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

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2026**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____to _____**

**Commission file number 001-15149**

# LENNOX INTERNATIONAL INC.

**Incorporated pursuant to the laws of the State of Delaware**

**Internal Revenue Service Employer Identification No. 42-0991521**

**2140 LAKE PARK BLVD., RICHARDSON, Texas, 75080**
**(972) 497-5000**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common stock, $0.01 par value per share | LII | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ☒ | Accelerated Filer | ☐ |
| Non-Accelerated Filer | ☐ | Smaller Reporting Company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 21, 2026, the number of shares outstanding of the registrant’s common stock, par value $0.01 per share, was 34,208,431.

**LENNOX INTERNATIONAL INC.**
**FORM 10-Q**
**For the three and nine months ended September 30, 2026**

## INDEX


| | | Page |
|---|---|---|
| **Part I** | Financial Information | |
| | Item 1. Financial Statements | |
| | Consolidated Balance Sheets - September 30, 2026 (Unaudited) and December 31, 2025 | 1 |
| | Consolidated Statements of Operations (Unaudited) - Three and Nine Months Ended September 30, 2026 and 2025 | 2 |
| | Consolidated Statements of Comprehensive Income (Unaudited) - Three and Nine Months Ended September 30, 2026 and 2025 | 3 |
| | Consolidated Statements of Stockholders' Equity (Unaudited) - Three and Nine Months Ended September 30, 2026 and 2025 | 4 |
| | Consolidated Statements of Cash Flows (Unaudited) - Nine Months Ended September 30, 2026 and 2025 | 6 |
| | Notes to Consolidated Financial Statements (Unaudited) | 7 |
| | Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | 23 |
| | Item 3. Quantitative and Qualitative Disclosures About Market Risk | 32 |
| | Item 4. Controls and Procedures | 33 |
| **Part II** | Other Information | |
| | Item 1. Legal Proceedings | 33 |
| | Item 1A. Risk Factors | 33 |
| | Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 34 |
| | Item 5. Other Information | 34 |
| | Item 6. Exhibits | 35 |

**Part I - Financial Information**
**Item 1.** ***Financial Statements***

## LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS

| *(Amounts in millions, except shares and par values)* | As of September 30, 2026 (Unaudited) | As of December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| ***Current Assets:*** | | |
| Cash and cash equivalents | $ 43.3 | $ 34.2 |
| Short-term investments | 2.2 | 0.5 |
| Accounts and notes receivable, net of allowances of $8.0 and $8.5 in 2026 and 2025, respectively | 881.3 | 578.8 |
| Inventories, net | 1,176.8 | 1,152.6 |
| Other current assets | 121.9 | 137.7 |
| Total current assets | 2,225.5 | 1,903.8 |
| Restricted cash equivalents | 22.4 | 18.5 |
| Property, plant and equipment, net of accumulated depreciation of $1,106.1 and $1,043.9 in 2026 and 2025, respectively | 937.0 | 887.2 |
| Right-of-use assets from operating leases | 429.5 | 356.3 |
| Goodwill | 590.3 | 497.2 |
| Intangible assets, net of accumulated amortization of $52.0 and $38.3 in 2026 and 2025, respectively | 336.5 | 273.0 |
| Deferred income taxes | 12.3 | 12.9 |
| Other assets, net | 135.8 | 132.9 |
| **Total assets** | **$ 4,689.3** | **$ 4,081.8** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| ***Current Liabilities:*** | | |
| Accounts payable | $ 550.6 | $ 438.0 |
| Accrued expenses | 418.4 | 374.2 |
| Income taxes payable | 5.6 | 46.4 |
| Commercial paper | 455.1 | 226.0 |
| Current maturities of long-term debt | 319.2 | 18.3 |
| Current operating lease liabilities | 87.3 | 88.9 |
| Total current liabilities | 1,836.2 | 1,191.8 |
| Long-term debt | 847.1 | 1,144.1 |
| Long-term operating lease liabilities | 375.9 | 293.4 |
| Pensions | 20.8 | 18.7 |
| Other liabilities | 292.4 | 270.7 |
| **Total liabilities** | **3,372.4** | **2,918.7** |
| Commitments and contingencies | | |
| ***Stockholders' equity:*** | | |
| Preferred stock, $0.01 par value, 25,000,000 shares authorized, no shares issued or outstanding | — | — |
| Common stock, $0.01 par value, 200,000,000 shares authorized, 87,170,197 shares issued | 0.9 | 0.9 |
| Additional paid-in capital | 1,262.3 | 1,243.0 |
| Retained earnings | 5,361.9 | 4,891.1 |
| Accumulated other comprehensive loss | (71.4) | (48.5) |
| Treasury stock, at cost, 52,962,480 shares and 52,374,147 shares for 2026 and 2025, respectively | (5,236.8) | (4,923.4) |
| **Total stockholders' equity** | **1,316.9** | **1,163.1** |
| **Total liabilities and stockholders' equity** | **$ 4,689.3** | **$ 4,081.8** |

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

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**

| *(Amounts in millions, except per share data)* | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| **Net sales** | **$ 1,572.5** | **$ 1,426.8** | **$ 4,252.9** | **$ 4,000.3** |
| Cost of goods sold | 1,075.3 | 939.6 | 2,864.9 | 2,654.7 |
| Gross profit | 497.2 | 487.2 | 1,388.0 | 1,345.6 |
| ***Operating Expenses:*** | | | | |
| Selling, general and administrative expenses | 177.3 | 161.6 | 545.6 | 506.2 |
| Losses (gains) and other expenses, net | 4.8 | (0.7) | 9.4 | (0.6) |
| Restructuring charges | 8.2 | — | 8.2 | — |
| Gain on sale from previous dispositions | (3.8) | — | (3.8) | — |
| Income from equity method investments | (1.4) | (2.5) | (2.0) | (5.8) |
| **Operating income** | **312.1** | **328.8** | **830.6** | **845.8** |
| Pension settlements | — | 0.1 | 0.6 | 0.3 |
| Interest expense, net | 17.5 | 10.5 | 47.4 | 25.0 |
| Other expense, net | 1.3 | 0.8 | 2.8 | 2.3 |
| Net income before income taxes | 293.3 | 317.4 | 779.8 | 818.2 |
| Provision for income taxes | 72.1 | 57.5 | 172.4 | 154.8 |
| **Net income** | **$ 221.2** | **$ 259.9** | **$ 607.4** | **$ 663.4** |
| ***Earnings per share – Basic[(1)]:*** | $ 6.43 | $ 7.41 | $ 17.54 | $ 18.78 |
| ***Earnings per share – Diluted[(1)]:*** | $ 6.41 | $ 7.38 | $ 17.47 | $ 18.70 |
| **Weighted Average Number of Shares Outstanding - Basic** | **34.4** | **35.1** | **34.6** | **35.3** |
| **Weighted Average Number of Shares Outstanding - Diluted** | **34.5** | **35.2** | **34.8** | **35.5** |

(1) Amounts may not recalculate due to rounding.

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

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Unaudited)**

| *(Amounts in millions)* | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Net income** | **$ 221.2** | **$ 259.9** | **$ 607.4** | **$ 663.4** |
| ***Other comprehensive income (loss):*** | | | | |
| Foreign currency translation adjustments | (7.3) | 1.0 | (9.8) | 21.1 |
| Net change in pension and post-retirement liabilities | (0.5) | (0.4) | (2.1) | (1.1) |
| Reclassification of pension and post-retirement benefit losses into earnings | 0.5 | 0.4 | 1.5 | 1.2 |
| Pension settlements | — | 0.1 | 0.6 | 0.3 |
| Share of equity method investments other comprehensive income | 0.3 | (0.2) | 0.3 | (0.2) |
| Net change in fair value of cash flow hedges | 1.2 | 5.8 | 15.8 | 22.6 |
| Reclassification of cash flow hedge gains into earnings | (8.7) | (9.3) | (32.7) | (15.3) |
| Other comprehensive (loss) income before taxes | (14.5) | (2.6) | (26.4) | 28.6 |
| Tax benefit | 1.7 | 2.0 | 3.5 | 3.1 |
| **Other comprehensive (loss) income, net of tax** | **(12.8)** | **(0.6)** | **(22.9)** | **31.7** |
| **Comprehensive income** | **$ 208.4** | **$ 259.3** | **$ 584.5** | **$ 695.1** |

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

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**For the three and nine months ended September 30, 2026 and 2025**
**(Unaudited)**
**(In millions, except per share data)**

| *(For the three months ended September 30, 2026)* | Common Stock Issued | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock at Cost | | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | |
| **Balance as of June 30, 2026** | **$ 0.9** | **$ 1,255.3** | **$ 5,185.1** | **$ (58.6)** | **52.6** | **$ (5,085.5)** | **$ 1,297.2** |
| Net income | — | — | 221.2 | — | — | — | 221.2 |
| Dividends, $1.36 per share | — | — | (46.5) | — | — | — | (46.5) |
| Foreign currency translation adjustments | — | — | — | (7.3) | — | — | (7.3) |
| Share of equity method investments other comprehensive income | — | — | — | 0.3 | — | — | 0.3 |
| Stock-based compensation expense | — | 2.7 | — | — | — | — | 2.7 |
| Employee Stock Purchase Program and other | — | 1.7 | 2.1 | — | — | — | 3.8 |
| Change in cash flow hedges | — | — | — | (5.8) | — | — | (5.8) |
| Treasury shares reissued for common stock | — | 2.6 | — | — | — | 0.3 | 2.9 |
| Treasury stock purchases | — | — | — | — | 0.4 | (151.6) | (151.6) |
| **Balance as of September 30, 2026** | **$ 0.9** | **$ 1,262.3** | **$ 5,361.9** | **$ (71.4)** | **53.0** | **$ (5,236.8)** | **$ 1,316.9** |

| *(For the three months ended September 30, 2025)* | Common Stock Issued | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock at Cost | | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | |
| **Balance as of June 30, 2025** | **$ 0.9** | **$ 1,228.3** | **$ 4,579.6** | **$ (61.4)** | **52.0** | **$ (4,729.4)** | **$ 1,018.0** |
| Net income | — | — | 259.9 | — | — | — | 259.9 |
| Dividends, $1.30 per share | — | — | (45.4) | — | — | — | (45.4) |
| Foreign currency translation adjustments | — | — | — | 1.0 | — | — | 1.0 |
| Share of equity method investments other comprehensive income | — | — | — | (0.2) | — | — | (0.2) |
| Stock-based compensation expense | — | 6.3 | — | — | — | — | 6.3 |
| Employee Stock Purchase Program and other | — | 0.4 | — | — | — | — | 0.4 |
| Change in cash flow hedges | — | — | — | (1.4) | — | — | (1.4) |
| Treasury shares reissued for common stock | — | 1.1 | — | — | — | 0.2 | 1.3 |
| Treasury stock purchases | — | — | — | — | 0.1 | (38.2) | (38.2) |
| **Balance as of September 30, 2025** | **$ 0.9** | **$ 1,236.1** | **$ 4,794.1** | **$ (62.0)** | **52.1** | **$ (4,767.4)** | **$ 1,201.7** |

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

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**For the three and nine months ended September 30, 2026 and 2025**
**(Unaudited)**
**(In millions, except per share data)**

| *(For the nine months ended September 30, 2026)* | Common Stock Issued | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock at Cost | | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | |
| **Balance as of December 31, 2025** | **$ 0.9** | **$ 1,243.0** | **$ 4,891.1** | **$ (48.5)** | **52.4** | **$ (4,923.4)** | **$ 1,163.1** |
| Net income | — | — | 607.4 | — | — | — | 607.4 |
| Dividends, $4.02 per share | — | — | (138.7) | — | — | — | (138.7) |
| Foreign currency translation adjustments | — | — | — | (9.8) | — | — | (9.8) |
| Share of equity method investments other comprehensive income | — | — | — | 0.3 | — | — | 0.3 |
| Stock-based compensation expense | — | 13.9 | — | — | — | — | 13.9 |
| Employee Stock Purchase Program and other | — | 2.6 | 2.1 | — | — | — | 4.7 |
| Change in cash flow hedges | — | — | — | (13.4) | — | — | (13.4) |
| Treasury shares reissued for common stock | — | 2.8 | — | — | (0.1) | 2.7 | 5.5 |
| Treasury stock purchases | — | — | — | — | 0.7 | (316.1) | (316.1) |
| **Balance as of September 30, 2026** | **$ 0.9** | **$ 1,262.3** | **$ 5,361.9** | **$ (71.4)** | **53.0** | **$ (5,236.8)** | **$ 1,316.9** |

| *(For the nine months ended September 30, 2025)* | Common Stock Issued | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock at Cost | | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | |
| **Balance as of December 31, 2024** | **$ 0.9** | **$ 1,213.3** | **$ 4,262.7** | **$ (93.7)** | **51.6** | **$ (4,421.1)** | **$ 962.1** |
| Net income | — | — | 663.4 | — | — | — | 663.4 |
| Dividends, $3.75 per share | — | — | (132.0) | — | — | — | (132.0) |
| Foreign currency translation adjustments | — | — | — | 21.1 | — | — | 21.1 |
| Share of equity method investments other comprehensive income | — | — | — | (0.2) | — | — | (0.2) |
| Stock-based compensation expense | — | 20.8 | — | — | — | — | 20.8 |
| Employee Stock Purchase Program and other | — | 0.4 | — | — | — | — | 0.4 |
| Change in cash flow hedges | — | — | — | 10.8 | — | — | 10.8 |
| Treasury shares reissued for common stock | — | 1.6 | — | — | (0.1) | 2.3 | 3.9 |
| Treasury stock purchases | — | — | — | — | 0.6 | (348.6) | (348.6) |
| **Balance as of September 30, 2025** | **$ 0.9** | **$ 1,236.1** | **$ 4,794.1** | **$ (62.0)** | **52.1** | **$ (4,767.4)** | **$ 1,201.7** |

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

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| *(Amounts in millions)* | For the Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| ***Cash flows from operating activities:*** | | |
| Net income | $ 607.4 | $ 663.4 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gain on sale from previous dispositions | (3.8) | — |
| Income from equity method investments | (2.0) | (5.8) |
| Dividends from affiliates | 4.9 | 6.1 |
| Restructuring charges, net of cash paid | 7.3 | — |
| Provision for credit losses (gains) | 3.7 | (1.8) |
| Unrealized losses, net on derivative contracts | 4.4 | 2.3 |
| Stock-based compensation expense | 15.4 | 21.2 |
| Depreciation and amortization | 96.4 | 79.4 |
| Deferred income taxes | 9.1 | 28.5 |
| Pension expense | 2.9 | 3.2 |
| Pension contributions | (0.7) | (6.1) |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures: | | |
| Accounts and notes receivable | (289.2) | (94.7) |
| Inventories | 26.2 | (310.2) |
| Other current assets | 4.3 | (7.0) |
| Accounts payable | 94.0 | (16.7) |
| Accrued expenses | 27.4 | (37.3) |
| Income taxes payable and receivable, net | (40.7) | 27.7 |
| Leases, net | 7.7 | 5.2 |
| Other, net | 8.7 | (5.7) |
| **Net cash provided by operating activities** | **583.4** | **351.7** |
| ***Cash flows from investing activities:*** | | |
| Proceeds from the disposal of property, plant and equipment | 2.0 | 1.1 |
| Purchases of property, plant and equipment | (124.4) | (89.6) |
| Acquisitions, net of cash | (209.9) | — |
| (Purchases of) proceeds from investments and other | (1.8) | 0.9 |
| **Net cash used in investing activities** | **(334.1)** | **(87.6)** |
| ***Cash flows from financing activities:*** | | |
| Commercial paper borrowings | 1,311.0 | 677.1 |
| Commercial paper payments | (1,081.9) | (520.1) |
| Payments on debt arrangements | (17.6) | (14.2) |
| Payment of senior unsecured notes | — | (300.0) |
| Borrowings from credit facility | 280.0 | — |
| Payments on credit facility | (280.0) | — |
| Payments of deferred financing costs | — | (1.7) |
| Proceeds from employee stock purchases | 5.8 | 4.0 |
| Repurchases of common stock | (301.9) | (331.8) |
| Repurchases of common stock to satisfy employee withholding tax obligations | (11.5) | (13.3) |
| Cash dividends paid | (137.5) | (127.4) |
| **Net cash used in financing activities** | **(233.6)** | **(627.4)** |
| Increase (decrease) in cash, cash equivalents and restricted cash | 15.7 | (363.3) |
| Effect of exchange rates on cash, cash equivalents and restricted cash equivalents | (2.7) | 1.1 |
| Cash, cash equivalents and restricted cash, beginning of period | 52.7 | 415.1 |
| **Cash, cash equivalents and restricted cash, end of period** | **$ 65.7** | **$ 52.9** |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | $ 57.4 | $ 39.7 |
| Income taxes paid (net of refunds) | $ 198.2 | $ 91.5 |

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

**LENNOX INTERNATIONAL INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## 1. General:

References in this Quarterly Report on Form 10-Q to "we", "our", "us", "LII" or the "Company" refer to Lennox International Inc. and its subsidiaries, unless the context requires otherwise.

### *Basis of Presentation*

The accompanying unaudited Consolidated Balance Sheet as of September 30, 2026, the accompanying unaudited Consolidated Statements of Operations, Comprehensive Income, and Stockholders' Equity for the three and nine months ended September 30, 2026 and 2025, and accompanying unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025 should be read in conjunction with our audited consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2025.

The unaudited consolidated financial statements for all comparable prior periods presented have been retrospectively adjusted to reflect the prior-year change in method of accounting for certain inventories from last-in-first-out ("LIFO") to first-in, first-out ("FIFO").

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying consolidated financial statements contain all material adjustments, consisting principally of normal recurring adjustments, necessary for a fair presentation of our financial position, results of operations and cash flows. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to applicable rules and regulations, although we believe that the disclosures herein are adequate to make the information presented not misleading. The operating results for the interim periods are not necessarily indicative of the results that may be expected for a full year.

Our fiscal quarterly periods are comprised of approximately 13 weeks, but the number of days per quarter may vary year-over-year. Our quarterly reporting periods usually end on the Saturday closest to the last day of March, June, and September. Our fourth quarter and fiscal year ends on December 31, regardless of the day of the week on which December 31 falls. For convenience, the 13-week periods comprising each fiscal quarter are denoted by the last day of the respective calendar quarter.

### *Use of Estimates*

The preparation of financial statements requires us to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, inventories, goodwill, intangible assets and other long-lived assets, contingencies, guarantee obligations, indemnifications, and assumptions used in the calculation of income taxes, pension and post-retirement medical benefits, self-insurance and warranty reserves, and stock-based compensation, among others. These estimates and assumptions are based on our best estimates and judgment.

We evaluate these estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. We believe these estimates and assumptions to be reasonable under the circumstances and will adjust such estimates and assumptions when facts and circumstances dictate. Volatile equity, foreign currency and commodity markets combine to increase the uncertainty inherent in such estimates and assumptions. Future events and their effects cannot be determined with precision and actual results could differ significantly from these estimates. Changes in these estimates will be reflected in the financial statements in future periods.

**2. Reportable Business Segments:**

We operate in two reportable business segments of the heating, ventilation, air conditioning and refrigeration ("HVACR") industry. Our segments are organized primarily by the nature of the products and services we provide. The following table describes each segment:

| Segment | Product or Services | Markets Served | Geographic Areas |
|---|---|---|---|
| *Home Comfort Solutions* | Furnaces, air conditioners, heat pumps, packaged heating and cooling systems, indoor air quality equipment, comfort control products, replacement parts and supplies, water heaters | Residential Replacement; Residential Parts and Supplies; Residential New Construction | United States Canada |
| *Building Climate Solutions* | Unitary heating and air conditioning equipment, applied systems, controls, installation and service of commercial heating and cooling equipment, variable refrigerant flow commercial products, curb, curb adapters, drop box diffusers, HVAC recycling and salvage service, condensing units, unit coolers, fluid coolers, air cooled condensers, air handlers, process chillers, controls, compressorized racks, replacement parts and supplies | Light Commercial; Commercial Parts and Supplies; Food Preservation; Non-Food Industry; Cold Storage and Light Industrial | United States Canada |

We use segment profit or loss as the primary measure of profitability to evaluate operating performance and to allocate capital resources. We define segment profit or loss as a segment's income or loss from continuing operations before interest and income taxes included in the accompanying Consolidated Statements of Operations, excluding certain items. The reconciliation in the table below details the items excluded.

Any intercompany sales and associated profit (and any other intercompany items) are eliminated from segment results. There were no significant intercompany eliminations for the periods presented.

The chief operating decision maker uses segment profit or loss from operations, excluding certain items, to allocate resources (including employees, financial, or capital resources) for each segment predominantly in the annual budget and forecasting process. The chief operating decision maker considers budget-to-actual variances in segment profit or loss on a monthly basis when evaluating segment performance and making decisions about allocating resources to the segments.

Our chief operating decision maker is Alok Maskara, Chief Executive Officer.

Key financial information for each segment is shown below (in millions):

| | Home Comfort Solutions | Building Climate Solutions | Total |
|---|---|---|---|
| *Three months ended September 30, 2026* | | | |
| Net sales[(1)] | $ 937.2 | $ 635.3 | $ 1,572.5 |
| Cost of goods sold | 669.7 | 404.7 | 1,074.4 |
| Selling, general and administrative | 93.9 | 67.8 | 161.7 |
| Other (income) expense[(2)] | (2.1) | (3.7) | (5.8) |
| **Segment profit[(3)]** | $ 175.7 | $ 166.5 | $ 342.2 |
| | | | |
| *Three months ended September 30, 2025* | | | |
| Net sales[(1)] | $ 912.9 | $ 513.9 | $ 1,426.8 |
| Cost of goods sold | 621.7 | 316.9 | 938.6 |
| Selling, general and administrative | 81.1 | 58.0 | 139.1 |
| Other (income) expense[(2)] | (5.2) | (1.3) | (6.5) |
| **Segment profit[(3)]** | $ 215.3 | $ 140.3 | $ 355.6 |

| | Home Comfort Solutions | Building Climate Solutions | Total |
|---|---|---|---|
| *Nine months ended September 30, 2026* | | | |
| Net sales[1] | $ 2,522.8 | $ 1,730.1 | $ 4,252.9 |
| Cost of goods sold | 1,763.5 | 1,099.6 | 2,863.1 |
| Selling, general and administrative | 279.1 | 217.4 | 496.5 |
| Other (income) expense[2] | (3.8) | (4.3) | (8.1) |
| **Segment profit[3]** | $ 484.0 | $ 417.4 | $ 901.4 |
| | | | |
| *Nine months ended September 30, 2025* | | | |
| Net sales[1] | $ 2,643.6 | $ 1,356.7 | $ 4,000.3 |
| Cost of goods sold | 1,793.3 | 859.5 | 2,652.8 |
| Selling, general and administrative | 270.9 | 179.5 | 450.4 |
| Other (income) expense[2] | (11.8) | (2.0) | (13.8) |
| **Segment profit[3]** | $ 591.2 | $ 319.7 | $ 910.9 |

[1] On a consolidated basis, no revenue from transactions with a single customer was 10% or greater of our consolidated net sales for any of the periods presented.

[2] Other (income) expense is primarily comprised of income from equity method investments and (gains) losses and other expenses, net.

[3] We define segment profit as a segment's operating income included in the accompanying Consolidated Statements of Operations, excluding:
- Restructuring charges,
- Loss (gain) on sale from previous dispositions,
- Special litigation charges, and
- Acquisition costs.

The reconciliations of segment profit to Operating income and Net income before income taxes are presented below (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Total segment profit[1]** | $ 342.2 | $ 355.6 | $ 901.4 | $ 910.9 |
| **Reconciliation to Operating income:** | | | | |
| Corporate and other expenses[3] | (18.9) | (26.8) | (59.6) | (65.1) |
| **Total segment profit, including unallocated Corporate and other expenses** | **323.3** | **328.8** | **841.8** | **845.8** |
| Restructuring charges | 8.2 | — | 8.2 | — |
| Gain on sale from previous dispositions | (3.8) | — | (3.8) | — |
| Special litigation charges[2] | 3.0 | — | 3.0 | — |
| Acquisition costs[2] | 3.8 | — | 3.8 | — |
| **Operating income** | **312.1** | **328.8** | **830.6** | **845.8** |
| **Reconciliation to net income before income taxes:** | | | | |
| Pension settlements | — | 0.1 | 0.6 | 0.3 |
| Interest expense, net | 17.5 | 10.5 | 47.4 | 25.0 |
| Other expense, net | 1.3 | 0.8 | 2.8 | 2.3 |
| **Net income before income taxes** | **$ 293.3** | **$ 317.4** | **$ 779.8** | **$ 818.2** |

[1] We define segment profit as a segment's operating income (loss) included in the accompanying Consolidated Statements of Operations, excluding:
- Restructuring charges,

- Gain on sale from previous dispositions,
- Special litigation charges, and
- Acquisition costs.

(2) Recorded in Losses (gains) and other expenses, net in the accompanying Consolidated Statements of Operations.

(3) Corporate and other expenses include unallocated corporate costs related to corporate administrative functions such as tax, treasury, accounting, internal audit, legal and human resources.

Total assets by segment are shown below (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Total Assets:** | | |
| Home Comfort Solutions | $ 2,375.2 | $ 1,971.0 |
| Building Climate Solutions | 1,904.7 | 1,746.4 |
| Total assets from reportable segments | $ 4,279.9 | $ 3,717.4 |
| Corporate and Other | 409.4 | 364.4 |
| Total assets | $ 4,689.3 | $ 4,081.8 |

The assets in the Corporate and Other primarily consist of cash, property, plant and equipment, short-term investments, and deferred tax assets. Assets recorded in the operating segments represent those assets directly associated with those segments.

Total capital expenditures by segment are shown below (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Capital Expenditures:** | | | | |
| Home Comfort Solutions | $ 9.3 | $ 7.2 | $ 34.5 | $ 30.4 |
| Building Climate Solutions | 8.7 | 22.0 | 32.6 | 34.5 |
| Total capital expenditures from reportable segments | $ 18.0 | $ 29.2 | $ 67.1 | $ 64.9 |
| Corporate and Other | 15.2 | 6.4 | 57.3 | 24.7 |
| Total capital expenditures | $ 33.2 | $ 35.6 | $ 124.4 | $ 89.6 |

Depreciation and amortization expenses by segment are shown below (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Depreciation and Amortization:** | | | | |
| Home Comfort Solutions | $ 14.4 | $ 11.5 | $ 38.3 | $ 33.4 |
| Building Climate Solutions | 12.7 | 8.6 | 36.6 | 24.5 |
| Total depreciation and amortization from reportable segments | $ 27.1 | $ 20.1 | $ 74.9 | $ 57.9 |
| Corporate and Other | 7.5 | 6.9 | 21.5 | 21.5 |
| Total depreciation and amortization | $ 34.6 | $ 27.0 | $ 96.4 | $ 79.4 |

The income from equity method investments is shown below (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Income (Loss) from Equity Method Investments:** | | | | |
| Home Comfort Solutions | $ 0.4 | $ 2.4 | $ 1.2 | $ 4.8 |
| Building Climate Solutions | 0.8 | 0.3 | 0.6 | 1.1 |
| Total income from equity method investments from reportable segments | $ 1.2 | $ 2.7 | $ 1.8 | $ 5.9 |
| Corporate and Other | 0.2 | (0.2) | 0.2 | (0.1) |
| Total income from equity method investments | $ 1.4 | $ 2.5 | $ 2.0 | $ 5.8 |

***Geographic Information***

Property, plant and equipment, net for each major geographic area in which we operate, based on the domicile of our operations, are shown below (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Property, Plant and Equipment, net:** | | |
| United States | $ 665.5 | $ 607.4 |
| Mexico | 262.7 | 269.2 |
| Canada | 3.8 | 4.2 |
| Other international | 5.0 | 6.4 |
| Total Property, plant and equipment, net | $ 937.0 | $ 887.2 |

**3. Earnings Per Share:**

Basic earnings per share are computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share are computed by dividing net income by the sum of the weighted-average number of shares and the number of equivalent shares assumed outstanding, if dilutive, under our stock-based compensation plans.

The computations of basic and diluted earnings per share were as follows (in millions, except per share data):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Net income** | **$ 221.2** | **$ 259.9** | **$ 607.4** | **$ 663.4** |
| **Weighted-average shares outstanding – basic** | **34.4** | **35.1** | **34.6** | **35.3** |
| Add: Potential effect of dilutive securities attributable to stock-based payments | 0.1 | 0.1 | 0.2 | 0.2 |
| **Weighted-average shares outstanding – diluted** | **34.5** | **35.2** | **34.8** | **35.5** |
| Earnings per share – Basic[(1)]: | $ 6.43 | $ 7.41 | $ 17.54 | $ 18.78 |
| Earnings per share – Diluted[(1)]: | $ 6.41 | $ 7.38 | $ 17.47 | $ 18.70 |

[(1)] Amounts may not recalculate due to rounding.

For the three and nine months ended September 30, 2026 and 2025, there were no material stock appreciation rights or restricted stock units outstanding that were not included in the diluted earnings per share calculation as the assumed exercise of such rights would have been anti-dilutive.

**4. Commitments and Contingencies:**

***Leases***

We determine if an arrangement is a lease at inception. Operating leases are included in our Consolidated Balance Sheets as Right-of-use assets from operating leases, Current operating lease liabilities and Long-term operating lease liabilities. Finance leases are included in Property, plant and equipment, Current maturities of long-term debt and Long-term debt in our Consolidated Balance Sheets. We do not recognize a right-of-use asset and lease liability for leases with a term of 12 months or less. We do not separate non-lease components from lease components to which they relate and have accounted for the combined lease and non-lease components as a single lease component.

Many of our lease agreements contain renewal options; however, we do not recognize right-of-use assets or lease liabilities for renewal periods unless it is determined that we are reasonably certain of renewing the lease at inception or when a triggering event occurs. Some of our lease agreements contain rent escalation clauses (including index-based escalations), rent holidays, capital improvement funding or other lease concessions. We recognize our minimum rental expense on a straight-line basis based on the fixed components of a lease arrangement. We amortize this expense over the term of the lease beginning with the date of initial possession. Variable lease components represent amounts that are not fixed in nature and are not tied to an index or rate, and are recognized as incurred. Under certain of our third-party service agreements, we control a specific space or underlying asset used in providing the service by the third-party service provider. These arrangements meet the definition of a lease under Accounting Standards Codification ("ASC") 842 and therefore are accounted for under ASC 842.

In determining our right-of-use assets and lease liabilities, we apply a discount rate to the minimum lease payments within each lease agreement. ASC 842 requires us to use the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. When we cannot readily determine the discount rate implicit in the lease agreement, we utilize our incremental borrowing rate. To estimate our specific incremental borrowing rates over various periods (ranging from 1-year through 30-years), a comparable market yield curve consistent with our credit quality was calibrated to our publicly outstanding debt instruments.

We lease certain real and personal property under non-cancelable operating leases. Approximately 82% of our right-of-use assets and lease liabilities relate to our leases of real estate with the remaining amounts primarily relating to our leases of IT equipment, fleet vehicles and manufacturing and distribution equipment.

***Product Warranties and Product Related Contingencies***

We provide warranties to customers for some of our products and record liabilities for the estimated future warranty-related costs based on failure rates, cost experience, and other factors. We periodically review the assumptions used to determine the product warranty liabilities and will adjust the liabilities in future periods for changes in experience, as necessary.

Liabilities for estimated product warranty costs are included in the following captions on the accompanying Consolidated Balance Sheets (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Accrued expenses | $ 56.1 | $ 53.1 |
| Other liabilities | 120.5 | 114.1 |
| **Total warranty liability** | **$ 176.6** | **$ 167.2** |

The changes in product warranty liabilities for the nine months ended September 30, 2026 were as follows (in millions):

| | |
|---|---|
| **Total warranty liability as of December 31, 2025** | **$ 167.2** |
| Warranty claims paid | (42.8) |
| Changes resulting from issuance of new warranties | 46.1 |
| Changes in estimates associated with pre-existing liabilities | 6.5 |
| Changes in foreign currency translation rates and other | (0.4) |
| **Total warranty liability as of September 30, 2026** | **$ 176.6** |

***Litigation***

*Antitrust Class Actions*

On March 20, 2026, seven HVAC equipment manufacturers (and certain of their affiliated companies), including the Company, were named as defendants in a complaint filed in the U.S. District Court for the Eastern District of Michigan on behalf of a putative class that alleges violations of Section 1 of the Sherman Antitrust Act of 1890, as amended, and certain state laws. Additional class action complaints were filed in April 2026 in the same court, based on similar allegations. The cases were consolidated under the caption In re HVAC Equipment Antitrust Litigation, No. 2:26-cv-10949 (E.D. Mich.). On July 10, 2026, the plaintiffs filed three amended, consolidated class-action complaints.

The complaints allege that the defendants conspired to fix, raise, maintain, and/or stabilize prices of HVAC equipment. The alleged class is defined as including all persons who purchased HVAC equipment in the U.S. during the period from January 1, 2020 to the present which was manufactured by one or more defendants for end use in a residential or commercial building. The complaints seek to recover an unspecified amount of damages, injunctive relief, and attorneys' fees on behalf of the putative class.

The Company disputes these allegations and plans to vigorously defend itself. At this stage of the antitrust litigation, the Company cannot reasonably estimate the range of possible loss, if any, or the timing, outcome, or consequence of this litigation. An adverse outcome in this litigation could have a material adverse impact on the Company's business, financial position, results of operations, or cash flows.

*Other Litigation*

We are involved in a number of other claims and lawsuits incidental to the operation of our businesses. Insurance coverages are maintained and estimated costs are recorded for such claims and lawsuits, including costs to settle other claims and lawsuits, based on experience involving similar matters and specific facts known.

It is management's opinion that none of these claims or lawsuits or any threatened litigation will have a material adverse effect on our financial condition, results of operations or cash flows. Claims and lawsuits, however, involve uncertainties and it is possible that their eventual outcome could adversely affect our results of operations for a particular period.

**5. Stock Repurchases:**

Our Board of Directors has authorized a total of $5.0 billion to repurchase shares of our common stock (collectively referred to as the "Share Repurchase Plans"), including a $1.0 billion share repurchase authorization in May 2025. The Share Repurchase Plans allow us to repurchase shares from time to time in open market transactions and in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. Such repurchases may also be made in compliance with Rule 10b5-1 trading plans entered into by us, which would permit common stock to be repurchased when we might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions. The Share Repurchase Plans do not require the repurchase of a specific number of shares and may be terminated at any time. As of September 30, 2026, $707.7 million was available for repurchase under the Share Repurchase Plans.

For the three and nine months ended September 30, 2026, we repurchased 354,046 and 653,673 shares, at an aggregate cost, inclusive of fees, of $150.0 million and $301.9 million, respectively.

**6. Revenue Recognition:**

The following table disaggregates our revenue by business segment by geography which provides information as to the major source of revenue. See Note 2 for additional information on our reportable business segments and the products and services sold in each segment.

| *(Amounts in millions)* | For the Three Months Ended September 30, 2026 | | |
|---|---|---|---|
| **Primary Geographic Markets** | **Home Comfort Solutions** | **Building Climate Solutions** | **Consolidated** |
| United States | $ 871.9 | $ 593.4 | $ 1,465.3 |
| Canada | 65.3 | 41.9 | 107.2 |
| **Total** | **$ 937.2** | **$ 635.3** | **$ 1,572.5** |

| *(Amounts in millions)* | For the Three Months Ended September 30, 2025 | | |
|---|---|---|---|
| **Primary Geographic Markets** | **Home Comfort Solutions** | **Building Climate Solutions** | **Consolidated** |
| United States | $ 850.1 | $ 478.3 | $ 1,328.4 |
| Canada | 62.8 | 35.6 | 98.4 |
| **Total** | **$ 912.9** | **$ 513.9** | **$ 1,426.8** |

| *(Amounts in millions)* | For the Nine Months Ended September 30, 2026 | | |
|---|---|---|---|
| **Primary Geographic Markets** | **Home Comfort Solutions** | **Building Climate Solutions** | **Consolidated** |
| United States | $ 2,351.3 | $ 1,605.3 | $ 3,956.6 |
| Canada | 171.5 | 124.8 | 296.3 |
| **Total** | **$ 2,522.8** | **$ 1,730.1** | **$ 4,252.9** |

| *(Amounts in millions)* | For the Nine Months Ended September 30, 2025 | | |
|---|---|---|---|
| **Primary Geographic Markets** | **Home Comfort Solutions** | **Building Climate Solutions** | **Consolidated** |
| United States | $ 2,458.9 | $ 1,266.6 | $ 3,725.5 |
| Canada | 184.7 | 90.1 | 274.8 |
| **Total** | **$ 2,643.6** | **$ 1,356.7** | **$ 4,000.3** |

**Home Comfort Solutions** - We manufacture and market a broad range of furnaces, air conditioners, heat pumps, packaged heating and cooling systems, equipment and accessories to improve indoor air quality, comfort control products, replacement parts and supplies and related products for both the residential replacement and new construction markets in North America. These products are sold under various brand names and are sold either through direct sales to a network of independent installing dealers, including through our network of Lennox stores or to independent distributors. For the three months ended September 30, 2026 and 2025, direct sales represented 70% and 75% of revenues, respectively, and sales to independent distributors represented the remainder. For the nine months ended September 30, 2026 and 2025, direct sales represented 72% and 74% of revenues, respectively, and sales to independent distributors represented the remainder. Given the nature of our business, customer product orders are fulfilled at a point in time and not over a period of time.

**Building Climate Solutions** - In North America, we manufacture and sell unitary heating and cooling equipment used in light commercial applications, such as low-rise office buildings, restaurants, retail centers, churches and schools. These products are distributed primarily through commercial contractors and directly to national account customers in the planned replacement, emergency replacement and new construction markets. We manufacture and market equipment for the commercial refrigeration markets under the Heatcraft Worldwide Refrigeration name. Our products are used in the food retail, food service, cold storage as well as non-food refrigeration markets. We sell these products to distributors, installing contractors, engineering design firms, original equipment manufacturers and end-users. We also provide installation, service and preventive maintenance for HVAC national account customers in the United States and Canada; manufacture curb, curb adapters, drop box diffusers; offer HVAC recycling and salvage services; and focus on multi-family HVAC replacement for expired mechanical assets. Revenue related to service contracts is recognized as the services are performed under the contract based on the relative fair value of the services provided. For the three months ended September 30, 2026 and 2025, equipment sales represented 82% and 80% of revenues, respectively, and the remainder of our revenue was generated from our service business. For the nine months ended September 30, 2026 and 2025, equipment sales represented 83% and 80% of revenues, respectively, and the remainder of our revenue was generated from our service business.

**Contract Liabilities** - Our contract liabilities consist of advance payments and deferred revenue. Net contract liabilities consisted of the following (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Contract assets | $ 1.7 | $ 1.7 |
| Contract liabilities - current | (11.9) | (10.5) |
| Contract liabilities - noncurrent | (11.1) | (10.3) |
| **Total** | $ (21.3) | $ (19.1) |

For the three months ended September 30, 2026 we recognized nominal revenues, for the three months ended September 30, 2025 we recognized $5.4 million, and for the nine months ended September 30, 2026 and 2025, we recognized revenue of $3.0 million and $8.5 million related to our contract liabilities at January 1, 2026 and 2025, respectively. Impairment losses recognized in our receivables and contract assets were de minimis in 2026 and 2025.

**7. Other Financial Statement Details:**

**Inventories:**

The components of inventories are as follows (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Finished goods | $ 738.3 | $ 719.1 |
| Work in process | 10.2 | 7.5 |
| Raw materials and parts[1] | 428.3 | 426.0 |
| **Total inventories, net** | **$ 1,176.8** | **$ 1,152.6** |

[1] Raw materials and parts includes materials for production and repair parts.

**Goodwill:**

The changes in the carrying amount of goodwill in 2026, in total and by segment, are summarized in the table below (in millions):

| | Balance as of December 31, 2025 | Goodwill Adjustment[1] | Goodwill from business acquisition [2] | Balance as of September 30, 2026 |
|---|---|---|---|---|
| Home Comfort Solutions | $ 87.0 | $ (0.8) | $ 88.2 | $ 174.4 |
| Building Climate Solutions | 410.2 | 5.7 | — | 415.9 |
| **Total Goodwill** | **$ 497.2** | **$ 4.9** | **$ 88.2** | **$ 590.3** |

[1] As discussed in Note 13, an update to our purchase price allocation of Duro Dyne and Supco resulted in a $4.9 million increase in goodwill.

[2] On July 13, 2026, we completed the acquisition of Dusk Acquisition II Corporation and its subsidiaries Heat Controller, LLC and Aitons Equipment ULC (collectively, "Heat Controller"). In connection with this acquisition, $88.2 million of goodwill was recorded and is included in the Home Comfort Solutions reporting segment. See Note 13 for additional information on the Heat Controller acquisition.

We monitor our reporting units for indicators of impairment throughout the year to determine if a change in facts or circumstances warrants a re-evaluation of our goodwill. We have not recorded any goodwill impairments for the nine months ended September 30, 2026 or in any periods presented.

**Derivatives:**

***Objectives and Strategies for Using Derivative Instruments***

*Commodity Price Risk* - We utilize a cash flow hedging program to mitigate our exposure to volatility in the prices of metal commodities used in our production processes. Our hedging program includes the use of futures contracts to lock in prices, and as a result, we are subject to derivative losses should the metal commodity prices decrease and gains should the prices increase. We utilize a dollar cost averaging strategy so that a higher percentage of commodity price exposures are hedged near-term and lower percentages are hedged at future dates. This strategy allows for protection against near-term price volatility while allowing us to adjust to market price movements over time.

*Interest Rate Risk* - A portion of our debt may bear interest at variable rates, and as a result, we are subject to variability in the cash paid for interest. To mitigate a portion of that risk, we may choose to engage in an interest rate swap hedging strategy to eliminate the variability of interest payment cash flows. We are not currently hedged against interest rate risk.

*Foreign Currency Risk* - Foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of assets and liabilities arising in foreign currencies. We seek to mitigate the impact of currency exchange rate movements on certain short-term transactions by periodically entering into foreign currency forward contracts.

***Cash Flow Hedges***

We have foreign exchange forward contracts and commodity futures contracts designated as cash flow hedges that are scheduled to mature through March 2028. Unrealized gains or losses from our cash flow hedges are included in Accumulated other comprehensive loss ("AOCL") and are expected to be reclassified into earnings within the next 18 months based on the prices of the commodities and foreign currencies at the settlement dates. We recorded the following amounts in AOCL related to our cash flow hedges (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Unrealized gains, net on unsettled contracts | $ (6.4) | $ (23.3) |
| Income tax expense | 1.9 | 5.4 |
| Unrealized gains, net included in AOCL, net of tax [1] | $ (4.5) | $ (17.9) |

[1] Assuming commodity prices and foreign currency exchange rates remain constant, we expect to reclassify $5.3 million of derivative gain as of September 30, 2026 into earnings within the next 12 months.

**Stock-Based Compensation:**

We issue various long-term incentive awards, including performance share units, restricted stock units and stock appreciation rights under the Lennox International Inc. 2019 Equity and Incentive Plan, as it may be amended and restated from time to time. Stock-based compensation expense related to continuing operations is included in Selling, general and administrative expenses in the accompanying Consolidated Statements of Operations as follows (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Stock-based compensation expense | $ 2.7 | $ 6.3 | $ 13.9 | $ 20.8 |

**8. Pension Benefit Plans:**

The components of net periodic benefit cost for pension benefits were as follows (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Service cost | $ 0.2 | $ 0.2 | $ 0.5 | $ 0.8 |
| Interest cost | 2.0 | 2.2 | 5.9 | 6.3 |
| Expected return on plan assets | (1.7) | (1.8) | (5.0) | (5.4) |
| Amortization of prior service cost | — | — | (0.1) | (0.1) |
| Recognized actuarial loss | 0.5 | 0.4 | 1.6 | 1.3 |
| Settlements and curtailments | — | 0.1 | 0.6 | 0.3 |
| **Net periodic benefit cost** | **$ 1.0** | **$ 1.1** | **$ 3.5** | **$ 3.2** |

**9. Income Taxes:**

As of September 30, 2026, we had approximately $5.4 million in total gross unrecognized tax benefits. If recognized, $5.4 million would be recorded through the Consolidated Statements of Operations.

Our effective tax rate was 24.6% for the three months ended September 30, 2026 compared to 18.1% for the three months ended September 30, 2025. The increase in rate is primarily due to higher income in higher tax jurisdictions.

The Internal Revenue Service is currently auditing certain aspects of our U.S. federal income tax returns for 2021 and 2022, including cross border transactions. There are also ongoing U.S. state and local audits and other foreign audits covering fiscal years 2019 through 2024. We are generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years prior to 2019. We believe that the positions taken on our tax returns are more likely than not to prevail on technical merits and that adequate amounts have been reserved for these audits. However, final resolution of ongoing audits could result in settlements or judgments in excess of our reserves, and such settlements or judgments could have a material adverse impact on our financial position, results of operations, and cash flows.

**10. Lines of Credit and Financing Arrangements:**

The following table summarizes our outstanding debt obligations and their classification in the accompanying Consolidated Balance Sheets (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Commercial paper** | $ 455.1 | $ 226.0 |
| **Current maturities of long-term debt:** | | |
| Finance lease obligations | $ 19.6 | $ 18.3 |
| Senior unsecured notes | 300.0 | — |
| Debt issuance costs | (0.4) | — |
| Total current maturities of long-term debt | $ 319.2 | $ 18.3 |
| **Long-Term Debt:** | | |
| Finance lease obligations | $ 51.5 | $ 50.6 |
| Term Loan | 300.0 | 300.0 |
| Senior unsecured notes | 500.0 | 800.0 |
| Debt issuance costs | (4.4) | (6.5) |
| Total long-term debt | $ 847.1 | $ 1,144.1 |
| **Total debt** | **$ 1,621.4** | **$ 1,388.4** |

***Commercial Paper Program***

We utilize a commercial paper program (the "Program") pursuant to which we may issue short-term, unsecured commercial paper notes (the "CP Notes") under the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. Amounts available under the Program may be borrowed, repaid, and re-borrowed from time to time, with the aggregate face or principal amount of the CP Notes outstanding under the Program at any time not to exceed $500.0 million. The CP Notes have maturities of up to 397 days from the date of issue and rank pari passu with all of our other unsecured and unsubordinated indebtedness. The net proceeds from issuances of the CP Notes are typically used for general corporate purposes. Our revolving credit facility serves as a liquidity backstop for the repayment of CP Notes outstanding under the Program. There were $455.1 million CP Notes outstanding under the Program as of September 30, 2026.

Our weighted average borrowing rate on the Program was as follows as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Weighted average borrowing rate | 4.22 % | 3.98 % |

***Long-Term Debt***

*Term Loan*

On October 16, 2025, we entered into a Term Credit Agreement (the "Term Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto. We borrowed $300.0 million pursuant to the Term Credit Agreement and used the net proceeds to repay existing borrowings under the Credit Agreement (as defined below). The Term Credit Agreement matures on October 16, 2027. Loans under the Term Credit Agreement bear interest at our election at a rate per annum equal to (i) a forward-looking term rate based on the secured overnight financing rate for the applicable interest period ("Term SOFR"), plus an applicable margin ranging between 0.90% and 1.025% per annum depending on our long-term unsecured debt rating, or (ii) the highest of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.50%, and Term SOFR for a one month tenor in effect on such day plus 1.00%, plus an applicable margin ranging between 0.00% and 0.025% per annum depending on our long-term unsecured debt rating. The Term Credit Agreement contains customary covenants and events of default that are substantially similar to the existing covenants and events of default in our Credit Agreement.

Our weighted average borrowing rate on the Term Credit Agreement was as follows as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Weighted average borrowing rate | 4.56 % | 4.90 % |

*Credit Agreement*

On May 9, 2025, we entered into an Amendment and Restatement Agreement (the "Credit Agreement") to our existing unsecured revolving credit facility with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto. The Credit Agreement decreased our total revolving commitments from $1.1 billion to $1.0 billion with an option to increase the revolving commitments by up to $350 million at our request, subject to the terms and conditions of the Credit Agreement. The Credit Agreement also extended the maturity date of the revolving commitments from July 2026 to May 2030. We had no outstanding borrowings and $1.7 million committed to standby letters of credit as of September 30, 2026. Subject to covenant limitations, $543.2 million was available for future borrowings after taking into consideration outstanding borrowings under our Program. Availability under the Credit Agreement is reduced by borrowings under the Program. The Credit Agreement includes a subfacility for swingline loans up to $65.0 million. Maturity of the Credit Agreement may be extended by the lenders pursuant to two one-year extension options that we may request under the Credit Agreement.

Our weighted average borrowing rate on the Credit Agreement was as follows as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Weighted average borrowing rate | — % | — |

The Credit Agreement and the Term Credit Agreement (the "Credit Facilities") are guaranteed by certain of our subsidiaries (the "Guarantor Subsidiaries") and contain customary covenants applicable to us and our subsidiaries including limitations on indebtedness, liens, dividends, stock repurchases, mergers, and sales of all or substantially all of our assets. In addition, the Credit Facilities each contain a financial covenant requiring us to maintain, as of the last day of each fiscal quarter for the four

prior fiscal quarters, a Total Net Leverage Ratio of no more than 3.50 to 1.00 (or, at our election, on up to two occasions following a material acquisition, 4.00 to 1.00).

Our Credit Facilities contain customary events of default. These events of default include nonpayment of principal or other amounts, material inaccuracy of representations and warranties, breach of covenants, default on certain other indebtedness or receivables securitizations (cross default), certain voluntary and involuntary bankruptcy events, and the occurrence of a change in control. A cross default under our Credit Facilities could occur if:

- We fail to pay any principal or interest when due on any other indebtedness or receivables securitization exceeding $75.0 million; or
- We are in default in the performance of, or compliance with any term of any other indebtedness in an aggregate principal amount exceeding $75.0 million, or any other condition exists which would give the holders the right to declare such indebtedness due and payable prior to its stated maturity.

Each of our major debt agreements contains provisions by which a default under one agreement causes a default in the others (a cross default). If a cross default under our Credit Facilities or our senior unsecured notes were to occur, it could have a wider impact on our liquidity than might otherwise occur from a default of a single debt instrument or lease commitment.

If any event of default occurs and is continuing, the administrative agent, or lenders with a majority of the aggregate commitments may require the administrative agent to terminate our right to borrow under our Credit Agreement and accelerate amounts due under our Credit Facilities (except for a bankruptcy event of default, in which case such amounts will automatically become due and payable and the lenders' commitments will automatically terminate).

We are currently in compliance with all covenant requirements.

*Senior Unsecured Notes*

In September 2023, we issued $500.0 million of senior unsecured notes, which will mature in September 2028 (the "2028 Notes") with interest being paid semi-annually in March and September at 5.50%. In July 2020, we issued $300.0 million of senior unsecured notes, which will mature on August 1, 2027 (the "2027 Notes," and collectively with the 2028 Notes, the "Notes") with interest being paid semi-annually in February and August at 1.70% per annum. On August 1, 2025, we repaid upon maturity $300.0 million of senior unsecured notes originally issued in 2020.

In the event of a credit rating downgrade below investment grade resulting from a change of control, holders of our senior unsecured notes will have the right to require us to repurchase all or a portion of the senior unsecured notes at a repurchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any. The Notes are guaranteed, on a senior unsecured basis, by the Guarantor Subsidiaries. The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the Guarantor Subsidiaries to: create or incur certain liens; enter into certain sale and leaseback transactions; and enter into certain mergers, consolidations and transfers of substantially all of our assets. The indenture also contains a cross default provision which is triggered if we default on other debt of at least $75.0 million in principal which is then accelerated, and such acceleration is not rescinded within 30 days of the notice date. We are currently in compliance with all covenant requirements.

**11. Comprehensive Income (Loss):**

The following table provides information on items reclassified from AOCL to Net income in the accompanying Consolidated Statements of Operations (in millions):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | | Affected Line Item(s) in the Consolidated Statements of Operations |
|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | |
| ***Gains (Losses) on Cash Flow Hedges:*** | | | | | |
| Derivatives contracts | $ 8.7 | $ 9.3 | $ 32.7 | $ 15.3 | Cost of goods sold; Losses (gains) and other expenses, net |
| Income tax expense | (2.1) | (2.1) | (7.6) | (3.5) | Provision for income taxes |
| Net of tax | $ 6.6 | $ 7.2 | $ 25.1 | $ 11.8 | |
| | | | | | |
| ***Defined Benefit Plan items:*** | | | | | |
| Pension and post-retirement benefit costs | $ (0.5) | $ (0.4) | $ (1.5) | $ (1.2) | Other expense, net |
| Pension settlements | — | (0.1) | (0.6) | (0.3) | Pension settlements |
| Income tax benefit | 0.1 | 0.1 | 0.5 | 0.4 | Provision for income taxes |
| Net of tax | $ (0.4) | $ (0.4) | $ (1.6) | $ (1.1) | |
| **Total reclassifications from AOCL** | **$ 6.2** | **$ 6.8** | **$ 23.5** | **$ 10.7** | |

The following table provides information on changes in AOCL, by component (net of tax), for the nine months ended September 30, 2026 (in millions):

| | Gains (Losses) on Cash Flow Hedges | Share of Equity Method Investments Other Comprehensive Income | Defined Benefit Pension Plan Items | Foreign Currency Translation Adjustments | Total AOCL |
|---|---|---|---|---|---|
| **Balance as of December 31, 2025** | **$ 17.9** | **$ 0.2** | **$ (46.8)** | **$ (19.8)** | **$ (48.5)** |
| Other comprehensive income (loss) before reclassifications | 11.7 | 0.3 | (1.6) | (9.8) | 0.6 |
| Amounts reclassified from AOCL | (25.1) | — | 1.6 | — | (23.5) |
| Net other comprehensive (loss) income | (13.4) | 0.3 | — | (9.8) | (22.9) |
| **Balance as of September 30, 2026** | **$ 4.5** | **$ 0.5** | **$ (46.8)** | **$ (29.6)** | **$ (71.4)** |

**12. Fair Value Measurements:**

***Fair Value Hierarchy***

The methodologies used to determine the fair value of our financial assets and liabilities as of September 30, 2026 were the same as those used as of December 31, 2025.

***Assets and Liabilities Carried at Fair Value on a Recurring Basis***

Derivatives were classified as Level 2 and primarily valued using estimated future cash flows based on observed prices from exchange-traded derivatives. We also considered the counterparty's creditworthiness, or our own creditworthiness, as appropriate. Adjustments were recorded to reflect the risk of credit default, however, they were insignificant to the overall value of the derivatives. Refer to Note 7 for more information related to our derivative instruments.

***Other Fair Value Disclosures***

The carrying amounts of Cash and cash equivalents, Short-term investments, Accounts and notes receivable, net, Accounts payable, and other short-term debt facilities approximate fair value due to the short maturities of these instruments. The

carrying amount of our Credit Facilities in Long-term debt and CP Notes also approximates fair value due to their variable-rate characteristics.

The fair value of our senior unsecured notes in Long-term debt, classified as Level 2, was based on the amount of future cash flows using current market rates for debt instruments of similar maturities and credit risk. The following table presents their fair value (in millions) as of:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Senior unsecured notes | $ 795.0 | $ 817.4 |

**13. Acquisitions:**

***Heat Controller***

In July 2026, we acquired 100% of the outstanding shares of common stock of Dusk Acquisition II Corporation and its subsidiaries Heat Controller, LLC and Aitons Equipment ULC (collectively, "Heat Controller"). Heat Controller serves distributors across North America and strengthens the Company's ability to serve small and mid-size HVAC distributors by expanding access to differentiated equipment offerings while creating new opportunities to broaden our share in the North American HVAC market. Excluding cash received at the closing, the total cash consideration paid was $215.3 million.

The purchase price was allocated to the assets acquired and liabilities assumed based on management’s estimate of their respective fair values at the date of acquisition. Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were the assembled workforce and strategic benefits that are expected to be realized from the acquisition.

The purchase price allocation is preliminary and subject to revision as additional information about the fair value of assets acquired and liabilities assumed becomes available. Under the terms of the purchase agreement, a final working capital adjustment is due in the fourth quarter of 2026. The preliminary allocation of the purchase price as of the acquisition date was as follows:

| ***(Amounts in millions)*** | **Amount** |
|---|---|
| Total consideration paid | $ 215.3 |
| | |
| Cash and cash equivalents | 6.7 |
| Accounts receivable, net | 20.6 |
| Inventory, net | 59.2 |
| Other current assets | 2.0 |
| Property, plant and equipment | 1.2 |
| Right-of-use assets from operating leases | 10.5 |
| Other assets, net | 0.4 |
| Intangible assets acquired | 74.6 |
| Accounts payable | (26.8) |
| Accrued expenses | (4.0) |
| Current operating lease liabilities | (2.1) |
| Long-term operating lease liabilities | (8.4) |
| Other liabilities | (6.8) |
| Total net assets acquired | $ 127.1 |
| | |
| Goodwill as of acquisition date | $ 88.2 |

The purchase price allocation includes $74.6 million of acquired identifiable intangible assets, all of which have finite lives. The fair value of the identifiable intangible assets has been estimated using the income approach through a discounted cash flow

analysis. The estimates are based on inputs that are not observable in the market, and therefore represent non-recurring Level 3 inputs.The determination of the useful lives is based upon various industry studies, historical acquisition experience, and economic factors.

| *(Amount in millions)* | Gross Carrying Amount | Useful Life | Amortization Method |
|---|---|---|---|
| Customer relationships | $ 59.0 | 10 years | Straight-line |
| Trade names | 15.6 | 20 years | Straight-line |
| Total | $ 74.6 | | |

Subsequent to the purchase of Heat Controller, we recognized net sales of approximately $29.5 million and the acquired business contributed approximately $1.2 million to the Home Comfort Solutions segment profit from the date of acquisition through September 30, 2026. Estimated tax deductible goodwill of $31.5 million was generated as a result of the acquisition.

***Duro Dyne and Supco***

In October 2025, we completed the acquisition of Duro Dyne and Supco, a robust portfolio of HVAC parts and supplies that complement our existing residential and commercial offerings. Under the terms of the purchase agreement, a final working capital adjustment was completed in the first quarter of 2026. This working capital adjustment resulted in a $2.3 million increase in the purchase price. Additionally, during the first quarter of 2026 we made certain purchase price adjustments. The following table details the purchase price adjustments that were made through the third quarter of 2026 (in millions):

| | December 31, 2025 | Adjustment | September 30, 2026 |
|---|---|---|---|
| Net tangible assets acquired | $ 39.1 | $ (2.6) | $ 36.5 |
| Intangible assets acquired[(1)] | 235.0 | — | 235.0 |
| Goodwill | 277.2 | 4.9 | 282.1 |
| **Total investment** | $ 551.3 | $ 2.3 | $ 553.6 |

[(1)] The intangible assets acquired were estimated using the income approach through a discounted cash flow analysis. The estimates are based on inputs that are not observable in the market, and therefore represent non-recurring Level 3 inputs.

The valuation of assets acquired and liabilities assumed in connection with the Duro Dyne and Supco acquisition was finalized in the third quarter of 2026.

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, that are based on information currently available to management as well as management's assumptions and beliefs as of the date such statements were made. All statements, other than statements of historical fact, included in this Quarterly Report on Form 10-Q constitute forward-looking statements, including but not limited to statements identified by forward-looking terminology, such as the words "may," "will," "should," "plan," "anticipate," "believe," "intend," "estimate," and "expect" and similar expressions. Such statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions; however, such statements are subject to certain risks and uncertainties.

In addition to the specific uncertainties discussed elsewhere in this Quarterly Report on Form 10-Q, the risk factors set forth in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, and those set forth in Part II, "Item 1A. Risk Factors" of this report, if any, may affect our performance and results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those in the forward-looking statements. We disclaim any intention or obligation to update or review any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

**Business Overview**

We operate in two reportable business segments of the HVACR industry, Home Comfort Solutions and Building Climate Solutions. For more detailed information regarding our reportable segments, see Note 2 in the Notes to the Consolidated Financial Statements.

Our fiscal quarterly periods are comprised of approximately 13 weeks, but the number of days per quarter may vary year-over-year. Our quarterly reporting periods usually end on the Saturday closest to the last day of March, June, and September. Our fourth quarter and fiscal year ends on December 31, regardless of the day of the week on which December 31 falls. For convenience, throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, the 13-week periods comprising each fiscal quarter are denoted by the last day of the respective calendar quarter.

We sell our products and services through a combination of direct sales, distributors and company-owned stores. The demand for our products and services is seasonal and can be significantly impacted by the weather. Warmer than normal summer temperatures generate demand for replacement air conditioning and refrigeration products and services, and colder than normal winter temperatures have a similar effect on heating products and services. Conversely, cooler than normal summers and warmer than normal winters depress the demand for HVACR products and services. In addition to weather, demand for our products and services is influenced by national and regional economic and demographic factors, such as interest rates, the availability of financing, regional population and employment trends, new construction, general economic conditions, and consumer spending habits and confidence. A substantial portion of the sales in each of our business segments is attributable to replacement business, with the balance comprised of new construction business.

The principal elements of cost of goods sold are components, raw materials, factory overhead, labor, estimated costs of warranty expense, and freight and distribution costs. The principal raw materials used in our manufacturing processes are steel, aluminum and copper. In recent years, pricing volatility for these commodities and related components has impacted us and the HVACR industry in general. We seek to mitigate the impact of certain commodity price volatility and tariffs through a combination of pricing actions, vendor contracts, improved production efficiency, and cost reduction initiatives. We also partially mitigate volatility in the prices of these commodities by entering into futures contracts and fixed forward contracts.

**Financial Overview**

Results for the third quarter of 2026 were mixed as our Home Comfort Solutions segment faced volume headwinds and higher product costs due to inflation, including tariff related impacts. Overall our net sales increased 10% and our segment profit decreased $13 million as compared to prior year. For our Home Comfort Solutions segment, net sales increased 3% and segment profit decreased $40 million. For our Building Climate Solutions segment, net sales increased 24% and segment profit increased $26 million.

*Financial Highlights*

- Net sales of $1,572 million in the third quarter of 2026 reflected a 10% increase as compared to the same period in 2025.
- Operating income in the third quarter of 2026 decreased $17 million to $312 million as lower sales volumes, higher product costs, and restructuring costs were partially offset by favorable price.
- Net income for the third quarter of 2026 was $221 million.
- Diluted earnings per share was $6.41 per share in the third quarter of 2026 as compared to $7.38 per share in the same period in 2025.
- For the nine months ended September 30, 2026, we returned $138 million to shareholders through dividend payments and repurchased $302 million of common stock through our share repurchase program.

**Recent Developments**

Throughout 2025 and 2026, the U.S. government implemented new tariff measures under various authorities, including the International Emergency Economic Powers Act ("IEEPA"), Section 232 of the Trade Expansion Act of 1962, and Sections 122 and 301 of the Trade Act of 1974.

In February 2026, the U.S. Supreme Court ruled against tariffs imposed under IEEPA, and U.S. Customs and Border Protection is now processing valid court-ordered IEEPA refunds. The ruling did not repeal Section 232 tariffs on steel, copper, and aluminum or Section 301 tariffs on covered HVAC imports.

Following this ruling, the U.S. presidential administration imposed a temporary surcharge under Section 122, which applied a 10% global tariff on most imported products, effective through July 24, 2026. The temporary surcharge was replaced by a new Section 301 forced labor tariffs framework of 10% or 12.5%, covering imports from 60 trading partners. Section 232 articles and qualifying USMCA goods are excluded from this new framework. Section 232 tariffs also continued to evolve, with modifications implemented in April and June 2026. The Company continues to evaluate tariff mitigation strategies.

**Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025 - Consolidated Results**

The following table provides a summary of our financial results, including information presented as a percentage of net sales:

| | For the Three Months Ended September 30, | | | | |
|---|---|---|---|---|---|
| | Dollars (in millions) | | Percent Change Fav/(Unfav) | Percent of Sales | |
| | 2026 | 2025 | | 2026 | 2025 |
| **Net sales** | **$ 1,572.5** | **$ 1,426.8** | **10.2 %** | **100.0 %** | **100.0 %** |
| Cost of goods sold | 1,075.3 | 939.6 | (14.4) | 68.4 | 65.9 |
| Gross profit | 497.2 | 487.2 | 2.1 | 31.6 | 34.1 |
| Selling, general and administrative expenses | 177.3 | 161.6 | (9.7) | 11.3 | 11.3 |
| Losses (gains) and other expenses, net | 4.8 | (0.7) | 785.7 | 0.3 | — |
| Restructuring charges | 8.2 | — | 100.0 | 0.5 | — |
| Gain on sale from previous dispositions | (3.8) | — | 100.0 | (0.2) | — |
| Income from equity method investments | (1.4) | (2.5) | (44.0) | (0.1) | (0.2) |
| **Operating income** | **$ 312.1** | **$ 328.8** | **(5.1)%** | **19.8 %** | **23.0 %** |

*Net Sales*

Net sales for the third quarter of 2026 increased 10% as compared to the same period in 2025 primarily due to a 2% increase from higher sales volumes, a 2% increase from favorable mix and price and a 6% increase in sales volumes from completed acquisitions.

*Gross Profit*

Gross profit margins in the third quarter of 2026 decreased 250 basis points ("bps") to 31.6% as compared to 34.1% in the same period in 2025. Gross margins decreased 300 bps from higher product costs, due to inflation, including tariff related impacts and lower factory absorption, and 50 bps from higher fuel costs, inflation on distribution, and ongoing investments, which were partially offset by 80 bps from favorable mix and price and 20 bps from sales volumes from completed acquisitions.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses ("SG&A") increased $15 million to $177 million in the third quarter of 2026 as compared to $162 million in the same period in 2025, primarily attributable to higher discretionary and employee-related costs, the acquisition of Duro Dyne and Supco in the fourth quarter of 2025 and the acquisition of Heat Controller in the third quarter of 2026. As a percentage of net sales, SG&A was flat at 11.3%.

*Losses (Gains) and Other Expenses, Net*

Losses (gains) and other expenses, net for the third quarter of 2026 and 2025 included the following (in millions):

| | For the Three Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Foreign currency exchange losses (gains) | $ 0.2 | $ (3.2) |
| (Gain) loss on disposal of fixed assets | (0.5) | 0.4 |
| Other operating income | (4.1) | — |
| Acquisition costs | 3.8 | — |
| Special litigation charges | 5.4 | 2.1 |
| Losses (gains) and other expenses, net (pre-tax) | $ 4.8 | $ (0.7) |

*Income from Equity Method Investments*

Investments over which we do not exercise control but have significant influence are accounted for using the equity method of accounting. Income from equity method investments was de minimis in the third quarter of 2026 and 2025.

*Interest Expense, net*

Interest expense, net increased to $18 million in the third quarter of 2026 from $11 million in the same period in 2025 primarily due to increased borrowings on our commercial paper facility and our Term Credit Agreement entered into in October of 2025.

*Income Taxes*

Our effective tax rate was 24.6% for the third quarter of 2026 as compared to 18.1% in the same period in 2025. The increase in the rate is primarily due to higher income in higher tax jurisdictions.

**Third Quarter of 2026 Compared to Third Quarter of 2025 - Results by Segment**

*Home Comfort Solutions*

The following table presents our Home Comfort Solutions segment's net sales and profit for the third quarter of 2026 and 2025 (dollars in millions):

| | For the Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | % Change |
| Net sales | $ 937.2 | $ 912.9 | $ 24.3 | 3 % |
| Profit | $ 175.7 | $ 215.3 | $ (39.6) | (18)% |
| % of net sales | 18.7 % | 23.6 % | | |

Net sales increased 3% in the third quarter of 2026 as compared to the same period in 2025 primarily due to a 4% increase in sales volumes from completed acquisitions and a 2% increase from favorable mix and price, which were partially offset by a 3% decrease in sales volumes.

Segment profit in the third quarter of 2026 decreased $40 million as compared to the same period in 2025, primarily due to $32 million from higher product costs due to inflation, including tariff related impacts and lower factory absorption, $12 million from reduced sales volumes, and $15 million from higher fuel costs, inflation on SG&A and distribution, and ongoing investments. These impacts were partially offset by a $13 million benefit from favorable mix and price, and $6 million from completed acquisitions.

*Building Climate Solutions*

The following table presents our Building Climate Solutions segment's net sales and profit for the third quarter of 2026 and 2025 (dollars in millions):

| | For the Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | % Change |
| Net sales | $ 635.3 | $ 513.9 | $ 121.4 | 24 % |
| Profit | $ 166.5 | $ 140.3 | $ 26.2 | 19 % |
| % of net sales | 26.2 % | 27.3 % | | |

Net sales increased 24% in the third quarter of 2026 as compared to the same period in 2025 primarily due to a 13% increase in sales volumes, a 9% increase in sales volumes from completed acquisitions, and a 2% increase from favorable mix and price.

Segment profit in the third quarter of 2026 increased $26 million as compared to the same period in 2025 primarily due to $24 million profit benefit from higher sales volumes, $13 million profit benefit from sales volumes from completed acquisitions, and $8 million from favorable mix and price, which were partially offset by $14 million in higher product costs due to inflation, including tariff related impacts and $5 million from other costs.

**Year-to-Date through September 30, 2026 Compared to Year-to-Date through September 30, 2025 - Consolidated Results**

The following table provides a summary of our financial results, including information presented as a percentage of net sales:

| | For the Nine Months Ended September 30, | | | | |
|---|---|---|---|---|---|
| | Dollars (in millions) | | Percent Change Fav/(Unfav) | Percent of Sales | |
| | 2026 | 2025 | | 2026 | 2025 |
| **Net sales** | **$ 4,252.9** | **$ 4,000.3** | **6.3 %** | **100.0 %** | **100.0 %** |
| Cost of goods sold | 2,864.9 | 2,654.7 | (7.9) | 67.4 | 66.4 |
| Gross profit | 1,388.0 | 1,345.6 | 3.2 | 32.6 | 33.6 |
| Selling, general and administrative expenses | 545.6 | 506.2 | (7.8) | 12.8 | 12.7 |
| Losses (gains) and other expenses, net | 9.4 | (0.6) | 1,666.7 | 0.2 | — |
| Restructuring charges | 8.2 | — | 100.0 | 0.2 | — |
| Gain on sale from previous dispositions | (3.8) | — | 100.0 | (0.1) | — |
| Income from equity method investments | (2.0) | (5.8) | (65.5) | — | (0.1) |
| **Operating income** | **$ 830.6** | **$ 845.8** | **(1.8)%** | **19.5 %** | **21.1 %** |

*Net Sales*

Net sales increased 6% for the nine months ended September 30, 2026 as compared to the same period in 2025, primarily due to a 5% increase in sales volumes from completed acquisitions and a 4% increase from favorable mix and price, which were partially offset by a 3% decrease in sales volumes.

*Gross Profit*

Gross profit margins for the nine months ended September 30, 2026 decreased 100 bps to 32.6% as compared to 33.6% in the same period in 2025. Gross margins decreased 220 bps from higher product costs, due to inflation, including tariff related impacts and lower factory absorption, net of $30 million in tariff refunds, 40 bps from higher fuel costs, inflation on distribution, and ongoing investments, and 10 bps from miscellaneous costs, which were partially offset by 140 bps from favorable mix and price and 30 bps from completed acquisitions.

*Selling, General and Administrative Expenses*

SG&A increased $39 million to $546 million for the nine months ended September 30, 2026 as compared to $506 million in the same period in 2025 primarily due to higher discretionary and employee-related costs and the acquisition of Duro Dyne and Supco in the fourth quarter of 2025 and the acquisition of Heat Controller in the third quarter of 2026. As a percentage of net sales, SG&A increased 10 bps to 12.8% from 12.7%.

*Losses (Gains) and Other Expenses, Net*

Losses (gains) and other expenses, net for the nine months ended September 30, 2026 and 2025 included the following (in millions):

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| Foreign currency exchange losses (gains) | $ 0.3 | $ (6.6) |
| (Gain) loss on disposal of fixed assets | (1.9) | 0.1 |
| Other operating income | (2.0) | (0.2) |
| Acquisition costs | 3.8 | — |
| Special litigation charges | 9.2 | 6.1 |
| Losses (gains) and other expenses, net (pre-tax) | $ 9.4 | $ (0.6) |

*Income from Equity Method Investments*

Investments over which we do not exercise control but have significant influence are accounted for using the equity method of accounting. Income from equity method investments decreased to $2 million for the nine months ended September 30, 2026 as compared to $6 million in the same period in 2025.

*Interest Expense, net*

Interest expense, net increased $22 million for the nine months ended September 30, 2026 to $47 million as compared to $25 million in the same period in 2025 primarily due to increased borrowings on our commercial paper facility and our term loan agreement entered into in October of 2025.

*Income Taxes*

Our effective tax rate was 22.1% for the nine months ended September 30, 2026 as compared to 18.9% in the same period in 2025. The increase in the rate was primarily due to higher income in higher tax jurisdictions.

**Year-to-Date through September 30, 2026 Compared to Year-to-Date through September 30, 2025 - Results by Segment**

*Home Comfort Solutions*

The following table presents our Home Comfort Solutions segment's net sales and profit for the nine months ended September 30, 2026 and 2025 (dollars in millions):

| | For the Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | % Change |
| Net sales | $ 2,522.8 | $ 2,643.6 | $ (120.8) | (5)% |
| Profit | $ 484.0 | $ 591.2 | $ (107.2) | (18)% |
| % of net sales | 19.2 % | 22.4 % | | |

Net sales decreased 5% for the nine months ended September 30, 2026 as compared to the same period in 2025 primarily due to a 12% decrease in sales volumes which was partially offset by a 4% increase from favorable mix and price and a 3% increase in sales volumes from completed acquisitions.

Segment profit for the first nine months of 2026 decreased by $107 million as compared to the same period in 2025, primarily due to lower sales volumes, which resulted in $116 million profit headwind, $57 million from higher product costs due to inflation, including tariff related impacts and lower factory absorption, net of $25 million in tariff refunds, $14 million from higher fuel costs, inflation across SG&A and distribution, and ongoing investments, and $12 million from miscellaneous costs. These impacts were partially offset by a $78 million benefit from favorable mix and price and $14 million from completed acquisitions.

*Building Climate Solutions*

The following table presents our Building Climate Solutions segment's net sales and profit for the nine months ended September 30, 2026 and 2025 (dollars in millions):

| | For the Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | % Change |
| Net sales | $ 1,730.1 | $ 1,356.7 | $ 373.4 | 28 % |
| Profit | $ 417.4 | $ 319.7 | $ 97.7 | 31 % |
| % of net sales | 24.1 % | 23.6 % | | |

Net sales increased 28% for the nine months ended September 30, 2026 as compared to the same period in 2025 primarily due to a 14% increase in sales volumes, a 10% increase in sales volumes from completed acquisitions, and 4% from favorable mix and price.

Segment profit for the first nine months of 2026 increased $98 million as compared to the same period in 2025 primarily due to $72 million profit benefit from higher sales volumes, $46 million increase from favorable mix and price, and $32 million profit benefit from sales volumes from completed acquisitions, which were partially offset by $30 million from higher product costs due to inflation, including tariff related impacts and lower factory absorption, net of $5 million in tariff refunds, $19 million from higher fuel costs, inflation across SG&A and distribution, and ongoing investments, and $3 million from miscellaneous costs.

**Liquidity and Capital Resources**

Our working capital and capital expenditure requirements are generally met through internally generated funds, bank lines of credit and a commercial paper program (as described below). Working capital needs are generally greater in the first and second quarters due to the seasonal nature of our business cycle.

*Statement of Cash Flows*

The following table summarizes our cash flow activity for the nine months ended September 30, 2026 and 2025 (in millions):

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Net cash provided by operating activities | $ 583.4 | $ 351.7 |
| Net cash used in investing activities | (334.1) | (87.6) |
| Net cash used in financing activities | (233.6) | (627.4) |

*Net Cash Provided By Operating Activities* - The change in net cash provided by operating activities for the nine months ended September 30, 2026 compared to the net cash provided by operating activities for the same period in 2025 is primarily due to favorable working capital changes.

*Net Cash Used In Investing Activities* - Net cash used in investing activities increased $247 million for the nine months ended September 30, 2026, as compared to the same period of 2025 primarily due to $210 million, excluding cash acquired, related to our acquisition of Heat Controller as well as the final settlement of the working capital adjustment for the Duro Dyne and Supco acquisition. Capital expenditures were $124 million for the nine months ended September 30, 2026 compared to $90 million in the same period of 2025. The increase in capital expenditures was primarily driven by strategic investments in land and buildings that will support future product innovation centers.

*Net Cash Used In Financing Activities* - Net cash used in financing activities for the nine months ended September 30, 2026 decreased to $234 million as compared to $627 million used during the same period of 2025. The change was primarily due to changes in net borrowings and repayments of long-term debt and repurchases of common stock through our share repurchase program. We repurchased $302 million of shares for the nine months ended September 30, 2026 and returned $138 million to shareholders through dividend payments.

*Debt Position*

The following table details our lines of credit and financing arrangements as of September 30, 2026 (in millions):

| | | Outstanding Borrowings |
|---|---|---|
| **Commercial paper:** | $ | 455.1 |
| **Current maturities of long-term debt:** | | |
| Finance lease obligations | $ | 19.6 |
| Senior unsecured notes | | 300.0 |
| Debt issuance costs | | (0.4) |
| Total current maturities of long-term debt | $ | 319.2 |
| **Long-term debt:** | | |
| Finance lease obligations | $ | 51.5 |
| Term Loan | | 300.0 |
| Senior unsecured notes | | 500.0 |
| Debt issuance costs | | (4.4) |
| Total long-term debt | $ | 847.1 |
| **Total debt** | **$** | **1,621.4** |

*Commercial Paper Program*

We utilize a commercial paper program (the "Program") pursuant to which we may issue short-term, unsecured commercial paper notes (the "CP Notes") under the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. Amounts available under the Program may be borrowed, repaid, and re-borrowed from time to time, with the aggregate face or principal amount of the CP Notes outstanding under the Program at any time not to exceed $500.0 million. The CP Notes have maturities of up to 397 days from the date of issue and rank pari passu with all of our other unsecured and unsubordinated indebtedness. The net proceeds from issuances of the CP Notes are typically used for general corporate purposes. Our revolving credit facility serves as a liquidity backstop for the repayment of CP Notes outstanding under the Program. There were $455.1 million CP Notes outstanding under the Program as of September 30, 2026.

*Credit Agreement*

On May 9, 2025, we entered into an Amendment and Restatement Agreement (the "Credit Agreement") to our existing unsecured revolving credit facility with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto. The Credit Agreement decreased our total revolving commitments from $1.1 billion to $1.0 billion with an option to increase the revolving commitments by up to $350 million at our request, subject to the terms and conditions of the Credit Agreement. The Credit Agreement also extended the maturity date of the revolving commitments from July 2026 to May 2030. We had no outstanding borrowings and $1.7 million committed to standby letters of credit as of September 30, 2026. Subject to covenant limitations, $543.2 million was available for future borrowings after taking into consideration outstanding borrowings under our Program. Availability under the Credit Agreement is reduced by borrowings under the Program. The Credit Agreement includes a subfacility for swingline loans up to $65.0 million. Maturity of the Credit Agreement may be extended by the lenders pursuant to two one-year extension options that we may request under the Credit Agreement.

*Term Loan*

On October 16, 2025, we entered into a Term Credit Agreement (the “Term Credit Agreement”) with Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto. We borrowed $300.0 million pursuant to the Term Credit Agreement and used the net proceeds to repay existing borrowings under the Credit Agreement. The Term Credit Agreement matures on October 16, 2027. Loans under the Term Credit Agreement bear interest at our election at a rate per annum equal to (i) a forward-looking term rate based on the secured overnight financing rate for the applicable interest period ("Term SOFR"), plus an applicable margin ranging between 0.90% and 1.025% per annum depending on our long-term unsecured debt rating, or (ii) the highest of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus

0.50%, and Term SOFR for a one month tenor in effect on such day plus 1.00%, plus an applicable margin ranging between 0.00% and 0.025% per annum depending on our long-term unsecured debt rating.

The Term Credit Agreement contains customary covenants and events of default that are substantially similar to the existing covenants and events of default in our Credit Agreement.

*Senior Unsecured Notes*

In September 2023, we issued $500.0 million of senior unsecured notes, which will mature in September 2028 (the "2028 Notes") with interest being paid semi-annually in March and September at 5.50%. In July 2020, we issued $300.0 million of senior unsecured notes, which will mature on August 1, 2027 (the "2027 Notes," and collectively with the 2028 Notes, the "Notes") with interest being paid semi-annually in February and August at 1.70% per annum. On August 1, 2025, we repaid upon maturity $300.0 million of senior unsecured notes originally issued in 2020.

In the event of a credit rating downgrade below investment grade resulting from a change of control, holders of our senior unsecured notes will have the right to require us to repurchase all or a portion of the senior unsecured notes at a repurchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any. All the Notes are guaranteed, on a senior unsecured basis, by certain of our subsidiaries that guarantee indebtedness under our Credit Agreement (the "Guarantor Subsidiaries"). The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the Guarantor Subsidiaries to: create or incur certain liens; enter into certain sale and leaseback transactions; and enter into certain mergers, consolidations and transfers of substantially all of our assets. The indenture also contains a cross default provision which is triggered if we default on other debt of at least $75.0 million in principal which is then accelerated, and such acceleration is not rescinded within 30 days of the notice date. We are currently in compliance with all covenant requirements.

*Financial Leverage*

We periodically review our capital structure to ensure the appropriate levels of leverage and liquidity. We may access the capital markets, as necessary, based on business needs and to take advantage of favorable interest rate environments or other market conditions. We also evaluate our debt-to-capital and debt-to-EBITDA ratios to determine, among other considerations, the appropriate targets for capital expenditures and share repurchases under our share repurchase programs. Our debt-to-total-capital ratio increased to 55% at September 30, 2026, as compared to 54% at December 31, 2025.

As of September 30, 2026, our senior credit ratings were Baa1 with a stable outlook, and BBB with a stable outlook, by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Group ("S&P"), respectively. The security ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. Our goal is to maintain investment grade ratings from Moody's and S&P to help ensure the capital markets remain available to us.

*Liquidity*

We believe our cash and cash equivalents of $43.3 million, future cash generated from operations and available borrowing capacity are sufficient to fund operations, planned capital expenditures, future contractual obligations, potential share repurchases and dividends, and other needs in the foreseeable future. Included in our cash and cash equivalents of $43.3 million as of September 30, 2026 was $19.8 million of cash held in foreign locations. Our cash held in foreign locations is used for investing and operating activities in those locations, and we generally do not have the need or intent to repatriate those funds to the United States. An actual repatriation in the future from our non-U.S. subsidiaries could be subject to foreign withholding taxes and U.S. state taxes.

*Guarantees Related to Our Debt Obligations*

Our senior unsecured notes were issued by Lennox International Inc. ("Parent") and are unconditionally guaranteed by the Guarantor Subsidiaries (and together with Lennox International Inc., the “Obligor Group”). The Guarantor Subsidiaries are

100% owned and consolidated, all guarantees are full and unconditional, and all guarantees are joint and several.

Summarized financial information is presented below for the Obligor Group on a combined basis after elimination of intercompany transactions and balances within the Obligor Group and equity in the earnings from and investments in any non-Guarantor Subsidiary. The revenue amounts presented in the summarized financial information include substantially all of our consolidated revenue, and there is no intercompany revenue from the non-Guarantor Subsidiaries. This summarized financial information has been prepared and presented pursuant to Regulation S-X Rule 13-01 and is not intended to present the financial position or results of operations of the Obligor Group in accordance with U.S. GAAP.

The following combined Parent and Guarantor Subsidiaries financial information is presented as of September 30, 2026 and December 31, 2025 and for the nine months ended September 30, 2026 (in millions):

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Current assets | $ 1,946.5 | $ 1,676.4 |
| Non-current assets | 1,991.6 | 1,824.9 |
| Current liabilities | 1,599.7 | 1,000.7 |
| Non-current liabilities | 1,468.9 | 1,689.4 |
| Amounts due to non-Guarantor Subsidiaries | (530.5) | (463.7) |

| | Nine months ended September 30, 2026 | For the Year Ended December 31, 2025 |
|---|---|---|
| Net sales | $ 4,094.3 | $ 5,113.8 |
| Gross profit | 1,143.0 | 1,324.4 |
| Net income | 364.8 | 406.3 |

**Off Balance Sheet Arrangements**

We have no off-balance sheet arrangements that we believe may have a material current or future effect on our financial condition, liquidity or results of operations.

**Commitments and Contingencies**

For information regarding our commitments and contingencies, see Note 4 in the Notes to the Consolidated Financial Statements.

**Recent Accounting Pronouncements**

There were no recent accounting pronouncements that are expected to have a material impact on our financial statements and disclosures.

**Item 3.** ***Quantitative and Qualitative Disclosures About Market Risk***

For quantitative and qualitative disclosures about market risk affecting LII, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025. Our exposure to market risk has not changed materially since December 31, 2025.

**Item 4.** ***Controls and Procedures***

**Disclosure Controls and Procedures**

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our current management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2026, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II - Other Information

**Item 1.** ***Legal Proceedings***

***Antitrust Class Actions***

On March 20, 2026, seven HVAC equipment manufacturers (and certain of their affiliated companies), including the Company, were named as defendants in a complaint filed in the U.S. District Court for the Eastern District of Michigan on behalf of a putative class that alleges violations of Section 1 of the Sherman Antitrust Act of 1890, as amended, and certain state laws. Additional class action complaints were filed in April 2026 in the same court, based on similar allegations. The cases were consolidated under the caption In re HVAC Equipment Antitrust Litigation, No. 2:26-cv-10949 (E.D. Mich.). On July 10, 2026, the plaintiffs filed three amended, consolidated class-action complaints.

The complaints allege that the defendants conspired to fix, raise, maintain, and/or stabilize prices of HVAC equipment. The alleged class is defined as including all persons who purchased HVAC equipment in the U.S. during the period from January 1, 2020 to the present which was manufactured by one or more defendants for end use in a residential or commercial building. The complaints seek to recover an unspecified amount of damages, injunctive relief, and attorneys' fees on behalf of the putative class.

The Company disputes these allegations and plans to vigorously defend itself. At this stage of the antitrust litigation, the Company cannot reasonably estimate the range of possible loss, if any, or the timing, outcome, or consequence of this litigation. An adverse outcome in this litigation could have a material adverse impact on the Company's business, financial position, results of operations, or cash flows.

***Other Claims***

We are involved in a number of other claims and lawsuits incidental to the operation of our businesses. Where appropriate, insurance coverages are maintained and estimated costs are recorded for such claims and lawsuits. It is management's opinion that none of these other claims or lawsuits will have a material adverse effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

**Item 1A.** ***Risk Factors***

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, which could materially affect our business, financial condition or results of operations. There have been no material changes to our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

**Item 2.** ***Unregistered Sales of Equity Securities and Use of Proceeds***

In the third quarter of 2026, we purchased shares of our common stock as follows:

| | Total Number of Shares Purchased | Average Price Paid per Share (including fees) | Total Number of Shares Purchased As Part of Publicly Announced Plans | Approximate Dollar Value of Shares that may yet be Purchased under our Share Repurchase Plans (in millions) [1] |
|---|---|---|---|---|
| July 1 through July 31 | — | $ — | — | $ 857.7 |
| August 1 through August 31 | 224,574 | $ 445.30 | 224,574 | $ 757.7 |
| September 1 through September 30 | 129,472 | $ 386.18 | 129,472 | $ 707.7 |
| | 354,046 | | 354,046 | |

[1] Since the inception of the Company's share repurchase program in 2008, the Board has authorized share repurchases in an amount not to exceed $5.0 billion (the "Share Repurchase Plans"). The Share Repurchase Plans do not have an expiration date. See Note 5 in the Notes to the Consolidated Financial Statements for further details.

**Item 5.** ***Other Information***

**Rule 10b5-1 Plan Elections**

John W. Norris, III, a director, adopted a prearranged stock trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act on August 20, 2026. Mr. Norris' plan provides for the sale of up to 35,000 shares of the Company's common stock between November 19, 2026 and August 15, 2027.

This trading plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and the Company's policies regarding transactions in the Company's securities.

**Item 6. Exhibits**

| | |
|---|---|
| 3.1 | Restated Certificate of Incorporation of Lennox International Inc. ("LII") (filed as Exhibit 3.1 to LII's Annual Report on Form 10-K filed on February 15, 2022 and incorporated herein by reference). |
| 3.2 | Amended and Restated Bylaws of LII (filed as Exhibit 3.2 to LII's Annual Report on Form 10-K filed on February 15, 2022 and incorporated herein by reference). |
| 4.1 | Indenture, dated as of May 3, 2010, between LII and U.S. Bank National Association, as trustee (filed as Exhibit 4.3 to LII's Post-Effective Amendment No. 1 to Registration Statement on S-3 filed on May 3, 2010 and incorporated herein by reference). |
| 4.2 | Ninth Supplemental Indenture, dated as of July 30, 2020, among LII, each existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and U.S. Bank National Association, as trustee (filed as Exhibit 4.2 to LII's Current Report on Form 8-K filed on July 30, 2020 and incorporated herein by reference). |
| 4.3 | Form of 1.700% Notes due 2027 (filed as Exhibit B in Exhibit 4.2 to LII's Current Report on Form 8-K filed on July 30, 2020 and incorporated herein by reference). |
| 4.4 | Tenth Supplemental Indenture, dated as of July 14, 2021, among LII, each existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and U.S. Bank National Association, as trustee (filed as Exhibit 4.7 to LII's Annual Report on Form 10-K filed on February 15, 2022 and incorporated herein by reference). |
| 4.5 | Eleventh Supplemental Indenture, dated as of September 15, 2023, among LII, the guarantors party thereto and U.S. Bank Trust Company National Association, as trustee (filed as Exhibit 4.2 to LII's Current Report on Form 8-K filed on September 15, 2023 and incorporated herein by reference). |
| 4.6 | Form of 5.500% Notes due 2028 (filed as Exhibit A in Exhibit 4.2 to LII's Current Report on Form 8-K filed on September 15, 2023 and incorporated herein by reference). |
| 4.7 | Twelfth Supplemental Indenture, dated as of April 30, 2026, among LII, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (filed as Exhibit 4.7 to LII's Quarterly Report on Form 10-Q filed on July 29, 2026 and incorporated herein by reference). |
| 10.1 | Form of Long-Term Incentive Award Agreement for U.S. Employees - Vice President and Above (for use under the LII 2019 Equity and Incentive Plan) (Sept. 2026 version) (filed as Exhibit 10.1 to LII's Current Report on Form 8-K filed on September 18, 2026 and incorporated herein by reference). |
| 22.1 | List of Guarantor Subsidiaries (filed as Exhibit 22.1 to LII's Quarterly Report on Form 10-Q filed on July 29, 2026 and incorporated herein by reference). |
| 31.1 | Certification of the principal executive officer (filed herewith). |
| 31.2 | Certification of the principal financial officer (filed herewith). |
| 32.1 | Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350 (furnished herewith) |
| 101 | INS Inline XBRL Instance Document |
| 101 | SCH Inline XBRL Taxonomy Extension Schema Document |
| 101 | CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101 | LAB Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101 | PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 101 | DEF Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LENNOX INTERNATIONAL INC.

By: /s/ Michael P. Quenzer
Michael P. Quenzer
Chief Financial Officer
(on behalf of registrant and as principal financial officer)

Date: October 28, 2026