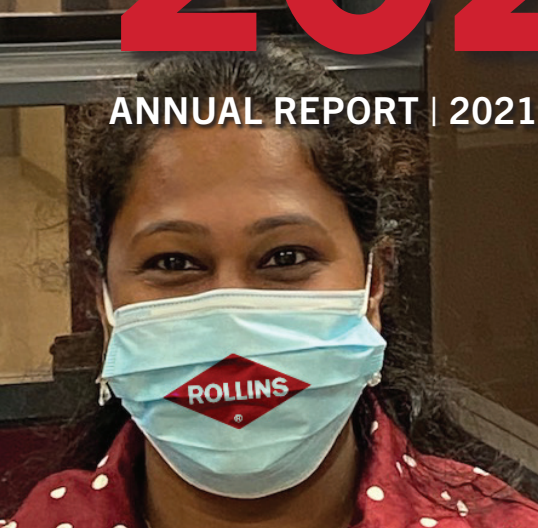




2020

ANNUAL REPORT | 2021 PROXY STATEMENT



ROL
LISTED
NYSE

A Dedicated and Trusted
Essential Service Company





STATEMENT OF OPERATIONS DATA

(in thousands except per share data)

YEARS ENDED DECEMBER 31	2020	Increase/ (Decrease)	2019	2018	2017	2016
Revenues	\$2,161,220	7.2%	\$2,015,477	\$1,821,565	\$1,673,957	\$1,573,477
Income before income taxes	354,720	35.8%	261,160	310,733	294,502	260,636
Net income	260,824	28.3%	203,347	231,663	179,124	167,369
Earnings per share – Basic	0.53	29.3%	0.41	0.47	0.37	0.34
Earnings per share – Diluted	0.53	29.3%	0.41	0.37	0.37	0.34
Dividends paid per share	0.33	6.5%	0.31	0.25	0.25	0.22

OTHER DATA:

Net cash provided by operating activities	\$435,785	40.9%	\$309,188	\$286,272	\$235,370	\$226,525
Net cash used in investing activities	(\$162,395)	(64.3)%	(\$455,107)	(\$101,375)	(\$154,175)	(\$76,842)
Net cash provided by / (used in) financing activities	(\$281,273)	NM	\$127,655	(\$162,283)	(\$130,263)	(\$136,371)
Depreciation	\$40,623	10.9%	\$36,646	\$30,364	\$27,381	\$24,725
Amortization of intangible assets	\$47,706	7.3%	\$44,465	\$36,428	\$29,199	\$26,177
Capital expenditures	(\$23,229)	(14.4)%	(\$27,146)	(\$27,179)	(\$24,680)	(\$33,081)

BALANCE SHEET DATA AT END OF YEAR:

Current assets	\$314,777	1.6%	\$309,787	\$286,021	\$262,795	\$290,171
Total assets	\$1,845,900	5.8%	\$1,744,376	\$1,094,124	\$1,033,663	\$916,538
Stockholders' equity	\$941,360	15.4%	\$815,750	\$711,908	\$653,924	\$568,545
Number of shares outstanding at year-end	491,612	0.0%	491,146	490,962	490,482	490,031
Closing stock price at December 31	\$39.07	76.7%	\$22.11	\$24.07	\$20.68	\$15.01
Shares acquired						1,880

All share and per share data have been restated for the three-for-two stock splits effective December 10, 2018 and December 10, 2020.



To our SHAREHOLDERS



A SUSTAINABLE COMPANY
FOR THE FUTURE

An Unprecedented Year

During a year of significant revenue and profit growth at Rollins, Inc., we also experienced unprecedented challenges for many of our employees, customers and stakeholders in 2020. We were all impacted by health and financial issues related to the Covid-19 Pandemic, including tragic loss of both Rollins' employees and family members. Our hearts go out to all those who were affected.

Throughout the year, we were also faced with social injustices that created conversations all around us. As we advance into 2021, Rollins will continue to work towards bettering our organization into a more inclusive environment, resulting in our Workplace Inclusion Initiative. Our ultimate goal is to foster a culture of inclusion where all individuals feel respected and treated fairly, with an equitable opportunity to excel. We are committed to this vision and the journey ahead that will take us there.

The Chairman and his Legacy

In a year when so many have been impacted externally, our Rollins family was impacted as well with the passing of our long-time Chairman and leader, R. Randall Rollins. From his early days as a new employee in John Rollins' car leasing company, he rose throughout that organization and ours assuming responsibility in various areas of his uncle's and father's businesses.

“Life is like a relay race. Do the best you can while you have the baton.”

– O. Wayne Rollins,
Co-founder, Rollins, Inc.

While he is missed by his family, friends and the people of Rollins, we will honor and maintain his legacy and the example he provided of hard work, honesty and integrity. Mr. Rollins' dedication and motivation, which was instilled by his father and is shared by his brother, has enabled us to continue our record of positive performance. His strong moral compass and expansive business experience has allowed the Company to enjoy ongoing growth and success. This foundation equips us for it to continue for years to come.

It could not be summed up better than by a quote from our Co-founder. *“Life is like a relay race. Do the best you can while you have the baton.”* – O. Wayne Rollins

Rollins, Inc. is better off today as a result of the leadership and focus that Mr. Rollins provided through his many years with the Company. He will be greatly missed.



ROLLINS, INC. Leading Pest Brands **Worldwide**



Orkin, the largest pest control company in the U.S., has over 115 years of experience, specializing in protection against common pests, including termites, rodents, and insects.



OPC Services was founded in 1972 in Okolona, a suburban area of Louisville, and is the premier pest management company based in Kentucky.



Established in 1937, IFC is a market leader providing consistent, reliable and high quality pest management and sanitation services and products to the food and commodity industries.



Established in 1954, Orkin Canada is Canada's largest pest control provider and a leader in the development of fast, effective and environmentally responsible pest control solutions.



Since 1951, Northwest has provided pest control, termite, and wildlife services for customers in Georgia, South Carolina, Tennessee, Alabama, and North Carolina.



Waltham Services has been providing peace of mind from pests since 1893, giving personalized attention to solving and preventing pest infestations throughout New England.



Orkin Australia combines international expertise with the local experience of our four regional brands, Orkin Australia delivers unmatched quality, reliability and safety.



Critter Control, the nation's leading wildlife control company, providing animal control and removal services since 1983, with a focus on vertebrate pests such as squirrels, raccoons, bats and birds.



Since 1991, Safeguard has had a rich history of providing superior pest control, bird control, and specialist services to residential and commercial customers in the United Kingdom.



Established in 1996, HomeTeam Pest Defense is the number one pest management company providing service to home builders with its unique Taexx tubes in the wall pest control system.



Established in 2020, MissQuito is the first women-led company at Rollins. Currently based out of Marietta, GA, MissQuito is a company that cares for the environment while controlling mosquitoes at customers' homes.



Aardwolf Pestkare, founded in 1997 in Singapore, is a long established pest control company with a history of providing superior pest control and specialty services to residential and commercial customers.

MissQuito is a women-led mosquito control business based in Marietta, GA. Our company is committed to empowering our team members to achieve their professional and personal goals. Rollins believes in hiring a diverse workforce and investing in each team member to allow them to operate at their greatest potential. In addition to caring for our team, we provide exceptional service and protection to our customers and the things that they value most – their family, community, and the environment.



Perma Treat, founded in 1967, is a leader in general pest and termite control, real estate inspections, new construction pretreatment, outdoor pest control for Central and Northern Virginia.



Established in 1930, Crane Pest Control, Inc. is a leading commercial pest control provider serving Northern California and the Reno/Tahoe Basin.



Established in 1950, Clark Pest Control has provided the finest pest control and turf-and-ornamental care located in 26 locations that serve residents and businesses throughout California and Northwestern Nevada.



Since 1928, Western has provided quality residential and commercial pest control in the Northeast, employing a full staff of field supervisors, quality control, and entomologists.



Established in 1984, Trutech is one of the largest animal control and removal companies in the U.S., ensuring animals are removed in a humane and ethical manner.



McCall Service has provided residential and commercial pest control services for more than 90 years to customers in North and Central Florida and South Georgia, protecting people, the public health, food, and property from the diseases and dangers of pests.



2020 Financial Results

Our revenue grew 7.2% to \$2.161 billion, an increase of 7.2% over the prior year. Our GAAP results were impacted by the non-recurring items of stock share vesting in 2020 and the pension plan moving off our books in 2019. When you take those two items into consideration, our non-GAAP Income before taxes was \$361.4 million, up 16.2% and Net Income was \$267.5 million this year, a 16.3% increase. Our Non-GAAP EPS were 54 cents compared to 47 cents, which is a 14.9% increase.

Covid and reaction

By mid-March, we knew that the virus and resulting pandemic were going to be challenging. Collectively, our Executive Steering Committee made many difficult

decisions at that time in anticipation of what was expected to come. During the coming weeks, we prioritized: how to keep our employees safe, ways to minimize costs, and how to serve and better respond to the needs of our customers during this time.

“The number one contributor to our Company’s success is the quality of our people.”

— Gary W. Rollins,
Chairman and CEO

In the early days of the pandemic, it became clear that our trusted brands would be expected to maintain that trust and high regard. We recognized early on that customers would need more flexibility in the services that we provided, and adjustments were made accordingly. We immediately invested in Personal Protective Equipment (PPE) for our customer facing employees. This both enabled our employees to be protected while serving on the front line and also gave our customers reassurance that we were doing our part to keep them safe. While these steps were initially costly, they were critical in keeping our operations

running safely. However, at this time, PPE costs have lowered for most products and we anticipate having expense savings in this area as 2021 progresses.

During the year, Residential Customers turned to our trusted brands and our Residential Customer base grew at record rates. As we moved through the second quarter of 2020, we began to see the positive impact of “customers working from home” with many new Residential Customers desiring pest control services both inside and outside of their home.

Unfortunately, however many of our existing Commercial Customers struggled. We made adjustments in service frequency to help them retain our services and to enable them to maintain pest free facilities. One way that we supported these customers was through the launch of our new Disinfectant Services. In record time, we launched and implemented new brand-identified product offerings to allow customers to enjoy a safer and healthier environment for their customers and employees. For many, this made the difference in their being able to stay in business or re-open sooner.

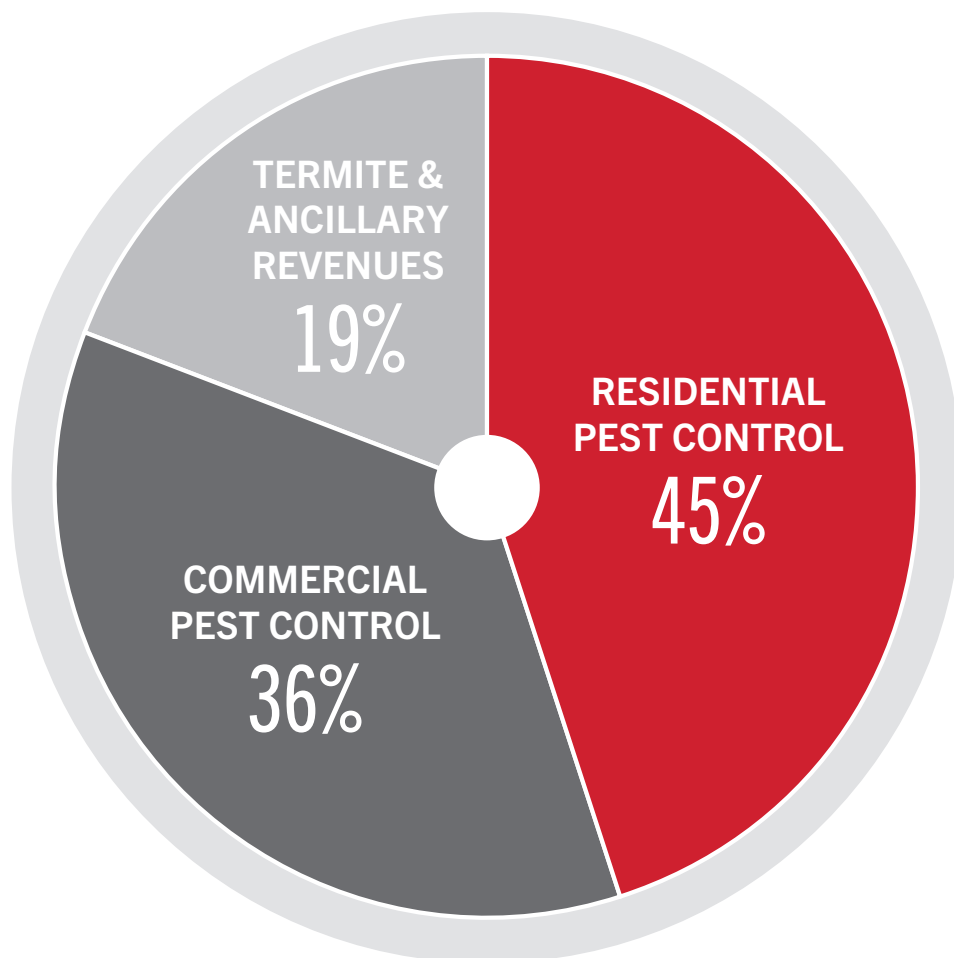




World's Largest Pest Control

2020 REVENUE BREAKDOWN

(by Service Lines)





R. Randall Rollins

Throughout his career, Mr. Rollins repeatedly stressed the tremendous value of loyal employees and dedicated business associates *“who believe in me and supported me, they have made me look better than I really am, every step of the way.”*

— R. RANDALL ROLLINS (1931 – 2020)

R. RANDALL ROLLINS was born on November 5, 1931, the son of O. Wayne Rollins, and Grace Crum Rollins. He was born on his grandparent's farm near Ringgold, Georgia and served in the United States Coast Guard.

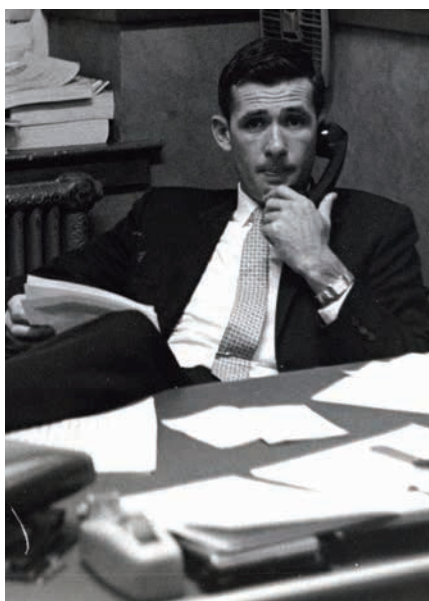
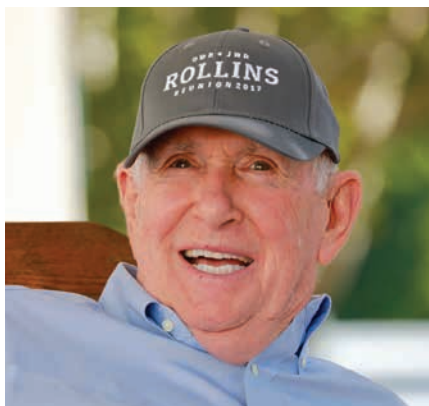
Rollins had served as the Company's chairman since 1991. The firm was originally started by Rollins' father and uncle, the children of a Depression-era farmer in Georgia's northern hill country, in the late 1940s as a broadcasting company after the Delaware-based entrepreneurs purchased a number of local radio stations. Rollins Broadcasting went public in 1961.

After enlisting in the U.S. Coast Guard, Randall Rollins officially joined the family business in 1953, and helped expand its broadcasting arm

before making an unusual pivot with what would ultimately become known as the first leveraged buyout in American history: Rollins Broadcasting's \$62 million acquisition of Orkin Pest Control in 1964. After the firm moved its headquarters to Atlanta, Mr. Rollins began heading up the pest control business with his brother Gary Rollins, who currently serves as Chairman and CEO of Rollins Inc.

Business associates say he was quick to spot good investment opportunities, focused on continuous improvement, and gifted at nurturing loyal employees. He was famous for working six days a week, a practice he continued until becoming ill.

A MEMORIAL TO OUR CHAIRMAN



*R. Randall Rollins and Family,
Swan Ball – Spring, 2019*

ROLLINS, INC.

Executive Steering Committee



Gary W. Rollins
*Chairman and
Chief Executive Officer*



John F. Wilson
Vice Chairman



Jerry E. Gahlhoff Jr.
*Rollins President and
Chief Operating Officer*



Kevin J. Smith
Chief Marketing Officer



Lee W. Crump
Chief Information Officer



Paul E. Northen
Chief Financial Officer



Elizabeth Chandler
*Corporate Secretary &
Chief Legal Officer*



Freeman Elliott
President of Orkin



Steven Leavitt
*President of
Rollins Brands*



Chris Gorecki
*Vice President of
Operational Support*



3.8 million
technician-driven miles saved
through ongoing routing and
scheduling enhancements



Rollins protects health
and property while
servicing more than
2.8M customers
worldwide

ROLLINS, INC.

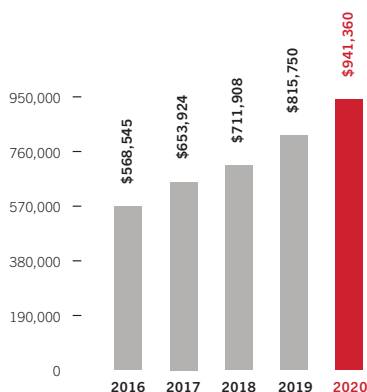
Financial Results 2020



STOCKHOLDERS' EQUITY

(in thousands)

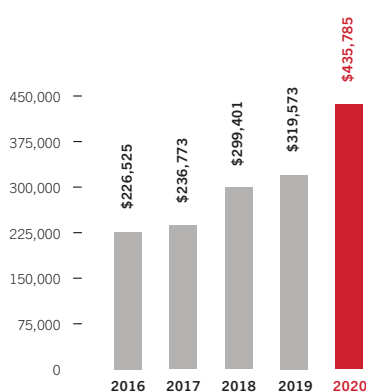
\$941,360



CASH FROM OPERATIONS

(in thousands)

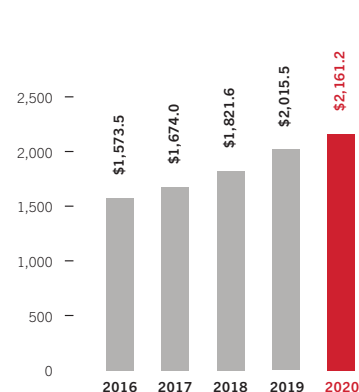
\$435,785



REVENUES

(in millions)

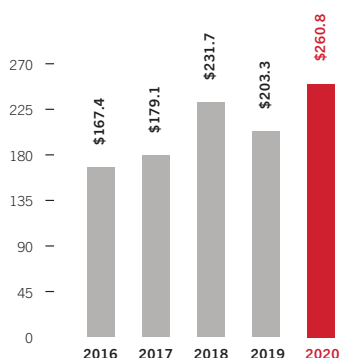
\$2,161.2



NET INCOME

(in millions)

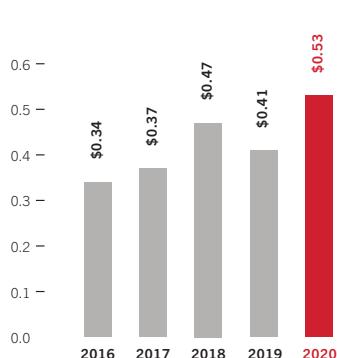
\$260.8



DILUTED EARNINGS PER SHARE

(\\$)

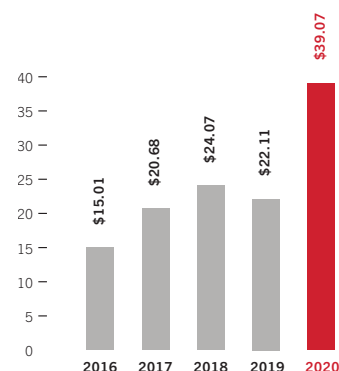
\$0.53



STOCK PRICE

(\\$)

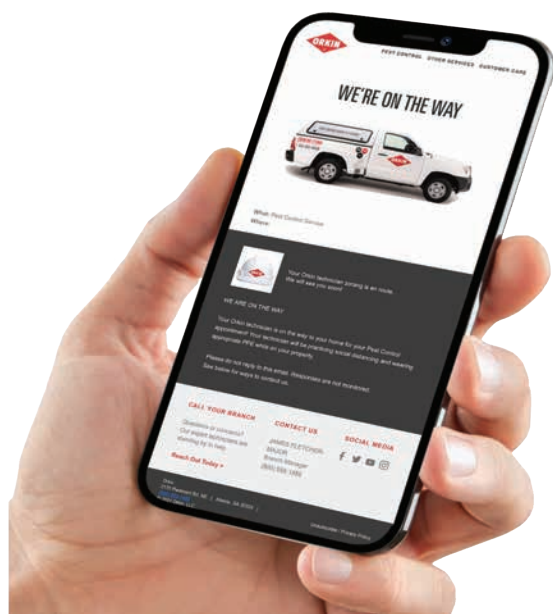
\$39.07



It is fair to say that we would not have been equipped to quickly shift to mostly remote technicians and support staff, without our investment in Routing and Scheduling. We were able to remotely communicate with our technicians and customers and optimize route productivity during the surge for our new pest control services.

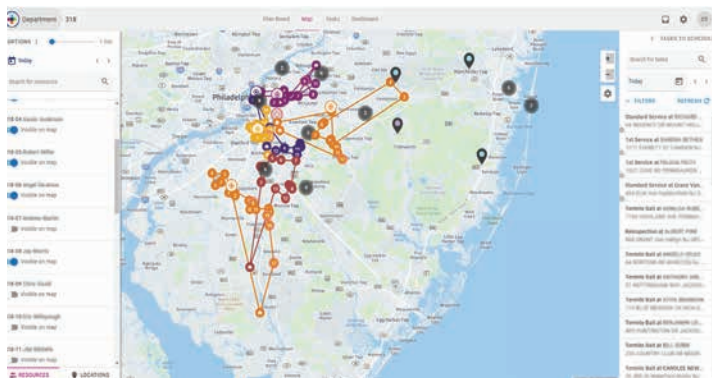
In 2020, we rolled out our latest new Routing and Scheduling application that further enhanced our customer experience and technician efficiency. This application takes advantage of complex optimization algorithms to schedule a technician's services in the most optimal way. The algorithms further reduce driving distance and time while honoring customer requirements and technician availability.

This latest enhancement captures real-time technician activities throughout their day. The systems continuously optimize in real-time as customer services are rescheduled, and new sales are added to the workday. This provides branch operations and customer service employees real-time status of the technicians' progress and availability throughout the day.



From a total company perspective, part of our pandemic related financial adjustment came with our reduction in the quarterly dividend. We took this conservative approach and continued to pay down our debt, during the year. This was not a decision that was made casually, but one that enabled us to continue to invest and maintain our business as close to normal as possible.

As the year progressed and our financial situation became clearer, the Board of Directors approved a \$0.13 special dividend that was paid on December 10th. Additionally, throughout 2020, we paid down our debt from the Clark acquisition that was made in 2019, by over \$88 million.





Environmental, Social and Governance (ESG)

In March of 2020, we released our first Environmental, Social and Governance Report (ESG). This report provided a framework to highlight our plans in these areas. For several of our metrics, we added 3-5 year targets to improve the sustainability of our Company.

Looking towards 2021, it is our objective to continue creating and driving our long-term sustainability strategy, with specific goals related to our people, our communities, our environment, and our brands. The number one contributor to our Company's success is our people.

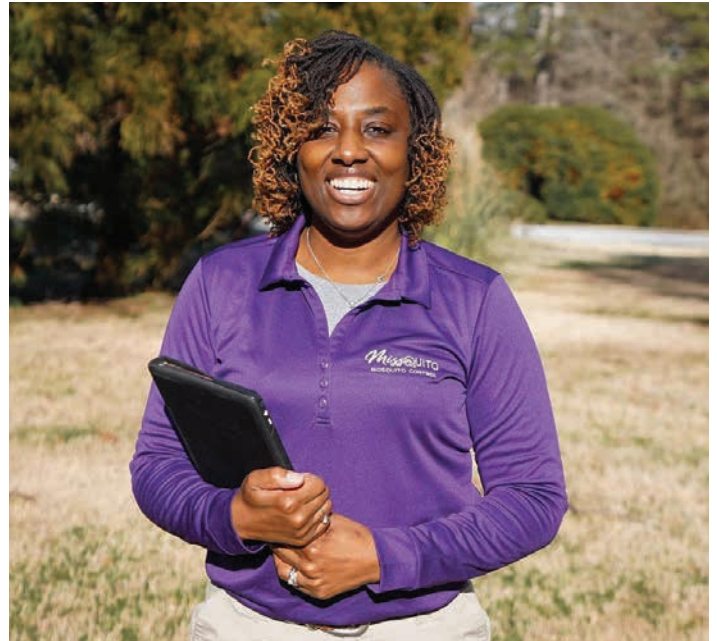
Another key area that we formally launched this past year was our Diversity, Equity and Inclusion (DEI) Initiative with a vision to have a culture of inclusion, where all individuals feel respected, are treated fairly, with an equitable opportunity to excel. With our Corporate Sponsor Orkin President, Freeman Elliott, we benchmarked with outside experts and companies to help better guide our launch of improvements in training, communication and Company execution.

After extensive reviews with our Executive Steering Committee, we launched an introductory training at our annual Region Leadership Meeting held virtually in January of 2021. Towards the end of 2020, Rollins,

Inc. launched its first black and female-led independent company called "MissQuito" which will begin servicing customers in early 2021.

The response from these actions from our workforce has been tremendous, and we look forward to sharing our journey and success in this important area of our business in the future.

Another important item related to our environmental actions is our continued journey involving customer Routing and Scheduling. As referenced earlier, this technology was an important factor in our growth during the year and supported significant margin improvement. During 2020, we drove 3.8 million less miles with the use of this technology.



Board Actions

As a result of the passing of the Chairman, our Board elevated Gary Rollins to the Chairman role, while maintaining his role as CEO and John Wilson, formerly President, moved into the Vice-Chairman position. One of the notable strengths of our business is the tremendous depth of management at all levels. Stepping in as Rollins President was Jerry Gahlhoff. Most recently, Jerry had been President of our Specialty Brands and Corporate Human Resources team. Consequently, other leaders were promoted as a result of these moves.

After a significant amount of stability on our Board, changes due to retirement occurred in 2020. The support and guidance of Bill Dismuke and Jimmy Williams over the years cannot be put into words. During their time on the Board, we have grown from a \$200 million Company to a \$2 billion Company. Both Bill and Jimmy were instrumental in contributing during through downturns in the economy, multiple acquisitions, geographic expansion and our general business evolution as we progressed.

With the loss of this significant talent, we took action to fill these voids with experienced and successful executives. These vacancies were filled with former Rollins, Inc. Chief Financial Officer, Harry Cynkus, former Executive Vice Chairman of Genuine Parts, Jerry Nix and former EY Audit Partners, Susan Bell and Pat Gunning. Collectively, they will bring diverse thoughts and business acumen accumulated through experience from other highly successful companies.

As the year approached a close, we gained a clear sight of our financial results for 2020 helping us develop our plans for the future. The Board approved a 3-2 stock split effective December 10th. This expansive share count provides better availability for both our investors and employees.

Moving Forward

We enter 2021 with both optimism and a solid plan to maintain our Company momentum. Our newly advanced leadership will take their “baton” and work to successfully execute our goals, while fulfilling our Mission of being the World’s Best Service Company.



John F. Wilson
Vice Chairman

Gary W. Rollins
Chairman and
Chief Executive Officer

Jerry E. Gahlhoff Jr.
Rollins President and
Chief Operating Officer

2020 ROLLINS VOLUNTEERISM



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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Commission file No. 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	30324
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	
(404) 888-2000	

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, \$1 Par Value	ROL	The New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:		
None.		

Indicate by check mark	YES	NO
• Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• 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).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 <input checked="" type="checkbox"/> Accelerated filer <input type="checkbox"/> Non-accelerated filer <input type="checkbox"/> Smaller reporting company <input type="checkbox"/> Emerging growth company <input type="checkbox"/>		
• 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 pursuant to Section 13(a) of the Exchange Act.	<input type="checkbox"/>	
• Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The aggregate market value of Rollins, Inc. Common Stock held by non-affiliates on June 30, 2020 was \$6,322,406,653 based on the reported last sale price of common stock on June 30, 2020, which is the last business day of the registrant's most recently completed second fiscal quarter.

Rollins, Inc. had 492,141,926 shares of Common Stock outstanding as of January 31, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2021 Annual Meeting of Stockholders of Rollins, Inc. are incorporated by reference into Part III, Items 10-14.

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ROLLINS, INC.

Form 10-K

For the Year Ended December 31, 2020

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2020 Form 10-K

Part I

Item 1.

Business

General

Rollins, Inc. (the “Company”) is an international service company with headquarters located in Atlanta, Georgia, providing pest and termite control services through its wholly-owned subsidiaries and independent franchises to both residential and commercial customers in the United States, Canada, Australia, Europe, and Asia with international franchises in Canada, Central and South America, the Caribbean, Europe, the Middle East, Asia, Africa, and Australia. Our pest and termite control services are performed through a contract that specifies the pricing arrangement with the customer.

For a listing of the Company’s Subsidiaries, see Note 1 – Summary of Significant Accounting Policies in the Notes to the Financial Statements (Part II, Item 8, of this Form 10-K).

The Company has one reportable segment, its pest and termite control business. Revenue, operating profit and identifiable assets for this segment, which includes the United States, Canada, Central and South America, the Caribbean, Europe, the Middle East, Asia, Africa, and Australia are included in Item 8 of this document, “Financial Statements and Supplementary Data” beginning on page 46. The Company’s results of operations and its financial condition are not reliant upon any single customer or a few customers or the Company’s foreign operations.

Three-for-Two Stock Split

All share and per share data presented have been adjusted to account for the three-for-two stock split effective December 10, 2020.

Common Stock Repurchase Program

At the July 24, 2012 Quarterly Board of Directors’ meeting, the Board authorized the purchase of 16.9 million shares of the Company’s common stock. During the years ended December 31, 2020 and 2019, the Company did not repurchase shares on the open market. In total, there are 11.4 million additional shares authorized to be repurchased under prior Board approval. The repurchase program does not have an expiration date.

Franchising Programs

Orkin Franchises

The Company, through its wholly-owned subsidiary Orkin Systems, LLC (“Orkin Systems”), began its domestic Orkin franchise program in the U.S. in 1994, and established its

first international franchise in 2000. It has since expanded to Central and South America, the Caribbean, Europe, the Middle East, Asia, and Africa. The Company continues to expand its growth through the franchise program of its Orkin brand. This program is primarily used in smaller markets where it is currently not economically efficient to establish and operate a company-owned Orkin branch. Domestic Orkin franchises are subject to a contractual buyback provision at Orkin System’s option with a pre-determined purchase price using a formula applied to revenues of the franchise. International Orkin franchise agreements also contain an optional buyback provision, but it is subject to the franchisee’s renewal option.

At December 31,			
Orkin Franchises	2020	2019	2018
Domestic Franchises	49	50	47
International Franchises	94	97	86
Total Orkin Franchises	143	147	133

Critter Control Franchises

The Company expands its animal control growth through the franchise program of its wholly-owned subsidiary, Critter Control, Inc. (“Critter Control”). The Company has purchased several Critter Control locations from its franchise owners while renaming and converting several previous Trutech, LLC locations to Critter Control locations. The majority of Critter Control’s locations are franchised. Critter Control franchises are subject to a contractual buyback provision at Critter Control’s option with a pre-determined purchase price using a formula applied to revenues of the franchise.

At December 31,			
Critter Control Franchises	2020	2019	2018
Domestic franchises	79	84	80
International franchises	0	1	1
Total Critter Control franchises	79	85	81

Australia Franchises

The Company has Australian franchises through Rollins Australia Pty Ltds wholly-owned subsidiaries, Scientific Pest Management (Australia/Pacific) Pty Ltd (“Scientific Pest Management”) and Murray Rollins Pty Ltd (“Murray Pest Control”).

At December 31,			
Australia Franchises	2020	2019	2018
Total Australia Franchises	9	10	10

Seasonality

The business of the Company is affected by the seasonal nature of the Company's pest and termite control services. The increase in pest presence and activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons), has historically resulted in an increase in the revenue of the Company's pest and termite control operations during such periods as evidenced by the following chart.

Total Net Revenues			
(in thousands)	2020	2019	2018
First Quarter	\$ 487,901	\$ 429,069	\$ 408,742
Second Quarter	553,329	523,957	480,461
Third Quarter	583,698	556,466	487,739
Fourth Quarter	536,292	505,985	444,623
Years Ended December 31,	\$2,161,220	\$2,015,477	\$1,821,565

Materials and Supplies

The Company has relationships with a national pest control product distributor and other suppliers for pest and termite control treatment products. The Company maintains a sufficient level of chemicals, materials and other supplies to fulfill its immediate servicing needs and to alleviate any potential short-term shortage in availability from its national network of suppliers. Additionally, the Company procured adequate supplies of gloves, masks, sanitization chemicals and other personal protective equipment that were in high demand during the pandemic.

Competition

The Company believes that, through its wholly-owned subsidiaries Orkin, LLC ("Orkin"), Western Industries-North, LLC ("Western Pest Services"), The Industrial Fumigant Company, LLC ("IFC"), HomeTeam Pest Defense, Inc. ("HomeTeam"), Crane Acquisition, Inc. ("Crane Pest Control"), Waltham Services, LLC ("Waltham"), Trutech, LLC ("Trutech") PermaTreat Pest Control Company, Inc. ("Permatreat"), Critter Control, Northwest Exterminating Co., LLC ("Northwest"), Okolona Pest Control, Inc. ("OPC"), Clark Pest Control of Stockton, Inc. ("Clark Pest Control"), McCall Service NW, LLC ("McCall"), Orkin Canada Corporation ("Orkin Canada"), Critter Control British Columbia, Inc. ("Critter Control Canada"), Allpest Pest Control ("Allpest"), Murray Pest Control, Scientific Pest Management, Statewide Rollins Pty Ltd ("Statewide"), Adams pest Control Pty Ltd ("Adams"), Safeguard Pest Control and Environmental Services Limited ("Safeguard"),

AMES Group Limited ("AMES"), Guardian Pest Control Ltd ("Guardian"), Albany Environmental Services Ltd ("Albany"), Van Vynck Environmental Services Ltd ("Van Vynck"), and Aardwolf Pestkare (Singapore) Pte Ltd ("Aardwolf"), it competes favorably with competitors as the world's largest pest and termite control company. The Company's major competitors include Terminix, Ecolab, Rentokil and Anticimex.

The principal methods of competition in the Company's pest and termite control markets are quality of service, customer proximity, guarantee terms, reputation for safety, technical proficiency, and price.

Research and Development

Expenditures by the Company on research activities relating to the development of new products or services are not significant. Some of the new and improved service methods and products are researched, developed and produced by unaffiliated universities and companies. Also, a portion of these methods and products are produced to the specifications provided by the Company.

The Company maintains a close relationship with several universities for research and validation of treatment procedures and material selection.

The Company conducts tests of new products with the specific manufacturers of such products. The Company also works closely with leading scientists, educators, industry consultants and suppliers to improve service protocols and materials.

Environmental and Regulatory Considerations

The Company's business is subject to various legislative and regulatory enactments including, but not limited to, environmental laws, antitrust laws, employment laws (including wage and hour laws, payroll taxes and anti-discrimination laws), immigration laws, motor vehicle laws and regulations, human health and safety laws, securities laws including, but not limited to, SEC regulations, and federal, state and local laws and regulations governing worker safety and the pest and termite control industry. Compliance with these requirements may have a material effect on the Company's capital expenditures, earnings, and competitive position.

Environmental, Health and Safety Matters

Specifically, our businesses are subject to various international, federal, state and local laws and regulations regarding environmental, health and safety matters. Among other things, these laws regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal, transportation and management of hazardous substances and wastes and protect the health and safety of our employees. These laws also impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of

hazardous substances, including releases by prior owners or operators of sites we currently own or operate. Compliance with environmental, health and safety laws increases our operating costs, limits or restricts the services we provide and subjects us to the possibility of regulatory or private actions or proceedings.

Consumer Protection, Privacy and Solicitation Matters

Additionally, we are subject to international, federal, state, provincial and local laws and regulations designed to protect consumers generally, including laws governing lending, debt collection and consumer finance, consumer privacy and fraud, the collection and use of consumer data, telemarketing and other forms of solicitation. The telemarketing rules adopted by the Federal Communications Commission pursuant to the Federal Telephone Consumer Protection Act of 1991 and the Federal Telemarketing Sales Rule issued by the Federal Trade Commission govern our telephone sales practices. The CAN-SPAM Act regulates our email solicitations and the Consumer Review Fairness Act regulates consumer opinions on social media regarding our products and services. The California Consumer Privacy Act provides consumers the right to know what personal data we collect, how it is used, and the right to access, delete and opt out of the sale of their personal information to third parties. If we were to fail to comply with any of these applicable laws or regulations, we could be subject to substantial fines or damages, be involved in lawsuits, enforcement actions and other claims by third parties or governmental authorities, suffer losses to our reputation and our business or suffer the loss of licenses or penalties that may affect how the business is operated, which, in turn, could have a material adverse effect on our financial position, results of operations and cash flows.

Franchise Matters

Certain of our subsidiaries are subject to various international, federal, state, provincial and local laws and regulations governing franchise sales, marketing and licensing and franchise trade practices generally, including applicable rules and regulations of the Federal Trade Commission. These laws and regulations generally require disclosure of business information in connection with the sale and licensing of our franchises. Certain state regulations also affect our ability as a franchisor, to revoke or refuse to renew a franchise. From time to time, we and one or more franchisees have, and may in the future become, involved in a dispute regarding the franchise relationship, including payment of royalties or fees, location of branches, advertising, purchase of products by franchisees, non-competition covenants, compliance with our standards or franchise renewal criteria. Any such franchise dispute could have a material adverse effect on our financial position, results of operations and cash flows.

Human Capital

We believe one of the largest contributors to our Company's success is the quality of our people. Attracting, developing

and retaining high-quality talent is the primary objective of our human capital management. The development and retention of high-quality talent leads to a better customer experience and better customer retention. We develop and engage our people through our best-in-class training at all levels of our organization.

As of December 31, 2020, the Company had 15,616 employees. Approximately 14,200 of our employees were located in the United States, with approximately 13,500 employees at U.S. branch offices. Of the U.S. employees, less than 5% are represented by a labor union or covered by a collective bargaining agreement.

December 31,	2020	2019	2018
Employees	15,616	14,952	13,734

Diversity, Equity and Inclusion

We make it a priority to promote and create a diverse, equitable and inclusive workplace that results in higher levels of satisfaction and engagement, stronger staff retention, higher productivity, and a heightened sense of belonging. Our mission is to have a culture of inclusion, where all individuals feel respected, are treated fairly, with an equitable opportunity to excel. To reinforce our mission, we launched a new global Diversity, Equity, and Inclusion (DEI) initiative in 2020. A key component of this initiative is our newly-formed Inclusion Advisory Council made up of employees from several different brands across the United States and Canada. Our council is currently focused on evaluating company policies, increasing employee awareness, and conducting employee listening sessions. Our goal is to create organizational change focusing on inclusion for all employees.

Health and Safety

We are committed to the health and safety of our employees and trade customers. During fiscal 2020, as a result of the COVID-19 pandemic, Rollins quickly implemented our pre-established business continuity plans. When state and local shelter-in-place restrictions were put in place, we experienced a smooth transition to a work-from-home environment for administrative staff and we limited traffic in and out of our branch locations. Employees receive regular emails with updated CDC guidelines, contact information for our Employee Assistance Program, and good news stories from various departments or branches to boost morale.

Community Involvement

We offer employees the opportunity to participate in various community outreach programs and believe that this commitment helps the Company to meet its goals of attracting, developing and retaining high-quality employees. We created Rollins United in 2019 to unify our brands' philanthropic visions and consolidate our community outreach efforts. Our overarching goal is to create a significant impact in local communities over an extended period of time. The core mission of Rollins United is that everyone deserves a safe place to live, work, and play.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports, are available free of charge on our website at

www.rollins.com, under the heading “Investor Relations – Filings and Reports – SEC Filings,” as soon as reasonably practicable after those reports are electronically filed with or furnished to the Securities and Exchange Commission (“SEC”).

Item 1.A.

Risk Factors

You should consider carefully the following risk factors before making an investment decision with respect to our securities. You are cautioned that the risk factors discussed below are not exhaustive.

Risks Related to our Brand and Certain Intellectual Property Rights

Our business depends on our strong brands and failing to maintain and enhance our brands and develop a positive client reputation could hurt our ability to retain and expand our base of customers.

Our strong brands, Rollins, Orkin, HomeTeam, Clark Pest Control, Western, Northwest, IFC, Crane Pest Control, Waltham, Trutech, PermaTreat, Critter Control, Safeguard Pest Control, Aardwolf Pestkare, OPC, and other strong brands have significantly contributed to the success of our business. Maintaining and enhancing our brands increases our ability to enter new markets and launch new and innovative services that better serve the needs of our customers. Our brands may be negatively impacted by a number of factors, including, among others, reputational issues and product/technical failures. Further, if our brands are significantly damaged, our business, operating results, and financial condition may be materially and adversely affected. We continue to develop strategies and innovative tools to gain a deeper understanding of customer acquisition, retention and client replacement in order to more effectively expand and retain our customer base. Maintaining and enhancing our brands will depend largely on our ability to remain a service leader and continue to provide high-quality pest control services that are truly beneficial and play a meaningful role in people’s lives.

Our brand recognition could be impacted if we are not able to adequately protect our intellectual property and other proprietary rights that are material to our business.

Our ability to compete effectively depends in part on our rights to service marks, trademarks, trade names and other intellectual property rights we own or license, particularly our registered brand names and service marks, Orkin®, Orkin Canada®, HomeTeam Pest Defense®, TAEXX®, Clark Pest Control®, Western Pest Services®, Northwest Exterminating®, Critter Control®, IFC®, Trutech®, Waltham Pest Services®, OPC Services®, Perma Treat Pest and Termite Control®, Crane Pest Control®, Murray Pest Control®, Allpest®, Statewide Pest Control®, Safeguard the Pest Control People®, Aardwolf Pestkare®, Adams Pest Control™, McCall® and others.

Although we have sought to register or protect many of our marks either in the United States or in the countries in which they are or may be used, we have not sought to protect our marks in every country. Furthermore, because of the differences in foreign trademark, patent and other intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the United States. If we are unable to protect our proprietary information and brand names, we could suffer a material adverse impact on our reputation, business, financial position, results of operations and cash flows. Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products, services or activities infringe their intellectual property rights.

Our franchisees, subcontractors, and vendors could take actions that could harm our business.

Our franchisees, subcontractors, and vendors are contractually obligated to operate their businesses in accordance with the standards set forth in our agreements with them and applicable laws and regulations. Each franchised brand also provides training and support to franchisees. However, franchisees, subcontractors, and vendors are independent third parties that we do not control, and who own, operate and oversee the daily operations of their businesses. As a result, the ultimate success of any franchise operation rests with the franchisee. If franchisees do not successfully operate their businesses in a manner consistent with required standards, royalty payments to us will be adversely affected and our brands’ image and reputation could be harmed. This could materially adversely impact our business, financial position, results of operations and cash flows. Similarly, if subcontractors, vendors and franchisees do not successfully operate their businesses in a manner consistent with required laws, standards and regulations, we could be subject to claims from regulators or legal claims for the actions or omissions of such third-party distributors, subcontractors, vendors and franchisees. In addition, our relationship with our franchisees, subcontractors, and vendors could become strained (including resulting in litigation) as we impose new standards or assert more rigorous enforcement practices of the existing required standards. These strains in our relationships or claims could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

From time to time, we receive communications from our franchisees regarding complaints, disputes or questions

about our practices and standards in relation to our franchised operations and certain economic terms of our franchise arrangements. If franchisees or groups representing franchisees were to bring legal proceedings against us, we would vigorously defend against the claims in any such proceeding. Our reputation, business, financial position, results of operations and cash flows could be materially adversely impacted, and the price of our common stock could decline.

Risks Related to the Global Economy and Public Health Crises

Economic conditions may materially adversely affect our business

Pest and termite services represent discretionary expenditures to many of our residential customers. If consumers restrict their discretionary expenditures, we may suffer a decline in revenues from our residential service lines. Economic downturns can also adversely affect our commercial customers, including food service, hospitality and food processing industries whose business levels are particularly sensitive to adverse economies. For example, we may lose commercial customers and related revenues because of consolidation or cessation of commercial businesses or because these businesses switch to a lower cost provider.

Our business, results of operations and financial condition is impacted by the coronavirus (COVID-19) pandemic and the restrictions put in place in connection therewith.

We have and continue to respond to the global outbreak of COVID-19 by taking steps to mitigate the potential risks posed to us by its spread and the impact of the restrictions put in place by the local, state and federal governments to protect the population. However, the resurgence of the COVID-19 pandemic in key areas of our operations may require us to implement additional restrictions on our operations. We continue to execute our business continuity plan and have implemented a comprehensive set of new protocols for the health and safety of our employees, customers, and business partners, such as wearing masks, gloves, and other personal protective equipment, social distancing, utilizing electronic documents and sanitizing high touch surfaces, among others. Our employees transitioned to work-from-home during fiscal 2020 where appropriate. However, due to the speed and scope with which the COVID-19 situation has evolved and the uncertainty of its duration and the timing of recovery, we are not able at this time to predict the extent to which the COVID-19 pandemic may have a material effect on our results of operations or financial condition. In addition, the unprecedented uncertainty surrounding COVID-19, due to rapidly changing governmental directives, public health challenges and progress, macroeconomic consequences, and market reactions thereto, also makes it more challenging for our management to estimate the future performance of our business and develop strategies to generate growth or achieve our objectives for 2021 and beyond.

Risks Related to our Labor Force

Our inability to attract and retain skilled workers may impair growth potential and profitability.

Our ability to remain productive and profitable will depend substantially on our ability to attract and retain sales and service operations professional workers, develop leadership and implement diversity, equity and inclusion initiatives. Our ability to expand our operations is in part impacted by our ability to increase our labor force. The demand for employees is high, and the supply is limited. A significant increase in the wages paid and benefits offered by competing employers could result in a reduction in our labor force, increases in our labor costs, or both. If either of paid these events occurred, our capacity and profitability could be diminished, and our growth potential could be impaired.

Risks Related to our Business, Industry and Operations

We face risks regarding our ability to maintain our competitive position in the pest control industry in the future.

We operate in a highly competitive industry. Our revenues and earnings are affected by changes in competitors' prices and general economic issues. We compete with other large pest control companies, as well as numerous smaller pest control companies, for a finite number of customers. We believe that the principal competitive factors in the market areas that we serve are service quality, terms of guarantees, reputation for safety, technical proficiency and price. Although we believe that our experience and reputation for safety and quality service are excellent, we cannot assure investors that we will be able to maintain our competitive position.

We may not be able to identify, complete or successfully integrate acquisitions.

Acquisitions have been and may continue to be an important element of our business strategy. We cannot assure investors that we will be able to identify and acquire acceptable acquisition candidates on terms favorable to us in the future. We cannot assure investors that we will be able to integrate successfully the operations and assets of any acquired business with our own business. Any inability on our part to integrate and manage the growth from acquired businesses could have a material adverse effect on our results of operations and financial condition.

Expanding into international markets presents unique challenges, and our expansion efforts with respect to international operations may not be successful.

An element of our strategy includes further expansion into international markets. Our ability to successfully operate in international markets may be adversely affected by political, economic and social conditions beyond our control, local laws and customs, and legal and regulatory constraints, including compliance with applicable anti-corruption and currency laws and regulations, of the countries or regions in which we currently operate or intend to operate in the future. Risks

inherent in our existing and future international operations also include, among others, the costs and difficulties of managing international operations, difficulties in identifying and gaining access to local suppliers, suffering possible adverse tax consequences from changes in tax laws or the unfavorable resolution of tax assessments or audits, maintaining product quality and greater difficulty in enforcing intellectual property rights. Additionally, foreign currency exchange rates and fluctuations may have an adverse effect on the financial results of our international operations.

Our operations are affected by adverse weather conditions.

Our operations are directly impacted by the weather conditions worldwide. The business of the Company is affected by the seasonal nature of the Company's pest and termite control services. The increase in pest presence and activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons), has historically resulted in an increase in the revenue and income of the Company's pest and termite control operations during such periods. The business of the Company is also affected by extreme weather such as drought which can greatly reduce the pest population for extended periods.

Risks Related to Cybersecurity, Privacy Compliance and Business Disruptions

The Company and its wholly-owned subsidiaries could suffer disruption to business operations and face economic and reputational damage, as well as be subject to fines, penalties and private litigation, if there is unauthorized access to or unintentional distribution of personal, financial, proprietary, confidential, or other protected data or information the Company is entrusted to keep about its customers, employees, business practices, or third parties.

Our internal information technology ("IT") systems contain certain personal, financial, health, or other protected and confidential information that is entrusted to us by our customers and employees. Our IT systems also contain the Company's and its wholly-owned subsidiaries' proprietary and other confidential information related to our business, such as business plans, customer lists and product and service development initiatives. We also grant third-party business partners and service providers access to such information in order to facilitate business operations and administer benefits. Employees, third-party business partners, and service providers can knowingly or unknowingly disseminate such information or serve as an entry point for bad actors to access such information. Vulnerabilities from growth, acquisitions, and integration with new systems also exist.

Our privacy compliance and digital risk management initiatives focus on the threats and risks to enterprise information and the underlying IT systems processing such information as part of the implementation of business processes. The Company also relies on, among other things, commercially available vendors, cyber protection systems, software, tools and monitoring to

provide security for processing, transmission and storage of protected information and data. The systems currently used for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, all of which can put payment card data at risk, meet standards set by the payment card industry ("PCI"). We have also implemented policies and procedures, internal training, system controls, and constant monitoring and audit processes to protect the Company from internal and external vulnerabilities and to comply with consumer privacy laws in the areas in which we operate. Further, the Company limits retention of certain data, encrypts certain data and otherwise protects information to comply with consumer privacy laws in the areas in which we operate.

We continue to evaluate and modify our systems and protocols for data security compliance purposes, and such standards may change from time to time. We monitor certain third-party business partners and service providers for compliance and vulnerabilities. Activities by bad actors, changes in computer and software capabilities and encryption technology, new tools and discoveries, cloud applications, changes in multi-jurisdictional regulations, and other events or developments may result in a compromise or breach of our systems. Any compromises, breaches, application errors or human mistakes related to our systems or failures to comply with applicable standards could not only disrupt our financial operations, including our customers' ability to pay for our services and products by credit card or their willingness to purchase our services and products, but could also result in violations of applicable laws, regulations, orders, industry standards or agreements and subject us to costs, penalties and liabilities which could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows. Furthermore, a breach of data security or failure to comply with rigorous multi-jurisdictional consumer privacy requirements could expose us to customer litigation, regulatory actions and costs related to the reporting and handling of such a violation or breach.

Risks Related to Legal, Regulatory and Risk Management Matters

We are from time to time subject to lawsuits, investigations and other proceedings which could have a material adverse effect on our business, financial condition and results of operations, and our operations may be adversely affected if we fail to comply with applicable law or other governmental regulations, including environmental and other regulations relating to the pest control industry.

In the normal course of business, we are involved in various claims, arbitrations, contractual disputes, investigations and litigation, including claims that our services or vehicles caused damage or injury, claims that our services did not achieve the desired results, claims related to acquisitions, allegations by federal, state or local authorities, including the SEC, of violations of regulations or statutes, claims related to wage and hour law violations and claims related to environmental matters. These claims, proceedings or litigation, either alone or in the

aggregate, could have a material adverse effect on our business, financial condition and results of operations.

Additionally, our business is significantly affected by and subject to regulation by various federal, state, provincial, regional and local governments in the countries in which we operate, including, but not limited to, environmental laws, antitrust laws, consumer protection laws, employment laws, including wage and hour laws, payroll taxes and anti-discrimination laws, immigration, human health and safety laws and other regulations relating to the pest control industry.

We are unable to predict whether such laws will, in the future, materially affect our operations and financial condition or whether any changes will require us to incur substantial increases in costs in order to comply with such changes. Penalties for noncompliance with these laws may include investigations, criminal sanctions or civil remedies, including, but not limited to, cancellation of licenses, fines, and other corrective actions, which could negatively affect our business, financial condition and results of operations.

The ongoing SEC investigation and any potential related litigation entail risks and uncertainties.

The SEC is conducting an investigation, which the Company believes is primarily focused on how it established accruals and reserves at period-ends and the impact of those accruals and reserves on reported earnings. The investigation relates to period-ends for periods beginning January 1, 2015. The Company is fully cooperating with the SEC's investigation. The Company's Audit Committee retained independent counsel to conduct an internal investigation into matters related to the SEC investigation and, in particular, the Company's processes for establishing and adjusting reserves for each quarter in the relevant periods. The internal investigation was concluded in October 2020. Based on the results of the internal investigation, it was determined that there was a significant deficiency in the Company's internal controls relating to the documentation and review of accounting entries for certain reserves and accruals. The Company has subsequently reevaluated and strengthened its internal controls over financial reporting, including improving processes and procedures and supporting documentation and providing additional training, which has resulted in the remediation of the significant deficiency. The Company, after consultation with the Audit Committee and independent counsel, believes that its financial statements filed with the SEC on Forms 10-K and 10-Q for the relevant periods fairly present in all material respects its financial condition, results of operations and cash flows as of their respective balance sheet dates and for the periods then ended.

The SEC's investigation is ongoing, however, and there can be no assurance that the SEC or another regulatory body will not make further regulatory inquiries or pursue action against the Company and its senior officers that could result in potentially significant sanctions and penalties, or that could require the Company to take additional remedial steps. Potential sanctions against the Company and/or individuals could include penalties, injunctions, and cease-and-desist orders. Further,

the Company may be subject to litigation from third parties related to the matters under review by the SEC. Accordingly, the ongoing SEC investigation and any potential related litigation could result in distraction to management and entail risks and uncertainties the outcome of which could adversely affect our financial results and our reputation.

Product, service or other related liability claims could have a material adverse effect on our liquidity, financial position and results of operations.

The handling, storage, transportation, and use of chemical products required to provide pest control service involves inherent exposure to potential product liability claims, service level claims, and related adverse publicity. Additionally, hazards could potentially cause injury, damage to, or destruction of, property or equipment and environmental contamination or other environmental damage, which could have an adverse effect on our business, financial condition or results of operations. Also, the occurrence of disruptions, shutdowns or other material operating problems at our facilities or those of our suppliers or customers due to any of these risks could adversely affect our reputation and have a material adverse effect on our operations as a whole, including our results of operations and cash flows, both during and after the period of operational difficulties. We maintain product and general liability insurance, however, there can be no assurance that the types or levels of coverage maintained are adequate to cover these potential significant and catastrophic risks. In addition, we may not be able to continue to maintain our existing insurance coverage or obtain comparable or additional insurance coverage at a reasonable cost, if at all, in the event a significant product or service claim arises.

Our risk management and safety programs may not have the intended effect of reducing our liability for personal injury or property loss.

Our safety record is critical to our reputation. Many of our clients require that we meet certain safety criteria to be eligible to provide service and bid for contracts, and many contracts provide for automatic termination or forfeiture of some or all of our contract fees or profit in the event we fail to meet certain measures. Accordingly, if we fail to maintain adequate safety standards, we could suffer reduced profitability or the loss of projects or clients, which could have a material adverse impact on our business, financial condition and results of operations.

We attempt to mitigate risks relating to personal injury or property loss through the implementation of company-wide safety management efforts designed to decrease the incidence of accidents or events that may occur. It is expected that any such decreases could also have the effect of reducing our insurance costs. However, incidents involving injury or property loss may be caused by multiple potential factors, a significant number of which are beyond our control. Therefore, there is no guarantee that our risk management and safety programs will have the desired effect of controlling all potential costs and liability exposure.

Our enterprise risk management program may leave us exposed to unidentified or unanticipated risks.

We maintain an enterprise risk management program that is designed to identify, assess, mitigate, and monitor the risks that we face. There can be no assurance that our frameworks or models for assessing and managing known risks, compliance with applicable law, and related controls will effectively mitigate risk and limit losses in all market environments or against all types of known and unknown risk in our business. If conditions or circumstances arise that expose flaws or gaps in our risk management or compliance programs, the performance and value of our business could be materially adversely affected.

The Company maintains insurance and other traditional risk-shifting tools to manage certain types of risks. However, such tools are subject to terms such as deductibles, retentions, limits and policy exclusions, as well as risk of denial of coverage, default or insolvency. If we suffer unexpected or uncovered losses, or if any of our insurance policies are terminated for any reason or are not effective in mitigating our risks, we may incur losses that are not covered or that exceed our coverage limits and could adversely impact our results of operations, cash flows and financial position.

Risks Related to our Capital and Ownership Structure

The Company's management has a substantial ownership interest; public stockholders may have no effective voice in the Company's management.

The Company has elected the "Controlled Company" exemption under Section 303A of the New York Stock Exchange ("NYSE") Listed Company Manual. The Company is a "Controlled Company" because a group that includes the Company's Chairman of the Board and Chief Executive Officer, Gary W. Rollins, and certain companies under his control, controls in excess of fifty percent of the Company's voting

power. As a "Controlled Company," the Company need not comply with certain NYSE rules.

Rollins, Inc.'s executive officers, directors and their affiliates hold directly, or through indirect beneficial ownership, in the aggregate, approximately **54** percent of the Company's outstanding shares of common stock. As a result, these persons will effectively control the operations of the Company, including the election of directors and approval of significant corporate transactions such as acquisitions and approval of matters requiring stockholder approval. This concentration of ownership could also have the effect of delaying or preventing a third party from acquiring control of the Company at a premium.

Our management has a substantial ownership interest, and the availability of the Company's common stock to the investing public may be limited.

The availability of Rollins' common stock to the investing public would be limited to those shares not held by the executive officers, directors and their affiliates, which could negatively impact Rollins' stock trading prices and affect the ability of minority stockholders to sell their shares. Future sales by executive officers, directors and their affiliates of all or a portion of their shares could also negatively affect the trading price of our common stock.

Provisions in Rollins, Inc.'s certificate of incorporation and bylaws may inhibit a takeover of the Company.

Rollins, Inc.'s certificate of incorporation, bylaws and other documents contain provisions including advance notice requirements for stockholder proposals and staggered terms for the Board of Directors. These provisions may make a tender offer, change in control or takeover attempt that is opposed by the Company's Board of Directors more difficult or expensive.

Item 1.B.

Unresolved Staff Comments

None.

Item 2.

Properties

The Company's administrative headquarters are owned by the Company, and are located at 2170 Piedmont Road, N.E., Atlanta, Georgia 30324. The Company owns or leases over 550 branch offices and operating facilities used in its business as well as the Rollins Training Center located in Atlanta, Georgia, the Rollins Customer Service Center located in Covington,

Georgia, and the Pacific Division Administration and Training Center in Riverside, California. None of the branch offices, individually considered, represents a materially important physical property of the Company. The facilities are suitable and adequate to meet the current and reasonably anticipated future needs of the Company.

Item 3.

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, 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 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. We do not believe that the ultimate resolution of the claims we are currently involved in will have a material adverse effect on our business, results of operations, financial condition, cash flow and prospects; however, it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual quarter or year.

As previously disclosed, the SEC is conducting an investigation, which the Company believes is primarily focused on how it established accruals and reserves at period-ends and the impact of those accruals and reserves on reported earnings. The investigation relates to period-ends for periods beginning January 1, 2015. The Company is fully cooperating with the SEC's investigation. The Company cannot predict the outcome of this investigation. The Company's Audit Committee retained independent counsel to conduct an internal investigation into matters related to the SEC investigation and, in particular, the Company's processes for establishing reserves for each quarter in the relevant periods. The internal investigation was concluded in October 2020. The Company, after consultation with the Audit Committee and the independent counsel, believes that its financial statements filed with the SEC on Forms 10-K and 10-Q for the relevant periods fairly present in all material respects its financial condition, results of operations and cash flows as of their respective balance sheet dates and for the periods then ended. See Part I, Item 1.A. for additional discussion of related Risk Factors.

See Note 15 to Part I, Item 1 for discussion of certain litigation.

Management does not believe that any pending claim, proceeding or litigation, 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, however unlikely, could result in a charge that might be material to the results of an individual quarter or year.

Item 4.

Mine Safety Disclosures

Not applicable.

Item 4.A.

Information about our Executive Officers

Each of the executive officers of the Company was elected by the Board of Directors to serve until the Board of Directors' meeting immediately following the next Annual Meeting of Stockholders or until his or her earlier removal by the Board of Directors or his or her resignation. The following table lists the executive officers of the Company and their ages, offices within the Company, and the dates from which they have continually served in their present offices with the Company.

Name	Age	Office with Registrant	Date First Elected to Present Office
Gary W. Rollins⁽¹⁾	76	Chairman and Chief Executive Officer	August 25, 2020
John F. Wilson⁽²⁾	63	Vice Chairman and Assistant to the Chairman	August 25, 2020
Jerry E. Gahlhoff Jr.⁽³⁾	48	President and Chief Operating Officer	August 25, 2020
Paul E. Northen⁽⁴⁾	56	Senior Vice President, Chief Financial Officer and Treasurer	January 26, 2016
Elizabeth B. Chandler⁽⁵⁾	57	Vice President, General Counsel and Corporate Secretary	January 1, 2018

⁽¹⁾ Gary W. Rollins was named Chairman of Rollins, Inc in August 2020. He was elevated to Vice Chairman of Rollins, Inc. in January 2013. He was elected to the office of Chief Executive Officer in July 2001. In February 2004, he was named Chairman of Orkin, LLC.

⁽²⁾ John Wilson joined the Company in 1996 and has held various positions of increasing responsibility, serving as a technician, sales inspector, branch manager, region manager, vice president and division president. His most senior positions have included President and Chief Operating Officer of Rollins, Inc., Vice President of Rollins, Inc., Southeast Division President, Atlantic Division Vice President and Central Commercial Region Manager. Mr. Wilson was elevated to Vice Chairman in August 2020.

⁽³⁾ Jerry E. Gahlhoff Jr. was named the President and Chief Operating Officer of Rollins, Inc. in August 2020. He came to the Company in the HomeTeam acquisition in 2008 and has successfully managed several areas of the Company with increasing responsibility. He most recently led the Rollins Specialty Brands team of HomeTeam, Clark, Northwest, Western Pest, Waltham Pest, OPC pest control companies as well as the Rollins Human Resources department.

⁽⁴⁾ Paul E. Northen joined Rollins in 2015 as Chief Financial Officer and Treasurer. He was promoted to Vice President of Rollins, Inc. in January 2016, and Senior Vice President of Rollins, Inc. in April 2018. He began his career with UPS in 1985 and brings a wealth of tax, risk management and audit experience as well as strong international exposure to Rollins. Prior to joining Rollins, Mr. Northen was Vice President of International Finance and Accounting-Global Business Services for UPS. He previously held the positions of Chief Financial Officer of UPS' Asia Pacific Region based in Hong Kong, and as Vice President of Finance in UPS' Pacific and Western Regions.

⁽⁵⁾ Elizabeth (Beth) Brannen Chandler joined Rollins in 2013 as Vice President and General Counsel. In 2017, Beth assumed responsibility for the Risk Management and Internal Audit groups. She was appointed to Corporate Secretary in January 2018. Before joining Rollins, Ms. Chandler was Vice President, General Counsel and Corporate Secretary for Asbury Automotive. Prior to working with Asbury, Ms. Chandler served as city attorney for the City of Atlanta; and she served as Vice President, Assistant General Counsel and Corporate Secretary for Mirant Corp.

Part II

Item 5.

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The common stock of the Company is listed on the New York Stock Exchange and is traded on the Philadelphia, Chicago and Boston Exchanges under the symbol ROL.

As of January 31, 2021, there were 7,760 holders of record of the Company's common stock. However, a large number of our shareholders hold their shares in "street name" in brokerage accounts and, therefore, do not appear on the shareholder list maintained by our transfer agent.

Issuer Purchases of Equity Securities

During the years ended December 31, 2020 and 2019, the Company did not repurchase shares on the open market. In total, there remains 11.4 million additional shares authorized to be repurchased under prior Board approval. The repurchase program does not have an expiration date.

Period	Total number of shares purchased ⁽¹⁾	Weighted average price paid per share	Total number of shares purchased as part of publicly announced repurchase plans ⁽²⁾	Maximum number of shares that may yet be purchased under the repurchase plans
October 1 to 31, 2020	703	\$ 35.87	—	11,415,625
November 1 to 30, 2020	2,147	39.67	—	11,415,625
December 1 to 31, 2020	—	—	—	11,415,625
Total	2,850	\$ 38.73	—	11,415,625

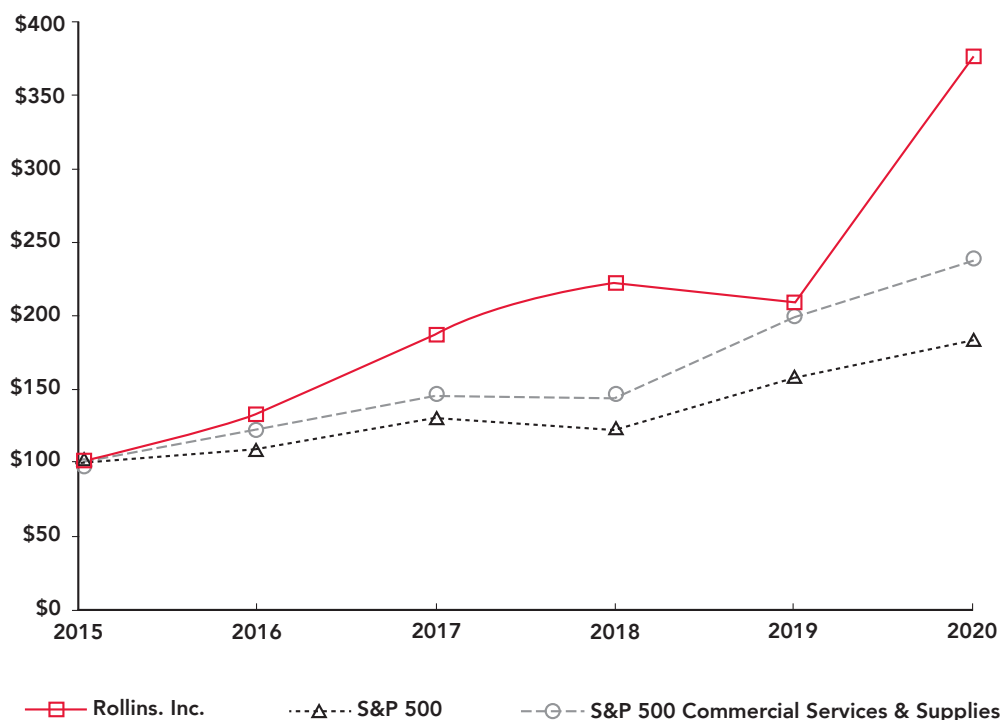
⁽¹⁾ Includes repurchases from employees for the payment of taxes on vesting of restricted shares in the following amounts: October 2020: 703; November 2020: 2,147; and December 2020: 0.

⁽²⁾ In 2012, the Company's Board authorized a share repurchase plan to repurchase up to 5.0 million shares of the Company's common stock. The split-adjusted authorized shares under the share repurchase plan are 16.9 million shares.

PERFORMANCE GRAPH

The following graph sets forth a five-year comparison of the cumulative total stockholder return based on the performance of the stock of the Company as compared with both a broad equity market index and an industry index. The indices included in the following graph are the S&P 500 Index and the S&P 500 Commercial Services Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN* Among Rollins Inc., the S&P 500 Index and the S&P 500 Commercial Services & Supplies Index



*\$ 100 invested on 12/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN*

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	2015	2016	2017	2018	2019	2020
Rollins Inc.	100.00	133.86	188.22	223.35	209.10	375.31
S&P 500	100.00	109.54	130.81	122.65	158.07	183.77
S&P 500 Commercial Services & Supplies	100.00	122.83	145.76	144.16	199.28	237.88

ASSUMES INITIAL INVESTMENT OF \$100
***TOTAL RETURN ASSUMES REINVESTMENT OF DIVIDENDS**
NOTE: TOTAL RETURNS BASED ON MARKET CAPITALIZATION

Item 6.

Selected Financial Data

The following summary financial data of Rollins highlights selected financial data and should be read in conjunction with the audited financial statements and related notes included elsewhere in this document.

All share and per share data presented in the following table have been adjusted for the three-for-two stock split effective December 10, 2020.

FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF OPERATIONS DATA

	(in thousands except per share data)				
Years ended December 31,	2020	2019	2018	2017	2016
Revenues	\$ 2,161,220	\$ 2,015,477	\$ 1,821,565	\$ 1,673,957	\$ 1,573,477
Income before taxes	\$ 354,720	\$ 261,160	\$ 310,733	\$ 294,502	\$ 260,636
Net income	\$ 260,824	\$ 203,347	\$ 231,663	\$ 179,124	\$ 167,369
Earnings per share – Basic	\$ 0.53	\$ 0.41	\$ 0.47	\$ 0.37	\$ 0.34
Earnings per share – Diluted	\$ 0.53	\$ 0.41	\$ 0.47	\$ 0.37	\$ 0.34
Dividends per share	\$ 0.33	\$ 0.31	\$ 0.31	\$ 0.25	\$ 0.22
OTHER DATA:					
Net cash provided by operating activities	\$ 435,785	\$ 319,573	\$ 299,401	\$ 235,370	\$ 226,525
Net cash used in investing activities	\$ (162,395)	\$ (455,107)	\$ (101,375)	\$ (154,175)	\$ (76,842)
Net cash (used in)/provided by financing activities	\$ (281,273)	\$ 111,686	\$ (175,412)	\$ (130,263)	\$ (136,371)
Depreciation	\$ 40,623	\$ 36,646	\$ 30,364	\$ 27,381	\$ 24,725
Amortization of intangible assets	\$ 47,706	\$ 44,465	\$ 36,428	\$ 29,199	\$ 26,177
Capital expenditures	\$ (23,229)	\$ (27,146)	\$ (27,179)	\$ (24,680)	\$ (33,081)
BALANCE SHEET DATA AT END OF YEAR:					
Current assets	\$ 314,777	\$ 309,787	\$ 286,021	\$ 262,795	\$ 290,171
Total assets	\$ 1,845,900	\$ 1,744,376	\$ 1,094,124	\$ 1,033,663	\$ 916,538
Total debt	\$ 203,000	\$ 291,500	\$ —	\$ —	\$ —
Stockholders' equity	\$ 941,360	\$ 815,750	\$ 711,908	\$ 653,924	\$ 568,545
Number of shares outstanding at year-end	491,612	491,146	490,962	490,482	490,031

Item 7.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Presentation

This discussion should be read in conjunction with our audited financial statements and related notes included elsewhere in this document. Discussions of 2018 items and year-to-year comparisons of 2019 and 2018 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 on our Annual report on Form 10-K for the year ended December 31, 2019. The following discussion (as well as other discussions in this document) contains forward-looking statements. Please see "Cautionary Statement Regarding Forward-Looking Statements" for a discussion of uncertainties, risks and assumptions associated with these statements.

The Company

Rollins, Inc. (the "Company") is an international service company with headquarters located in Atlanta, Georgia, providing pest and termite control services through its wholly-owned subsidiaries to both residential and commercial customers in the United States, Canada, Australia, Europe, and Asia with international franchises in Canada, Central and South America, the Caribbean, the Middle East, Asia, Europe, Africa, and Australia. Services are performed through a contract that specifies the treatment and the pricing arrangement with the customer.

The Company has one reportable segment, its pest and termite control business. The Company's results of operations and its financial condition are not reliant upon any single customer or a few customers or the Company's foreign operations.

Overview

RESULTS OF OPERATIONS

Years ended December 31,	(in thousands)			% Better/(worse) compared to prior year	
	2020	2019	2018	2020	2019
Revenues	\$ 2,161,220	\$ 2,015,477	\$ 1,821,565	7.2	10.6
Cost of services provided	1,048,592	993,593	894,437	(5.5)	(11.1)
Depreciation and amortization	88,329	81,111	66,792	(8.9)	(21.4)
Sales, general and administrative	656,207	623,379	550,698	(5.3)	(13.2)
Accelerated stock vesting expense	6,691	—	—		
Pension settlement loss	—	49,898	—	N/M	N/M
Loss/(gain) on sales of assets, net	1,599	(581)	(875)	(375.2)	(33.6)
Interest expense/(income), net	5,082	6,917	(220)	26.5	N/M
Income before income taxes	354,720	261,160	310,733	35.8	(16.0)
Provision for income taxes	93,896	57,813	79,070	(62.4)	26.9
Net income	\$ 260,824	\$ 203,347	\$ 231,663	28.3	(12.2)

General Operating Comments

2020 marked the Company's 23rd consecutive year of increased revenues. Revenues for the year rose 7.2 percent to \$2.161 billion compared to \$2.015 billion for the prior year. Income before income taxes increased 35.8% to \$354.7 million compared to \$261.2 million the prior year. Net income increased 28.3% to \$260.8 million, with earnings per diluted share of \$0.53 compared to \$0.41 per diluted share for the prior year. The drop in net income from 2018 to 2019 was primarily attributed to the pension settlement loss recorded in 2019.

COVID-19 Pandemic Impact

As the pandemic challenges grew early in 2020, the Company made numerous operational adjustments to address the economic, health and safety challenges from the COVID-19 pandemic. These included new COVID-related procedures, modified customer service and related protocols, daily health screenings before entering shared offices, and a transition to remote work locations to reduce concentrations of personnel in offices where appropriate. Cost containment efforts included furloughs, layoffs, elimination of non-essential

travel, postponing capital expenditures, and temporary salary reductions for upper management, among other actions.

Customer retention during the pandemic is less predictable, and of greater immediate concern compared with our normal operations, however, our residential pest and termite control business has remained reasonably consistent with some growth over prior years. With many sheltering or working from home, we have experienced higher than normal demand for our residential services. Our commercial pest control business has been more adversely impacted, as it crosses multiple industries such as healthcare, food processing, logistics, grocery, retail and hospitality. Each of these industries is being impacted differently by the pandemic. Many of our commercial customers continue to operate as "essential" businesses; however, unfortunately there are a notable number of others that have closed, at least temporarily. We expect this impact will persist through much of 2021 until the majority of the population has been vaccinated against the virus. The Company's residential and termite revenues grew 13.4% and 9.6%, respectively, in 2020 compared to 2019 while our commercial pest control revenues fell by 0.5%.

While we have a substantial amount of intangible assets on our balance sheet, based on our revenue growth this year, we do not anticipate any significant long-term loss in revenues or cash flows that would approach a level for impairment of intangible assets.

All of our critical supply-chain vendors have remained operational, and we have engaged additional new sources to supplement our existing suppliers, especially for critical PPE and other COVID-19 related items. Fleet suppliers and support vendors continue to serve our needs.

Results of Operations—2020 Versus 2019

Overview

The Company's revenues increased to \$2.161 billion in 2020, a 7.2% increase compared to 2019. Gross margin increased to 51.5% for 2020 from 50.7% in 2019. Sales, general and administrative expense were 30.4% of revenues in 2020 compared to 30.9% in 2019. The Company's depreciation and amortization expense as a percent of revenue increased 2.5% to 4.1% in 2020 compared to 4.0% in 2019. Rollins' net income of \$260.8 million in 2020 was an increase of \$57.5 million, or 28.3%, compared to \$203.3 million in 2019. Net profit margin improved to 12.1% in 2020 from 10.1% in 2019. Rollins continued to expand our global brand recognition with acquisitions in the United States, Canada, United Kingdom, Australia, and Asia as well as expanded our Orkin international franchise program in numerous countries around the globe. The Company continues to seek new international opportunities.

Revenues

Revenues for the year ended December 31, 2020 were \$2.161 billion, an increase of \$145.7 million, or 7.2%, from 2019 revenues of \$2.015 billion. Growth accounted for approximately 3.8% of our increase, and our acquisitions contributed the remaining revenue growth. We experienced

strong growth in residential pest control, increasing 13.4%, while termite and ancillary revenues grew 9.6%. Year over year commercial revenues were down 0.5% as commercial pest control was negatively impacted by the COVID-19 virus due to various levels of government-driven shutdowns. The Company's revenue mix for the year ended December 31, 2020 consisted primarily of 45% residential pest control, 36% commercial pest control and 19% termite and ancillary revenues (such as moisture control, insulation, deck and gutter work).

During 2020, the Company chose to forgo the normal mid-year price increase, which historically contributes approximately 1.0% to our annual revenue growth. Approximately 80% of the Company's pest control revenue was recurring in 2020, as well as in 2019.

The Company's foreign operations accounted for approximately 7% and 8% of total revenues for the years ended December 31, 2020 and 2019, respectively. The Company established new franchises in several international countries around the globe in 2020 while closing or acquiring others, for a total of 94 Orkin international franchises and nine Australia franchises at December 31, 2020, compared to 97 Orkin international franchises, one Canadian Critter Control franchises and ten Australia franchises at December 31, 2019. The Australia franchises operate under the Murray Pest Control and Scientific Pest Management names.

Revenue from franchising was up 5.6% in 2020 compared to 2019 as the Company continued to expand Orkin's international footprint and recognition of initial franchise fees. International and domestic franchising revenue was less than 1% of the Company's revenues for 2020. Orkin had 143 and 147 franchises (domestic and international) at December 31, 2020 and 2019, respectively. The Company continued its strategy of buying back Critter Control franchises during 2020, resulting in a drop in franchises to 79 at December 31, 2020, compared to 85 at December 31, 2019.

Cost of Services Provided

For the twelve months ended December 31, 2020, cost of services provided increased \$55.0 million, or 5.5%, compared to the twelve months ended December 31, 2019. Gross margin for the year increased to 51.5% for 2020 from 50.7% in 2019. Margin improvements were driven primarily from lower service wage growth compared to revenue growth, and from fleet savings driven by improvements in our routing and scheduling efficiencies and lower fuel prices.

Depreciation and Amortization

For the twelve months ended December 31, 2020, depreciation and amortization increased \$7.2 million, or 8.9%, compared to the twelve months ended December 31, 2019. The dollar increase was primarily due to depreciation increasing \$4.0 million, or 10.9%, from the depreciation of acquired and purchased assets and depreciation from various IT related projects. Amortization of intangible assets increased \$3.2 million, or 7.3%, for 2020 due to the additional amortization of customer contracts from several acquisitions over the last

year, including a full year of amortization for Clark Pest Control acquired in April 2019, as well as several smaller foreign and domestic companies.

Sales, General and Administrative

For the twelve months ended December 31, 2020, sales, general and administrative (SG&A) expenses increased \$32.8 million, or 5.3%, compared to the twelve months ended December 31, 2019. SG&A decreased to 30.4% of revenues for the year ended December 31, 2020 compared to 30.9% in 2019. The Company eliminated any non-essential spending at the start of the pandemic which lowered expenses in several areas. Travel restrictions reduced typical training, site visits and conference costs. Conversely, we incurred higher than normal expenses in 2019 related to acquisition preparation and integration activities for Clark Pest Control.

Gain / Loss on Sales of Assets, Net

The Company recorded a \$1.6 million net loss on sales of assets for the year ended December 31, 2020 compared to a net gain on sales of assets of \$0.6 million in 2019. The Company's 2020 losses came primarily from liquidating the pension plan assets from the 2019 pension plan settlement. During 2019, the Company recorded gains from the sale of owned vehicles and other owned property.

Interest Expense, Net

Interest expense, net for the years ended December 31, 2020 and 2019 was \$5.1 million and \$6.9 million respectively, driven largely by borrowings to fund acquisitions, among other things.

Taxes

The Company's effective tax rate increased to 26.5% in 2020 compared to 22.1% in 2019, due primarily to state and foreign income tax changes and limited tax deductibility for the accelerated stock vesting expense recognized in 2020. The 2019 rate was lower due to beneficial adjustments related to the 2019 pension settlement.

Liquidity and Capital Resources

Cash and Cash Flow

Cash from operating activities is the principal source of cash generation for our businesses.

The most significant source of cash in Rollins' 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, tax authorities and others for a wide range of material and services.

The Company's cash and cash equivalents at December 31, 2020, 2019, and 2018 were \$98.5 million, \$94.3 million, and \$115.5 million, respectively.

	(in thousands)		
Years ended December 31,	2020	2019	2018
Net cash provided by operating activities	\$ 435,785	\$ 319,573	\$ 299,401
Net cash used in investing activities	(162,395)	(455,107)	(101,375)
Net cash (used in)/ provided by financing activities	(281,273)	111,686	(175,412)
Effect of exchange rate on cash	12,084	2,639	(14,179)
Net increase/ (decrease) in cash and cash equivalents	\$ 4,201	\$ (21,209)	\$ 8,435

Cash Provided by Operating Activities

The Company's operations generated cash of \$435.8 million for the year ended December 31, 2020 primarily from net income of \$260.8 million, compared with cash provided by operating activities of \$319.6 million in 2019 and \$299.4 million in 2018. The Company believes its current cash and cash equivalents balances, future cash flows expected to be generated from operating activities, available borrowings under its \$175.0 million revolving credit facility and \$250.0 million term loan facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future.

The Company settled its obligations under the Rollins, Inc. Pension Plan in 2019 without making any additional contributions during the years ended December 31, 2019 or 2018. The plan was fully funded with a prepaid balance. The plan assets exceeded the plan benefit obligations, and \$31.8 million remained after settlement. The Company sold illiquid benefit plan asset investments during 2020 and used \$18.0 million and \$11.0 million of the \$31.8 million during the years ended December 31, 2020 and 2019, respectively, to fund its 401(k) match obligations. As of December 31, 2020, the Company had approximately \$1.2 million remaining of benefit plan assets which will likely be reverted to the Company per ERISA regulations in 2021.

The Company has one remaining pension in one of its wholly-owned subsidiaries. An employer contribution of \$0.1 million was made during the year ended December 31, 2019. No contributions were made during 2020 or 2018. While the Company's management does not expect to make a contribution to its remaining pension plan during fiscal year 2021, additional plan contributions, if any, will not have a material effect on the Company's financial position, results of operations or liquidity.

Cash Used in Investing Activities

The Company used \$162.4 million in investing activities for the year ended December 31, 2020, compared to \$455.1 million and \$101.4 million during 2019 and 2018, respectively.

The Company invested approximately \$23.2 million in capital expenditures during 2020 compared to \$27.1 million and \$27.2 million during 2019 and 2018, respectively. Capital expenditures for the year consisted primarily of property purchases, equipment replacements and technology-related projects. The Company expects to invest between \$25.0 million and \$30.0 million in 2021 in capital expenditures. During 2020, the Company and its subsidiaries acquired McCall Pest Management, Inc, the remaining Clark Pest Control locations, and Adam's Pest Control in Australia as well as several other small to mid-sized companies for a total of \$147.6 million compared to \$430.6 million and \$76.8 million in acquisitions during 2019 and 2018, respectively. The expenditures for the Company's acquisitions were funded through existing cash balances, borrowings on our line of credit, a term loan, and other operating cash flows. The Company continues to seek new acquisitions.

Cash Used in or Provided by Financing Activities

The Company used \$281.3 million in financing activities for the year ended December 31, 2020. During 2019, the Company generated \$111.7 million from financing activities compared to using \$175.4 million during 2018. The Company repaid \$88.5 million of its outstanding debt balance throughout 2020, net of borrowings, compared to borrowing \$291.5 million during 2019, net of repayments. A total of \$160.5 million was paid in cash dividends (\$0.33 per share) during the year ended December 31, 2020 including a special dividend paid in December 2020 of \$0.09 per share, compared to \$153.8 million in cash dividends paid (\$0.31 per share) during the year ended December 31, 2019, including a special dividend paid in December 2019 of \$0.03 per share and \$152.7 million paid in cash dividends (\$0.31 per share) during the year ended December 31, 2018, including a special dividend paid in December 2018 of \$0.06 per share.

The Company reclassified certain prior period amounts in the Statement of Cash Flows from Operating Activities to Financing Activities for payment of contingent consideration to conform to the current period presentation.

The Company did not purchase shares on the open market during the years ended December 31, 2020, 2019 and

2018. There remain 11.4 million shares, adjusted for the December 10, 2020 three-for-two stock split, authorized to be repurchased under prior Board approval. The Company repurchased \$8.3 million, \$10.0 million, and \$9.5 million of common stock for the years ended December 31, 2020, 2019 and 2018, respectively, from employees for the payment of taxes on vesting restricted shares.

The Company's \$98.5 million of total cash at December 31, 2020 is primarily cash held at various banking institutions. Approximately \$71.3 million is held in cash accounts at international bank institutions and the remaining \$27.2 million is primarily held in Federal Deposit Insurance Corporation ("FDIC") insured non-interest-bearing accounts at various domestic banks which at times may exceed federally insured amounts.

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

Rollins maintains adequate liquidity and capital resources, without regard to its foreign deposits, that are directed to finance domestic operations and obligations and to fund expansion of its domestic business.

For Information regarding our Revolving Credit Agreement see Note 4 – Debt of the Notes to Financial Statements (Part II, Item 8 of this Form 10-K).

Litigation

For discussion on the Company's legal contingencies, see Note 15 – Commitments and Contingencies to the accompanying financial statements.

Off Balance Sheet Arrangements, Contractual Obligations and Contingent Liabilities and Commitments

The Company has no material off balance sheet arrangements.

The impact that the Company's contractual obligations as of December 31, 2020 are expected to have on our liquidity and cash flow in future periods is as follows:

Contractual obligations (in thousands)	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	More than 5 years
Revolving commitment	\$ 67,000	\$ —	\$ —	\$ 67,000	\$ —
Term loan	136,000	17,188	42,187	76,625	—
Acquisition holdbacks and earnouts	35,744	23,768	11,976	—	—
Non-cancelable operating leases	233,043	80,425	105,891	30,337	16,390
Unrecognized tax positions⁽¹⁾	921	—	921	—	—
Total⁽²⁾	\$ 472,708	\$ 121,381	\$ 160,975	\$ 173,962	\$ 16,390

⁽¹⁾ These amounts represent expected payments with interest for unrecognized tax benefits as of December 31, 2020.

⁽²⁾ Minimum pension funding requirements are not included as funding will not be required.

Critical Accounting Policies and Estimates

The Company views critical accounting policies and estimates to be those that are very important to the portrayal of our financial condition and results of operations, and that require management's most difficult, complex or subjective judgments. The circumstances that make these judgments difficult or complex relate to the need for management to make estimates about the effect of matters that are inherently uncertain. We believe our critical accounting policies to be as follows:

Accrual for Termite Contracts—The Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future costs include termiticide life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company's business practices. However, it is not possible to precisely predict future significant claims. Accruals for termite contracts are included in other current liabilities and long-term accrued liabilities on the Company's consolidated statements of financial position.

Accrued Insurance—The Company retains, up to specified limits, certain risks related to general liability, workers' compensation and auto liability. Risks are managed through either high deductible insurance or a non-affiliated group captive insurance member arrangement. 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 actuary on a semi-annual basis 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 Company continues to be proactive in safety and risk management to develop and maintain ongoing programs to reduce and prevent claims. Initiatives that have been implemented include required pre-employment screening and ongoing motor vehicle record review for all drivers, post-offer physicals for new employees, pre-hire, random and post incident drug testing, increased driver training and post-injury nurse triage for work-related injuries. 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.

Revenue Recognition—the Company's Revenue recognition policy is to recognize revenue upon transfer of control of

promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, each of which are distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for refunds and any taxes collected from customers, which are subsequently remitted to governmental authorities.

More on the Company's revenue recognition policy can be found in the Company's Notes to the Consolidated Financial Statements, Note 1 – Summary of Significant Accounting Policies with the heading Revenue Recognition.

Contingency Accruals—The Company is a party to legal proceedings with respect to matters in the ordinary course of business. In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 450 "Contingencies," Management estimates and accrues for its liability and costs associated with the litigation. Estimates and accruals are determined in consultation with outside counsel. Because it is not possible to accurately predict the ultimate result of the litigation, judgments concerning accruals for liabilities and costs associated with litigation are inherently uncertain and actual liabilities may vary from amounts estimated or accrued. However, in the opinion of management, the outcome of the litigation will not have a material adverse impact on the Company's financial condition or results of operations. Contingency accruals are included in other current liabilities and long-term accrued liabilities on the Company's consolidated statements of financial position.

Recent Accounting Guidance

See Note 1 – Summary of Significant Accounting Policies of the Notes to Financial Statements (Part II, Item 8 of this Form 10-K) for further discussion.

Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements regarding: (1) the Company continuing to expand its growth through the franchise program of its Orkin brand; (2) management's belief that the Company competes favorably with competitors as the world's largest pest and termite control company; (3) compliance with environmental and regulatory laws, legislative and regulatory requirements may have a material effect on the Company's capital expenditures, earnings, and competitive position and subject us to the possibility of regulatory and private actions or proceedings; (4) failure to comply with consumer protection, privacy solicitation laws or regulations could subject us to involvement in lawsuits, enforcement actions and other claims by third parties or governmental authorities, losses to our reputation, business or licenses or substantial fines, damages or penalties that may affect how the business is operated, which, in turn, could have a material adverse effect on our

financial position, results of operations and cash flows; (5) franchise dispute could have a material adverse effect on our financial position, results of operations and cash flows; (6) our belief that our maintenance of supplies is sufficient to fulfill our immediate needs and to alleviate any potential short-term shortage in availability of such supplies; (7) the suitability and adequacy of our facilities to meet our current and reasonably anticipated future needs; (8) our belief that the development and retention of high-quality talent leads to a better customer experience and better customer retention; (9) our belief that if we make it a priority to promote and create a diverse, equitable and inclusive workplace, it will result in higher levels of satisfaction and engagement, stronger staff retention, higher productivity, and a heightened sense of belonging; (10) our goals to create organizational change focusing on inclusion for all employees; (11) our belief that our commitment to offer employees the opportunity to participate in various community outreach programs will help us meet our goals of attracting, developing and retaining high-quality employees and create a significant impact in local communities over time; (12) our belief that no pending claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on our business, financial position, results of operations, liquidity, cash flow or prospects; (13) our belief that we establish sufficient loss contingency reserves based upon outcomes of such pending claims, proceedings or litigation that we currently believe to be probable and reasonably estimable; (14) our belief that our financial statements filed with the SEC on Forms 10-K and 10-Q for the relevant periods that are subject to the SEC investigation fairly present in all material respects our financial condition, results of operations and cash flows as of their respective balance sheet dates and for the periods then ended; (15) our expectation that the adverse impact of the COVID-19 pandemic, specifically, that a notable number of our commercial customers will continue to be forced to temporarily close their doors, will persist until the majority of the population has been vaccinated against the virus; (16) our anticipation that we will not experience any significant long-term loss in revenues or cash flows, in connection with the COVID-19 pandemic, that would approach a level for impairment of intangible assets; (17) the belief that our current cash and cash equivalents balances, future cash flows expected to be generated from operating activities, available borrowings under our \$175.0 million revolving credit facility and \$136.0 million currently outstanding under our term loan facility will be sufficient to finance our current operations and obligations, and fund expansion of the business for the foreseeable future, (18) the belief that we have adequate liquid assets, funding sources and insurance accruals to satisfy any claims; (19) our expectation to continue our payment of cash dividends, subject to the earnings and financial condition of the Company and other relevant factors; (20) plans regarding future acquisitions and franchise expansions, including our belief that acquisitions have been and may continue to be an important element of our business strategy; (21) our belief that we maintain adequate liquidity and capital resources, without regard to its foreign deposits, to finance domestic operations and obligations and to fund expansion of our domestic business; (22) plans to continue funding future

defined benefit plan obligations with a possible reversion of any remaining pension assets to us in compliance with ERISA regulations; (23) our belief that the Company will not make a contribution to its remaining pension plan during fiscal year 2021; (24) our belief that any potential additional pension plan contributions will not have a material effect on our financial position, results of operations or liquidity; (25) our projected 2021 capital expenditures; (26) the plans to grow the business in foreign markets through reinvestment of foreign deposits and future earnings and through acquisitions of unrelated companies with no expectation of repatriation of cash from our foreign subsidiaries; (27) our ability to mitigate investment risks with respect to the Waltham Services, LLC Hourly Employee Pension Plan by evaluating the appropriateness of the funds' judgments and assumptions by reviewing the financial data included in the funds' financial statements for reasonableness; (28) our belief that we have adequate liquid assets, funding sources and insurance accruals to accommodate certain insurance claims; (29) our expectation that we will maintain compliance with the covenants contained in our Revolving Credit Agreement throughout 2021; (30) the expected impact and amount of our contractual obligations; (31) our expectations regarding termite claims and factors that impact future costs from those claims; (32) the expected cost of termite renewals; (33) the expected collectability of accounts receivable; (34) our belief that our tax positions are fully supportable; (35) expectations and plans regarding any losses from franchisees; (36) our beliefs about our accounting policies and the impact of recent accounting pronouncements; (37) our belief that our exposure to market risks arising from changes in foreign exchange rates will not have a material impact upon our results of operations going forward; (38) our ability to utilize all of our foreign net operating losses and the reasonable possibility that the Company's unrecognized tax benefits will decrease in the next 12 months; (39) our reasonable certainty that we will exercise the renewal options on our operating leases; (40) expectations regarding the recognition of compensation costs related to time-lapse restricted shares; (41) our belief that maintaining and enhancing our brands increases our ability to enter new markets and launch new and innovative services that better serve the needs of our customers; (42) our ability to be proactive in safety and risk management to develop and maintain ongoing programs to reduce claims; and (43) our expected return on defined benefit pension plan assets; (44) the potential limitation of our ability to take timely corrective actions to limit future costs if actual claims related to our defined benefit pension plan exceed our accruals and reserves; (45) our potential suspension of future services for customers with past due balances; and (46) management's intention that our floating-to-fixed interest rate swap for an aggregate notional amount of \$100.0 million will hedge a portion of the Company's floating rate indebtedness under the Credit Facility.

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; actions taken by our franchisees, subcontractors or vendors that may harm our business; general economic conditions; the impact of the extent and duration of economic contraction related to COVID-19 on general economic activity for the remainder of 2021 and beyond; the impact of future developments related to the COVID-19 pandemic on the Company's business, results of operations, accounting assumptions and estimates and financial condition; potential increases in labor costs; 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 and integrate potential acquisitions; unsuccessful expansion into international markets; climate and weather trends; a breach of data security resulting in the unauthorized access of personal, financial, or other data or information about our customers, employees, third parties, or of our proprietary confidential information; damage to our

brands or reputation; possibility of an adverse ruling against us in pending litigation, regulatory action or investigation; changes in various government laws and regulations, including environmental regulations; 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.

Item 7.A.

Quantitative and Qualitative Disclosures about Market Risk

Market Risk

The Company maintained an investment portfolio (included in cash and cash equivalents) subject to short-term interest rate risk exposure. The Company is subject to interest rate risk exposure through borrowings on its \$175.0 million revolving credit facility and \$250.0 million term loan facility. As of December 31, 2020, the revolving commitment had outstanding borrowings of \$67.0 million and the term loan had outstanding borrowings of \$136.0 million. Additionally, the Company maintained \$35.1 million in Letters of Credit. These letters of credit are required by the Company's fronting insurance companies and/or certain states, due to

the Company's self-insured status, 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 such claims. The Company is also exposed to market risks arising from changes in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material impact upon the Company's results of operations going forward. For a discussion of the Company's activities to manage risks relative to fluctuations in foreign currency exchange rates, see Note 11 to the accompanying financial statements.

Item 8.

Financial Statements and Supplementary Data

Management's Report on Internal Control Over Financial Reporting

To the Stockholders of Rollins, Inc.:

The management of Rollins, Inc. and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Rollins, Inc. maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of the design and operation of internal controls over financial reporting, as of December 31, 2020 based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management's assessment is that Rollins, Inc. maintained effective internal control over financial reporting as of December 31, 2020.

The independent registered public accounting firm, Grant Thornton LLP has audited the consolidated financial statements as of and for the year ended December 31, 2020, and has also issued their report on the effectiveness of the Company's internal control over financial reporting, included in this report on page 43.

/s/ Gary W. Rollins

Gary W. Rollins
Chairman and Chief Executive Officer
Principal Executive Officer

/s/ Paul E. Northen

Paul E. Northen
Senior Vice President, Chief Financial Officer and
Treasurer
Principal Financial and Accounting Officer

Atlanta, Georgia
February 26, 2021

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Board of Directors and Stockholders

Rollins, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited the internal control over financial reporting of Rollins, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2020, and our report dated February 26, 2021 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations Of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Atlanta, Georgia
February 26, 2021

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements and Schedule

Board of Directors and Stockholders

Rollins, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Rollins, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive earnings, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule included under item 15(a) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 26, 2021 expressed an unqualified opinion.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accrued Insurance – workers’ compensation and vehicle liability

As described further in Note 1 to the financial statements, the Company retains, up to certain policy-specified limits, certain risks related to workers’ compensation and vehicle liability. The estimated costs of existing and future claims under the retained loss programs 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. We identified accrued insurance – workers’ compensation and vehicle liability and related expense (“accrued insurance”) as a critical audit matter.

The principal considerations for our determination that accrued insurance is a critical audit matter are that accrued insurance liability has higher risk of estimation uncertainty due to the loss development factors and inherent assumptions in actuarial methods used in determining the required liability. The estimation uncertainty and complexity of the actuarial methods utilized involved especially subjective auditor judgment and an increased extent of effort, including the need to involve an auditor-engaged actuarial specialist.

Our audit procedures related to the accrued insurance reserve included the following, among others:

- Obtained an understanding, evaluated the design and tested operating effectiveness of key controls relating to accrued insurance, including, but not limited to, controls that (1) validate that claims were reported and submitted accurately and timely, (2) validate the underlying data maintained by the Company and the third-party administrator used to develop the accrued insurance reserve was complete and accurate, and (3) verify the third-party actuarial report used in developing the accrued insurance reserve was reviewed by the Company's management.
- Utilized an auditor-engaged specialist in evaluating management's methods and assumptions, including the reasonableness of the selected loss development factors utilized by management, as well as performing a retrospective review to validate the assumptions utilized by management, to identify indicators of potential bias.
- Tested the underlying data maintained by the Company and the third-party administrator, which was submitted to the Company's actuary to develop the accrued insurance reserve, for completeness and accuracy.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2004.

Atlanta, Georgia
February 26, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Rollins, Inc. and Subsidiaries
(in thousands except share information)

December 31,	2020	2019
ASSETS		
Cash and cash equivalents	\$ 98,477	\$ 94,276
Trade receivables, net of allowance for expected credit losses of \$16,854 and \$16,699, respectively	126,337	122,766
Financed receivables, short-term, net of allowance for expected credit losses of \$1,297 and \$1,675, respectively	23,716	22,267
Materials and supplies	30,843	19,476
Other current assets	35,404	51,002
Total current assets	314,777	309,787
Equipment and property, net	178,052	195,533
Goodwill	653,176	572,847
Customer contracts, net	298,949	273,720
Trademarks and tradenames, net	109,044	102,539
Other intangible assets, net	10,777	10,525
Operating lease, right-of-use assets, net	212,342	200,727
Financed receivables, long-term, net of allowance for expected credit losses of \$1,934 and \$1,284 respectively	38,187	30,792
Benefit plan assets	1,198	21,565
Deferred income taxes	2,222	2,180
Other assets	27,176	24,161
Total assets	\$ 1,845,900	\$ 1,744,376
LIABILITIES		
Accounts payable	\$ 64,596	\$ 35,234
Accrued insurance	31,675	30,441
Accrued compensation and related liabilities	91,011	81,943
Unearned revenues	131,253	122,825
Operating lease liabilities-current	73,248	66,117
Current portion of long-term debt	17,188	12,500
Other current liabilities	63,540	60,975
Total current liabilities	472,511	410,035
Accrued insurance, less current portion	36,067	34,920
Operating lease liabilities, less current portion	140,897	135,651
Long-term debt	185,812	279,000
Deferred income tax liability	10,612	9,927
Long-term accrued liabilities	58,641	59,093
Total liabilities	904,540	928,626
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, without par value; 500,000 shares authorized, zero shares issued	—	—
Common stock, par value \$1 per share; 550,000,000 shares authorized, 491,612,059 and 491,146,269 shares issued and outstanding, respectively	491,612	491,146
Paid in capital	101,757	89,413
Accumulated other comprehensive loss	(10,897)	(21,109)
Retained earnings	358,888	256,300
Total stockholders' equity	941,360	815,750
Total liabilities and stockholders' equity	\$ 1,845,900	\$ 1,744,376

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

CONSOLIDATED STATEMENTS OF INCOME

Rollins, Inc. and Subsidiaries
(in thousands except share information)

Years ended December 31,	2020	2019	2018
REVENUES			
Customer services	\$ 2,161,220	\$ 2,015,477	\$ 1,821,565
COSTS AND EXPENSES			
Cost of services provided, exclusive of depreciation and amortization	1,048,592	993,593	894,437
Depreciation and amortization	88,329	81,111	66,792
Sales, general and administrative	656,207	623,379	550,698
Accelerated stock vesting expense	6,691	—	—
Pension settlement loss	—	49,898	—
Loss/(gain) on sales of assets, net	1,599	(581)	(875)
Interest expense/(income)	5,082	6,917	(220)
	1,806,500	1,754,317	1,510,832
INCOME BEFORE INCOME TAXES	354,720	261,160	310,733
PROVISION FOR INCOME TAXES			
Current	95,111	65,041	71,442
Deferred	(1,215)	(7,228)	7,628
	93,896	57,813	79,070
NET INCOME	\$ 260,824	\$ 203,347	\$ 231,663
INCOME PER SHARE - BASIC	\$ 0.53	\$ 0.41	\$ 0.47
INCOME PER SHARE - DILUTED	\$ 0.53	\$ 0.41	\$ 0.47
Weighted average shares outstanding – basic	491,604	491,216	490,936
Weighted average shares outstanding – diluted	491,604	491,216	490,936
DIVIDENDS PAID PER SHARE	\$ 0.33	\$ 0.31	\$ 0.31

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Rollins, Inc. and Subsidiaries
(in thousands)

Years ended December 31,	2020	2019	2018
NET INCOME	\$ 260,824	\$ 203,347	\$ 231,663
OTHER COMPREHENSIVE EARNINGS/(LOSS)			
Pension and other postretirement benefit plans, net of tax	(127)	45,896	(11,050)
Foreign currency translation adjustments	10,443	4,350	(14,072)
Interest rate swaps, net of tax	(104)	(277)	—
Other comprehensive earnings/(loss)	10,212	49,969	(25,122)
COMPREHENSIVE EARNINGS	\$ 271,036	\$ 253,316	\$ 206,541

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Rollins, Inc. and Subsidiaries
(in thousands)

	Common Stock		Treasury		Paid-In-Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	490,482	\$ 490,482	—	\$ —	\$ 81,405	\$ (45,956)	\$ 127,993	\$ 653,924
Net Income							231,663	231,663
Other comprehensive income								
Pension liability adjustment, net of tax						(11,050)		(11,050)
Foreign currency translation adjustments						(14,072)		(14,072)
Cash dividends							(152,742)	(152,742)
Stock compensation	908	908			13,323		(505)	13,726
Employee stock buybacks	(428)	(428)			(9,342)		229	(9,541)
Balance at December 31, 2018	490,962	\$ 490,962	—	\$ —	\$ 85,386	\$ (71,078)	\$ 206,638	\$ 711,908
Impact of adoption of ASC 842							212	212
Net Income							203,347	203,347
Other comprehensive income								
Pension settlement loss, net of tax						46,022		46,022
Pension liability adjustment, net of tax						(125)		(126)
Foreign currency translation adjustments						4,350		4,350
Interest rate swaps, net of tax						(277)		(277)
Cash dividends							(153,836)	(153,836)
Stock compensation	580	580			13,772		(193)	14,159
Employee stock buybacks	(396)	(396)			(9,745)		132	(10,009)
Balance at December 31, 2019	491,146	\$ 491,146	—	\$ —	\$ 89,413	\$ (21,109)	\$ 256,300	\$ 815,750
Impact of adoption of ASC 326							2,486	2,486
Net Income							260,824	260,824
Other comprehensive income								
Pension liability adjustment, net of tax						(127)		(127)
Foreign currency translation adjustments						10,443		10,443
Interest rate swaps, net of tax						(104)		(104)
Cash dividends							(160,487)	(160,487)
Stock compensation	802	802			20,315		(267)	20,850
Employee stock buybacks	(336)	(336)			(7,971)		32	(8,275)
Balance at December 31, 2020	491,612	\$ 491,612	—	\$ —	\$ 101,757	\$ (10,897)	\$ 358,888	\$ 941,360

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Rollins, Inc. and Subsidiaries
(in thousands)

Years ended December 31,	2020	2019	2018
OPERATING ACTIVITIES			
Net Income	\$ 260,824	\$ 203,347	\$ 231,663
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and other non-cash charges	89,444	79,544	64,675
Pension settlement loss	—	49,898	—
Provision for deferred income taxes	(1,215)	(7,228)	7,628
Stock based compensation expense	20,850	14,158	13,726
Provision for expected credit losses	17,536	15,145	13,606
Changes in assets and liabilities:			
Trade accounts receivables and other accounts receivables	(12,045)	(20,151)	(12,549)
Financing receivables	(11,787)	(9,080)	(10,784)
Materials and supplies	(10,706)	(2,151)	(374)
Other current assets	6,102	(14,009)	(7,121)
Other non-current assets	16,409	600	11,329
Accounts payable and accrued expenses	50,212	5,611	(10,691)
Unearned revenue	7,276	5,424	4,901
Accrued insurance	1,889	1,915	(686)
Pension funding	—	(144)	—
Long-term accrued liabilities	996	(3,306)	(5,922)
Net cash provided by operating activities	435,785	319,573	299,401
INVESTING ACTIVITIES			
Cash used for acquisitions of companies, net of cash acquired	(147,613)	(430,558)	(76,769)
Capital expenditures	(23,229)	(27,146)	(27,179)
Cash from sale of franchises	495	617	343
Derivative investments	216	104	297
Proceeds from sale of assets	7,700	1,758	1,840
Investment tax credits	36	118	93
Net cash used in investing activities	(162,395)	(455,107)	(101,375)
FINANCING ACTIVITIES			
Payment of contingent consideration	(24,011)	(15,969)	(13,129)
Borrowings under term loan	—	250,000	—
Borrowings under revolving commitment	135,000	190,000	—
Repayments on term loan	(54,000)	(60,000)	—
Repayments on revolving commitment	(169,500)	(88,500)	—
Payment of dividends	(160,487)	(153,836)	(152,742)
Cash paid for common stock purchased	(8,275)	(10,009)	(9,541)
Net cash (used in)/provided by financing activities	(281,273)	111,686	(175,412)
Effect of exchange rate changes on cash	12,084	2,639	(14,179)
Net increase/(decrease) in cash and cash equivalents	4,201	(21,209)	8,435
Cash and cash equivalents at beginning of year	94,276	115,485	107,050
Cash and cash equivalents at end of year	\$ 98,477	\$ 94,276	\$ 115,485
Supplemental disclosure of cash flow information			
Cash paid for interest	\$ 5,056	\$ 6,452	\$ 25
Cash paid for income taxes, net	\$ 81,184	\$ 75,812	\$ 77,351
Non-cash additions to operating lease right-of-use assets	\$ 89,016	\$ 75,782	\$ —

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

Supplemental Disclosures of Non-Cash Items

Pension—Non-cash decreases/(increases) in the minimum pension liability which were charged/(credited) to other comprehensive income were \$(0.2) million, \$75.4 million, and \$(14.8) million in 2020, 2019, and 2018, respectively.

Business Combinations—There were \$12.6 million in non-cash acquisitions of assets in business combinations for the year ended December 31, 2020, \$34.2 million in 2019 and \$18.1 million for 2018.

Notes to Consolidated Financial Statements

Years ended December 31, 2020, 2019, and 2018, Rollins, Inc. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description—Rollins, Inc. (the “Company”), was originally incorporated in 1948, under the laws of the state of Delaware as Rollins Broadcasting, Inc.

The Company is an international service company with headquarters located in Atlanta, Georgia, providing pest and termite control services through its wholly-owned subsidiaries to both residential and commercial customers in the United States, Canada, Australia, Europe, and Asia with international franchises in Canada, Central and South America, the Caribbean, the Middle East, Asia, Europe, Africa, Canada, and Australia. Services are performed through a contract that specifies the pricing arrangement with the customer.

Orkin, a wholly-owned subsidiary of the Company founded in 1901, is the world’s largest pest and termite control company. It provides customized services from over 400 locations. Orkin either serves customers directly or through franchise operations, in the United States, Canada, Central and South America, the Caribbean, the Middle East, Asia, Europe, and Africa providing essential pest control services and protection against termite damage, rodents and insects to homes and businesses, including hotels, food service establishments, food manufacturers, retailers and transportation companies. Orkin operates under the Orkin® trademark. The Orkin® brand name makes Orkin the most recognized pest and termite company throughout the United States.

Orkin Canada, a wholly-owned subsidiary of Orkin founded in 1952, was acquired by Orkin in 1999. Orkin Canada is Canada’s largest pest control provider and a leader in the development of fast, effective and environmentally responsible pest control solutions. Orkin Canada operates under the Orkin Canada® trademarks. The Orkin Canada brand name provides brand recognition throughout Canada.

Western, a wholly-owned subsidiary of the Company founded in 1928, was acquired by Rollins, Inc. in 2004. Western is primarily a commercial pest control service company and its business complements most of the services Orkin offers, focusing on the northeastern United States.

IFC, a wholly-owned subsidiary of the Company founded in 1937, was acquired by Rollins, Inc. in 2005. IFC is a leading provider of pest management and sanitation services and products to the food and commodity industries.

HomeTeam, a wholly-owned subsidiary of the Company established in 1996, was acquired by Rollins, Inc. in April 2008. At the time of the acquisition, HomeTeam, with its unique Taexx® tubes in the wall pest control system, was recognized as a premier pest control business and ranked as the 4th largest company in the industry. HomeTeam services home builders and other commercial and residential customers nationally.

Rollins Australia Pty Ltd (“Rollins Australia”), a wholly-owned subsidiary of the Company, acquired Allpest, in February 2014. Allpest was established in 1959 and is headquartered in Perth, Australia. Allpest provides traditional commercial, residential, and termite service as well as consulting services on border protection related to Australia’s biosecurity program and provides specialized services to Australia’s mining and oil and gas sectors.

Critter Control, a wholly-owned subsidiary of the Company, was acquired by Rollins, Inc. on February 27, 2015. Critter Control was established in 1983 and is headquartered in Traverse City, Michigan. The business is primarily franchised, operating in 40 states and one Canadian province.

Rollins UK Holdings Ltd was formed as a wholly-owned subsidiary of the Company to acquire Safeguard in June 2016. Safeguard is a pest control company established in the United Kingdom in 1991 with a history of providing superior pest control, bird control, and specialist services to residential and commercial customers.

Northwest, a wholly-owned subsidiary of the Company founded in 1951, was acquired by the Company in August 2017. Northwest specializes in residential and commercial termite control, pest control, mosquito control, wildlife services, lawn care, insulation, and HVAC services, focusing on the Southeast United States.

On April 30, 2019, the Company acquired Clark Pest Control located in Lodi, CA. At the time of the acquisition, Clark Pest Control was a leading pest management company in California and the nation’s 8th largest pest management company according to PCT 100 rankings. Clark Pest Control services its customers from 26 service locations in 2 states. Clark Pest Control recorded revenues of approximately \$139.2 million for the fiscal year ended December 31, 2018. The Company’s consolidated statements of income include the results of operations of Clark Pest Control for the period beginning April 30, 2019 through December 31, 2020.

The Company has several smaller wholly-owned subsidiaries that in total make up less than 5% of the Company’s total revenues.

The Company has one reportable segment, its pest and termite control business. Revenue, operating profit and identifiable assets for this segment, includes the United States, Canada, Australia, Europe, Asia, Central and South America, the Caribbean, the Middle East, and Africa. The Company's results of operations and its financial condition are not reliant upon any single customer, few customers or foreign operations.

Principles of Consolidation—The Company's Consolidated Financial Statements include the accounts of Rollins, Inc. and the Company's wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The Company does not consolidate the financial statements of any company in which it has an ownership interest of 50% or less. The Company is not the primary beneficiary of, nor does it have a controlling financial interest in, any variable interest entity. Accordingly, the Company has not consolidated any variable interest entity. The Company reclassified certain prior period amounts, none of which were material, to conform to the current period presentation. All material intercompany accounts and transactions have been eliminated.

Subsequent Events—The Company evaluates its financial statements through the date the financial statements are issued.

Estimates Used in the Preparation of Consolidated Financial Statements—The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying notes and financial statements. Actual results could differ from those estimates and such differences could be significant.

Revenue Recognition—The Company's revenue recognition policy is to recognize revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, each of which are distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Nature of Goods and Services and Performance Obligations

The Company contracts with its customers to provide the following goods and services, each of which is a distinct performance obligation:

Pest control services—Rollins provides pest control services to protect residential and commercial properties from common pests, including rodents and insects. Pest control generally consists of assessing a customer's property for conditions that invite pests, tackling current infestations, and stopping the life cycle to prevent future invaders. Revenue from pest control services is recognized as services are rendered.

The Company's revenue recognition policies are designed to recognize revenues upon satisfaction of the performance obligation at the time services are performed. For certain revenue types, because of the timing of billing and the receipt of cash versus the timing of performing services, we use estimates as described below. Residential and commercial pest control services are primarily recurring in nature on a monthly, bi-monthly or quarterly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial one-year contract, and revenues are recognized at the time services are performed. The Company defers recognition of advance payments and recognizes the revenue as the services are rendered. The Company classifies discounts related to the advance payments as a reduction in revenues.

Termite control services—Rollins provides both traditional and baiting termite protection services. Traditional termite protection uses "Termidor" liquid treatment and/or dry foam and Orkin foam to treat voids and spaces around the property, while baiting termite protection uses baits to disrupt the molting process termites require for growth and offers ongoing protection. Revenue from initial termite treatment services is recognized as services are provided.

Maintenance/monitoring/inspection—In connection with the initial service offerings, Rollins provides recurring maintenance, monitoring or inspection services to help protect consumer's property for any future sign of termite activities after the original treatment. This recurring service is a service-type warranty under ASC 606 as it is routinely sold and purchased separately from the initial treatment services and is typically purchased or renewed annually.

Termite baiting revenues are recognized based on the transfer of control of the individual units of accounting. At the inception of a new baiting services contract, upon quality control review of the installation, the Company recognizes revenue for the installation of the monitoring stations, initial directed liquid termiticide treatment and servicing of the monitoring stations. A portion of the contract amount is deferred for the undelivered monitoring performance obligation. This portion is recognized as income on a straight-line basis over the remaining contract term, which results in recognition of revenue that depicts the Company's performance in transferring control of the service. The allocation of the transaction price to the two deliverables is based on the relative stand-alone selling price. There are no contingencies related to the delivery of additional items or meeting other specified performance conditions. Baiting renewal revenue is deferred and recognized over the annual contract period on a straight-line basis that depicts the Company's performance in transferring control of the service.

Revenue received for conventional termite renewals is deferred and recognized on a straight-line basis over the remaining contract term that depicts the Company's performance in transferring control of the service; and, the cost of reinspections, reapplications and repairs and associated labor and chemicals are expensed as incurred. For outstanding claims, an estimate is made of the costs to be incurred

(including legal costs) based upon current factors and historical information. The performance of reinspections tends to be close to the contract renewal date and while reapplications and repairs involve an insubstantial number of the contracts, these costs are incurred over the contract term. As the revenue is being deferred, the future cost of reinspections, reapplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred. The Company accrues for noticed claims. The costs of providing termite services upon renewal are compared to the expected revenue to be received and a provision is made for any expected losses.

Miscellaneous services—In certain agreements with customers, Rollins may offer other miscellaneous services, including restroom cleaning (eliminating foul odors, grease and grime which could attract pests) and training (seminars covering good manufacturing practices and product stewardship). Revenue from miscellaneous services is recognized when services are provided.

Products—Depending on customer demand, Rollins may separately sell pest control and/or termite protection products, such as traps. Revenue from product sales is recognized upon transfer of control of the asset.

Equipment rental (or lease)—Depending on customer demand, Rollins may lease certain pest control and/or termite protection equipment. Revenues from equipment rentals are recognized over the period of the rental/lease. Revenues from equipment rentals represent less than 1.0% of the Company's revenues for each reported period.

Right to access intellectual property (Franchise)—The right to access Rollins' intellectual property is an essential part of Orkin's franchising agreements. These agreements provide the franchisee (the customer) a license to use the Rollins' name and trademark when advertising and selling services to end customers in their normal course of business. Orkin franchise agreements contain a clause allowing Orkin to purchase certain assets of the franchisee. This is only an offer for Orkin to re-purchase the assets originally provided by Orkin to the franchisee and is not a performance obligation or a form of consideration. International and domestic franchising revenue was less than 1.0% of the Company's annual revenues.

All Orkin domestic franchises have a guaranteed repurchase clause that the Orkin franchise may be repurchased by Orkin at a later date once it has been established. The Company amortizes the initial franchise fee over the initial franchise term. Deferred Orkin franchise fees were \$1.6 million and \$1.7 million for the year ending December 31, 2020 and 2019, respectively.

Royalties from Orkin franchises are accrued and recognized as revenues are earned on a monthly basis. Revenue from Orkin franchises was \$9.4 million for the year ended December 31, 2020 and \$8.7 million and \$8.8 million for the years ended December 31, 2019 and 2018, respectively.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers. We record unearned revenue when revenue is recognized subsequent to billing. Unearned revenue mainly relates to the Company's termite baiting offering, conventional renewals, and year-in-advance pest control services for which we have been paid in advance and earn the revenue when we transfer control of the product or service. For multi-year agreements, we generally invoice customers annually at the beginning of each annual coverage period. Refer to Note 3 – Revenue for further information, including changes in unearned revenue for the year.

The Company extends terms to certain customers on higher dollar termite and ancillary work, as well as to certain franchisees for initial funding on the sale of franchises. These financed receivables are segregated from our trade receivables. The amounts that are due within one year from the balance sheet dates are classified as short-term financed receivables, and are shown, net of allowance for expected credit losses, at \$23.7 million as of December 31, 2020 and \$22.3 million at December 31, 2019. The balances of long-term financed receivables, net of allowance for expected credit losses, were \$38.2 million as of December 31, 2020 and \$30.8 million at December 31, 2019 and are included in long-term assets on our consolidated statements of financial position. See Note 6 – Financing Receivables for further information.

The allowance for expected credit losses reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience, and other currently available evidence. Activity in the allowance for expected credit losses can be found on Schedule II-Valuation and Qualifying Accounts.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers or to provide customers with financing.

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed. All revenues are reported net of sales taxes.

The Company's international operations accounted for approximately 7% and 8% of revenues for the years ended December 31, 2020 and 2019, respectively.

Allowance for Expected Credit Losses—The Company maintains an allowance for expected credit losses accounts based on the expected collectability of accounts receivable. Management uses historical collection results as well as accounts receivable aging in order to determine the expected collectability of accounts receivable. Substantially all of the Company's receivables are due from pest control and termite services in the United States and selected international locations. The Company's allowance for expected credit losses is determined using a combination of factors to ensure that our receivables are not overstated due to uncollectability. The Company's established credit evaluation procedures seek to minimize the amount of business we conduct with higher risk customers. Provisions for expected credit losses are recorded in selling, general and administrative expenses. Accounts are written-off against the allowance for expected credit losses when the Company determines that amounts are uncollectible, and recoveries of amounts previously written off are recorded when collected. Significant recoveries will generally reduce the required provision in the period of recovery. Therefore, the provision for expected credit losses can fluctuate significantly from period to period. There were no large recoveries in 2020, 2019, and 2018. We record specific provisions when we become aware of a customer's inability to meet its financial obligations to us, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to customers change, our estimates of the realizability of receivables would be further adjusted, either upward or downward.

Advertising—Advertising costs are charged to sales, general and administrative expense during the year in which they are incurred.

Years ended December 31,	2020	2019	2018
(in thousands)			
Advertising	\$86,314	\$81,174	\$69,875

Cash and Cash Equivalents— The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

At December 31,	2020	2019	2018
(in thousands) (in US dollars)			
Cash held in foreign bank accounts	\$71,330	\$74,094	\$53,613

The Company's \$98.5 million of total cash at December 31, 2020, is primarily cash held at various banking institutions. Approximately \$71.3 million is held in cash accounts at international bank institutions and the remaining \$27.2 million is primarily held in Federal Deposit Insurance Corporation

("FDIC") insured non-interest-bearing accounts at various domestic banks which at times may exceed federally insured amounts.

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

Rollins maintains adequate liquidity and capital resources, without regard to its foreign deposits, that are directed to finance domestic operations and obligations and to fund expansion of its domestic business for the foreseeable future.

Marketable Securities— From time to time, the Company maintains investments held by several large, well-capitalized financial institutions. The Company's investment policy does not allow investment in any securities rated less than "investment grade" by national rating services.

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designations as of each balance sheet date. Debt securities are classified as available-for-sale because the Company does not have the intent to hold the securities to maturity. Available-for-sale securities are stated at their fair values, with the unrealized gains and losses reported as in earnings.

The Company had no marketable securities other than those held in the defined benefit pension plan and the non-qualified deferred compensation plan at December 31, 2020 and 2019. See Note 16 for further details.

Materials and Supplies— Materials and supplies are stated at the lower cost of cost or market. Cost is determined on the first-in, first-out method.

Income Taxes—The Company provides for income taxes based on FASB ASC topic 740 "Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. The Company provides an allowance for deferred tax assets when it determines that it is more likely than not that the deferred tax assets will not be utilized. The Company establishes additional provisions for income taxes when, despite the belief that tax positions are fully supportable, there remain certain positions that do not meet the minimum probability threshold. The Company's policy is to record interest and penalties related to income tax matters in income tax expense.

Equipment and Property—Equipment and Property are stated at cost, net of accumulated depreciation, and are provided principally on a straight-line basis over the estimated useful lives of the related assets. Annual provisions for depreciation are computed using the following asset lives: buildings, 10 to 40 years; and furniture, fixtures, and operating equipment, 2 to 10 years. Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are expensed as incurred. The cost of assets

retired or otherwise disposed of and the related accumulated depreciation and amortization are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to income. The annual provisions for depreciation, below, have been reflected in the Consolidated Statements of Income in the line item entitled Depreciation and Amortization.

Years ended December 31,	2020	2019	2018
(in thousands)			
Depreciation	\$ 40,623	\$ 36,646	\$ 30,364

Impairment of Long-Lived Assets— In accordance with the FASB ASC Topic 360, “Property, Plant and Equipment”, the Company’s long-lived assets, such as property and equipment and intangible assets with definite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. We periodically evaluate the appropriateness of remaining depreciable lives assigned to long-lived assets, including customer contracts and assets that may be subject to a management plan for disposition.

Goodwill and Other Intangible Assets— In accordance with the FASB ASC Topic 350, “Intangibles - Goodwill and other”, the Company classifies intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. The Company does not amortize intangible assets with indefinite lives or goodwill. Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or circumstances indicate the assets might be impaired. Such conditions may include an economic downturn or a change in the assessment of future operations. The Company performs impairment tests of goodwill at the Company level. Such impairment tests for goodwill include comparing the fair value of the appropriate reporting unit (the Company) with its carrying value. If the fair value of the reporting unit is below the carrying value, the Company recognizes a goodwill impairment charge for the amount by which the carrying value exceeds the reporting unit’s fair value. The Company performs impairment tests for indefinite-lived intangible assets by comparing the fair value of each indefinite-lived intangible asset unit to its carrying value. The Company recognizes an impairment charge if the asset’s carrying value exceeds its estimated fair value. The Company completed its most recent annual impairment analysis as of September 30, 2020. Based upon the results of these analyses, the Company has concluded that no impairment of its goodwill or intangible assets with indefinite lives was indicated.

Accrued Insurance—The Company retains, up to specified limits, certain risks related to general liability, workers’ compensation and vehicle liability. Risks above specified limits are managed through either high deductible insurance or a non-affiliated group captive insurance member arrangement. 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 actuary on a semi-annual basis 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 recent claims and trends. 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.

Accrual for Termite Contracts—The Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future costs include termiticide life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company’s business practices. However, it is not possible to precisely predict future significant claims. An accrual for termite contracts is included in other current liabilities and long-term accrued liabilities on the Company’s consolidated statements of financial position.

Contingency Accruals—The Company is a party to legal proceedings with respect to matters in the ordinary course of business. In accordance with the FASB ASC Topic 450 “Contingencies,” management estimates and accrues for its liability and costs associated with the litigation. Estimates and accruals are determined in consultation with outside counsel. Because it is not possible to accurately predict the ultimate result of the litigation, judgments concerning accruals for liabilities and costs associated with litigation are inherently uncertain and actual liability may vary from amounts estimated or accrued. However, in the opinion of management, the outcome of the litigation will not have a material adverse impact on the Company’s financial condition or results of operations. Contingency accruals are included in other current liabilities and long-term accrued liabilities on the Company’s consolidated statements of financial position.

Three-for-two stock split—The Board of Directors at its quarterly meeting on October 27, 2020, authorized a three-for-two stock split by the issuance on December 10, 2020 of one additional common share for each two common shares held of record at November 10, 2020. All share and per share data appearing in the consolidated financial statements and related notes are restated for the three-for-two stock split.

Earnings Per Share—the FASB ASC Topic 260-10 “Earnings Per Share-Overall,” requires a basic earnings per share and diluted earnings per share presentation. Further, all outstanding unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are considered participating securities and an entity is required to include participating securities in its calculation of basic earnings per share.

The Company has periodically issued share-based payment awards that contain non-forfeitable rights to dividends and

therefore are considered participating securities. See Note 17 for further information on restricted stock granted to employees.

The basic and diluted calculations are the same as we have no stock options or other potentially dilutive instruments outstanding. Basic and diluted earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the respective periods.

A reconciliation of weighted average shares outstanding along with the earnings per share attributable to restricted shares of common stock (participating securities) is as follows (in thousands except per share data). All share and per share information in the following chart are restated for the stock split effective December 10, 2020:

Years Ended December 31,	2020	2019	2018
Net income available to stockholders	\$ 260,824	\$ 203,347	\$ 231,663
Less dividends paid:			
Common stock	(159,524)	(152,793)	(151,458)
Restricted shares of common stock	(963)	(1,042)	(1,284)
Undistributed earnings for the period	\$ 100,337	\$ 49,512	\$ 78,921
Allocation of undistributed earnings:			
Common stock	99,676	49,144	78,255
Restricted shares of common stock	661	368	666
Basic and diluted shares outstanding:			
Common stock	488,365	487,569	486,794
Restricted shares of common stock	3,240	3,647	4,143
	491,605	491,216	490,937
Basic and diluted earnings per share:			
Common stock:			
Distributed earnings	\$ 0.33	\$ 0.31	\$ 0.31
Undistributed earnings	0.20	0.10	0.16
	\$ 0.53	\$ 0.41	\$ 0.47
Restricted shares of common stock:			
Distributed earnings	\$ 0.30	\$ 0.29	\$ 0.31
Undistributed earnings	0.20	0.10	0.16
	\$ 0.50	\$ 0.39	\$ 0.47

Translation of Foreign Currencies—Assets and liabilities reported in functional currencies other than U.S. dollars are translated into U.S. dollars at the year-end rate of exchange. Revenues and expenses are translated at the weighted average exchange rates for the year. The resulting translation adjustments are charged or credited to other comprehensive income. Gains or losses from foreign currency transactions, such as those resulting from the settlement of receivables or payables, denominated in foreign currency are included in the earnings of the current period.

Stock-Based Compensation—The Company accounts for its stock-based compensation in accordance with the FASB ASC Topic 718 “Compensation – Stock Compensation.” Time lapse restricted shares (TLRSs) have been issued to officers and other management employees under the Company’s Employee Stock Incentive Plan.

TLRSs provide for the issuance of a share of the Company’s common stock at no cost to the holder and generally vest after a certain stipulated number of years from the grant date, depending on the terms of the issue. Outstanding TLRSs vest in 20 percent increments starting with the second anniversary of the grant, over six years from the date of grant. During these years, grantees receive all dividends declared and retain voting rights for the granted shares. The agreements under which the restricted stock is issued provide that shares awarded may not be sold or otherwise transferred until restrictions established under the plans have lapsed. The fair value of these awards is recognized as compensation expense, net of estimated forfeitures, on a straight-line basis over six years.

Comprehensive Income (Loss)—Other Comprehensive Income (Loss) results from foreign currency translations, minimum pension liability adjustments and cash flow hedge of interest rate risks.

Franchising Program—Rollins’ wholly-owned subsidiary, Orkin Systems, LLC, had 49, 50 and 47 domestic franchises as of December 31, 2020, 2019 and 2018, respectively. Transactions with Orkin’s domestic franchises involve sales of territories and customer contracts to establish new Orkin franchises, initial franchise fees and royalties. The territories, customer contracts and initial Orkin franchise fees are typically sold for a combination of cash and notes due over periods ranging up to five years. Notes receivable from Orkin domestic franchises were \$5.8 million at December 31, 2020 and \$6.7 million at December 31, 2019. The Company amortizes the Orkin domestic initial domestic franchise fees over the initial franchise term. Deferred Orkin domestic franchise fees were \$1.6 million at December 31, 2020 and \$1.7 million December 31, 2019. These notes receivable are included as financing receivables and the deferred franchise fees are included in other current liabilities in the accompanying Consolidated Statements of Financial Position. The Company’s maximum exposure to loss (notes receivable from franchises less deferred franchise fees) relating to Orkin’s domestic franchises was \$4.2 million, \$5.0 million, and \$4.9 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, 2019 and 2018, Orkin had 94, 97, and 86 international franchises, respectively. Orkin’s international franchise program began with its first international franchise in 2000 and since has expanded to Central and South America, the Caribbean, the Middle East, Asia, Europe, and Africa.

Royalties from Orkin franchises (domestic and international) are accrued and recognized as revenues, and are earned on a monthly basis. Revenue from Orkin franchises (domestic and international) was \$9.4 million for the year ended December 31, 2020 and \$8.7 million and \$8.8 million for the years ended December 31, 2019 and 2018, respectively.

Rollins’ wholly-owned subsidiary, Critter Control, Inc., had 79, 85 and 81 franchises in the United States and Canada as of December 31, 2020, 2019 and 2018, respectively. Transactions with Critter Control franchises involve sales of territories and customer contracts to establish new franchises, initial franchise fees and royalties. The territories, customer contracts and initial franchise fees are typically sold for a combination of cash and notes. Notes receivable from Critter Control franchises were \$1.7 million and \$0.9 million at December 31, 2020 and 2019, respectively. These notes are not guaranteed. These notes receivable are included as financing receivables and the deferred franchise fees are included in other current liabilities in the accompanying Consolidated Statements of Financial Position. The Company amortizes the Critter Control domestic initial franchise fees over the initial franchise term. Deferred Critter Control domestic franchise fees were \$69 thousand at December 31, 2020 and \$19 thousand December 31, 2019. The Company’s maximum exposure to loss (notes receivable from franchises less deferred franchise fees) relating to Critter Control’s domestic franchises was \$1.6 million and \$0.9 million for the years ended December 31, 2020 and 2019, respectively.

Royalties from Critter Control franchises (domestic and international) are accrued and recognized as revenues, and are earned on a monthly basis. Revenue from Critter Control franchises was \$4.8 million for the year ended December 31, 2020 and \$4.8 million and \$4.1 million for the years ended December 31, 2019 and 2018, respectively.

Combined domestic and international revenues from Orkin, Critter Control and Australia franchises were \$15.2 million for the year ended December 31, 2020 and \$17.1 million and \$14.7 million for the years ended December 31, 2019 and 2018, respectively. Total franchising revenues were less than 1.0% of the Company’s annual revenues.

Right to access intellectual property (Franchise)—The right to access Orkin’s, Critter Control’s and our Australia franchisors’ intellectual property is an essential part of our franchise agreements. These agreements provide the franchisee a license to use the brand name and trademark when advertising and selling services to end customers in their normal course of business. Orkin and Critter Control franchise agreements contain a clause allowing the respective franchisor to purchase certain assets of the franchisee at the conclusion of their franchise agreement or upon termination.

This is only an option for the franchisor to re-purchase the assets selected by the franchisor and is not a performance obligation or a form of consideration.

Recent Accounting Guidance

Recently adopted accounting standards

In June of 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments." The updated accounting guidance requires changes to the recognition of credit losses on financial instruments not accounted for at fair value through net income. The Company adopted ASU 2016-13 effective January 1, 2020 and recognized the decrease in the allowance for expected credit losses, net of tax, as a \$2.5 million increase to beginning retained earnings.

The Company is exposed to credit losses primarily related to accounts receivable 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 entities comprising Rollins' customer base and dispersion across many different geographical regions.

The Company manages its financing receivables on an aggregate basis when assessing and monitoring credit risks. The Company's established credit evaluation and monitoring procedures seek to minimize the amount of business we conduct with higher risk customers. The credit quality of a potential obligor is evaluated at the loan origination based on an assessment of the individual's Beacon/credit bureau score. Rollins requires a potential obligor to have good creditworthiness with low risk before entering into a contract. Depending upon the individual's credit score, the Company may accept with 100% financing or require a significant down payment or turn down the contract. Delinquencies of accounts are monitored each month. Financing receivables include installment receivable amounts 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, the current aging of receivables, and consideration of current economic and market conditions and reasonable and supportable forecasts relevant to the collection of receivables. Below is a roll-forward of the Company's allowance for credit losses for the year ended December 31, 2020.

	Allowance for Expected Credit Losses		
	Trade Receivables	Financed Receivables	Total Receivables
Balance at January 1, 2020	\$ 16,699	\$ 2,959	\$ 19,658
Adoption of ASC 326	(3,330)	—	(3,330)
Adjusted balance at January 1, 2020	13,369	2,959	16,328
Provision for expected credit losses	14,699	2,837	17,536
Write-offs charged against the allowance	(18,228)	(2,565)	(20,793)
Recoveries collected	7,014	—	7,014
Balance at December 31, 2020	\$ 16,854	\$ 3,231	\$ 20,085

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (ASC 350): Simplifying the Test for Goodwill Impairment, which eliminated the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities would record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the previous Step 1). The Company adopted ASU 2017-04 effective January 1, 2020. The adoption of this standard had no material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (ASC 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The updated accounting guidance modified the disclosure requirements on fair value measurements by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty and adding new disclosure requirements. The Company adopted ASU 2018-13 effective January 1, 2020 and the adoption did not materially impact its financial statement disclosures.

Recently issued accounting standards to be adopted in 2021 or later

In December 2019, the FASB issued ASU No. 2019-12 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The standard eliminates the need for an organization to analyze whether the following apply in a given period (1) exception to the incremental approach for intraperiod tax allocation (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments and (3) exceptions in interim period income tax accounting for year-to-date losses that exceed anticipated losses. The ASU also is designed to improve financial statement preparers' application of income tax-related guidance and simplify GAAP for (1) franchise taxes that are partially based on income, (2) transactions with a government that result in a step-up in the tax basis of goodwill, (3) separate financial statements of legal entities that are not subject to tax, and (4) enacted changes in tax laws in interim periods. The standard in this update is effective for the Company's financial statements issued for fiscal years beginning in 2021. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

2. ACQUISITIONS

The Company made 31 and 30 acquisitions during the years ended December 31, 2020, and 2019, respectively, and a material one is described below.

Acquisition of Clark Pest Control:

The Company completed the acquisition of Clark Pest Control on April 30, 2019. Clark Pest Control is a leading pest management company in California and was the nation's 8th largest pest management company according to PCT 100 rankings at the time of the acquisition, making it the largest Rollins acquisition since the Company acquired HomeTeam Pest Defense in 2008. Clark Pest Control services its customers from 26 service locations in 2 states. Clark Pest Control recorded revenues of approximately \$139.2 million for the fiscal year ended December 31, 2018. The Company's consolidated statements of income include the results of operations of Clark Pest Control beginning April 30, 2019.

The Company engaged an independent valuation firm to determine the allocation of the purchase price to goodwill and identifiable intangible assets. The valuation resulted in the allocation of \$191.9 million to goodwill, \$112.7 million to customer contracts, and \$49.8 million to other intangible assets, principally tradenames. The finite-lived intangible assets, principally customer contracts, are being amortized over periods principally ranging from 5 to 10 years on a straight-lined basis.

The fair values of Clark Pest Control's assets and liabilities, at the date of acquisition, were as follows:

(in thousands)	at April 30, 2019
Assets and liabilities:	
Trade accounts receivables	\$ 6,974
Materials and supplies	900
Other current assets	5,367
Equipment and property, net	65,535
Goodwill	191,853
Customer contracts	112,700
Trademarks & tradenames	49,300
Non-compete agreements	500
Accounts payable	(1,929)
Accrued compensation and related liabilities	(5,678)
Unearned revenues	(879)
Other current liabilities	(877)
Accrued insurance, less current portion	(1,870)
Total consideration	421,896
Less: contingent consideration	(26,627)
Total cash paid at acquisition	\$ 395,269

The unaudited pro forma financial information presented below gives effect to the Clark Pest Control acquisition as if it had occurred as of the beginning of our fiscal year 2018. 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, except per share amounts)	12 Months Ended December 31,	
	2019	2018
Customer service revenues	\$2,060,280	\$1,960,741
Costs and expenses	1,798,984	1,640,120
Income before income taxes	261,296	320,621
Provision for income taxes	57,813	79,070
Net income	\$ 203,483	\$ 241,551
Net income per share – basic and diluted	\$ 0.41	\$ 0.49
Dividends paid per share	\$ 0.31	\$ 0.31
Weighted average participating shares outstanding – basic and diluted	491,604	491,216

Total cash purchase price for the Company's acquisitions in 2020 and 2019 were \$147.6 million and \$430.6 million, respectively. Excluding the values of the Clark Pest Control discussed above, the fair values of major classes of assets acquired and liabilities assumed along with the contingent consideration liability recorded during the valuation period of acquisition is included in the reconciliation of the total consideration as follows (in thousands):

December 31,	2020	2019
Accounts receivable	\$ 3,547	\$ 754
Materials and supplies	582	478
Equipment and property	7,269	3,169
Goodwill	73,430	12,309
Customer contracts	72,608	23,644
Trademarks & tradenames	7,317	—
Other intangible assets	1,333	850
Current liabilities	(15,518)	(8,832)
Other assets and liabilities, net	9,639	11,994
Total consideration paid	160,207	44,366
Less: Contingent consideration liability	(12,594)	(9,077)
Total cash purchase price	\$147,613	\$ 35,289

3. REVENUE

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

Sales and usage-based taxes are excluded from revenues. No sales to an individual customer or in a country other than the United States accounted for 10% or more of the sales for the periods listed on the following table. Revenue, classified by the major geographic areas in which our customers are located, was as follows:

Years ended December 31,	2020	2019	2018
(in thousands)			
United States	\$2,006,368	\$ 1,862,698	\$ 1,677,116
Other Countries	154,852	152,779	144,449
Total Revenues	\$2,161,220	\$ 2,015,477	\$ 1,821,565

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

Revenue by Service Line			
Years ended December 31,	2020	2019	2018
(in thousands)			
Residential revenue	\$ 977,470	\$ 861,636	\$ 773,932
Commercial revenue	766,716	770,342	707,386
Termite completions, bait monitoring, and renewals	406,782	371,258	332,573
Other revenues	10,252	12,241	7,674
Total Revenues	\$ 2,161,220	\$ 2,015,477	\$ 1,821,565

Deferred revenue recognized for the year ended December 31, 2020 and 2019 was \$173.2 million and \$165.0 million, respectively. Changes in unearned revenue were as follows:

(in thousands)	2020	2019
Balance at beginning of year	\$ 136,507	\$ 127,075
Deferral of unearned revenue	185,943	174,404
Recognition of unearned revenue	(173,226)	(164,972)
Balance at December 31,	\$ 149,224	\$ 136,507

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not recognized revenue"), which includes both unearned revenue and revenue that will be billed and recognized in future periods. The Company has no material contracted not recognized revenue as of December 31, 2020 or December 31, 2019.

At December 31, 2020 and December 31, 2019, the Company had long-term unearned revenue of \$18.0 million and \$13.7 million, respectively. 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 2025.

4. DEBT

In April 2019, the Company entered into a Credit Agreement with Truist Bank, (formerly known as SunTrust Bank) and Bank of America, N.A. for an unsecured Revolving Commitment of up to \$175.0 million, which includes a \$75.0 million letter of credit subfacility and a \$25.0 million swingline subfacility and an unsecured variable rate \$250.0 million Term Loan with Truist Bank and Bank of America, N.A. Both the Revolving Commitment and the Term Loan have five-year durations commencing on April 29, 2019. In addition, the agreement has provisions to extend the duration beyond the Revolving Commitment termination date as well as optional prepayments rights at any time and from time to time to prepay any

borrowing, in whole or in part, without premium or penalty. As of December 31, 2020, the Revolving Commitment had outstanding borrowings of \$67.0 million and the Term Loan had outstanding borrowings of \$136.0 million. As of December 31, 2019, there were \$291.5 million in aggregate outstanding borrowings. The \$203.0 million outstanding borrowings value approximated the fair value at December 31, 2020 based upon interest rates available to the Company as evidenced by debt of other companies with similar credit characteristics. Our effective interest rate on the debt outstanding as of December 31, 2020 was 1.07%. The effective interest rate is comprised of the 1-month LIBOR plus a margin of 75.0 basis points as determined by our leverage ratio calculation.

The aggregate annual maturities of long-term debt were as follows:

(in thousands)	Revolving Commitment	Term Loan	Total Debt
2021	\$ —	\$ 17,188	\$ 17,188
2022	—	18,750	18,750
2023	—	23,437	23,437
2024	67,000	76,625	143,625
Total	\$ 67,000	\$ 136,000	\$ 203,000

The Company maintains approximately \$35.1 million in letters of credit. These letters of credit are required by the Company's fronting insurance companies and/or certain states, due to the Company's self-insured status, 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 such claims.

In order to comply with applicable debt covenants, the Company is required to maintain at all times a leverage ratio of not greater than 3.00:1.00. The leverage ratio is calculated as of the last day of the fiscal quarter most recently ended. The Company remained in compliance with applicable debt covenants at December 31, 2020 and expects to maintain compliance throughout 2021.

5. TRADE RECEIVABLES

The allowance for expected credit losses accounts is principally calculated based on the application of estimated loss percentages to delinquency aging totals, based on contractual terms, for the various categories of receivables. Bad debt write-offs occur according to Company policies that are specific to pest control, commercial and termite accounts.

At December 31,	2020	2019
(in thousands)		
Gross trade receivables	\$143,191	\$139,465
Allowance for expected credit losses	(16,854)	(16,699)
Net trade receivables	\$126,337	\$122,766

At any given time, the Company may have immaterial amounts due from related parties, which are invoiced and settled on a regular basis.

6. FINANCING RECEIVABLES

Rollins manages its financing receivables on an aggregate basis when assessing and monitoring credit risks. The Company's credit risk is generally low with a large number of entities comprising Rollins' customer base and dispersion across many different geographical regions. The credit quality of a potential obligor is evaluated at the loan origination based on an assessment of the individual's Beacon/credit bureau score. Rollins requires a potential obligor to have good creditworthiness with low risk before entering into a contract. Depending upon the individual's credit score, the Company may accept with 100% financing or require a significant down payment or turndown the contract. Delinquencies of accounts are monitored each month. Financing receivables include installment receivable amounts which are due subsequent to one year from the balance sheet dates.

At December 31,	2020	2019
(in thousands)		
Gross financing receivables, short-term	\$ 25,013	\$ 23,942
Gross financing receivables, long-term	40,121	32,076
Allowance for expected credit losses	(3,231)	(2,959)
Net financing receivables	\$ 61,903	\$ 53,059

Total financing receivables, net were \$61.9 million and \$53.1 million at December 31, 2020 and December 31, 2019, respectively. Financing receivables are generally charged-off when deemed uncollectable or when 180 days have elapsed since the date of the last full contractual payment. The Company's charge-off policy has been consistently applied during the periods reported. Management considers the charge-off policy when evaluating the appropriateness of the allowance for expected credit losses. Gross charge-offs as a percentage of average financing receivables were 4.6% and 5.0% for the twelve months ended December 31, 2020 and December 31, 2019, respectively. Due to the low percentage of charge-off receivables and the high creditworthiness of the potential obligor, the entire Rollins, Inc. financing receivables portfolio has a low credit risk.

The Company offers 90 days same-as-cash financing to some customers based on their creditworthiness. Interest is not recognized until the 91st day at which time it is calculated retrospectively back to the first day if the contract has not been paid in full. In certain circumstances, such as when delinquency is deemed to be of an administrative nature, accounts may still accrue interest when they reach 180 days past due. As of December 31, 2020, there were 2 accounts that were greater than 180 days past due, which have been fully reserved.

Included in financing receivables are notes receivable from franchise owners. The majority of these notes are low risk as the repurchase of these franchises is guaranteed by the Company's wholly-owned subsidiary, Orkin Systems, LLC, and the repurchase price of the franchise is currently estimated and has historically been well above the receivable due from the franchise owner. Also included in notes receivables are franchise notes from other brands which are not guaranteed and do not have the same historical valuation.

The carrying amount of notes receivable approximates fair value as the interest rates approximate market rates for these types of contracts. Long-term installment receivables, net were \$38.2 million and \$30.8 million at December 31, 2020 and 2019, respectively.

Rollins establishes an allowance for expected credit losses to ensure financing receivables are not overstated due to uncollectability. The allowance balance is comprised of a general reserve, which is determined based on a percentage of the financing receivables balance, and a specific reserve, which is established for certain accounts with identified exposures, such as customer default, bankruptcy or other events, that make it unlikely that Rollins will recover its investment. The general reserve percentages are based on several factors, which include consideration of historical credit losses and portfolio delinquencies, trends in overall weighted average risk rating of the portfolio and information derived from competitive benchmarking.

The allowance for expected credit losses related to financing receivables was as follows

At December 31,	2020	2019
(in thousands)		
Balance, beginning of period	\$ 2,959	\$ 3,381
Additions to allowance	2,837	2,179
Charge-offs, net of recoveries	(2,565)	(2,601)
Balance, end of period	\$ 3,231	\$ 2,959

The following is a summary of the past due financing receivables:

At December 31,	2020	2019
(in thousands)		
30-59 days past due	\$ 2,215	\$ 1,427
60-89 days past due	1,063	751
90 days or more past due	1,745	1,412
Total	\$ 5,023	\$ 3,590

The following is a summary of percentage of gross financing receivables:

At December 31,	2020	2019
Current	92.3%	93.7%
30-59 days past due	3.4%	2.5%
60-89 days past due	1.6%	1.3%
90 days or more past due	2.7%	2.5%
Total	100.0%	100.0%

7. EQUIPMENT AND PROPERTY

Equipment and property are presented at cost less accumulated depreciation and are detailed as follows:

December 31,	2020	2019
(in thousands)		
Buildings	\$ 91,453	\$ 95,525
Operating equipment	116,791	120,826
Furniture and fixtures	19,860	19,579
Computer equipment and systems	212,010	193,795
	440,114	429,725
Less: accumulated depreciation	(294,226)	(267,370)
	145,888	162,355
Land	32,164	33,178
Net equipment and property	\$ 178,052	\$ 195,533

Included in equipment and property, net at December 31, 2020 and 2019, are fixed assets held in foreign countries of \$8.5 million, and \$7.7 million, respectively.

Total depreciation expense was approximately \$40.6 million in 2020, \$36.6 million in 2019 and \$30.4 million in 2018.

8. FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, trade and notes receivables, accounts payable, other short-term liabilities and debt. The carrying amounts of these financial instruments approximate their fair values. The Company has financial instruments related to its defined benefit pension plan and deferred compensation plan detailed in Note 16.

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.

At December 31, 2020 and 2019, respectively, the Company had \$35.7 million and \$49.1 million of acquisition holdback

and earnout liabilities with the former owners of acquired companies. Acquisition earnouts are generally earned by achieving certain levels of revenue growth while maintaining certain profit margins. The earnout liabilities are discounted to reflect the expected probability of payout, and both earnout and holdback liabilities are 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.

(in thousands)	
Acquisition holdback and earnout liabilities at December 31, 2018	\$ 30,926
New acquisitions	35,704
Revaluations	(1,703)
Payouts	(15,969)
Interest on outstanding contingencies	1,973
Charge offset, forfeit and other	(1,799)
Acquisition holdback and earnout liabilities at December 31, 2019	49,132
New acquisitions	12,594
Revaluations	(2,305)
Payouts	(24,011)
Interest on outstanding contingencies	2,025
Charge offset, forfeit and other	(1,691)
Acquisition holdback and earnout liabilities at December 31, 2020	\$ 35,744

9. GOODWILL

Goodwill represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was \$650.8 million at December 31, 2020 and \$572.8 million as of December 31, 2019. Goodwill increased for the year ended December 31, 2020 due to acquisitions, and currency conversion of foreign goodwill. The carrying amount of goodwill in foreign countries was \$81.4 million as of December 31, 2020 and \$55.8 million as of December 31, 2019.

The changes in the carrying amount of goodwill for the twelve months ended December 31, 2020 and 2019 were as follows:

(in thousands)	
Goodwill at December 31, 2018	\$ 368,481
Goodwill acquired	204,162
Goodwill adjustments due to currency translation	204
Goodwill at December 31, 2019	572,847
Goodwill acquired	73,430
Goodwill adjustments due to currency translation	6,899
Goodwill at December 31, 2020	\$ 653,176

10. CUSTOMER CONTRACTS, TRADENAMES AND TRADEMARKS, AND OTHER INTANGIBLE ASSETS

Customer contracts are amortized on a straight-line basis over the period of the agreements, as straight-line best approximates the ratio that current revenues bear to the total of current and anticipated revenues, based on the estimated lives of the assets. In accordance with the FASB ASC Topic 350 "Intangibles - Goodwill and other", the expected lives of customer contracts were analyzed, and it was determined that customer contracts should be amortized over a life of 7 to 20 years dependent upon customer type.

The carrying amount and accumulated amortization for customer contracts were as follows:

December 31,	2020	2019
(in thousands)		
Customer contracts	\$ 475,494	\$ 470,781
Less: accumulated amortization	(176,545)	(197,061)
Customer contracts, net	\$ 298,949	\$ 273,720

The carrying amount of customer contracts in foreign countries was \$45.7 million as of December 31, 2020 and \$33.5 million as of December 31, 2019.

Trademarks and tradenames are amortized on a straight-line basis over the period of their useful lives. The Company has determined these assets have useful lives between 7 and 20 years with non-amortizable, indefinite lived tradenames of \$97.4 million and \$94.5 million as of December 31, 2020 and 2019, respectively.

The carrying amount and accumulated amortization for trademarks and tradenames were as follows:

December 31,	2020	2019
(in thousands)		
Trademarks and tradenames	\$ 115,131	\$ 107,579
Less: accumulated amortization	(6,087)	(5,040)
Trademarks and tradenames, net	\$ 109,044	\$ 102,539

The carrying amount of trademarks and tradenames in foreign countries was \$3.3 million as of December 31, 2020 and \$3.4 million as of December 31, 2019.

Other intangible assets include non-compete agreements and patents. Non-compete agreements are amortized on a straight-line basis over periods ranging from 3 to 20 years and patents are amortized on a straight-line basis over 15 years.

The carrying amount and accumulated amortization for other intangible assets were as follows:

December 31, (in thousands)	2020	2019
Other intangible assets	\$ 23,247	\$ 22,023
Less: accumulated amortization	(12,470)	(11,498)
Other intangible assets, net	\$ 10,777	\$ 10,525

The carrying amount of other intangible assets in foreign countries was \$1.0 million as of December 31, 2020 and \$1.2 million as of December 31, 2019.

Included in the table above are non-amortizable, indefinite lived Internet domain names of \$2.2 million at December 31, 2020 and 2019, respectively.

Total amortization expense was approximately \$47.7 million in 2020, \$44.5 million in 2019 and \$36.4 million in 2018.

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

(in thousands)	
2021	\$ 48,213
2022	\$ 46,641
2023	\$ 42,022
2024	\$ 38,850
2025	\$ 33,450

11. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

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

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate swap arrangements to manage or hedge its interest rate risk. Notwithstanding the terms of the swaps, the Company is ultimately obligated for all amounts due and payable under the Revolving Commitment and the Term Loan ("Credit Facility"). The Company does not use such instruments for speculative or trading purposes.

On June 19, 2019, the Company entered into a floating-to-fixed interest rate swap for an aggregate notional amount of \$100.0 million in order to hedge a portion of the Company's floating rate indebtedness under the Credit Facility. The Company designated the swap as a cash flow hedge. The swap requires the Company to pay a fixed rate of 1.94% per annum on the notional amount. The notional amounts as of December 31, 2020 and 2019 were \$40.0 and \$80.0

million, respectively. The cash flows from the swap began June 30, 2019 and end on December 31, 2021. As of December 31, 2020 and 2019, \$0.4 million and \$0.3 million, respectively, had been recorded as Accumulated Losses in Other Comprehensive Income ("AOCI"). Realized gains and losses in connection with each required interest payment are reclassified from AOCI to interest expense during the period of the cash flows. During 2020, \$0.7 million was recorded as additional interest expense from the swap. During 2019, \$0.1 million was recorded as interest income, partially offsetting the floating rate interest expense on our Credit Facility. On a quarterly basis, management evaluates any swap agreement to determine its effectiveness or ineffectiveness and records the change in fair value as an adjustment to AOCI. Management intends that the swap remains effective. No swaps existed at December 31, 2018.

Hedges of Foreign Exchange Risk

The Company is exposed to fluctuations in various foreign currencies against its functional currency, the US dollar. We use foreign currency derivatives, specifically foreign currency forward contracts ("FX Forwards"), to manage our exposure to fluctuations in the USD-CAD and AUD-USD exchange rates. FX Forwards involve fixing the foreign currency exchange rate for delivery of a specified amount of foreign currency on a specified date. The FX Forwards are typically settled in US dollars for their fair value at or close to their settlement date. We do not currently designate any of these FX Forwards under hedge accounting, but rather reflect the changes in fair value immediately in earnings. We do not use such instruments for speculative or trading purposes, but rather use them to manage our exposure to foreign exchange rates. Changes in the fair value of FX Forwards are recorded in other income/expense and were equal to a net gain of \$0.2 million for the twelve months ended December 31, 2020 and a net loss of \$0.4 million in 2019. The fair values of the Company's FX Forwards were recorded in Other Current Liabilities as net obligations of \$0.4 million and \$0.2 million at December 31, 2020 and 2019, respectively.

As of December 31, 2020, the Company had the following outstanding FX Forwards (in thousands except for number of instruments):

(in thousands except for number of instruments)	Number of Instruments	Sell Notional	Buy Notional
FX Forward Contracts			
Sell AUD/Buy USD			
Fwd Contract	12	\$ 1,600	\$ 1,233
Sell CAD/Buy USD			
Fwd Contract	14	\$ 14,500	11,381
Total	26		\$ 12,614

The financial statement impact related to these derivative instruments was insignificant for the years ended December 31, 2020, 2019, and 2018.

12. INCOME TAXES

The Company's income tax provision consisted of the following:

For the years ended December 31,	2020	2019	2018
(in thousands)			
Current:			
Federal	\$ 67,861	\$ 43,593	\$ 49,911
State	18,381	15,337	13,602
Foreign	8,869	6,111	7,929
Total current tax	95,111	65,041	71,442
Deferred:			
Federal	(2,076)	(5,217)	6,091
State	312	(1,518)	1,957
Foreign	549	(493)	(420)
Total deferred tax	(1,215)	(7,228)	7,628
Total income tax provision	\$ 93,896	\$ 57,813	\$ 79,070

The primary factors causing income tax expense to be different than the federal statutory rate for 2020, 2019 and 2018 are as follows:

For the years ended December 31,	2020	2019	2018
(in thousands)			
Income tax at statutory rate	\$ 74,491	\$ 54,845	\$ 65,254
State income tax expense (net of federal benefit)	14,393	10,182	12,984
Foreign tax expense	2,341	933	1,186
Foreign tax credit	(240)	(242)	(234)
Repatriation tax under TCJA	—	(844)	1,233
Pension settlement	—	(10,537)	—
Executive compensation	5,557	2,445	2,165
Restricted Stock Adjustments	(3,927)	(2,973)	(4,420)
Other	1,281	4,004	902
Total income tax provision	\$ 93,896	\$ 57,813	\$ 79,070

Other includes the release of deferred tax liabilities, tax credits, valuation allowance, and other immaterial adjustments.

During 2018, the Company completed the analysis of earnings and profits of foreign investments. This resulted in the recognition at year ended December 31, 2018 of an additional \$1.2 million related to the imposition of a tax on deemed repatriated earnings of foreign subsidiaries. The Company has elected to include the global intangible low-taxed income (GILTI) as part of tax expense in the year incurred.

The Provision for Income Taxes resulted in an effective tax rate of 26.5% on Income Before Income Taxes for the year ended December 31, 2020. The effective rate differs from the annual federal statutory rate primarily because of state and foreign income taxes, adjustments related to the accelerated stock vesting expense and certain other disallowed deductions.

For 2019 the effective tax rate was 22.1%. The effective rate differs from the annual federal statutory rate primarily because of state and foreign income taxes and beneficial adjustments related to the pension settlement.

For 2018 the effective tax rate was 25.4%. The effective income tax rate differs from the annual federal statutory tax rate primarily because of state and foreign income taxes, tax benefits associated with restricted stock and adjustments due to the TCJA.

During 2020, 2019 and 2018, the Company paid income taxes of \$81.2 million, \$75.8 million and \$77.3 million, respectively, net of refunds.

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2020 and 2019 are as follows:

December 31,	2020	2019
(in thousands)		
Deferred tax assets:		
Termite accrual	\$ 721	\$ 786
Insurance and contingencies	19,531	18,464
Unearned revenues	11,825	11,506
Compensation and benefits	12,304	11,983
State and foreign operating loss carryforwards	2,768	3,939
Bad debt reserve	4,214	4,312
Foreign tax credit	3,804	3,972
Other	2,519	2,439
Valuation allowance	(144)	(83)
Total deferred tax assets	57,542	57,318
Deferred tax liabilities:		
Depreciation and amortization	(25,730)	(24,981)
Net pension liability	(727)	(5,279)
Intangibles and other	(39,475)	(34,805)
Total deferred tax liabilities	(65,932)	(65,065)
Net deferred taxes		
Deferred tax assets	\$ 2,222	\$ 2,180
Deferred tax liabilities	\$(10,612)	\$(9,927)

Analysis of the valuation allowance:

December 31, (in thousands)	2020	2019
Valuation allowance at beginning of year	\$ 83	\$ 76
Increase in valuation allowance	61	7
Valuation allowance at end of year	\$ 144	\$ 83

As of December 31, 2020, the Company has net operating loss carryforwards for foreign and state income tax purposes of approximately \$58.5 million, which will be available to offset future taxable income. If not used, these carryforwards will expire between 2021 and 2032. Management believes that it is unlikely to be able to utilize approximately \$0.7 million of foreign net operating losses before they expire and has included a valuation allowance for the effect of these unrealizable operating loss carryforwards. The valuation allowance increased by \$0.06 million due to foreign net operating losses. The Company has a foreign tax credit carryforward of \$3.8 million which if not fully utilized will expire in 2026.

Earnings from continuing operations before income tax included foreign income of \$25.3 million in 2020, \$26.7 million in 2019 and \$22.7 million in 2018. The Company's international business is expanding, and we intend to continue to grow the business in foreign markets in the future through reinvestment of foreign deposits and future earnings as well as acquisition of unrelated companies. Repatriation of cash from the Company's foreign subsidiaries is not part of the Company's current business plan.

The total amount of unrecognized tax benefits at December 31, 2020 that, if recognized, would affect the effective tax rate is \$0.8 million.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

December 31, (in thousands)	2020	2019
Unrecognized tax benefits at beginning of year	\$ 844	\$ 2,554
Additions for tax positions of prior years	—	844
Reductions for tax positions of prior years	—	(2,554)
Unrecognized tax benefits at end of year	\$ 844	\$ 844

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. In addition, the Company has subsidiaries in various state and international jurisdictions that are currently under audit for years ranging from 2013 through 2019. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S., income tax examinations for years prior to 2013.

It is reasonably possible that the amount of unrecognized tax benefits will decrease in the next 12 months.

The Company's policy is to record interest and penalties related to income tax matters in income tax expense. Accrued interest and penalties were \$0.07 million and \$0.03 million as of December 31, 2020 and 2019, respectively. During 2020 the Company recognized interest and penalties of \$0.1 million.

13. ACCRUAL FOR TERMITE CONTRACTS

In accordance with the FASB ASC Topic 450 "Contingencies," the Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future cost include termiticide life expectancy and government regulation.

A reconciliation of changes in the accrual for termite contracts is as follows:

At December 31, (in thousands)	2020	2019
Accrual for termite claims at beginning of year	\$ 3,139	\$ 3,219
Current year provision	1,276	3,014
Settlements, claims, and expenditures	(1,543)	(3,094)
Accrual for termite claims at end of year	\$ 2,872	\$ 3,139

The accrual for termite contracts is included in other current liabilities, \$1.9 million and \$2.3 million at December 31, 2020 and 2019, respectively, and long-term accrued liabilities, \$0.9 million and \$0.8 million at December 31, 2020 and 2019, respectively, on the Company's consolidated statements of financial position.

14. LEASES

The Company leases certain buildings, vehicles, and equipment in order to reduce the risk associated with ownership. The Company elected the practical expedient approach permitted under ASC 842 not to include short-term leases with a duration of 12 months or less on the balance sheet. As of December 31, 2020 and 2019, all leases were classified as operating leases. Building leases generally carry terms of 5 to 10 years with annual rent escalations at fixed amounts per the lease. Vehicle leases generally carry a fixed term of one year with renewal options to extend the lease on a monthly basis resulting in lease terms up to 7 years depending on the class of vehicle. The exercise of renewal options is at the Company's sole discretion. It is reasonably certain that the Company will exercise the renewal options on its vehicle leases. The measurement of right-of-use assets and liabilities for vehicle leases includes the fixed payments associated with such renewal periods. We separate lease and non-lease components of contracts. Our lease agreements

do not contain any material variable payments, residual value guarantees, early termination penalties or restrictive covenants.

The Company uses the rate implicit in the lease when available; however, most of our leases do not provide a

readily determinable implicit rate. Accordingly, we estimate our incremental borrowing rate based on information available at lease commencement.

(dollars in thousands)		Year Ended December 31,	
Lease Classification	Financial Statement Classification	2020	2019
Short-term lease cost	Cost of services provided, Sales, general, and administrative expenses	\$ 189	\$ 351
Operating lease cost	Cost of services provided, Sales, general, and administrative expenses	85,426	77,412
Total lease expense		\$ 85,615	\$ 77,763
Other Information:			
Weighted-average remaining lease term - operating leases		3.76 Yrs	3.90 Yrs
Weighted-average discount rate - operating leases		3.93%	3.94%
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases			
Operating lease right-of-use assets, net		\$ 212,342	\$ 200,727
Operating lease liabilities-current		\$ 73,248	\$ 66,117
Operating lease liabilities, less current portion		\$ 140,897	\$ 135,651

Lease Commitments

Future minimum lease payments, including assumed exercise of renewal options at December 31, 2020 were as follows:

(in thousands)	Operating Leases
2021	\$ 80,425
2022	63,078
2023	42,813
2024	20,194
2025	10,143
Thereafter	16,390
Total future minimum lease payments	233,043
Less: Amount representing interest	18,898
Total future minimum lease payments, net of interest	\$ 214,145

15. COMMITMENTS AND 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 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. We do not believe that the ultimate resolution of the claims we are currently involved

in will have a material adverse effect on our business, results of operations, financial condition, cash flow and prospects; however, it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual quarter or year.

As previously disclosed, the SEC is conducting an investigation, which the Company believes is primarily focused on how it established accruals and reserves at period-ends and the impact of those accruals and reserves on reported earnings. The investigation relates to period-ends for periods beginning January 1, 2015. The Company is fully cooperating with the SEC's investigation. The Company cannot predict the outcome of this investigation. The Company's Audit Committee retained independent counsel to conduct an internal investigation into matters related to the SEC investigation and, in particular, the Company's processes for establishing reserves for each quarter in the relevant periods. The internal investigation was concluded in October 2020. The Company, after consultation with the Audit Committee and the independent counsel, believes that its financial statements filed with the SEC on Forms 10-K and 10-Q for the relevant periods fairly present in all material respects its financial condition, results of operations and cash flows as of their respective balance sheet dates and for the periods then ended.

Management does not believe that any pending claim, proceeding or litigation, 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, however unlikely, could result in a charge that might be material to the results of an individual quarter or year.

16. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans

Rollins, Inc. Retirement Income Plan, (the "Rollins, Inc. Plan")

The Company has sponsored several noncontributory tax-qualified defined benefit pension plans covering employees meeting certain age and service requirements, the most significant of which was the Rollins, Inc. Plan. The plan provided benefits based on the average compensation for the highest five years during the last ten years of credited service (as defined) in which compensation was received, and the average anticipated Social Security covered earnings. The Company

funds its plans with at least the minimum amount required by ERISA. The Company made no contributions to the plans for the years ended December 31, 2020 or 2018, but contributed \$0.1 million for the year ended December 31, 2019.

In 2005, the Company ceased all future benefit accruals under the Rollins, Inc. Plan, although the Company remained obligated to provide employees benefits earned through June 2005. In September 2019, the Company settled this fully-funded pension plan through a combination of lump sum payments to participants, payments to the Pension Benefit Guaranty Corporation, and the purchase of a group annuity contract. With the completed funding of the plan payout settlements, the Company had approximately \$31.8 million of pension assets remaining. The remaining assets were the result of the funded status of the Rollins, Inc. Plan, higher take rate of lump sum payment election by participants and optimal pricing of the group annuity contract. The Company evaluated the ERISA allowable opportunities for utilization of the excess pension assets, including funding other employee benefits. The Company used \$18.0 million during the year ended December 31, 2020 and \$11.0 million during the year ended December 31, 2019 of the \$31.8 million to fund its 401(k) match obligation. The Company anticipates a possible reversion of any remaining pension assets to the Company per ERISA regulations in 2021. As of December 31, 2020, the Company had approximately \$1.2 million remaining of benefit plan assets related to the Rollins, Inc. Plan.

The Company continues to sponsor the Waltham Services, LLC Hourly Employee Pension Plan ("Waltham Plan"), which covers less than 85 participants as of December 31, 2020. The Waltham Plan was amended, effective September 1, 2018, to freeze future benefit accruals for all participants. The Company accounts for all defined benefit plans in accordance with the FASB ASC Topic 715 "Compensation Retirement Benefits," and engages an outside actuary to calculate obligations and costs. With the assistance of the actuary, the Company evaluates the significant assumptions used on a periodic basis, including the estimated future return on plan assets, the discount rate, and other factors, and makes adjustments to these liabilities as necessary.

The Company uses December 31 as the measurement date for its defined benefit post-retirement plans. The funded status of the plans and the net amount recognized in the statement of financial position are summarized as follows as of:

December 31,	2020	2019
(in thousands)		
CHANGE IN ACCUMULATED BENEFIT OBLIGATION		
Accumulated benefit obligation at beginning of year	\$ 2,818	\$ 208,425
Service cost	—	—
Interest cost	102	4,804
Actuarial gain/(loss)	313	(4,156)
Benefits paid	(26)	(8,000)
Settlement	(171)	(198,255)
Accumulated Benefit obligation at end of year	3,036	2,818
CHANGE IN PLAN ASSETS		
Fair value of assets at beginning of year	23,603	213,699
Settlement	—	(198,255)
Actual return on assets	(1,647)	27,064
Employer contributions	—	144
Rollins 401(k) funding	(18,010)	(11,049)
Benefits paid	(689)	(8,000)
Fair value of plan assets at end of year	3,257	23,603
Funded status	\$ 221	\$ 20,785
Amounts Recognized in the Statement of Financial Position consist of:		
December 31,	2020	2019
(in thousands)		
Assets:		
Benefit plan assets	\$ 1,198	\$ 21,565
Liabilities:		
Long-term accrued liabilities	\$ 977	\$ 780
Amounts Recognized in the Accumulated Other Comprehensive Income consist of:		
December 31,	2020	2019
(in thousands)		
Net Actuarial Loss	\$ 992	\$ 912

The accumulated benefit obligation for the defined benefit pension plans were \$3.0 million and \$2.8 million at December 31, 2020 and 2019, respectively. Accumulated benefit obligation and projected benefit obligation are materially the same for the Waltham Plan. In 2020 and 2018, pension liability pre-tax increases of \$0.2 million and \$14.8 million, respectively, were credited, net of tax, to other comprehensive income. In 2019, the pre-tax decrease of \$75.4 million in the pension liability was charged, net of tax against other comprehensive income.

The following weighted average assumptions were used to determine the accumulated benefit obligation and net benefit cost:

December 31,	2020	2019	2018
ACCUMULATED BENEFIT OBLIGATION			
Discount rate	2.80%	3.65%	4.00%*
Rate of compensation increase	N/A	N/A	N/A
NET BENEFIT COST			
Discount rate	3.65%	4.70%	4.45%
Expected return on plan assets	7.00%	7.00%	7.00%
Rate of compensation increase	N/A	N/A	N/A

* In 2018, the Company used a termination liability approach in calculating the 2018 discount rate for the Rollins, Inc. Pension plan. The following assumptions were used 1) 3.90%, based on current market conditions, for participants in pay status expected to elect a plan termination annuity; 2) 4.11%, based on current market conditions, for active and terminated participants with deferred benefits expected to

elect a plan termination annuity; 3) The IRC 417(e) interest rates for the month of November 2018 (3.43%, 4.46%, and 4.88%), based on plan provisions, for all lump sum eligible expected to elect a plan termination lump sum. The Waltham Services, LLC Hourly Employee Pension Plan applied 4.05% discount rate based on yield curve analysis.

The return on plan assets reflects the weighted-average of the expected long-term rates of return for the broad categories of investments held in the plan. The expected long-term rate of return is adjusted when there are fundamental changes in the expected returns on the plan investments.

The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, the Company utilized a yield curve analysis for the Waltham Services, LLC Hourly Employee Pension Plan for fiscal year's 2020, 2019 and 2018. For the Rollins, Inc. Defined Benefit Plan, the Company utilized a termination liability approach for fiscal year 2018 and settled the plan in 2019.

The components of net periodic benefit cost are summarized as follows:

Years ended December 31,	2020	2019	2018
(in thousands)			
Service cost	\$ —	\$ —	\$ 37
Interest cost	102	4,805	7,926
Expected return on plan assets	(140)	(6,149)	(13,775)
Amortization of net loss	100	2,396	3,292
Preliminary net periodic benefit cost/(income)	62	1,052	(2,520)
Settlement expense	56	46,419	—
Net periodic benefit cost	\$ 118	\$ 47,471	\$ (2,520)

The benefit obligations recognized in other comprehensive income for the years ended December 31, 2020, 2019, and 2018 are summarized as follows :

Years ended December 31,	2020	2019	2018
(in thousands)			
Pretax (income)/loss	\$ 236	\$ (26,634)	\$ 18,056
Amortization of net loss	(100)	(2,396)	(3,292)
Settlement expense	(56)	(46,419)	—
Total recognized in other comprehensive income	\$ 80	\$ (75,449)	\$ 14,764

At December 31, 2020, the plans' assets were comprised of listed common stocks and U.S. government and corporate securities. At December 31, 2019, the plans' assets were

comprised of listed common stocks, U.S. government and corporate securities, real estate and other. No shares of Rollins, Inc. common stock were held by the plans at December 31, 2020 or 2019.

The plans' weighted average asset allocation at December 31, 2020 and 2019 by asset category, along with the target allocation for 2021, are as follows:

Asset category	Target Allocations for	Percentage of plan assets as of December 31,	
	2021	2020	2019
Cash and cash equivalents	0.0%–100.0%	41.1%	72.3%
Domestic equity	0.0%–40.0%	29.0%	5.8%
International equity	0.0%–30.0%	15.0%	1.9%
Debt securities—core fixed income	0.0%–100.0%	14.9%	2.1%
Real estate	0.0%–20.0%	0.0%	9.5%
Alternative/ Opportunistic/Special	0.0%–20.0%	0.0%	10.4%
Total	0.0%–100.0%	100.0%	100.0%

For each of the asset categories in the Waltham Plan, the investment strategy is identical – maximize the long-term rate of return on plan assets with an acceptable level of risk in order to minimize the cost of providing pension benefits. The investment policy establishes a target allocation for each asset class which is rebalanced as required. The plans utilize a number of investment approaches, including individual market securities, equity and fixed income funds in which the underlying securities are marketable, and debt funds to achieve this target allocation. The Company and management are not considering making contributions to the remaining pension plan during fiscal 2021.

Some of our assets, primarily our private equity, real estate, and hedge funds, do not have readily determinable market values given the specific investment structures involved and the nature of the underlying investments. For the December 31, 2020 and 2019 plan asset reporting, publicly traded asset pricing was used where possible. For assets without readily determinable values, estimates were derived from investment manager statements combined with discussions focusing on underlying fundamentals and significant events. Additionally, these investments are categorized as NAV investments and are valued using significant non-observable inputs which do not have a readily determinable fair value. In accordance with ASU No. 2011-12 "Investments In Certain Entities That Calculate Net Asset Value per Share (Or Its Equivalent)," these investments are valued based on the net asset value per share calculated by the funds in which the plan has invested. These valuations are subject to judgments and assumptions of the funds which may prove to be incorrect, resulting in risks of incorrect valuation of these investments. The Company seeks to mitigate against these risks by evaluating the appropriateness of the funds' judgments and assumptions by

reviewing the financial data included in the funds' financial statements for reasonableness. As of December 31, 2020, the Company did not have any remaining benefit plan assets without readily determinable values.

Fair Value Measurements

Given the plans to utilize the excess benefit plan assets from the settlement of the Rollins, Inc. Plan, to fund its 401(k) matching contribution obligations, the Company began liquidating investments in real estate funds and private equity funds after settlement. For the remaining Waltham Plan investments, the Company has modified the overall investment strategy to mitigate risk related to volatility with asset types by transitioning to a higher percentage of fixed income securities. As such, the Company's overall investment strategy is to achieve a mix of assets to match long-term pension obligations and near-term benefits payments, with a diversification of asset types, fund strategies and fund managers. With the modification of investment strategy, the Company has transitioned the majority of its assets to Fixed-

income securities. Fixed-income securities include corporate bonds, mortgage-backed securities, sovereign bonds, and U.S. Treasuries. Equity securities primarily include investments in large-cap and small-cap companies domiciled domestically and internationally. For each of the asset categories in the pension plan, the investment strategy is identical – maximize the long-term rate of return on plan assets with an acceptable level of risk in order to minimize the cost of providing pension benefits. The investment policy establishes a target allocation for each asset class which is rebalanced as required. The plans utilize a number of investment approaches, including but not limited to individual market securities, equity and fixed income funds in which the underlying securities are marketable, and debt funds to achieve this target allocation.

The following table presents our plan assets using the fair value hierarchy as of December 31, 2020. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. See Note 8 for a brief description of the three levels under the fair value hierarchy.

(in thousands)	Level 1	Level 2	NAV	Total
(1) Cash and cash equivalents	\$ 1,322	\$ —	\$ —	\$ 1,322
(2) Fixed income securities	—	480	—	480
(3) Domestic equity securities	—	932	—	932
(3) International equity securities	—	523	—	523
Total	\$ 1,322	\$ 1,935	\$ —	\$ 3,257

The following table presents our plan assets using the fair value hierarchy as of December 31, 2019. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

(in thousands)	Level 1	Level 2	NAV	Total
(1) Cash and cash equivalents	\$ 17,071	\$ —	\$ —	\$ 17,071
(2) Fixed income securities	—	499	—	499
(3) Domestic equity securities	—	899	—	899
(3) International equity securities	—	437	—	437
(4) Real estate	—	—	2,235	2,235
(5) Alternative/opportunistic/special	—	—	2,462	2,462
Total	\$ 17,071	\$ 1,835	\$ 4,697	\$ 23,603

- (1) Cash and cash equivalents, which are used to pay benefits and plan administrative expenses, are held in Rule 2a-7 money market funds.
- (2) Fixed income securities are primarily valued using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported trades.
- (3) International equity securities are valued using a market approach based on the quoted market prices of identical instruments in their respective markets.
- (4) Real estate fund values are primarily reported by the fund manager and are based on valuation of the underlying investments, which include inputs such as cost, discounted future cash flows, independent appraisals and market-based comparable data.
- (5) Alternative/Opportunistic/Special funds can invest across the capital structure in both liquid and illiquid securities that are valued using a market approach based on the quoted market prices of identical instruments, or if no market price is available, instruments will be held at their fair market value (which may be cost) as reasonably determined by the investment manager, independent dealers, or pricing services.

The estimated future benefit payments over the next five years are as follows:

(in thousands)	
2021	\$ 68
2022	77
2023	83
2024	100
2025	110
Thereafter	693
Total	\$ 1,131

Defined Contribution 401(k) Savings Plan

The Company sponsors a defined contribution 401(k) Savings Plan ("the Plan") that is available to a majority of the Company's full-time employees the first day of the calendar quarter following completion of three months of service. The Plan is available to non-full-time employees the first day of the calendar quarter following one year of service upon completion of 1,000 hours in that year. The Plan provides for a matching contribution of one dollar (\$1.00) for each one dollar (\$1.00) of a participant's contributions to the Plan that do not exceed 3 percent of his or her eligible compensation (which include commissions, overtime, and bonuses) and fifty cents (\$0.50) for each one dollar (\$1.00) of a participant's contributions to the Plan over the initial 3 percent that do not exceed 6 percent of his or her eligible compensation (which includes commissions, overtime and bonuses). The charge to expense for the Company match was approximately \$27.4 million and \$25.5 million for the years ended December 31, 2020 and 2019, respectively, and \$21.1 million for the year ended December 31, 2018. At December 31, 2020, 2019, and 2018 approximately, 34.9%, 30.8%, and 41.7%, respectively, of the plan assets consisted of Rollins, Inc. common stock. Total administrative fees paid by the Company for the Plan were less than \$0.1 million for each of the years ended December 31, 2020, 2019 and 2018.

Nonqualified Deferred Compensation Plan

The Deferred Compensation Plan provides that participants may defer up to 50% of their base salary and up to 85% of their annual bonus with respect to any given plan year, subject to a \$2 thousand per plan year minimum. The Company may make discretionary contributions to participant accounts but has not done so since 2011.

Accounts will be credited with hypothetical earnings, and/or debited with hypothetical losses, based on the performance of certain "Measurement Funds." Account values are calculated as if the funds from deferrals and Company credits had been converted into shares or other ownership units of selected Measurement Funds by purchasing (or selling, where relevant) such shares or units at the current purchase price of the relevant Measurement Fund at the time of the participant's selection. Deferred Compensation Plan benefits are unsecured general obligations of the Company to the participants, and

these obligations rank in parity with the Company's other unsecured and unsubordinated indebtedness. The Company has established a "rabbi trust," which it uses to voluntarily set aside amounts to indirectly fund any obligations under the Deferred Compensation Plan. To the extent that the Company's obligations under the Deferred Compensation Plan exceed assets available under the trust, the Company would be required to seek additional funding sources to fund its liability under the Deferred Compensation Plan.

Generally, the Deferred Compensation Plan provides for distributions of any deferred amounts upon the earliest to occur of a participant's death, disability, retirement or other termination of employment (a "Termination Event"). However, for any deferrals of salary and bonus (but not Company contributions), participants would be entitled to designate a distribution date which is prior to a Termination Event. Generally, the Deferred Compensation Plan allows a participant to elect to receive distributions under the Deferred Compensation Plan in installments or lump-sum payments.

At December 31, 2020, the Deferred Compensation Plan had 75 life insurance policies with a net face value of \$50.2 million compared to 71 policies with a face value of \$47.4 million at December 31, 2019. The cash surrender value of these life insurance policies was worth \$24.5 million and \$22.2 million at December 31, 2020 and 2019, respectively.

The following table presents our non-qualified deferred compensation plan assets using the fair value hierarchy as of December 31, 2020 and 2019.

(in thousands)	Level 1	Level 2	Level 3	Total
December 31, 2020	\$ 25	\$ —	\$ 24,460	\$ 24,485
December 31, 2019	\$ 71	\$ —	\$ 22,158	\$ 22,229

Cash and cash equivalents, which are used to pay benefits and deferred compensation plan administrative expenses, are held in Money Market Funds.

Total expense related to deferred compensation was \$278 thousand, \$250 thousand, and \$180 thousand in 2020, 2019, and 2018, respectively. The Company had \$24.5 million and \$22.2 million in deferred compensation assets as of December 31, 2020 and 2019, respectively, included within other assets on the Company's consolidated statements of financial position and \$21.5 million and \$21.2 million in deferred compensation liability as of December 31, 2020 and 2019, respectively, located within other current liabilities and long-term accrued liabilities on the Company's consolidated statements of financial position. The amounts of assets were marked to fair value.

17. STOCK-BASED COMPENSATION

Stock Compensation Plans

Time Lapse Restricted Shares and Restricted Stock Units

Time lapse restricted shares (TLRSs) have been issued to officers and other employees under the Company's Employee

Stock Incentive Plan. The Company recognizes compensation expense for the unvested portion of awards outstanding over the remainder of the service period. The compensation cost recorded for these awards is based on their closing stock price at the grant date less the cost of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods to reflect actual forfeitures.

TLRSs provide for the issuance of a share of the Company's common stock at no cost to the holder and generally vest after a certain stipulated number of years from the grant date, depending on the terms of the issue. TLRSs vest in 20 percent increments starting with the second anniversary of the grant, over six years from the date of grant. During these years, grantees receive all dividends declared and retain voting rights for the granted shares. The agreements under which the one-time grant of restricted stock is issued provide that shares awarded may not be sold or otherwise transferred until restrictions established under the plans have lapsed.

In April 2018, the Company granted a one-time issuance of TLRSs on a tiered Company tenure basis to U.S. based employees. The one-time grant vested 100 percent on the first anniversary date of the granted shares. The total shares granted were less than 0.1 million shares.

All share and per share information has been adjusted for the three-for-two stock split effective December 10, 2020.

The Company issued time lapse restricted shares of 0.9, 0.7, and 1.0 million for the years ended December 31, 2020, 2019, and 2018, respectively.

The Company issues new shares from its authorized but unissued share pool. At December 31, 2020, approximately 7.3 million shares of the Company's common stock were reserved for issuance. In accordance with the FASB ASC Topic 718, "Compensation – Stock Compensation," the Company recognizes the fair value of the award on a straight-line basis over the service periods of each award. The Company estimates restricted share employee forfeiture rates based on its historical experience.

The following table summarizes the components of the Company's stock-based compensation programs recorded as expense (\$ in thousands):

Years ended December 31,	2020	2019	2018
Time lapse restricted stock:			
Pre-tax compensation expense	\$ 20,850	\$ 14,159	\$ 13,726
Tax benefit	(3,752)	(3,597)	(3,486)
Restricted stock expense, net of tax	\$ 17,098	\$ 10,562	\$ 10,240

As of December 31, 2020 and 2019, \$40.5 million and \$41.3 million, respectively, of total unrecognized compensation cost related to time-lapse restricted shares are expected to be recognized over a weighted average period of approximately 3.8 years and 4.0 years at December 31, 2020 and 2019, respectively.

The following table summarizes information on unvested restricted stock units outstanding as of December 31, 2020, 2019 and 2018, (adjusted for 3 for 2 stock split on December 10, 2020).

	Number of Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested as of December 31, 2017	4,539	\$ 10.89
Forfeited	(53)	12.70
Vested	(1,365)	8.83
Granted	965	21.50
Unvested as of December 31, 2018	4,086	13.69
Forfeited	(147)	16.40
Vested	(1,201)	11.59
Granted	727	25.60
Unvested as of December 31, 2019	3,465	17.23
Forfeited	(59)	17.11
Vested	(1,397)	15.29
Granted	861	24.53
Unvested as of December 31, 2020	2,870	\$ 20.36

18. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

Accumulated other comprehensive income/ (loss) consist of the following (in thousands):

	Pension Liability Adjustment	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at December 31, 2017	\$ (35,041)	\$ (10,915)	\$ —	\$ (45,956)
Change during 2018:				
Before-tax amount	(14,812)	(14,072)	—	(28,884)
Tax expense	3,762	—	—	3,762
	(11,050)	(14,072)	—	(25,122)
Balance at December 31, 2018	(46,091)	(24,987)	—	(71,078)
Change during 2019:				
Before-tax amount	75,449	4,350	(277)	79,522
Tax expense	(29,553)	—	—	(29,553)
	45,896	4,350	(277)	49,969
Balance at December 31, 2019	(195)	(20,637)	(277)	(21,109)
Change during 2020:				
Before-tax amount	(173)	10,443	(141)	10,129
Tax benefit	46	—	37	83
	(127)	10,443	(104)	10,212
Balance at December 31, 2020	\$ (322)	\$ (10,194)	\$ (381)	\$ (10,897)

19. RELATED PARTY TRANSACTIONS

The Company provides certain administrative services to RPC, Inc. ("RPC") (a company of which Mr. Gary W. Rollins is also Chairman, and which is otherwise affiliated with the Company). The service agreements between RPC and the Company provide for the provision of services on a cost reimbursement basis and are terminable on 6 months' notice. The services covered by these agreements include administration of certain employee benefit programs and other administrative services. Charges to RPC (or to corporations which are subsidiaries of RPC) for such services and rent totaled approximately \$0.1 million for each of the years ended December 31, 2020, 2019, and 2018.

The Company rents office, hanger and storage space to LOR, Inc. ("LOR") (a company controlled by the late R. Randall Rollins and Gary W. Rollins). Charges to LOR (or corporations which are subsidiaries of LOR) for rent totaled \$1.0 million for the year ended December 31, 2020 and \$0.8 million and \$0.9 million for the years ended December 31, 2019 and 2018, respectively.

In 2014, P.I.A. LLC, a company owned by our late Chairman of the Board of Directors, R. Randall Rollins, purchased a Lear Model 35A jet and entered into a lease arrangement with the Company for Company use of the aircraft for business purposes. The lease is terminable by either party on 30 days' notice. The Company pays \$100 per month rent for the leased aircraft, and pays all variable costs and expenses associated with the

leased aircraft, such as the costs for fuel, maintenance, storage and pilots. The Company has the priority right to use of the aircraft on business days, and Mr. Rollins had the right to use the aircraft for personal use through the terms of an Aircraft Time Sharing Agreement with the Company. During the years ended December 31, 2020, 2019 and 2018, the Company paid approximately \$0.6 million, \$0.9 million, and \$0.7 million in rent and operating costs for the aircraft, respectively. During 2020, 2019 and 2018, respectively, the Company accounted for 100 percent of the use of the aircraft. All transactions were approved by the Company's Nominating and Governance Committee of the Board of Directors.

On January 24, 2018, the Company pledged a charitable gift of \$0.7 million to Emory University Hospital Midtown. The amount is being paid in equal annual installments over a five year period ending in 2023. Dr. Lawley recused himself from the Board of Director's approval of the gift agreement.

On December 1, 2019, Orkin, a subsidiary of the Company entered into a franchise agreement with Wilson Pest Management, Inc. The franchise is owned 100% by John Wilson IV. During the years ended December 31, 2020 and 2019, the Company received a total of approximately \$0.1 million and \$0.8 million, respectively. The 2019 proceeds included payment for the franchise and an initial franchise fee of seventy-five thousand dollars in connection with the transaction. The franchise agreement provides for a monthly royalty fee of 9.0% of the

franchisee's reported revenue. John Wilson IV is the son of John F. Wilson, President and Chief Operating Officer of the Company. The Company approved the agreement in accordance with its Related Party Transactions policy.

20. CASH DIVIDEND

On October 27, 2020, the Board of Directors declared a regular quarterly cash dividend on its common stock of \$0.08 per share plus a special yearend dividend of \$0.13 per share both payable December 10, 2020 to shareholders of record at the close of business November 10, 2020. Additionally, the Board of

Directors approved a three-for-two stock split of the Company's common shares on December 10, 2020 for holders of record on November 10, 2020. Dividends were paid on pre-split shares.

On January 26, 2021, after the stock split, the Board of Directors declared a regular quarterly cash dividend per common share of \$0.08 payable March 10, 2021 to stockholders of record at the close of business February 10, 2021. The Company expects to continue to pay cash dividends to the common stockholders, subject to the earnings and financial condition of the Company and other relevant factors.

Item 9.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures—We have established disclosure controls and procedures to ensure, among other things, that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors.

Based on management's evaluation as of December 31, 2020, in which the principal executive officer and principal financial officer of the Company participated, the principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective, at the reasonable assurance level to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the

Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Management's Report on Internal Control Over Financial Reporting—Management's Report on Internal Control Over Financial Reporting is contained on page 42. The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its report on page 43.

Changes in Internal Controls—There were no changes in our internal control over financial reporting during the fourth quarter of 2020 that materially affected or are reasonably likely to materially affect these controls.

Item 9B.

Other Information

None.

Part III

Item 10.

Directors, Executive Officers and Corporate Governance

Information concerning directors and executive officers is included in the Company's Proxy Statement for its 2020 Annual Meeting of Stockholders (the "Proxy Statement"), in the section titled "Proposal 1: Election of Directors". This information is incorporated herein by reference. Information about executive officers is contained on page 31 of this document.

Audit Committee and Audit Committee Financial Expert

Information concerning the Audit Committee of the Company and the Audit Committee Financial Expert(s) is included in the Company's Proxy Statement in the section titled "Corporate Governance and Board of Directors' Committees and Meetings – Audit Committee." This information is incorporated herein by reference.

Code of Ethics

The Company has adopted a Code of Business Conduct that applies to all employees. In addition, the Company has

adopted a Code of Business Conduct and Ethics for Directors and Executive Officer and Related Party Transactions policy. Both of these documents are available on the Company's website at www.rollins.com, under the heading "Investor Relations – Corporate Governance," and a copy is available by writing to Investor Relations at 2170 Piedmont Road, Atlanta, Georgia 30324. The Company intends to satisfy the disclosure requirement under Item 10 of Form 10-K¹ regarding an amendment to, or waiver from, a provision of its code of ethics that relates to any elements of the code of ethics definition enumerated in SEC rules by posting such information on its internet website, the address of which is provided above.

Section 16(a) Beneficial Ownership Reporting Compliance

Information regarding compliance with Section 16(a) of the Exchange Act is included under "Compliance with Section 16(a) of the Exchange Act" in the Company's Proxy Statement, which is incorporated herein by reference.

Item 11.

Executive Compensation

The information under the captions "Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," and "Executive Compensation" included in the Proxy Statement is incorporated herein by reference.

Item 12.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information under the captions “Capital Stock” and “Election of Directors” included in the Proxy Statement for the Annual Meeting of Stockholders to be held April 27, 2021 is incorporated herein by reference.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain information regarding equity compensation plans as of December 31, 2020.

Plan Category	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A) (C)
Equity compensation plans approved by security holders	2,870,231	—	7,347,097
Equity compensation plans not approved by security holders	—	—	—
Total	2,870,231	—	7,347,097⁽¹⁾

⁽¹⁾ Includes 7,374,097 shares available for grant under the 2018 Employee Stock Incentive Plan. The 2018 Employee Stock Incentive Plan provides for awards of the Company's common stock and awards that are valued in whole or in part by reference to the Company's common stock apart from stock options and SARs including, without limitation, restricted stock, performance-accelerated restricted stock, performance stock, performance units, and stock awards or options valued by reference to book value or subsidiary performance.

Item 13.

Certain Relationships and Related Party Transactions, and Director Independence

The information under the caption “Certain Relationships and Related Party Transactions” included in the Proxy Statement is incorporated herein by reference. Information concerning director independence is included in the Proxy Statement,

in the section titled “Corporate Governance and Board of Directors’ Committees and Meetings.” This information is incorporated herein by reference.

Item 14.

Principal Accounting Fees and Services

Information regarding principal accounting fees and services is set forth under “Independent Registered Public Accounting Firm” in the Company's Proxy Statement, which information is incorporated herein by reference.

Part IV

Item 15.

Exhibits and Financial Statement Schedules

(a) *Consolidated Financial Statements, Financial Statement Schedule and Exhibits.*

1. Consolidated financial statements listed in the accompanying Index to Consolidated Financial Statements and Schedule are filed as part of this report.
2. The financial statement schedule listed in the accompanying Index to Consolidated Financial Statements and Schedule is filed as part of this report.
3. Exhibits listed in the accompanying Index to Exhibits are filed as part of this report. The following such exhibits are management contracts or compensatory plans or arrangements:
 - (10) (a) Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.1 filed with the registrant's Form S-8 filed November 18, 2005.
 - (10) (b) Form of Plan Agreement pursuant to the Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.2 filed with the registrant's Form S-8 filed November 18, 2005.
 - (10) (c) Written description of Rollins, Inc. Performance-Based Incentive Cash Compensation Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 8-K dated April 25, 2013.
 - (10) (d) Forms of award agreements under the 2013 Cash Incentive Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 10-K dated February 27, 2017.
 - (10) (e) 2008 Stock Incentive Plan incorporated herein by reference to Exhibit A of the March 17, 2008 Proxy Statement for the Annual Meeting of the Stockholders held on April 22, 2008.
 - (10) (f) Form of Restricted Stock Grant Agreement incorporated herein by reference to Exhibit 10(d) as filed with its Form 8-K dated April 28, 2008.
 - (10) (g) Form of Time-Lapse Restricted Stock Agreement incorporated herein by reference to Exhibit 10.1 as filed with its Form 10-Q for the quarter ended March 31, 2012.
 - (10) (h) Summary of Compensation Arrangements with Executive Officers, incorporated herein reference to Exhibit (10)(q) as filed with its Form 10-K for the year ended December 31, 2010.
 - (10) (i) Summary of Compensation Arrangements with Non-Employee Directors, incorporated herein by reference to Exhibit 10(i) filed with the Registrant's 10-K filed February 25, 2015.

(b) *Exhibits (inclusive of item 3 above):*

- (3) (i)
 - (A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981, incorporated herein by reference to Exhibit (3)(i)(A) as filed with the registrant's Form 10-Q filed August 1, 2005.
 - (B) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated August 20, 1987, incorporated herein by reference to Exhibit 3(i)(B) filed with the registrant's 10-K filed March 11, 2005.
 - (C) Certificate of Change of Location of Registered Office and of Registered Agent dated March 22, 1994, incorporated herein by reference to Exhibit (3)(i)(C) filed with the registrant's Form 10-Q filed August 1, 2005.
 - (D) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 25, 2006, incorporated herein by reference to Exhibit 3(i)(D) filed with the registrant's 10-Q filed October 31, 2006.
 - (E) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 26, 2011, incorporated herein by reference to Exhibit 3(i)(E) filed with the Registrant's 10-K filed February 25, 2015.
 - (F) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 28, 2015, incorporated herein by reference to Exhibit 3(i)(F) filed with the Registrant's 10-Q filed on July 29, 2015.
- (ii) Revised By-laws of Rollins, Inc. dated April 25, 2017, incorporated herein by reference to Exhibit (3) (i) as filed with its Form 10-Q filed April 28, 2017.

- (4) (a) Form of Common Stock Certificate of Rollins, Inc. incorporated herein by reference to Exhibit (4) as filed with its Form 10-K for the year ended December 31, 1998.
- (4) (b) Description of Registrant's Securities.
- (10) (a) Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.1 filed with the registrant's Form S-8 filed November 18, 2005.
- (10) (b) Form of Plan Agreement pursuant to the Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.2 filed with the registrant's Form S-8 filed November 18, 2005.
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- (10) (d) Forms of award agreements under the 2013 Cash Incentive Plan incorporated herein by reference to Exhibit 10(a) as filed with its Form 10-K dated February 27, 2017.
- (10) (e) 2008 Stock Incentive Plan incorporated herein by reference to Exhibit A of the March 17, 2008 Proxy Statement for the Annual Meeting of the Stockholders held on April 22, 2008.
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- (10) (j) Revolving Credit Agreement dated as of April 30, 2019 between Rollins, SunTrust Bank and Bank of America, N.A.
- (10) (k) Stock Purchase Agreement by and among Rollins, Inc., Clark Pest Control of Stockton, Inc., the Stockholders of Clark Pest Control of Stockton, Inc. the Principals and the Stockholders Representative.
- (10) (l) Asset Purchase Agreement among King Distribution, Inc., a Delaware corporation, Geotech supply Co., LLC, a California limited liability company, and Clarksons California Properties, California limited partnership.
- (10) (m) Real Estate Purchase Agreement by and between RCI - King, Inc., and Clarksons California Properties, a California limited partnership.
- (21) Subsidiaries of Registrant.
- (23.1) Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm.
- (24) Powers of Attorney for Directors.
- (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.
- (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.
- (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.
- (101.INS) Inline XBRL Instance Document
- (101.SCH) Inline XBRL Schema Document
- (101.CAL) Inline XBRL Calculation Linkbase Document
- (101.LAB) Inline XBRL Labels Linkbase Document
- (101.PRE) Inline XBRL Presentation Linkbase Document
- (101.DEF) Inline XBRL Definition Linkbase Document

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Gary W. Rollins

Gary W. Rollins
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: February 26, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Gary W. Rollins By: /s/ Paul E. Northen

Gary W. Rollins
Chairman and Chief Executive Officer
(Principal Executive Officer)

Paul E. Northen
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial and Accounting Officer)

Date: February 26, 2021

Date: February 26, 2021

The Directors of Rollins, Inc. (listed below) executed a power of attorney appointing Gary W. Rollins their attorney-in-fact, empowering him to sign this report on their behalf.

Henry B. Tippie, Lead Director
Thomas J. Lawley, MD, Director
John F. Wilson, Director
Pam R. Rollins, Director
Harry J. Cynkus, Director
Jerry W. Nix, Director
Susan R. Bell, Director
Patrick J. Gunning, Director

/s/ Gary W. Rollins

Gary W. Rollins
As Attorney-in-Fact & Director
February 26, 2021

Rollins, Inc. and Subsidiaries

Index To Consolidated Financial Statements and Schedule

The following documents are filed as part of this report.

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Management's Report on Internal Control Over Financial Reporting	42
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	43
Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements and Schedule	44
Consolidated Financial Statements	
Consolidated Statements of Financial Position as of December 31, 2020 and 2019	46
Consolidated Statements of Income for each of the three years in the period ended December 31, 2020	47
Consolidated Statements of Comprehensive Earnings for each of the three years in the period ended December 31, 2020	48
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2020	49
Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2020	50
Notes to Consolidated Financial Statements	51–75
Financial Statement Schedules	
Schedule II – Valuation and Qualifying Accounts	83
Schedules not listed above have been omitted as not applicable, immaterial or disclosed in the Consolidated Financial Statements or notes thereto.	

Rollins, Inc. and Subsidiaries

Schedule II —Valuation and Qualifying Accounts

(in thousands)	Allowance for Expected Credit Losses				
	Balance at Beginning of Year	Adoption of ASC 326	Charged to Costs and Expenses	Net (Deductions) Recoveries	Balance at End of Year
Year ended December 31, 2020	\$ 19,658	\$ (3,330)	\$ 17,536	\$ (13,779)	\$ 20,085
Year ended December 31, 2019	\$ 16,666	\$ —	\$ 15,145	\$ (12,153)	\$ 19,658
Year ended December 31, 2018	\$ 14,706	\$ —	\$ 13,606	\$ (11,646)	\$ 16,666

Rollins, Inc. and Subsidiaries

Index To Exhibits

Exhibit Number	Exhibit Description
(3) (i)	(A) Restated Certificate of Incorporation of Rollins, Inc. dated July 28, 1981, incorporated herein by reference to Exhibit (3)(i)(A) as filed with the registrant's Form 10-Q filed August 1, 2005. (B) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated August 20, 1987, incorporated herein by reference to Exhibit 3(i)(B) filed with the registrant's 10-K filed March 11, 2005. (C) Certificate of Change of Location of Registered Office and of Registered Agent dated March 22, 1994, incorporated herein by reference to Exhibit (3)(i)(C) filed with the registrant's Form 10-Q filed August 1, 2005. (D) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 25, 2006, incorporated herein by reference to Exhibit 3(i)(D) filed with the registrant's 10-Q filed October 31, 2006. (E) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 26, 2011, incorporated herein by reference to Exhibit 3(i)(E) filed with the Registrant's 10-K filed February 25, 2015. (F) Certificate of Amendment of Certificate of Incorporation of Rollins, Inc. dated April 28, 2015, incorporated herein by reference to Exhibit 3(i)(F) filed with the Registrant's 10-Q filed on July 29, 2015.
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(4) (a)	Form of Common Stock Certificate of Rollins, Inc. incorporated herein by reference to Exhibit (4) as filed with its Form 10-K for the year ended December 31, 1998.
(4) (b)	Description of Registrant's Securities.
(10.1)+	Membership Interest Purchase Agreement by and among Rollins, Inc., Northwest Exterminating Co., Inc. NW Holdings, LLC and the stockholders of Northwest Exterminating Co., Inc. dated as of July 24, 2017.
(10) (a)	Rollins, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to Exhibit 4.1 filed with the registrant's Form S-8 filed November 18, 2005.
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(101.PRE)	Inline XBRL Presentation Linkbase Document
(101.DEF)	Inline XBRL Definition Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Confidential treatment has been requested for certain portions of this exhibit (indicated by asterisks). Such information has been omitted and was filed separately with the Securities and Exchange Commission.



List of Subsidiaries

Rollins, Inc.	Delaware	
Orkin, LLC	Delaware	
Orkin Systems, LLC	Delaware	
Orkin S.A de C.V.	Mexico	
Orkin Expansion, Inc.	Delaware	
PCO Acquisitions, Inc.	Delaware	
Rollins Dutch Holdings C.V.	Netherlands	99.00%
Rollins Investment, LLC	Delaware	1.00%
Rollins Dutch Holdings C.V	Netherlands	
Rollins Netherlands B.V.	Netherlands	
Orkin Canada Corporation	Nova Scotia	
PCO Services Holdings Corporation	Ontario	
Critter Control British Columbia Inc.	British Columbia	
Critter Control Canada Franchising Inc.	British Columbia	
Rollins Europe B.V.	Netherlands	
Rollins Australia Pty Ltd	Australia	
ROL-WA Pty Ltd	Australia	
Adams Pest Control Pty Ltd	Australia	
Orkin Australia Pty Ltd	Australia	
Statewide Rollins Pty Ltd	Australia	
Murray Rollins Pty Ltd	Australia	
Rollins Australia Franchising Pty Ltd	Australia	
Scientific Pest Management (Australia/Pacific) Pty Ltd	Australia	
Rollins UK Holdings Ltd	United Kingdom	
Safeguard Pest Control and Environmental Services Limited	United Kingdom	
AMES Group Limited	United Kingdom	
Van Vynck Environmental Services Ltd	United Kingdom	
Albany Environmental Services Ltd	United Kingdom	
Guardian Cleaning Services Ltd	United Kingdom	
Guardian Hygiene Services Limited	United Kingdom	
Guardian Pest Control Limited	United Kingdom	
Baroque (S.W.) Limited	United Kingdom	
Enviropest Control Services Ltd	United Kingdom	
Aardwolf Pestkare (Singapore) Pte Ltd	Singapore	
Rollins Dutch Holdings UK Ltd	England and Wales	
Orkin Services of California, Inc.	Delaware	
Orkin-IFC Properties, LLC	Delaware	

Banks Pest Control	California	
Rollins Continental, Inc.	New York	
Rollins-Western Real Estate Holdings, LLC	Delaware	
RCI – King, Inc.	Delaware	
Western Industries-North, LLC	Delaware	
Western Industries-South, LLC	Delaware	
HomeTeam Pest Defense, Inc.	Delaware	
The Industrial Fumigant Company, LLC	Illinois	
IFC Services of California, Inc.	Delaware	
International Food Consultants, LLC	Texas	40.00%
Crane Acquisition, Inc.	Delaware	
Waltham Services, LLC	Georgia	
TruTech, LLC	Delaware	
B. D. D. Pest Control Incorporated	California	
Wilco Enterprises, Inc.	Virginia	
PermaTreat Pest Control Company, Inc.	Virginia	
Rollins Wildlife Services, Inc.	Delaware	
Critter Control, Inc.	Michigan	
Critter Control Operations, Inc.	Delaware	
Rollins Mosquito Services, Inc.	Delaware	
Northwest Exterminating Co., LLC	Georgia	
Jody Millard Pest Control, LLC	Tennessee	
Rollins Jumbo Acquisitions, Inc.	Delaware	
Okolona Pest Control, Inc.	Kentucky	
Rollins Employee Relief Fund, Inc.	Georgia	
Rollins Acceptance Company, LLC	Delaware	
King Distribution, Inc.	Delaware	
Clark Pest Control of Stockton, Inc.	California	
Clark Pest Control of Nevada, LLC	Nevada	

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 26, 2021, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Rollins, Inc. on Form 10-K for the year ended December 31, 2020. We consent to the incorporation by reference of said reports in the Registration Statements of Rollins, Inc. on Forms S-8 (File No. 333-224654, File No. 33-26056, File No. 33-47528, File No. 33-52355, File No. 333-49308, File No. 333-129789, File No. 333-143692, File No. 333-143693, and File No. 333-150339).

/s/ GRANT THORNTON LLP

Atlanta, Georgia
February 26, 2021

I, Gary W. Rollins, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 26, 2021

/s/ Gary W. Rollins

Gary W. Rollins
Chairman and Chief Executive Officer
(Principal Executive Officer)

I, Paul E. Northen, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 26, 2021

/s/ Paul E. Northen

Paul E. Northen
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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

In connection with the Annual Report of Rollins, Inc., a Delaware corporation (the "Company"), on Form 10-K for the period ended December 31, 2019 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: February 26, 2021

By: /s/ Gary W. Rollins

Gary W. Rollins
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: February 26, 2021

By: /s/ Paul E. Northen

Paul E. Northen
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting 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.

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ROLLINS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE: Tuesday, April 27, 2021
TIME: 12:30 P.M. EST
PLACE: 2170 Piedmont Road, N.E., Atlanta, Georgia 30324

TO THE HOLDERS OF THE COMMON STOCK:

PLEASE TAKE NOTICE that the 2021 Annual Meeting of Stockholders of ROLLINS, INC., a Delaware corporation (the "Company"), will be held at the Company's corporate office located at 2170 Piedmont Road, N.E., Atlanta, Georgia, on Tuesday, April 27, 2021, at 12:30 P.M. for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To elect three Class II nominees identified in the attached Proxy Statement to the Board of Directors;
2. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2021; and
3. To amend the Restated Certificate of Incorporation of the Company to increase the total number of authorized shares of capital stock from 550,500,000 shares to 800,500,000 shares, such that authorized shares of common stock would be increased from 550,000,000 to 800,000,000 and authorized shares of preferred stock would remain 500,000; and
4. To consider and act upon such other business as may properly come before the Annual Meeting or any adjournment of the meeting.

The Proxy Statement dated March 15, 2021 is attached.

The Board of Directors has fixed the close of business on March 1, 2021 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

As permitted by the U.S. Securities and Exchange Commission rules, the Company is making the proxy materials relating to the Annual Meeting, including this Proxy Statement and the Company's 2020 Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "Annual Report"), available to our stockholders electronically via the internet. On or about March 15, 2021, we mailed to our stockholders an Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 27, 2021 (the "Notice") containing instructions on how to access this Proxy Statement and our Annual Report and vote online. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. The Notice instructs you on how to access and review all important information contained in the Proxy Statement and Annual Report. The Notice also instructs you on how you may submit your proxy over the internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of the Stockholders to be held on April 27, 2021: The Proxy Statement and Annual Report are available at <http://www.viewproxy.com/ROL/2021>.

We encourage you to take advantage of the availability of the proxy materials on the internet in order to help lower the costs of delivery and reduce the Company's environmental impact.

Voting can be completed in one of four ways:



returning the proxy card by mail



online at www.AALVote.com/ROL



through the telephone at 1-866-804-9616



or attending the meeting to vote IN PERSON

BY ORDER OF THE BOARD OF DIRECTORS

Elizabeth B. Chandler
Secretary

Atlanta, Georgia
March 15, 2021

Whether or not you expect to attend the annual meeting, please sign, date and return the enclosed proxy card promptly. Alternatively, you may give a proxy by telephone or over the internet by following the instructions on your proxy card or Notice. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person.

Proxy Statement

We are furnishing the proxy materials to stockholders on or about March 15, 2021. The Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 27, 2021, Proxy Statement and the Annual Report are available at <http://www.viewproxy.com/ROL/2021>.

The following information concerning the proxy and the matters to be acted upon at the Annual Meeting of

Stockholders to be held on April 27, 2021 is submitted by the Company to the stockholders in connection with the solicitation of proxies on behalf of the Company's Board of Directors.

Three-for-two stock split—All shares, per share and market price data herein have been adjusted for the three-for-two stock split to stockholders of record on November 10, 2020, paid on December 10, 2020.

Solicitation of and Power to Revoke Proxy

A form of proxy is enclosed. Each proxy submitted will be voted as directed, but if not otherwise specified, proxies solicited by the Board of Directors of the Company will be voted in favor of the candidates for the election to the Board of Directors, in favor of ratification of the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2021 and in favor of the proposal to amend the Restated Certificate of Incorporation of the Company to increase the number of authorized shares of capital stock to 800,500,000 shares.

A stockholder executing and delivering a proxy has power to revoke the same and the authority thereby given at any time prior to the exercise of such authority, if they so elect, by contacting either proxy holder, by timely submitting a later dated proxy changing their vote, or by attending the meeting and voting in person. However, a beneficial stockholder who holds their shares in street name must secure a proxy from their broker before they can attend the meeting and vote. All costs of solicitation have been, and will be, borne by the Company.

Householding and Delivery of Notice or Proxy Materials

The Company has adopted the process called "householding" for any notice or proxy materials in order to reduce printing costs and postage fees. Householding means that stockholders who share the same last name and address will receive only one copy of the notice or proxy materials, unless we receive contrary instructions from any stockholder at that address.

If you prefer to receive multiple copies of the proxy material at the same address, additional copies will be provided to you promptly upon written or oral request. If you are a stockholder of record, you may contact us by writing to the Company at 2170 Piedmont Rd., N.E., Atlanta, GA 30324 or by calling 404-888-2000. Eligible stockholders of record receiving multiple copies of the proxy materials can request householding by contacting the Company in the same manner.

Capital Stock

The outstanding capital stock of the Company on March 1, 2021 consisted of 492,129,323 shares of Common Stock, par value \$1.00 per share. Holders of Common Stock are entitled to one vote (noncumulative) for each share of such stock registered in their respective names at the close of business on March 1, 2021, the record date for determining stockholders entitled to notice of and to vote at the meeting or any adjournment thereof.

A majority of the outstanding shares will constitute a quorum at the Annual Meeting. Abstentions will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. In accordance with the General Corporation Law of the state of Delaware, the election of the nominees named herein as Directors will require the affirmative vote of a plurality of the votes cast by the shares of Company Common Stock entitled to vote in the election provided that a quorum is present at the Annual Meeting. In the case of a plurality vote requirement (as in the election of directors), where no particular percentage vote is required, the outcome is solely a matter of comparing the number of votes cast for each nominee, with those nominees receiving the most votes being elected, and hence only votes for director nominees (and not abstentions or broker non-votes) are relevant to the outcome. In this case, the nominees receiving the most votes will be elected. The affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote at the meeting is required to approve the ratification of the

appointment of the Company's independent registered public accounting firm for fiscal year 2021 and the affirmative vote of a majority of the outstanding shares is required to approve the proposal to amend the Certificate of Incorporation of the Company to increase the number of authorized shares of capital stock to 800,500,000 shares. Abstentions will have the effect of a vote against the proposals for the ratification of the appointment of the Company's independent registered public accounting firm and the proposal to amend the Certificate of Incorporation of the Company to increase the number of authorized shares of capital stock to 800,500,000 shares. Broker non-votes will have no effect on the proposal for the ratification of the appointment of the Company's independent registered public accounting firm and will be disregarded, but will have the effect of a vote against the proposal to amend the Certificate of Incorporation of the Company to increase the number of authorized shares of capital stock to 800,500,000 shares. There are no rights of appraisal or similar dissenter's rights with respect to any matter to be acted upon pursuant to this Proxy Statement. It is expected that shares held of record by officers and directors of the Company, which in the aggregate represent approximately 54 percent of the outstanding shares of Common Stock, will be voted for the nominees, for the ratification of the appointment of the Company's independent registered public accounting firm, and for the proposal to amend the Certificate of Incorporation of the Company to increase the number of authorized shares of capital stock to 800,500,000 shares.

Stock Ownership of Certain Beneficial Owners and Management

The names of the current executives named in the Summary Compensation Table and the name and address of each stockholder (or “group” as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), who owned beneficially over five percent (5%) of the shares of Common Stock of the

Company on March 1, 2021, together with the number of shares owned by each such person and the percentage of outstanding shares that ownership represents, and information as to Common Stock ownership of the executive officers and directors of the Company as a group (according to information received by the Company) are set out below:

Name and Address of Beneficial Owner	Amount Beneficially Owned ⁽¹⁾	Percent of Outstanding Shares
Gary W. Rollins Chairman and Chief Executive Officer 2170 Piedmont Road, N.E. Atlanta, Georgia	253,317,426 ⁽²⁾	51.5
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	27,047,805 ⁽³⁾	5.5
John F. Wilson Vice Chairman and Assistant to the Chairman 2170 Piedmont Road, N.E. Atlanta, Georgia	810,514 ⁽⁴⁾	0.2
Paul E. Northen Senior Vice President Chief Financial Officer and Treasurer 2170 Piedmont Road, N.E. Atlanta, Georgia	176,127 ⁽⁵⁾	**
Jerry E. Gahlhoff, Jr. President and Chief Operating Officer 2170 Piedmont Road, N.E. Atlanta, Georgia	146,908 ⁽⁶⁾	**
Elizabeth B. Chandler Vice President, General Counsel and Corporate Secretary 2170 Piedmont Road, N.E. Atlanta, Georgia	94,334 ⁽⁷⁾	**
All Directors and Executive Officers as a group (12 persons)	266,084,950 ⁽⁸⁾	54.1

⁽¹⁾ Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

⁽²⁾ Includes 8,689,113* shares of the Company Common Stock held in a charitable trust of which he is a co-trustee and as to which he shares voting and investment power. Also includes 24,759* shares of Company Common Stock held by his wife. Also includes the following shares of Company Common Stock: (a) 221,631,786 shares held by LOR, Inc., a Georgia corporation (Mr. Gary W. Rollins is an officer and director of LOR, Inc., and has a 50% voting interest in it); (b) 744,963 shares held by RFT Investment Company, LLC, Georgia limited liability company (LOR, Inc. is the manager of RFT Investment Company, LLC); (c) 77,223 shares held by LOR Investment Company, LLC, a Georgia limited liability company (LOR Investment Company, LLC is member managed, and LOR, Inc. holds a majority of all voting interests in LOR Investment Company, LLC); (d) 9,231,599 shares held by Rollins Holding Company, Inc., a Georgia corporation (Mr. Gary W. Rollins is an officer and director of Rollins Holding Company, Inc., and has a 50% voting interest in it); (e) 3,945,035 shares held by RCTLOR, LLC, a Georgia limited liability company (LOR, Inc. is the managing member of RCTLOR,

LLC); (f) 2,235,811 shares held by RFA Management Company, LLC, a Georgia limited liability company, the manager of which is LOR, Inc.; (g) 178,072 shares held by 1997 RRR Grandchildren's Partnership, a Georgia general partnership, the partners of which are multiple trusts benefiting the grandchildren and more remote descendants of his late brother, Mr. R. Randall Rollins (Mr. Gary W. Rollins is a trustee of each such trust); and (h) 959,462 shares held by seven trusts (the "Rollins Family Trusts") for the benefit of the children and/or more remote descendants of his late brother, Mr. R. Randall Rollins. Does not include 730,032 shares currently held by the Estate of R. Randall Rollins, which shares are expected to be transferred within sixty days to the R. Randall Rollins 2012 Trust (the trustee of each of the Rollins Family Trusts and the R. Randall Rollins 2012 Trust is a corporation over which Mr. Gary W. Rollins has the ability to assert control within sixty days). Also includes 481,800 shares of restricted stock awards for Company Common Stock, 114,413 shares of Company Common Stock in the Company's employee stock purchase plan, and 20,450 shares of Company Common Stock held in the Rollins 401(k) Savings Plan. Mr. Gary W. Rollins is part of a control group holding company securities, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

- (3) Based upon information received by the Company, an aggregate of 27,047,805 shares of Company Common Stock are beneficially owned by The Vanguard Group – 23-1945930 and entities controlled directly or indirectly by The Vanguard Group – 23-1945930. The Vanguard Group – 23-1945930 has shared power to vote or direct to vote 400,398 shares, sole power to dispose of or to direct the disposition of 26,038,531 shares, and shared power to dispose of or to direct the disposition of 1,009,274 shares.
- (4) Includes 243,480 shares of restricted stock awards for Company Common Stock and 33,986 shares of Company Common Stock in the Company's employee stock purchase plan.
- (5) Includes 120,615 shares of restricted stock awards for Company Common Stock and 4,646 shares of Company Common Stock held in the Rollins 401(k) Savings Plan
- (6) Includes 84,950 shares of restricted stock awards for Company Common Stock, 2 shares of Company Common Stock in the Company's employee stock purchase plan, and 1,266 shares of Company Common Stock held in the Rollins 401(k) Savings Plan.
- (7) Includes 68,280 shares of restricted stock awards for Company Common Stock.
- (8) Shares held in trusts as to which more than one director are co-trustees or entities in which there is common stock ownership have been included only once.
- * Mr. Gary W. Rollins disclaims any beneficial interest in these holdings.
- ** Less than 0.1% of the outstanding shares.

Stock Ownership Requirements

The Company has adopted stock ownership guidelines for the named executive officers identified in the previous table and for key executives designated by the Compensation Committee. The current guidelines as determined by the Compensation Committee include:

1. Chairman of the Board of Directors and CEO – Ownership equal to 5 times base salary
2. Rollins, Inc. President – Ownership equal to 4 times base salary
3. Other Rollins Officers and Orkin, LLC President – Ownership equal to 3 times base salary
4. Division and Brand Presidents – Ownership equal to 2 times base salary
5. Other covered executives – Ownership equal to 1 times base salary

The covered executives have a period of four years in which to satisfy the guidelines, from the date of appointment to a qualifying position. Shares counted toward this requirement will be based on shares beneficially owned by such executive (as beneficial ownership is defined by the SEC's rules and regulations) including shares owned outright by the executive, shares held in the Rollins 401(k) Savings Plan, shares held in the Rollins employee stock purchase and dividend reinvestment plan, shares obtained through stock option exercise and held, restricted stock awards whether or not vested and shares held in trust in the employee's name. Once achieved, ownership of the guideline amount must be maintained for as long as the individual is subject to the Executive Stock Ownership Guidelines and the executive is required to retain a minimum of 25% of any future equity awards.

Proposal 1:

Election of Directors

Mr. R. Randall Rollins, who served as Chairman of the Board since 1991 until his passing on August 17, 2020, was also a Class I director. In addition, former directors Messrs. Bill J. Dismuke and James B. Williams retired from the Board in 2020. On August 25, 2020, Mr. Gary W. Rollins was appointed as Chairman of the Board to succeed Mr. R. Randall Rollins. Also, on August 25, 2020, Mr. Harry J. Cynkus was appointed as a Class II director. On October 27, 2020, the Board appointed Mr. Jerry W. Nix as a Class I director to fill the seat vacated upon the death of Mr. R. Randall Rollins, and he will stand for election in 2023 when the Class I directors are up for re-election. Additionally, on December 11, 2020, the Board of Directors appointed Ms. Susan R. Bell and Mr. Patrick J. Gunning as directors effective January 1, 2021. Ms. Bell will stand for election by the stockholders in 2022 as a Class III director, and Mr. Gunning will stand for election by the stockholders in 2023 as a Class I director. Ms. Bell filled the board vacancy arising from the retirement of Bill J. Dismuke, and Mr. Gunning filled the board vacancy arising from the retirement of Mr. James B. Williams.

At the Annual Meeting, Messrs. Gary W. Rollins and Harry J. Cynkus and Ms. Pamela R. Rollins will be nominated to serve as Class II Directors. The nominees for election at the 2021 Annual Meeting are now directors of the Company. The directors in Class II will serve for a term of three years. The director nominees will serve in their respective class until their successors are elected and qualified. Six other individuals serve as directors but are not standing for re-

election because their terms as directors extend past this Annual Meeting pursuant to provisions of the Company's by-laws, which provide for the election of directors for staggered terms, with each director serving a three-year term. Unless authority is withheld, the proxy holders will vote for the election of each nominee named below as a director. Although management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as director at the time of the election, unless authority is withheld, the proxies will be voted for any nominee who shall be designated by the present Board of Directors and recommended by the Nominating and Corporate Governance Committee to fill such vacancy.

Director Qualifications

As described in more detail below, we believe that each of our directors is well suited to serve on our Board for a variety of individual reasons and because collectively they bring a wealth of experience from diverse backgrounds that have combined to provide us with an excellent mix of experiences and viewpoints. The information below has the name and age of each of our directors and each of the nominees with his or her principal occupation, together with the number of shares of Common Stock beneficially owned, directly or indirectly, by each and the percentage of outstanding shares that ownership represents, all as of the close of business on March 1, 2021 (according to information received by the Company), other board memberships and the period during which he or she has served us as a director.

Name	Principal Occupation ⁽¹⁾	Service as Director	Age	Shares of Common Stock ⁽²⁾	Percent of Outstanding Shares
Names of Director Nominees					
Class II (Term Expires 2021, New Term Expires 2024)					
Gary W. Rollins⁽³⁾	Chairman and Chief Executive Officer	1981 to date	76	253,317,426	51.5
Pamela R. Rollins⁽⁴⁾	Board Member for Young Harris College, National Monuments Foundation and the O. Wayne Rollins Foundation. Former Board Member of The Lovett School and an Emeritus Board Member of the Schenck School.	2015 to date	64	6,067,947 ⁽⁵⁾	1.2
Harry J. Cynkus	Retired CFO of Rollins, Inc.; Trustee and Head of Audit Committee of the Utica College board of Trustees.	August 2020 to date	71	50,376	*

Continued on page 7

Continued from page 6

Name	Principal Occupation ⁽¹⁾	Service as Director	Age	Shares of Common Stock ⁽²⁾	Percent of Outstanding Shares
Names of Directors Whose Terms Have Not Expired					
Class III (Term Expires 2022)					
Thomas J. Lawley, M.D.	Former Dean of the Emory University School of Medicine from 1996 to 2013	2006 to date	74	10,125	*
Susan Bell	Retired partner of Ernst & Young, LLP. Director at National Center for Civil & Human Rights.	January 1, 2021 to date	58	150	*
John F. Wilson	Vice Chairman and Assistant to the Chairman	2013 to date	63	810,514	0.2
Class I (Term Expires 2023)					
Henry B. Tippie	Lead Director of the Company; Chairman of the Board and Chief Executive Officer of Tippie Services, Inc. (management services); and Chairman of the Board of Dover Motorsports, Inc. (operator of motorsports tracks).	1960 to 1970; 1974 to date	94	5,069,326 ⁽⁶⁾	1.0
Jerry W. Nix	Retired Vice Chairman, Executive Vice President and Chief Financial Officer of Genuine Parts Co. Lead Director of RPC, Inc. and Marine Products Corporation, Inc.	August 26, 2020 to date	75	–	*
Patrick J. Gunning	Chief Financial Officer of the Robert W. Woodruff Arts Center, Inc; Retired partner of Ernst & Young, LLP.	January 1, 2021 to date	61	–	*

⁽¹⁾ Except as noted, each of the directors has held the positions of responsibility set out in this column (but not necessarily his or her present title) and in their respective biographies below for more than five years. All persons named, with the exception of Henry B. Tippie, Thomas J. Lawley, M.D. and John F. Wilson, in the above table, are directors of RPC, Inc. and Marine Products Corporation.

⁽²⁾ Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

⁽³⁾ See information contained in footnote (2) to the table appearing in the Stock Ownership of Certain Beneficial Owners and Management section.

⁽⁴⁾ Pamela R. Rollins is the niece of Gary W. Rollins.

⁽⁵⁾ Includes 5,488,638 shares of Company Common Stock held by charitable trusts of which she is co-trustee. Also includes 94,053 shares held by the 2002 Pamela R. Rollins Trust, as to which she currently has the power to designate the members of the Investment Committee of the trustee. Excludes 724,942 shares of Company Common Stock held indirectly through a family limited partnership of which Ms. Rollins is a general partner. Also excludes 730,032 shares held by the Estate of R. Randall Rollins, as to which Ms. Rollins is a co-executor.

⁽⁶⁾ Includes 1,703 shares held in a wholly owned corporation and 5,123** shares held by his wife.

* Less than 1% of outstanding shares.

** Mr. Henry B. Tippie disclaims any beneficial interest in these holdings.

The following information is furnished as of March 1, 2021 for each of our directors and each of the nominees:

Key Attributes, Experience and Skills of Directors and Director Nominees

Gary W. Rollins, 76, was elected a Director of Rollins, Inc. in 1981. Mr. Rollins has extensive knowledge of the Company's business and industry serving over 53 years at the Company. He serves as Chairman of the Company and continues to serve as Chief Executive Officer. He previously served as the Vice Chairman of the Company. Mr. Rollins serves as the Non-Executive Chairman of Marine Products Corporation and RPC, Inc. He previously served as a Director of Marine Products Corporation since 2001 and a Director of RPC, Inc. since 1984. Mr. Rollins previously served as a Director of Genuine Parts Company.

Henry B. Tippie, 94, was elected a Director of Rollins, Inc. in 1974. He had previously been a director from 1960 until 1970. Mr. Tippie brings extensive financial and management experience to our Board of Directors serving as not only Controller but also Chief Financial Officer from 1953 until November 1970. Mr. Tippie has over 70 years of experience, including being involved with publicly owned companies during the past 60 years in various positions including founder, CFO, CEO, President, Vice Chairman and Chairman of the Board. He is currently Chairman of the Board for Dover Motorsports, Inc.

Harry J. Cynkus, 70, was appointed a Director of Rollins, Inc. in August 2020. Mr. Cynkus is the former Senior Vice President, Chief Financial Officer and Treasurer of Rollins, Inc., holding various positions from 1998 to 2015. After beginning his career with Arthur Andersen & Co., he held financial positions with several companies including Tyco International, ARAMARK Services, Brach & Brock Confections and Mayer Electric Supply Co., Inc. Mr. Cynkus currently serves on the Board of Directors of RPC, Inc. and Marine Products Corporation. He also serves as Trustee and Head of the Audit Committee of the Utica College Board of Trustees.

Jerry W. Nix, 75, was appointed a Director of Rollins, Inc. in August 2020. Mr. Nix is the former Vice Chairman, Executive Vice President and Chief Financial Officer of Genuine Parts Company. Prior to retiring in March 2013, he served as Chief Financial Officer for over 13 years and served in various other capacities with Genuine Parts Company before that time, including Senior Vice President, Finance. Currently, he serves on the Board of Directors of RPC, Inc., and Marine Products Corporation and on various civic and non-profit boards. Mr. Nix brings extensive financial and operational experience to our Board or Directors.

Thomas J. Lawley, M.D., 74, was elected a Director of Rollins, Inc. in 2006. Dr. Lawley brings extensive medical and management experience in the healthcare industry to the Board of Directors. He served as Dean of Emory University School of Medicine from 1996 to 2013. He has served on many boards and committees; including the National Institutes of Health study sections, the National Institute of Allergy and Infectious Diseases Council, the Grady Health System, and the Association of American Medical Colleges. Dr. Lawley has been president of the Emory Medical Care Foundation, Emory's physician practice plan at Grady Hospital, and was on the board of the Emory Children's Center. He also has served on the boards of directors of the Emory Clinic and Emory Healthcare. Dr. Lawley is currently a professor of Dermatology at Emory University. Dr. Lawley also serves on the Board of Trustees for the Woodruff Foundation, the Ichauway Foundation and the Woodruff Fund, Inc.

John F. Wilson, 63, was elected a Director of Rollins, Inc. in 2013. He serves as Vice Chairman of the Company. He previously served as President and Chief Operating Officer of the Company and served as President of Orkin, LLC. and as a Vice President of the Company. Mr. Wilson joined the Company in 1996 and has held various positions of increasing responsibility, including sales inspector, branch manager, Central Commercial region manager, Atlantic Division vice president, and president of the Southeast Division.

Pamela R. Rollins, 64, was elected a Director of Rollins, Inc. in 2015. She holds a B.A. Degree from Stephens College with a major in Family Community Studies. Ms. Rollins is a Trustee of Young Harris College and The O. Wayne Rollins Foundation, a Trustee Emeritus of The Schenck School, a board member of The National Monuments Foundation and a former board member of The Lovett School. Ms. Rollins has served as a Director of RPC, Inc. since 2019 and Marine Products Corporation since 2017.

Susan R. Bell, 58, was appointed a Director of Rollins, Inc. in December 2020, effective January 1, 2021. Ms. Bell retired as partner from Ernst & Young LLP (EY) in 2020 after a 36-year career in public accounting. At EY, she served as both an audit and advisory partner, led the Southeast Risk Advisory practice and served as Atlanta Office Managing Partner. Prior to EY, she was an audit partner at Arthur Andersen LLP. Ms. Bell serves on the Board of Directors of RPC, Inc., and Marine Products Corporation and on the boards of the non-profit, National Center for Civil & Human Rights and IWF Georgia, an international women's forum. Ms. Bell brings extensive risk oversight, financial and strategic experience to our Board of Directors.

Patrick J. Gunning, 61, was appointed a Director of Rollins, Inc. in December 2020, effective January 1, 2021. He recently retired as a partner from Ernst & Young LLP after a 39-year career in public accounting. Mr. Gunning held multiple leadership roles at Ernst & Young LLP including Southeast Region Leader of the Financial Accounting Advisory Services practice, Southeast Area Industry Leader of the Retail and Consumer Products practice, and lead audit partner. He previously served as partner and Assurance Division

Leader with Arthur Andersen LLP through 2002, including serving as lead audit partner. Mr. Gunning currently serves on the Board of Directors of RPC, Inc., and Marine Products Corporation and as the Chief Financial Officer at Woodruff Arts Center, a non-profit organization. Mr. Gunning brings extensive financial and strategic experience to our Board of Directors.

*Our Board of Directors recommends a vote **FOR** the Class II director nominees above.*

Proposal 2:

Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has appointed Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2021. During fiscal 2020, Grant Thornton LLP served as the Company's independent registered public accounting firm. Representatives of Grant Thornton LLP are expected to attend the annual meeting and will have the opportunity to respond to appropriate questions and, if they desire, to make a statement.

Although the Company is not required to seek ratification of this appointment, the Audit Committee and the Board of Directors believes it is appropriate to do so. If stockholders do not ratify the appointment of Grant Thornton LLP, the current appointment will stand, but the Audit Committee will consider the stockholder action in determining whether to retain Grant Thornton LLP as the Company's independent registered public accounting firm for future fiscal years.

Our Board of Directors recommends a vote FOR the ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the 2021 fiscal year.

Proposal 3:

Proposal to Approve an Amendment to the Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Capital Stock

The stockholders will be asked to vote on the approval of an amendment ("Amendment") to the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") whereby the authorized capital stock of the Company would be increased from 550,500,000 shares to 800,500,000 shares. Authorized shares of Common Stock would be increased from 550,000,000 to 800,000,000 and authorized shares of preferred stock would remain 500,000. There are currently no shares of preferred stock outstanding. The Amendment pertains only to the first paragraph of Article Fourth of the Certificate of Incorporation of the Company. As amended, such paragraph would be as follows:

"FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is eight hundred million five hundred thousand (800,500,000), consisting of eight hundred million (800,000,000) shares of Common Stock, par value one dollar (\$1.00) per share (the "Common Stock"), and five hundred thousand (500,000) shares of Preferred Stock, no par value per share (the "Preferred Stock")."

As of March 1, 2021, there were 492,129,323 shares of Common Stock outstanding and 57,870,677 shares of Common Stock available for issuance. The Company has

6,570,009 shares of Common Stock reserved for issuance under stock incentive plans.

The Board of Directors has unanimously approved the Amendment and believes the Amendment is necessary in order to meet the Company's business needs and to take advantage of potential future corporate opportunities. At present, there are no plans to issue any authorized shares, other than those reserved under the Company's stock incentive plans. When the Company does issue authorized shares, unless required by New York Stock Exchange rules and regulations or Delaware law, the Company will not need stockholder approval. Under the Company's Certificate of Incorporation, holders of capital stock are not entitled to preemptive rights.

It is expected that members of the Board of Directors and executive officers, and their affiliates, who own of record approximately 54 percent of the voting securities of the Company, will vote "FOR" approval of the Amendment. Since the affirmative vote of a majority of the outstanding Common Stock is required in order to approve the Amendment, the vote "FOR" approval of the Amendment by the stockholders who are members of the Board of Directors or executive officers would assure such approval.

Our Board of Directors recommends a vote "FOR" approval of the Amendment.

Corporate Governance and Board of Directors' Committees and Meetings

Board Meetings

The Board of Directors met ten times during the year ended December 31, 2020. No director attended fewer than 75 percent of the Board meetings held during such director's term of service and meetings of the committees on which he served during 2020. Mr. R. Randall Rollins, served as Chairman of the Board of Directors until his passing on August 17, 2020. In addition, the Company has, from time to time, formed a special committee for the purpose of evaluating and approving certain transactions in which other directors of the Company have an interest. During 2020,

the Company had no such committee. Board members are encouraged to attend the Company's Annual Stockholder Meetings and all of the Board members attended last year's meeting.

The Board of Directors has an Audit Committee, Compensation Committee, Diversity Committee, Executive Committee and a Nominating and Corporate Governance Committee.

Below is a summary of our current committee structure and membership information.

Board of Directors	Audit Committee	Compensation Committee	Diversity Committee	Executive Committee	Nominating & Governance Committee
Gary W. Rollins ⁽¹⁾				Chair	
Henry B. Tippie ⁽²⁾	Chair	Chair	Chair	Member	Chair
Harry J. Cynkus ⁽²⁾					
Patrick J. Gunning ⁽²⁾	Member				
Susan R. Bell ⁽²⁾	Member				
Thomas J. Lawley, M.D.		Member	Member		Member
John F. Wilson ⁽³⁾					
Jerry W. Nix					
Pamela R. Rollins					

⁽¹⁾ Chairman of the Board of Directors and Chief Executive Officer

⁽²⁾ Financial Expert

⁽³⁾ Vice Chairman

Audit Committee

The Audit Committee of the Board of Directors of the Company consists of Messrs. Henry B. Tippie (Chairman) and Patrick J. Gunning and Ms. Susan Bell, all of whom are independent as discussed below. Messrs. Bill J. Dismuke and James B. Williams served on the Audit Committee until their retirement on October 27, 2020 and December 31, 2020, respectively. Mr. Harry Cynkus served on the Audit Committee from August 25, 2020 until stepping down January 5, 2021. The Audit Committee held seven meetings during the fiscal year ended December 31, 2020, including a meeting to review the Company's Form 10-K for the fiscal year ended December 31, 2019. The Board of Directors has determined that all of the members of the Audit Committee are independent as that term is defined by the rules of the U.S. Securities and Exchange

Commission ("SEC") and the New York Stock Exchange ("NYSE"). The Board of Directors has also determined that all of the Audit Committee members are "Audit Committee Financial Experts" as defined in the SEC rules. The Audit Committee meets with the Company's independent registered public accounting firm, Director of Internal Audit, and Chief Financial Officer to, among other things, review the scope and results of audits and recommendations made with respect to internal accounting controls, specific accounting, and financial reporting issues. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from the Company for, outside legal, accounting, or other advisors, as it deems necessary to carry out its duties. The Audit Committee charter is available on the Company's website at www.rollins.com, under the "Investor Relations – Corporate Governance" section.

Compensation Committee

The Compensation Committee of the Board of Directors of the Company consists of Mr. Henry B. Tippie (Chairman) and Dr. Thomas J. Lawley each of whom is independent. Mr. James B. Williams served on the Compensation Committee until his retirement on December 31, 2020. The Compensation Committee held five meetings during the fiscal year ended December 31, 2020. The function of the Compensation Committee is to set the base salary and cash-based incentive compensation of all of the executive officers of the Company. The Compensation Committee also administers the Rollins, Inc. Employee Stock Incentive Plan. The Compensation Committee does not have a formal charter, and is not required to have one under the "controlled company" exemption under the NYSE rules, as described in the section titled "Director Independence and NYSE Requirements" below.

Diversity Committee

The Diversity Committee of the Board of Directors of the Company consists of Mr. Henry B. Tippie (Chairman) and Dr. Thomas J. Lawley, each of whom is independent. Mr. James B. Williams served on the Diversity Committee until his retirement on December 31, 2020. The Diversity Committee held one meeting during the fiscal year ended December 31, 2020. The function of the Diversity Committee is to monitor compliance with applicable non-discrimination laws.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors of the Company consists of Mr. Henry B. Tippie (Chairman) and Dr. Thomas J. Lawley, each of whom is independent. Mr. James B. Williams served on the Nominating and Corporate Governance Committee until his retirement on December 31, 2020. The Committee was formed in 2002 pursuant to a resolution passed by the Board of Directors for the following purposes:

- to recommend to our Board of Directors nominees for director and to consider any nominations properly made by a stockholder;
- upon request of our Board of Directors, to review and report to the Board with regard to matters of corporate governance; including reviewing any related party transactions; and
- to make recommendations to our Board of Directors regarding the agenda for our annual stockholders' meetings and with respect to appropriate action to be taken in response to any stockholder proposals.

The Nominating and Corporate Governance Committee held four meetings during the fiscal year ended December 31, 2020. We are not required by law or by New York Stock Exchange rules to have a nominating committee since we are a controlled corporation as described below under the heading "Director Independence and NYSE Requirements." We established the Nominating and Corporate Governance Committee to promote responsible corporate governance practices and we currently intend to maintain the committee going forward.

Director Nominations

Under Delaware law, there are no statutory criteria or qualifications for directors. The Board has prescribed no criteria or qualifications at this time. The Nominating and Corporate Governance Committee does not have a charter or a formal policy with regard to the consideration of director candidates. As such, there is no formal policy relative to diversity, although as noted below, it is one of many factors that the Nominating and Corporate Governance Committee has the discretion to factor into its decision-making. This discretion would extend to how the Committee might define diversity in a particular instance – whether in terms of background, viewpoint, experience, education, race, gender, national origin or other considerations. However, our Nominating and Corporate Governance Committee acts under the guidance of the corporate governance guidelines approved by the Board of Directors on January 27, 2004, as amended January 25, 2005, and posted on the Company's website at www.rollins.com under the "Investor Relations – Corporate Governance" section. The Board believes that it should preserve maximum flexibility in order to select directors with sound judgment and other desirable qualities. According to the Company's corporate governance guidelines, the Board of Directors will be responsible for selecting nominees for election to the Board of Directors. The Board delegates the screening process involved to the Nominating and Corporate Governance Committee. This Committee is responsible for determining the appropriate skills and characteristics required of Board members in the context of the then current make-up of the Board. This determination takes into account all factors, which the Committee considers appropriate, such as independence, experience, strength of character, mature judgment, technical skills, diversity, age, and the extent to which the individual would fill a present need on the Board. The Company's by-laws provide that any stockholder entitled to vote for the election of directors may make nominations for the election of directors. Nominations must comply with an advance notice procedure which generally requires, with respect to nominations of directors for election at an annual meeting, that written notice be addressed to: Secretary, Rollins Inc., 2170 Piedmont Road, N.E., Atlanta, Georgia 30324, and

received not less than ninety nor more than 130 days prior to the anniversary of the prior year's annual meeting and set forth, among other requirements set forth in detail in the Company's by-laws, the name, age, business address and, if known, residence address of the nominee proposed in the notice, the principal occupation or employment of the nominee for the past five years, the nominee's qualifications, the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and any other information relating to the person that would be required to be disclosed in a proxy statement or other filings. Other requirements related to the notice are contained in the Company's by-laws, and stockholders are advised to carefully review those requirements to ensure that nominations comply with the by-laws. The Committee will consider nominations from stockholders who satisfy these requirements.

The Committee is responsible for screening the nominees that are selected by the Board of Directors for nomination to the Board and for service on committees of the Board. The Company has not received a recommendation for a director nominee from a stockholder. All of the nominees for directors being voted upon at the Annual Meeting to be held on April 27, 2021 are directors standing for re-election.

Board Leadership

From July 2001 to August 2020, the Company had separate persons serving as its Chairman of the Board and Chief Executive Officer. Following the passing of R. Randall Rollins in August 2020, the Board decided to combine the two roles by electing Gary W. Rollins to Chairman of the Board and Chief Executive Officer. John F. Wilson, who previously served as President and Chief Operating Officer, was elected Vice Chairman and Assistant to the Chairman, and Jerry E. Gahlhoff Jr. was elected to replace Mr. Wilson as President and Chief Operating Officer. We believe this represents the appropriate structure for the Company at this time; the Chairman of the Board and Chief Executive Officer provides general oversight and strategic planning for the Company with the assistance of the Vice Chairman, while the President and Chief Operating Officer focuses on optimizing operational efficiencies.

Risk Oversight by Board

Our Board's oversight of risk has not been delegated to any Board committee. "Risk" is an extremely broad concept that extends to multiple functional areas and crosses multiple disciplines. As such, risk may be addressed, from time to time, by the full Board or by one or more of our Committees. Senior management is responsible for identifying and managing material risks that we face while

insurable risks and litigation risks are handled primarily by the risk management department. Senior management provides the Board with a summary of insurance coverages annually and updates as deemed necessary. Liquidity risk, credit risk and risks associated with our credit facilities and cash management are handled primarily by our finance department, which regularly provides a financial report to both the Audit Committee and to the full Board. Operational, business, regulatory and political risks are handled primarily by senior executive management, which regularly provides various operational reports to, among others, the Audit Committee, the Executive Committee and the full Board.

Director Independence and NYSE Requirements

Controlled Company Exemption. We have elected to be treated as a "controlled company" as defined by New York Stock Exchange Section 303A.00. This Section provides that a controlled company need not comply with the requirements of Sections 303A.01, 303A.04 and 303A.05 of the New York Stock Exchange Listed Company Manual. Section 303A.01 requires that listed companies have a majority of independent directors. As a controlled company, this Section does not apply to us. Sections 303A.04 and 303A.05 require that listed companies have a nominating and corporate governance committee and a compensation committee, in each case composed entirely of independent directors, and that each of these committees must have a charter that addresses both the committee's purpose and responsibilities and the need for an annual performance evaluation by the committee. While we have a nominating and corporate governance committee and a compensation committee, we are not required to and do not comply with all of the provisions of Sections 303A.04 and 303A.05. We are a "controlled company" because a group that includes the Company's Chairman and Chief Executive Officer, Gary W. Rollins, and certain companies under his control, possess in excess of fifty percent of our voting power. This means that he has the ability to determine the outcome of the election of directors at our annual meetings and to determine the outcome of many significant corporate transactions, many of which only require the approval of a majority of our voting power. Such a concentration of voting power could also have the effect of delaying or preventing a third party from acquiring us at a premium.

The Company's Audit Committee is composed of three "independent" directors as defined by the Company's Corporate Governance Guidelines, the New York Stock Exchange rules, the Exchange Act and SEC rules and regulations promulgated thereunder, and the Company's Audit Committee Charter. The Compensation, Diversity and

Nominating and Corporate Governance Committees are also entirely composed of "independent" directors. The Board of Directors has also concluded that all of the members of the Audit Committee, as well as Harry J. Cynkus, Jerry W. Nix and Thomas J. Lawley, M.D. are "independent directors" under the Company's Corporate Governance Guidelines and the New York Stock Exchange listing standards.

Independence Guidelines. Under New York Stock Exchange listing standards, to be considered independent, a director must be determined to have no material relationship with the Company other than as a director. The New York Stock Exchange standards set forth a nonexclusive list of relationships, which are conclusively deemed material.

The Company's Independence Guidelines (Appendix A to the Company's Corporate Governance Guidelines) are posted on the Company's website at www.rollins.com under the "Investor Relations – Corporate Governance" section and include categorical standards for determining independence in specified situations.

Audit Committee Charter. Under the Company's Audit Committee Charter, in accordance with New York Stock Exchange listing requirements and the Exchange Act, all members of the Audit Committee must be independent of management and the Company. A member of the Audit Committee is considered independent as long as he or she (i) does not accept any consulting, advisory, or compensatory fee from the Company, other than as a director or committee member; (ii) is not an affiliated person of the Company or its subsidiaries; and (iii) otherwise meets the independence requirements of the New York Stock Exchange and the Company's Corporate Governance Guidelines.

Nonmaterial Relationships. After reviewing all of the relationships between the members of the Audit Committee, as well as Harry J. Cynkus, Jerry W. Nix and Thomas J. Lawley, M.D., on the one hand, and the Company, on the other hand, the Board of Directors determined that all of the relationships fell within the categorical standards for independence set forth in the Independence Guidelines except as follows:

1. Mr. Tippie was employed by the Company from 1953 to 1970 and held several offices with the Company during that time, including as Executive Vice President – Finance, Secretary, Treasurer and Chief Financial Officer.
2. Mr. Tippie is Chairman of the Board of Directors of Dover Motorsports, Inc. and R. Randall Rollins was also a director until his passing in August 2020.
3. Mr. Tippie is a co-trustee of The O. Wayne Rollins Foundation and of the Rollins Children's Trust. O. Wayne Rollins was the father of R. Randall Rollins and Gary W.

Rollins. The beneficiaries of the Rollins Children's Trust are the grandchildren and more remote descendants of O. Wayne Rollins.

4. Mr. Cynkus was employed by the Company from 1998 to 2015 and held several positions during that time, including as Senior Vice President, Chief Financial Officer and Treasurer. From 2015 thru 2019, Mr. Cynkus provided consulting services related to the termination of the Rollins, Inc. pension plan and evaluating companies for acquisition.
5. Ms. Bell and Mr. Gunning retired from Ernst & Young, LLP (EY) as Partners in 2020. EY provided various consulting services to the Company during 2020 relating to income tax matters.
6. Each of Mr. Harry J. Cynkus, Mr. Jerry W. Nix, Ms. Susan R. Bell, Mr. Patrick J. Gunning and Ms. Pamela R. Rollins also serve on the Boards of RPC, Inc. and Marine Products Corporation. Mr. Gary W. Rollins is the Non-Executive Chairman of RPC, Inc. and Marine Products Corporation, and has voting control over these companies. These companies are held by a control group of which Gary W. Rollins is a part.
7. Thomas J. Lawley, M.D. was the Dean of the Emory University School of Medicine from 1996 to 2013. Various charitable contributions have been made by the O. Wayne Rollins Foundation and the Company to Emory University in the past, including charitable contributions made by the Foundation to the Emory University School of Medicine and to the Emory University School of Public Health. Gary Rollins is Director Emeritus of Emory University.

As required by the Independence Guidelines, the Board of Directors unanimously concluded that the above listed relationships would not affect the independent judgment of the independent directors, based on their experience, character and independent means, and therefore do not preclude an independence determination. All members of the Audit Committee are also independent under the heightened standards required for Audit Committee members.

The Company's non-management directors meet at regularly scheduled executive sessions without management. In accordance with the NYSE corporate governance listing standards, Mr. Henry B. Tippie was elected by the Board of Directors as the Lead Director and presides during these executive sessions.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines to formalize and promote better understanding of our policies and procedures. At least annually, the Board reviews these guidelines. A copy of our current Corporate Governance Guidelines may be found at our website (www.rollins.com) under the heading "Investor Relations – Corporate Governance." As required by the rules of the New York Stock Exchange, our Corporate Governance Guidelines require that our non-management directors meet in at least two regularly scheduled sessions per year without management.

At the Company's website (www.rollins.com), under the heading "Investor Relations – Corporate Governance," you may access a copy of our Corporate Governance Guidelines, our Audit Committee Charter, our Code of Business Conduct, our Code of Business Conduct and Ethics for Directors and Executive Officers and Related Party Transactions Policy, and our Independence Guidelines.

Code of Business Conduct

The Company has adopted a Code of Business Conduct applicable to all directors, officers and employees generally, as well as a supplemental Code of Business Conduct and Ethics for Directors and Executive Officers and Related Party Transactions policy applicable to the directors and the principal executive officer, principal financial officer, principal accounting officer or controller or person performing similar functions for the Company. Both codes are available on the Company's website at www.rollins.com under the "Investor Relations – Corporate Governance" section.

Director Communications

The Company also has a process for interested parties, including stockholders, to send communications to the Board of Directors, Lead Director, any of the Board committees or the non-management directors as a group. Such communications should be addressed as follows:

Mr. Henry B. Tippie
c/o Internal Audit Department
Rollins, Inc.
2170 Piedmont Road, N.E. Atlanta,
Georgia 30324

The above instructions for communications with the directors are also posted on our website at www.rollins.com under the "Investor Relations – Corporate Governance" section. All communications received from interested parties are forwarded to the Board of Directors. Any communication addressed solely to the Lead Director or the non-management directors will be forwarded directly to the appropriate addressee(s).

Compensation Committee Interlocks and Insider Participation

Neither of the directors named on page 12 who serve on the Company's Compensation Committee are currently employees of the Company. Mr. Tippie was employed by the Company from 1953 to 1970 and held several offices with the Company during that time, including as Executive Vice President – Finance, Secretary, Treasurer and Chief Financial Officer.

Director Compensation

The following table sets forth the compensation paid to our directors for services rendered as a director for the year ended December 31, 2020. Two of our directors, Messrs. Gary W. Rollins and John F. Wilson are our employees. The compensation for Messrs. Gary W. Rollins and John F. Wilson are set forth in the Summary Compensation Table under Executive Compensation. Messrs. James B. Williams, who retired December 31, 2020, Thomas J. Lawley, M.D., Jerry Nix, Patrick J. Gunning and Ms. Susan R. Bell have never been employed by the Company or paid a salary or bonus by the Company, have never been granted any options or other stock-based awards, and do not participate in any Company sponsored retirement plans. Mr. Henry B. Tippie has not been employed by the Company or paid a salary or bonus by the Company, has not been granted any options or other stock-based awards, and has not participated in any Company sponsored retirement plans since his employment with the Company ceased in 1970. Mr. Bill J. Dismuke, who retired from the Board on October 27, 2020, has not been employed by the Company or paid a salary or bonus by the Company, has not been granted any options or other stock-based awards, and has not participated in any Company sponsored retirement plans since his employment with the Company ceased in 1984. Ms. Pamela R. Rollins has not been employed by the Company or paid a salary or bonus by the Company, has not been granted any options or other stock-based awards, and has not participated in any Company sponsored retirement plans since her employment with the Company ceased in 2008. Mr. Harry J. Cynkus has not been employed by the Company or paid a salary or bonus by the Company, has not been granted any options or other stock-based awards since his employment with the Company ceased in 2015.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Total (\$)
Henry B. Tippie	194,000	—	—	194,000
Harry J. Cynkus	57,500	—	—	57,500
James B. Williams	110,000	—	—	110,000
Bill J. Dismuke	97,500	—	—	97,500
Thomas J. Lawley, M.D.	111,500	—	—	111,500
Pamela R. Rollins	110,000	—	—	110,000

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Total (\$)
Jerry Nix	30,000	—	—	30,000
Susan R. Bell ⁽¹⁾	2,500	—	—	2,500
Patrick J. Gunning ⁽¹⁾	2,500	—	—	2,500

⁽¹⁾ These payments represent prepayments of meeting fees for non-management directors for the first meeting of the Board of Directors in 2021.

Directors that are our employees do not receive any additional compensation for services rendered as a director.

Under the previous compensation arrangements effective as of January 1, 2020, non-management directors each received an annual retainer fee of \$80,000. This retainer fee was increased to \$100,000 effective October 1, 2020. In addition, the Chairman of the Audit Committee receives an annual retainer of \$20,000, the Chairman of the Compensation Committee receives an annual retainer of \$10,000 and the Chairman of each of the Nominating and Corporate Governance Committee and Diversity Committee receives an annual retainer of \$6,000. A director that chairs more than one committee receives a retainer with respect to each Committee he chairs. All of the retainers are paid on a quarterly basis. Current per meeting fees for non-management directors are as follows:

- For meetings of the Board of Directors, \$2,500.
- For meetings of the Compensation Committee, \$2,000.
- For meetings of the Nominating and Corporate Governance Committee and Diversity Committee, \$1,500
- For meetings of the Audit Committee in person and telephonic, \$2,500.
- In addition, the Chairman of the Audit Committee receives an additional \$2,500 for preparing to conduct each quarterly Board meeting.

All non-management directors are also entitled to reimbursement of expenses for all services as a director, including committee participation or special assignments.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act that might incorporate future filings, including this Proxy Statement, in whole or in part, the Report of the Audit Committee shall not be incorporated by reference into any such filings.

Report of the Audit Committee

Management is responsible for the Company's internal controls and the financial reporting process. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing a report thereon. The Audit Committee's responsibility is generally to monitor and oversee these processes, as described in the Audit Committee Charter. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles; that is the responsibility of management.

In fulfilling its oversight responsibilities with respect to the year ended December 31, 2020, the Audit Committee:

- Approved the terms of engagement of Grant Thornton LLP as the Company's independent registered public accounting firm for the year ended December 31, 2020;
- Reviewed with management the interim financial information included in the Forms 10-Q prior to their being filed with the SEC. In addition, the Committee reviewed all earnings releases with management and the Company's independent registered public accounting firm prior to their release;
- Reviewed and discussed with the Company's management and the Company's independent registered public accounting firm, the audited consolidated financial statements of the Company as of December 31, 2020 and 2019 and for the three years ended December 31, 2020;
- Discussed with the Company's independent registered public accounting firm matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC; and
- Received from the Company's independent registered public accounting firm the written disclosures and the letter in accordance with the requirements of the Public Company Accounting Oversight Board regarding the firm's communications with the Committee concerning independence, and discussed with such firm its independence from the Company.

Based upon the review and discussions referred to previously, the Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company and subsidiaries as of December 31, 2020 and 2019 and for the three years ended December 31, 2020 be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K") for filing with the SEC.

In giving its recommendation to the Board of Directors, the Audit Committee has relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and (ii) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Submitted by the Audit Committee of the Board of Directors.

Henry B. Tippie, Chairman
Susan R. Bell
Patrick J. Gunning

Compensation Discussion and Analysis

Compensation Committee

During the fiscal year ended December 31, 2020, the members of our Compensation Committee held primary responsibility for determining executive compensation levels. The Committee is composed of two of our non-management directors who do not participate in the Company's compensation plan, Mr. Henry B. Tippie (Chairman) and Dr. Thomas J. Lawley, each of whom is independent. Mr. James B. Williams served on the Compensation Committee until his retirement on December 31, 2020. The Committee determines the compensation and administers the performance-based cash compensation plan for our executive officers. In addition, the Committee also administers our stock incentive plan for all the employees.

Mr. Henry B. Tippie (Chairman) and Dr. Thomas J. Lawley have extensive and varied experience with various public and private corporations and non-profit organizations as stockholders, as senior executives, and as directors charged with the oversight of management. Mr. Tippie has served on the boards of directors of multiple publicly traded companies and has been involved in setting executive compensation levels at all of these companies. Dr. Lawley has served on the boards of directors of multiple non-profit organizations and has served as a member of the compensation committee of one of the non-profits where he served as a director.

The Compensation Committee has authority to engage attorneys, accountants and consultants, including executive compensation consultants, to solicit input from management concerning compensation matters, and to delegate any of its responsibilities to one or more directors or members of management where it deems such delegation appropriate and permitted under applicable law. The Committee has not used the services of any compensation consultants in determining or recommending the amount or form of executive compensation.

The Compensation Committee believes that determinations relative to executive compensation levels are best left to the discretion of the Committee. In addition to the extensive experience and expertise of the Committee's members and their familiarity with the Company's performance and the performance of our executive officers, the Committee is able to draw on the experience of other directors and on various legal and accounting executives employed by the Company, and the Committee has access to the wealth of readily available public information relative to structuring executive compensation programs and setting appropriate compensation levels. The Committee also believes that the structure of our executive compensation programs should not become overly complicated or difficult to understand. The Committee solicits input from Gary W. Rollins, our Chief Executive Officer, with respect to the performance of our executive officers and their compensation levels.

The Role of Stockholder Say-on-Pay Votes

The Company provides its stockholders with the opportunity to cast an advisory vote on executive compensation (a "say-on-pay proposal") every three years. At the Company's annual meeting of stockholders held in April 2020, a substantial majority of the votes cast on the say-on-pay proposal were voted in favor of the proposal. The Compensation Committee believes this affirms the stockholders' support of the Company's approach to executive compensation. The stockholders voted to hold a say-on-pay advisory vote on executive compensation every three years, and the Board resolved to accept the stockholders' recommendation. As a result, the advisory vote on executive compensation will be held again at the 2023 Annual Meeting. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

General Compensation Objectives and Guidelines

The Company is engaged in a highly competitive industry. The success of the Company depends on our ability to attract and retain highly qualified and motivated executives. In order to accomplish this objective, we have endeavored to structure our executive compensation in a fashion that gives our Compensation Committee the flexibility to take into account our operating performance and the individual performance of the executive.

The Compensation Committee endorses the philosophy that executive compensation should reflect Company performance and the contribution of executive officers to that performance. The Company's compensation policy is designed to achieve three fundamental objectives: (i) attract and retain qualified executives, (ii) motivate performance to achieve Company objectives, and (iii) align the interests of our executives with the long-term interests of the Company's stockholders.

The Committee recognizes that there are many intangibles involved in evaluating performance and in motivating performance, and that determining an appropriate compensation level is a highly subjective endeavor. The analysis of the Committee is not based upon a structured formula and the objectives referred to above are not weighted in any formal manner.

Pursuant to our compensation philosophy, the total annual compensation of our executive officers is primarily made up of one or more of three elements. The three elements are salary, annual performance-based incentive compensation and grants of stock-based awards such as restricted stock. In addition,

the Company provides retirement compensation plans, group welfare benefits and certain perquisites.

We believe a competitive base salary is important to attract, retain and motivate top executives. We believe annual performance-based incentive compensation is valuable in recognizing and rewarding individual achievement. Finally, we believe equity-based compensation makes executives “think like owners” and, therefore, aligns their interests with those of our stockholders.

Effective November 1, 2006, we adopted formal Stock Ownership Guidelines for our executive officers and note that our executive officers are significant stockholders of the Company, as disclosed elsewhere in this Proxy Statement. The purpose of these Guidelines is to align the interests of executives with the interests of stockholders and further promote our longstanding commitment to sound corporate governance.

The Committee is mindful of the stock ownership of our directors and executive officers but does not believe that it is appropriate to provide a mechanism or formula to take stock ownership (or gains from prior option or stock awards) into account when setting compensation levels. As do many public companies, we have historically provided in our insider trading policies that directors and executive officers may not sell Company securities short and may not sell puts, calls or other derivative securities tied to our Common Stock.

As a result of the Tax Cuts and Jobs Act, starting with compensation payable in 2018, Section 162(m) of the Internal Revenue Code will limit us from deducting compensation, including performance-based compensation, in excess of \$1,000,000 paid to our executive officers. The only exception to this rule is for compensation (including performance-based compensation) that is paid pursuant to a binding contract in effect on November 2, 2017, that would otherwise have been deductible under the prior Section 162(m) rules. Going forward, the Compensation Committee will, as before, retain full discretion to award compensation packages that best attract, retain and reward successful executive officers. Therefore, the Compensation Committee anticipates that it will award compensation that is not fully deductible under Section 162(m).

Our executive bonus agreements contain a provision that provides that, among other things, if any bonus amount is paid as a result of misrepresented or inaccurate performance, the Company may require repayment of some or all of the excess bonus paid, subject to applicable laws. This recoupment policy reflects the Company's high ethical standards and strict compliance with accounting and other regulations applicable to public companies. As all incentives and awards remain within the discretion of the Compensation Committee, the Committee also retains the ability to take any restatements or adjustments

into account in subsequent years. In addition, the Sarbanes-Oxley Act requires in the case of accounting restatements that result from material non-compliance with SEC financial reporting requirements, that the Chief Executive Officer and Chief Financial Officer must disgorge bonuses and other incentive-based compensation and profits on stock sales received during the 12 months following publication of the misstated financials, if the non-compliance results from misconduct.

Salary

The salary of each executive officer is determined by the Compensation Committee. In making its determinations, the Committee gives consideration to our operating performance for the prior fiscal year and the individual executive's performance. The Committee solicits input from our Chief Executive Officer with respect to the performance of our executive officers and their compensation levels. Effective January 1, 2020, the following adjustments were made to the base salaries of our executive officers: Gary W. Rollins, Vice Chairman and Chief Executive Officer: \$1,100,000 (no change from 2019); Paul E. Northen, Senior Vice President, Chief Financial Officer and Treasurer: \$550,000 (\$15,000 increase from 2019); R. Randall Rollins, Chairman of the Board, until his passing August 17, 2020: \$1,000,000 (no change from 2019); John F. Wilson, President and Chief Operating Officer: \$850,000 (\$20,000 increase from 2019); and Elizabeth B. Chandler, Vice President, General Counsel and Corporate Secretary: \$400,000 (\$20,000 increase from 2019).

As a result of unforeseen circumstances associated with the COVID-19 pandemic and in an effort to support the Company's cost cutting efforts, our executive officers offered to temporarily reduce their base salaries and the Compensation Committee ratified the following annual base salary compensation adjustments, effective April 6, 2020: R. Randall Rollins, Chairman of the Board: \$650,000 (35% reduction); Gary W. Rollins, Vice Chairman and Chief Executive Officer: \$715,000 (35% reduction); John F. Wilson, President and Chief Operating Officer: \$552,500 (35% reduction); Paul E. Northen, Senior Vice President, Chief Financial Officer and Treasurer: \$412,500 (25% reduction); and Elizabeth B. Chandler, Vice President, General Counsel and Corporate Secretary: \$300,000 (25% reduction). On June 1, 2020, the base salaries of each of the Company's executive officers were restored to the amounts approved in January 2020.

Following our Chairman's passing, effective October 1, 2020, the Compensation Committee made the following salary adjustments to the base salaries of our executive officers: Gary W. Rollins, now Chairman and Chief Executive Officer: \$1,400,000 (increase of \$300,000 from January 2020); Paul E. Northen, Senior Vice President, Chief Financial Officer and Treasurer: \$650,000 (increase of \$100,000 from January 2020); John F. Wilson, now Vice Chairman: \$950,000 (increase

of \$100,000 from January 2020); Jerry E. Gahlhoff Jr., now President and Chief Operating Officer: \$525,000 (effective September 2020 at the time of his promotion) and Elizabeth B. Chandler, Vice President, General Counsel and Corporate Secretary: \$500,000 (increase of \$100,000 from January 2020).

Performance-Based Plan

On January 23, 2018, the Compensation Committee approved the terms of the Company's Performance Based Incentive Cash Compensation Plan for Executive Officers (the "2018 Cash Incentive Plan"). Under the 2018 Cash Incentive Plan, executive officers have an opportunity to earn bonuses of up to the lesser of 115 percent of their annual salaries, or a maximum dollar amount of \$1,150,000 per individual per year, upon achievement of bonus performance goals. Given Mr. Gary W. Rollins' salary increase in October 2020, his earned bonus exceeded the maximum amount originally set forth in the 2018 Cash Incentive Plan by \$20,300, so the Compensation Committee, per its authority to amend the plan at any time and for any reason, waived the maximum amount in approving his 2020 cash incentive bonus amount of \$1,170,300.

These goals are pre-established by the Compensation Committee and consist of the Company's achievement of targeted financial measures of revenue to plan, and pre-tax profit plan achievement and individual key operating initiatives. The bonus performance goals for 2020 were approved by the Compensation Committee for all executive officers. For 2020, these performance goals were measured by obtaining specific levels of the following: revenue to plan, pre-tax profit plan achievement, key operating initiatives, division contribution before overhead, and division profit to plan. The performance goals with respect to division contribution before overhead and division profit to plan are specific to Jerry Gahlhoff only. The Board of Directors appointed Jerry E. Gahlhoff Jr. President and Chief Operating Officer, effective September 1, 2020, which qualified him for bonus under the 2018 Cash Incentive Plan. The Compensation Committee approved salary increases for Mr. Jerry E. Gahlhoff Jr. effective September 1, 2020 and Messrs. Gary W. Rollins, John F. Wilson, and Paul E. Northen and Ms. Elizabeth B. Chandler effective October 1, 2020. For fiscal year 2020, the Compensation Committee set a maximum award potential of 115 percent of base salaries for Messrs. Gary W. Rollins, and John F. Wilson. Paul E. Northen had a maximum award potential of 75 percent of his base salary, Jerry E. Gahlhoff Jr. had a maximum award potential of 85 percent of his base salary, and Ms. Elizabeth B. Chandler had a maximum award potential of 65 percent of her base salary. Awards earned in 2020 under the 2018 Cash Incentive Plan were accrued in 2020 and paid in 2021.

For the Company revenue to plan performance goal, Mr. Gary W. Rollins was eligible to earn a bonus between 0 and 40 percent of his annual salary, Mr. John F. Wilson was eligible

to earn a bonus between 0 percent and 32.5 percent of his annual salary, Mr. Paul E. Northen was eligible to earn a bonus of between 0 percent and 18 percent of his annual salary and Mr. Jerry E. Gahlhoff Jr. was eligible to earn a prorated bonus of between 0 to 16.7 percent of his annual salary. The minimum achievement of revenue to plan for these persons to be eligible to earn a bonus under this element of the 2018 Cash Incentive Plan for 2020 was 36 percent. This performance goal for the plan in 2020 was an 8.3 percent increase in revenue. Because the actual increase in Company revenue to plan in 2020 was 98.8 percent, this resulted in bonuses of 36 percent of annual base salary for Gary W. Rollins, 29.3 percent of annual base salary for Mr. John F. Wilson, 16 percent of annual base salary for Mr. Paul E. Northen and 15.7 percent of annual base salary for Mr. Jerry E. Gahlhoff Jr. Ms. Elizabeth B. Chandler was not eligible for this bonus component.

For the Company pre-tax profit to plan performance goal, each of Messrs. Gary W. Rollins and John F. Wilson were eligible to earn bonuses of between 0 and 60 percent of their respective annual base salary. Mr. Paul E. Northen was eligible to receive a bonus of between 0 and 36 percent of his annual base salary. Ms. Elizabeth B. Chandler was eligible to receive a bonus of between 0 and 30 percent of her annual base salary and Mr. Jerry E. Gahlhoff Jr. was eligible to earn a prorated bonus of between 0 to 46.7 percent of his annual base salary. The minimum growth in the Company's pre-tax profit for 2020 to the corresponding amount in 2019 to be eligible for a bonus was 90 percent and the Company's 2020 performance resulted in an actual achievement in pre-tax profit to plan of 106.3 percent. This resulted in bonuses of 63.6 percent of annual base salary for each of Messrs. Gary W. Rollins and John F. Wilson, 38.2 percent of annual base salary for Mr. Paul E. Northen, 31.8 percent of annual base salary for Ms. Elizabeth B. Chandler, and 49.2 percent of annual base salary for Mr. Jerry E. Gahlhoff Jr.

Messrs. John F. Wilson, Paul E. Northen and Jerry E. Gahlhoff Jr., and Ms. Elizabeth B. Chandler also participate in an individual Key Operating Initiative. Under this element, the participants may receive a bonus for achievement of the initiatives tied to the Customer Service Index for Mr. John F. Wilson and Mr. Jerry E. Gahlhoff Jr., Trade Receivables for Mr. Paul E. Northen and an individual legal department goal for Ms. Elizabeth B. Chandler. Mr. John F. Wilson was eligible to earn a bonus of between 0 and 7.5 percent of his annual base salary, and Mr. Jerry E. Gahlhoff Jr. was eligible to earn a bonus of between 0 and 10 percent of his annual base salary for improvement in the Customer Service Index; Mr. Paul E. Northen was eligible to earn between 0 and 6 percent of his annual base salary for improvement in Trade Receivables; and Ms. Elizabeth B. Chandler was eligible to earn a bonus of between 0 and 20 percent of her annual base salary for the individual legal department goal. The Company's performance in 2020 resulted in a bonus of 0.7 percent of annual base salary for each of Messrs. John F. Wilson and

Jerry E. Gahlhoff Jr. tied to the Customer Service Index, a bonus of 3 percent of annual base salary for Mr. Paul E. Northen for Trade Receivables and a bonus of 20 percent of annual base salary for Ms. Elizabeth B. Chandler for meeting the individual legal department goal.

The amount of bonuses under each performance component of the Company's 2018 Cash Incentive Plan is determined based upon straight-line interpolation of the applicable formula for each such component without the use of discretion. In addition to any bonuses earned under the 2018 Cash Incentive Plan, the Compensation Committee has the authority to award discretionary bonuses. No discretionary bonuses were awarded for 2020.

Equity-Based Awards

All share, per share and market price data herein have been adjusted for the three-for-two stock split to stockholders of record on November 10, 2020, paid on December 10, 2020.

At the annual meeting of stockholders held on April 24, 2018, the stockholders approved the terms of the Company's 2018 Stock Incentive Plan (the "Stock Incentive Plan"). Under the Stock Incentive Plan, the Compensation Committee has the authority to grant directors, officers and other key employees who are responsible for or contribute to the growth and/or profitability of the business of the Company restricted stock and other equity compensation. Pursuant to the terms of the Stock Incentive Plan, the Compensation Committee may grant stock options, stock appreciation rights and any other type of award valued by reference to (or otherwise based on) Shares, including, without limitation, restricted stock, restricted stock units, performance accelerated restricted stock, performance stock and performance units, not to exceed a maximum of 225,000 shares during any fiscal year for any one individual.

Our Stock Incentive Plan allows for a wide variety of stock-based awards such as stock options and restricted stock awards. In recent years, we have awarded time-lapse restricted stock in lieu of granting stock options. The terms and conditions of these awards are described in more detail below.

Awards under the Company's Stock Incentive Plan are purely discretionary, are not based upon any specific formula and may or may not be granted in any given fiscal year. For the past three years, we have granted time-lapse restricted stock to various employees, including our executive officers, in early January during our regularly scheduled meeting of the Compensation Committee during which the Committee reviews executive compensation. Consistent with this practice, we granted time-lapse restricted stock awards to our executive officers in January 2019, 2020 and 2021 as follows:

Time-lapse Restricted Stock Awards			
Name	2019	2020	2021
Gary W. Rollins	102,750	116,250	120,000
Paul E. Northen	26,550	30,000	30,000
R. Randall Rollins ⁽¹⁾	92,250	105,000	—
John F. Wilson	53,100	60,000	60,000
Elizabeth B. Chandler	12,000	22,500	22,500
Jerry E. Gahlhoff Jr	—	—	35,000

⁽¹⁾ Mr. R. Randall Rollins' restricted shares vested upon his passing on August 17, 2020.

The amount of the aggregate stock-based awards to our executive officers in any given year is influenced by the Company's overall performance. The amount of each grant to our executive officers is influenced in part by the Committee's subjective assessment of each individual's respective contributions to achievement of the Company's long-term goals and objectives. In evaluating individual performance for these purposes, the Committee considers the overall contributions of executive management as a group and the Committee's subjective assessment of each individual's relative contribution to that performance rather than specific aspects of each individual's performance over a short-term period. It is our expectation to continue yearly grants of restricted stock awards to selected executives although we reserve the right to modify or discontinue this or any of our other compensation practices at any time.

To date, all of our time-lapse restricted stock awards have had the same features. The shares vest one-fifth per year beginning on the second anniversary of the grant date. Time-lapse restricted shares have full voting and dividend rights. However, until the shares vest, they cannot be sold, transferred or pledged. Should the executive leave our employment for any reason prior to the vesting dates (other than due to death or disability), the unvested shares will be forfeited. In the event of a "change in control" as determined by the Board of Directors, all unvested restricted shares shall vest immediately.

Grants are made under our Stock Incentive Plan and the plan is administered pursuant to Rule 16b-3 of the Exchange Act. When considering the grant of stock-based awards, the Committee considers the overall Company performance and the performance of individual employees.

Employment Agreements

There are no agreements or understandings between the Company and any executive officer that guarantee continued employment or guarantee any level of severance or compensation, including incentive or bonus payments.

Retirement Plans

The Company maintains a non-qualified retirement plan (Rollins, Inc. Deferred Compensation Plan) for our executives and highly compensated employees, and a Rollins 401(k) Savings Plan for the benefit of all of our eligible employees. The Rollins, Inc. Deferred Compensation Plan also provides other benefits as described below under “Nonqualified Deferred Compensation” on page 33.

During September 2019, the Company settled its fully-funded pension plan, a defined benefit plan for employees hired prior to January 1, 2002, through a combination of lump sum payments to participants, payments to the Pension Benefit Guaranty Corporation (PBGC), and the purchase of a group annuity contract.

The Company has one remaining pension plan in one of its wholly owned subsidiaries, covering less than 85 participants.

Other Compensation

Other compensation to our executive officers includes group welfare benefits including group medical, dental and vision coverage, and group life insurance. The Company provides certain perquisites to its executive officers, which are described below under “Executive Compensation.” The Company requires that its Chairman and Chief Executive Officer use Company or other private aircraft for air travel whenever practicable for security reasons. Our directors and executive officers are prohibited from trading in options, puts, calls, or other derivative instruments related to Rollins, Inc. equity securities. The Company permits employees, other than executive officers, to engage in transactions designed to hedge or offset market risk.

The following Compensation Committee Report shall not be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Securities Act or the Exchange Act.

Compensation Committee Report

We have reviewed and discussed the above Compensation Discussion and Analysis with management.

Based upon this review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Henry B. Tippie, Chairman

Thomas J. Lawley, M.D.

Compliance With Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten percent stockholders are required to furnish the Company with copies of all Section 16(a) forms they file.

Based on our review of the copies of such forms, we believe that during fiscal year ended December 31, 2020, all filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were timely satisfied.

Executive Compensation

Shown below is information concerning the annual compensation for the fiscal years ended December 31, 2020, 2019, and 2018 of the following:

- our Principal Executive Officer and Principal Financial Officer;
- Mr. R. Randall Rollins, our former Chairman of the Board prior to his passing August 17, 2020; and
- our three other most highly compensated executive officers as of December 31, 2020 whose total annual salary exceeded \$100,000.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(⁽¹⁾)	Non-Equity Incentive Plan Compensation \$(⁽²⁾)	Change in Pension Value and Non- Qualified Deferred Compensation Earnings \$(⁽³⁾)	All Other Compensation \$(⁽⁴⁾)	Total (\$)
Gary W. Rollins Chairman and Chief Executive Officer	2020	1,152,308	—	2,846,575	1,170,300	10,385	295,627	5,475,194
	2019	1,100,000	—	2,630,400	803,000	17,850	229,604	4,780,854
	2018	1,000,000	—	2,777,040	910,000	—	185,035	4,872,075
Paul E. Northen Sr. Vice President, Chief Financial Officer and Treasurer	2020	564,923	—	734,600	328,670	—	32,926	1,661,119
	2019	535,000	—	679,680	205,440	—	28,074	1,448,194
	2018	500,000	—	718,200	243,000	—	34,767	1,495,967
R. Randall Rollins Former Chairman of the Board	2020	673,077	—	2,571,100	—	2,296	59,579	3,306,052
	2019	1,000,000	—	2,361,600	730,000	17,850	86,047	4,195,497
	2018	900,000	—	2,489,760	819,000	—	85,960	4,294,720
John F. Wilson Vice Chairman and Assistant to the Chairman	2020	853,846	—	1,469,200	819,144	20,168	14,933	3,177,291
	2019	830,000	—	1,359,360	560,250	424,463	13,749	3,187,822
	2018	775,000	—	1,436,400	647,125	—	20,534	2,879,059
Jerry E. Gahlhoff Jr. President and Chief Operating Officer	2020	412,654	—	393,011	269,921	16,539	11,909	1,104,034
Elizabeth B. Chandler Corporate Secretary	2020	421,000	—	550,950	220,150	—	30,491	1,222,591
	2019	380,000	—	307,200	116,280	—	27,685	831,165
	2018	355,000	—	287,280	125,670	—	28,502	796,452

⁽¹⁾ These amounts represent the aggregate grant date fair value of restricted Common Stock awarded under our Stock Incentive Plan during the fiscal years 2020, 2019 and 2018, respectively, in accordance with FASB ASC Topic 718. Please refer to Note 17 to our consolidated financial statements contained in our 2020 Form 10-K for the period ending December 31, 2020 for a discussion of the assumptions used in these computations. When calculating the amounts shown in this table, we have disregarded all estimates of forfeitures. Our 2020 Form 10-K has been included in our Annual Report and provided to our stockholders.

⁽²⁾ Bonuses under the performance-based incentive cash compensation plan are accrued in the fiscal year earned and paid in the following fiscal year.

⁽³⁾ Pension values decreased as followed: In 2018, Gary W. Rollins (\$2,802), R. Randall Rollins (\$2,802), and John F. Wilson (\$67,401).

⁽⁴⁾ All other compensation includes the following items for:

Mr. Gary W. Rollins:	\$12,825 of Company contributions to the employee's account of the Rollins 401(k) Savings plan; \$202,449 of incremental costs to the Company for personal use of the Company's airplane (calculated based on the actual variable costs to the Company for such usage); auto allowance and related vehicle expenses; incremental costs to the Company for use of the Company's executive dining room; and use of Company storage space.
Mr. Paul E. Northen:	\$12,825 of Company contributions to the employee's account of the Rollins 401(k) Savings plan; auto allowance and related vehicle expenses.
Mr. R. Randall Rollins:	\$12,825 of Company contributions to the employee's account of the Rollins 401(k) Savings plan; \$6,963 of incremental costs to the Company for personal use of the Company's airplane (calculated based on the actual variable costs to the Company for such usage); auto allowance and related vehicle expenses; incremental costs to the Company for use of the Company's executive dining room; and use of Company storage space.
Mr. John F. Wilson:	\$12,825 of Company contributions to the employee's account of the Rollins 401(k) Savings plan; auto allowance and related vehicle expenses.
Ms. Elizabeth B. Chandler:	\$13,544 of Company contributions to the employee's account of the Rollins 401(k) Savings plan; and auto allowance and related vehicle expenses.
Mr. Jerry E. Gahlhoff Jr.:	\$11,909 of Company contributions to the employee's account of the Rollins 401(k) Savings plan; auto allowance and related vehicle expenses.

Pay Ratio Disclosure

Pursuant to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC adopted a rule requiring annual disclosure of the ratio of the median employee's annual total compensation to the total annual compensation of the principal executive officer ("PEO"). The Company's PEO is Mr. Gary W. Rollins. The purpose of the required disclosure is to provide a measure of the equitability of pay within the organization. The Company believes its compensation philosophy and process yield an equitable result.

Median Employee annual total compensation for 2020	\$ 46,121
Mr. Gary W. Rollins ("PEO") annual total compensation for 2020	\$5,475,194
Ratio of PEO to Median Employee Compensation for 2020	118.7:1

The median employee was re-identified in 2019 due to a change in employee population as a result of our acquisition of Clark Pest Control of Stockton, Inc. on April 30, 2019, which resulted in a meaningful change to our employee population.

In determining the median employee, a listing was prepared of all employees as of October 31, 2019, including full-time and seasonal or temporary workers employed by the

Company or its consolidated subsidiaries, but excluding the PEO. As permitted by SEC rules, under the 5% "de minimus" exception, we excluded employees from our foreign subsidiaries in Australia, United Kingdom, and Singapore, which combined were less than 5% of our total employees. Employees on leave of absence were also excluded, part-time employees were excluded, and wages and salaries were annualized for those employees that were not employed for the full year of 2019. The median employee was selected from the annualized list. For simplicity, the value of the Company's 401(k) plan and medical benefits provided was excluded as all employees, including the PEO, are offered the exact same benefits and the Company utilizes the Internal Revenue Service safe harbor provision for 401(k) discrimination testing. As of December 31, 2020, the Company employed 15,616 persons of whom 520 were employed in Australia, the United Kingdom, and Singapore.

The pay ratio disclosure presented above is a reasonable estimate. Because the SEC rules for identifying the median employee and calculating the pay ratio allow companies to use different methodologies, exemptions, estimates and assumptions, our pay ratio disclosure may not be comparable to the pay ratios reported by other companies.

Grants of Plan-Based Awards in 2020

The shares of Common Stock disclosed in the table below represent grants of restricted Common Stock under our Stock Incentive Plan awarded in fiscal year 2020 to the executives and our former Chairman of the Board, R. Randall Rollins, all named in our Summary Compensation Table. All grants of restricted Common Stock vest one-fifth per year beginning on the second anniversary of the grant date. Restricted shares have full voting and dividend

rights. However, until the shares vest, they cannot be sold, transferred or pledged. Should the executive leave the Company's employment for any reason prior to the vesting dates (other than due to death or disability), the unvested shares will be forfeited. We have not issued any stock options in the past three fiscal years and have no immediate plans to issue additional stock options.

	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ⁽³⁾ (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)		
Gary W. Rollins	01/28/20 ⁽²⁾	1	1,175,000	1,175,000		
	01/28/20				116,250	2,846,575
Paul Edward Northen	01/28/20 ⁽²⁾	1	345,000	431,250		
	01/28/20				30,000	734,600
R. Randall Rollins ⁽¹⁾	01/28/20 ⁽²⁾	1	1,000,000	1,150,000		
	01/28/20				105,000	2,571,100
John F. Wilson	01/28/20 ⁽²⁾	1	875,000	1,006,250		
	01/28/20				60,000	1,469,200
Jerry E. Gahlhoff Jr.	01/28/20 ⁽²⁾	1	302,164	349,917		
	01/28/20				16,050	393,011
Elizabeth B. Chandler	01/28/20 ⁽²⁾	1	212,500	276,250		
	01/28/20				22,500	550,950

⁽¹⁾ Mr. R. Randall Rollins' restricted shares vested upon his passing on August 17, 2020.

⁽²⁾ These amounts represent possible payouts of awards granted under the 2018 Cash Incentive Plan in January 2020. The payment of actual awards was approved in January 2021. The amounts of the actual payments are included in the Summary Compensation Table. Given Mr. Gary W. Rollins' salary increase in October 2020, his earned bonus exceeded the maximum amount originally set forth in the 2018 Cash Incentive Plan by \$20,300, so the Compensation Committee, per its authority to amend the plan at any time and for any reason, waived the maximum amount in approving his 2020 cash incentive bonus amount of \$1,170,300.

⁽³⁾ These amounts represent aggregate grant date fair value for grants of restricted Common Stock awarded in fiscal year 2020 under our Stock Incentive Plan computed in accordance with ASC Topic 718. Please refer to Note 17 to our Financial Statements contained in our 2020 Form 10-K for a discussion of assumptions used in this computation. Our 2020 Form 10-K has been included in our Annual Report and provided to our stockholders.

There are no agreements or understandings between the Company and any executive officer that guarantee continued employment or guarantee any level of compensation, including incentive or bonus payments, or severance payments, to the executive officer. All of the named executive officers participated in the Company's Cash Incentive Plan. Bonus awards under the 2018 Cash Incentive Plan provide participants an opportunity to earn an annual bonus in a maximum

amount of 115 percent of base salary under or \$1,150,000 per individual per year, whichever is less. Under the 2018 Cash Incentive Plan, whether a bonus is payable, and the amount of any bonus payable, is contingent upon achievement of certain performance goals, which are set in the annual program adopted under the plan. For 2020, these performance goals were measured by obtaining specific levels of the following: revenue to plan growth and pre-tax profit to plan growth of the

Company. Messrs. John F. Wilson, Jerry E. Gahlhoff Jr., Paul E. Northen, and Ms. Elizabeth B. Chandler also participate in an individual Key Operating Initiative and may receive a bonus for achievement of the initiative. The Compensation Committee set a maximum award for fiscal year 2020 of 115 percent of the executive's base salaries for Messrs. Gary W. Rollins, and John F. Wilson. Mr. Paul E. Northen had a maximum award of 75 percent of his base salary for fiscal year 2020. Mr. Jerry E. Gahlhoff Jr. had a maximum award of 85 percent and Ms. Elizabeth B. Chandler has a maximum award of 65 percent of her base salary for fiscal year 2020.

On January 28, 2021, the Compensation Committee approved The Performance-Based Incentive Cash Compensation Plan for Executive Officers (the "2021 Cash Incentive Plan"), which replaced and superseded the 2018 Cash Incentive Plan. Under the 2021 Cash Incentive Plan, executive officers of the Company will be entitled to receive bonuses up to 150% of their base salaries upon achievement of bonus performance goals, which shall be the Company's achievement of pre-established performance goals in one or more of the following three targeted financial measures: revenue to plan, pretax profit plan achievement, and key operating initiatives. The bonus performance goals will continue to be pre-established each year by the Compensation Committee for all executive officers and measured annually by obtaining specific levels of

the following: revenue to plan, pre-tax profit plan achievement, and key operating initiatives. No bonuses will be payable under the 2021 Cash Incentive Plan if the goals are not approved by the Compensation Committee within 90 days after the commencement of the performance period to which such goals relate. The Company believes that the incentive-related provisions provide performance incentives that are and will be beneficial to the Company and its stockholders. Unless sooner amended or terminated by the Compensation Committee, the 2021 Cash Incentive Plan will be in place until April 28, 2026.

The named executive officers while employed are also eligible to receive options and restricted stock under the Company's stock incentive plan, in such amounts and with such terms and conditions as determined by the Compensation Committee at the time of grant. All of the executive officers are eligible to participate in the Company's Deferred Compensation Plan. The executive officers participate in the Company's regular employee benefit programs, including the 401(k) Plan with Company match, group life insurance, group medical and dental coverage and other group benefit plans. The Deferred Compensation Plan provides that participants may defer up to 50% of their base salary and up to 85% of their annual bonus with respect to any given plan year, subject to a \$2,000 per plan year minimum. The Company may make discretionary credits to participant accounts but has not done so since 2011.

Outstanding Equity Awards at Fiscal Year-End

The Company does not have any outstanding option awards to the executives named in our Summary Compensation Table. The table below sets forth the total number of restricted shares of Common Stock outstanding at December 31, 2020 and held by the executives named in our Summary

Compensation Table but which have not yet vested, together with the market value of these unvested shares based on the \$39.07 the closing price of our Common Stock on December 31, 2020.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Gary W. Rollins	—	—	—	—	493,500	19,281,045
Paul E. Northen	—	—	—	—	121,800	4,758,726
R. Randall Rollins ⁽¹⁾	—	—	—	—	—	—
John F. Wilson	—	—	—	—	248,100	9,693,267
Jerry E. Gahlhoff Jr.	—	—	—	—	69,450	2,713,412
Elizabeth B. Chandler	—	—	—	—	57,270	2,237,539

⁽¹⁾ Mr. R. Randall Rollins' restricted shares vested upon his passing on August 17, 2020.

⁽²⁾ The Company has granted time-lapse restricted shares for the named executive officers that vest 20% annually beginning on the second anniversary of the grant date.

Shares of the restricted stocks granted to the executive officers that have not fully vested as of December 31, 2020 are summarized in the table that follows:

Name	Number of shares		Grant Date	Date fully vested
	Granted			
Gary W. Rollins	141,750		1/27/15	1/27/21
	141,750		1/26/16	1/26/22
	141,750		1/24/17	1/24/23
	130,500		1/23/18	1/23/24
	102,750		1/22/19	1/22/25
	116,250		1/28/20	1/28/26
Paul E. Northen	33,750		2/24/15	2/24/21
	28,125		1/26/16	1/26/22
	33,750		1/24/17	1/24/23
	33,750		1/23/18	1/23/24
	26,550		1/22/19	1/22/25
	30,000		1/28/20	1/28/26
R. Randall Rollins (1)	—		—	—
John F. Wilson	67,500		1/27/15	1/27/21
	67,500		1/26/16	1/26/22
	67,500		1/24/17	1/24/23
	67,500		1/23/18	1/23/24
	53,100		1/22/19	1/22/25
	60,000		1/28/20	1/28/26
Elizabeth Chandler	13,500		1/27/15	1/27/21
	9,000		1/26/16	1/26/22
	9,450		1/24/17	1/24/23
	13,500		1/23/18	1/23/24
	12,000		1/22/19	1/22/25
	22,500		1/28/20	1/28/26
Jerry E. Gahlhoff Jr.	27,000		1/27/15	1/27/21
	18,000		1/26/16	1/26/22
	20,250		1/24/17	1/24/23
	18,000		1/23/18	1/23/24
	14,250		1/22/19	1/22/25
	16,050		1/28/20	1/28/26

⁽¹⁾ Mr. R. Randall Rollins' restricted shares vested upon his passing on August 17, 2020.

Option Exercises and Stock Vested

The following table sets forth:

- the number of shares of Common Stock acquired by the executives named in the Summary Compensation Table upon the exercise of stock options during the fiscal year ended December 31, 2020.
- the aggregate dollar amount realized on the exercise date for such options computed by multiplying the number of shares acquired by the difference between the market value of the shares on the exercise date and the exercise price of the options;
- the number of shares of restricted Common Stock acquired by the executives named in the Summary Compensation Table upon the vesting of shares during the fiscal year ended December 31, 2020.
- the aggregate dollar amount realized on the vesting date for such restricted stock computed by multiplying the number of shares which vested by the market value of the shares on the vesting date.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Gary W. Rollins	—	—	93,000	3,393,012
Paul E. Northen	—	—	17,250	643,860
R. Randall Rollins ⁽¹⁾	—	—	380,500	19,333,593
John F. Wilson	—	—	45,000	1,641,870
Jerry E. Gahlhoff Jr.	—	—	14,700	536,379
Elizabeth B. Chandler	—	—	7,860	286,861

⁽¹⁾ Mr. R. Randall Rollins' restricted shares vested upon his passing on August 17, 2020.

Pension Benefits

The Company's Retirement Income Plan, a trustee defined benefit pension plan, provided monthly benefits upon retirement at or after age 65 to eligible employees. In the second quarter of 2005, the Company's Board of Directors approved a resolution to cease all future retirement benefit accruals under the Retirement Income Plan effective June 30, 2005. During September 2019, the Company settled its fully-funded pension plan through a combination of lump sum payments to participants, payments to the Pension Benefit Guaranty Corporation (PBGC), and the purchase of a group annuity contract. Retirement income

benefits were based on the average of the employee's compensation from the Company for the five consecutive complete calendar years of highest compensation during the last ten consecutive complete calendar years ("final average compensation") immediately preceding June 30, 2005. The estimated annual benefit payable at the later of retirement or age 65 is \$0 for Mr. Gary W. Rollins, \$0 for Mr. Paul E. Northen, \$54,706 for Mr. R. Randall Rollins after his passing in August 2020, \$0 for Mr. John F. Wilson, \$0 for Ms. Elizabeth B. Chandler and \$0 for Mr. Jerry E. Gahlhoff, Jr.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Gary W. Rollins⁽¹⁾	Pension Plan	36	—	—
Paul E. Northen	Pension Plan	—	—	—
R. Randall Rollins⁽²⁾	Pension Plan	22	—	54,706
John F. Wilson	Pension Plan	9	—	—
Elizabeth B. Chandler	Pension Plan	—	—	—
Jerry E. Gahlhoff Jr.	Pension Plan	—	—	—

⁽¹⁾ Pursuant to a Qualified Domestic Relations Order, during 2013 Mr. Gary W. Rollins' retirement income benefit was awarded in its entirety to his former spouse.

⁽²⁾ Mr. R. Randall Rollins has no further benefit after his passing on August 17, 2020.

Nonqualified Deferred Compensation

On June 13, 2005, the Company approved the Rollins, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan") that is designed to comply with the provisions of the American Jobs Creation Act of 2004 (including Section 409A of the Internal Revenue Code). The Deferred Compensation Plan provides that employees eligible to participate in the

Deferred Compensation Plan include those who are both members of a group of management or highly compensated employees selected by the committee administering the Deferred Compensation Plan. All of the named executive officers are eligible.

Name	Executive contributions in last FY (\$) ⁽¹⁾	Registrant contributions in last FY (\$) ⁽²⁾	Aggregate earnings/(losses) in last FY (\$)	Aggregate withdrawals/distributions	Aggregate balance at last FYE (\$)
Gary W. Rollins	—	—	10,385	—	107,264
Paul E. Northen	—	—	—	—	—
R. Randall Rollins	—	—	2,296	99,535	—
John F. Wilson	—	—	20,169	—	2,385,040
Jerry E. Gahlhoff, Jr.	—	—	16,539	—	114,672
Elizabeth B. Chandler	—	—	—	—	—

⁽¹⁾ Reflects the amounts related to the base salary for 2020, which have been deferred by the executive officers pursuant to the Deferred Compensation Plan, and the bonus compensation amounts deferred related to 2019 that were paid in 2020, which are included in the Summary Compensation Table on page 26.

⁽²⁾ Reflects the amounts for each of the named executive officers, which are reported as compensation to such named executive officer in the "All Other Compensation" column of the Summary Compensation Table on page 26.

The Deferred Compensation Plan provides that participants may defer up to 50% of their base salary and up to 85% of their annual bonus with respect to any given plan year, subject to a \$2,000 per plan year minimum. The Company may make discretionary contributions to participant accounts.

Under the Deferred Compensation Plan, salary and bonus deferrals are fully vested. Any discretionary contributions are subject to vesting in accordance with the matching contribution-vesting schedule set forth in the Rollins 401(k) Savings Plan in which a participant participates.

Accounts will be credited with hypothetical earnings, and/or debited with hypothetical losses, based on the performance of certain "Measurement Funds." Account values are calculated as if the funds from deferrals and Company credits had been converted into shares or other ownership units of selected Measurement Funds by purchasing (or selling, where relevant) such shares or units at the current purchase price of the relevant Measurement Fund at the time of the participant's selection. Deferred Compensation Plan benefits are unsecured general obligations of the Company to the participants, and

these obligations rank in parity with the Company's other unsecured and unsubordinated indebtedness. The Company has established a "rabbi trust," which it uses to voluntarily set aside amounts to indirectly fund any obligations under the Deferred Compensation Plan. To the extent that the Company's obligations under the Deferred Compensation Plan exceed assets available under the trust, the Company would be required to seek additional funding sources to fund its liability under the Deferred Compensation Plan.

Generally, the Deferred Compensation Plan provides for distributions of any deferred amounts upon the earliest to occur of a participant's death, disability, retirement or other termination of employment (a "Termination Event"). However, for any deferrals of salary and bonus (but not Company contributions), participants would be entitled to designate a distribution date which is prior to a Termination Event. Generally, the Deferred Compensation Plan allows a participant to elect to receive distributions under the Deferred Compensation Plan in installments or lump-sum payments.

401(k) Plan

The Company maintains the Rollins 401(k) Savings Plan, a defined contribution qualified retirement plan (the “401(k) Plan”). Participants in the 401(k) Plan may make before-tax and Roth after-tax contributions, subject to IRS limits, and the Company makes matching contributions. Participants may also make rollover contributions to the 401(k) Plan. Previously, participants were permitted to make non-Roth after-tax contributions. The full amount of a participant’s vested benefit is payable upon his termination of employment, retirement, total and permanent disability, death or age 59½. The forms of benefit payment under the 401(K) Plan are dependent upon the vested account balance. If the participant’s vested account balance is greater than \$1,000 up to and including \$5,000 upon termination of employment, a participant may roll their distribution into another qualified plan or an individual retirement plan of their choice, or it will be rolled

into a Prudential individual retirement account. If the account balance is equal to or less than \$1,000, the participant may roll their vested balance into another qualified plan or take a lump sum distribution. If the participant’s account balance is greater than \$5,000 upon termination of employment, they can leave their funds in the Plan, take a full or partial lump sum distribution, take systematic distributions or roll their vested assets into another qualified plan or individual retirement account. A participant may withdraw before-tax and Roth contributions upon specified instances of financial hardship. A participant may withdraw all or any portion of their non-Roth after-tax account and rollover account at any time. Amounts contributed by the Company to the accounts of Named Executives as matching contributions under the 401(k) Plan are included in the “All Other Compensation” column of the Summary Compensation Table on page 26.

Potential Payments Upon Termination or Change in Control

The following table describes the potential payments and benefits under the Company’s compensation and benefit plans and arrangements to which the named executive officers would be entitled upon termination of employment. There are no other agreements, arrangements or plans that entitle executive officers to severance, perquisites, or other enhanced benefits upon termination of their employment, except as described below. Any agreement to provide additional payments or benefits to a terminating executive officer would be in the discretion of the Compensation Committee. The executive officers are not entitled to additional benefits at death or disability per the terms of the defined benefit plan. The amounts payable at retirement are disclosed in the “Pension

Benefits” section on page 32. The executive officers can choose to receive the amounts accumulated in the Deferred Compensation Plan either as a lump sum or in installments at retirement, death or disability. These amounts have been disclosed under the “Nonqualified Deferred Compensation” section on page 33. The table below shows the incremental restricted shares that would become vested as of December 31, 2020, at the closing market price of \$39.07 per share for our Common Stock, as of that date, in the case of retirement, death, disability or change in control.

Name		Stock Awards	
		Number of shares underlying unvested stock (#)	Unrealized value of unvested stock (\$)
Gary W. Rollins	Retirement	—	—
	Death	493,500	19,281,045
	Disability	231,270	9,035,751
	Change in Control	493,500	19,281,045
Paul E. Northen	Retirement	—	—
	Death	121,800	4,758,726
	Disability	55,190	2,156,257
	Change in Control	121,800	4,758,726
John F. Wilson	Retirement	—	—
	Death	248,100	9,693,267
	Disability	114,254	4,463,910
	Change in Control	248,100	9,693,267
Elizabeth B. Chandler	Retirement	—	—
	Death	57,270	2,237,539
	Disability	21,835	853,077
	Change in Control	57,270	2,237,539
Jerry E. Gahlhoff Jr.	Retirement	—	—
	Death	69,450	2,713,412
	Disability	33,160	1,295,577
	Change in Control	69,450	2,713,412

Accrued Pay and Regular Retirement Benefits. The amounts shown in the table above do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment. These include:

- Accrued salary and vacation pay
- Distributions of plan balances under the 401(k) plan, as described on page 34
- Nonqualified Deferred Compensation

Change in Control or Severance. The Company does not have any severance for its executive officers. However, upon the occurrence of a "Change in Control," as determined by the Board of Directors, all unvested time-lapse restricted stock shall immediately vest.

Certain Relationships and Related Party Transactions

A group that includes the Company's Chairman and Chief Executive Officer, Gary W. Rollins, and certain companies under his control possess in excess of fifty percent of the Company's voting power. Please refer to the discussion on pages 12-16 under the heading, "Corporate Governance and Board of Directors' Committees and Meetings, Director Independence and NYSE Requirements, Controlled Company Exemption." The group discussed above also controls in excess of fifty percent of the voting power of RPC, Inc. and Marine Products, Inc. All of the Company's directors, with the exception of Mr. Henry B. Tippie, Dr. Thomas J. Lawley, and John F. Wilson, are also directors of RPC, Inc. and Marine Products Corporation.

Our Code of Business Ethics and Related Party Transactions Policy for Executive Officers and Directors provides that related party transactions, as defined in Regulation S-K, Item 404(a), must be reviewed, approved and/or ratified by our Nominating and Corporate Governance Committee. As set forth in our Code, our Nominating and Corporate Governance Committee has the responsibility to ensure that it only approve or ratify related party transactions that are in compliance with applicable law, consistent with the Company's corporate governance policies (including those relative to conflicts of interest and usurpation of corporate opportunities) and on terms that are deemed to be fair to the Company. The Committee has the authority to hire legal, accounting, financial or other advisors, as it may deem necessary or desirable and/or to delegate responsibilities to executive officers of the Company in connection with discharging its duties. A copy of the Code is available at our website (www.rollins.com) under the heading "Investor Relations – Corporate Governance."

The Company provides certain administrative services to RPC, Inc. ("RPC") (a company of which Mr. Gary Rollins is also Chairman, and which is otherwise affiliated with the Company). The service agreements between RPC and the Company provide for the provision of services on a cost reimbursement basis and are terminable on six months' notice. The services covered by these agreements include administration of certain employee benefit programs and other administrative services. Charges to RPC (or to corporations which are subsidiaries of RPC) for such services and rent totaled approximately \$0.1 million for each of the years ended December 31, 2020, 2019, and 2018.

The Company rents office, hanger and storage space to LOR, Inc. ("LOR") (a company controlled by Gary W. Rollins). Charges to LOR (or corporations which are subsidiaries

of LOR) for rent totaled \$1.0 million for the year ended December 31, 2020, \$0.8 million for the year ended December 31, 2019 and \$0.9 million for the year ended 2018.

In 2014, P.I.A. LLC, a company owned by the former Chairman of the Board of Directors, R. Randall Rollins, purchased a Lear Model 35A jet and entered into a lease arrangement with the Company for Company use of the aircraft for business purposes. The lease is terminable by either party on 30 days' notice. The Company pays \$100.00 per month rent for the leased aircraft, and pays all variable costs and expenses associated with the leased aircraft, such as the costs for fuel, maintenance, storage and pilots. The Company has the priority right to use of the aircraft on business days, and Mr. Rollins had the right to use the aircraft for personal use through the terms of an Aircraft Time Sharing Agreement with the Company. During the years ended December 31, 2020 and 2019, the Company paid approximately \$0.6 million and \$0.9 million in rent and operating costs for the aircraft, respectively. During 2020, the Company accounted for 100 percent of the use of the aircraft.

On January 24, 2018, the Company pledged a charitable gift of \$0.7 million to Emory University Hospital Midtown. The amount is being paid in equal annual installments over the five years ending 2023. Dr. Lawley recused himself from the Board of Director's approval of the gift agreement.

On December 1, 2019, Orkin, a subsidiary of the Company, entered into a franchise agreement with Wilson Pest Management, Inc. The franchisee is owned 100% by John F. Wilson IV. The Company received a total of approximately \$0.8 million, which included payment for the franchise and an initial franchise fee of seventy-five thousand dollars in connection with the transaction. The franchise agreement provides for a monthly royalty fee of 9.0% of the franchisee's reported income. John Wilson IV is the son of John F. Wilson, Vice Chairman of the Company. The Company approved the agreement in accordance with its Related Party Transactions policy. During the year ended December 31, 2020, the royalty fee paid to Orkin was \$0.1 million.

All of the above related party transactions were reviewed, approved or ratified by the Company's Nominating and Corporate Governance Committee of the Board of Directors.

Independent Registered Public Accounting Firm

Principal Auditor

Grant Thornton LLP has served as the Company's independent registered public accounting firm for the fiscal years ended December 31, 2020 and 2019.

The Audit Committee has appointed Grant Thornton LLP as Rollins, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2021. Grant Thornton LLP has served as the Company's independent auditors for many years and is considered by management to be well qualified. Representatives of Grant Thornton LLP are expected to be present at the annual meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit Fees

	2020	2019
Audit Fees⁽¹⁾	\$1,850,000	\$1,700,000
Audit-Related Fees	—	—
All Other Fees	—	—
Total	\$1,850,000	\$1,700,000

⁽¹⁾ Audit fees represent fees for professional services provided in connection with the audit of our internal control over financial reporting, audit of our financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

Pre-approval of Services

All of the services described above were pre-approved by the Company's Audit Committee. The Audit Committee has determined that the payments made to its independent registered public accounting firm for these services are compatible with maintaining such auditors' independence. All of the hours expended on the principal accountant's engagement to audit the financial statements of the Company for the years 2020 and 2019 were attributable to work performed by full-time, permanent employees of the principal accountant. The Committee has no pre-approval policies or procedures other than as set forth below.

The Audit Committee is directly responsible for the appointment and termination, compensation, and oversight of the work of the independent registered public accounting firm, including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting. The Audit Committee is responsible for pre-approving all audit and non-audit services provided by the independent public accountants and ensuring that they are not engaged to perform the specific non-audit services proscribed by law or regulation. The Audit Committee has delegated pre-approval authority to its Chairman with the stipulation that his decision is to be presented to the full Audit Committee at its next scheduled meeting.

Stockholder Proposals

Appropriate proposals of stockholders intended to be presented at the Company's 2022 Annual Meeting of the Stockholders must be received by the Company by November 15, 2021 in order to be included, pursuant to Rule 14a-8 promulgated under the Exchange Act in the proxy statement and form of proxy relating to that meeting. With regard to such stockholder proposals, if the date of the next annual meeting of stockholders in 2022 is advanced or delayed more than 30 calendar days from the date of this year's annual meeting, the Company will, in a timely manner, inform its stockholders of the change and of the date by which such proposals must be received. Stockholders desiring to present business at the 2022 Annual Meeting of Stockholders outside of the stockholder proposal rules of Rule 14a-8 of the Securities Exchange Act of 1934 and instead pursuant to Article Twenty-Seventh of the Company's by-laws must prepare a written notice regarding such proposal addressed to Secretary, Rollins, Inc., 2170 Piedmont Road, N.E., Atlanta, Georgia 30324, which must be delivered to or mailed and received at the aforementioned address no later than January 27, 2022 and no earlier than December 18, 2021. Stockholders should consult the by-laws for other specific requirements related to such notice and proposed business.

With respect to stockholder nomination of directors, the Company's by-laws provide that nominations for the election

of directors may be made by any stockholder entitled to vote for the election of directors. Nominations must comply with an advance notice procedure which generally requires with respect to nominations for directors for election at an annual meeting, that written notice be addressed to: Secretary, Rollins, Inc., 2170 Piedmont Road, N.E., Atlanta, Georgia 30324, and be received not less than 90 nor more than 130 days prior to the anniversary of the prior year's annual meeting and set forth, among other requirements specified in the by-laws, the name, age, business address and, if known, residence address of the nominee proposed in the notice, the principal occupation or employment of the nominee for the past five years, the nominee's qualifications, the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and any other information relating to the person that would be required to be disclosed in a proxy statement or other filings. Other specific requirements related to such notice, including required disclosures concerning the stockholder intending to present the nomination, are set forth in the Company's by-laws. Notices of nominations must be received by the Secretary of the Company no later than January 27, 2022 and no earlier than December 18, 2021, with respect to directors to be elected at the 2022 Annual Meeting of Stockholders.

Expenses of Solicitation

The Company will bear the solicitation cost of proxies. Upon request, the Company will reimburse brokers, dealers and banks, or their nominees, for reasonable expenses incurred in forwarding copies of the proxy materials to their beneficial stockholders of record. Proxies also may be solicited in person or by telephone, facsimile or other means by our

directors, officers and regular employees. These individuals will receive no additional compensation for these services. The Company has retained Georgeson, LLC to conduct proxy solicitation and other proxy services for an estimated fee of approximately \$7,500 plus shipping expenses.

Annual Report

Our Annual Report as of and for the year ended December 31, 2020 is being provided to you with this proxy statement. The Annual Report includes our 2020 Form 10-K (without exhibits). The Annual Report is not considered proxy-soliciting material.

Form 10-K

On written request of any record or beneficial stockholder, we will provide, free of charge, a copy of our 2020 Form 10-K, which includes the consolidated financial statements. Requests should be made in writing and addressed to: Paul E. Northen, Senior Vice President, Chief Financial Officer and Treasurer, Rollins, Inc., 2170 Piedmont Road, N.E., Atlanta, Georgia 30324. We will charge reasonable out-of-pocket expenses for the reproduction of exhibits to our 2020 Form 10-K should a stockholder request copies of such exhibits.

Other Matters

Our Board of Directors knows of no business other than the matters set forth herein, which will be presented at the meeting. Since matters not known at this time may come before the meeting, the enclosed proxy gives discretionary authority with respect to such matters as may properly come before the meeting and it is the intention of the persons named in the proxy to vote in accordance with their judgment on such matters.

BY ORDER OF THE BOARD OF DIRECTORS



Elizabeth B. Chandler
Secretary

Atlanta, Georgia
March 15, 2021

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Shareholder Information



STOCK LISTING

The Common Stock of the Company is listed on the New York Stock Exchange and traded on the Philadelphia, Chicago, and Boston Exchanges under the symbol ROL.



STOCK TRANSFER AGENT, REGISTRAR OF STOCK, DIVIDEND DISBURSING AGENT AND OTHER SHAREHOLDER SERVICES

For inquiries related to stock certificates, including changes of address, lost certificates, dividends, and tax forms, please contact:

American Stock Transfer and Trust
6201 15th Street
Brooklyn, NY 11219
866-708-5581

DIVIDEND REINVESTMENT PLAN

This Plan provides a simple, convenient, and inexpensive way for shareholders to invest cash dividends in additional Rollins, Inc. shares. For further information, contact Investor Relations at the mailing address below.

ANNUAL SHAREHOLDER MEETING

The Annual Meeting of the Shareholders will be held at 12:30 p.m., April 27, 2021, at the Company's corporate offices in Atlanta, Georgia.

EXECUTIVE OFFICES

Rollins, Inc.
2170 Piedmont Road, N.E.
Atlanta, Georgia 30324

MAILING ADDRESS

Rollins, Inc.
P.O. Box 647
Atlanta, Georgia 30301

TELEPHONE

404-888-2000

DIRECTORS

Gary W. Rollins *

Chairman of the Board and Chief Executive Officer of Rollins, Inc., Chairman of the Board of RPC, Inc. (oil and gas field services) and Chairman of the Board of Marine Products Corporation (boat manufacturing)

Henry B. Tippie – Lead Director **

Chairman of the Board and Chief Executive Officer of Tippie Services, Inc. (management services)

Thomas J. Lawley, M.D. †

Former Dean of the Emory University School of Medicine

John F. Wilson

Vice Chairman of Rollins, Inc.

Pamela R. Rollins

Community Leader

Harry J. Cynkus

Retired CFO of Rollins, Inc.

Jerry W. Nix

Retired Vice Chairman, EVP and CFO of Genuine Parts Co., Lead Director of RPC, Inc. and MPC, Inc.

Susan R. Bell †

Retired partner of Ernst & Young, LLP.

Patrick J. Gunning †

Retired partner of Ernst & Young, LLP.

• Chairman of the Audit Committee, Compensation Committee, Nominating & Governance Committee, and Diversity Committee

* Member of the Executive Committee

† Member of the Audit Committee, Compensation Committee, Nominating & Governance Committee, and Diversity Committee

+ Member of the Audit Committee

DIRECTORS RETIRED IN 2020:

Bill J. Dismuke †

Retired President of Edwards Baking Company

James B. Williams †

Retired Chairman of the Executive Committee of SunTrust Banks, Inc. (bank holding company)

ROLLINS, INC.

Worldwide Pest Brands



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callnorthwest.com



indfumco.com



aardwolfpestkare.com



safeguardpestcontrol.co.uk



crittercontrol.com



trutechinc.com



walthamservices.com



opcpest.com



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