



Third Quarter 2024 Earnings Webcast Presentation

Rollins, Inc.

October 24, 2024

Cautionary Statement Regarding Forward-Looking Statements

This presentation as well as other written or oral statements by the Company may contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current opinions, expectations, intentions, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Although we believe that these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions, or expectations. Generally, statements that do not relate to historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. The words “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “should,” “will,” “would,” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this presentation include, but are not limited to, statements regarding: expectations with respect to our financial and business performance; demand for our services; our pipeline of and approach to acquisitions and potential targets; expected growth; continuous improvement initiatives enhancing profitability; continued focus on pricing; a modernization program; a balanced capital allocation program; and a focus on investing in growth opportunities in our core market.

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

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



Reconciliation of GAAP and Non-GAAP Financial Measures

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

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

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

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



Q3 2024 Results

Revenue **\$916M** **+9%**

Adj. EPS **\$0.29** **+4%**

Free Cash Flow¹ **\$139M** **+16%**

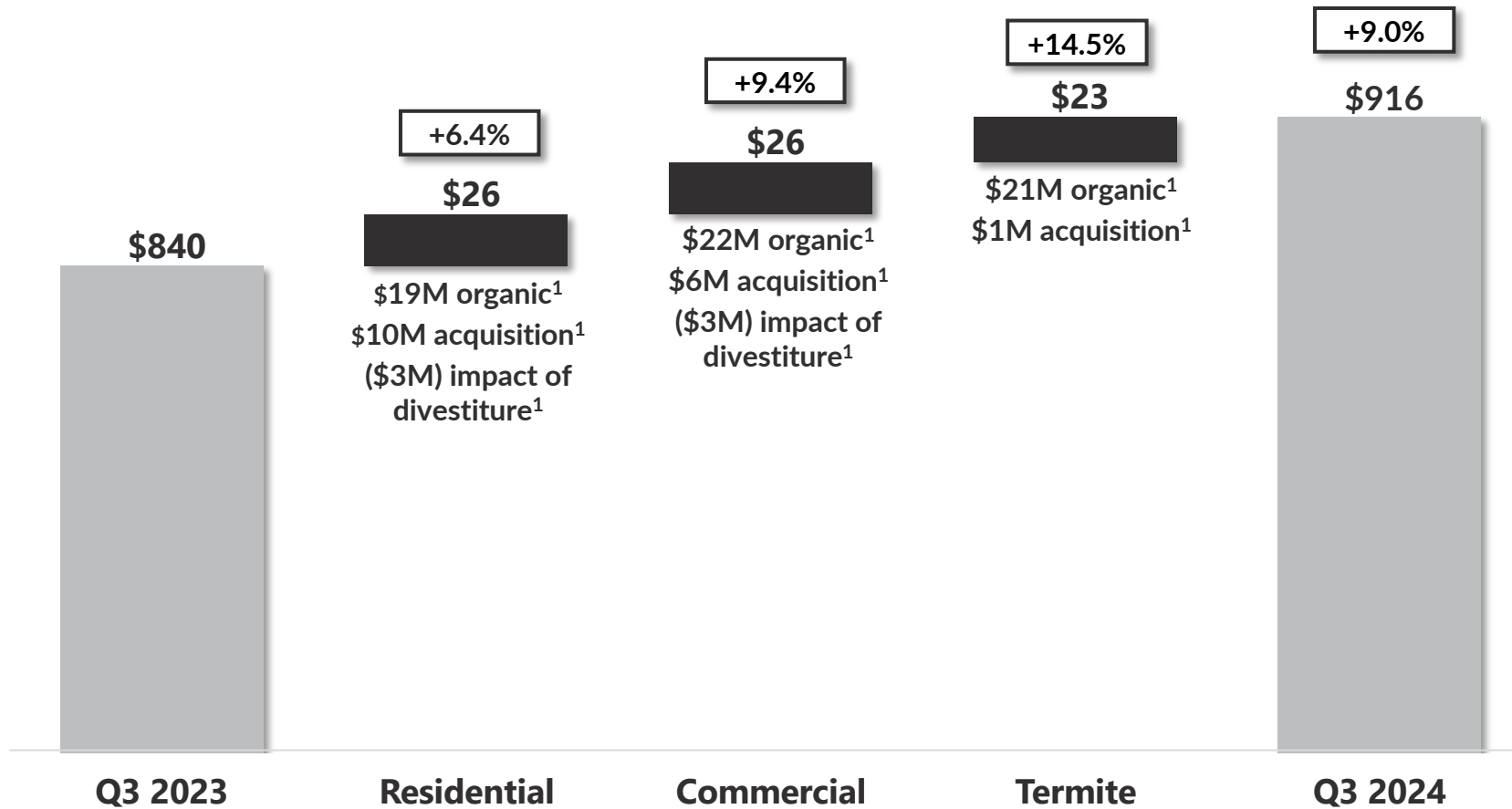
Other Q3 Highlights

- Healthy growth across all major service lines
- Organic growth¹ of **7.7%**; acquisitions drove remaining growth, offset by divestitures in Q3 2024
- Gross margin of **54%** and pressure in SG&A from incremental sales staffing and marketing activities drove **80** basis points decrease in Adj. EBITDA margins¹
- Free Cash flow increased **~16%**; Free cash flow conversion¹ of **~102%**

Quarter Marked by Solid Organic Growth, Significant Investments in People and Advertising to Capitalize on Healthy Market Environment, and Double-Digit Operating Cash Flow Growth



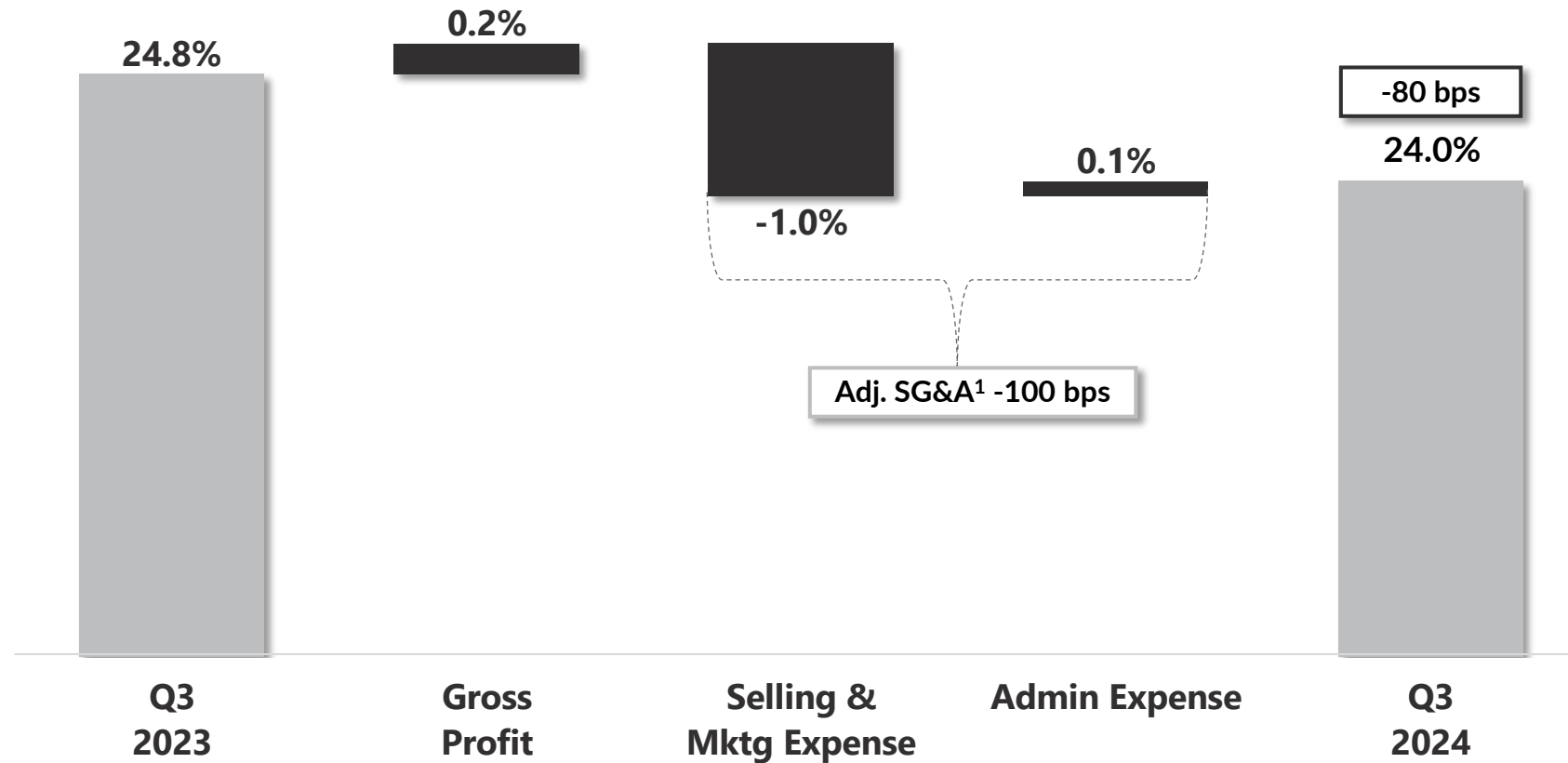
Q3 Revenue Growth



Total Organic Revenue Growth of 7.7% Year-Over-Year



Q3 Adj. EBITDA Margin¹



Adj. SG&A¹ Pressure Drove -80 BPS of Adj. EBITDA Margin¹ Decline

HIGHLIGHTS

Gross Profit

- Gross margin 54%
- Positive on price cost equation
- Pressures from incremental people investments were offset by leverage in Materials & Supplies, as well as Fleet

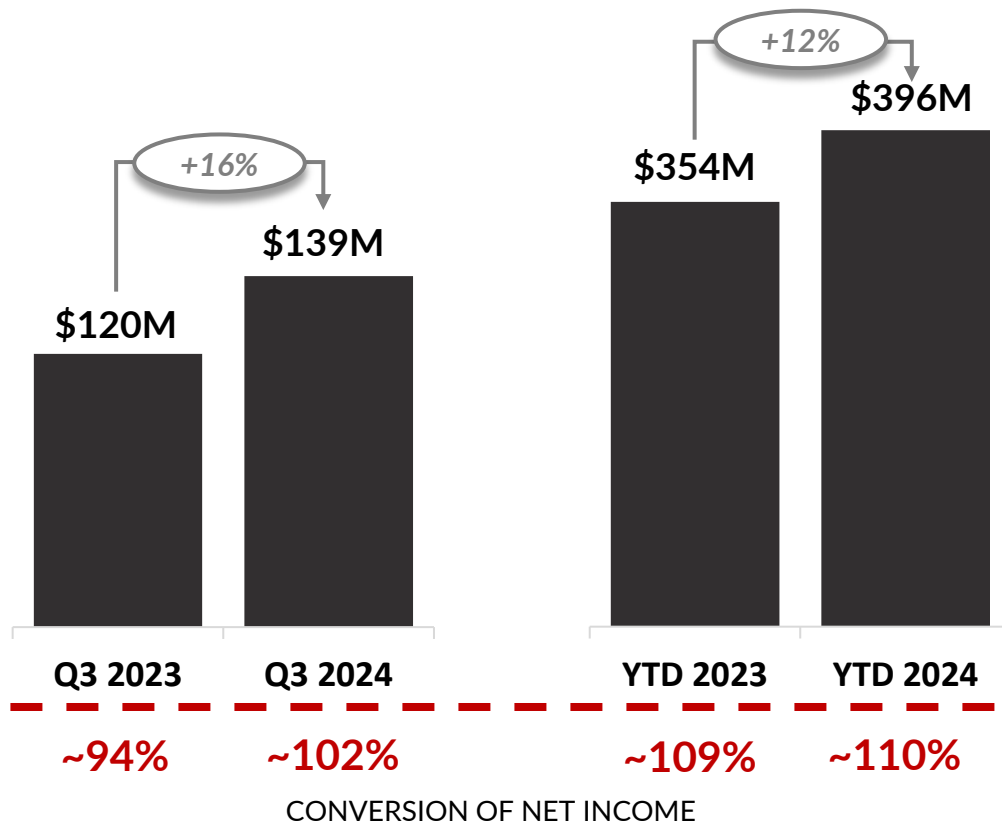
Adj. SG&A¹

- Additional investments in Selling & Marketing during Q3 tempered margins a bit in quarter
- We continue to leverage some of our administrative, back-office costs
- Remain on track to deliver healthy margin improvement and profitability for the year

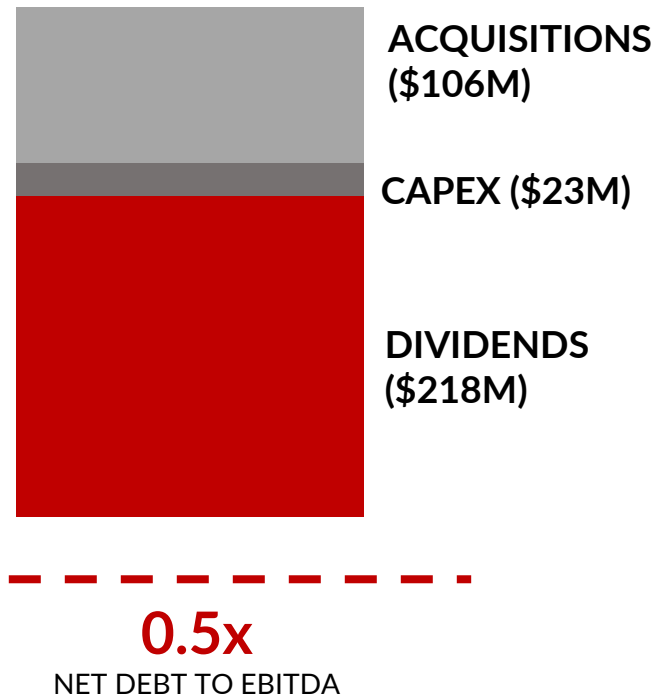


Cash Flow and Use of Liquidity

Q3 & YTD 2024 Free Cash Flow¹



YTD 2024 Uses of Cash Flow & Liquidity



HIGHLIGHTS

Cash Generation

- Q3 Free Cash Flow Conversion¹ was ~102%
- Strong balance sheet with modest levels of debt

Acquisitions

- Closed 6 acquisitions in Q3 and 32 YTD

Dividends

- Healthy dividend +15% YoY
- Announced another 10% increase to dividend payable in Q4

Net Leverage¹

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

Solid Cash Flow Performance Enabling Balanced Capital Allocation Strategy



Key Takeaways



Focus on Modernization

Hiring key talent across the organization to accelerate modernization efforts

Focused on upgrading technology and executing continuous improvement across key processes

Continued evolution of Board of Directors – i.e. moving from classified to declassified structure



Exceptional Performance

YTD organic growth of 7.7% driven by robust organic growth across all service areas

Healthy pipeline of acquisitions supports 2-3% growth from M&A goal

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



Margins Remain a Focus

Focus on pricing and productivity has resulted in increased margins across several key income statement categories

Incremental EBITDA Margins¹ of ~28% for first nine months of the year



Balance Sheet Provides Flexibility

Healthy balance sheet positions us well to execute on capital allocation priorities

Cash flow conversion above of ~110% YTD

Announced 10% (vs. Q4-23) increase in quarterly dividend payable in Q4; have increased regular dividend ~65% since beginning of FY 2022

Balanced 2024 Outlook

WHAT WE ARE SEEING



Organic Growth

Healthy market growth and solid execution driving strong organic growth



Inorganic Growth

Robust M&A pipeline; attractive multiples in potential targets. Expect 2-3% revenue growth contribution from M&A in 2024



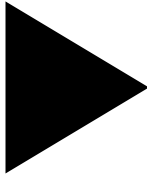
Healthy Margin Performance

Good leverage across the income statement YTD



Staffing Remains Strong

Positioned to serve existing customers and convert marketing & sales investments into new customer growth



WHAT WE EXPECT



Continued Growth

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



Margin Expansion Opportunities

Continued focus on pricing, as well as ongoing execution of modernization program in 2024



Compounding Cash Flow

Strong cash flow will enable a balanced capital allocation strategy focused on investing in growth opportunities in our core market

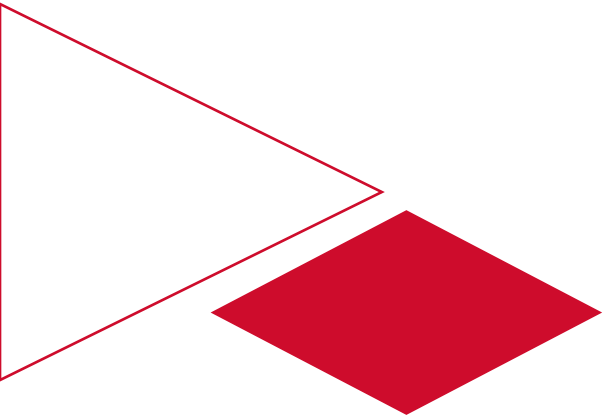
Focused on Delivering Continued Growth and Improving Profitability in 2024



Growth Algorithm

	Last 3 Years	2024E	Medium-Term Outlook
Revenue Growth	12%	~7% to 8% Organic ~2% to 3% M&A <hr/> ~9% to 11%	Above-Market Organic Growth + M&A
Adj. Incremental EBITDA Margin ¹	~27%	~30%	~30-35%
FCF Conversion ¹	~112% Average	> 100%	> 100%





APPENDIX

Reconciliation of GAAP and Non-GAAP Financial Measures

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

(unaudited, in thousands, except per share data)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023 ⁽⁶⁾	Variance		2024	2023 ⁽⁶⁾	Variance	
			\$	%			\$	%
Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS								
Net income	\$ 136,913	\$ 127,777			\$ 360,704	\$ 326,154		
Fox acquisition-related expenses ⁽¹⁾	4,216	5,262			13,689	10,523		
Restructuring costs ⁽²⁾	—	5,196			—	5,196		
Gain on sale of assets, net ⁽³⁾	(582)	(493)			(933)	(6,226)		
Tax impact of adjustments ⁽⁴⁾	(930)	(2,551)			(3,266)	(2,430)		
Adjusted net income	<u>\$ 139,617</u>	<u>\$ 135,191</u>	<u>4,426</u>	<u>3.3</u>	<u>\$ 370,194</u>	<u>\$ 333,217</u>	<u>36,978</u>	<u>11.1</u>
EPS - basic and diluted	\$ 0.28	\$ 0.26			\$ 0.74	\$ 0.66		
Fox acquisition-related expenses ⁽¹⁾	0.01	0.01			0.03	0.02		
Restructuring costs ⁽²⁾	—	0.01			—	0.01		
Gain on sale of assets, net ⁽³⁾	—	—			—	(0.01)		
Tax impact of adjustments ⁽⁴⁾	—	(0.01)			(0.01)	—		
Adjusted EPS - basic and diluted ⁽⁵⁾	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>0.01</u>	<u>3.6</u>	<u>\$ 0.76</u>	<u>\$ 0.68</u>	<u>0.08</u>	<u>11.8</u>
Weighted average shares outstanding - basic	484,317	490,775			484,231	491,980		
Weighted average shares outstanding - diluted	484,359	490,965			484,270	492,158		

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

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

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

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

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

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



Reconciliation of GAAP and Non-GAAP Financial Measures

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

(unaudited, in thousands, except margins)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023 ⁽⁴⁾	Variance		2024	2023 ⁽⁴⁾	Variance	
			\$	%			\$	%
Reconciliation of Net Income to EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin								
Net income	\$ 136,913	\$ 127,777			\$ 360,704	\$ 326,154		
Depreciation and amortization	27,664	24,668			82,685	73,609		
Interest expense, net	7,150	5,547			22,650	10,797		
Provision for income taxes	48,315	44,293			124,176	113,428		
EBITDA	<u>\$ 220,042</u>	<u>\$ 202,285</u>	<u>17,757</u>	<u>8.8</u>	<u>\$ 590,215</u>	<u>\$ 523,988</u>	<u>66,227</u>	<u>12.6</u>
Fox acquisition-related expenses ⁽¹⁾	—	1,050			1,049	2,097		
Restructuring costs ⁽²⁾	—	5,196			—	5,196		
Gain on sale of assets, net ⁽³⁾	(582)	(493)			(933)	(6,226)		
Adjusted EBITDA	<u>\$ 219,460</u>	<u>\$ 208,038</u>	<u>11,422</u>	<u>5.5</u>	<u>\$ 590,331</u>	<u>\$ 525,055</u>	<u>65,276</u>	<u>12.4</u>
Revenues	\$ 916,270	\$ 840,427	75,843		\$ 2,556,539	\$ 2,319,192	237,347	
EBITDA margin	24.0 %	24.1 %			23.1 %	22.6 %		
Incremental EBITDA margin			23.4 %				27.9 %	
Adjusted EBITDA margin	24.0 %	24.8 %			23.1 %	22.6 %		
Adjusted incremental EBITDA margin			15.1 %				27.5 %	

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

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

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



Reconciliation of GAAP and Non-GAAP Financial Measures

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	Variance		2024	2023	Variance	
(unaudited, in thousands, except margins)			\$	%			\$	%
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow and Free Cash Flow Conversion								
Net cash provided by operating activities	\$ 146,947	\$ 127,355			\$ 419,495	\$ 375,541		
Capital expenditures	(7,522)	(6,868)			(23,389)	(21,279)		
Free cash flow	\$ 139,425	\$ 120,487	18,938	15.7	\$ 396,106	\$ 354,262	41,844	11.8
Free cash flow conversion	101.8 %	94.3 %			109.8 %	108.6 %		



Reconciliation of GAAP and Non-GAAP Financial Measures

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

(1) Prior to the issuance of the Company's 2023 financial statements, management determined that certain immaterial reclassifications within the product and service offerings were required for the three and nine months ended September 30, 2023 and 2022. Revenues classified by significant product and service offerings for the three and nine months ended September 30, 2023 and 2022 have been restated from the amounts previously reported to correct the classification of such revenues. There was no impact on our condensed consolidated statements of income, financial position, or cash flows.



Reconciliation of GAAP and Non-GAAP Financial Measures

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

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

⁽¹⁾ Prior to the issuance of the Company's 2023 financial statements, management determined that certain immaterial reclassifications within the product and service offerings were required for the three and nine months ended September 30, 2023 and 2022. Revenues classified by significant product and service offerings for the three and nine months ended September 30, 2023 and 2022 have been restated from the amounts previously reported to correct the classification of such revenues. There was no impact on our condensed consolidated statements of income, financial position, or cash flows.



Reconciliation of GAAP and Non-GAAP Financial Measures

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

<i>(unaudited, in thousands)</i>	Period Ended September 30, 2024
Reconciliation of Long-term Debt to Net Debt and Net Leverage Ratio	
Long-term debt ⁽¹⁾	\$ 447,000
Less: cash	95,282
Net debt	\$ 351,718
Trailing twelve-month EBITDA	\$ 771,291
Net leverage ratio	0.5x

⁽¹⁾ As of September 30, 2024, the Company had outstanding borrowings of \$447.0 million under the Credit Facility. Borrowings under the Credit Facility are presented under the long-term debt caption of our condensed consolidated balance sheet, net of \$1.8 million in unamortized debt issuance costs as of September 30, 2024.



Reconciliation of GAAP and Non-GAAP Financial Measures

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

<i>(unaudited, in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Reconciliation of Sales, general and administrative expenses ("SG&A") to Adjusted SG&A				
SG&A	\$ 274,918	\$ 244,906	\$ 769,522	\$ 696,668
Fox acquisition-related expenses ⁽¹⁾	—	1,050	1,049	2,097
Adjusted SG&A	\$ 274,918	\$ 243,856	\$ 768,473	\$ 694,571
Revenues	\$ 916,270	\$ 840,427	\$ 2,556,539	\$ 2,319,192
Adjusted SG&A as a % of revenues	30.0 %	29.0 %	30.1 %	29.9 %

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

