GAAP Metrics				
Adjusted operating income [2]	**$ 196,012**	$ 187,582	$ 8,430	4.5 %
Adjusted operating margin [2]	**21.4 %**	22.3 %		(90) bps
Adjusted net income [2]	**$ 139,617**	$ 135,191	$ 4,426	3.3 %
Adjusted EPS [2]	**$ 0.29**	$ 0.28	$ 0.01	3.6 %
Adjusted EBITDA [2]	**$ 219,460**	$ 208,038	$ 11,422	5.5 %
Adjusted EBITDA margin [2]	**24.0 %**	24.8 %		(80) bps
Free cash flow [2]	**$ 139,425**	$ 120,487	$ 18,938	15.7 %

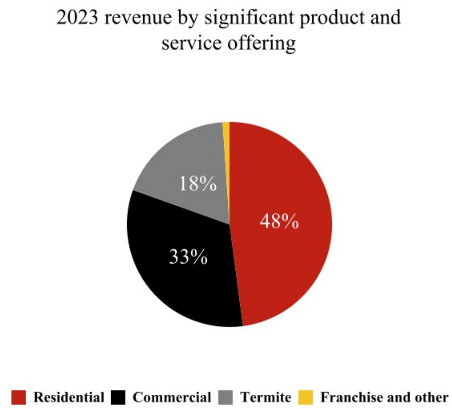
[1] Exclusive of depreciation and amortization

[2] Amounts are non-GAAP financial measures. See "Non-GAAP Financial Measures" of this Form 10-Q for a discussion of non-GAAP financial metrics including a reconciliation of the most directly comparable GAAP measure.

Revenues

The following presents a summary of revenues by product and service offering:





Revenues for the quarter ended September 30, 2024 were $916.3 million, an increase of $75.8 million, or 9.0%, from 2023 revenues of $840.4 million. The increase in revenues was driven by demand from our customers across all major service offerings, partially offset by weakness late in the quarter associated with hurricane activity. Organic revenue* growth was 7.7% with acquisitions adding 2.1% in the quarter, offset by divestitures of 0.8%. Residential pest control revenue increased 6.4%, commercial pest control revenue increased 9.4% and termite and ancillary services grew 14.5% including both organic and acquisition-related growth in each area. Organic revenue* growth was strong across our service offerings, growing 4.9% in residential, 8.1% in commercial, and 13.7% in termite and ancillary activity. Residential organic revenue* growth was driven by stronger recurring revenue growth but was offset by slower one-time business.

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 table:

	Consolidated Net Revenues		
(in thousands)	**2024**	2023	2022
First Quarter	**$ 748,349**	$ 658,015	$ 590,680
Second Quarter	**891,920**	820,750	714,049
Third Quarter	**916,270**	840,427	729,704
Fourth Quarter	—	754,086	661,390
Year to date	**$ 2,556,539**	$ 3,073,278	$ 2,695,823

Gross Profit (exclusive of Depreciation and Amortization)

Gross profit for the quarter ended September 30, 2024 was $494.4 million, an increase of $42.5 million, or 9.4%, compared to $451.9 million for the quarter ended September 30, 2023. Gross margin improved 20 basis points to 54.0% in 2024 compared to 53.8% in 2023, as pricing more than offset inflationary pressures. We saw good leverage across a number of cost categories with the most significant leverage in fleet costs and materials and supplies, partially offset by investments in people and less favorable insurance and claims.

Sales, General and Administrative

For the quarter ended September 30, 2024, sales, general and administrative ("SG&A") expenses were $274.9 million and increased $30.0 million, or 12.3%, compared to the quarter ended September 30, 2023.

As a percentage of revenue, SG&A increased to 30.0% from 29.1% in the prior year. Selling and marketing costs have increased as we continue to invest in growth initiatives, including advertising. Insurance and claims costs have also increased, offset by leverage associated with lower administrative costs and fleet costs.

While we are focused on driving improvement in SG&A as a percentage of revenue, we expect to continue to invest in growth initiatives, which may, from time to time, impact this ratio.

Restructuring Costs

For the quarter ended September 30, 2024 restructuring costs decreased by $5.2 million. During the quarter ended September 30, 2023, we executed a restructuring program to modernize our workforce. No such costs were incurred during the quarter ended September 30, 2024.

Depreciation and Amortization

For the quarter ended September 30, 2024, depreciation and amortization increased $3.0 million, or 12.1%, compared to the quarter ended September 30, 2023. The increase was due to higher amortization of intangible assets from acquisitions.

Operating Income

For the quarter ended September 30, 2024, operating income increased $14.7 million, or 8.3%, compared to the prior year.

As a percentage of revenue, operating income was 20.9%, a decrease of 20 basis points compared to the third quarter of 2023. Operating margin declined mostly due to investments in people, growth initiatives, and less favorable insurance and claims.

While we expect to continue to invest in our business in the fourth quarter, we expect the pace of investment to moderate as we go through the final quarter of the year.

Interest Expense, Net

During the quarter ended September 30, 2024, interest expense, net increased $1.6 million compared to the prior year primarily due to the higher average debt balance. The increase was driven by the debt associated with the share repurchase completed in the third quarter of 2023.

Other Income, Net

During the quarter ended September 30, 2024, other income increased $0.1 million primarily due to higher gains on non-operational asset sales.

Income Taxes

The Company's effective tax rate was 26.1% in the third quarter of 2024 and 25.7% in the third quarter of 2023. The 2024 rate was higher primarily due to an increase in non-deductible expenses and foreign tax expense in 2024.

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

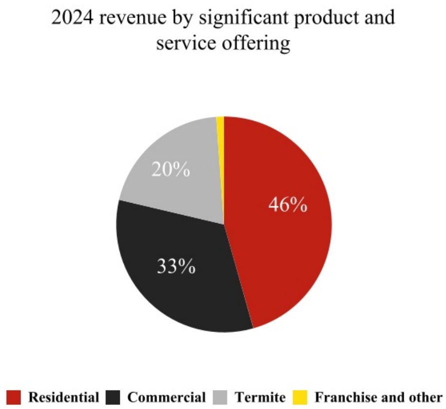
	Nine Months Ended September 30,			
			Variance	
(in thousands, except per share data)	**2024**	2023	$	%
GAAP Metrics				
Revenues	**$ 2,556,539**	$ 2,319,192	$ 237,347	10.2 %
Gross profit [1]	**$ 1,358,804**	$ 1,219,626	$ 139,178	11.4 %
Gross profit margin [1]	**53.2 %**	52.6 %		60 bps
Operating income	**$ 506,597**	$ 444,153	$ 62,444	14.1 %
Operating income margin	**19.8 %**	19.2 %		60 bps
Net income	**$ 360,704**	$ 326,154	$ 34,550	10.6 %
EPS	**$ 0.74**	$ 0.66	$ 0.08	12.1 %
Operating cash flow	**$ 419,495**	$ 375,541	$ 43,954	11.7 %
Non-GAAP Metrics				
Adjusted operating income [2]	**$ 520,286**	$ 459,872	$ 60,414	13.1 %
Adjusted operating margin [2]	**20.4 %**	19.8 %		60 bps
Adjusted net income [2]	**$ 370,194**	$ 333,217	$ 36,977	11.1 %
Adjusted EPS [2]	**$ 0.76**	$ 0.68	$ 0.08	11.8 %
Adjusted EBITDA [2]	**$ 590,331**	$ 525,055	$ 65,276	12.4 %
Adjusted EBITDA margin [2]	**23.1 %**	22.6 %		50 bps
Free cash flow [2]	**$ 396,106**	$ 354,262	$ 41,844	11.8 %

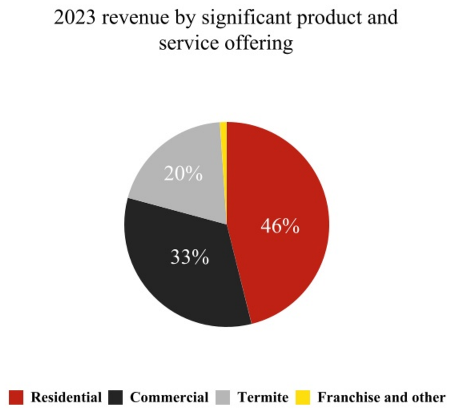
(1) Exclusive of depreciation and amortization

(2) Amounts are non-GAAP financial measures. See "Non-GAAP Financial Measures" of this Form 10-Q for a discussion of non-GAAP financial metrics including a reconciliation of the most closely correlated GAAP measure.

Revenues

The following presents a summary of revenues by product and service offering:





Revenues for the nine months ended September 30, 2024 were $2.6 billion, an increase of $237.3 million, or 10.2%, from 2023 revenues of $2.3 billion. The increase in revenues was driven by demand from our customers across all major service offerings. Organic revenue* growth was 7.7% with acquisitions adding 3.3% in the nine months ended September 30, 2024, offset by divestitures of 0.8%. Residential pest control revenue increased 9.0%, commercial pest control revenue increased 10.2% and termite and ancillary services grew 12.7%, including both organic and acquisition-related growth in each area. Organic revenue* growth was strong across our service offerings, growing 4.9% in residential, 8.9% in commercial, and 11.4% in termite and ancillary activity. Residential organic revenue* growth was driven by stronger recurring revenue growth but was offset by slower one-time business.

Gross Profit (exclusive of Depreciation and Amortization)

Gross profit for the nine months ended September 30, 2024 was $1.4 billion, an increase of $139.2 million, or 11.4%, compared to $1.2 billion for the nine months ended September 30, 2023. Gross margin improved 60 basis points to 53.2% in 2024 compared to 52.6% in 2023, as pricing more than offset inflationary pressures. We saw leverage across several areas, including fleet and materials and supplies.

Sales, General and Administrative

For the nine months ended September 30, 2024, SG&A expenses increased $72.9 million, or 10.5%, compared to the nine months ended September 30, 2023. The increase is driven by expenses associated with growth initiatives aimed at capitalizing on the health of our underlying markets.

As a percentage of revenue, SG&A expenses increased to 30.1% from 30.0% in the prior year. Selling and marketing costs have increased as we continue to invest in growth initiatives, offset by leverage associated with lower administrative costs.

Restructuring Costs

For the nine months ended September 30, 2024, restructuring costs decreased by $5.2 million. During the nine months ended September 30, 2023, we executed a restructuring program to modernize our workforce. No such costs were incurred during the nine months ended September 30, 2024.

Depreciation and Amortization

For the nine months ended September 30, 2024, depreciation and amortization increased $9.1 million, or 12.3%, compared to the nine months ended September 30, 2023. The increase was primarily due to higher amortization of intangible assets from acquisitions, most notably from the acquisition of FPC Holdings, LLC ("Fox Pest Control", or "Fox").

Operating Income

For the nine months ended September 30, 2024, operating income increased $62.4 million, or 14.1%, compared to the nine months ended September 30, 2023.

As a percentage of revenue, operating income increased to 19.8% from 19.2% in the prior year. Operating margin improved due to revenue growth and the changes noted in gross profit and SG&A above.

Interest Expense, Net

For the nine months ended September 30, 2024, interest expense, net increased $11.9 million, compared to the nine months ended September 30, 2023, due to the increase in the average debt balance associated with the share repurchase completed in the third quarter of 2023 and the acquisition of Fox Pest Control in the second quarter of 2023.

Other Income, Net

During the nine months ended September 30, 2024, other income decreased $5.3 million compared to the nine months ended September 30, 2023, due to lower gains on non-operational asset sales.

Income Taxes

During the nine months ended September 30, 2024, the Company’s effective tax rate decreased to 25.6% compared to 25.8% in 2023 due to a decrease in foreign tax expense in 2024.

We expect the effective tax rate to approximate 26% for the full year. This implies a fourth quarter rate in excess of 27%.

Non-GAAP Financial Measures

Reconciliation of GAAP and non-GAAP Financial Measures

The Company has used the non-GAAP financial measures of organic revenues, organic revenues by type, adjusted operating income, adjusted operating margin, adjusted net income, adjusted earnings per share (“EPS”), earnings before interest, taxes, depreciation and amortization (“EBITDA”), EBITDA margin, Adjusted EBITDA, adjusted EBITDA margin, incremental EBITDA margin, adjusted incremental EBITDA margin, free cash flow, free cash flow conversion, net debt, net leverage ratio, and adjusted sales, general and administrative expenses ("SG&A") in this Form 10-Q. Organic revenue is calculated as revenue less the revenue from acquisitions completed within the prior 12 months and excluding the revenue from divested businesses. Acquisition revenue is based on the trailing 12-month revenue of our acquired entities. Adjusted operating income and adjusted operating income margin are calculated by adding back to the GAAP measures those expenses resulting from the amortization of certain intangible assets, adjustments to the fair value of contingent consideration resulting from the acquisition of Fox, and restructuring costs related to restructuring and workforce reduction plans. Adjusted net income and adjusted EPS are calculated by adding back to the GAAP measure amortization of certain intangible assets, adjustments to the fair value of contingent consideration resulting from the acquisition of Fox, and restructuring costs related to restructuring and workforce reduction plans, and excluding gains and losses on the sale of non-operational assets and by further subtracting the tax impact of those expenses, gains, or losses. Adjusted EBITDA and adjusted EBITDA margin are calculated by adding back to the GAAP measures those expenses resulting from the adjustments to the fair value of contingent consideration resulting from the acquisition of Fox, restructuring costs related to restructuring and workforce reduction plans, and excluding gains and losses on the sale of non-operational assets. Incremental EBITDA margin is calculated as the change in EBITDA divided by the change in revenue. Adjusted incremental EBITDA margin is calculated as the change in adjusted EBITDA divided by the change in revenue. Free cash flow is calculated by subtracting capital expenditures from cash provided by operating activities. Free cash flow conversion is calculated as free cash flow divided by net income. Net debt is calculated as total long-term debt less cash and cash equivalents. Net leverage ratio is calculated by dividing net debt by trailing twelve-month EBITDA. Adjusted SG&A is calculated by removing the adjustments to the fair value of contingent consideration resulting from the acquisition of Fox. These measures should not be considered in isolation or as a substitute for revenues, net income, earnings per share or other performance measures prepared in accordance with GAAP.

Management uses adjusted operating income, adjusted operating income margin, adjusted net income, adjusted EPS, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, incremental EBITDA margin, adjusted incremental EBITDA margin, and adjusted SG&A as measures of operating performance because these measures allow the Company to compare performance consistently over various periods. Management also uses organic revenues, and organic revenues by type to compare revenues over various periods excluding the impact of acquisitions and divestitures. Management uses free cash flow to demonstrate the Company’s ability to maintain its asset base and generate future cash flows from operations. Management uses free cash flow conversion to demonstrate how much net income is converted into cash. Management uses net debt as an assessment of overall liquidity, financial flexibility, and leverage. Net leverage ratio is useful to investors because it is an indicator of our ability to meet our future financial obligations. Management believes all of these non-GAAP financial measures are useful to provide investors with information about current trends in, and period-over-period comparisons of, the Company's results of operations. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP.

A non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that either 1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows, or 2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

Set forth below is a reconciliation of the non-GAAP financial measures contained in this report with their most directly comparable GAAP measures (unaudited, in thousands, except per share data and margins).

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	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2024	2023	$	%	**2024**	2023	$	%
Reconciliation of Operating Income to Adjusted Operating Income and Adjusted Operating Income Margin								
Operating income	**$ 191,796**	$ 177,124			**$ 506,597**	$ 444,153		
Fox acquisition-related expenses (1)	**4,216**	5,262			**13,689**	10,523		
Restructuring costs (2)	**—**	5,196			**—**	5,196		
Adjusted operating income	**$ 196,012**	$ 187,582	8,430	4.5	**$ 520,286**	$ 459,872	60,414	13.1
Revenues	**$ 916,270**	$ 840,427			**$ 2,556,539**	$ 2,319,192		
Operating income margin	**20.9 %**	21.1 %			**19.8 %**	19.2 %		
Adjusted operating margin	**21.4 %**	22.3 %			**20.4 %**	19.8 %		
Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS (6)								
Net income	**$ 136,913**	$ 127,777			**$ 360,704**	$ 326,154		
Fox acquisition-related expenses (1)	**4,216**	5,262			**13,689**	10,523		
Restructuring costs (2)	**—**	5,196			**—**	5,196		
Gain on sale of assets, net (3)	**(582)**	(493)			**(933)**	(6,226)		
Tax impact of adjustments (4)	**(930)**	(2,551)			**(3,266)**	(2,430)		
Adjusted net income	**$ 139,617**	$ 135,191	4,426	3.3	**$ 370,194**	$ 333,217	36,978	11.1
EPS - basic and diluted	**$ 0.28**	$ 0.26			**$ 0.74**	$ 0.66		
Fox acquisition-related expenses (1)	**0.01**	0.01			**0.03**	0.02		
Restructuring costs (2)	**—**	0.01			**—**	0.01		
Gain on sale of assets, net (3)	**—**	—			**—**	(0.01)		
Tax impact of adjustments (4)	**—**	(0.01)			**(0.01)**	—		
Adjusted EPS - basic and diluted (5)	**$ 0.29**	$ 0.28	0.01	3.6	**$ 0.76**	$ 0.68	0.08	11.8
Weighted average shares outstanding – basic	**484,317**	490,775			**484,231**	491,980		
Weighted average shares outstanding – diluted	**484,359**	490,965			**484,270**	492,158		
Reconciliation of Net Income to EBITDA, Adjusted EBITDA, EBITDA Margin, Incremental EBITDA Margin, Adjusted EBITDA Margin, and Adjusted Incremental EBITDA Margin (6)								
Net income	**$ 136,913**	$ 127,777			**$ 360,704**	$ 326,154		
Depreciation and amortization	**27,664**	24,668			**82,685**	73,609		
Interest expense, net	**7,150**	5,547			**22,650**	10,797		
Provision for income taxes	**48,315**	44,293			**124,176**	113,428		
EBITDA	**$ 220,042**	$ 202,285	17,757	8.8	**$ 590,215**	$ 523,988	66,227	12.6
Fox acquisition-related expenses (1)	**—**	1,050			**1,049**	2,097		
Restructuring costs (2)	**—**	5,196			**—**	5,196		
Gain on sale of assets, net (3)	**(582)**	(493)			**(933)**	(6,226)		
Adjusted EBITDA	**$ 219,460**	$ 208,038	11,422	5.5	**$ 590,331**	$ 525,055	65,276	12.4
Revenues	**$ 916,270**	$ 840,427			**$ 2,556,539**	$ 2,319,192		
EBITDA margin	**24.0 %**	24.1 %			**23.1 %**	22.6 %		
Incremental EBITDA margin			23.4 %				27.9 %	
Adjusted EBITDA margin	**24.0 %**	24.8 %			**23.1 %**	22.6 %		
Adjusted incremental EBITDA margin			15.1 %				27.5 %	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow and Free Cash Flow Conversion								
Net cash provided by operating activities	**$ 146,947**	$ 127,355			**$ 419,495**	$ 375,541		
Capital expenditures	**(7,522)**	(6,868)			**(23,389)**	(21,279)		
Free cash flow	**$ 139,425**	$ 120,487	18,938	15.7	**$ 396,106**	$ 354,262	41,844	11.8
Free cash flow conversion	**101.8 %**	94.3 %			**109.8 %**	108.6 %		

(1) Consists of expenses resulting from the amortization of certain intangible assets and adjustments to the fair value of contingent consideration resulting from the acquisition of Fox. While we exclude such expenses in this non-GAAP measure, the revenue from the acquired company is reflected in this non-GAAP measure and the acquired assets contribute to revenue generation.

(2) Restructuring costs consist of costs primarily related to severance and benefits paid to employees pursuant to restructuring and workforce reduction plans.

(3) Consists of the gain or loss on the sale of non-operational assets.

(4) The tax effect of the adjustments is calculated using the applicable statutory tax rates for the respective periods.

(5) In some cases, the sum of the individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

(6) In the first quarter of 2024, we revised the non-GAAP metrics adjusted net income, adjusted EPS, and adjusted EBITDA to exclude gains and losses related to non-operational asset sales. These measures are of operating performance and we believe excluding the gains and losses on non-operational assets allows us to better compare our operating performance consistently over various periods. Refer to our first quarter 2024 press release for fully revised quarterly metrics.

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Variance				Variance	
	2024	2023 (7)	$	%	**2024**	2023 (7)	$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	**$ 916,270**	$ 840,427	75,843	9.0	**$ 2,556,539**	$ 2,319,192	237,347	10.2
Revenues from acquisitions	**(17,339)**	—	(17,339)	2.1	**(77,479)**	—	(77,479)	3.3
Revenues of divestitures	**—**	(5,823)	5,823	(0.8)	**—**	(16,500)	16,500	(0.8)
Organic revenues	**$ 898,931**	$ 834,604	64,327	7.7	**$ 2,479,060**	$ 2,302,692	176,368	7.7
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	**$ 428,290**	$ 402,559	25,731	6.4	**$ 1,166,042**	$ 1,069,403	96,639	9.0
Residential revenues from acquisitions	**(9,571)**	—	(9,571)	2.4	**(54,257)**	—	(54,257)	5.1
Residential revenues of divestitures	**—**	(3,263)	3,263	(0.9)	**—**	(9,668)	9,668	(1.0)
Residential organic revenues	**$ 418,719**	$ 399,296	19,423	4.9	**$ 1,111,785**	$ 1,059,735	52,050	4.9
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	**$ 299,633**	$ 273,865	25,768	9.4	**$ 845,517**	$ 767,472	78,045	10.2
Commercial revenues from acquisitions	**(6,434)**	—	(6,434)	2.3	**(17,456)**	—	(17,456)	2.3
Commercial revenues of divestitures	**—**	(2,560)	2,560	(1.0)	**—**	(6,832)	6,832	(1.0)
Commercial organic revenues	**$ 293,199**	$ 271,305	21,894	8.1	**$ 828,061**	$ 760,640	67,421	8.9
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	**$ 177,674**	$ 155,135	22,539	14.5	**$ 515,758**	$ 457,664	58,094	12.7
Termite and ancillary revenues from acquisitions	**(1,334)**	—	(1,334)	0.8	**(5,766)**	—	(5,766)	1.3
Termite and ancillary organic revenues	**$ 176,340**	$ 155,135	21,205	13.7	**$ 509,992**	$ 457,664	52,328	11.4

ROLLINS, INC. AND SUBSIDIARIES

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Variance				Variance	
	2023 (7)	2022 (7)	$	%	**2023 (7)**	2022 (7)	$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	**$ 840,427**	$ 729,704	110,723	15.2	**$ 2,319,192**	$ 2,034,433	284,759	14.0
Revenues from acquisitions	**(49,971)**	—	(49,971)	6.8	**(114,273)**	—	(114,273)	5.6
Organic revenues	**$ 790,456**	$ 729,704	60,752	8.4	**$ 2,204,919**	$ 2,034,433	170,486	8.4
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	**$ 402,559**	$ 336,626	65,933	19.6	**$ 1,069,403**	$ 917,790	151,613	16.5
Residential revenues from acquisitions	**(42,974)**	—	(42,974)	12.8	**(91,067)**	—	(91,067)	9.9
Residential organic revenues	**$ 359,585**	$ 336,626	22,959	6.8	**$ 978,336**	$ 917,790	60,546	6.6
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	**$ 273,865**	$ 245,009	28,856	11.8	**$ 767,472**	$ 688,523	78,949	11.5
Commercial revenues from acquisitions	**(3,456)**	—	(3,456)	1.4	**(10,688)**	—	(10,688)	1.6
Commercial organic revenues	**$ 270,409**	$ 245,009	25,400	10.4	**$ 756,784**	$ 688,523	68,261	9.9
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	**$ 155,135**	$ 139,359	15,776	11.3	**$ 457,664**	$ 405,089	52,575	13.0
Termite and ancillary revenues from acquisitions	**(3,541)**	—	(3,541)	2.5	**(12,518)**	—	(12,518)	3.1
Termite and ancillary organic revenues	**$ 151,594**	$ 139,359	12,235	8.8	**$ 445,146**	$ 405,089	40,057	9.9

(7) Revenues classified by significant product and service offerings for the three and nine months ended September 30, 2023 and 2022 were misstated by an immaterial amount and have been restated from the amounts previously reported to correct the classification of such revenues. There was no impact on our condensed consolidated statements of income, financial position, or cash flows.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Reconciliation of SG&A to Adjusted SG&A				
SG&A	**$ 274,918**	$ 244,906	**$ 769,522**	$ 696,668
Fox acquisition-related expenses	**—**	1,050	**1,049**	2,097
Adjusted SG&A	**$ 274,918**	$ 243,856	**$ 768,473**	$ 694,571
Revenues	**$ 916,270**	$ 840,427	**$ 2,556,539**	$ 2,319,192
Adjusted SG&A as a % of revenues	**30.0 %**	29.0 %	**30.1 %**	29.9 %

	Period Ended September 30, 2024	**Period Ended December 31, 2023**
Reconciliation of Long-term Debt to Net Debt and Net Leverage Ratio		
Long-term debt (8)	**$ 447,000**	$ 493,000
Less: cash	**95,282**	103,825
Net debt	**$ 351,718**	$ 389,175
Trailing twelve-month EBITDA	**$ 771,291**	$ 705,064
Net leverage ratio	**0.5x**	0.6x

(8) As of September 30, 2024, the Company had outstanding borrowings of $447.0 million under the Credit Facility. Borrowings under the Credit Facility are presented under the long-term debt caption of our condensed consolidated balance sheet, net of $1.8 million in unamortized debt issuance costs as of September 30, 2024.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Flow

The Company's $95.3 million of total cash at September 30, 2024 is held at various banking institutions. As of September 30, 2024, approximately $53.5 million is held in cash accounts at international bank institutions and the remaining $41.8 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.

We intend to continue to grow the business in the international markets where we have a presence. As it relates to our unremitted earnings in foreign jurisdictions, we assert that foreign cash earnings in excess of working capital and cash needed for strategic investments and acquisitions are not intended to be indefinitely reinvested offshore.

On February 24, 2023, the Company entered into a revolving credit agreement with, among others, JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), as administrative agent (in such capacity, the "Administrative Agent"), which refinanced its previous credit facility.

The Credit Agreement provides for a $1.0 billion revolving Credit Facility, which may be denominated in U.S. Dollars and other currencies, including Euros, Australian Dollars, Canadian Dollars, New Zealand Dollars, Pounds Sterling and Japanese Yen, subject to a $400 million foreign currency sublimit. Rollins has the ability to expand its borrowing availability under the Credit Agreement in the form of increased revolving commitments or one or more tranches of term loans by up to an additional $750 million, subject to the agreement of the participating lenders and certain other customary conditions. The maturity date of the loans under the Credit Agreement is February 24, 2028. Refer to Note 8. Debt, of the Notes to Condensed Consolidated Financial Statements for further details.

As of September 30, 2024, the Company had outstanding borrowings of $447.0 million under the Credit Facility. The aggregate effective interest rate on the debt outstanding as of September 30, 2024 was 6.2%. As of December 31, 2023, the Company had outstanding borrowings of $493.0 million under the Credit Facility. The aggregate effective interest rate on the debt outstanding as of December 31, 2023 was 6.5%.

The Company maintained $72.0 million in letters of credit as of September 30, 2024 and $71.7 million as of December 31, 2023. 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. The Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate potential future insurance claims.

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 Credit 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)	**2024**	2023	**$**	%
Net cash provided by operating activities	**$ 419,495**	$ 375,541	43,954	11.7
Net cash used in investing activities	**(123,560)**	(362,334)	238,774	65.9
Net cash (used in) provided by financing activities	**(305,506)**	33,743	(339,249)	N/M
Effect of exchange rate on cash	**1,028**	(49)	1,077	N/M
Net (decrease) increase in cash and cash equivalents	**$ (8,543)**	$ 46,901	(55,444)	(118.2)

N/M - calculation not meaningful

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 $419.5 million and $375.5 million for the nine months ended September 30, 2024 and 2023, respectively. The $44.0 million increase was driven primarily by strong operating results and the timing of cash receipts and cash payments to and from customers, vendors, employees, and tax and regulatory authorities.

Cash Used in Investing Activities

The Company's investing activities used $123.6 million and $362.3 million for the nine months ended September 30, 2024 and 2023, respectively. Cash paid for acquisitions totaled $105.5 million for the nine months ended September 30, 2024, as compared to $349.3 million for the nine months ended September 30, 2023, primarily related to the Fox acquisition. The Company invested $23.4 million in capital expenditures during the year, offset by $3.0 million in cash proceeds from the sale of assets, compared with $21.3 million of capital expenditures and $10.2 million in cash proceeds from asset sales in 2023. The Company's investing activities were funded through existing cash balances, operating cash flows, and borrowings under the Credit Facility.

Cash Used in or Provided by Financing Activities

Cash of $305.5 million was used in financing activities during the nine months ended September 30, 2024, compared with $33.7 million of cash provided by financing activities during the nine months ended September 30, 2023. A total of $218.0 million was paid in cash dividends ($0.45 per share) during the nine months ended September 30, 2024, compared to $191.8 million in cash dividends paid ($0.39 per share) during the nine months ended September 30, 2023. The Company made net repayments under its credit agreements of $46.0 million during the nine months ended September 30, 2024 compared to net borrowings of $544.0 million during 2023. During the nine months ended September 30, 2024, the Company paid $33.4 million of contingent consideration, primarily related to the Fox acquisition, compared to $9.3 million during the nine months ended September 30, 2023. The Company withheld $11.5 million and $10.7 million of common stock for the nine months ended September 30, 2024 and 2023, respectively, in connection with tax withholding obligations of its employees upon vesting of such employees' equity awards. In addition, during the nine months ended September 30, 2023, the Company completed the repurchase of 8,724,100 of the shares of common stock from LOR, Inc ("LOR") for $300.0 million in conjunction with the Offering, as defined in our 2023 Annual Report on Form 10-K.

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 is 16.9 million shares. As of September 30, 2024, 11.4 million additional shares may be purchased under the share repurchase program.

In addition, the Form S-3 on file with the SEC registered $1.5 billion of the Company's common stock, preferred stock, debt securities, depositary shares, warrants, rights, purchase contracts and units for future issuance. The Company may offer and sell some or all of such securities from to time or to or through underwriters, brokers or dealers, directly to one or more other purchasers, through a block trade, through agents on a best-efforts basis, through a combination of any of the above methods of sale or through other types of transactions described in the Form S-3. The Company has not sold any securities as of the date of this Form 10-Q.

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 or claims filed under California's Private Attorneys General Act. 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 significant changes in our identified critical accounting estimates as disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" of our 2023 Form 10-K.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q as well as other written or oral statements by the Company may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current opinions, expectations, intentions, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Although we believe that these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions, or expectations. Generally, statements that do not relate to historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. The words "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "should," "will," "would," and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding:

- expectations with respect to our financial and business performance;
- expansion efforts and growth opportunities, including but not limited to recent and future acquisitions in the United States and in foreign markets;
- the impact of high inflation, increasing interest rates, business interruptions due to natural disasters and changes in the weather patterns, employee shortages, and supply chain issues;
- expectations with respect to interest costs and the effective tax rate;
- sufficiency of current cash and cash equivalents balances, future cash flows, and available borrowings under our Credit Facility to finance our current and future operations;
- our belief that the Company has adequate liquid assets, funding sources and insurance accruals to accommodate potential future insurance claims;
- our approach to capital allocation inclusive of our intent to pay cash dividends to common shareholders and to invest in acquisitions;
- our belief that no pending or threatened claim, proceeding, litigation, regulatory action or investigation, either alone or in the aggregate, including but not limited to the investigation by certain California governmental authorities regarding compliance with environmental regulations and claims filed under California's Private Attorneys General Act, will have a material adverse effect on our financial position, results of operations or liquidity;

- estimates, assumptions, and projections related to our application of critical accounting policies, described in more detail under “Critical Accounting Estimates.”

These forward-looking statements are based on information available as of the date of this report, and current expectations, forecasts, and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results to differ materially from those indicated or implied by forward-looking statements including, but not limited to, those set forth in the sections entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and may also be described from time to time in our future reports filed with the SEC.

Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required by law.

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 2023 Form 10-K. There were no material changes to our market risk exposure during the nine months ended September 30, 2024.

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, 2024 (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

There were no changes in the Company’s internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s 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 or claims filed under California's Private Attorneys General Act. 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.

Item 103 of SEC Regulation S-K requires disclosure of certain environmental legal proceedings if the proceeding reasonably involves potential monetary sanctions of $300,000 or more. The Company has received a notice of alleged violations and information requests from local governmental authorities in California for our Orkin and Clark Pest Control operations and is currently working with several local governments regarding compliance with environmental regulations governing the management of hazardous waste and pesticide disposal. The investigation appears to be part of a broader effort to investigate waste handling and disposal processes of a number of industries. While we are unable to predict the outcome of this investigation, we do not believe the outcome will have a material effect on our results of operations, financial condition, or cash flows.

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, 2023.

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

The following table presents the Company's share repurchase activity for the period from July 1, 2024 to September 30, 2024.

Period	Total number of shares purchased [(1)]	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced repurchases [(2)]	Maximum number of shares that may yet be purchased under the repurchase plan [(2)]
July 1 to 31, 2024	223	$ 48.32	—	11,415,625
August 1 to 31, 2024	—	$ —	—	11,415,625
September 1 to 30, 2024	—	$ —	—	11,415,625
Total	223		—	11,415,625

(1) Represents shares withheld by the Company in connection with tax withholding obligations of its employees upon vesting of such employees' equity awards.

(2) 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. As of September 30, 2024, the Company had a remaining authorization to repurchase 11.4 million shares of the Company's common stock under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

Securities Trading Plans of Directors and Executive Officers

None of the Company's directors or "officers" (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended)adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K) during the fiscal quarter ended September 30, 2024.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated By Reference			Filed Herewith
		Form	Date	Number	
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 July 23, 2024	10-Q	July 25, 2024	3.8	
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)	
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

** Furnished with this report

ROLLINS, INC. AND SUBSIDIARIES

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 24, 2024	By:	/s/ Kenneth D. Krause
		Kenneth D. Krause Principal Financial Officer
Date: October 24, 2024	By:	/s/ Traci Hornfeck
		Traci Hornfeck Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

I, Jerry E. Gahlhoff, Jr., 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 24, 2024

/s/ Jerry E. Gahlhoff, Jr.

Jerry E. Gahlhoff, Jr.
President 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 24, 2024

/s/ Kenneth D. Krause

Kenneth D. Krause

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, 2024, 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 24, 2024	By:	/s/ Jerry E. Gahlhoff, Jr.
		Jerry E. Gahlhoff, Jr.
		President and Chief Executive Officer (Principle Executive Officer)
Date: October 24, 2024	By:	/s/ Kenneth D. Krause
		Kenneth D. Krause
		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.