

February 15, 2023



ROLLINS, INC. REPORTS FOURTH QUARTER 2022 FINANCIAL RESULTS

Strong revenue growth drives 26.1% increase in quarterly net income

ATLANTA, Feb. 15, 2023 /PRNewswire/ -- Rollins, Inc. (NYSE:ROL) ("Rollins" or the "Company"), a premier global consumer and commercial services company, reported unaudited financial results for its fourth quarter and twelve months ended December 31, 2022.

Quarterly Highlights

- Fourth quarter revenues were \$661.4 million, an increase of 10.2% over the fourth quarter 2021 with organic revenues* increasing 6.9%. The stronger dollar versus foreign currencies in countries where we operate reduced revenues by 70 basis points during the quarter.
- Quarterly operating income was \$119.9 million, an increase of 28.5% over the fourth quarter of 2021. Quarterly operating margin was 18.1% of revenue, an increase of approximately 260 basis points compared to the fourth quarter of 2021. Adjusted EBITDA* was \$145.9 million for the quarter, an increase of 19.5%. Adjusted EBITDA was 22.1% of sales, an increase of approximately 180 basis points compared to the fourth quarter of 2021.
- Quarterly net income was \$84.3 million, an increase of 26.1% over the prior year GAAP net income and 17.4% over prior year adjusted net income*. Quarterly EPS was \$0.17 per diluted share, an increase over the prior year GAAP EPS of \$0.14 and prior year adjusted EPS* of \$0.15.
- Operating cash flow was \$123.4 million, increasing 19.9% compared to the same quarter a year ago.

Full Year Highlights

- Full year revenues were \$2,695.8 million, an increase of 11.2% over 2021 with organic revenues* increasing 7.8%. The stronger dollar versus foreign currencies in countries where we operate reduced revenues by 40 basis points during the year.
- Operating income was \$493.4 million, an increase of 10.2% over 2021. Operating margin was 18.3% of revenue, a decrease of 20 basis points compared to 2021. Adjusted EBITDA* was \$592.9 million for the year, an increase of 8.5%. Adjusted EBITDA was 22.0% of sales, a decrease of 50 basis points compared to 2021.
- Full year net income was \$368.6 million, an increase of 3.4% over the prior year GAAP net income and 8.0% over the prior year adjusted net income*. Full year EPS was \$0.75 per diluted share, an increase from GAAP EPS of \$0.72 and adjusted EPS* of

\$0.69 in the prior year.

- Operating cash flow was \$465.9 million, increasing 16% compared to 2021.
- The Company invested \$30.6 million in capital expenditures, \$119.2 million in acquisitions and paid dividends totaling \$211.6 million for the year. In 2021, the Company invested \$27.2 million in capital expenditures, \$146.1 million in acquisitions and paid dividends totaling \$208.7 million.

Comments from Management

"Our fourth quarter results reflect the continued focus on execution by our team across our business", said Gary Rollins, Chairman. As we closed out 2022, we continued to see favorable demand for our services with very healthy growth across all major service lines. The team did an excellent job delivering a strong finish to the year. We have consistently grown revenue and 2022 represented another strong year for growth," Mr. Rollins said.

"Cash flow generation was strong, and our balance sheet positions us well to continue to drive growth through acquisitions while maintaining our balanced approach to capital allocation," Mr. Rollins said.

"As we start 2023, I warmly welcome Jerry Gahlhoff as our new CEO. With his deep industry and technical knowledge, outstanding leadership and steadfast focus on operations and service excellence, I have the utmost confidence in Jerry's abilities to grow our company and create value for all our stakeholders. I look forward to watching Jerry position Rollins for continued success in the future," said Mr. Rollins.

"I am honored and humbled to serve our company in the role of CEO. I have enormous gratitude for the winning tradition and legacy set forth by Gary Rollins and I plan to follow his precedent. I am very excited about opportunities to build on our stable foundation and accelerate our growth," said Mr. Gahlhoff.

"We are well positioned to continue to deliver strong results in 2023 and beyond. The demand environment remains healthy, and the team is focused on driving organic and inorganic growth while improving profitability through disciplined service delivery," Mr. Gahlhoff concluded.

About Rollins, Inc.:

Rollins, Inc. (ROL) is a premier global consumer and commercial services company. Through its family of leading brands, the Company and its franchises provide essential pest control services and protection against termite damage, rodents, and insects to more than 2.8 million customers in North America, South America, Europe, Asia, Africa, and Australia, with more than 17,000 employees from more than 800 locations. Rollins is parent to Orkin, HomeTeam Pest Defense, Clark Pest Control, Northwest Exterminating, McCall Service, Trutech, Critter Control, Western Pest Services, Waltham Services, OPC Pest Services, The Industrial Fumigant Company, PermaTreat, Crane Pest Control, Missquito, Orkin Canada, Orkin Australia, Safeguard (UK), Aardwolf Pestkare (Singapore), and more. You can learn more about Rollins and its subsidiaries by visiting www.rollins.com.

*Amounts are non-GAAP financial measures. See the appendix to this release for a discussion of non-GAAP financial metrics including a reconciliation of the most closely

correlated GAAP measure.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this press release and on our earnings call, may contain forward-looking statements that involve risks and uncertainties concerning the business and financial results of Rollins, Inc. We have based these forward-looking statements largely on our current opinions, expectations, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Such forward looking statements include, but are not limited to, statements regarding the Company's belief that its balance sheet positions the Company well to continue to drive growth through acquisitions while maintaining a balanced approach to capital allocation, management's confidence in the CEO's abilities to grow the Company, create value for all the stakeholders and position the Company for continued success in the future, opportunities to build on the Company's stable foundation and accelerate its growth, that the Company is well positioned to continue to deliver strong results in 2023 and beyond, and the Company's focus on driving organic and inorganic growth while improving profitability through disciplined service delivery.

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, such as the COVID- 19 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. 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.

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)
(unaudited)

| | December 31, 2022 | December 31, 2021 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 95,346 | \$ 105,301 |
| Trade receivables, net | 155,759 | 139,579 |
| Financed receivables, short-term, net | 33,618 | 26,152 |
| Materials and supplies | 29,745 | 28,926 |
| Other current assets | 34,151 | 52,422 |
| Total current assets | 348,619 | 352,380 |
| Equipment and property, net | 128,046 | 133,257 |
| Goodwill | 846,704 | 786,504 |
| Customer contracts, net | 298,559 | 301,914 |
| Trademarks and tradenames, net | 111,646 | 108,976 |
| Other intangible assets, net | 8,543 | 11,679 |
| Operating lease right-of-use assets | 277,355 | 244,784 |
| Financed receivables, long-term, net | 63,523 | 47,097 |
| Other assets | 39,033 | 34,949 |
| Total assets | \$ 2,122,028 | \$ 2,021,540 |
| LIABILITIES | | |
| Accounts payable | 42,796 | 44,568 |
| Accrued insurance - current | 39,534 | 36,414 |
| Accrued compensation and related liabilities | 99,251 | 97,862 |
| Unearned revenues | 158,092 | 145,122 |
| Operating lease liabilities - current | 84,543 | 75,240 |
| Current portion of long-term debt | 15,000 | 18,750 |
| Other current liabilities | 54,568 | 73,206 |
| Total current liabilities | 493,784 | 491,162 |
| Accrued insurance, less current portion | 38,350 | 31,545 |
| Operating lease liabilities, less current portion | 196,888 | 172,520 |
| Long-term debt | 39,898 | 136,250 |
| Other long-term accrued liabilities | 85,911 | 78,846 |
| Total liabilities | 854,831 | 910,323 |
| STOCKHOLDERS' EQUITY | | |
| Common stock | 492,448 | 491,911 |
| Retained earnings and other equity | 774,749 | 619,306 |
| Total stockholders' equity | 1,267,197 | 1,111,217 |
| Total liabilities and stockholders' equity | \$ 2,122,028 | \$ 2,021,540 |

Certain consolidated financial statement amounts relative to prior periods have been revised, the effects of which are immaterial. See the appendix to this release for a discussion of this revision including a reconciliation to the previous reported amounts.

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share data)
(unaudited)

| | Three Months Ended | | Year Ended | |
|--|--------------------|------------|--------------|--------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| REVENUES | | | | |
| Customer services | \$ 661,390 | \$ 600,343 | \$ 2,695,823 | \$ 2,424,300 |
| COSTS AND EXPENSES | | | | |
| Cost of services provided (exclusive of depreciation and amortization below) | 327,613 | 297,729 | 1,308,399 | 1,162,617 |
| Sales, general and administrative | 190,828 | 187,538 | 802,710 | 727,489 |
| Depreciation and amortization | 23,033 | 21,774 | 91,326 | 86,558 |
| Total operating expenses | 541,474 | 507,041 | 2,202,435 | 1,976,664 |
| OPERATING INCOME | 119,916 | 93,302 | 493,388 | 447,636 |
| Interest expense (income), net | 344 | (504) | 2,638 | 830 |
| Other income, net | (2,997) | (2,081) | (8,167) | (35,679) |
| CONSOLIDATED INCOME BEFORE INCOME TAXES | 122,569 | 95,887 | 498,917 | 482,485 |
| PROVISION FOR INCOME TAXES | 38,300 | 29,080 | 130,318 | 125,920 |
| NET INCOME | \$ 84,269 | \$ 66,807 | \$ 368,599 | \$ 356,565 |
| NET INCOME PER SHARE - BASIC AND DILUTED | \$ 0.17 | \$ 0.14 | \$ 0.75 | \$ 0.72 |
| Weighted average shares outstanding - basic | 492,344 | 492,041 | 492,300 | 492,054 |
| Weighted average shares outstanding - diluted | 492,457 | 492,041 | 492,413 | 492,054 |

Certain consolidated financial statement amounts relative to prior periods have been revised, the effects of which are immaterial. See the appendix to this release for a discussion of this revision including a reconciliation to the previous reported amounts.

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED CASH FLOW INFORMATION
(in thousands)
(unaudited)

| | Three Months Ended | | Year Ended | |
|--|--------------------|-------------|--------------|------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| OPERATING ACTIVITIES | | | | |
| Net income | \$ 84,269 | \$ 66,807 | \$ 368,599 | \$ 356,565 |
| Depreciation and amortization | 23,033 | 21,774 | 91,326 | 86,558 |
| Change in working capital and other operating activities | 16,090 | 14,313 | 6,005 | (41,318) |
| Net cash provided by operating activities | 123,392 | 102,894 | 465,930 | 401,805 |
| INVESTING ACTIVITIES | | | | |
| Acquisitions, net of cash acquired | (8,770) | (106,406) | (119,188) | (146,098) |
| Capital expenditures | (7,707) | (7,163) | (30,628) | (27,194) |
| Other investing activities, net | 5,714 | 3,500 | 15,675 | 74,327 |
| Net cash used in investing activities | (10,763) | (110,069) | (134,141) | (98,965) |
| FINANCING ACTIVITIES | | | | |
| Net debt repayments | (70,000) | 87,000 | (100,000) | (48,000) |
| Payment of dividends | (63,982) | (88,979) | (211,618) | (208,656) |
| Other financing activities | (5,750) | (3,492) | (24,399) | (33,503) |
| Net cash used in financing activities | (139,732) | (5,471) | (336,017) | (290,159) |
| Effect of exchange rate changes on cash and cash equivalents | 572 | 292 | (5,727) | (5,857) |
| Net (decrease) increase in cash and cash equivalents | \$ (26,531) | \$ (12,354) | \$ (9,955) | \$ 6,824 |

Certain consolidated financial statement amounts relative to prior periods have been revised, the effects of which are immaterial. See the appendix to this release for a discussion of this revision including a reconciliation to the previous reported amounts.

APPENDIX

Reconciliation of GAAP and non-GAAP Financial Measures

The Company has used the non-GAAP financial measures of organic revenues, adjusted EBITDA, adjusted net income and adjusted earnings per share ("EPS") in this earnings release, and the non-GAAP financial measures of organic revenues by type, and free cash flow in today's conference call. Organic revenue is calculated as revenue less acquisition revenue. Acquisition revenue is based on the trailing 12-month revenue of our acquired entities. 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 and adjusted EBITDA as measures of operating performance because these measures allow the Company to compare performance consistently over various periods without regard to the impact of the property disposition gains from the 2019 acquisition of Clark Pest Control of Stockton, Inc., and the settlement of the SEC matter. 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, which is calculated as net cash provided by operating activities less capital expenditures, to demonstrate the Company's ability to maintain its asset base and generate future cash flows from operations. 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.

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 non-GAAP financial measures used in today's earnings release and conference call with their most comparable GAAP measures.

| | (unaudited, in thousands except EPS) | | | | Year Ended | | | |
|--|--------------------------------------|-------------------|------------------|-------------|-------------------|-------------------|------------------|-------------|
| | Three Months Ended | | | | December 31, | | | |
| | December 31, | | Variance | | December 31, | | Variance | |
| | 2022 | 2021 | \$ | % | 2022 | 2021 | \$ | % |
| Reconciliation of Net Income to Adjusted Net Income and EPS | | | | | | | | |
| Net income | \$ 84,269 | \$ 66,807 | \$ 17,462 | 26.1 | \$ 368,599 | \$ 356,565 | \$ 12,034 | 3.4 |
| Property disposition gains (net of tax \$23,230) | — | — | — | — | — | (31,517) | 31,517 | — |
| SEC matter ¹ | — | 5,000 | (5,000) | — | — | 8,000 | (8,000) | — |
| Adjusted income taxes on excluded items | — | — | — | — | — | 8,287 | (8,287) | — |
| Adjusted net income | <u>\$ 84,269</u> | <u>\$ 71,807</u> | <u>\$ 12,462</u> | <u>17.4</u> | <u>\$ 368,599</u> | <u>\$ 341,335</u> | <u>\$ 27,264</u> | <u>8.0</u> |
| Adjusted earnings per share - basic and diluted | \$ 0.17 | \$ 0.15 | \$ 0.02 | 13.3 | \$ 0.75 | \$ 0.69 | \$ 0.06 | 8.7 |
| Weighted average shares outstanding - basic | 492,344 | 492,041 | 303 | 0.1 | 492,300 | 492,054 | 246 | 0.0 |
| Weighted average shares outstanding - diluted | 492,457 | 492,041 | 416 | 0.1 | 492,413 | 492,054 | 359 | 0.1 |
| Reconciliation of Net Income to EBITDA and Adjusted EBITDA | | | | | | | | |
| Net income | \$ 84,269 | \$ 66,807 | \$ 17,462 | 26.1 | \$ 368,599 | \$ 356,565 | \$ 12,034 | 3.4 |
| Depreciation and amortization | 23,033 | 21,774 | 1,259 | 5.8 | 91,326 | 86,558 | 4,768 | 5.5 |
| Interest expense, net | 344 | (504) | 848 | (168.3) | 2,638 | 830 | 1,808 | 217.8 |
| Provision for income taxes | 38,300 | 29,080 | 9,220 | 31.7 | 130,318 | 125,920 | 4,398 | 3.5 |
| EBITDA | <u>145,946</u> | <u>117,157</u> | <u>28,789</u> | <u>24.6</u> | <u>592,881</u> | <u>569,873</u> | <u>23,008</u> | <u>4.0</u> |
| Property disposition gains | — | — | — | — | — | (31,517) | 31,517 | — |
| SEC matter | — | 5,000 | (5,000) | — | — | 8,000 | (8,000) | — |
| Adjusted EBITDA | <u>\$ 145,946</u> | <u>\$ 122,157</u> | <u>\$ 23,789</u> | <u>19.5</u> | <u>\$ 592,881</u> | <u>\$ 546,356</u> | <u>\$ 46,525</u> | <u>8.5</u> |
| Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow | | | | | | | | |
| Net cash provided by operating activities | \$ 123,392 | \$ 102,894 | \$ 20,498 | 19.9 | \$ 465,930 | \$ 401,805 | \$ 64,125 | 16.0 |
| Capital expenditures | (7,707) | (7,163) | (544) | (7.6) | (30,628) | (27,194) | (3,434) | (12.6) |
| Free cash flow | <u>\$ 115,685</u> | <u>\$ 95,731</u> | <u>\$ 19,954</u> | <u>20.8</u> | <u>\$ 435,302</u> | <u>\$ 374,611</u> | <u>\$ 60,691</u> | <u>16.2</u> |

¹These amounts were not tax deductible for state or federal purposes.

Certain consolidated financial statement amounts relative to prior periods have been revised, the effects of which are immaterial. See the appendix to this release for a discussion of this revision including a reconciliation to the previous reported amounts.

| | (unaudited, in thousands) | | | | Year Ended | | | |
|---|---------------------------|------------|----------|------|--------------|--------------|----------|------|
| | Three Months Ended | | | | December 31, | | | |
| | December 31, | | Variance | | December 31, | | | |
| | 2022 | 2021 | \$ | % | 2022 | 2021 | \$ | % |
| 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 |
| Revenue growth from acquisitions | (19,743) | — | (19,743) | — | (81,491) | — | (81,491) | — |
| Organic revenues | \$ 641,647 | 600,343 | 41,304 | 6.9 | \$ 2,614,332 | 2,424,300 | 190,032 | 7.8 |
| Reconciliation of Residential Revenues to Organic Residential Revenues | | | | | | | | |
| Residential revenues | \$ 290,043 | \$ 267,816 | 22,227 | 8.3 | \$ 1,212,491 | \$ 1,103,687 | 108,804 | 9.9 |
| Residential revenues from acquisitions | (11,057) | — | (11,057) | — | (46,874) | — | (46,874) | — |
| Residential organic revenues | \$ 278,986 | \$ 267,816 | 11,170 | 4.2 | \$ 1,165,617 | \$ 1,103,687 | 61,930 | 5.7 |
| Reconciliation of Commercial Revenues to Organic Commercial Revenues | | | | | | | | |
| Commercial revenues | \$ 231,091 | \$ 211,213 | 19,878 | 9.4 | \$ 914,839 | \$ 829,396 | 85,443 | 10.3 |
| Commercial revenue growth from acquisitions | (3,855) | — | (3,855) | — | (13,713) | — | (13,713) | — |
| Commercial organic revenues | \$ 227,236 | \$ 211,213 | 16,023 | 7.6 | \$ 901,126 | \$ 829,396 | 71,730 | 8.6 |
| Reconciliation of Termite Revenues to Organic Termite Revenues | | | | | | | | |
| Termite revenues | \$ 130,699 | \$ 114,262 | 16,437 | 14.4 | \$ 536,854 | \$ 465,053 | 71,801 | 15.4 |
| Termite revenues from acquisitions | (4,831) | — | (4,831) | — | (20,904) | — | (20,904) | — |
| Termite organic revenues | \$ 125,868 | \$ 114,262 | 11,606 | 10.2 | \$ 515,950 | \$ 465,053 | 50,897 | 10.9 |
| Reconciliation of Revenues to Organic Revenues | | | | | | | | |
| | Three Months Ended | | | | Year Ended | | | |
| | December 31, | | | | December 31, | | | |
| | | | Variance | | | | | |
| | 2021 | 2020 | \$ | % | 2021 | 2020 | \$ | % |
| Reconciliation of Revenues to Organic Revenues | | | | | | | | |
| Revenues | \$ 600,343 | \$ 536,292 | 64,051 | 11.9 | \$ 2,424,300 | \$ 2,161,220 | 263,080 | 12.2 |
| Revenue growth from acquisitions | (15,910) | — | (15,910) | — | (58,587) | — | (58,587) | — |
| Organic revenues | \$ 584,433 | 536,292 | 48,141 | 8.9 | \$ 2,365,713 | 2,161,220 | 204,493 | 9.5 |
| Reconciliation of Residential Revenues to Organic Residential Revenues | | | | | | | | |
| Residential revenues | \$ 267,816 | \$ 239,311 | 28,505 | 11.9 | \$ 1,103,687 | \$ 977,470 | 126,217 | 12.9 |
| Residential revenues from acquisitions | (8,429) | — | (8,429) | — | (28,130) | — | (28,130) | — |
| Residential organic revenues | \$ 259,387 | \$ 239,311 | 20,076 | 8.4 | \$ 1,075,557 | \$ 977,470 | 98,087 | 10.0 |
| Reconciliation of Commercial Revenues to Organic Commercial Revenues | | | | | | | | |
| Commercial revenues | \$ 211,213 | \$ 189,572 | 21,641 | 11.4 | \$ 829,396 | \$ 752,349 | 77,047 | 10.2 |
| Commercial revenue growth from acquisitions | (3,949) | — | (3,949) | — | (20,748) | — | (20,748) | — |
| Commercial organic revenues | \$ 207,264 | \$ 189,572 | 17,692 | 9.3 | \$ 808,648 | \$ 752,349 | 56,299 | 7.4 |
| Reconciliation of Termite Revenues to Organic Termite Revenues | | | | | | | | |
| Termite revenues | \$ 114,262 | \$ 100,593 | 13,669 | 13.6 | \$ 465,053 | \$ 406,782 | 58,271 | 14.3 |
| Termite revenues from acquisitions | (3,532) | — | (3,532) | — | (9,709) | — | (9,709) | — |
| Termite organic revenues | \$ 110,730 | \$ 100,593 | 10,137 | 10.1 | \$ 455,344 | \$ 406,782 | 48,562 | 11.9 |

Certain consolidated financial statement amounts relative to prior periods have been revised, the effects of which are immaterial, to correct the Company's application of Accounting

Standards Codification ("ASC") 805, "Business Combinations," with respect to certain acquisitions occurring between 2012 and 2019, which resulted in adjustments to the fair values of customer contracts and contingent consideration related to these acquisitions. The Company assessed the materiality of this correction to prior periods' consolidated financial statements in accordance with Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 99, "Materiality," SAB 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," and "Presentation of Financial Statements," codified in ASC 250. The Company concluded that the correction was not material to prior periods and therefore, amendments of previously filed reports are not required. In accordance with ASC 250, the Company corrected prior periods presented herein by revising the financial statement line item amounts previously issued in SEC filings. The impact of this revision on the Company's previously reported condensed consolidated financial statements is as follows:

(unaudited, in thousands except EPS)

| | At December 31, 2021 | | |
|--|----------------------|------------|------------|
| | As reported | Adjustment | As revised |
| CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | | | |
| Goodwill | \$ 721,819 | \$ 64,685 | \$ 786,504 |
| Customer contracts, net | 325,929 | (24,015) | 301,914 |
| Total assets | 1,980,870 | 40,670 | 2,021,540 |
| Other long-term accrued liabilities | 67,345 | 11,501 | 78,846 |
| Total liabilities | 898,822 | 11,501 | 910,323 |
| Retained earnings and other equity | 590,137 | 29,169 | 619,306 |
| Total stockholders' equity | 1,082,048 | 29,169 | 1,111,217 |
| Total liabilities and stockholders' equity | 1,980,870 | 40,670 | 2,021,540 |

| | Three Months Ended December 31, 2021 | | | Year Ended December 31, 2021 | | |
|--|---|------------|------------|---------------------------------|------------|------------|
| | As reported | Adjustment | As revised | As reported | Adjustment | As revised |
| CONDENSED CONSOLIDATED STATEMENTS OF INCOME | | | | | | |
| COSTS AND EXPENSES | | | | | | |
| Depreciation and amortization | 23,686 | (1,912) | 21,774 | 94,205 | (7,647) | 86,558 |
| Total operating expenses | 508,953 | (1,912) | 507,041 | 1,984,311 | (7,647) | 1,976,664 |
| Operating income | 91,390 | 1,912 | 93,302 | 439,989 | 7,647 | 447,636 |
| Consolidated income before income taxes | 93,975 | 1,912 | 95,887 | 474,838 | 7,647 | 482,485 |
| Provision for income taxes | 28,638 | 442 | 29,080 | 124,151 | 1,769 | 125,920 |
| Net income | 65,337 | 1,470 | 66,807 | 350,687 | 5,878 | 356,565 |
| Net income per share - basic and diluted | 0.13 | 0.01 | 0.14 | 0.71 | 0.01 | 0.72 |

| | Three Months Ended December 31, 2021 | | | Year Ended December 31, 2021 | | |
|--|---|------------|------------|---------------------------------|------------|------------|
| | As reported | Adjustment | As revised | As reported | Adjustment | As revised |
| CONDENSED CONSOLIDATED CASH FLOW INFORMATION | | | | | | |
| OPERATING ACTIVITIES | | | | | | |
| Net income | \$ 65,337 | \$ 1,470 | \$ 66,807 | \$ 350,687 | \$ 5,878 | \$ 356,565 |
| Depreciation and amortization | 23,686 | (1,912) | 21,774 | 94,205 | (7,647) | 86,558 |
| Change in working capital and other operating activities | 13,871 | 442 | 14,313 | (43,087) | 1,769 | (41,318) |
| Net cash provided by operating activities | 102,894 | — | 102,894 | 401,805 | — | 401,805 |

CONFERENCE CALL ANNOUNCEMENT

**Rollins, Inc.
(NYSE: ROL)**

**Management will hold a conference call to discuss
Fourth Quarter 2022 results on**

Thursday, February 16, 2023 at:

8:30 a.m. Eastern

7:30 a.m. Central

6:30 a.m. Mountain

5:30 a.m. Pacific

TO PARTICIPATE:

Please dial 1-877-869-3839 domestic;

1-201-689-8265 international

with conference ID of 13735127

at least 5 minutes before start time.

REPLAY: available through February 23, 2023

Please dial **1-877-660-6853 / 1-201-612-7415**, Passcode 13735127

THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT

www.rollins.com

Questions?

Contact Samantha Alphonso at Financial Relations Board at 212-827-3746

Or email to salphonso@mww.com

For Further Information Contact
Julie Bimmerman (404) 888-2103

View original content:<https://www.prnewswire.com/news-releases/rollins-inc-reports-fourth-quarter-2022-financial-results-301748098.html>

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