INVESTOR DAY // DECEMBER 14, 2022
Winning, Accelerating, and Optimizing Profitable Growth
ROOM SAFETY OVERVIEW

Emergency
In the event of an emergency the hotel will make an announcement over the PA (public address) system. Stay calm and proceed to the evacuation routes.
FORWARD LOOKING STATEMENTS; NON-GAAP FINANCIAL MEASURES

The statements in this presentation that are not historical statements, including statements regarding the 2023 full-year outlook and expected consolidated and segment financial results for 2023, as well as financial targets for future years, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on information currently available as well as management’s assumptions and beliefs today. These statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the statements, and investors should not place undue reliance on them. Risks and uncertainties that could cause actual results to differ materially from such statements include risks that the North American unitary HVAC and refrigeration markets perform worse than current assumptions. Additional risks include, but are not limited to: the impact of higher raw material prices, availability and timely delivery of raw materials and other components, the impact of new or increased trade tariffs, LII’s ability to implement price increases for its products and services, economic conditions in our markets, regulatory changes, the impact of unfavorable weather, a decline in new construction activity resulting from increased interest rates or otherwise and related demand for products and services, and any resurgence of the Covid-19 pandemic and its economic impact on the company and its employees and customers. For information concerning these and other risks and uncertainties, see LII’s publicly available filings with the Securities and Exchange Commission. LII disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Use of Non-GAAP Financial Measures
A reconciliation of non-GAAP financial measures appearing in this presentation to financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) are included in the Annex to this presentation and the company’s SEC filings.
AGENDA

8:30 am  ●  Registration and Solutions Showcase

9:00 am  ●  Winning, Accelerating, and Optimizing Profitable Growth
  Overview and Strategy
  Alok Maskara | CEO

  Expanding Share and Profitability
  Residential Heating and Cooling
  Gary Bedard | President, Residential

  Driving Efficiencies through Scale
  Commercial Heating and Cooling
  Joe Nassab | President, Commercial

10:15 am  ●  Q&A

10:35 am  ●  Break

10:45 am  ●  Positioning to Deliver Leading Sustainable Solutions
  Innovating Sustainable Technologies
  Prakash Bedapudi | CTO

  Outlining Clear Path to Margin Expansion
  Long-Term Financial Outlook
  Joe Reitmeier | CFO

  Closing Remarks
  Alok Maskara | CEO

11:30 am  ●  Q&A

12:00 pm  ●  Lunch and Solutions Showcase
EXPERIENCED EXECUTIVE LEADERSHIP TEAM

Alok Maskara
CEO

Prakash Bedapudi
CTO

Gary Bedard
President, Residential

Mary Ellen Mondi
VP, Marketing

Joe Nassab
President, Commercial

Joe Reitmeier
CFO

Dan Sessa
CHRO

Jessica Smith
VP, Worldwide Sourcing

John Torres
CLO
SOLUTIONS SHOWCASE

Growth Results Excellence

- Quan Nguyen - VP/GM, LII Residential
- Angela Chapoy - VP/GM, Allied Air

Quality and Operational Excellence

- Jessica Smith – VP, Global Sourcing
- David DeRoussel - VP, Operations
- Craig Fairley – VP, Operations (Residential)
- Miguel Gutierrez – VP, Operations (Commercial)

Innovation Excellence

- John Whinery - VP, Product Mgmt. (Residential)
- Shailesh Manohar – VP, Engineering (Residential)
- Keith Mowery - VP, LII Controls Engineering
WINNING, ACCELERATING, AND OPTIMIZING PROFITABLE GROWTH

Overview and Strategy

Alok Maskara
CEO
KEY MESSAGES

1. Building from a strong foundation to enhance value creation

2. Implementing near-term initiatives to streamline portfolio and increase margins

3. Executing on growth operating system to accelerate profitable growth

4. Driving shareholder value with robust FCF and strategic capital deployment
LENNOX AT A GLANCE (NYSE: LII)

$9.4 B
Market Cap\(^1\)

11K
Employees

Revenue:
95% North America
5% Europe

13.8%
EBIT Margin

41%
ROIC

$185 M
FCF

$13.78
Adjusted EPS

REVENUE BY SEGMENT\(^2\)

13%

19%

$4.6 B

68%

Residential

Commercial

Refrigeration

EBIT BY SEGMENT\(^2\)

10%

9%

$636 M

81%

REVENUE BY APPLICATION

25%

75%

Replacement

New Construction

Note: All figures TTM unless otherwise noted; \(^1\)As of Dec. 2, 2022; \(^2\)Figures based on old segment breakdown, new segment breakdown effective Jan. 1, 2023
DRIVEN BY OUR CORE VALUES

Integrity
- Trust: Gain trust of others by being honest, ethical, and safe
- Accountability: Hold ourselves and others accountable to meet commitments
- Positive Engagement: Foster positive energy and motivate others to do their best

Respect
- Customer Experience: Improve the experience of our customers to gain their loyalty
- Talent: Develop ourselves and our teams while fostering a diverse and inclusive workplace
- Sustainability: Impact long-term value creation by supporting our communities and the environment

Excellence
- Quality: Continuously improve our operations to excel in quality, delivery, cost, and cash
- Innovation: Provide innovative solutions and look for new and better ways to be successful
- Results: Drive superior results to win in growth, productivity, and everything else we do
STRONG ESG FOUNDATION

ENVIRONMENTAL

- Solve customers’ ESG goals by providing best-in-class environmentally-friendly solutions aiding decarbonization
- Utilize a comprehensive Environment Management System to monitor and improve environmental footprint of our facilities

SOCIAL

- Industry leader in safety with commitment to maintaining a safe and supportive workplace
- Champion diversity and inclusion with employees and supply chain
- Support communities where we live and work with contributions and volunteerism

GOVERNANCE

- Board oversees ESG strategy including product efficiency and innovation
- Adding revenue as a metric of Annual Incentive Program in 2023

2021 KEY STATS

- Revenue from highly-efficient solutions: 37%
- Residential ENERGY STAR\(^1\): 51%
- Commercial ENERGY STAR\(^1\): 65%
- Recordable Frequency Rate\(^2\): 0.50
- Female Employees: 32%
- Racial Diversity\(^3\): 54%
- Independent Directors: 88%
- Average Tenure (Years): 9.75
- Female Directors: 44%

\(^1\)51% and 65% of our eligible Residential and Commercial products by revenue, respectively, meet ENERGY STAR criteria;
\(^2\)Recordable injuries per 200,000 hours worked;
\(^3\)African American, Hispanic, Asian, and Other in the U.S.
COMPANY HISTORY IS ROOTED IN INNOVATION...

1895
- Founded by Dave Lennox

1904
- Dave Lennox sells the business to D.W. Norris

1923
- Built warehouse in Syracuse and a factory two years later in 1925

1935
- Pioneered forced-air furnace for residential heating

1943
- Produced heating equipment and parts for WW2

1952
- Expanded operations into Canada and started production in Residential central AC systems

1965
- First to manufacture packaged direct multi-zone rooftop units for heating and cooling

1972
- Developed first two-speed hermetic compressor
... SET UP FOR GROWTH FUELED BY SUSTAINABILITY

- **1982**: Developed industry-first high-efficiency gas furnace
- **1984**: Introduced first air conditioner to achieve 15 SEER efficiency rating
- **1991**: Opened world headquarters in Dallas, TX
- **1999**: Lennox IPO on NYSE
- **2003**: Introduced HSX19, industry’s first 19.2 SEER air conditioner
- **2013**: Launched XC 25 with 26 SEER efficiency rating
- **2016**: Launched iComfort S30 ultra-smart thermostat to help homeowners maximize air conditioning units
- **2020**: Launched high-efficiency ductless heat pumps
- **2022**: Launched SL25XPV heat pump
- **2023**: Launching new iComfort S40 thermostat with features including temperature and humidity controls and IAQ room sensors
- **2024**: Cold climate heat pump launch

**Timeline**

- **1980s**
- **1990s**
- **2000s**
- **2010s**
- **TODAY**
- **FUTURE**
TOP TIER PARTICIPANT IN ATTRACTIVE INDUSTRY

Uniquely Positioned to Gain Share in North America Equipment Market

1Residential shipment units include ducted AC, HP, and Furnace; 2Based on internal company estimates for Residential, Light Commercial, and Commercial Refrigeration equipment; parts & supplies; and Light Commercial services.
MEGATRENDS DRIVING FUTURE INDUSTRY GROWTH

- **Climate change** and customer Net Zero goals driving greater demand for eco-friendly HVAC especially in underpenetrated geographies

- **Regulatory intervention** accelerating transition to low GWP refrigerants, mandating higher efficiency, and incentivizing electrification

- **Housing shortage** combined with HVAC necessity continues need for HVAC in the North American market and supports long-term growth

- **Advancements in technology** with connected, energy-efficient products that promote more comfortable indoor climate for consumers

**Competitive Position in Core Markets Provides Long Tailwind for Growth**
**KEY SUSTAINABLE COMPETITIVE DIFFERENTIATORS**

**DEEP RELATIONSHIPS CREATE SUPERIOR CUSTOMER EXPERIENCE**
- 125+ years serving Residential and Commercial HVAC customers
- Focused sales structure, customer support, and e-commerce capabilities

**BEST-IN-CLASS PRODUCTS THAT EXCEED CUSTOMER EXPECTATIONS**
- Industry leading high-efficiency solutions (Residential Dave Lennox Signature series and Commercial Model L)
- First to complete U.S. Department of Energy (DOE) cold climate heat pump technology challenge

**DIGITAL LEADERSHIP DRIVES CUSTOMER LOYALTY**
- Industry leading digital platforms drive customer engagement and intimacy (e.g. LennoxPros)
- Innovative digital control platforms in all segments deliver differentiated customer experience

**DIRECT NETWORK TO BETTER SERVE CUSTOMERS**
- National, regional, and local locations for distribution, service, and parts across North America
- Comprehensive coverage through company owned Lennox Stores and Distribution Partners
DRIVING NEAR-TERM PROFITABILITY
Strategic Rationale

- North America presents greater growth opportunity and higher ROI
- New, consolidated Commercial segment with additional talent and scale is better positioned for success
- Lennox European business will be a good addition to other companies that have larger scale in Europe

~100 bps EBIT Margin Improvement
- Enables stronger leadership focus in North America
- Segment consolidation drives net ~$20M productivity by end of 2023
- Attractive path ahead with strong ability to gain share in North America
COMMERCIAL EBIT RECOVERY ON TRACK

2022 Accomplishments

- Reinforced leadership talent
- Achieved desired hourly staffing levels
- Continually increasing manufacturing output and labor efficiency
- Driving greater price realization
- Started construction on 2nd factory

2023 - 2025 Focus Areas

- Labor and Manufacturing Efficiency
  - Improving Stuttgart processes
  - Continuing recruitment and training of talent

- Supply Chain Resiliency
  - Dual source critical components
  - Eliminate supply chain inefficiencies

- Share Recovery and Price Realization
  - Re-enter emergency replacement market
  - Re-tool sales to add more customer facing roles while optimizing back-office functions

- Ramp up Saltillo Factory
  - Ramp up production at new factory in Saltillo on-schedule and on-budget

Execution of Strategic Actions Drives $100M EBIT Recovery by 2025
POISED TO CAPTURE MARKET SHARE IN RESIDENTIAL

**Near-Term Environment**

- Mixed economic indicators likely to lead to lower YOY unit sales in 2023
- 2023: Department of Energy driven increase in minimum efficiency of products
- 2025: Largest regulatory change towards low GWP refrigerants over past two decades
- Inflation Reduction Act to incentivize higher mix and replacement starting 2H 2023

**Aim to Mitigate the Impact of Near-Term Residential Volume Concerns**

**Actions to Grow Revenue and Profitability**

- Capture benefit of mix and price given SEER transition and ongoing component inflation
- Win share by focusing on simplicity in solutions offerings and increasing points of distribution
- Capture demand and growth while delivering cost-containment initiatives to drive productivity
- Positively influence repair vs. replacement dynamics given benefit of energy-efficiency, warranty, and government incentives
Initiatives in Place to Capture our Growth Potential in Attractive Industry

**Residential**
- Industry leading OEM dealer network with ~250 outlets
- 1,000 distributor and owned outlets
- Innovative leadership solutions
- Well positioned to win during regulatory transitions
- 75% replacement revenue

**Company Wide**
- Proven winner with innovative solutions portfolio that sets new standards in energy efficiency
- Efficient cost structure with demonstrated track record of generating productivity and offsetting inflation
- Focus on North America with scale to support growth investment

**Commercial**
- Industry leading Commercial national accounts
- Positioned to capture macro tailwinds with eco-friendly technologies
- Share opportunity in Light Commercial replacements with improved manufacturing capacity
LONG-TERM RESULTS DRIVEN BY GROWTH OPERATING SYSTEM
**GROWTH OPERATING SYSTEM DRIVING VALUE CREATION**

**Sustaining Elevated Performance**

- **QUALITY**
  Improving continuously in quality, delivery, and cost

- **INNOVATION**
  Expanding share through leading innovative solutions

- **RESULTS**
  Driving superior results to win in growth, productivity and everything we do

**Building Competitive Advantage**

- **CUSTOMER EXPERIENCE**
  Focusing on delivering world-class customer experience

- **TALENT DEVELOPMENT AND DIVERSITY**
  Reinforcing talent development and culture

- **SUSTAINABILITY**
  Impacting long-term value creation by supporting our communities and environment
## GROWTH RESULTS EXCELLENCE

### GROWTH LEADERSHIP

<table>
<thead>
<tr>
<th>GROWTH STRATEGY</th>
<th>STRUCTURE</th>
<th>MANAGEMENT ENABLERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Share gain through business development</td>
<td>• Marketing and digital talent</td>
<td>• Growth compensation metrics</td>
</tr>
<tr>
<td>• Increase attachment rates for parts and services</td>
<td>• Manufacturing growth capacity</td>
<td>• Growth focused business units enabled to make decentralized decisions closest to customers</td>
</tr>
<tr>
<td>• Digital plus physical customer engagement score to foster loyalty</td>
<td>• Rapid innovation capabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Digital brand value proposition</td>
<td></td>
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</tbody>
</table>

### STANDARD AND DIGITIZED SALES AND MARKETING OPERATIONS
COMMERCIAL SERVICE GROWTH

Current Service Map Locations

2010 year 2022

2x Locations
3x Technicians
3x Revenue

Core Services Offered
- Preventative maintenance and emergency service
- Equipment repair and replacement
- Energy monitoring

Strategic Initiatives for Future Growth
- Expand into underpenetrated regions

Leveraging Industry Leading Services to Expand Customer Base
## INNOVATION EXCELLENCE

### Discover
**Strong Product Lifecycle Management**
- Direct network provides insights into changing needs of dealers and consumers
- Recent talent additions for marketing and digital product management
- Increasing focus on new HVAC, IAQ applications

### Define
**Enviable Talent and Expertise**
- Establishing global talent and expertise footprint
- Increasing customer base by filling product and service gaps
- Deploying digital modeling capability to increase quality and shorten development time

### Develop
**Global Technology Partnerships**
- Shorten development time using lean process and digital technology
- Strengthening value proposition through strategic partnerships
- Focus on increasing supply resiliency

### Deploy
**New Solutions**
- Driving increased mix and higher quality customer sale through our core solutions
- Growth products for electrification and high energy efficiency, increasing indoor air quality and comfort

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**New Products to Drive 50-55% of Revenue by 2026 (Excluding Low GWP Transition)**
Heat Pump Market Opportunity

- Beginning stages of journey in heat pumps with great runway for growth
- Foundation of leadership in efficiency and greenhouse gas emission reduction
- Continually investing in technology and developing partnerships to capitalize on large upside potential
- Currently undersized and well-positioned to expand share in heat pump market

Heat Pump as Percentage of Total Sales to be 25-30% by 2026

COLD CLIMATE HEAT PUMP
First to Complete DOE Cold Climate Heat Pump Challenge
Delivered most energy-efficient solution while reducing the most greenhouse gas emission

Pictured from left to right: Prakash Bedapudi, CTO, LII and U.S. Secretary of Energy Jennifer M. Granholm
MANUFACTURING: QUALITY AND OPERATIONAL EXCELLENCE

Supply Chain Resiliency
- Transitioning to dual source suppliers closer to Lennox
- Digital processes for supply visibility and supplier coordination
- Rapid redesign of components to mitigate microchip shortages
- Material cost reduction by value engineering
- Expanding Mexico and developing suppliers in India/SEA to reduce China exposure

LEAN Automation
- Reinforcing LEAN manufacturing focus on bottom quartile factories
- Investing in U.S. automation to mitigate labor shortages
- Continually expanding Saltillo to generate labor productivity
- Diversified footprint to enable faster recovery after natural disasters

Digital Enablement
- Digitizing planning and factory floor visual management
- Digitizing interactions with customers and suppliers
- Upgrading digital fulfillment capability to attract, retain, and expand dealer and consumer relationship
- Expanding India Technology Center for digital talent

2026 Goals:
- 75% of spend dual sourced
- 50+% Earned hours in Mexico
- 60% Digital supplier interaction
ELEVATING CUSTOMER EXPERIENCE

Digital

- Investing for growth in e-commerce to drive increased visits and loyalty
- Designed e-commerce platform to improve user experience and increase ease of use

Physical

- Positioning storefront locations near distributors leads to increased sales
- Expanding to provide easy access for all contractor sizes to sell

Leading through our Foundational Approach to Marketing and Technology

- Enacting common brand strategy to establish consistent and seamless best-in-class customer experience
- Creating marketing center of excellence to distribute guidelines, information, and best practices to implement
DEVELOPING LEADERS ACROSS LENNOX…

Developing Leadership
- Utilizing Global Engagement Survey to improve management and processes
- Developed framework focused on four tops: Attract, Inspire, Deliver, and Develop
- Partnered with expert agencies to expand development programs

Building Bench Strength
- Developing ready-now successors for all executive roles
- Additional emphasis on individual development programs for all employees
- Investing in structured senior leadership development program(s)

Strengthening Culture
- Implemented cultural reinforcement program
- Focused on training and development through partnerships such as Project Unity
- Semi-annual talent development and review identifying key talent/retention plans
- Established employee resource groups promoting further engagement
...WHILE SUPPORTING OUR PEOPLE AND COMMUNITIES

Fostering Inclusion
- Purposeful focus on increasing diversity of our employees, suppliers, and partners
- Robust policies and practices to support Diversity and Inclusion

Supporting our Communities
- Focus on environment, health, and education for volunteering and charitable donations
- Leadership on social justice causes

Feel the Love Program
- Supporting local heroes by providing new HVAC system to recipients at no cost
- Proudly supported 140 equipment installations last year
INVESTING IN OUR FUTURE
Core Philosophies

- **STRONG BALANCE SHEET**: Target net debt / EBITDA ratio of 1.0-1.5x
- **STRONG CASH CONVERSION**: Effectively managing capital for strategic optionality
- **GROWING DIVIDEND**: Deliver consistent, sustainable dividend

Uses of Free Cash

- **ORGANIC GROWTH**: Develop innovative, sustainable solutions for customers
- **BOLT-ON M&A**: Target synergistic acquisitions consistent with strategic criteria
- **SHARE REPURCHASE PROGRAM**: Supplement dividend with share repurchases

Prudent Capital Management to Grow through Organic and Inorganic Opportunities
STRATEGIC M&A FILTERS

HVACR Focus
- Enhance leadership position
- Natural portfolio fit
- Strong combination logic

Strategic Value Creation
- Service expansion opportunities
- Parts and accessories penetration
- Geographical coverage

Technology to Win
- Digital capability enhancement
- Electrification acceleration
- Customer experience improvements

Financial Case
- Accretive in two years
- ROIC > WACC
LAUNCHING 2023 OUTLOOK

Revenue & Earnings

<table>
<thead>
<tr>
<th>Description</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth</td>
<td>Flat to up 4%</td>
</tr>
<tr>
<td>GAAP and Adjusted EPS</td>
<td>$14.25 - $15.25</td>
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</table>

Other Guidance Points

<table>
<thead>
<tr>
<th>Description</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow</td>
<td>$250M - $350M</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>~$250M</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>19% - 21%</td>
</tr>
<tr>
<td>Corporate Expenses</td>
<td>~$80M</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$55M - $60M</td>
</tr>
<tr>
<td>Share Repurchases</td>
<td>$100M - $200M</td>
</tr>
<tr>
<td>Share Count</td>
<td>35M - 36M</td>
</tr>
</tbody>
</table>

End Market / Revenue Assumptions

- Residential unit volume down MSD
- Residential revenue flat to up LSD on price and mix
- Commercial end markets up HSD
- Commercial revenue up HSD / LDD including price and share gains

Other Key Plan Assumptions

- Price increases of $150M
- Commodity cost benefit of $35M
- Component cost increases $80M
- Product / material cost reduction $30M
- Mix benefit from regulatory changes
Execution of Key Initiatives Will Deliver…

- **EBIT Margin**: 18% - 20%
- **Revenue**: $5.0 - $5.5B
- **Free Cash Flow**: 90-100% of Net Income

Note: Projections net of European businesses divestiture
LENNOX HAS A BRIGHT FUTURE

1. Building from a strong foundation to enhance value creation

2. Implementing near-term initiatives to streamline portfolio and increase margins

3. Executing on growth operating system to accelerate profitable growth

4. Driving shareholder value with robust FCF and strategic capital deployment
EXPANDING SHARE AND PROFITABILITY
Residential Heating and Cooling

Gary Bedard
President, Residential
KEY MESSAGES

1. Positioning business to address near-term secular trends and capture incremental share opportunities

2. Creating industry leading sustainable and digital solutions to best service customer needs

3. Utilizing unique distribution model to strengthen dealer engagement and expand customer reach

4. Accelerating growth and operational excellence through new applications and marketing expansion
RESIDENTIAL OVERVIEW

Manufactures and distributes industry leading HVAC systems direct to dealer.

Services two step HVAC equipment market creating distributor relationships in attractive markets.

Services distributor and dealer needs via unique indoor HVAC solutions, honing Lennox expertise in indoor home comfort market.

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**REVENUE BY APPLICATION**

- **25%** Replacement
- **75%** New Construction

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**REVENUE AND ROS**

- **2018** $2.2B, 18.0%
- **2019** $2.3B, 17.5%
- **2020** $2.4B, 18.1%
- **2021** $2.8B, 19.5%

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*(c) 2019 ROS% excludes insurance proceeds for lost profits due to tornado.*
LONG-TERM GROWTH TRENDS MAKE INDUSTRY ATTRACTIVE

Key Tailwinds

Increased unit stress and runtimes
- Work-from-home is long-term trend
- Summers are longer and hotter

Regulations drive repair costs
- Significant R22 population

Heat pump growth
- Heat pump runtime higher than AC only, leading to shorter lifetime

Electrification/Decarbonization
- Long-term move to heat pumps
- Inflation Reduction Act

Housing deficit 2007-2020

Industry Tailwinds Provide Confidence in Long-Term Growth Trends

Note: Shipment units include ducted AC, HP, and Furnace
WELL-POSITIONED TO NAVIGATE NEAR-TERM RESIDENTIAL MARKET TRENDS

Near-Term Environment

- Short-term fall in consumer confidence
- Higher interest rates reduce consumer buying power
- Receding COVID-based home improvement spending
- Higher regulatory driven equipment first costs

Actions to Navigate

- Generating growth during regulatory changes and focusing on simplicity in solutions offerings
- Continuing to deliver pricing actions to offset inflation and enhance profitability
- Maintaining disciplined approach to organic investments to drive long-term share gains
- Utilizing cost containment initiatives to lower productivity costs while keeping up with demand

Executing for Performance Despite Short-Term Headwinds and Complexity
INFLATION REDUCTION ACT DRIVES MIX AND VOLUME

**Background**

Two programs under the Inflation Reduction Act umbrella

- **High-Efficiency Electric Home Rebate Program (HEEHRP)**
  - Designed to incent consumers toward electrification (heat pumps)
  - Covers up to 100% of installed cost for lower income consumers
  - Capped at $4.3B
  - Federally funded, State run

- **25C Tax Credit Extension and Rebate Increase**
  - 25C – 10-year extension and higher tax rebate of pre-existing 25C program
  - Designed to incent consumers to mix up to higher efficiency equipment
  - Tax rebate with expiration in 2032

**Lennox Opportunity**

- Provides up to ½ million-unit market tailwind while funding lasts
- Lennox product line uniquely suited for high-efficiency 25C rebate structure
- 10-year time horizon gives Lennox outsized mix advantage
KEY SUSTAINABLE COMPETITIVE DIFFERENTIATORS

DEEP RELATIONSHIPS CREATE SUPERIOR CUSTOMER EXPERIENCE
- 125+ years serving Residential and Commercial HVAC customers
- Focused sales structure, customer support, and e-commerce capabilities

DIRECT NETWORK TO BETTER SERVE CUSTOMERS
- National, regional, and local locations for distribution, service, and parts across North America
- Comprehensive coverage through company owned Lennox Stores and Distribution Partners

BEST-IN-CLASS PRODUCTS THAT EXCEED CUSTOMER EXPECTATIONS
- Industry leading high-efficiency solutions (Residential Dave Lennox Signature series and Commercial Model L)
- First to complete U.S. Department of Energy (DOE) cold climate heat pump technology challenge

DIGITAL LEADERSHIP DRIVES CUSTOMER LOYALTY
- Industry leading digital platforms drive customer engagement and intimacy (e.g. LennoxPros)
- Innovative digital control platforms in all segments deliver differentiated customer experience
## UNIQUE INDUSTRY DISTRIBUTION MODEL

### Distribution Approach

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<th>Indirect</th>
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<tbody>
<tr>
<td>- Manage brand identity, merchandising, and new product introduction</td>
<td>- Complementary independent distribution through dedicated business</td>
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<tr>
<td>- Manage dealer quality</td>
<td>- Leverage platforms and technology over wider scale</td>
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<tr>
<td>- Uniform execution for National players</td>
<td>- Cost-effective reach for low- and mid-tier</td>
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<tr>
<td>- Pair leading e-commerce with integrated fulfillment network</td>
<td>- Private label offering</td>
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<tr>
<td>- Can independently invest in any geography we choose.</td>
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### Key Advantages

<table>
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<th>Indirect</th>
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<tbody>
<tr>
<td>- Additional stores</td>
<td>- Distributor and dealer tools</td>
</tr>
<tr>
<td>- Delivery optimization</td>
<td>- Identify and grow partners</td>
</tr>
<tr>
<td>- Self-service tools</td>
<td>- Additional distribution points</td>
</tr>
</tbody>
</table>

### Continued Focus Areas

- Additional stores
- Delivery optimization
- Self-service tools

**Vs.**

Industry

- 20% Direct
- 80% Indirect

30% Direct

70% Indirect
PRODUCT LEADERSHIP ATTRACTS CUSTOMERS

SL25 Cold Climate Heat Pump

- Industry leading heat pump products provide high-efficiency heating
- Enhanced heating for cold climates
- Existing product which was the base design for DOE winning product concept

DOE Cold Climate Heat Pump Challenge

First company to meet DOE exacting standards
Commercializing in 2024

Ultimate Home Comfort System

- Combines industry leading efficient air conditioners and furnaces to create whole-home intelligent comfort system
- Delivers critical consumer attributes with leadership in efficiency, sound, and indoor air quality

Awards and Recognition

17 external awards from 2013-2022: double the nearest competitor

Highest percentage of product line qualifies for rebates and tax credits

Product Leadership Drives Market Share and Mix Growth
INDOOR AIR QUALITY SOLUTIONS EXPAND MARKET

**PureAir™**

- Whole-home solution makes cleaner air in every room
- Hospital-grade filtration featuring Lennox Healthy Climate™ Carbon Clean 16® air filter

Only system in industry to address all three types of indoor air pollutants

- Removes 99.99% airborne particles such as pollen, dust, and pet dander
- Removes >90.00% of germs and bacteria of viruses such as MRSA, Flu, and Cold
- Removes unpleasant chemical odors and vapors
Digital Tools Enable Unique Competitive Differentiation

Deploying Digital Tools to Amplify and Complete Industry Leading Product Line

Smart Thermostat
Configures and controls heating and cooling system for highest comfort, performance, and efficiency

Smart Zoning System
Enables whole-home zoning with complete control from smart thermostat

Smart Away™
Uses geo-fencing technology to determine if homeowner is within distance of house to determine when to operate system most effectively
READY FOR UPCOMING REGULATORY REQUIREMENTS

New 2023 Minimum Efficiency

Department of Energy increasing minimum efficiency ratings for HVAC systems in 2023

New design optimized for inventory transition
- Matches to existing coils, gas furnaces, and air handlers

New design optimized for cost
- All models use single stage compressors
- Achieve utility rebates with high-efficiency indoor match

New 2025 Low GWP Refrigerant

Current proposal to limit GWP in new air conditioning equipment to 700

- New entry level designs optimized for replacement and cost
- New premium level designs optimized for leadership in comfort and efficiency
- Manufacturing operations being updated for 2025 refrigerant transition
- Anticipate industry pre-build
- Production begins mid-year 2024
EXTENSIVE AND GROWING CUSTOMER REACH... BEYOND STORES

**Lennox Stores**
- Unlocks conversion possibilities from proximity to accounts
- Optimizes inventory and service in local markets, critical for dealers
- Drives share of wallet on parts and supplies
- Allows easier conversion of smaller accounts oriented towards Lennox

**Distribution Operations**
- Largest nationwide network
- Larger facilities, closer to customers
  - 80% of demand can be fulfilled same business day
  - 98% of demand reachable next day
- Faster speeds and service levels, and greater diversity of offerings

**E-commerce**
- Dealer engagement in LennoxPros sharply higher since COVID-19
- Growing digital administration, engagement, and ordering
- Product functionality provides similar functions as stores, from ordering to technical information

Uniquely Target and Invest Resources in Promising Geographies
ALLIED AUGMENTS CAPTIVE DISTRIBUTION
~ 1,000 LOCATIONS

- Creates complementary market segments with partnership mindset
- Enables leading product line-up vs. competitors
- Strong business development focus
- Growth in traditional distributor segments and private label
- Large market with accretive opportunities

Expanding Reach Supports Lennox Annual Objective: 50 bps Share Gain
INCREASED DEALER ENGAGEMENT ONLINE

LennoxPros Places Lennox Virtual Store and Technical Support Resource in Dealer Pocket

Key Advantages

Leading e-commerce functionality online and mobile

Targets administrative functions for dealers, allowing business efficiency while driving loyalty

- Price, availability, and ordering for parts and equipment
- Warranty history and fulfillment
- Service dashboards for Lennox smart systems
- Field scanning capability to order parts or look up documentation and parts lists
- Dealer employee portal to access online training

Designed to engage dealers at multiple points and functions in the business and simplify e-commerce

E-COMMERCE AS % OF TOTAL REVENUE

2018 2019 2020 2021

32% 33% 37% 40%

COVID-19 sparked a step change in usage

ENT

INTEGRITY | RESPECT | EXCELLENCE
IMPROVING APPROACH TO OPERATIONAL SUCCESS

Quality and Resiliency
- Built redundant capabilities across footprint to match quality and process discipline
- Created production duplication with rigorous focus on quality
- Hardened supply chain through broader sourcing arrangements
- Leveraged standardization across safety, quality, cost, and talent

Cost and Productivity
- Producing 60% of units at lower cost in Saltillo
- Growing productivity and capacity through standardized work
- Increasing factory automation and digitalization
- Driving lean transformation across all value streams

Operations Teams Safely Drive Quality, Delivery, and Cost to Support Growth
POSITIONING PORTFOLIO TO GAIN SHARE IN ATTRACTIVE INDUSTRY

1. Positioning business to address near-term secular trends and capture incremental share opportunities.

2. Creating industry leading sustainable and digital solutions to best service customer needs.

3. Utilizing unique distribution model to strengthen dealer engagement and expand customer reach.

4. Accelerating growth and operational excellence through new product applications and marketing expansion.
DRIVING EFFICIENCIES THROUGH SCALE

Commercial Heating and Cooling

Joe Nassab
President, Commercial
KEY MESSAGES

1. **Optimizing manufacturing and quality** to enable efficiencies within operations and drive profit

2. **Delivering best-in-class solutions** with industry-leading products and services

3. **Accelerating growth in large markets** fueled by proactive positioning to capture industry megatrends

4. **Expanding margins** through optimization and execution
COMMERCIAL OVERVIEW

Three Essential Businesses Drive Share Across Segment

**HVAC**
Rooftop equipment used in light commercial applications

**Refrigeration**
Cold storage equipment protecting food chains, pharma, and data centers

**Services**
Service and maintain commercial rooftop equipment

**REVENUE AND ROS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (B)</th>
<th>ROS (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1.19B</td>
<td>18.4%</td>
</tr>
<tr>
<td>2019</td>
<td>$1.24B</td>
<td>17.9%</td>
</tr>
<tr>
<td>2020</td>
<td>$1.06B</td>
<td>16.5%</td>
</tr>
<tr>
<td>2021</td>
<td>$1.19B</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

1 Financial figures above include our Heatcraft business which was previously reported in our Refrigeration segment.
ROBUST MARKET WITH GROWTH OPPORTUNITIES

Replacement Cycle
- ~75% industry shipments
- Pent-up demand

Regulations
- 2023 efficiency standards
- 2025 low GWP refrigerant

ESG
- Stated sustainability goals by leading national accounts
- Industry leading solutions

Megatrends Provide Sustained Tailwinds for Commercial Growth
KEY SUSTAINABLE COMPETITIVE DIFFERENTIATORS

DEEP RELATIONSHIPS CREATE SUPERIOR CUSTOMER EXPERIENCE
• 125+ years serving Residential and Commercial HVAC customers
• Focused sales structure, customer support, and e-commerce capabilities

DIRECT NETWORK TO BETTER SERVE CUSTOMERS
• National, regional, and local locations for distribution, service, and parts across North America
• Comprehensive coverage through company owned Lennox Stores and Distribution Partners

BEST-IN-CLASS PRODUCTS THAT EXCEED CUSTOMER EXPECTATIONS
• Industry leading high-efficiency solutions (Residential Dave Lennox Signature series and Commercial Model L)
• First to complete U.S. Department of Energy (DOE) cold climate heat pump technology challenge

DIGITAL LEADERSHIP DRIVES CUSTOMER LOYALTY
• Industry leading digital platforms drive customer engagement and intimacy (e.g. LennoxPros)
• Innovative digital control platforms in all segments deliver differentiated customer experience
STUTTGART TRANSFORMATION DRIVES INCREASED EFFICIENCY AND COST SAVINGS

Leadership
- Performance Culture
  - Lean principles focused on productivity, output, and quality
- Talent Investments
  - Highly trained, skilled leadership

Staffing
- Fully Staffed
  - Hiring and headcount levels meet current needs

Output
- Steady Improvements
  - Output up 30% from 1H 2022
  - Capacity growth in 2023 and beyond

Built in 1974
- 750K Square Feet
- 1,500 Employees
INVESTING IN NEW COMMERCIAL FACTORY IN MEXICO

Location Drivers

1. Labor Pool
   - Growing population with higher skill set
   - Cost benefit due to labor arbitrage

2. Experience
   - Established local supply base with strong relationships
   - Strong brand reputation in region

Manufacturing Strategy

1. Stuttgart, AR
   - Premium products focused on national accounts
   - High-efficiency and configured-to-order

2. Saltillo, MX
   - Stocked products for emergency replacement
   - Standard-efficiency with limited options

$125 - $150M Investment Delivering Revenue Growth and Cost Savings

Timing

- Groundbreaking: Q4 '22
- Building Complete: Q4 '23
- 1st Production: Q4 '24
Creating Industry Leading Solutions To Meet Customer Needs

- High-efficiency (22.5 SEER, 23.3 IEER, 15.0 EER)
- Lowest total cost of ownership
- Lennox® CORE control system

- Industry leading user interface
- Unlocks energy savings
- Simple to setup and troubleshoot

Innovative Solutions Drive Value for Lennox Customers
INVESTING FOR MARKET SHARE GROWTH

High-Efficiency Heat Pumps

- Launches Q1 2023
- Supports national account ESG goals
- Access to new markets

Variable Refrigerant Flow

- Leading VRF and rooftop unit bundle
- Drives Lennox basis of design
- Fastest growing product with double digit growth

Targeted Actions

- Large, Underpenetrated Geographies
- Emergency Replacement
- Vertical Expansion
- New Customers
EXECUTION DRIVING MARGIN EXPANSION

**Cost Efficiencies**
- Labor arbitrage
- Stuttgart efficiency improvement
- Material cost reduction
- Segment consolidation

**Price and Mix**
- Regulatory impact
- Large customer ESG commitments
- Equipment and service bundle

**Share**
- Volume increase from Stuttgart efficiencies and 2nd factory
- Pent-up replacement demand
- Best-in-class solutions
- Investment in sales and support

Accelerating Profitable Growth through Targeted Efficiencies
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<tr>
<td>1</td>
<td>Optimizing manufacturing and quality to enable efficiencies within operations and drive profit</td>
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<tr>
<td>2</td>
<td>Delivering best-in-class solutions with industry-leading products and services</td>
</tr>
<tr>
<td>3</td>
<td>Accelerating growth in large markets fueled by proactive positioning to capture industry megatrends</td>
</tr>
<tr>
<td>4</td>
<td>Expanding margins through optimization and execution</td>
</tr>
</tbody>
</table>
BREAK
POSITIONING TO DELIVER LEADING SUSTAINABLE SOLUTIONS

Innovating Sustainable Technologies

Prakash Bedapudi
CTO
KEY MESSAGES

1. Building innovation capability, capacity, and culture to accelerate introduction of industry-leading technologies

2. Developing common technology building blocks to leverage across product lines accelerating growth and driving profitability

3. Commercializing innovative technologies and leadership solutions to address megatrends and gain market share

4. Increasing investment in digital solutions to enhance customer experience and deepen relationships
GLOBAL TECHNOLOGY CAPABILITY AND CAPACITY

1300+ Technologists

>500K Sq. Ft Lab Space

70+ Patents / Year

>48% Product Vitality¹

World-Class Talent Delivering Industry Leading Solutions

Expanded Innovation Capacity

Spend

30% INCREASE

2017 2022

Headcount

65% INCREASE

2017 2022

¹Product Vitality – Percentage of sales from new products launched in the last 3 years / Total product sales
COMPANY HISTORY IS ROOTED IN CREATING INDUSTRY-FIRST TECHNOLOGIES…

1965
Manufactured **first** packaged direct multi-zone rooftop units for heating and cooling

1973
Developed **first** two-speed hermetic compressor

1982
Developed **first** high-efficiency gas furnace

1994
Introduced CompleteHeat, **first** combination space and hot-water high-efficiency heating system

2018
Introduced PureAirS, whole-home air purification system

2021
Introduced Model L, most energy-efficient rooftop unit

2022
**First** to win DOE Challenge, creating the most efficient cold climate heat pump

Proven History of First-to-Market Innovative Solutions
...WITH SIGNIFICANT OPPORTUNITIES AHEAD TO DRIVE VALUE AND PIONEER NEW TECHNOLOGY

2023
- Launch of Enlight rooftop unit and heat pump line
- Launch of 23 SEER variable speed heat pump AC and 22 SEER variable speed heat pump

2024
- Launch of standard-efficiency AC and heat pump low GWP refrigerant
- Launch of cold climate heat pump with low GWP

Creating Industry Leading Technologies to Meet Upcoming Regulations
RECOGNIZED FOR INDUSTRY LEADING SUSTAINABLE SOLUTIONS

Residential

High-Efficiency Residential Equipment Gold Award
- Inverter Heat Pump - LYNX 18

Best-in-Class Cooling / Heating Efficiency
- 28 SEER DLSC / 99% AFUE Furnace

Comprehensive IAQ Solutions
- Wireless IAQ Sensors
- Bi-Polar Ionization

Commercial

Industry Leading Energy-Efficient Roof Top Commercial HVAC Unit
- 22.5 SEER
- 23.1 IEER Model L

Heatcraft Dealer Design Awards
- ½ - 6HP Air-Cooled Condensing Units
  - Gold - 2020
- Low Profile Unit Cooler
  - Silver - 2021
- Refrigeration Toolkit APP
  - Bronze – 2021

PR Daily Awards
- Refrigeration Toolkit APP
  - Gold - 2021

Awards and Recognition

Best-In-Class Innovation Resulted in 29 Dealer Design Awards Over Last Decade
COMMON TECHNOLOGY BUILDING BLOCKS
POWERING INDUSTRY LEADING SOLUTIONS

Variable Speed Drives
Compression
Heat Exchanger Surfaces
Connected Controls
Filtration
Simulation Models
Advanced Sensors

Key Innovation Themes

• Energy-efficiency leadership
• Lowest carbon footprint
• Holistic indoor air quality
• Digital twins
• Analyses led design
• Wireless measurement and control

Leveraging Common Technologies Across Segments to Drive Efficiencies and Bolster Profitability
FLAGSHIP SOLUTIONS LAUNCHED IN LAST 3 YEARS AIDED BY COMMON TECHNOLOGY BUILDING BLOCKS

Recent New Product Launches Leverage Common Technology Building Blocks

**Common Advanced Technologies**
- Microchannel heat exchangers
- Aluminum outdoor coils
- Rotary scroll compression
- Variable speed motors / drives
- Wireless mesh controls (BLE 5.0)
- Indoor air quality
- Photocatalytic oxidization

**Leadership Claims**
- Highest cooling efficiency
- Highest heating efficiency
- Best cold climate heat pump
- Highest efficiency rooftop unit
- Quietest furnace / AC units
- Best whole-house air cleaning solution

**28 SEER AC**
**18 SEER AC**
**COLD CLIMATE HP**
**99 AFUE FURNACE**
**PUREAIR S® AIR FILTER**
**MODEL L ROOFTOP**
UNIQUE CAPABILITIES TO RAPIDLY COMMERCIALIZNE NEW TECHNOLOGIES

Compressor Qualification
• 24 months ➔ 16 weeks

Control Qualification
• 2 – 3 years ➔ 12 weeks

Motor Qualification
• 15 months ➔ 3 weeks

Corrosion Qualification
• 3 years ➔ 10 weeks

Improved Component Validation Drives Greater Quality while Accelerating New Product Launches
LEADERSHIP SOLUTIONS FURTHER POSITION LENNOX TO CAPITALIZE ON MEGATRENDS

Megatrends

- **Climate change** and customer Net Zero goals driving greater demand for eco-friendly HVAC especially in underpenetrated geographies
- Regulatory intervention accelerating transition to low GWP refrigerants, mandating higher efficiency, and incentivizing electrification
- **Housing shortage** combined with HVAC necessity continues need for HVAC in the North American market and supports long-term growth
- **Advancements in technology** with connected, energy-efficient products that promote more comfortable indoor climate for consumers

Competitive Advantages

- Recognized as delivering best-in-class, high-efficiency heating and cooling solutions among competitors
- Proven track record of innovating in advance of regulatory changes
- Long standing dealer relationships and proven ability to be the first-to market with sustainable solutions
- Intuitive user interface offers simplification for dealers, customers, and consumers

World-Class Talent and Focus on Common Technology Enable Unique Position to Capitalize on Megatrends
LENNOX IS POSITIONED FOR HEAT PUMP LEADERSHIP

Product Journey

Launched our first Split heat pump HP3 in 1958

Launched industry leading cold climate heat pump in 2022

Key Technologies

Compression
Heat exchangers

Variable speed drives
Electronically controlled valves

Leading Into the Future

Winner of DOE cold climate heat pump challenge in 2022

Technology Leadership is Winning the Transition to Sustainable HVAC Decarbonization and Electrification
STATE OF THE ART S40 THERMOSTAT LEARNS THE HOMEOWNER’S LIFESTYLE

Leading in Controls to Provide Ultimate Comfort

Best Indoor Air Quality Control Solution Delivering Ultimate Home Comfort and Lowest Energy Consumption

Wireless Technology
Long range wireless mesh
- Simple and cost-effective installation
- Wireless zone sensors provide comfort based on occupancy and activity
- Ventilation and air purification activated by indoor air quality monitor

Sustainability
- Adaptive algorithms (Climate IQ, Smart-away) reduce energy consumption by 30%
- Industry leading prognostics/diagnostics to ensure peak efficiency through the lifecycle

Future Opportunities
- Drives higher mix, premium equipment pull through
- Potential opportunity for recurring service/revenue
- Subscription model “comfort as a service”
LENNOX SOLUTION TO LOWERING REFRIGERANT: ENVIRON™ COIL TECHNOLOGY

Market Differentiator
- Leads the industry with outdoor Microchannel Coils
- Introducing all Microchannel Coil offering
- Industry leading compact footprint and lightest unit

Positive Environmental Impact
- ~70% reduction in refrigerant-driven carbon footprint
- ~30% weight reduction from less material; lowers shipping carbon footprint
- ~90% less joints and leak opportunity reduction

Results
- Standard 5 Ton RTU: 14 lbs.
  - 49% Reduction in Refrigerant
- Lennox RTU OD Environ: 7.2 lbs.
  - 33% Reduction in Refrigerant
- Lennox RTU OD/ID Environ: 4.8 lbs.

70% Less Refrigerant and Lower Unit Weight Reduces Carbon Footprint while Improving Quality and Reliability

INTEGRITY | RESPECT | EXCELLENCE
INCREASING DIGITAL INVESTMENTS TO DRIVE REVENUE AND PROFITABILITY

Digital Investments Delivering on Customer Experience and Productivity

**E-commerce**
- Digitization of dealer journey
- Digital tools to help dealers in sales, (AHRI match-up) service, and install
- Personalized marketing and promotions

✓ ~$1B online revenue through LennoxPros for 2022
✓ Average order value higher by +15% for online orders

**IoT and Data**
- Self-service analytics capability
- AI/ML algorithms for personalized marketing and promotions
- Remote diagnostics of HVAC equipment by dealers through LennoxPros
- API first architecture wherever possible

✓ Improved decisions based on easy access to data
✓ IoT – scalability, reusability, resiliency

**Automation**
- Standardization and modernization of supply chain systems from factory to customers including in 230 stores – warehouse management, demand management, and supply management
- Automation through Rulestream engine

✓ Agility in supply chain management
✓ Productivity improvement
✓ Infrastructure modernization and Total Cost of Ownership reduction

INTEGRITY | RESPECT | EXCELLENCE
INNOVATION POWERING THE FUTURE OF LENNOX

1. Building innovation capability, capacity, and culture to accelerate introduction of industry-leading technologies

2. Developing common technology building blocks to leverage across product lines accelerating growth and driving profitability

3. Commercializing innovative technologies and leadership solutions to address megatrends and gain market share

4. Increasing investment in digital solutions to enhance customer experience and deepen relationships
FINANCIAL OVERVIEW

Joe Reitmeier
CFO
Focus on North American end markets by divesting our European operations, intensifies our focus on more attractive North American HVAC and Refrigeration markets

Driving market share gains with industry leading innovative products, services, distribution and digital capabilities

Deliver best-in-class margins with a continued focus on innovative solutions that create value for our customers along with productivity initiatives that enhance profitability

Sustaining a disciplined capital allocation philosophy that allows investment flexibility and optimizes long-term profitable growth while delivering superior shareholder returns
HISTORICAL CORE FINANCIAL PERFORMANCE

ADJUSTED NET SALES ($M) AND RETURN ON SALES

2018: $3,665 (14.8%)  
2019: $3,773 (16.2%)  
2020: $3,634 (13.9%)  
2021: $4,194 (14.4%)  
2022E: $4,700 to $4,800 (13.6% to 13.7%)

ADJUSTED CORE EARNINGS PER SHARE

2018: $9.52  
2019: $11.19  
2020: $9.94  
2021: $12.60  
2022E: $13.80 to $14.20

RETURN ON INVESTED CAPITAL

2018: 50%  
2019: 50%  
2020: 50%  
2021: 52%  
2022E: 41%

(a) Excludes the Net Sales and segment profit from divested operations
(b) Trailing twelve months ending 9/30/2022
RESIDENTIAL POISED TO WITHSTAND HOUSING SOFTNESS…

2023 Tailwinds
- Price increases
- Regulatory changes increasing new minimum efficiency requirements
- Productivity gains
- Share gains

2023 Headwinds
- New home construction
- Interest rates
- Consumer confidence
- Inflation
- Supply chain disruptions
...WHILE REPLACEMENT DEMAND WILL BOLSTER COMMERCIAL GROWTH

Key Tailwinds
- Pent up demand resulting from supply chain shortages limiting industry production in 2022
- Increased factory output
- Re-engage in supplying emergency replacement market
- Sustainability initiatives driving demand for more energy efficient and environmentally friendly products

Key Headwinds
- Commercial new construction
- Consumer spending
- Inflation
- Supply chain disruptions
DISCIPLINED CAPITAL ALLOCATION FRAMEWORK PROVIDES DURABLE BALANCE SHEET

Capital Allocation Priorities

- Maintaining net debt / EBITDA leverage within targeted range of 1.0x to 1.5x
- Investments in high ROI projects to support profitable growth
- Sustainable dividend that increases in line with earnings
- Efficiently return capital to shareholders by supplementing dividend with share repurchases

Consistent Capital Allocation Priorities

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Leverage Ratio (Debt / Adj EBITDA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>1.7x</td>
</tr>
<tr>
<td>FY19</td>
<td>1.7x</td>
</tr>
<tr>
<td>FY20</td>
<td>1.7x</td>
</tr>
<tr>
<td>FY21</td>
<td>1.8x</td>
</tr>
<tr>
<td>FY22E</td>
<td>~ 1.9x</td>
</tr>
</tbody>
</table>

Target Leverage Ratio: 1.0x – 1.5x Going Forward
RETURNING CAPITAL TO SHAREHOLDERS REMAINS A STRATEGIC PRIORITY

Efficiently Return Capital to Shareholders by Supplementing Competitive Dividend with Share Repurchases

- Dividends have grown 18% annually over the last 10 years
- Last dividend increase was 15% in May 2022
- Dividend yield is 1.7%
- Dividend payout ratio is 30%
- Share repurchases of $3.0 billion over last 10 years at an average price of $172
- Current share repurchase authorization of ~$500 million
STRONG CASH FLOW SUPPORTS FINANCIAL FLEXIBILITY

FREE CASH FLOW ($M) AND FCF AS A % OF NET INCOME
(2018-2022E)

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow ($M)</td>
<td>$411</td>
<td>$371</td>
<td>$535</td>
<td>$410</td>
<td>~$300</td>
</tr>
<tr>
<td>FCF as a % of Net Income</td>
<td>114%</td>
<td>91%</td>
<td>150%</td>
<td>88%</td>
<td>~60%</td>
</tr>
</tbody>
</table>

CAPITAL DEPLOYMENT
(2018-2022E)

- Capital Investment: 17%
- Dividends: 20%
- Share Repurchases: 63%
- $3.0 Billion
## LAUNCHING 2023 OUTLOOK

### Revenue & Earnings

<table>
<thead>
<tr>
<th>Category</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth</td>
<td>Flat to up 4%</td>
</tr>
<tr>
<td>GAAP and Adjusted EPS</td>
<td>$14.25 - $15.25</td>
</tr>
</tbody>
</table>

### Other Guidance Points

<table>
<thead>
<tr>
<th>Category</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow</td>
<td>$250M - $350M</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>~$250M</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>19% - 21%</td>
</tr>
<tr>
<td>Corporate Expenses</td>
<td>~$80M</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$55M - $60M</td>
</tr>
<tr>
<td>Share Repurchases</td>
<td>$100M - $200M</td>
</tr>
<tr>
<td>Share Count</td>
<td>35M - 36M</td>
</tr>
</tbody>
</table>

### End Market / Revenue Assumptions

- Residential unit volume down MSD
- Residential revenue flat to up LSD on price and mix
- Commercial end markets up HSD
- Commercial revenue up HSD / LDD including price and share gains

### Other Key Plan Assumptions

- Price increases of $150M
- Commodity cost benefit of $35M
- Component cost increases $80M
- Product / material cost reduction $30M
- Mix benefit from regulatory changes
Execution of Key Initiatives Will Deliver…

- $5.0B - $5.5B Revenue
- 18% - 20% ROS
- 90% - 100% of Net Income
- Free Cash Flow

Note: Projections net of European businesses divestiture
PATH TO ACHIEVE TARGET REVENUE

- **2022E**
  - European Divestitures: $4.7B
  - Market Growth: ~$0.3B
  - Share Gains: ~$0.3B
  - Commercial Business Recovery: ~$0.15B
  - Price / Mix / Hedge: ~$0.1B
  - Total: $4.8B

- **2026E**
  - Total: $5.5B

Gains:
- $5.5B
- $5.0B

Also noted:
- $5.0B
- ($0.25B)
PATH TO ACHIEVE TARGET MARGINS

- **2022E**: ~13.5%
- **European Divestitures**: ~100bps
- **Growth**: ~200bps
- **Commercial Business Recovery**: ~200bps
- **Productivity**: ~200bps
- **Investments and Hedge**: ~(100)bps
- **2026E**: 18.0%
## Delivering Value for Our Customers and Shareholders

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<td>Focus on North American end markets by divesting our European operations it intensifies our focus on more attractive North American HVAC and Refrigeration end markets</td>
<td>Driving market share gains with industry leading innovative products, services, distribution and digital capabilities</td>
<td>Deliver best in class margins with a continued focus on innovative solutions that create value for our customers along with productivity initiatives that enhance profitability</td>
<td>Sustaining a disciplined capital allocation philosophy that allows investment flexibility and optimizes long-term profitable growth while delivering superior shareholder returns</td>
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CLOSING REMARKS

Alok Maskara
CEO
CLOSING REMARKS

- Building from a strong foundation to enhance value creation
- Implementing near-term initiatives to streamline portfolio and increase margins
- Executing on growth operating system to accelerate profitable growth
- Driving shareholder value with robust FCF and strategic capital deployment

Thank You
Q&A
Alok Maskara joined Lennox as Chief Executive Officer on May 9, 2022. Most recently he served for five years as CEO of Luxfer Holdings PLC, an international industrial company focused on advanced materials. Mr. Maskara also served for nearly a decade as president of several global business units at Pentair PLC, a leading provider of water treatment and sustainable applications. Previously, he held various leadership positions at General Electric Corporation and McKinsey & Company. Mr. Maskara graduated with a bachelor of technology degree in chemical engineering from the Indian Institute of Technology in 1992 and a master’s degree in chemical engineering from the University of New Mexico in 1994. In 2000, he earned an MBA from the Kellogg School of Management at Northwestern University.

Prakash Bedapudi became Executive Vice President and Chief Technology Officer in July 2008. He had previously served as Vice President, Global Engineering and Program Management for Trane Inc. Commercial Systems from 2006 through 2008, and as Vice President, Engineering and Technology for Trane’s Residential Systems division from 2003 through 2006. Prior to his career at Trane, Mr. Bedapudi served in senior engineering leadership positions for GE Transportation Systems, a division of General Electric Company, and for Cummins Engine Company. He holds a bachelor of science in mechanical/automotive engineering from Karnataka University, India and a master of science in mechanical/aeronautical engineering from the University of Cincinnati.
Gary Bedard was appointed Executive Vice President and President of LII's Residential business late in 2022, with an effective date of January 1, 2023. Previously, Mr. Bedard served as EVP and President of the LII’s Worldwide Refrigeration business for the last five years and as Vice President and General Manager for Lennox’ Residential Business Unit from 2007-2017. He has also held several different functional leadership positions in sales and marketing for Lennox Residential, including Vice President, Sales; Vice President, Residential Product Management; Director, Brand and Product Management; and District Manager for Lennox’ New York District. Prior to joining LII in 1998, Mr. Bedard spent eight years at York International in product management and sales leadership roles for commercial applied and unitary systems as well as residential systems. Mr. Bedard has a bachelor’s degree in engineering management from the United States Military Academy at West Point. Mr. Bedard serves on the Board of Directors of the Air-Conditioning, Heating, and Refrigeration Institute (AHRI), an industry organization.

Steve Harrison was appointed Vice President, Investor Relations, in June 2008. Prior to joining the company, he was Vice President, Investor Relations, for Qimonda AG since 2006. He previously served as Vice President, Investor Relations, for International Rectifier Corporation from 2000 to 2006. Mr. Harrison also served as Director of Investor Relations, Americas, for STMicroelectronics NV, and as Senior Analyst, Investor Relations, for Electronic Data Systems Corporation. He holds a bachelor of science from Oklahoma State University and an MBA from The University of Texas at Dallas.
Joe Nassab was appointed President and Chief Operating Officer of our North America Commercial Heating and Cooling business on May 4, 2022. He joined LII in 2010 as Vice President and General Manager of Allied Air. Before joining LII, Joe worked for 20 years at General Electric Company in a variety of general management, product management, and marketing leadership roles. Joe has a bachelor’s degree in finance from the University of Michigan.

Mary Ellen Mondy was appointed as Vice President, Marketing and Communications in December 2022. After starting her career in consulting with Booz Allen Hamilton, Mary Ellen spent 10 years at Emerson Electric working in several marketing roles eventually serving as vice president, marketing communications and digital experience. Following her time at Emerson, she held marketing senior leadership roles at XPO Logistics and most recently at Office Depot Business Solutions. Mary Ellen holds a bachelor’s degree from Harvard University in environmental science and public policy and an MBA from Harvard Business School.

Joe Nassab
President, Commercial

Mary Ellen Mondy
VP, Marketing
Joe Reitmeier
CFO

Joe Reitmeier was appointed Executive Vice President and Chief Financial Officer in July 2012. He has served as Vice President of Finance for LII's Commercial Heating and Cooling segment since 2007 and as Director of Internal Audit from 2005 to 2007. Before joining the company, he held financial leadership roles at Cummins Inc. and PolyOne Corporation. Mr. Reitmeier holds a bachelor's degree in accounting from the University of Akron and an MBA from Case Western Reserve University. He is also a Certified Public Accountant. Mr. Reitmeier serves on the Board of Directors of Watts Water Technologies, Inc.

Daniel Sessa
CHRO

Daniel Sessa was appointed Executive Vice President and Chief Human Resources Officer in June 2007. He had previously served in numerous senior human resources and legal leadership positions for United Technologies Corporation since 1996, including Vice President, Human Resources for Otis Elevator Company - Americas from 2005 to 2007, Director, Employee Benefits and Human Resources Systems for United Technologies Corporation from 2004 to 2005, and Director, Human Resources for Pratt & Whitney from 2002 to 2004. He holds a bachelor of arts in law and society from the State University of New York at Binghamton and a juris doctor from the Hofstra University School of Law.
Jessica Smith was appointed as Vice President, Worldwide Supply Chain & Logistics in March 2022. She initially joined LII in 2013 in our Residential business, serving as Director, Finance for Lennox Stores and as Director, Financial Planning & Analysis for the Residential segment. In 2020, Jessica was promoted to Vice President, Financial Planning & Analysis for LII and served in that role for about one year before leaving for a finance leadership role outside of LII. Prior to joining LII, Jessica held finance leadership roles at Carrier Enterprise. Jessica holds a master’s degree in accounting from Strayer University and a bachelor’s degree in accounting from East Carolina University.

John Torres was appointed Chief Legal Officer and Secretary in December 2008. He had previously served as Senior Vice President, General Counsel and Secretary for Freescale Semiconductor, a semiconductor manufacturer that was originally part of Motorola. He joined Motorola’s legal department as Senior Counsel in 1996 and was appointed Vice President, General Counsel of the company’s semiconductor business in 2001. Prior to joining Motorola, Mr. Torres served 13 years in private practice in Phoenix, specializing in commercial law. He holds a bachelor of arts from Notre Dame and juris doctor from the University of Chicago.
## ADJUSTED EARNINGS AND ADJUSTED EPS RECONCILIATION

($US in Millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>TTM 9/30/22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Per Diluted Share</td>
<td>Amount</td>
<td>Per Diluted Share</td>
<td>Amount</td>
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<tr>
<td>Income from continuing operations, a GAAP Measure</td>
<td>$ 360.3</td>
<td>$ 8.77</td>
<td>$ 408.8</td>
<td>$ 10.38</td>
<td>$ 357.1</td>
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<tr>
<td>Restructuring charges, after tax</td>
<td>2.3</td>
<td>0.06</td>
<td>7.7</td>
<td>0.20</td>
<td>8.4</td>
</tr>
<tr>
<td>Excess tax benefits from share-based compensation, including impact on share count, after tax</td>
<td>(10.5)</td>
<td>(0.26)</td>
<td>(10.9)</td>
<td>(0.28)</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Special product quality adjustments, after tax</td>
<td>-</td>
<td>-</td>
<td>(0.5)</td>
<td>(0.01)</td>
<td>0.8</td>
</tr>
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<td>Other tax items, net</td>
<td>5.8</td>
<td>0.14</td>
<td>3.9</td>
<td>0.10</td>
<td>8.5</td>
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<tr>
<td>Items in losses (gains) and other expenses, net after tax</td>
<td>10.1</td>
<td>0.28</td>
<td>8.8</td>
<td>0.23</td>
<td>9.8</td>
</tr>
<tr>
<td>Pension settlement, after tax</td>
<td>0.4</td>
<td>0.01</td>
<td>74.4</td>
<td>1.89</td>
<td>0.4</td>
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<tr>
<td>Loss (gain), net on sale of businesses and related property</td>
<td>26.0</td>
<td>0.63</td>
<td>6.5</td>
<td>0.17</td>
<td>-</td>
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<tr>
<td>Non-core business results, after tax</td>
<td>3.5</td>
<td>0.09</td>
<td>1.0</td>
<td>0.03</td>
<td>-</td>
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<tr>
<td>(Gain) loss from natural disaster, net of insurance recoveries, after tax</td>
<td>(8.2)</td>
<td>(0.20)</td>
<td>(59.8)</td>
<td>(1.52)</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Adjusted (&quot;Core&quot;) income from continuing operations, a non-GAAP measure</strong></td>
<td><strong>$ 389.7</strong></td>
<td><strong>$ 9.52</strong></td>
<td><strong>$ 439.9</strong></td>
<td><strong>$ 11.19</strong></td>
<td><strong>$ 383.1</strong></td>
</tr>
</tbody>
</table>
# Free Cash Flow

($US in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>TTM 9/30/22</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities, a GAAP measure</td>
<td>$495.5</td>
<td>$396.1</td>
<td>$612.4</td>
<td>$515.5</td>
<td>289.3</td>
<td>~$425</td>
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<tr>
<td>Proceeds from the disposal of property, plant and equipment</td>
<td>0.1</td>
<td>1.3</td>
<td>1.0</td>
<td>0.9</td>
<td>1.4</td>
<td>-</td>
</tr>
<tr>
<td>Insurance recoveries received for property damage incurred from natural disaster</td>
<td>10.9</td>
<td>79.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(95.2)</td>
<td>(105.6)</td>
<td>(78.5)</td>
<td>(106.8)</td>
<td>(105.3)</td>
<td>(125)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$411.3</td>
<td>$371.4</td>
<td>$534.9</td>
<td>$409.6</td>
<td>185.4</td>
<td>~$300</td>
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### RECAST HISTORICAL SEGMENT RESULTS (2018-2021) ($US in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2018 (a)</th>
<th>2019 (a)</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported</td>
<td>As Adjusted</td>
<td>As Reported</td>
<td>As Adjusted</td>
</tr>
<tr>
<td>Residential Segment Net Sales</td>
<td>2,225.0</td>
<td>2,291.1</td>
<td>2,361.5</td>
<td>2,775.6</td>
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<tr>
<td>Residential Segment Profit</td>
<td>399.4</td>
<td>464.6</td>
<td>428.5</td>
<td>540.3</td>
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<tr>
<td>Commercial Segment Net Sales</td>
<td>900.7</td>
<td>947.4</td>
<td>800.9</td>
<td>864.8</td>
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<tr>
<td>Commercial Segment Profit</td>
<td>157.5</td>
<td>165.4</td>
<td>136.9</td>
<td>110.9</td>
</tr>
<tr>
<td>Refrigeration Segment Net Sales</td>
<td>758.2</td>
<td>-</td>
<td>471.7</td>
<td>553.7</td>
</tr>
<tr>
<td>Refrigeration Segment Profit</td>
<td>68.1</td>
<td>-</td>
<td>32.8</td>
<td>49.1</td>
</tr>
<tr>
<td>Corporate net sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net sales from divested businesses</td>
<td>-</td>
<td>470.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate and other net sales</td>
<td>-</td>
<td>275.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate costs</td>
<td>(84.4)</td>
<td>(82.4)</td>
<td>(91.5)</td>
<td>(96.4)</td>
</tr>
<tr>
<td>Segment profit from divested businesses</td>
<td>-</td>
<td>6.7</td>
<td>-</td>
<td>(4.7)</td>
</tr>
<tr>
<td>Corporate and other segment profit</td>
<td>(84.4)</td>
<td>(82.4)</td>
<td>(91.5)</td>
<td>(96.4)</td>
</tr>
<tr>
<td>LII Total Net Sales</td>
<td>3,883.9</td>
<td>3,807.2</td>
<td>3,634.1</td>
<td>4,194.1</td>
</tr>
<tr>
<td>LII Total Segment Profit</td>
<td>540.6</td>
<td>608.9</td>
<td>506.7</td>
<td>603.9</td>
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</tbody>
</table>

(a) Includes the results of previously disposed businesses
## RECAST HISTORICAL SEGMENT RESULTS (2021)
($US in Millions)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2021 As Reported</th>
<th>Q1 2021 As Adjusted</th>
<th>Q2 2021 As Reported</th>
<th>Q2 2021 As Adjusted</th>
<th>Q3 2021 As Reported</th>
<th>Q3 2021 As Adjusted</th>
<th>Q4 2021 As Reported</th>
<th>Q4 2021 As Adjusted</th>
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</thead>
<tbody>
<tr>
<td>Residential segment net sales</td>
<td>606.3</td>
<td>606.3</td>
<td>838.0</td>
<td>838.0</td>
<td>711.0</td>
<td>711.0</td>
<td>620.3</td>
<td>620.3</td>
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<tr>
<td>Residential segment profit</td>
<td>96.4</td>
<td>96.4</td>
<td>189.7</td>
<td>189.7</td>
<td>144.0</td>
<td>144.0</td>
<td>110.3</td>
<td>110.3</td>
</tr>
<tr>
<td>Commercial segment net sales</td>
<td>199.2</td>
<td>274.8</td>
<td>252.8</td>
<td>335.0</td>
<td>211.5</td>
<td>292.7</td>
<td>201.4</td>
<td>286.3</td>
</tr>
<tr>
<td>Commercial segment profit</td>
<td>27.4</td>
<td>39.6</td>
<td>45.3</td>
<td>58.9</td>
<td>22.6</td>
<td>36.3</td>
<td>15.6</td>
<td>29.8</td>
</tr>
<tr>
<td>Refrigeration segment net sales</td>
<td>125.0</td>
<td>0.0</td>
<td>148.2</td>
<td>0.0</td>
<td>137.4</td>
<td>0.0</td>
<td>143.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Refrigeration segment profit</td>
<td>7.9</td>
<td>0.0</td>
<td>13.5</td>
<td>0.0</td>
<td>14.5</td>
<td>0.0</td>
<td>13.2</td>
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<tr>
<td>Corporate net sales</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Net sales from divested businesses</td>
<td>0.0</td>
<td>49.4</td>
<td>0.0</td>
<td>66.0</td>
<td>0.0</td>
<td>56.2</td>
<td>0.0</td>
<td>58.2</td>
</tr>
<tr>
<td>Corporate and other net sales</td>
<td>0.0</td>
<td>49.4</td>
<td>0.0</td>
<td>66.0</td>
<td>0.0</td>
<td>56.2</td>
<td>0.0</td>
<td>58.2</td>
</tr>
<tr>
<td>Corporate costs</td>
<td>(16.0)</td>
<td>(16.0)</td>
<td>(26.9)</td>
<td>(26.9)</td>
<td>(16.3)</td>
<td>(16.3)</td>
<td>(37.2)</td>
<td>(37.2)</td>
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<tr>
<td>Segment profit from divested businesses</td>
<td>0.0</td>
<td>(4.4)</td>
<td>0.0</td>
<td>(0.1)</td>
<td>0.0</td>
<td>0.8</td>
<td>0.0</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Corporate and other segment profit</td>
<td>(16.0)</td>
<td>(20.4)</td>
<td>(26.9)</td>
<td>(27.0)</td>
<td>(16.3)</td>
<td>(15.5)</td>
<td>(37.2)</td>
<td>(38.2)</td>
</tr>
<tr>
<td>LII net sales</td>
<td>930.5</td>
<td>930.5</td>
<td>1239.0</td>
<td>1239.0</td>
<td>1059.9</td>
<td>1059.9</td>
<td>964.8</td>
<td>964.8</td>
</tr>
<tr>
<td>LII segment profit</td>
<td>115.7</td>
<td>115.6</td>
<td>221.6</td>
<td>221.6</td>
<td>164.8</td>
<td>164.8</td>
<td>101.9</td>
<td>101.9</td>
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### RECAST HISTORICAL SEGMENT RESULTS (2022)
($US in Millions)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 2022</th>
<th></th>
<th>Q2 2022</th>
<th></th>
<th>Q3 2022</th>
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<tbody>
<tr>
<td></td>
<td>As Reported</td>
<td>As Adjusted</td>
<td>As Reported</td>
<td>As Adjusted</td>
<td>As Reported</td>
<td>As Adjusted</td>
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<tr>
<td>Residential segment net sales</td>
<td>682.2</td>
<td>682.2</td>
<td>977.5</td>
<td>977.5</td>
<td>835.3</td>
<td>835.3</td>
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<tr>
<td>Residential segment profit</td>
<td>107.6</td>
<td>107.6</td>
<td>216.3</td>
<td>216.3</td>
<td>153.8</td>
<td>153.8</td>
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<tr>
<td>Commercial segment net sales</td>
<td>187.7</td>
<td>279.5</td>
<td>219.6</td>
<td>327.4</td>
<td>252.9</td>
<td>352.3</td>
</tr>
<tr>
<td>Commercial segment profit</td>
<td>6.3</td>
<td>23.8</td>
<td>17.2</td>
<td>41.2</td>
<td>29.6</td>
<td>52.4</td>
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<tr>
<td>Refrigeration segment net sales</td>
<td>143.5</td>
<td>0.0</td>
<td>169.2</td>
<td>0.0</td>
<td>156.7</td>
<td>0.0</td>
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<tr>
<td>Refrigeration segment profit</td>
<td>14.1</td>
<td>0.0</td>
<td>23.4</td>
<td>0.0</td>
<td>22.4</td>
<td>0.0</td>
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<tr>
<td>Corporate net sales</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Net sales from divested businesses</td>
<td>0.0</td>
<td>51.7</td>
<td>0.0</td>
<td>61.4</td>
<td>0.0</td>
<td>57.3</td>
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<tr>
<td>Corporate and other net sales</td>
<td>0.0</td>
<td>51.7</td>
<td>0.0</td>
<td>61.4</td>
<td>0.0</td>
<td>57.3</td>
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<tr>
<td>Corporate costs</td>
<td>(13.4)</td>
<td>(13.4)</td>
<td>(27.1)</td>
<td>(27.1)</td>
<td>(16.5)</td>
<td>(16.5)</td>
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<tr>
<td>Segment profit from divested businesses</td>
<td>0.0</td>
<td>(3.4)</td>
<td>0.0</td>
<td>(0.5)</td>
<td>0.0</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Corporate and other segment profit</td>
<td>(13.4)</td>
<td>(16.8)</td>
<td>(27.1)</td>
<td>(27.6)</td>
<td>(16.5)</td>
<td>(16.9)</td>
</tr>
<tr>
<td>LII net sales</td>
<td>1,013.4</td>
<td>1,013.4</td>
<td>1,366.3</td>
<td>1,366.3</td>
<td>1,244.9</td>
<td>1,244.9</td>
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<td>LII segment profit</td>
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<td>114.6</td>
<td>229.8</td>
<td>229.9</td>
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<td>189.3</td>
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<tr>
<td>Description</td>
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<td>2020</td>
<td>2021</td>
<td></td>
<td></td>
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<tr>
<td>----------------------------------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations before taxes, a GAAP Measure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items in Losses (gains) and other expenses, net before taxes</td>
<td>11.4</td>
<td>11.3</td>
<td>13.3</td>
<td>14.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special product quality adjustments, before tax</td>
<td>0.2</td>
<td>(0.6)</td>
<td>1.0</td>
<td>(2.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charges, before tax</td>
<td>3.0</td>
<td>10.3</td>
<td>10.8</td>
<td>1.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>38.3</td>
<td>47.5</td>
<td>28.3</td>
<td>25.0</td>
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<td></td>
</tr>
<tr>
<td>Pension settlements, before tax</td>
<td>0.4</td>
<td>99.2</td>
<td>0.6</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expense (income), net before tax</td>
<td>3.3</td>
<td>2.3</td>
<td>4.4</td>
<td>4.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance recoveries received for property damage incurred from natural disaster, before tax</td>
<td>(10.9)</td>
<td>(79.6)</td>
<td>3.1</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-core business results, before tax</td>
<td>2.6</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on sale of business and related property, before tax</td>
<td>27.0</td>
<td>10.6</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>65.0</td>
<td>70.1</td>
<td>71.0</td>
<td>69.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA, a non-GAAP measure</strong></td>
<td><strong>$608.2</strong></td>
<td><strong>$680.0</strong></td>
<td><strong>$577.7</strong></td>
<td><strong>$673.8</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td><strong>$1,041.3</strong></td>
<td><strong>$1,171.2</strong></td>
<td><strong>$980.6</strong></td>
<td><strong>$1,237.8</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Debt to adjusted EBITDA ratio</strong></td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
<td>1.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## RETURN ON INVESTED CAPITAL

($US in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>TTM 9/30/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income, a GAAP Measure</td>
<td>$ 509.9</td>
<td>$ 656.9</td>
<td>$ 478.5</td>
<td>$ 590.3</td>
<td>$ 622.2</td>
</tr>
<tr>
<td>Restructuring Charges, before tax</td>
<td>3.0</td>
<td>10.3</td>
<td>10.8</td>
<td>1.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Special product quality adjustments, before tax</td>
<td>0.2</td>
<td>(0.6)</td>
<td>1.0</td>
<td>(2.5)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Insurance recoveries received for property damage incurred from natural disaster, before tax</td>
<td>(10.9)</td>
<td>(79.6)</td>
<td>3.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Items in Losses (gains) and other expenses, net before taxes</td>
<td>11.4</td>
<td>11.3</td>
<td>13.3</td>
<td>14.3</td>
<td>13.4</td>
</tr>
<tr>
<td>Loss on sale of business and related property, before tax</td>
<td>27.0</td>
<td>10.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-core business results, after tax</td>
<td>2.6</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Segment profit, a non-GAAP measure</strong></td>
<td><strong>$543.2</strong></td>
<td><strong>$609.9</strong></td>
<td><strong>$506.7</strong></td>
<td><strong>$603.9</strong></td>
<td><strong>$635.6</strong></td>
</tr>
<tr>
<td>Tax on adjusted Segment profit</td>
<td>(122.7)</td>
<td>(131.1)</td>
<td>(91.2)</td>
<td>(115.8)</td>
<td>(119.5)</td>
</tr>
<tr>
<td><strong>Net operating profit after taxes, a non-GAAP measure</strong></td>
<td><strong>$420.5</strong></td>
<td><strong>$478.8</strong></td>
<td><strong>$415.5</strong></td>
<td><strong>$488.1</strong></td>
<td><strong>$516.1</strong></td>
</tr>
<tr>
<td>Total assets, a GAAP measure</td>
<td>$1,817.2</td>
<td>$2,034.9</td>
<td>$2,032.5</td>
<td>$2,171.9</td>
<td>$2,625.8</td>
</tr>
<tr>
<td>Less: Cash</td>
<td>(46.3)</td>
<td>(37.3)</td>
<td>(123.9)</td>
<td>(31.0)</td>
<td>(40.7)</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>-</td>
<td>(2.9)</td>
<td>(5.1)</td>
<td>(5.5)</td>
<td>(7.5)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(433.3)</td>
<td>(372.4)</td>
<td>(340.3)</td>
<td>(402.1)</td>
<td>(430.5)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(272.3)</td>
<td>(255.7)</td>
<td>(296.1)</td>
<td>(358.9)</td>
<td>(409.6)</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>(2.1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(19.2)</td>
</tr>
<tr>
<td>Current operating lease liabilities</td>
<td>-</td>
<td>(52.7)</td>
<td>(55.0)</td>
<td>(54.8)</td>
<td>(61.3)</td>
</tr>
<tr>
<td>Long-term operating lease liabilities</td>
<td>-</td>
<td>(131.0)</td>
<td>(142.8)</td>
<td>(145.0)</td>
<td>(143.6)</td>
</tr>
<tr>
<td>Pensions</td>
<td>(82.8)</td>
<td>(87.4)</td>
<td>(92.5)</td>
<td>(83.3)</td>
<td>(86.5)</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>(135.0)</td>
<td>(134.7)</td>
<td>(142.3)</td>
<td>(159.0)</td>
<td>(175.8)</td>
</tr>
<tr>
<td><strong>Invested capital, a non-GAAP measure</strong></td>
<td><strong>$845.4</strong></td>
<td><strong>$960.8</strong></td>
<td><strong>$834.5</strong></td>
<td><strong>$932.3</strong></td>
<td><strong>$1,251.1</strong></td>
</tr>
<tr>
<td>Net operating profit after taxes, a non-GAAP measure</td>
<td>$420.5</td>
<td>$478.8</td>
<td>$415.5</td>
<td>$488.1</td>
<td>$516.1</td>
</tr>
<tr>
<td><strong>Invested capital, a non-GAAP measure</strong></td>
<td><strong>$845.4</strong></td>
<td><strong>$960.8</strong></td>
<td><strong>$834.5</strong></td>
<td><strong>$932.3</strong></td>
<td><strong>$1,251.1</strong></td>
</tr>
<tr>
<td><strong>Return on invested capital</strong></td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>52%</td>
<td>41%</td>
</tr>
</tbody>
</table>
## ADJUSTED NET SALES AND ADJUSTED SEGMENT PROFIT

($US in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales, a GAAP measure</strong></td>
<td>3,883.9</td>
<td>3,807.2</td>
<td>3,634.1</td>
<td>4,194.1</td>
</tr>
<tr>
<td><strong>Net sales from non-core businesses (a)</strong></td>
<td>399.4</td>
<td>464.6</td>
<td>428.5</td>
<td>540.3</td>
</tr>
<tr>
<td><strong>Adjusted net sales, a non-GAAP measure</strong></td>
<td>3,664.5</td>
<td>3,772.9</td>
<td>3,634.1</td>
<td>4,194.1</td>
</tr>
<tr>
<td><strong>Segment profit, a non-GAAP measure</strong></td>
<td>540.6</td>
<td>608.9</td>
<td>506.7</td>
<td>603.9</td>
</tr>
<tr>
<td><strong>Loss from non-core businesses (a)</strong></td>
<td>(2.6)</td>
<td>(1.0)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted segment profit, a non-GAAP measure</strong></td>
<td>543.2</td>
<td>609.9</td>
<td>506.7</td>
<td>603.9</td>
</tr>
</tbody>
</table>

(a) Includes the results of previously disposed businesses