



Fourth Quarter and Full Year 2023 Earnings Webcast Presentation

Rollins, Inc.

February 15, 2024

Safe Harbor

Statements made in this earnings presentation may contain forward-looking statements that involve risks and uncertainties concerning the Company's business and financial results. We have based these forward-looking statements largely on our current opinions, expectations, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Such forward looking statements include, but are not limited to, express and implied statements regarding the Company's belief that it will be able to successfully focus on delivering continued growth and improving profitability in 2024, that healthy market growth and solid execution will drive strong organic growth in 2024, with good performance across all major service areas, the Company will be able to successfully focus on delivering strong growth and incremental margins in 2024, complemented by a strategic and disciplined approach to M&A, the Company remains well positioned to continue to drive growth through acquisitions, the Company will be able to successfully focus on driving growth while evaluating several initiatives aimed at improving productivity, the Company is well positioned to continue to deliver strong results, that the Company will be able to successfully focus on executing additional programs that it believes will improve the efficiency of its business model, that the Company will continue to see good leverage across the income statement in 2024, that the Company's continued focus on implementing continuous improvement initiatives will improve the efficiency of its business, the Company will be able to continue to focus on pricing, as well as ongoing execution of its modernization program in 2024, the Company will be able to successfully evaluate a number of initiatives that will improve performance, the Company's strong cash position will enable a balanced capital allocation strategy focused on investing in growth opportunities in its core market in 2024, the Company's current staffing levels will be able to respond to favorable demand trends and to accelerate modernization efforts, and the Company's belief that it has a healthy pipeline of acquisitions with attractive multiples, and the Fox acquisition is leading to robust growth in M&A.

Our actual results could differ materially from those indicated by the forward-looking statements because of various risks, timing and uncertainties including, without limitation, the failure to maintain and enhance our brands and develop a positive client reputation; our ability to protect our intellectual property and other proprietary rights that are material to our business and our brand recognition; actions taken by our franchisees, subcontractors or vendors that may harm our business; general economic conditions; the effects of a pandemic or other major public health concern on the Company's business, results of operations, accounting assumptions and estimates and financial condition; adverse economic conditions, including, without limitation, market downturns, inflation and restrictions in customer discretionary expenditures, increases in interest rates or other disruptions in credit or financial markets, increases in fuel prices, raw material costs or other operating costs; potential increases in labor costs; labor shortages and/or our inability to attract and retain skilled workers; competitive factors and pricing practices; changes in industry practices or technologies; the degree of success of our termite process reforms and pest control selling and treatment methods; our ability to identify, complete and successfully integrate potential acquisitions; unsuccessful expansion into international markets; climate change and unfavorable weather conditions; a breach of data security resulting in the unauthorized access of personal, financial, proprietary, confidential or other personal data or information about our customers, employees, third parties, or of our proprietary confidential information; damage to our brands or reputation; new or proposed regulations regarding climate change; any noncompliance with, changes to, or increased enforcement of various government laws and regulations, including environmental regulations; possibility of an adverse ruling against us in pending litigation, regulatory action or investigation; the adequacy of our insurance coverage to cover all significant risk exposures; the effectiveness of our risk management and safety program; general market risk; management's substantial ownership interest and its impact on public stockholders and the availability of the Company's common stock to the investing public; and the existence of certain anti-takeover provisions in our governance documents, which could make a tender offer, change in control or takeover attempt that is opposed by the Company's Board of Directors more difficult or expensive. These and other risks and uncertainties that may impact our business as well as these forward-looking statements include, but are not limited to, those described in Item 1A "Risk Factors" or Part I and elsewhere in our Annual Report on Form 10-K for our fiscal years ended December 31, 2023 and December 31, 2022 and may also be described from time to time in our other reports filed with the SEC. You should not rely on our forward-looking statements. All of the foregoing risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. The Company does not undertake to update its forward-looking statements.



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 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, adjusted sales, general and administrative expenses ("Adjusted SG&A"), and adjusted other income, net in this earnings presentation. Organic revenue is calculated as revenue less the revenue from acquisitions completed within the prior 12 months and excluding the revenue from divested businesses. Adjusted net income and adjusted EPS 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 Pest Control and restructuring costs related to restructuring and workforce reduction plans, and gains on the sale of businesses and by further subtracting the tax impact of those expenses. EBITDA is calculated by adding back to net income interest, taxes, depreciation and amortization and EBITDA margin is calculated as EBITDA divided by revenue. Adjusted EBITDA and adjusted EBITDA margin are calculated by adding back to EBITDA those expenses resulting from the adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control and restructuring costs related to restructuring and workforce reduction plans, and gains on the sale of businesses. Incremental EBITDA margin is calculated as the change in EBITDA divided by the change in revenue. Adjusted incremental EBITDA margin is calculated as the change in adjusted EBITDA divided by the change in revenue. Free cash flow is calculated by subtracting capital expenditures from cash provided by operating activities. Free cash flow conversion is calculated as free cash flow divided by net income. Net debt is calculated as total long-term debt less cash and cash equivalents. Net leverage ratio is calculated by dividing net debt by trailing twelve-month EBITDA. Adjusted SG&A is calculated by removing the adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control. Adjusted other income, net is calculated by removing gains on the sale of businesses. 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 net income, adjusted EPS, adjusted SG&A, adjusted other income, net, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, incremental EBITDA margin, and adjusted incremental EBITDA margin 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. 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.

See the appendix for a reconciliation of non-GAAP financial measures used in this presentation with their most comparable GAAP measures.



Full Year 2023 Results

Revenue
of **\$3.1B** up ▲ **14%**

Adjusted
EPS¹ of **\$0.90** up ▲ **20%**

Free
Cash
Flow¹ **\$496M** up ▲ **14%**

Other 2023 Highlights

- Double-digit growth across all major service lines.
- Organic growth of over **8%**, acquisitions drove remaining growth.
- Executed balanced capital allocation program, deploying nearly **\$1 BILLION** of capital.
- Welcomed **24** new businesses to Rollins portfolio through acquisitions, including Fox Pest control, one of the largest in Company history. Fox exceeded financial targets for the year.
- Improved driver safety score by **~30%+** from the beginning of the year.

Delivered Record Revenue and Earnings in 2023



Q4 2023 Results

Revenue
of **\$754M** up ▲ **14%**

Adjusted
EPS¹ of **\$0.21** up ▲ **24%**

Free
Cash
Flow¹ **\$142M** up ▲ **22%**

Other Q4 Highlights

- Double-digit growth across all major service lines
- Organic growth of over **7%**, acquisitions drove remaining growth
- Divested non-core lawn care asset, recorded **\$15 million** gain on sale
- Free cash flow conversion of ~**130%**


Strong Finish to the Year; Double-Digit Revenue Drives 20%+ Earnings Growth




Balanced 2024 Outlook

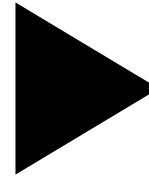
WHAT WE ARE SEEING

 **Organic Growth**
Healthy market growth and solid execution driving strong organic growth with good performance across all major service areas

 **Inorganic Growth**
Robust M&A pipeline; attractive multiples in potential targets


 **Healthy Margin Performance**
Good leverage across the income statement


 **Staffing Remains Strong**
Entering 2024 with solid staffing levels to respond to favorable demand trends



WHAT WE EXPECT

 **Continued Growth**
Focused on delivering solid growth and healthy incremental margins in 2024, further complemented by a strategic and disciplined approach to M&A

 **Margin Expansion Opportunities**
Continued focus on pricing, as well as ongoing execution of modernization program in 2024

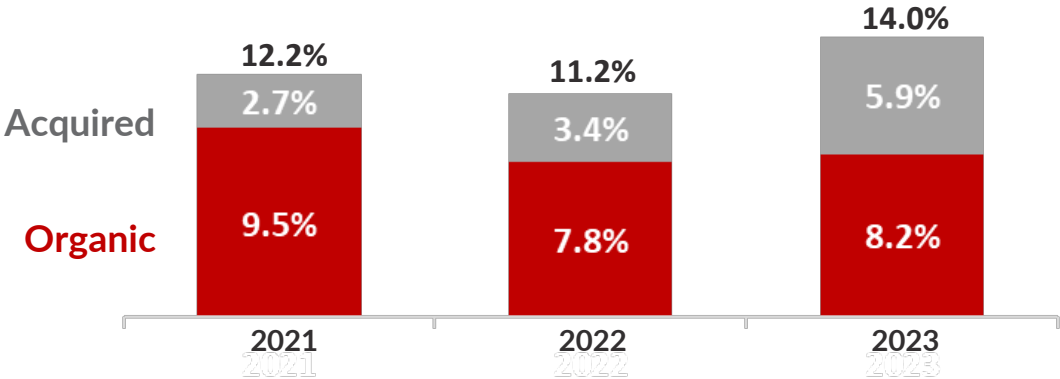
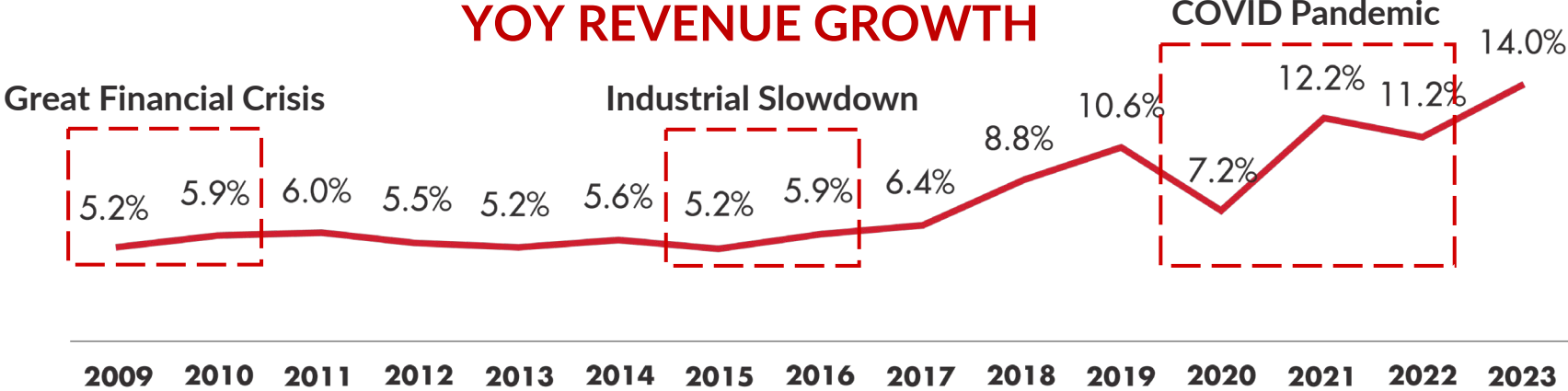
 **Compounding Cash Flow**
Strong cash position will enable a balanced capital allocation strategy focused on investing in growth opportunities in our core market

Focused on Delivering Continued Growth and Improving Profitability in 2024



Revenue Growth Trends

YOY REVENUE GROWTH



Resilient Business Model Drives Consistent Growth

ROLLINS COMPETITIVE ADVANTAGES

Resilient business that has grown through economic cycles

Growth acceleration began pre-COVID and has continued

- Consistently delivered HSD organic growth over the last 11 quarters

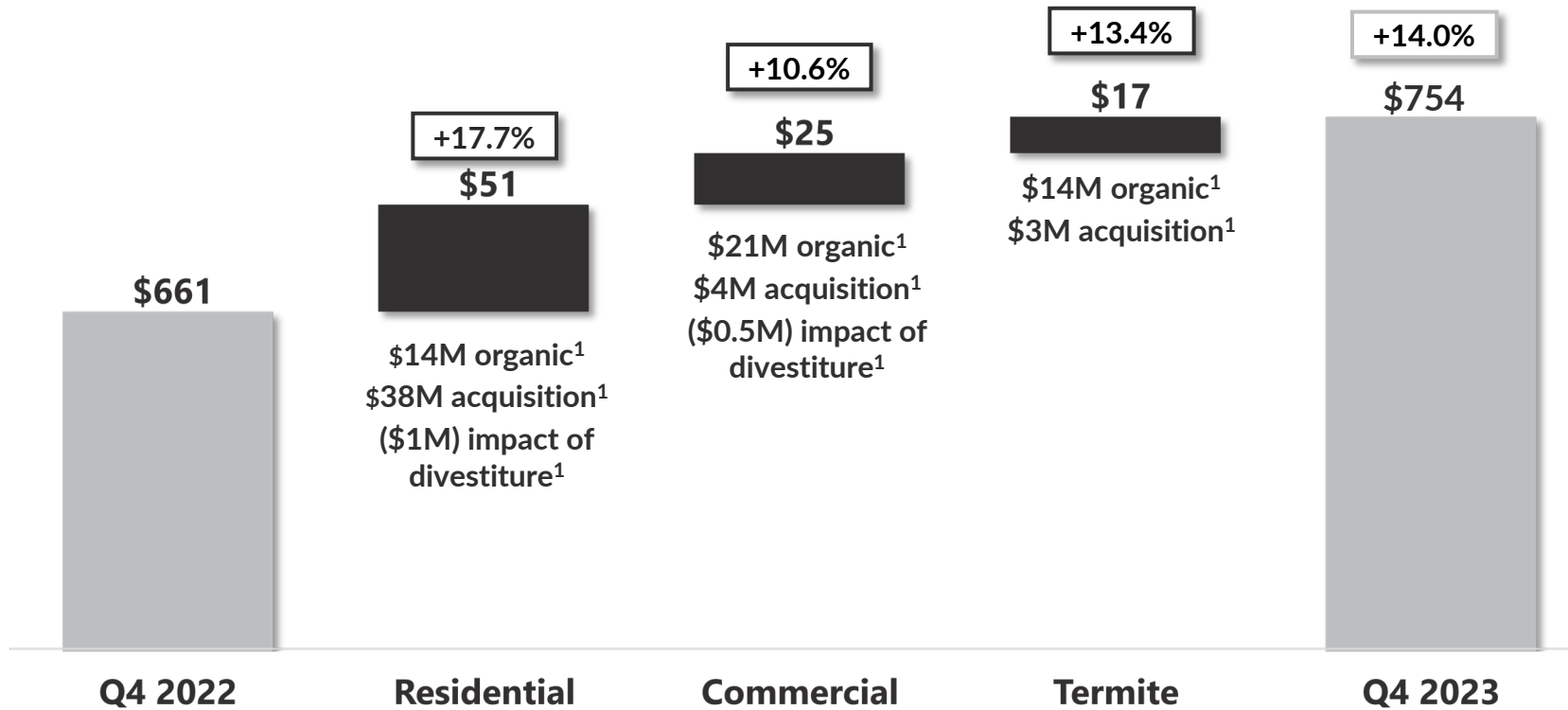
Leveraging multiple avenues to attract new customers

- Digital marketing
- Door-to-Door
- Home builders
- Brand cross-selling
- Investing in Commercial

Disciplined M&A and a strong industry reputation makes Rollins an acquirer of choice



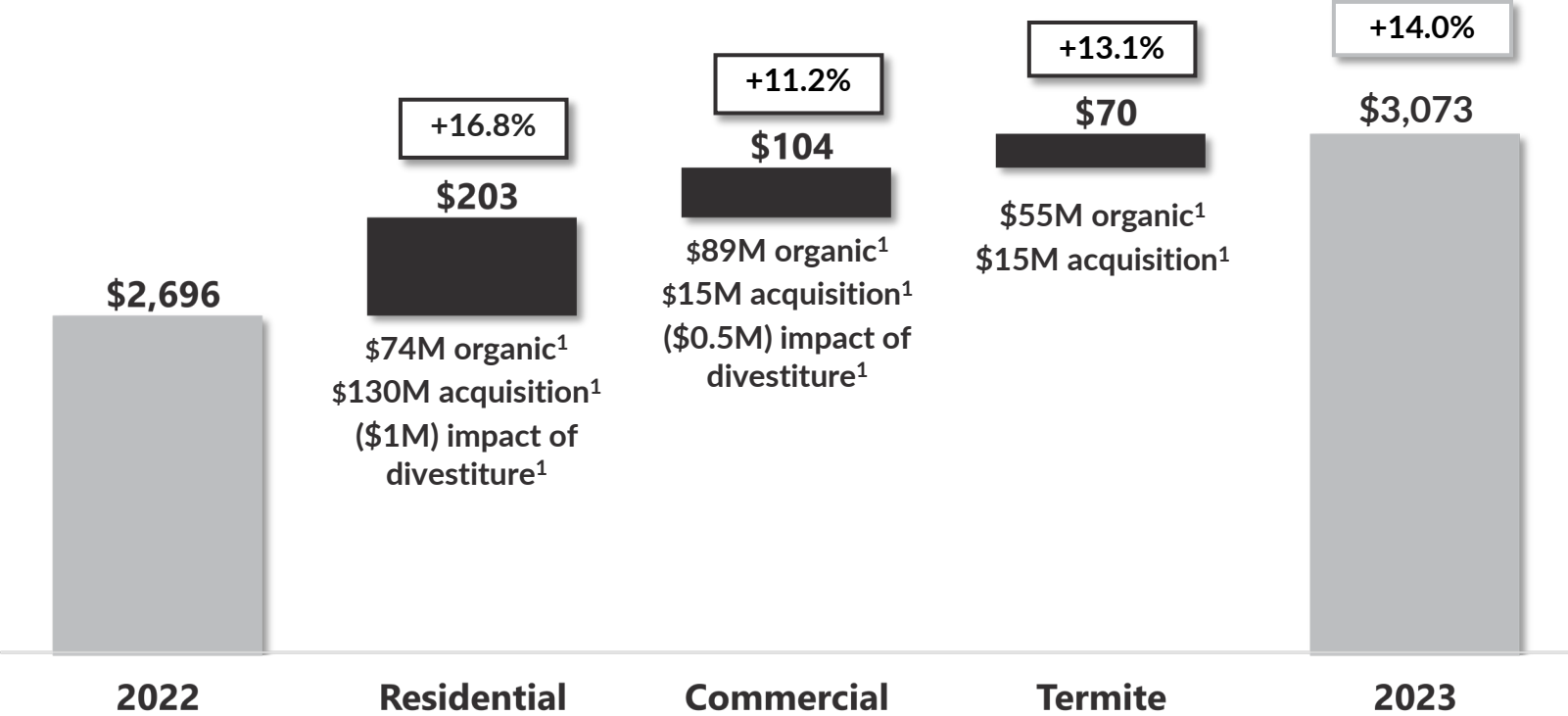
Q4 Revenue Growth



Double-Digit Revenue Growth Across All Three Service Lines



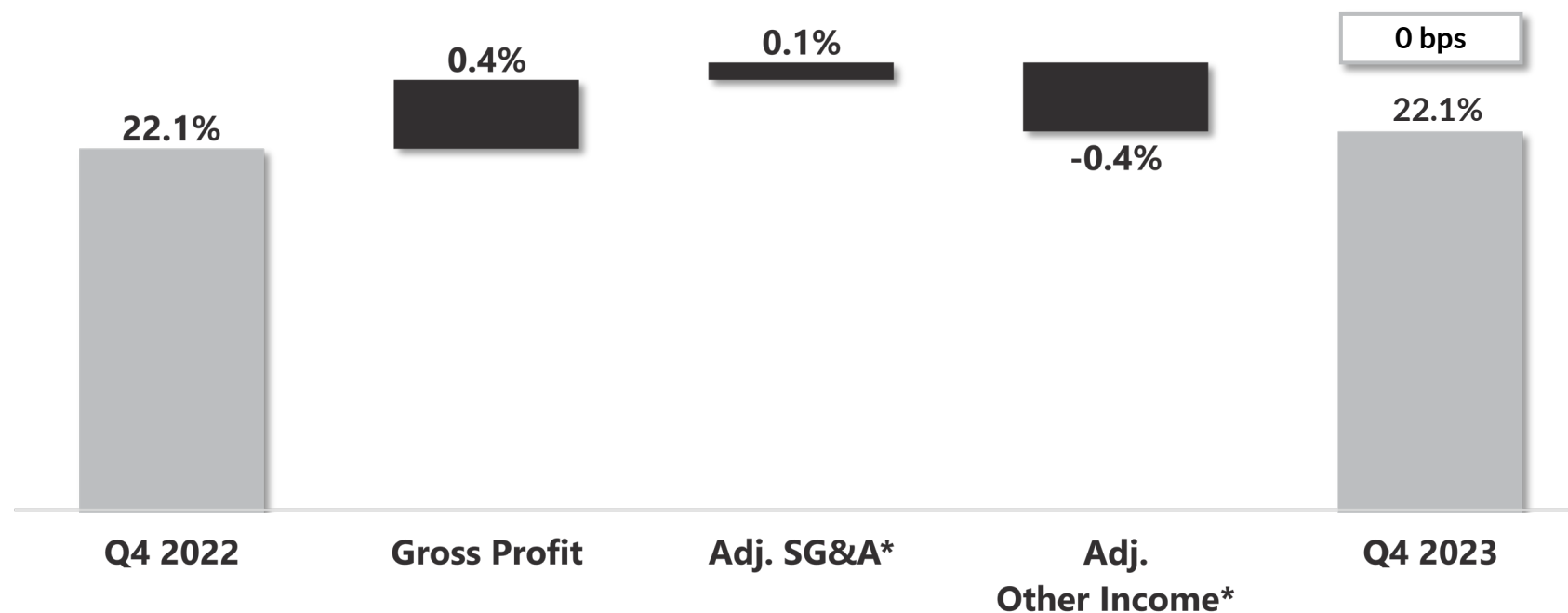
FY 2023 Revenue Growth



Double-Digit Revenue Growth Across All Three Service Lines



Q4 Adjusted EBITDA Margin¹



Q4 Adjusted EBITDA Margin Impacted by Lower Non-Operational Gains in Other Income vs. Last Year

HIGHLIGHTS

Gross Profit

- Gross margin 50.9%
- Fox accretive by ~30 bps, 10 bps of organic improvement
- Leverage from people and fleet costs offset pressure from materials & supplies and higher insurance-related costs

Adj. SG&A*

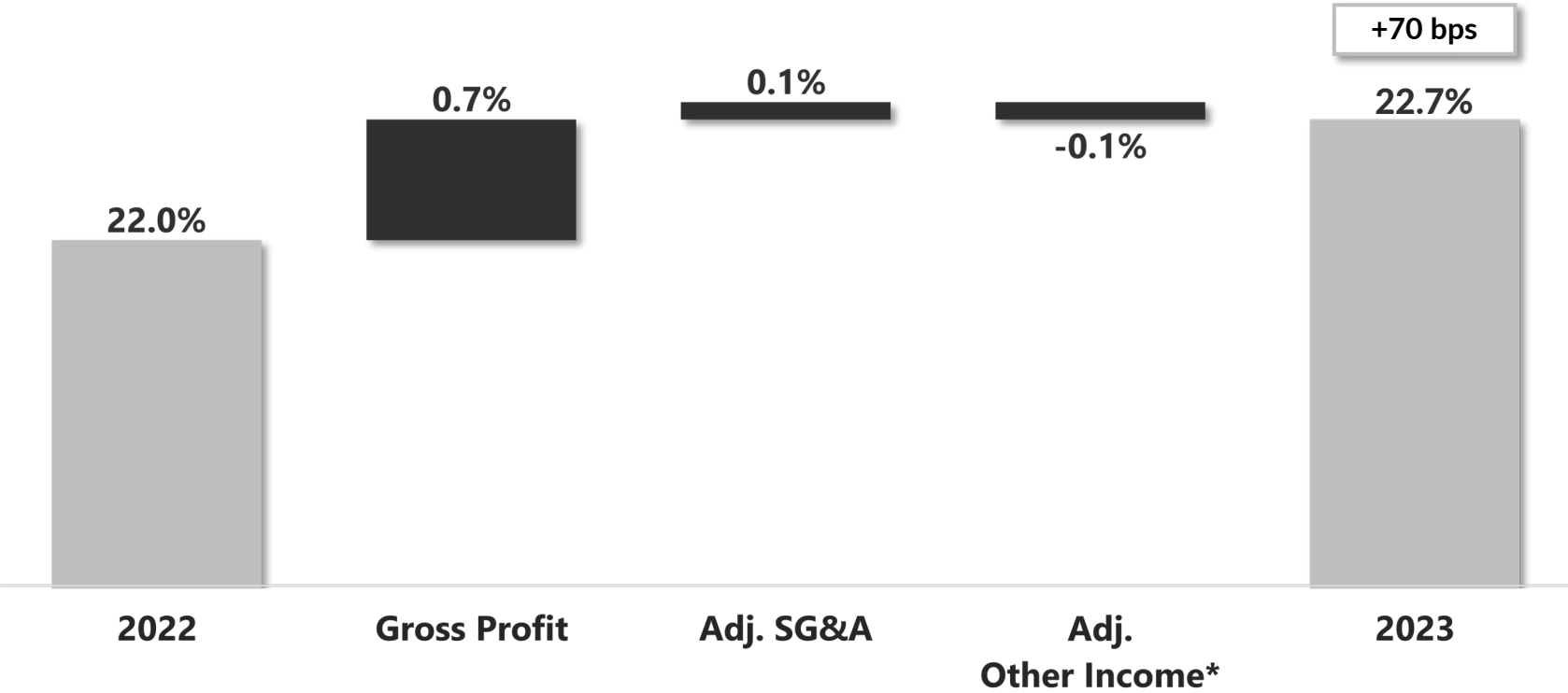
- Benefits from leverage on people costs offset headwinds from increased advertising and selling expenses associated with growth initiatives

Adj. Other Income*

- Primarily impacted by lower non-operational gains on property & vehicle sales in other income versus last year



FY 2023 Adjusted EBITDA Margin¹



70 bps Margin Expansion Driven By Leverage Across the P&L

HIGHLIGHTS

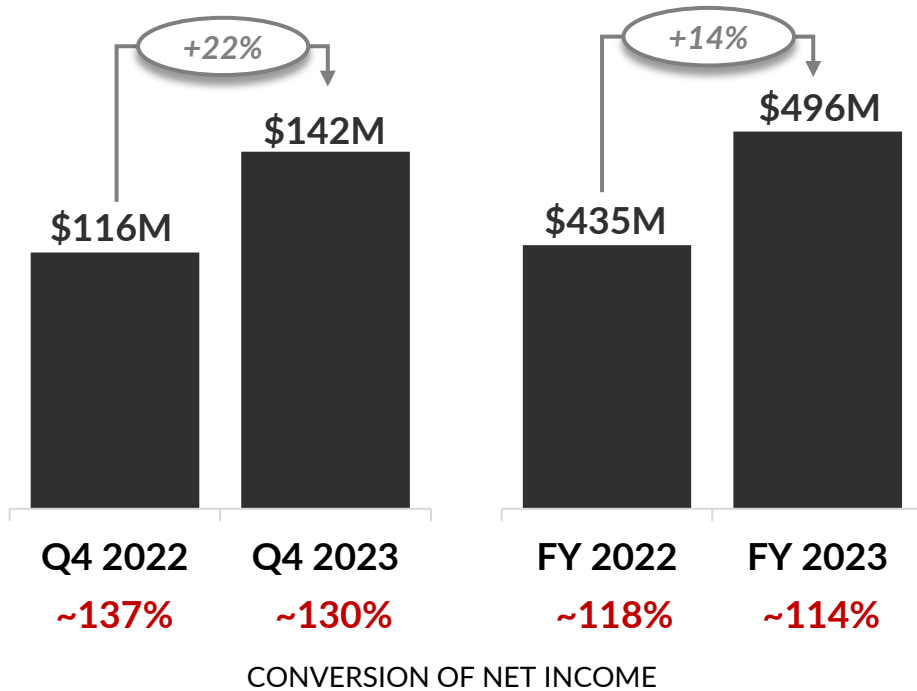
- Gross Profit**
- Gross margin 52.2%
 - Pricing continues to outpace inflation
 - Improvement across several key cost categories

- Adj. SG&A***
- Improvement across several key cost categories more than offset headwinds from increased advertising and selling expenses associated with growth initiatives

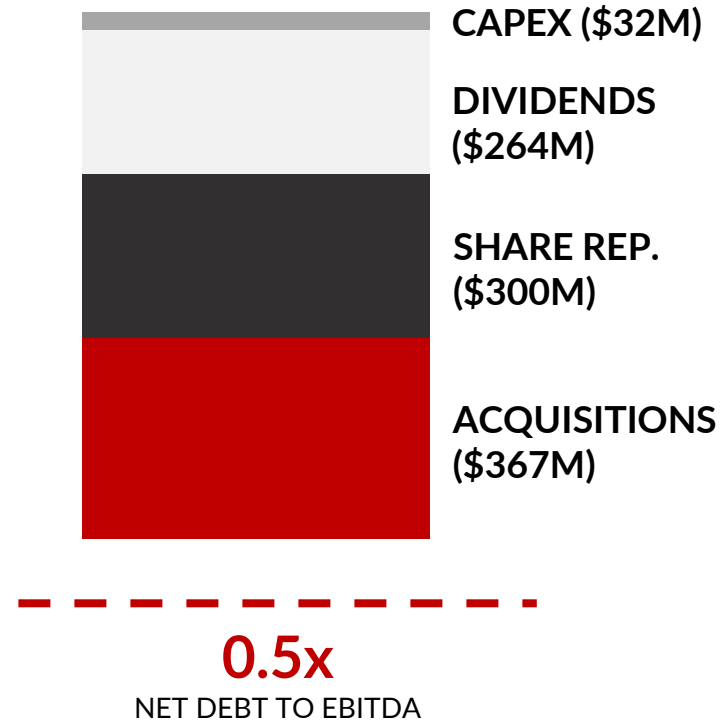


Cash Flow and Use Of Liquidity

Q4 & FY 2023 Free Cash Flow



FY 2023 Uses of Cash Flow & Liquidity



HIGHLIGHTS

Cash Generation

- FY Free Cash Flow Conversion was ~114%
- Strong balance sheet with modest levels of debt

Acquisitions

- Closed 5 acquisitions in Q4 and 24 in FY 2023

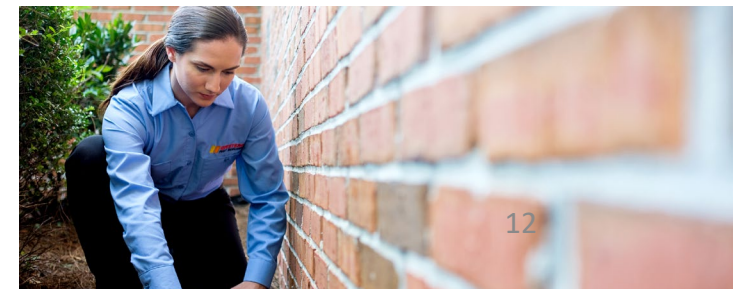
Dividends

- Healthy dividend +25% YoY

Net Leverage

- Well below 1x of EBITDA
- Expect to maintain a balanced capital allocation approach

Solid Cash Flow Generation and Balanced Capital Allocation Strategy



Key Takeaways

Focus on Modernization

Broadened banking relationships and expanded revolver from \$200 million to \$1 billion in early 2023

Executed restructuring program in home office to improve back-office efficiencies

Hiring key talent across the organization to accelerate modernization efforts



Exceptional Performance

Healthy pipeline of acquisitions, Fox acquisition leading to robust growth from M&A

Robust organic growth across all service areas

Essential nature of services provides consistency in business growth across all cycles



Margins Remain a Focus

Focus on pricing and productivity has resulted in increased margins across a number of key income statement categories

Strong improvement in margins with and without acquisitions



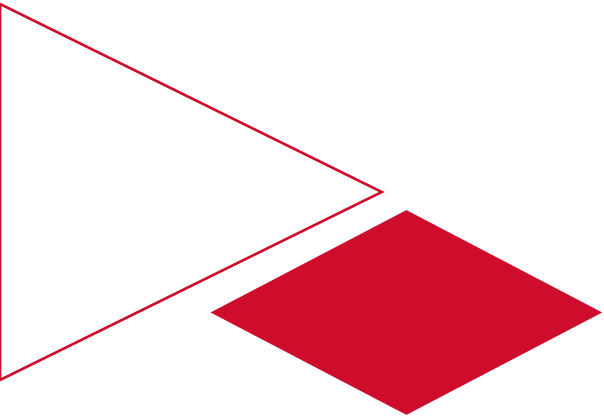
Balance Sheet Provides Flexibility

Strong balance sheet with modest levels of debt post Fox acquisition and recent share repurchase

Cash flow conversion well above 100%

Balanced approach to capital allocation





APPENDIX

Reconciliation Of GAAP And Non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation and conference call with their most directly comparable GAAP measures.

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2023	2022	Variance		2023	2022	Variance	
(unaudited, in thousands, except per share data)			\$	%			\$	%
Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS								
Net income	\$ 108,803	\$ 84,269			\$ 434,957	\$ 368,599		
Fox acquisition-related expenses ⁽¹⁾	5,266	—			15,795	—		
Restructuring costs ⁽²⁾	—	—			5,196	—		
Gain on sale of businesses ⁽³⁾	(15,450)	—			(15,450)	—		
Tax impact of adjustments ⁽⁴⁾	2,607	—			(1,418)	—		
Adjusted net income	<u>\$ 101,226</u>	<u>\$ 84,269</u>	<u>16,957</u>	<u>20.1</u>	<u>\$ 439,080</u>	<u>\$ 368,599</u>	<u>70,481</u>	<u>19.1</u>
EPS - basic and diluted	\$ 0.22	\$ 0.17			\$ 0.89	\$ 0.75		
Fox acquisition-related expenses ⁽¹⁾	0.01	—			0.03	—		
Restructuring costs ⁽²⁾	—	—			0.01	—		
Gain on sale of businesses ⁽³⁾	(0.03)	—			(0.03)	—		
Tax impact of adjustments ⁽⁴⁾	0.01	—			—	—		
Adjusted EPS - basic and diluted ⁽⁵⁾	<u>\$ 0.21</u>	<u>\$ 0.17</u>	<u>0.04</u>	<u>23.5</u>	<u>\$ 0.90</u>	<u>\$ 0.75</u>	<u>0.15</u>	<u>20.0</u>
Weighted average shares outstanding - basic	483,922	492,344			489,949	492,300		
Weighted average shares outstanding - diluted	484,112	492,457			490,130	492,413		

(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 Pest Control. While we exclude such expenses in this non-GAAP measure, the revenue from the acquired company is reflected in this non-GAAP measure and the acquired assets contribute to revenue generation.

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

(3) Represents the gain on the sale of certain non-core businesses.

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

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



Reconciliation Of GAAP And Non-GAAP Financial Measures

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(unaudited, in thousands, except per share data)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2023	2022	Variance		2023	2022	Variance	
			\$	%			\$	%
Reconciliation of Net Income to EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin								
Net income	\$ 108,803	\$ 84,269			\$ 434,957	\$ 368,599		
Depreciation and amortization	26,143	23,033			99,752	91,326		
Interest expense, net	8,258	344			19,055	2,638		
Provision for income taxes	37,872	38,300			151,300	130,318		
EBITDA	<u>\$ 181,076</u>	<u>\$ 145,946</u>	<u>35,130</u>	<u>24.1</u>	<u>\$ 705,064</u>	<u>\$ 592,881</u>	<u>112,183</u>	<u>18.9</u>
Fox acquisition-related expenses ⁽¹⁾	1,050	—			3,148	—		
Restructuring costs ⁽²⁾	—	—			5,196	—		
Gain on sale of businesses ⁽³⁾	(15,450)	—			(15,450)	—		
Adjusted EBITDA	<u>\$ 166,676</u>	<u>\$ 145,946</u>	<u>20,730</u>	<u>14.2</u>	<u>\$ 697,958</u>	<u>\$ 592,881</u>	<u>105,077</u>	<u>17.7</u>
Revenues	\$ 754,086	\$ 661,390	92,696		\$ 3,073,278	\$ 2,695,823	377,455	
EBITDA margin	24.0 %	22.1 %			22.9 %	22.0 %		
Incremental EBITDA margin			37.9 %				29.7 %	
Adjusted EBITDA margin	22.1 %	22.1 %			22.7 %	22.0 %		
Adjusted incremental EBITDA margin			22.4 %				27.8 %	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow								
Net cash provided by operating activities	\$ 152,825	\$ 123,392			\$ 528,366	\$ 465,930		
Capital expenditures	(11,186)	(7,707)			(32,465)	(30,628)		
Free cash flow	<u>\$ 141,639</u>	<u>\$ 115,685</u>	<u>25,954</u>	<u>22.4</u>	<u>\$ 495,901</u>	<u>\$ 435,302</u>	<u>60,599</u>	<u>13.9</u>
Free cash flow conversion	130.2 %	137.3 %			114.0 %	118.1 %		

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

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

(3) Represents the gain on the sale of certain non-core businesses.



Reconciliation Of GAAP And Non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation and conference call with their most directly comparable GAAP measures.

<i>(unaudited, in thousands)</i>	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2023	2022 ⁽¹⁾	Variance \$	%	2023	2022 ⁽¹⁾	Variance \$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	\$ 754,086	\$ 661,390	92,696	14.0	\$ 3,073,278	\$ 2,695,823	377,455	14.0
Revenues from acquisitions	(45,646)	—	(45,646)	—	(159,919)	—	(159,919)	—
Revenues of divestitures	—	(1,474)	1,474	—	—	(1,474)	1,474	—
Organic revenues	\$ 708,440	\$ 659,916	48,524	7.3	\$ 2,913,359	\$ 2,694,349	219,010	8.2
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	\$ 340,469	\$ 289,299	51,170	17.7	\$ 1,409,872	\$ 1,207,089	202,783	16.8
Residential revenues from acquisitions	(38,410)	—	(38,410)	—	(129,476)	—	(129,476)	—
Residential revenues of divestitures	—	(958)	958	—	—	(958)	958	—
Residential organic revenues	\$ 302,059	\$ 288,341	13,718	4.7	\$ 1,280,396	\$ 1,206,131	74,265	6.2
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	\$ 256,704	\$ 232,101	24,603	10.6	\$ 1,024,176	\$ 920,625	103,551	11.2
Commercial revenues from acquisitions	(4,417)	—	(4,417)	—	(15,105)	—	(15,105)	—
Commercial revenues of divestitures	—	(516)	516	—	—	(516)	516	—
Commercial organic revenues	\$ 252,287	\$ 231,585	20,702	8.9	\$ 1,009,071	\$ 920,109	88,962	9.7
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	\$ 147,868	\$ 130,404	17,464	13.4	\$ 605,533	\$ 535,494	70,039	13.1
Termite and ancillary revenues from acquisitions	(2,819)	—	(2,819)	—	(15,338)	—	(15,338)	—
Termite and ancillary organic revenues	\$ 145,049	\$ 130,404	14,645	11.2	\$ 590,195	\$ 535,494	54,701	10.2

(1) Subsequent to the issuance of the Company's 2022 financial statements, management determined that certain immaterial reclassifications within the product and service offerings were required for the years ended December 31, 2022 and 2021. Revenues classified by significant product and service offerings for the years ended December 31, 2022 and 2021 have been restated from the amounts previously reported to correct the classification of such revenues. There was no impact on our consolidated statements of income, financial position, or cash flows.



Reconciliation Of GAAP And Non-GAAP Financial Measures

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<i>(unaudited, in thousands)</i>	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2022	2021	Variance		2022	2021	Variance	
			\$	%			\$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	\$ 661,390	\$ 600,343	61,047	10.2	\$ 2,695,823	\$ 2,424,300	271,523	11.2
Revenues from acquisitions	(19,743)	—	(19,743)	—	(81,490)	—	(81,490)	—
Organic revenues	\$ 641,647	\$ 600,343	41,304	6.9	\$ 2,614,333	\$ 2,424,300	190,033	7.8
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	\$ 289,299	\$ 267,112	22,187	8.3	\$ 1,207,089	\$ 1,099,360	107,729	9.8
Residential revenues from acquisitions	(11,057)	—	(11,057)	—	(46,873)	—	(46,873)	—
Residential organic revenues	\$ 278,242	\$ 267,112	11,130	4.2	\$ 1,160,216	\$ 1,099,360	60,856	5.5
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	\$ 232,101	\$ 212,146	19,955	9.4	\$ 920,625	\$ 834,624	86,001	10.3
Commercial revenues from acquisitions	(3,855)	—	(3,855)	—	(13,713)	—	(13,713)	—
Commercial organic revenues	\$ 228,246	\$ 212,146	16,100	7.6	\$ 906,912	\$ 834,624	72,288	8.7
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	\$ 130,404	\$ 114,014	16,390	14.4	\$ 535,494	\$ 464,043	71,451	15.4
Termite and ancillary revenues from acquisitions	(4,831)	—	(4,831)	—	(20,904)	—	(20,904)	—
Termite and ancillary organic revenues	\$ 125,573	\$ 114,014	11,559	10.2	\$ 514,590	\$ 464,043	50,547	10.9



Reconciliation Of GAAP And Non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation and conference call with their most directly comparable GAAP measures.

<i>(unaudited, in thousands)</i>	Period Ended December 31, 2023
Reconciliation of Long-term Debt to Net Debt and Net Leverage Ratio	
Long-term debt ⁽¹⁾	\$ 490,776
Less: cash	103,825
Net debt	<u>\$ 386,951</u>
Trailing twelve-month EBITDA	\$ 705,064
Net leverage ratio	0.5x

⁽¹⁾ 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 consolidated balance sheet, net of \$2.2 million in unamortized debt issuance costs as of December 31, 2023.



Reconciliation Of GAAP And Non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation and conference call with their most directly comparable GAAP measures.

	Three Months Ended December 31,		Variance	Twelve Months Ended December 31,		Variance
	2023	2022	%	2023	2022	%
<i>(unaudited, in thousands)</i>						
Reconciliation of Sales, general and administrative expenses ("SG&A") to Adjusted SG&A						
SG&A	\$ 218,565	\$ 190,828		\$ 915,233	\$ 802,710	
Fox acquisition-related expenses ⁽¹⁾	1,050	—		3,148	—	
Adjusted SG&A	\$ 217,515	\$ 190,828		\$ 912,085	\$ 802,710	
Revenues	\$ 754,086	\$ 661,390		\$ 3,073,278	\$ 2,695,823	
Adjusted SG&A as a % of revenues	28.8 %	28.9 %	0.1 %	29.7 %	29.8 %	0.1 %

⁽¹⁾ Consists of expenses resulting from adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control. 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.



Reconciliation Of GAAP And Non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation and conference call with their most directly comparable GAAP measures.

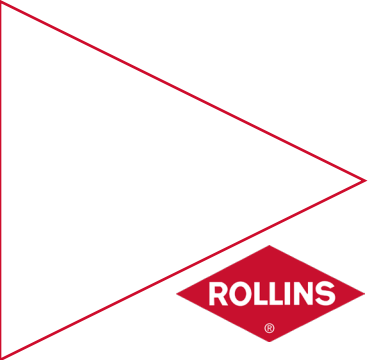
	Three Months Ended December 31,		Variance	Twelve Months Ended December 31,		Variance
	2023	2022	%	2023	2022	%
<i>(unaudited, in thousands)</i>						
Reconciliation of Other income, net to Adjusted other income, net						
Other (income), net	\$ (15,860)	\$ (2,997)		\$ (22,086)	\$ (8,167)	
Gain on sale of businesses ⁽¹⁾	(15,450)	—		(15,450)	—	
Adjusted other (income), net	\$ (410)	\$ (2,997)		\$ (6,636)	\$ (8,167)	
Revenues	\$ 754,086	\$ 661,390		\$ 3,073,278	\$ 2,695,823	
Adjusted other (income), net as a % of revenues	(0.1)%	(0.5)%	(0.4)%	(0.2)%	(0.3)%	(0.1)%

⁽¹⁾ Represents the gain on the sale of certain non-core businesses.



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