**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 June 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 484,313,840 shares of its $1 par value Common Stock outstanding as of July 15, 2024.

**ROLLINS, INC. AND SUBSIDIARIES**

**TABLE OF CONTENTS**

**PART 1 FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | **$ 106,697** | $ 103,825 |
| Trade receivables, net of allowance for expected credit losses of $16,100 and $15,797, respectively | **205,183** | 178,214 |
| Financed receivables, short-term, net of allowance for expected credit losses of $1,971 and $1,874, respectively | **39,959** | 37,025 |
| Materials and supplies | **37,925** | 33,383 |
| Other current assets | **84,528** | 54,192 |
| Total current assets | **474,292** | 406,639 |
| Equipment and property, net of accumulated depreciation of $372,839 and $360,421, respectively | **129,115** | 126,661 |
| Goodwill | **1,116,215** | 1,070,310 |
| Customer contracts, net | **386,211** | 386,152 |
| Trademarks & tradenames, net | **151,334** | 151,368 |
| Other intangible assets, net | **8,434** | 8,214 |
| Operating lease right-of-use assets | **371,018** | 323,390 |
| Financed receivables, long-term, net of allowance for expected credit losses of $4,436 and $3,728, respectively | **85,498** | 75,909 |
| Other assets | **44,385** | 46,817 |
| Total assets | **$ 2,766,502** | $ 2,595,460 |
| **LIABILITIES** | | |
| Accounts payable | **$ 54,075** | $ 49,200 |
| Accrued insurance - current | **49,246** | 46,807 |
| Accrued compensation and related liabilities | **107,606** | 114,355 |
| Unearned revenues | **196,690** | 172,380 |
| Operating lease liabilities - current | **105,905** | 92,203 |
| Other current liabilities | **96,428** | 101,744 |
| Total current liabilities | **609,950** | 576,689 |
| Accrued insurance, less current portion | **57,602** | 48,060 |
| Operating lease liabilities, less current portion | **267,639** | 233,369 |
| Long-term debt | **502,043** | 490,776 |
| Other long-term accrued liabilities | **93,210** | 90,999 |
| Total liabilities | **1,530,444** | 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 $1 per share; 800,000,000 shares authorized, 484,313,840 and 484,080,014 shares issued and outstanding, respectively | **484,314** | 484,080 |
| Additional paid in capital | **137,914** | 131,840 |
| Accumulated other comprehensive loss | **(31,196)** | (26,755) |
| Retained earnings | **645,026** | 566,402 |
| Total stockholders' equity | **1,236,058** | 1,155,567 |
| Total liabilities and stockholders' equity | **$ 2,766,502** | $ 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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023**
**(in thousands except per share data)**
**(unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| REVENUES | | | | |
| Customer services | **$ 891,920** | $ 820,750 | **$ 1,640,269** | $ 1,478,765 |
| COSTS AND EXPENSES | | | | |
| Cost of services provided (exclusive of depreciation and amortization below) | **410,285** | 384,191 | **775,843** | 711,033 |
| Sales, general and administrative | **271,547** | 255,331 | **494,604** | 451,762 |
| Depreciation and amortization | **27,711** | 26,439 | **55,021** | 48,941 |
| Total operating expenses | **709,543** | 665,961 | **1,325,468** | 1,211,736 |
| OPERATING INCOME | **182,377** | 154,789 | **314,801** | 267,029 |
| Interest expense, net | **7,775** | 4,785 | **15,500** | 5,250 |
| Other income, net | **(412)** | (1,019) | **(351)** | (5,733) |
| CONSOLIDATED INCOME BEFORE INCOME TAXES | **175,014** | 151,023 | **299,652** | 267,512 |
| PROVISION FOR INCOME TAXES | **45,617** | 40,880 | **75,861** | 69,135 |
| NET INCOME | **$ 129,397** | $ 110,143 | **$ 223,791** | $ 198,377 |
| NET INCOME PER SHARE - BASIC AND DILUTED | **$ 0.27** | $ 0.22 | **$ 0.46** | $ 0.40 |
| Weighted average shares outstanding – basic | **484,244** | 492,700 | **484,187** | 492,593 |
| Weighted average shares outstanding – diluted | **484,419** | 492,891 | **484,356** | 492,764 |
| DIVIDENDS PAID PER SHARE | **$ 0.15** | $ 0.13 | **$ 0.30** | $ 0.26 |

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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023**
**(in thousands)**
**(unaudited)**

| | Three Months Ending June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **NET INCOME** | **$ 129,397** | $ 110,143 | **$ 223,791** | $ 198,377 |
| Other comprehensive (loss) income, net of tax: | | | | |
| Foreign currency translation adjustments | **1,306** | 2,362 | **(4,468)** | 2,459 |
| Unrealized (loss) gain on available for sale securities | **(30)** | (110) | **27** | 52 |
| Other comprehensive (loss) income, net of tax | **1,276** | 2,252 | **(4,441)** | 2,511 |
| Comprehensive income | **$ 130,673** | $ 112,395 | **$ 219,350** | $ 200,888 |

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 JUNE 30, 2024 AND 2023**
**(in thousands)**
**(unaudited)**

| | Common Stock | | Paid-in-Capital | Accumulated Other Comprehensive Income / (Loss) | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance at March 31, 2024** | **484,230** | **$ 484,230** | **$ 127,531** | **$ (32,472)** | **$ 588,207** | **$ 1,167,496** |
| Net Income | — | — | — | — | 129,397 | 129,397 |
| Other comprehensive income / (loss), net of tax: | | | | | | |
| Foreign currency translation adjustments | — | — | — | 1,306 | — | 1,306 |
| Unrealized (losses) on available for sale securities | — | — | — | (30) | — | (30) |
| Cash dividends | — | — | — | — | (72,578) | (72,578) |
| Stock compensation | 97 | 97 | 10,589 | — | — | 10,686 |
| Shares withheld for payment of employee taxes | (13) | (13) | (206) | — | — | (219) |
| **Balance at June 30, 2024** | **484,314** | **$ 484,314** | **$ 137,914** | **$ (31,196)** | **$ 645,026** | **$ 1,236,058** |

| | Common Stock | | Paid-in-Capital | Accumulated Other Comprehensive Income / (Loss) | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance at March 31, 2023** | **492,787** | **$ 492,787** | **$ 115,018** | **$ (31,303)** | **$ 711,250** | **$ 1,287,752** |
| Net Income | — | — | — | — | 110,143 | 110,143 |
| Other comprehensive income / (loss), net of tax: | | | | | | |
| Foreign currency translation adjustments | — | — | — | 2,362 | — | 2,362 |
| Unrealized (losses) on available for sale securities | — | — | — | (110) | — | (110) |
| Cash dividends | — | — | — | — | (63,943) | (63,943) |
| Stock compensation | 42 | 42 | 6,342 | — | — | 6,384 |
| Shares withheld for payment of employee taxes | (8) | (8) | (355) | — | — | (363) |
| **Balance at June 30, 2023** | **492,821** | **$ 492,821** | **$ 121,005** | **$ (29,051)** | **$ 757,450** | **$ 1,342,225** |

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 SIX MONTHS ENDED JUNE 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 December 31, 2023** | **484,080** | **$ 484,080** | **$ 131,840** | **$ (26,755)** | **$ 566,402** | **$ 1,155,567** |
| Net income | — | — | — | — | 223,791 | 223,791 |
| Other comprehensive (loss) income, net of tax: | | | | | | |
| Foreign currency translation adjustments | — | — | — | (4,468) | — | (4,468) |
| Unrealized gains on available for sale securities | — | — | — | 27 | — | 27 |
| Cash dividends | — | — | — | — | (145,167) | (145,167) |
| Stock compensation | 511 | 511 | 17,356 | — | — | 17,867 |
| Shares withheld for payment of employee taxes | (277) | (277) | (11,282) | — | — | (11,559) |
| **Balance at June 30, 2024** | **484,314** | **$ 484,314** | **$ 137,914** | **$ (31,196)** | **$ 645,026** | **$ 1,236,058** |

| | Common Stock Shares | Common Stock Amount | Paid-in-Capital | Accumulated Other Comprehensive Income / (Loss) | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| **Balance at December 31, 2022** | **492,448** | **$ 492,448** | **$ 119,242** | **$ (31,562)** | **$ 687,069** | **$ 1,267,197** |
| Net income | — | — | — | — | 198,377 | 198,377 |
| Other comprehensive income, net of tax: | | | | | | |
| Foreign currency translation adjustments | — | — | — | 2,459 | — | 2,459 |
| Unrealized gains on available for sale securities | — | — | — | 52 | — | 52 |
| Cash dividends | — | — | — | — | (127,996) | (127,996) |
| Stock compensation | 643 | 643 | 11,688 | — | — | 12,331 |
| Shares withheld for payment of employee taxes | (270) | (270) | (9,925) | — | — | (10,195) |
| **Balance at June 30, 2023** | **492,821** | **$ 492,821** | **$ 121,005** | **$ (29,051)** | **$ 757,450** | **$ 1,342,225** |

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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023**
**(in thousands)**
**(unaudited)**

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | **$ 223,791** | $ 198,377 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | **55,021** | 48,941 |
| Stock-based compensation expense | **15,560** | 12,331 |
| Provision for expected credit losses | **15,137** | 9,946 |
| Gain on sale of assets, net | **(781)** | (5,734) |
| Provision for deferred income taxes | — | 144 |
| Changes in operating assets and liabilities: | | |
| Trade accounts receivable | **(39,904)** | (28,425) |
| Financing receivables | **(12,523)** | (13,000) |
| Materials and supplies | **(4,142)** | (2,233) |
| Other current assets | **(30,775)** | (28,513) |
| Accounts payable and accrued expenses | **15,289** | 34,055 |
| Unearned revenue | **24,304** | 18,047 |
| Other long-term assets and liabilities | **11,571** | 4,250 |
| Net cash provided by operating activities | **272,548** | 248,186 |
| **INVESTING ACTIVITIES** | | |
| Acquisitions, net of cash acquired | **(81,654)** | (327,892) |
| Capital expenditures | **(15,867)** | (14,411) |
| Proceeds from sale of assets | **2,313** | 10,186 |
| Other investing activities, net | **1,587** | 495 |
| Net cash used in investing activities | **(93,621)** | (331,622) |
| **FINANCING ACTIVITIES** | | |
| Payment of contingent consideration | **(30,289)** | (4,350) |
| Borrowings under revolving commitment | **271,000** | 585,000 |
| Repayments of term loan | — | (55,000) |
| Repayments of revolving commitment | **(260,000)** | (245,000) |
| Payment of dividends | **(145,167)** | (127,996) |
| Cash paid for common stock purchased | **(11,559)** | (11,808) |
| Other financing activities, net | **2,129** | (651) |
| Net cash (used in) provided by financing activities | **(173,886)** | 140,195 |
| Effect of exchange rate changes on cash | **(2,169)** | 2,642 |
| Net increase in cash and cash equivalents | **2,872** | 59,401 |
| Cash and cash equivalents at beginning of period | **103,825** | 95,346 |
| Cash and cash equivalents at end of period | **$ 106,697** | $ 154,747 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | **$ 17,558** | $ 4,197 |
| Cash paid for income taxes, net | **$ 93,272** | $ 84,583 |
| Non-cash additions to operating lease right-of-use assets | **$ 103,235** | $ 55,353 |

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 six months ended June 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 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. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the potential impact of adopting this new guidance on its disclosures.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which is intended to enhance the transparency and decision usefulness of income tax disclosures. This amendment modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold, (2) the amount of income taxes paid (net of refunds received) (disaggregated by federal, state, and foreign taxes) as well as individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid net of refunds, (3) the income or loss from continuing operations before income tax expense or benefit (disaggregated between domestic and foreign) and (4) income tax expense or benefit from continuing operations (disaggregated by federal, state and foreign). 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 26 acquisitions during the six months ended June 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):

| | | June 30, 2024 |
|---|---|---|
| Accounts receivable | $ | 2,965 |
| Materials and supplies | | 598 |
| Other current assets | | 543 |
| Equipment and property | | 4,450 |
| Goodwill | | 47,654 |
| Customer contracts | | 36,227 |
| Trademarks & tradenames | | 1,108 |
| Other intangible assets | | 1,307 |
| Current liabilities | | (783) |
| Unearned revenue | | (103) |
| Other assets and liabilities, net | | (1,771) |
| **Assets acquired and liabilities assumed** | **$** | **92,195** |

Included in the total consideration of $92.2 million are acquisition holdback liabilities of $10.5 million.

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 has been 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 are cash payments of $302.8 million made upon closing, contingent consideration valued at $28.0 million that is based on Fox's financial performance in the twelve months following acquisition, and holdback liabilities valued at $8.7 million to be 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 six months ended June 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 are based on strategic and synergistic benefits that are expected to be realized. The recognized goodwill is expected to be 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 June 30, 2023 | Six Months Ended June 30, 2023 |
|---|---|---|
| Revenues | $ 820,750 | $ 1,507,673 |
| Net income | 109,564 | 191,999 |

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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands) | **2024** | 2023 | **2024** | 2023 |
| United States | **$ 827,839** | $ 763,646 | **$ 1,521,699** | $ 1,372,654 |
| Other countries | **64,081** | 57,104 | **118,570** | 106,111 |
| Total Revenues | **$ 891,920** | $ 820,750 | **$ 1,640,269** | $ 1,478,765 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands) | **2024** | 2023 | **2024** | 2023 |
| Residential revenue | **$ 408,414** | $ 384,087 | **$ 737,752** | $ 666,844 |
| Commercial revenue | **287,770** | 261,900 | **545,884** | 493,607 |
| Termite completions, bait monitoring, & renewals | **186,024** | 166,398 | **338,084** | 302,529 |
| Franchise revenues | **4,445** | 4,304 | **8,406** | 8,093 |
| Other revenues | **5,267** | 4,061 | **10,143** | 7,692 |
| **Total Revenues** | **$ 891,920** | $ 820,750 | **$ 1,640,269** | $ 1,478,765 |

Revenues classified by significant product and service offerings for the three and six months ended June 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 months ended June 30, 2024 and 2023 was $63.4 million and $57.8 million, and $125.3 million and $113.3 million in the six months ended June 30, 2024 and 2023, respectively.Changes in unearned revenue were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands) | **2024** | 2023 | **2024** | 2023 |
| Beginning balance | **$ 222,967** | $ 198,154 | **$ 210,059** | $ 187,994 |
| Deferral of unearned revenue | **74,369** | 77,911 | **149,165** | 143,537 |
| Recognition of unearned revenue | **(63,437)** | (57,791) | **(125,325)** | (113,257) |
| Ending balance | **$ 233,899** | $ 218,274 | **$ 233,899** | $ 218,274 |

As of June 30, 2024 and December 31, 2023, the Company had long-term unearned revenue of $37.2 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 June 30, 2024, we have $27.9 million of unamortized capitalized costs to obtain a contract, of which $22.7 million is recorded within other current assets and $5.2 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 six months ended June 30, 2024, we recorded approximately $4.2 million and $8.0 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 six months ended June 30, 2023, we recorded $1.2 million of amortization of capitalized costs.

## 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 six months ended June 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** |

| (in thousands) | Allowance for Credit Losses: Trade Receivables | Allowance for Credit Losses: Financed Receivables | Allowance for Credit Losses: 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 |

## NOTE 6. GOODWILL AND INTANGIBLE ASSETS

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

| | |
|---|---|
| **Balance at December 31, 2023** | **$ 1,070,310** |
| Additions | 47,654 |
| Adjustments due to currency translation and other | (1,749) |
| **Balance at June 30, 2024** | **$ 1,116,215** |

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

| | June 30, 2024 | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|
| | **Gross** | **Accumulated Amortization** | **Carrying Value** | **Gross** | **Accumulated Amortization** | **Carrying Value** | **Useful Life in Years** |
| Amortizable intangible assets: | | | | | | | |
| Customer contracts | $ 660,242 | $ (274,031) | $ 386,211 | $ 625,920 | $ (239,768) | $ 386,152 | 3-20 |
| Trademarks and tradenames | 22,527 | (10,924) | 11,603 | 21,566 | (9,933) | 11,633 | 7-20 |
| Other intangible assets | 26,050 | (19,843) | 6,207 | 24,766 | (18,779) | 5,987 | 3-20 |
| Total amortizable intangible assets | $ 708,819 | $ (304,798) | $ 404,021 | $ 672,252 | $ (268,480) | 403,772 | |
| | | | | | | | |
| Indefinite-lived intangible assets | | | 141,958 | | | 141,962 | |
| Total customer contracts and other intangible assets | | | $ 545,979 | | | $ 545,734 | |

Amortization expense related to intangible assets was $19.3 million and $18.0 million for the three months ended June 30, 2024 and 2023, respectively. Amortization expense related to intangible assets was $38.0 million and $32.0 million for the six months ended June 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 June 30, 2024 are as follows:

| (in thousands) | | |
|---|---|---|
| 2024 (excluding the six months ended June 30, 2024) | $ | 42,771 |
| 2025 | | 74,333 |
| 2026 | | 70,233 |
| 2027 | | 66,367 |
| 2028 | | 64,356 |

**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 June 30, 2024 and December 31, 2023, we had investments in international bonds of $9.1 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 six months ended June 30, 2024 and 2023 was not significant.

As of June 30, 2024 and December 31, 2023, the Company had $22.6 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 June 30,** | | **Six Months Ended June 30,** | |
|---|---|---|---|---|
| (in thousands) | **2024** | 2023 | **2024** | 2023 |
| **Beginning balance** | **$ 51,858** | $ 10,533 | **$ 46,104** | $ 13,496 |
| New acquisitions and measurement adjustments | **3,785** | 38,731 | **10,449** | 40,031 |
| Payouts | **(33,012)** | (252) | **(34,486)** | (4,350) |
| Interest and fair value adjustments | **9** | 1,084 | **543** | 1,106 |
| Charge offset, forfeit and other | **(3)** | (788) | **27** | (975) |
| **Ending balance** | **$ 22,637** | $ 49,308 | **$ 22,637** | $ 49,308 |

**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 June 30, 2024, the Company had outstanding borrowings of $504.0 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 $2.0 million in unamortized debt issuance costs as of June 30, 2024. The aggregate effective interest rate on the debt outstanding as of June 30, 2024 was 6.4%. As of December 31, 2023, the Company had outstanding borrowings of $493.0 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 $2.2 million in unamortized debt issuance costs as of December 31, 2023. The aggregate effective interest rate on the debt outstanding as of December 31, 2023 was 6.5%.

The Company maintained $71.7 million in letters of credit as of June 30, 2024 and 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 ratio is calculated as of the last day of the fiscal quarter most recently ended. The Credit Agreement also contains provisions permitting a future environmental, social and governance amendment, subject to certain terms and conditions contained therein, by which pricing may be adjusted pursuant to the Company's performance measured against certain sustainability-linked metrics. The Company is in compliance with applicable debt covenants as of June 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. 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 June 30, 2024, the Company paid $72.6 million, or $0.15 per share, in cash dividends compared to $63.9 million, or $0.13 per share, during the same period in 2023. During the six months ended June 30, 2024, the Company paid $145.2 million, or $0.30 per share, in cash dividends compared to $128.0 million, or $0.26 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 $0.2 million and $0.4 million in connection with employee tax obligations during the three month periods ended June 30, 2024 and 2023, respectively. The Company withheld $11.6 million and $10.2 million in connection with employee tax obligations during the six month periods ended June 30, 2024 and 2023, respectively. The Company did not repurchase shares on the open market during the three and six months ended June 30, 2024 and June 30, 2023.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands) | **2024** | 2023 | **2024** | 2023 |
| Restricted shares and PSUs: | | | | |
| Compensation expense | **$ 8,197** | $ 6,192 | **$ 14,804** | $ 11,948 |

### Employee Stock Purchase Plan

As more fully discussed in Note 13 of the Company’s notes to the consolidated financial statements in its 2023 Annual Report on Form 10-K, shareholders approved the Rollins, Inc. 2022 Employee Stock Purchase Plan ("ESPP") which provides eligible employees with the option to purchase shares of Company common stock, at a discount, through payroll deductions during six-month offering periods. The Company recorded compensation expense associated with its ESPP of $0.2 million and $0.8 million during the three and six months ended June 30, 2024, respectively, and $0.2 million and $0.4 million during the three and six months ended June 30, 2023. Compensation expense for the ESPP is included in cost of services provided and sales, general and administrative expenses in our condensed consolidated statements of income.

## 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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Weighted-average outstanding common shares | **482,147** | 490,168 | **482,012** | 490,058 |
| Add participating securities: | | | | |
| Weighted-average time-lapse restricted awards | **2,097** | 2,532 | **2,175** | 2,535 |
| Total weighted-average shares outstanding – basic | **484,244** | 492,700 | **484,187** | 492,593 |
| Dilutive effect of restricted stock units and PSUs | **175** | 191 | **169** | 171 |
| Weighted-average shares outstanding – diluted | **484,419** | 492,891 | **484,356** | 492,764 |

## 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 $45.6 million and $40.9 million for the three months ended June 30, 2024 and 2023, and $75.9 million and $69.1 million for the six months ended June 30, 2024 and 2023, respectively.

The Company's effective tax rate decreased to 26.1% in the second quarter of 2024 compared with 27.1% rate in the second quarter of 2023. During the six months ended June 30, 2024, the Company's effective tax rate decreased to 25.3% compared to 25.8% in 2023. The reduced rate was due to a decrease in foreign tax expense in 2024.

## NOTE 13. SUBSEQUENT EVENTS

*Quarterly Dividend*

On July 23, 2024, the Company's Board of Directors declared a regular quarterly cash dividend on its common stock of $0.15 per share payable on September 10, 2024 to stockholders of record at the close of business on August 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 June 30, 2024:

- Second quarter revenues were $891.9 million, an increase of 8.7% over the second quarter of 2023 with organic revenues* increasing 7.7%.
- Quarterly operating income was $182.4 million, an increase of 17.8% over the second quarter of 2023. Quarterly operating margin was 20.4%, an increase of 150 basis points over the second quarter of 2023. Adjusted operating income* was $186.6 million, an increase of 16.6% over the prior year. Adjusted operating income margin* was 20.9%, an increase of 140 basis points over the prior year. Adjusted EBITDA* was $210.1 million, an increase of 15.3% over the prior year.
- Adjusted EBITDA margin* was 23.6%, an increase of 140 basis points over the second quarter of 2023.
- Quarterly net income was $129.4 million, an increase of 17.5% over the prior year. Adjusted net income* was $132.2 million, an increase of 16.7% over the prior year.
- Quarterly EPS was $0.27 per diluted share, a 22.7% increase over the prior year EPS of $0.22. Adjusted EPS* was $0.27 per diluted share, an increase of 17.4% over the prior year.
- Operating cash flow was $145.1 million for the quarter. The Company invested $34.5 million in acquisitions, $8.7 million in capital expenditures, and paid dividends totaling $72.6 million.

Demand remains favorable to start the third 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 second half of 2024.

We remain focused on driving 7% to 8% organic growth while adding 2% to 3% of inorganic 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 high inflation, increases in 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 increasing 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 June 30, 2024 compared to quarter ended June 30, 2023**

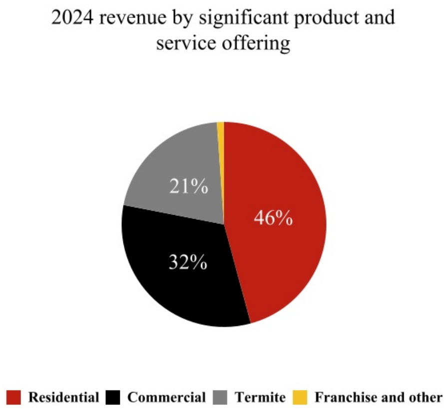
| | Three Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| (in thousands, except per share data) | **2024** | 2023 | $ | % |
| **GAAP Metrics** | | | | |
| Revenues | **$ 891,920** | $ 820,750 | $ 71,170 | 8.7 % |
| Gross profit [1] | **$ 481,635** | $ 436,559 | $ 45,076 | 10.3 % |
| Gross profit margin [1] | **54.0 %** | 53.2 % | | 80 bps |
| Operating income | **$ 182,377** | $ 154,789 | $ 27,588 | 17.8 % |
| Operating income margin | **20.4 %** | 18.9 % | | 150 bps |
| Net income | **$ 129,397** | $ 110,143 | $ 19,254 | 17.5 % |
| EPS | **$ 0.27** | $ 0.22 | $ 0.05 | 22.7 % |
| Operating cash flow | **$ 145,115** | $ 147,413 | (2,298) | (1.6)% |
| | | | | |
| **Non-GAAP Metrics** | | | | |
| Adjusted operating income [2] | **$ 186,596** | $ 160,050 | $ 26,546 | 16.6 % |
| Adjusted operating margin [2] | **20.9 %** | 19.5 % | | 140 bps |
| Adjusted net income [2] | **$ 132,229** | $ 113,299 | $ 18,930 | 16.7 % |
| Adjusted EPS [2] | **$ 0.27** | $ 0.23 | $ 0.04 | 17.4 % |
| Adjusted EBITDA [2] | **$ 210,088** | $ 182,275 | $ 27,813 | 15.3 % |
| Adjusted EBITDA margin [2] | **23.6 %** | 22.2 % | | 140 bps |
| Free cash flow [2] | **$ 136,419** | $ 140,638 | $ (4,219) | (3.0)% |

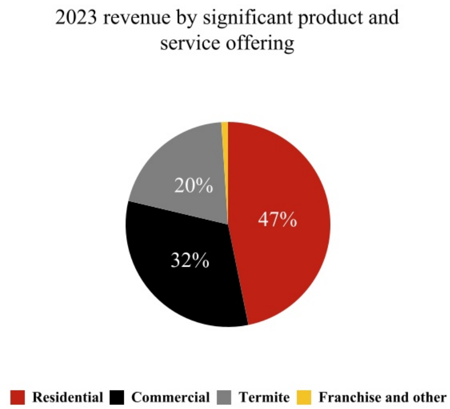
[1] Exclusive of depreciation and amortization

[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 and revenues by geography:




Revenues for the quarter ended June 30, 2024 were $891.9 million, an increase of $71.2 million, or 8.7%, from 2023 revenues of $820.8 million. 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 1.7% in the quarter. Divestitures reduced sales by 0.7%. Residential pest control revenue increased 6.3%, commercial pest control revenue increased 9.9% and termite and ancillary services grew 11.8% including both organic and acquisition-related growth in each area. Organic revenue* growth was strong across our service offerings, growing 5.4% in residential, 8.6% in commercial, and 11.1% in termite and ancillary activity.

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

| | 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 | — | 840,427 | 729,704 |
| Fourth Quarter | — | 754,086 | 661,390 |
| Year to date | **$ 1,640,269** | $ 3,073,278 | $ 2,695,823 |

***Gross Profit (exclusive of Depreciation and Amortization)***

Gross profit for the quarter ended June 30, 2024 was $481.6 million, an increase of $45.1 million, or 10.3%, compared to $436.6 million for the quarter ended June 30, 2023. Gross margin improved 80 basis points to 54.0% in 2024 compared to 53.2% 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 insurance and claims and fleet costs.

***Sales, General and Administrative***

For the quarter ended June 30, 2024, sales, general and administrative ("SG&A") expenses increased $16.2 million, or 6.4%, compared to the quarter ended June 30, 2023.

As a percentage of revenue, SG&A decreased to 30.4% from 31.1% in the prior year, as we continue to manage our cost structure while investing in growth initiatives. We saw leverage associated with lower insurance and claims costs, administrative personnel costs, and selling costs, partially offset by other administrative 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.

***Depreciation and Amortization***

For the quarter ended June 30, 2024, depreciation and amortization increased $1.3 million, or 4.8%, compared to the quarter ended June 30, 2023. The increase was due to higher amortization of intangible assets from acquisitions.

***Operating Income***

For the quarter ended June 30, 2024, operating income increased $27.6 million, or 17.8%, compared to the prior year.

As a percentage of revenue, operating income was 20.4%, an increase of 150 basis points over the second quarter of 2023. Operating margin improved due to revenue growth and the changes noted in gross profit and SG&A above.

***Interest Expense, Net***

During the quarter ended June 30, 2024, interest expense, net increased $3.0 million compared to the prior year, primarily due to the higher average debt balance, as well as the increase in weighted average interest rates in the first quarter of 2024 compared to the first quarter of 2023. The increase was driven by the debt associated with the share repurchase completed in the third quarter of 2023 and acquisition activity. We expect interest costs to continue to be elevated in the second half of 2024.

***Other Income, Net***

During the quarter ended June 30, 2024, other income decreased $0.6 million primarily due to lower gains on non-operational asset sales.

***Income Taxes***

The Company’s effective tax rate decreased to 26.1% in the second quarter of 2024 from 27.1% in the second quarter of 2023. The reduced rate was due to a decrease in foreign tax expense in 2024. We expect the effective tax rate to approximate 26% for the year.

**Six months ended June 30, 2024 compared to six months ended June 30, 2023**

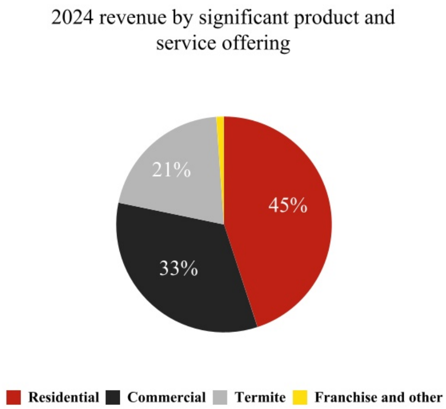
| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | | | Variance | |
| (in thousands, except per share data) | **2024** | 2023 | $ | % |
| **GAAP Metrics** | | | | |
| Revenues | **$ 1,640,269** | $ 1,478,765 | $ 161,504 | 10.9 % |
| Gross profit [(1)] | **$ 864,426** | $ 767,732 | $ 96,694 | 12.6 % |
| Gross profit margin [(1)] | **52.7 %** | 51.9 % | | 80 bps |
| Operating income | **$ 314,801** | $ 267,029 | $ 47,772 | 17.9 % |
| Operating income margin | **19.2 %** | 18.1 % | | 110 bps |
| Net income | **$ 223,791** | $ 198,377 | $ 25,414 | 12.8 % |
| EPS | **$ 0.46** | $ 0.40 | $ 0.06 | 15.0 % |
| Operating cash flow | **$ 272,548** | $ 248,186 | $ 24,362 | 9.8 % |
| | | | | |
| **Non-GAAP Metrics** | | | | |
| Adjusted operating income [(2)] | **$ 324,285** | $ 272,290 | $ 51,995 | 19.1 % |
| Adjusted operating margin [(2)] | **19.8 %** | 18.4 % | | 140 bps |
| Adjusted net income [(2)] | **$ 230,586** | $ 198,026 | $ 32,560 | 16.4 % |
| Adjusted EPS [(2)] | **$ 0.48** | $ 0.40 | $ 0.08 | 20.0 % |
| Adjusted EBITDA [(2)] | **$ 370,871** | $ 317,017 | $ 53,854 | 17.0 % |
| Adjusted EBITDA margin [(2)] | **22.6 %** | 21.4 % | | 120 bps |
| Free cash flow [(2)] | **$ 256,681** | $ 233,775 | $ 22,906 | 9.8 % |

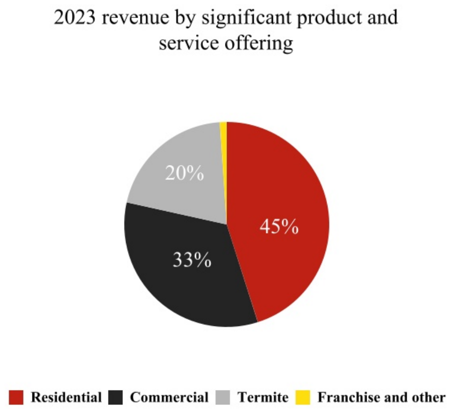
(1) Exclusive of depreciation and amortization

(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 and revenues by geography:




Revenues for the six months ended June 30, 2024 were $1.6 billion, an increase of $161.5 million, or 10.9%, from 2023 revenues of $1.5 billion. The increase in revenues was driven by demand from our customers across all major service offerings. Organic revenue* growth was 7.6% with acquisitions adding 4.1% in the six months ended June 30, 2024. Divestitures reduced sales by 0.8%. Residential pest control revenue increased 10.6%, commercial pest control revenue increased 10.6% and termite and ancillary services grew 11.8%, including both organic and acquisition-related growth in each area. Organic revenue* growth was strong across our service offerings, growing 4.9% in residential, 9.3% in commercial, and 10.3% in termite and ancillary activity.

***Gross Profit (exclusive of Depreciation and Amortization)***

Gross profit for the six months ended June 30, 2024 was $864.4 million, an increase of $96.7 million, or 12.6%, compared to $767.7 million for the six months ended June 30, 2023. Gross margin improved 80 basis points to 52.7% in 2024 compared to 51.9% in 2023, as pricing more than offset inflationary pressures. We saw leverage across several areas that comprise cost of services provided, including people costs, materials and supplies, fleet, and insurance and claims.

***Sales, General and Administrative***

For the six months ended June 30, 2024, SG&A expenses increased $42.8 million, or 9.5%, compared to the six months ended June 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 decreased to 30.2% from 30.5% in the prior year, as we continue to manage our cost structure while investing in growth initiatives. We saw leverage associated with lower administrative personnel costs and lower insurance and claims costs. Selling costs were relatively neutral as a percent of revenue.

***Depreciation and Amortization***

For the six months ended June 30, 2024, depreciation and amortization increased $6.1 million, or 12.4%, compared to the six months ended June 30, 2023. The increase was primarily due to higher amortization of intangible assets from acquisitions, most notably from the recent acquisition of FPC Holdings, LLC ("Fox Pest Control", or "Fox").

***Operating Income***

For the six months ended June 30, 2024, operating income increased $47.8 million, or 17.9%, compared to the six months ended June 30, 2023.

As a percentage of revenue, operating income increased to 19.2% from 18.1% 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 six months ended June 30, 2024, interest expense, net increased $10.3 million, compared to the six months ended June 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 six months ended June 30, 2024, other income decreased $5.4 million compared to the six months ended June 30, 2023, due to lower gains on non-operational asset sales.

***Income Taxes***

During the six months ended June 30, 2024, the Company’s effective tax rate decreased to 25.3% compared to 25.8% in 2023 due to a decrease in foreign tax expense in 2024.

**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 and adjustments to the fair value of contingent consideration resulting from the acquisition of Fox. Adjusted net income and adjusted EPS are calculated by adding back to the GAAP measure amortization of certain intangible assets and adjustments to the fair value of contingent consideration resulting from the acquisition of Fox 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 and excluding gains and losses on the sale of non-operational assets. Incremental margin is calculated as the change in EBITDA divided by the change in revenue. Adjusted incremental 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).

| | Three Months Ended June 30, | | Variance | | Six Months Ended June 30, | | Variance | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | $ | % | **2024** | 2023 | $ | % |
| **Reconciliation of Revenues to Organic Revenues** | | | | | | | | |
| Revenues | **$ 891,920** | $ 820,750 | 71,170 | 8.7 | **$ 1,640,269** | $ 1,478,765 | 161,504 | 10.9 |
| Revenues from acquisitions | **(14,153)** | — | (14,153) | 1.7 | **(60,140)** | — | (60,140) | 4.1 |
| Revenues of divestitures | **—** | (5,924) | 5,924 | (0.7) | **—** | (10,677) | 10,677 | (0.8) |
| Organic revenues | **$ 877,767** | $ 814,826 | 62,941 | 7.7 | **$ 1,580,129** | $ 1,468,088 | 112,041 | 7.6 |
| **Reconciliation of Operating Income to Adjusted Operating Income and Adjusted Operating Income Margin** | | | | | | | | |
| Operating income | **$ 182,377** | $ 154,789 | | | **$ 314,801** | $ 267,029 | | |
| Fox acquisition-related expenses (1) | **4,219** | **5,261** | | | **9,484** | 5,261 | | |
| Adjusted operating income | **$ 186,596** | $ 160,050 | 26,546 | 16.6 | **$ 324,285** | $ 272,290 | 51,995 | 19.1 |
| Revenues | **$ 891,920** | $ 820,750 | | | **$ 1,640,269** | $ 1,478,765 | | |
| Operating income margin | **20.4 %** | 18.9 % | | | **19.2 %** | 18.1 % | | |
| Adjusted operating margin | **20.9 %** | 19.5 % | | | **19.8 %** | 18.4 % | | |
| **Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS (5)** | | | | | | | | |
| Net income | **$ 129,397** | $ 110,143 | | | **$ 223,791** | $ 198,377 | | |
| Fox acquisition-related expenses (1) | **4,219** | 5,261 | | | **9,484** | 5,261 | | |
| Gain on sale of assets, net (2) | **(412)** | (1,019) | | | **(351)** | (5,733) | | |
| Tax impact of adjustments (3) | **(975)** | **(1,086)** | | | **(2,338)** | 121 | | |
| Adjusted net income | **$ 132,229** | $ 113,299 | 18,930 | 16.7 | **$ 230,586** | $ 198,026 | 32,560 | 16.4 |
| EPS - basic and diluted | **$ 0.27** | $ 0.22 | | | **$ 0.46** | $ 0.40 | | |
| Fox acquisition-related expenses (1) | **0.01** | 0.01 | | | **0.02** | 0.01 | | |
| Gain on sale of assets, net (2) | **—** | — | | | **—** | (0.01) | | |
| Tax impact of adjustments (3) | **—** | — | | | **—** | — | | |
| Adjusted EPS - basic and diluted (4) | **$ 0.27** | $ 0.23 | 0.04 | 17.4 | **$ 0.48** | $ 0.40 | 0.08 | 20.0 |
| Weighted average shares outstanding – basic | **484,244** | 492,700 | | | **484,187** | 492,593 | | |
| Weighted average shares outstanding – diluted | **484,419** | 492,891 | | | **484,356** | 492,764 | | |
| **Reconciliation of Net Income to EBITDA, Adjusted EBITDA, EBITDA Margin, Incremental EBITDA Margin, Adjusted EBITDA Margin, and Adjusted Incremental EBITDA Margin (5)** | | | | | | | | |
| Net income | **$ 129,397** | $ 110,143 | | | **$ 223,791** | $ 198,377 | | |
| Depreciation and amortization | **27,711** | 26,439 | | | **55,021** | 48,941 | | |
| Interest expense, net | **7,775** | 4,785 | | | **15,500** | 5,250 | | |
| Provision for income taxes | **45,617** | 40,880 | | | **75,861** | 69,135 | | |
| EBITDA | **$ 210,500** | $ 182,247 | 28,253 | 15.5 | **$ 370,173** | $ 321,703 | 48,470 | 15.1 |
| Fox acquisition-related expenses (1) | **—** | 1,047 | | | **1,049** | 1,047 | | |
| Gain on sale of assets, net (2) | **(412)** | (1,019) | | | **(351)** | (5,733) | | |
| Adjusted EBITDA | **$ 210,088** | $ 182,275 | 27,813 | 15.3 | **$ 370,871** | $ 317,017 | 53,854 | 17.0 |
| Revenues | **$ 891,920** | $ 820,750 | | | **$ 1,640,269** | $ 1,478,765 | | |
| EBITDA margin | **23.6 %** | 22.2 % | | | **22.6 %** | 21.8 % | | |
| Incremental EBITDA margin | | | 39.7 % | | | | 30.0 % | |
| Adjusted EBITDA margin | **23.6 %** | 22.2 % | | | **22.6 %** | 21.4 % | | |
| Adjusted incremental EBITDA margin | | | 39.1 % | | | | 33.3 % | |
| **Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow and Free Cash Flow Conversion** | | | | | | | | |
| Net cash provided by operating activities | **$ 145,115** | $ 147,413 | | | **$ 272,548** | $ 248,186 | | |
| Capital expenditures | **(8,696)** | (6,775) | | | **(15,867)** | (14,411) | | |
| Free cash flow | **$ 136,419** | $ 140,638 | (4,219) | (3.0) | **$ 256,681** | $ 233,775 | 22,906 | 9.8 |
| Free cash flow conversion | **105.4 %** | 127.7 % | | | **114.7 %** | 117.8 % | | |

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

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

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

(5) 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 June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Variance | | | | Variance | |
| | **2024** | 2023 (6) | $ | % | **2024** | 2023 (6) | $ | % |
| **Reconciliation of Revenues to Organic Revenues** | | | | | | | | |
| Revenues | **$ 891,920** | $ 820,750 | 71,170 | 8.7 | **$ 1,640,269** | $ 1,478,765 | 161,504 | 10.9 |
| Revenues from acquisitions | **(14,153)** | — | (14,153) | 1.7 | **(60,140)** | — | (60,140) | 4.1 |
| Revenues of divestitures | — | (5,924) | 5,924 | (0.7) | — | (10,677) | 10,677 | (0.8) |
| Organic revenues | **$ 877,767** | $ 814,826 | 62,941 | 7.7 | **$ 1,580,129** | $ 1,468,088 | 112,041 | 7.6 |
| **Reconciliation of Residential Revenues to Organic Residential Revenues** | | | | | | | | |
| Residential revenues | **$ 408,414** | $ 384,087 | 24,327 | 6.3 | **$ 737,752** | $ 666,844 | 70,908 | 10.6 |
| Residential revenues from acquisitions | **(6,977)** | — | (6,977) | 1.8 | **(44,686)** | — | (44,686) | 6.7 |
| Residential revenues of divestitures | — | (3,373) | 3,373 | (0.9) | — | (6,405) | 6,405 | (1.0) |
| Residential organic revenues | **$ 401,437** | $ 380,714 | 20,723 | 5.4 | **$ 693,066** | $ 660,439 | 32,627 | 4.9 |
| **Reconciliation of Commercial Revenues to Organic Commercial Revenues** | | | | | | | | |
| Commercial revenues | **$ 287,770** | $ 261,900 | 25,870 | 9.9 | **$ 545,884** | $ 493,607 | 52,277 | 10.6 |
| Commercial revenues from acquisitions | **(6,066)** | — | (6,066) | 2.3 | **(11,022)** | — | (11,022) | 2.2 |
| Commercial revenues of divestitures | — | (2,551) | 2,551 | (1.0) | — | (4,272) | 4,272 | (0.9) |
| Commercial organic revenues | **$ 281,704** | $ 259,349 | 22,355 | 8.6 | **$ 534,862** | $ 489,335 | 45,527 | 9.3 |
| **Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues** | | | | | | | | |
| Termite and ancillary revenues | **$ 186,024** | $ 166,398 | 19,626 | 11.8 | **$ 338,084** | $ 302,529 | 35,555 | 11.8 |
| Termite and ancillary revenues from acquisitions | **(1,110)** | — | (1,110) | 0.7 | **(4,432)** | — | (4,432) | 1.5 |
| Termite and ancillary organic revenues | **$ 184,914** | $ 166,398 | 18,516 | 11.1 | **$ 333,652** | $ 302,529 | 31,123 | 10.3 |

**ROLLINS, INC. AND SUBSIDIARIES**

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Variance | | | | Variance | |
| | **2023 (6)** | 2022 | $ | % | **2023 (6)** | 2022 | $ | % |
| **Reconciliation of Revenues to Organic Revenues** | | | | | | | | |
| Revenues | **$ 820,750** | $ 714,049 | 106,701 | 14.9 | **$ 1,478,765** | $ 1,304,729 | 174,036 | 13.3 |
| Revenues from acquisitions | **(51,147)** | — | (51,147) | 7.2 | **(64,302)** | — | (64,302) | 4.9 |
| Organic revenues | **$ 769,603** | $ 714,049 | 55,554 | 7.7 | **$ 1,414,463** | $ 1,304,729 | 109,734 | 8.4 |
| **Reconciliation of Residential Revenues to Organic Residential Revenues** | | | | | | | | |
| Residential revenues | **$ 384,087** | $ 323,695 | 60,392 | 18.7 | **$ 666,844** | $ 581,164 | 85,680 | 14.7 |
| Residential revenues from acquisitions | **(42,089)** | — | (42,089) | 13.0 | **(48,092)** | — | (48,092) | 8.3 |
| Residential organic revenues | **$ 341,998** | $ 323,695 | 18,303 | 5.7 | **$ 618,752** | $ 581,164 | 37,588 | 6.5 |
| **Reconciliation of Commercial Revenues to Organic Commercial Revenues** | | | | | | | | |
| Commercial revenues | **$ 261,900** | $ 236,539 | 25,361 | 10.7 | **$ 493,607** | $ 443,514 | 50,093 | 11.3 |
| Commercial revenues from acquisitions | **(3,038)** | — | (3,038) | 1.3 | **(7,232)** | — | (7,232) | 1.6 |
| Commercial organic revenues | **$ 258,862** | $ 236,539 | 22,323 | 9.4 | **$ 486,375** | $ 443,514 | 42,861 | 9.7 |
| **Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues** | | | | | | | | |
| Termite and ancillary revenues | **$ 166,398** | $ 146,361 | 20,037 | 13.7 | **$ 302,529** | $ 265,730 | 36,799 | 13.8 |
| Termite and ancillary revenues from acquisitions | **(6,020)** | — | (6,020) | 4.1 | **(8,978)** | — | (8,978) | 3.4 |
| Termite and ancillary organic revenues | **$ 160,378** | $ 146,361 | 14,017 | 9.6 | **$ 293,551** | $ 265,730 | 27,821 | 10.4 |

(6) Revenues classified by significant product and service offerings for the three and six months ended June 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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Reconciliation of SG&A to Adjusted SG&A** | | | | |
| SG&A | **$ 271,547** | $ 255,331 | **$ 494,604** | $ 451,762 |
| Fox acquisition-related expenses | **—** | 1,047 | **1,049** | 1,047 |
| Adjusted SG&A | **$ 271,547** | $ 254,284 | **$ 493,555** | $ 450,715 |
| Revenues | **$ 891,920** | $ 820,750 | **$ 1,640,269** | $ 1,478,765 |
| Adjusted SG&A as a % of revenues | **30.4 %** | 31.0 % | **30.1 %** | 30.5 % |

| | **Period Ended June 30, 2024** | **Period Ended December 31, 2023** |
|---|---|---|
| **Reconciliation of Long-term Debt to Net Debt and Net Leverage Ratio** | | |
| Long-term debt (7) | **$ 504,000** | $ 493,000 |
| Less: cash | **106,697** | 103,825 |
| Net debt | **$ 397,303** | $ 389,175 |
| Trailing twelve-month EBITDA | **$ 725,281** | $ 705,064 |
| Net leverage ratio | **0.5x** | 0.6x |

(7) As of June 30, 2024, the Company had outstanding borrowings of $504.0 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 $2.0 million in unamortized debt issuance costs as of June 30, 2024.

## LIQUIDITY AND CAPITAL RESOURCES

***Cash and Cash Flow***

The Company’s $106.7 million of total cash at June 30, 2024 is held at various banking institutions. As of June 30, 2024, approximately $55.9 million is held in cash accounts at international bank institutions and the remaining $50.8 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 June 30, 2024, the Company had outstanding borrowings of $504.0 million under the Credit Facility. The aggregate effective interest rate on the debt outstanding as of June 30, 2024 was 6.4%. 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 $71.7 million in letters of credit as of June 30, 2024 and 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 six month periods presented:

| | Six Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| (in thousands) | **2024** | 2023 | **$** | % |
| Net cash provided by operating activities | **$ 272,548** | $ 248,186 | 24,362 | 9.8 |
| Net cash used in investing activities | **(93,621)** | (331,622) | 238,001 | 71.8 |
| Net cash (used in) provided by financing activities | **(173,886)** | 140,195 | (314,081) | N/M |
| Effect of exchange rate on cash | **(2,169)** | 2,642 | (4,811) | N/M |
| Net increase in cash and cash equivalents | **$ 2,872** | $ 59,401 | (56,529) | 95.2 |

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 $272.5 million and $248.2 million for the six months ended June 30, 2024 and 2023, respectively. The $24.4 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 $93.6 million and $331.6 million for the six months ended June 30, 2024 and 2023, respectively. Cash paid for acquisitions totaled $81.7 million for the six months ended June 30, 2024, as compared to $327.9 million for the six months ended June 30, 2023. The Company invested $15.9 million in capital expenditures during the year, offset by $2.3 million in cash proceeds from the sale of assets, compared with $14.4 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 $173.9 million was used in financing activities during the six months ended June 30, 2024, compared with $140.2 million of cash provided by financing activities during the six months ended June 30, 2023. A total of $145.2 million was paid in cash dividends ($0.30 per share) during the six months ended June 30, 2024, compared to $128.0 million in cash dividends paid ($0.26 per share) during the six months ended June 30, 2023. The Company made net borrowings under its credit agreements of $11.0 million during the six months ended June 30, 2024 compared to net borrowings of $285.0 million during 2023. During the six months ended June 30, 2024, the Company paid $30.3 million of contingent consideration, primarily related to the Fox acquisition, compared to $4.4 million during the six months ended June 30, 2023. The Company withheld $11.6 million and $11.8 million of common stock for the six months ended June 30, 2024 and 2023, respectively, in connection with tax withholding obligations of its employees upon vesting of such employees’ equity awards.

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 June 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. 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, 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 six months ended June 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 June 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 June 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. 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 April 1, 2024 to June 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) |
|---|---|---|---|---|
| April 1 to 30, 2024 | 3,883 | $ 45.62 | — | 11,415,625 |
| May 1 to 31, 2024 | 727 | $ 45.82 | — | 11,415,625 |
| June 1 to 30, 2024 | — | $ — | — | 11,415,625 |
| Total | 4,610 | | — | 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 June 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*

During the three months ended June 30, 2024, the following executive officer entered into, modified or terminated, contracts, instructions or written plans for the sale of the Company's securities, which is intended to satisfy the affirmative defense conditions of Rule 10b5-1 of the Exchange Act, referred to as Rule 10b5-1 trading plans.

| Name and Title | Date of Adoption of the Rule 10b5-1 Trading Plan | Scheduled Expiration Date of the Rule 10b5-1 Trading Plan | Total Amount of Securities to Be Sold | Transactions Pursuant to 10b5-1 Trading Plan | Early Termination of the Rule 10b5-1 Trading Plan |
|---|---|---|---|---|---|
| Elizabeth B. Chandler Vice President, General Counsel and Corporate Secretary | May 1, 2024 | May 1, 2025 | 14,056 shares of Company common stock | Sales to occur on or after August 1, 2024, if certain limit prices are met | If all 14,056 shares of Company common stock are sold prior to the scheduled expiration date, the trading plan will terminate on such earlier date |

In addition to the material terms noted in the table, pursuant to this trading plan, in accordance with Rule 10b5-1 of the Exchange Act, there is a mandatory waiting period or "cooling-off period" before the transactions contemplated by such trading plan can begin consisting of the later of (i) ninety days after the adoption date of the applicable trading plan or (ii) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which such plan was adopted. In addition, each trading plan disclosed in this Item 5 includes certain representations made by the applicable officer as to (a) the possession of material, non-public information about the Company; (b) the fact that officer is adopting the plan in good faith and will continue to act in good faith with respect to all transactions contemplated by the plan; and (c) the existence of other trading arrangements pursuant to Rule 10b5-1 currently in effect or scheduled to take effect.

### Amended and Restated By-Laws

On July 23, 2024, the Board of Directors (the "Board") of the Company, upon the recommendation of the Nominating and Corporate Governance Committee of the Board, approved the Amended and Restated By-Laws of Rollins, Inc. (the "By-Laws"), in order to, among other things:

- declassify the Board and phase in one-year terms for all directors by 2027;
- state that a director (other than a director serving in a class of directors) may be removed, with or without cause, by the holders of a majority of the shares;
- update the advance notice provisions to, among other things, add certain disclosure requirements and conform requirements between the advance notice provisions for stockholder business and stockholder director nominations;
- select the federal district courts as the exclusive forum for an action under the Securities Act of 1933; and
- include certain other conforming, technical, and non-material changes.

The preceding is qualified in its entirety by reference to the By-Laws, which are filed herewith as Exhibit 3.8 and are incorporated herein by reference.

Table of Contents



## 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 | | | | X |
| 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

## 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: July 25, 2024 | By: | /s/ Kenneth D. Krause |
| | | Kenneth D. Krause<br>Principal Financial Officer |
| Date: July 25, 2024 | By: | /s/ Traci Hornfeck |
| | | Traci Hornfeck<br>Chief Accounting Officer<br>(Principal Accounting Officer) |

AMENDED AND RESTATED BY-LAWS
OF
ROLLINS, INC.

July 23, 2024

## OFFICES

FIRST: The principal office of the corporation shall be located at 2170 Piedmont Road, N.E. in the City of Atlanta, Georgia, and the registered agent shall be Corporation Service Company or such other agent as the corporation shall designate.

## CORPORATE SEAL

SECOND: The corporate seal shall have inscribed thereon the name of the corporation, the year of its incorporation and the words "Incorporated Delaware."

## MEETINGS OF STOCKHOLDERS

THIRD: The annual meeting of stockholders for the election of directors shall be held on such date and at such place and time as may be designated from time to time by resolution of the board of directors and included in the notice of such meeting, each year, at which meeting they shall elect by ballot, by plurality vote, a board of directors and may transact such other business as may come before the meeting.

Special meetings of the stockholders may be called at any time by the chairman and shall be called by the chairman or secretary on the request in writing or by vote of a majority of the directors or at the request in writing of stockholders of record owning a majority in amount of the capital stock outstanding and entitled to vote. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of the meeting.

All such meetings of the stockholders shall be held at such place or places within or without the State of Delaware, including by remote communication such as a "virtual only" meeting or "hybrid" meeting, as may from time to time be fixed by the board of directors or as shall be specified and fixed by the respective notices or waivers of notice thereof.

Each stockholder entitled to vote shall, at every meeting of the stockholders, be entitled to one vote in person or by proxy, signed by him or her, for each share of voting stock held by him or her, but no proxy shall be voted on after the meeting of stockholders for which such proxy was solicited and which has been adjourned sine die. Such right to vote shall be subject to the right of the board of directors to close the transfer books or to fix a record date for voting stockholders as hereinafter provided and if the directors shall not have exercised such right, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the corporation within twenty days next preceding such election.

Notice of all meetings shall be given by the secretary to each stockholder of record entitled to vote not less than ten calendar days nor more than sixty calendar days before any annual or

special meeting either personally, by mail or by other lawful means. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at such person's address as it appears on the stock transfer books of the corporation.

The holders of a majority of the stock outstanding and entitled to vote shall constitute a quorum, but the holders of a smaller amount may adjourn from time to time without further notice until a quorum is secured.

## DIRECTORS

FOURTH: The property and business of this corporation shall be managed by or under the direction of the board of directors. The board of directors shall consist of between six and twelve directors, with the exact number of directors to be fixed from time to time by the board of directors pursuant to a resolution adopted by a majority of the board of directors then in office. Prior to the date of the 2027 annual meeting of stockholders, the directors, other than those elected by the holders of any series of preferred stock, shall be divided into three classes of approximately equal size except that the classes may be unequal as a result of the death, resignation, removal or other vacancy of a member of a class unless a class were to have no members remaining, in which case such class vacancy will be filled as soon as practicable. Any director elected prior to the date of the 2025 annual meeting of stockholders will serve for a three-year term expiring on the date of the third annual meeting of stockholders of the corporation following the annual meeting of stockholders at which that director was elected. Each director elected at the 2025 annual meeting of stockholders will be elected for a one-year term expiring at the 2026 annual meeting of stockholders. Each director elected at the 2026 annual meeting of stockholders will be elected for a one-year term expiring at the 2027 annual meeting of stockholders. At the 2027 annual meeting of stockholders and at each annual meeting of stockholders thereafter, the board of directors shall cease to be classified and all directors will be elected for a one-year term expiring at the next annual meeting of stockholders. Each director shall hold office for the term for which he or she is elected or appointed and until his or her successor shall be elected and qualified, or until his or her death or until he or she shall resign.

Newly created directorships resulting from any increase in the authorized number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause may be filled by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the vacant or newly created directorship and until such director's successor is elected and qualified. No decrease in the authorized number of directors will shorten the term of any incumbent director.

Any director or the entire board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except in the case of any director serving in a class of directors for a term expiring at the third annual meeting of stockholders following the election of such class, such director may be removed from office only for cause.

## POWERS OF DIRECTORS

FIFTH: The board of directors shall have, in addition to such powers as are hereinafter expressly conferred on it, all such powers as may be exercised by the corporation, subject to the provisions of the statute, the certificate of incorporation and the by-laws.

The board of directors shall have power:

To purchase or otherwise acquire property, rights or privileges for the corporation, which the corporation has power to take, at such prices and on such terms as the board of directors may deem proper.

To pay for such property, rights or privileges in whole or in part with money, stock, bonds, debentures or other securities of the corporation, or by the delivery of other property to the corporation.

To create, make and issue mortgages, bonds, deeds of trust, trust agreements and negotiable or transferable instruments and securities, secured by mortgages or otherwise, and to do every other act and thing necessary to effectuate the same.

To appoint agents, clerks, assistants, factors, employees and trustees, and to dismiss them at its discretion, to fix their duties and emoluments and to change them from time to time and to require security as it may deem proper. Any employee appointed by the board may be given such designation or title as the board shall determine; however, any such designation or title given any such employee shall not be deemed to constitute such employee a corporate officer under ARTICLE EIGHTH of these by-laws.

To confer on any officer of the corporation the power of selecting, discharging or suspending such employees.

To determine by whom and in what manner the corporation's bills, notes, receipts, acceptances, endorsements, checks, releases, contracts or other documents shall be signed.

## MEETINGS OF DIRECTORS

SIXTH: After such annual election of directors, the directors may meet for the purpose of organization, the election of officers and the transaction of other business, at such place and time as the directors may determine, and, if a majority of the directors be present at such place and time, no prior notice of such meeting shall be required to be given to the directors. The place and time of such meeting may also be fixed by written consent of the directors.

Regular meetings of the directors shall be held at such place or places, if any, on such date or dates, and at such time or times as shall have been established by the board of directors and publicized among all directors. A notice of each regular meeting shall not be required.

Special meetings of the directors may be called by the chairman or vice chairman or upon the request of any two directors. Two business days' notice of any special meeting of directors shall be given in writing if such notice is delivered by mail or one business days' notice if such

notice is given orally or delivered by facsimile transmission or other form of electronic transmission reasonable under the circumstance or hand delivery.

Special meetings of the directors may be held within or without the State of Delaware at such places as is indicated in the notice or waiver of notice thereof.

A majority of the directors shall constitute a quorum, but a smaller number may adjourn from time to time, without further notice, until a quorum is secured.

The board may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more directors of the corporation. Any such committee to the extent provided in the directors' resolution or in these by-laws, shall have and may exercise all the powers and authority of the board in managing the affairs and business of the Corporation and may authorize affixation of the corporate seal to all papers that require it, to the fullest extent permitted by law and as may be allowed in the future pursuant to amendments and revisions of applicable law; provided, however, that a committee may not have the power and authority to declare a dividend or to authorize the issuance of stock.

## COMPENSATION OF DIRECTORS AND MEMBERS OF COMMITTEES

SEVENTH: Directors and members of standing committees shall receive such compensation for attendance at each regular or special meeting as the board shall from time to time prescribe.

## OFFICERS OF THE CORPORATION

EIGHTH: The officers of the corporation shall be a chairman, a vice chairman, a president, a secretary, a treasurer and such other officers as may from time to time be chosen by the board of directors. The chairman and vice chairman shall be chosen from among the directors.

One person may hold more than one office.

The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer chosen or appointed by the board of directors may be removed either with or without cause at any time by the affirmative vote of a majority of the whole board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy may be filled by the affirmative vote of a majority of the whole board of directors or the board could eliminate the position, combine its duties with another position or fill it on an interim basis.

## DUTIES OF THE CHAIRMAN

NINTH: It shall be the duty of the chairman to preside at all meetings of stockholders and directors; to have general and active management of the business of the corporation; and to see that all orders and resolutions of the board of directors are carried into effect. The chairman shall be vested with all the powers and be required to perform all the duties of the vice chairman in his or her absence or disability.

## DUTIES OF THE VICE CHAIRMAN

TENTH: The vice chairman shall have such powers and perform such duties as may from time to time be assigned to him or her by the Chairman of the Board or the Board or as may be prescribed in these By-laws. It shall be the duty of the vice chairman to execute, unless otherwise delegated, all contracts, agreements, deeds, bonds, mortgages and other obligations and instruments, in the name of the corporation, and to affix the corporate seal thereto when authorized by the Board.

The vice chairman shall be vested with all the powers and be required to perform all the duties of the chairman in his or her absence or disability.

In the absence or disability of the Chairman and the Vice Chairman, the board may appoint from their own number a chairman.

## DUTIES OF THE PRESIDENT

ELEVENTH: The president shall have the general supervision and direction of the other officers of the corporation and shall see that their duties are properly performed, or as designated by the Chairman or Vice Chairman.

## SECRETARY

TWELFTH: The secretary shall attend all meetings of the board of directors, and all other meetings as directed by the board of directors. The secretary shall act as clerk thereof and shall record all of the proceedings of such meetings in a book kept for that purpose. The secretary shall give proper notice of meetings of stockholders and directors and shall perform such other duties as shall be assigned by the chairman or vice chairman of the board of directors.

## TREASURER

THIRTEENTH: The treasurer shall have custody of the funds and securities of the corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

The treasurer shall keep an account of stock registered and transferred in such manner and subject to such regulations as the board of directors may prescribe.

The treasurer shall give the corporation a bond, if required by the board of directors, in such sum and in form and with security satisfactory to the board of directors for the faithful performance of the duties of the office and the restoration to the corporation, in case of the treasurer's death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession, belonging to the corporation. The treasurer shall perform such other duties as the board of directors may from time to time prescribe or require.

DUTIES OF OFFICERS MAY BE DELEGATED

FOURTEENTH: In case of the absence or disability of any officer of the corporation or for any other reason deemed sufficient by a majority of the board, the board of directors may delegate such officer's powers or duties to any other officer or to any director for the time being.

CERTIFICATES OF STOCK; UNCERTIFICATED SHARES

FIFTEENTH: Shares of stock in the corporation may be represented by certificates or may be issued in uncertificated form in accordance with the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL"). The issuance of shares in uncertificated form shall not affect shares already represented by a certificate until the certificate is surrendered to the corporation. Each holder of stock in the corporation represented by a certificate shall be entitled to a certificate which shall be signed by either the chairman or the vice chairman and any of the treasurer, assistant treasurer, secretary or assistant secretary. If a certificate of stock be lost or destroyed, another may be issued in its stead upon proof of such loss or destruction and the giving of a satisfactory bond of indemnity, in an amount sufficient to indemnify the corporation against any claim. A new certificate may be issued without requiring bond when, in the judgment of the directors, it is proper to do so. Certificates may be signed by facsimile signature if so ordered by the board of directors.

TRANSFER OF STOCK

SIXTEENTH: Transfers of stock shall be made only upon the transfer books of the corporation kept at an office of the corporation or by a transfer agent designated to transfer shares of stock of the corporation. The certificate for the number of shares involved which are represented by a certificate shall be surrendered for cancellation before a new certificate is issued therefore.

The corporation shall have authority to appoint transfer agents and registrars by resolution of the board of directors.

CLOSING OF TRANSFER BOOKS

SEVENTEENTH: The board of directors shall have power to close the stock transfer books of the corporation for a period not exceeding sixty days preceding the date of any meeting of stockholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding sixty days in connection with obtaining the consent of stockholders for any purpose; provided, however, that in lieu of closing the stock transfer books as aforesaid, the by-laws may fix or authorize the board of directors to fix in advance a date not exceeding sixty days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

## STOCKHOLDERS OF RECORD

EIGHTEENTH: The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

## FISCAL YEAR

NINETEENTH: The fiscal year of the corporation shall begin on the first day of January in each year.

## DIVIDENDS

TWENTIETH: Dividends upon the capital stock may be declared by the board of directors at any regular or special meeting and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the directors may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may alter or abolish any such reserve or reserves.

## CHECKS FOR MONEY

TWENTY-FIRST: All checks, drafts or orders for the payment of money shall be signed by the treasurer or by such other officer or officers as the board of directors may from time to time designate. No check shall be signed in blank. The board of directors also from time to time may authorize specified employees to sign checks on the corporation's accounts.

## BOOKS AND RECORDS

TWENTY-SECOND: The books, accounts and records of the corporation except as otherwise required by the laws of the State of Delaware, may be kept within or without the State of Delaware, at such place or places as may from time to time be designated by the by-laws or by resolution of the Directors.

## WAIVER OF NOTICES

TWENTY-THIRD: Any stockholder or director may waive, in writing, any notice, required to be given under these by-laws whether before or after the time stated therein.

## INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

TWENTY-FOURTH: The corporation shall indemnify and hold harmless, in the manner and to the fullest extent now or hereafter permitted by the DGCL, any person (or the estate of any person) who was or is a party to, or is involved in or threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the corporation and whether civil, criminal, administrative, investigative or otherwise, by reason of the fact that such person is or was a director, officer or general counsel of the corporation, or is or was serving at the request of the corporation as a director, officer or general counsel of another

corporation, partnership, limited liability company, joint venture, trust or other enterprise, including service with respect to employee benefit plans. The indemnification provided herein shall be made if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, has no reasonable cause to believe his or her conduct was unlawful; provided, however, that, except as provided in the following paragraph, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the board of directors. To the full extent permitted by law, the indemnification provided herein shall include all expense, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person. The corporation shall pay the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition upon the receipt by the corporation of a statement or statements from the claimant requesting such advance and an undertaking by or on behalf of such claimant that the claimant will repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this ARTICLE TWENTY- FOURTH or otherwise. The indemnification and advancement of expenses provided herein (a) shall not be deemed to limit the right of the corporation to indemnify any other employee or agent and advance any such expenses to the full extent provided by the law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification and advancement of expenses from the corporation may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, (b) is intended to be retroactive and shall be available with respect to events occurring prior to adoption of this ARTICLE TWENTY- FOURTH, and (c) shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. The corporation may, to the full extent permitted by law, purchase and maintain insurance on behalf of any such person against any liability which may be asserted against such person.

If a claim under this of this ARTICLE TWENTY-FOURTH is not paid in full within 30 calendar days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid the reasonable expense of prosecuting the claim. It shall be a defense to any such action to enforce a right to indemnification (but not to an action to enforce a right to an advancement of expenses) that the claimant has not met the standard of conduct which makes it permissible under the DGCL to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation.

No repeal or modification of this ARTICLE TWENTY-FOURTH shall in any way diminish or adversely affect the rights of any person in respect of any occurrence or matter arising prior to any such repeal or modification. If any provision of this ARTICLE TWENTY-FOURTH shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions of this ARTICLE TWENTY-FOURTH shall not in any way be affected or impaired thereby.

The corporation shall not be liable to indemnify any indemnitee under this ARTICLE TWENTY-FOURTH for any amounts paid in settlement of any proceeding (or part

ARTICLE TWENTY-FOURTH for any amounts paid in settlement of any proceeding (or part thereof) effected without the corporation's written consent, which consent shall not be unreasonably withheld, or for any judicial award if the corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such proceeding. The board of directors may establish reasonable procedures for the submission of claims for indemnification pursuant to this ARTICLE TWENTY-FOURTH, determination of the entitlement of any person thereto, and review of any such determination.

NON-DISCRIMATION STATEMENT

TWENTY-FIFTH: Consistent with the corporation's equal employment opportunity policy, nominations for the elections of directors shall be made by the board of directors and voted upon by the stockholders in a manner consistent with these by-laws and without regard to the nominee's race, color, ethnicity, religion, sex, age, national origin, veteran status, or disability.

NOTICE OF NOMINATION OF DIRECTORS

TWENTY-SIXTH: Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation. Nominations of persons for election to the board of directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the board of directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this ARTICLE TWENTY-SIXTH and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the requirements and notice procedures set forth in this ARTICLE TWENTY-SIXTH. Shareholders will not be entitled to nominate any candidate for director at any annual or special meeting unless the shareholder shall have first provided notice in writing, delivered or mailed (by certified, registered or overnight mail and postage prepaid), to the secretary of the corporation at the corporation's principal executive offices so that it is received (a) not less than ninety, nor more than one hundred thirty days prior to the anniversary of the prior year's annual meeting of stockholders with respect to an annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of the close of business 90 days prior to such annual meeting or the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs (and in no event shall the public announcement of an adjournment of the meeting commence a new time period for a giving of a stockholder's notice under this ARTICLE).

Each such notice shall set forth,

(a) with respect to each stockholder nominee:

(i) the name, age, business address and, if known, residence address of each nominee proposed in such notice,

(ii) the principal occupation or employment of each such nominee for the past five years,

(iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record, directly or indirectly, by the person,

(iv) as an appendix, a completed and signed questionnaire, representation and agreement required by this ARTICLE TWENTY-SIXTH,

(v) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and

(vi) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder;

(b) as to the stockholder giving the notice and any Stockholder Associated Person (as defined below):

(i) the name and address of such stockholder, as it appears on the corporation's books, and of any such Stockholder Associated Person,

(ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such stockholder and any such Stockholder Associated Person, directly or indirectly, and the date such shares were acquired,

(iii) a description of all agreements, arrangements or understandings, direct or indirect, between or among such stockholder, any such Stockholder Associated Person, each proposed nominee or any other person or persons (including their names) acting in concert with any of the foregoing, pursuant to which the nomination(s) are to be made by such stockholder,

(iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder or any Stockholder Associated Person, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or Stockholder Associated Person, with respect to the securities of the corporation (collectively, a "Derivative Instrument"),

(v) a description of any rights to dividends on the stock of the corporation held of record or owned beneficially by the stockholder or any Stockholder Associated Person that are separated or separable from the underlying stock of the corporation,

(vi) a description of any proportionate interest in stock of the corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which the stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner,

(vii) a description of any profit-sharing or any performance-related fees (other than an asset-based fee) that any stockholder giving notice or any Stockholder Associated Person is entitled to, based on any increase or decrease in the value of the stock of the corporation or Derivative Instruments thereof, if any, including without limitation any such interests held by members of such person's immediate family sharing the same household,

(viii) a description of any short interest in any security of the corporation of such stockholder or Stockholder Associated Person (for purposes of this provision a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(ix) a description in reasonable detail of any proxy (including revocable proxies), contract, arrangement, understanding or other relationship pursuant to which the stockholder or any Stockholder Associated Person has a right to vote any shares of stock of the corporation,

(x) a representation that such stockholder is entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person named in its notice, and

(xi) any other information relating to such stockholder or nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(c) a description of (i) all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and (ii) any other material relationships, between or among the stockholder giving the notice, any Stockholder Associated Person or their respective associates, or others (including nominees of the stockholder delivering notice) acting in concert therewith, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder giving notice, Stockholder Associated Person or any person acting in concert therewith were the "registrant" for purposes of such rule and the nominee of the stockholder giving notice were a director or executive of such registrant;

(d) whether such stockholder or Stockholder Associated Person intends (i) to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees, (ii) to otherwise solicit proxies from stockholders in support of such nominee or nominees and (iii) to comply with all applicable requirements of the Exchange Act with respect to the matters set forth herein; and

(e) a representation that the stockholder giving notice and each director nominee shall provide all other information and affirmations, updates and supplements required pursuant to, and otherwise comply with, these by-laws by the applicable deadlines.

"Stockholder Associated Person" of any stockholder shall mean, with respect to any nominating stockholder or stockholder providing notice of Business (as defined below), as appliable, (i) any other beneficial owner of stock of the corporation that are owned by such person and (b) any person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such person or such beneficial owner. For purposes of this definition, the terms "controls," "controlled by" and "under common control with" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

The stockholder submitting a notice required in accordance with this ARTICLE TWENTY-SIXTH shall (a) provide any other information reasonably requested from time to time by the corporation within five business days after each such request, (b) update and supplement promptly (and in any event no later than two business days prior to the commencement of the applicable meeting of stockholders) any information provided to the corporation in the notice required by this ARTICLE TWENTY-SIXTH, or at the corporation's request pursuant to the foregoing clause (a), if any such information ceases for any reason to be accurate or complete in any material respect and (c) affirm such information as accurate and complete as of two business days prior to the commencement of the applicable meeting of stockholders. Any such affirmation, update and/or supplement must be delivered or mailed (by certified, registered or overnight mail and postage prepaid) and received by the secretary of the corporation at the corporation's principal executive offices by the applicable deadline.

The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a shareholder failed to provide notice of a nomination in accordance with the foregoing procedure, and if he or she should so determine, he or she may so declare to the meeting and the defective nomination shall be disregarded.

To be eligible to be a nominee for election as a director of the corporation, a person must deliver in accordance with the time periods prescribed for delivery of notice under this ARTICLE TWENTY-SIXTH to the secretary of the corporation a written questionnaire (in the form provided by the secretary upon written request), which includes:

(a) information, representations and agreements with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made;

(b) a written representation and agreement that such proposed nominee:

(i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law,

(ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein,

(iii) in such person's individual capacity and on behalf of any such person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply, with all publicly disclosed corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the corporation that are applicable to directors, and

(iv) currently intends to serve as a director for the full term for which he or she is standing for election;

(c) such person's written consent to being named as a nominee for election as director; and

(d) an agreement to provide supplemental information promptly (and in any event within five business days) if any of the information provided to the corporation in the questionnaire ceases to be accurate or complete in any material respect.

Notwithstanding the provisions of the by-laws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these by-laws; provided, however that any references in these by-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these by-laws with respect to nominations to be considered pursuant to ARTICLE TWENTY-SIXTH of these by-laws.

## STOCKHOLDER PROPOSALS FOR BUSINESS TO BE TRANSACTED AT MEETING

TWENTY-SEVENTH: At any special meeting of the stockholders, such Business (as defined below) shall be conducted as shall have been brought before the meeting by or at the direction of the board of directors. No business may be transacted at an annual meeting of stockholders, other than Business that is either (a) specified in the notice of meeting (or any supplement thereto), given by or at the direction of the board of directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the board of directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of record of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this ARTICLE TWENTY-SEVENTH and on the record date for the determination of stockholders entitled to vote at such annual meeting, (ii) is entitled to vote at the meeting and (iii) who complies with the notice procedures set forth in this ARTICLE TWENTY-SEVENTH. With respect to this

ARTICLE TWENTY-SEVENTH, "Business" shall mean all matters other than nominations of candidates for and the election of directors. Stockholder nomination of directors for election is governed solely by ARTICLE TWENTY- SIXTH of these by-laws.

In addition to any other applicable requirements (including, without limitation, SEC rules and regulations with respect to matters set forth in this ARTICLE TWENTY-SEVENTH), for Business to be properly brought before an annual meeting by a stockholder, (i) such stockholder must have given timely notice thereof in proper written form to the secretary of the corporation, (ii) such Business must be a proper matter for stockholder action under the DGCL, (iii) if the stockholder, or any Stockholder Associated Person, has provided the corporation with a Solicitation Notice (as defined herein), such stockholder or Stockholder Associated Person must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, and must have included in such materials the Solicitation Notice and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this ARTICLE TWENTY-SEVENTH, the stockholder or beneficial owner proposing such Business must not have solicited a number of proxies sufficient to have required the delivery of the Solicitation Notice under this section.

To be timely, a stockholder's notice to the secretary must be delivered to or mailed (by certified, registered or overnight mail and postage prepaid) and received by the secretary of the corporation at the principal executive offices of the corporation not less than 90 days nor more than 130 days prior to the date of the anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or is delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of the close of business 90 days prior to such annual meeting or the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public announcement of the date of the annual meeting was first made by the corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for a giving of a stockholder's notice under this ARTICLE TWENTY-SEVENTH.

To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter of Business such stockholder proposes to bring before the annual meeting:

(a) a brief description of the Business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the by-laws, the language of the proposed amendment) and the reasons for conducting such Business at the annual meeting;

(b) as to the stockholder giving such notice and any Stockholder Associated person:

(i) the name and address of such stockholder, as it appears on the corporation's books, and of any such Stockholder Associated Person,

(ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such stockholder and any such Stockholder Associated Person, directly or indirectly, and the date such shares were acquired,

(iii) a description of all agreements, arrangements, or understandings, direct or indirect, with respect to such Business between or among the stockholder giving notice, any such Stockholder Associated Person or any other person or person (including their names) acting in concert with any of the foregoing, and any material interest of such stockholder or Stockholder Associated Person in such Business,

(iv) a description of any Derivative Instrument directly or indirectly owned beneficially by such stockholder or Stockholder Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation owned by any of them,

(v) a description of any rights to dividends on the stock of the corporation held of record or owned beneficially by such stockholder or Stockholder Associated Person that are separated or separable from the underlying shares of the corporation,

(vi) a description of any proportionate interest in stock of the corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner,

(vii) a description of any profit-sharing or any performance-related fees (other than an asset-based fee) that any stockholder giving notice or any Stockholder Associated Person is entitled to, based on any increase or decrease in the value of the stock of the corporation or Derivative Instruments thereof, if any, including without limitation any such interests held by members of such person's immediate family sharing the same household,

(viii) a description of any short interest in any security of the corporation of such stockholder, beneficial owner or Stockholder Associated Person (for purposes of this provision a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(ix) a description in reasonable detail of any proxy (including revocable proxies), contract, arrangement, understanding or other relationship pursuant to which the stockholder or any Stockholder Associated Person has a right to vote any shares of stock of the corporation,

(x) a representation that such stockholder giving notice is entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such Business; and

(xi) all other information that would be required to be filed with the SEC if the stockholder giving notice or Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(c) the names and addresses of other stockholders and beneficial owners known by the stockholder or beneficial owner proposing such Business to support the proposal, and the class and number of shares of the corporation's capital stock known to be beneficially owned by such other stockholders and beneficial owners;

(d) whether such stockholder or Stockholder Associated Person intends:

(i) to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the Corporation's voting shares required to approve or adopt such Business (an affirmative statement of such intent, a "Solicitation Notice"),

(ii) to otherwise solicit proxies from stockholders in support of such Business and

(iii) to comply with all applicable requirements of the Exchange Act with respect to the matters set forth herein; and

(e) a representation that the stockholder giving notice shall provide all other information and affirmations, updates and supplements required pursuant to, and otherwise comply with, these by-laws by the applicable deadlines.

The stockholder submitting a notice required in accordance with this ARTICLE TWENTY-SEVENTH shall (a) provide any other information reasonably requested from time to time by the corporation within five business days after each such request, (b) update and supplement promptly (and in any event no later than two business days prior to the commencement of the applicable meeting of stockholders) any information provided to the Solicitation Notice, or at the corporation's request pursuant to the foregoing clause (a), if any such information ceases for any reason to be accurate or complete in any material respect and (c) affirm such information as accurate and complete as of two business days prior to the commencement of the applicable meeting of stockholders. Any such affirmation, update and/or supplement must be delivered or mailed (by certified, registered or overnight mail and postage prepaid) and received by the secretary of the corporation at the principal executive offices of the corporation by the applicable date.

No business shall be conducted at the annual meeting of stockholders except Business brought before the annual meeting in accordance with the procedures set forth in this ARTICLE TWENTY-SEVENTH, provided, however, that, once Business has been properly brought before the annual meeting in accordance with such procedures, nothing in this ARTICLE TWENTY- SEVENTH shall be deemed to preclude discussion by any stockholder of any such Business. If the chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman of the meeting may declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Notwithstanding the foregoing provisions of ARTICLE TWENTY-SEVENTH, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these by-laws; provided, however, that any references in these by-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements of these by-laws applicable to nominations or proposals as to any other business to be considered pursuant to these by-laws, regardless of the stockholder's intent to utilize Rule 14a-8 under the Exchange Act or other federal laws or rules. Nothing in these by-laws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock if and to the extent required by law, the certificate of incorporation or these by-laws.

## FORUM SELECTION

TWENTY-EIGHTH: Unless the corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine (the actions or proceedings described in clauses (i) through (iv) of this ARTICLE TWENTY-EIGHTH, collectively, an "Intracorporate Proceeding") shall be the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, another state court located within the State of Delaware or, if no state court located within the jurisdiction has jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of the capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this ARTICLE TWENTY-EIGHTH. Unless the corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended from time to time.

## AMENDMENTS OF BY-LAWS

TWENTY NINTH: These by-laws may be amended, altered, repealed, or added to at any regular meeting of the stockholders or board of directors or at any special meeting called for that purpose, by affirmative vote of a majority of the stock issued and outstanding and entitled to vote or of a majority of the directors in office, as the case may be.

**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: July 25, 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: July 25, 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 June 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: July 25, 2024 | By: | /s/ Jerry E. Gahlhoff, Jr. |
| | | Jerry E. Gahlhoff, Jr.<br>President and Chief Executive Officer<br>(Principle Executive Officer) |
| Date: July 25, 2024 | By: | /s/ Kenneth D. Krause |
| | | Kenneth D. Krause<br>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.