

REFINITIV

DELTA REPORT

10-Q

ALLE - ALLEGION PLC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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TOTAL DELTAS 805

CHANGES 241

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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, 2023** **March 31, 2024**

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 **001-35971**



ALLEGION PUBLIC LIMITED COMPANY
(Exact name of registrant as specified in its charter)

Ireland

(State or other jurisdiction of
incorporation or organization)

98-1108930

(I.R.S. Employer
Identification No.)

Block D
Iveagh Court
Harcourt Road

Dublin 2, D02 VH94, Ireland

(Address of principal executive offices, including zip code)

+(353) (1) 2546200

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of exchange on which registered</u>
Ordinary shares, par value \$0.01 per share	ALLE	New York Stock Exchange
3.500% Senior Notes due 2029	ALLE 3 ½	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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards 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

The number of ordinary shares outstanding of Allegion plc as of **October 26, 2023** **April 22, 2024** was **87,787,566**. **87,440,696**.

ALLEGION PLC

FORM 10-Q

INDEX

PART I - FINANCIAL INFORMATION	1
Item 1 - Financial Statements	1
Condensed and Consolidated Statements of Comprehensive Income for the three months ended March 31, 2024 and nine months ended September 30, 2023 and 2022 (Unaudited)	1
Condensed and Consolidated Balance Sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (Unaudited)	2
Condensed and Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 March 31, 2024 and 2022 December 31, 2023 (Unaudited)	3
Notes to Condensed and Consolidated Financial Statements (Unaudited)	4
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	18 16
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	30 26
Item 4 - Controls and Procedures	30 26
PART II - OTHER INFORMATION	32 27
Item 1 - Legal Proceedings	32 27
Item 1A - Risk Factors	32 27
Item 2 - Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities	33 27
Item 5 - Other Information	33 27
Item 6 - Exhibits	33 28
SIGNATURES	35 29

PART I-FINANCIAL INFORMATION

Item 1 – Financial Statements

Allegion plc

Condensed and Consolidated Statements of Comprehensive Income

(Unaudited)

		Three months ended		Nine months ended			
		Three months ended		Three months ended			
		Three months ended		Three months ended			
		Three months ended		Three months ended			
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	In millions, except per share amounts	March 31,
Net revenues	Net revenues	\$917.9	\$913.7	\$2,753.4	\$2,410.4		2024
Cost of goods sold	Cost of goods sold	514.6	545.7	1,557.2	1,438.7		2023
Selling and administrative expenses	Selling and administrative expenses	210.2	205.1	647.5	544.7		
Operating income	Operating income	193.1	162.9	548.7	427.0		
Interest expense	Interest expense	22.9	23.1	70.2	52.2		
Loss on divestitures		—	7.6	—	7.6		
Other expense (income), net		0.1	(1.5)	(1.8)	(7.1)		
Other income, net							
Other income, net							
Other income, net							
Earnings before income taxes	Earnings before income taxes	170.1	133.7	480.3	374.3		
Provision for income taxes	Provision for income taxes	13.7	19.1	58.3	51.4		
Net earnings	Net earnings	156.4	114.6	422.0	322.9		
Less: Net earnings attributable to noncontrolling interests	Less: Net earnings attributable to noncontrolling interests	0.1	—	0.2	0.2		
Net earnings attributable to Allegion plc	Net earnings attributable to Allegion plc	\$156.3	\$114.6	\$ 421.8	\$ 322.7		
Earnings per share	Earnings per share						
attributable to Allegion plc ordinary shareholders:	attributable to Allegion plc ordinary shareholders:						
Basic net earnings	Basic net earnings	\$ 1.78	\$ 1.30	\$ 4.80	\$ 3.67		
Basic net earnings							
Basic net earnings							

Diluted net earnings	Diluted net earnings	\$ 1.77	\$ 1.30	\$ 4.78	\$ 3.65
Weighted-average shares outstanding:	Weighted-average shares outstanding:				
Basic	Basic				
Basic	Basic	87.9	87.9	87.9	88.0
Diluted	Diluted	88.2	88.2	88.3	88.4
Total comprehensive income	Total comprehensive income	\$127.2	\$ 46.3	\$ 411.0	\$ 183.8
Less: Total comprehensive income (loss) attributable to noncontrolling interests		0.8	(0.4)	0.1	(0.8)
Total comprehensive income					
Total comprehensive income					
Less: Total comprehensive income attributable to noncontrolling interests					
Total comprehensive income	Total comprehensive income	\$126.4	\$ 46.7	\$ 410.9	\$ 184.6
Attributable to Allegion plc	Attributable to Allegion plc				
See accompanying notes to condensed and consolidated financial statements.					

Allegion plc

Condensed and Consolidated Balance Sheets

(Unaudited)

In millions, except share amounts	In millions, except share amounts	September 30, 2023		December 31, 2024		March 31, 2024	December 31, 2023
		2023	2022	In millions, except share amounts			
ASSETS	ASSETS						
Current assets:	Current assets:						
Current assets:							
Current assets:							
Cash and cash equivalents							
Cash and cash equivalents							
Cash and cash equivalents	Cash and cash equivalents	\$ 364.3	\$ 288.0				
Accounts and notes receivable, net	Accounts and notes receivable, net	439.7	395.6				
Accounts and notes receivable, net							

Accounts and notes receivable, net			
Inventories	Inventories	468.7	479.0
Other current assets	Other current assets	47.4	48.5
Assets held for sale		—	3.5
Total current assets			
Total current assets			
Total current assets	Total current assets	1,320.1	1,214.6
Property, plant and equipment, net	Property, plant and equipment, net	334.9	308.7
Goodwill	Goodwill	1,428.1	1,413.1
Intangible assets, net	Intangible assets, net	580.3	608.9
Other noncurrent assets	Other noncurrent assets	519.7	445.9
Total assets	Total assets	\$4,183.1	\$3,991.2
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY		
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Accounts payable	Accounts payable	\$ 245.7	\$ 280.7
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	391.5	410.3
Short-term borrowings and current maturities of long-term debt	Short-term borrowings and current maturities of long-term debt	12.6	12.6
Total current liabilities	Total current liabilities	649.8	703.6
Total current liabilities			
Total current liabilities			
Long-term debt	Long-term debt	2,005.1	2,081.9
Other noncurrent liabilities	Other noncurrent liabilities	296.8	261.2
Total liabilities	Total liabilities	2,951.7	3,046.7
Equity:	Equity:		
Allegion plc shareholders' equity:			
Ordinary shares, \$0.01 par value (87,787,306 and 87,852,777 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively)		0.9	0.9

Capital in excess of par value	11.8	13.9
Ordinary shares, \$0.01 par value (87,440,045 and 87,504,673 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively)		
Ordinary shares, \$0.01 par value (87,440,045 and 87,504,673 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively)		
Ordinary shares, \$0.01 par value (87,440,045 and 87,504,673 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively)		
Retained earnings		
Retained earnings		
Retained earnings	Retained earnings	1,516.1 1,212.8
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(296.7) (285.8)
Total Allegion plc shareholders' equity		1,232.1 941.8
Noncontrolling interests		(0.7) 2.7
Total equity		
Total equity		
Total equity	Total equity	1,231.4 944.5
Total liabilities and equity	Total liabilities and equity	\$4,183.1 \$3,991.2

See accompanying notes to condensed and consolidated financial statements.

Allegion plc

Condensed and Consolidated Statements of Cash Flows

(Unaudited)

In millions	In millions	Nine months ended		In millions	Three months ended		
		Three months ended			March 31, 2024	2023	
		September 30, 2023	2022				
Cash flows from operating activities:	Cash flows from operating activities:						
Net earnings	Net earnings	\$422.0	\$322.9				
Net earnings							
Net earnings							

Adjustments to arrive at net cash provided by operating activities:	Adjustments to arrive at net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	83.7	69.6
Depreciation and amortization	Depreciation and amortization		
Loss on divestitures	—	7.1	
Changes in assets and liabilities and other non-cash items	Changes in assets and liabilities and other non-cash items		
Changes in assets and liabilities and other non-cash items	Changes in assets and liabilities and other non-cash items		
Changes in assets and liabilities and other non-cash items	Changes in assets and liabilities and other non-cash items	(124.6)	(132.5)
Net cash provided by operating activities	Net cash provided by operating activities	381.1	267.1
Cash flows from investing activities:	Cash flows from investing activities:		
Capital expenditures	Capital expenditures	(60.7)	(41.5)
Capital expenditures	Capital expenditures		
Acquisition of businesses, net of cash acquired	Acquisition of businesses, net of cash acquired	(31.7)	(923.1)
Other investing activities, net	Other investing activities, net		
Other investing activities, net	Other investing activities, net	9.0	(1.3)
Net cash used in investing activities	Net cash used in investing activities	(83.4)	(965.9)
Cash flows from financing activities:	Cash flows from financing activities:		
Debt repayments, net	Debt repayments, net	(9.5)	(9.4)
Debt repayments, net	Debt repayments, net		
Debt repayments, net	Debt repayments, net		

Proceeds from 2021 Revolving Facility	Proceeds from 2021 Revolving Facility	30.0	340.0
Repayments of 2021 Revolving Facility		(99.0)	(141.0)
Proceeds from issuance of senior notes		—	600.0
Net proceeds (repayments of) from debt		(78.5)	789.6
Debt financing costs		—	(10.2)
Net (repayments of) proceeds from debt			
Net (repayments of) proceeds from debt			
Net (repayments of) proceeds from debt			
Dividends paid to ordinary shareholders			
Dividends paid to ordinary shareholders			
Dividends paid to ordinary shareholders			
Dividends paid to ordinary shareholders	Dividends paid to ordinary shareholders	(119.2)	(107.9)
Repurchase of ordinary shares	Repurchase of ordinary shares	(19.9)	(61.0)
Repurchase of ordinary shares			
Repurchase of ordinary shares			
Other financing activities, net	Other financing activities, net	(2.3)	(4.4)
Net cash (used in) provided by financing activities		(219.9)	606.1
Net cash used in financing activities			
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(1.5)	(23.0)
Net increase (decrease) in cash and cash equivalents		76.3	(115.7)
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents - beginning of period	Cash and cash equivalents - beginning of period	288.0	397.9
Cash and cash equivalents - end of period	Cash and cash equivalents - end of period	\$364.3	\$282.2

See accompanying notes to condensed and consolidated financial statements.

ALLEGION PLC
NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying Condensed and Consolidated Financial Statements of Allegion plc, an Irish public limited company, and its consolidated subsidiaries ("Allegion" or "the Company"), reflect the consolidated operations of the Company and have been prepared in accordance with United States ("U.S.") Securities and Exchange Commission ("SEC") interim reporting requirements. Accordingly, the accompanying Condensed and Consolidated Financial Statements do not include all disclosures required by accounting principles generally accepted in the U.S. ("GAAP") for full financial statements and should be read in conjunction with the Consolidated Financial Statements included in the Allegion Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. In the opinion of management, the accompanying Condensed and Consolidated Financial Statements contain all adjustments, which include normal recurring adjustments, necessary to state fairly the consolidated unaudited results for the interim periods presented.

NOTE 2 - ACQUISITIONS

2024

Boss Door Controls

On February 1, 2024, the Company, through its subsidiaries, acquired Boss Door Controls, a door solutions provider in the United Kingdom. The Boss Door Controls business has been incorporated into the Company's Allegion International segment.

Dorcas

On March 4, 2024, the Company, through its subsidiaries, acquired Montajes electronicos Dorcas S.L. ("Dorcas"), a leading manufacturer of electro-mechanical access control solutions based in Spain. The Dorcas business has been incorporated into the Company's Allegion International segment.

These acquisitions were accounted for as business combinations. Total consideration for these acquisitions was approximately \$19.3 million (net of cash acquired). The initial allocation of the aggregate purchase price to assets acquired and liabilities assumed as of the acquisition dates includes \$13.3 million of intangible assets, \$2.3 million of goodwill, and \$3.7 million of net tangible assets.

2023

On January 3, 2023, the Company, through its subsidiaries, completed an acquisition of the assets of plano. group, a SaaS workforce management solution business based in Germany ("plano"), for initial cash consideration of \$36.6 million. Additional consideration may be payable in future periods in the event plano achieves certain specified financial results. This acquisition was accounted for as a business combination, and plano has been incorporated into the Allegion International segment.

The preliminary allocation of the purchase price, which includes initial cash consideration and the estimated fair value of contingent consideration, to assets acquired and liabilities assumed as of the acquisition date includes approximately \$2 million of net working capital, approximately \$16 \$17.5 million of finite-lived intangible assets and approximately \$22 \$23.0 million of goodwill. The valuation of assets acquired and liabilities assumed had not yet been finalized as of September 30, 2023, and finalization of the valuation during the measurement period could result in a change in the amounts recorded. The completion of the valuation will occur no later than one year from the acquisition date as required by GAAP.

In the third quarter, the Company acquired the remaining 49% non-controlling interest of a consolidated subsidiary for approximately \$3.0 million.

2022

On July 5, 2022, the Company, through its subsidiaries, completed the acquisition of Stanley Access Technologies LLC and assets related to the automatic entrance solutions business from Stanley Black & Decker, Inc. (the "Access Technologies business") for cash consideration of \$915.2 million. The Access Technologies business acquisition helps the Company create a more comprehensive portfolio of access solutions, with the addition of automated entrances. Additionally, the Access Technologies business adds an expansive service and support network throughout the U.S. and Canada, broadening the Company's solutions to national, regional and local customers and complementing the Company's existing strengths in these non-residential markets. This acquisition was accounted for as a business combination, and the Access Technologies business has been integrated into the Allegion Americas segment.

ALLEGION PLC
NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table summarizes the allocation of the purchase price to assets acquired and liabilities assumed as of the acquisition date:

In millions

Accounts receivable, net	\$	69.7
Inventories		50.8
Other current assets		0.4
Property, plant and equipment		14.5
Goodwill		628.5
Intangible assets		222.9
Other noncurrent assets		13.6
Accounts payable		(21.0)
Accrued expenses and other current liabilities		(36.9)
Other noncurrent liabilities		(27.3)
Total net assets acquired and liabilities assumed	\$	915.2

Intangible assets recognized as of the acquisition date were comprised of the following:

	Value (in millions)	Useful life (in years)
Completed technologies/patents	\$ 6.2	5
Customer relationships	137.4	23
Trade names (finite-lived)	56.8	5
Backlog revenue	22.1	2

Goodwill results from several factors, including Allegion-specific synergies that were excluded from the cash flow projections used in the valuation of intangible assets and intangible assets that do not qualify for separate recognition, such as an assembled workforce. Goodwill resulting from the Access Technologies business acquisition is expected to be deductible for tax purposes.

The following unaudited pro forma financial information for the nine months ended September 30, 2022, reflects the consolidated results of operations of the Company as if the Access Technologies business acquisition had taken place on January 1, 2021:

<i>In millions</i>	<i>2022</i>
Net revenues	\$ 2,587.5
Net earnings attributable to Allegion plc	340.1

The unaudited pro forma financial information is presented for informational purposes only and does not purport to be indicative of results of operations that would have occurred had the pro forma events taken place on the date indicated or the future consolidated results of operations of the combined company. The unaudited pro forma financial information has been calculated after applying the Company's accounting policies and adjusting the historical financial results to reflect additional items directly attributable to the acquisition that would have been incurred assuming the acquisition had occurred on January 1, 2021. Adjustments to historical financial information for the nine months ended September 30, 2022, include:

<i>In millions</i>	<i>2022</i>
Intangible asset amortization expense, net of tax	\$ (10.1)
Interest expense, net of tax	(10.7)
Acquisition and integration costs, net of tax	19.4

During the nine months ended September 30, 2023 and 2022, the Company incurred \$9.9 million and \$27.4 million, respectively, of acquisition and integration related expenses, which are included in Selling and administrative expenses in the Condensed and Consolidated Statements of Comprehensive Income.

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 3 - INVENTORIES

Inventories are stated at the lower of cost and net realizable value using the first-in, first-out (FIFO) method. The major classes of inventories were as follows:

	September 30, 2023 <i>In millions</i>	December 31, 2022 <i>In millions</i>		March 31, 2024 <i>In millions</i>		December 31, 2023 <i>In millions</i>

Raw materials	Raw materials	\$ 229.5	\$ 212.2
Work-in-process	Work-in-process	43.5	41.7
Finished goods	Finished goods	195.7	225.1
Total	Total	\$ 468.7	\$ 479.0

NOTE 4 - GOODWILL

The changes in the carrying amount of goodwill for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, were as follows:

<i>In millions</i>	Allegion Americas	Allegion International	Total
December 31, 2022 (gross)	\$ 1,128.1	\$ 858.6	\$ 1,986.7
Accumulated impairment	—	(573.6)	(573.6)
December 31, 2022 (net)	1,128.1	285.0	1,413.1
Acquisitions and adjustments	(2.8)	21.9	19.1
Currency translation	(0.2)	(3.9)	(4.1)
September 30, 2023 (net)	\$ 1,125.1	\$ 303.0	\$ 1,428.1

<i>In millions</i>	Allegion Americas	Allegion International	Total (1)
December 31, 2023	\$ 1,126.7	\$ 316.4	\$ 1,443.1
Acquisitions and adjustments	—	2.3	2.3
Currency translation	(2.2)	(6.8)	(9.0)
March 31, 2024	\$ 1,124.5	\$ 311.9	\$ 1,436.4

(1) Accumulated impairment for the International segment was \$573.6 million as of March 31, 2024 and December 31, 2023. There are no accumulated impairment losses for the Americas segment.

There was no impairment of goodwill for the three months ended March 31, 2024 and 2023.

NOTE 5 - INTANGIBLE ASSETS

The gross amount of the Company's intangible assets and related accumulated amortization were as follows:

<i>In millions</i>	<i>In millions</i>	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
		March 31, 2024		March 31, 2024		March 31, 2024		March 31, 2024	
		Gross carrying	Net accumulated amortization	Gross carrying	Net accumulated amortization	Gross carrying	Net accumulated amortization	Gross carrying	Net accumulated amortization
Completed technologies/patents	Completed technologies/patents	\$ 63.3	\$ (34.4)	\$ 28.9	\$ 63.0	\$ (32.1)	\$ 30.9	\$ 63.3	\$ (34.4)
Customer relationships	Customer relationships	520.5	(172.4)	348.1	515.0	(155.8)	359.2	520.5	(172.4)
Trade names (finite-lived)	Trade names (finite-lived)	138.5	(72.9)	65.6	135.7	(62.6)	73.1	138.5	(72.9)
Other	Other	75.5	(47.3)	28.2	71.2	(35.9)	35.3	75.5	(47.3)
Total finite-lived intangible assets	Total finite-lived intangible assets	797.8	\$ (327.0)	470.8	784.9	\$ (286.4)	498.5	797.8	\$ (327.0)
Trade names (indefinite-lived)	Trade names (indefinite-lived)	109.5		109.5	110.4		110.4	109.5	
Total	Total	\$ 907.3		\$ 580.3	\$ 895.3		\$ 608.9	\$ 907.3	

Intangible asset amortization expense was **\$46.6 million** **\$15.2 million** and **\$32.6 million** **\$15.8 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively. Future estimated amortization expense on existing intangible assets in each of the next five years amounts to approximately **\$61.5 million**.

million \$57.7 million for full year 2023, \$54.8 million for 2024, \$49.1 million \$51.1 million for 2025, \$45.9 million \$47.9 million for 2026, \$41.1 million for 2027 and \$39.1 million \$31.8 million for 2027.2028.

ALLEGION PLC
NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

NOTE 6 - DEBT AND CREDIT FACILITIES

Long-term debt and other borrowings consisted of the following:

In millions	In millions	September	December	March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
2021 Term Facility	2021 Term Facility	\$ 228.1	\$ 237.5		
2021 Revolving Facility		—	69.0		
3.200% Senior Notes due 2024					
3.200% Senior Notes due 2024					
3.200% Senior Notes due 2024	3.200% Senior Notes due 2024	400.0	400.0		
3.550% Senior Notes due 2027	3.550% Senior Notes due 2027	400.0	400.0		
3.500% Senior Notes due 2029	3.500% Senior Notes due 2029	400.0	400.0		
5.411% Senior Notes due 2032	5.411% Senior Notes due 2032	600.0	600.0		
Other debt	Other debt	0.1	0.2		
Total borrowings	Total borrowings	2,028.2	2,106.7		
Discounts and debt issuance costs, net	Discounts and debt issuance costs, net	(10.5)	(12.2)		
Total debt	Total debt	2,017.7	2,094.5		
Less current portion of long-term debt	Less current portion of long-term debt	12.6	12.6		
Total long-term debt	Total long-term debt	\$2,005.1	\$2,081.9		

Unsecured Credit Facilities

The Company is party to has an unsecured credit agreement consisting of a \$250.0 million term loan facility (the "2021 Term Facility"), of which \$228.1 million \$221.9 million was outstanding at September 30, 2023 March 31, 2024, and a \$500.0 million revolving credit facility (the "2021 Revolving Facility" and, together with the 2021 Term Facility, the "2021 Credit Facilities"), of which no balance was outstanding at March 31, 2024. The 2021 Credit Facilities mature on November 18, 2026, and are unconditionally

guaranteed jointly and severally on an unsecured basis by Allegion plc and Allegion US Holding Company Inc. ("Allegion US Hold Co"), the Company's wholly-owned subsidiary.

The 2021 Term Facility amortizes in quarterly installments at the following rates: 1.25% per quarter starting March 31, 2022 through March 31, 2025, 2.5% per quarter starting June 30, 2025 through September 30, 2026, with the balance due on November 18, 2026. The Company repaid \$9.4 million of principal on the 2021 Term Facility during the nine months ended September 30, 2023 March 31, 2024. The 2021 Revolving Facility provides aggregate commitments of up to \$500.0 million, which includes up to \$100.0 million for the issuance of letters of credit. The Company had \$13.4 million \$18.3 million of letters of credit outstanding at September 30, 2023 March 31, 2024. Borrowings under the 2021 Revolving Facility may be repaid at any time without premium or penalty, and amounts repaid may be reborrowed.

Outstanding borrowings under the 2021 Credit Facilities accrue interest, at the option of the Company, equal to either: (i) a Bloomberg Short-Term Bank Yield Index ("BSBY") rate plus an applicable margin or (ii) a base rate plus the applicable margin. The applicable margin ranges from 0.875% to 1.375% depending on the Company's credit ratings. At September 30, 2023 March 31, 2024, the Company's outstanding borrowings under the 2021 Credit Facilities accrued interest at BSBY plus a margin of 1.125%, resulting in an interest rate of 6.513% 6.472%. The 2021 Credit Facilities also contain negative and affirmative covenants and events of default that, among other things, limit or restrict the Company's ability to enter into certain transactions. In addition, the 2021 Credit Facilities require the Company to comply with a maximum leverage ratio as defined in the credit agreement. As of September 30, 2023 March 31, 2024, the Company was in compliance with all applicable covenants under the credit agreement.

Senior Notes

As of September 30, 2023 March 31, 2024, Allegion US Hold Co had \$400.0 million outstanding of its 3.200% Senior Notes due 2024 (the "3.200% Senior Notes"), \$400.0 million outstanding of its 3.550% Senior Notes due 2027 (the "3.550% Senior Notes") and \$600.0 million outstanding of its 5.411% Senior Notes due 2032 (the "5.411% Senior Notes"), and Allegion plc had \$400.0 million outstanding of its 3.500% Senior Notes due 2029 (the "3.500% Senior Notes", and all four senior notes collectively, the "Senior Notes"). The 3.200% Senior Notes, 3.550% Senior Notes and 3.500% Senior Notes all require semi-annual interest payments on April 1 and October 1 of each year and will mature on October 1, 2024, October 1, 2027 and October 1, 2029, respectively. The 5.411% Senior Notes require semi-annual interest payments on January 1 and July 1 of each year, and will mature on July 1, 2032.

The 3.200% Senior Notes, 3.550% Senior Notes and 5.411% Senior Notes are senior unsecured obligations of Allegion US Hold Co and rank equally with all of Allegion US Hold Co's existing and future senior unsecured and unsubordinated indebtedness. The guarantee of the 3.200% Senior Notes, the 3.550% Senior Notes and the 5.411% Senior Notes is the senior unsecured obligation of Allegion plc and ranks equally with all of the Company's existing and future senior unsecured and unsubordinated indebtedness. The 3.500% Senior Notes are senior unsecured obligations of Allegion plc, are guaranteed by

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Allegion US Hold Co and rank equally with all of the Company's existing and future senior unsecured indebtedness. As of September 30, 2023 March 31, 2024, the company was in compliance with all applicable covenants under the Senior Notes.

NOTE 7 - FINANCIAL INSTRUMENTS

Currency Hedging Instruments

The gross notional amount of the Company's currency derivatives was \$214.2 million \$161.2 million and \$161.5 million \$175.4 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Neither the fair values of currency derivatives, which are determined based on a pricing model that uses spot rates and forward prices from actively quoted currency markets that are readily observable (Level 2 inputs under the fair value hierarchy described in Note 10), nor the balances included in Accumulated other comprehensive loss were material as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023. Currency derivatives designated as cash flow hedges did not have a material impact to either Net earnings or Other comprehensive income during the nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, nor is the amount to be reclassified into Net earnings over the next twelve months expected to be material. At September 30, 2023 March 31, 2024, the maximum term of the Company's currency derivatives was less than one year.

Concentration of Credit Risk

The counterparties to the Company's forward contracts consist of a number of investment grade major international financial institutions. The Company could be exposed to losses in the event of nonperformance by the counterparties. However, the credit ratings and the concentration of risk in these financial institutions are monitored on a continuous basis, and therefore, the Company believes they present no significant credit risk to the Company.

NOTE 8 - LEASES

Total rental expense for the nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, was \$47.6 million \$15.5 million and \$34.9 million \$13.6 million, respectively, and is classified within Cost of goods sold and Selling and administrative expenses within the Condensed and Consolidated Statements of Comprehensive Income. Rental expense related to short-term leases, variable lease payments or other leases or lease components not included within the right of use ("ROU") asset or lease liability totaled \$15.0 million \$4.1 million and \$7.0 million \$3.2 million, respectively, for the nine months ended September 30, 2023 March 31, 2024 and 2022, 2023. No material lease costs have been capitalized on the Condensed and Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

The Company assesses the specific terms and conditions of each lease to determine the appropriate classification as either an operating or finance lease and the lease term. Substantially all of the Company's leases for which the Company is a lessee are classified as operating leases.

As a lessee, the Company categorizes its leases into two general categories: real estate leases and equipment leases. Amounts included within the Condensed and Consolidated Balance Sheets related to the Company's ROU asset and lease liability for both real estate and equipment leases were as follows:

		September 30, 2023			December 31, 2022												
		March 31, 2024						December 31, 2023									
In millions	In millions	Balance Sheet classification			Real estate			In millions	Balance Sheet classification			Real estate	Equipment	Total	Real estate	Equipment	Total
		Real estate	Equipment	Total	Real estate	Equipment	Total		Real estate	Equipment	Total						
ROU asset	ROU asset	Other noncurrent assets		\$110.2	\$ 29.1	\$139.3	\$69.3	\$ 28.8	\$98.1								
Lease liability - current	Lease liability - current	Accrued expenses and other current liabilities		17.7	14.1	31.8	17.7	14.1	31.8								
Lease liability - noncurrent	Lease liability - noncurrent	Other noncurrent liabilities		96.0	15.0	111.0	54.8	14.7	69.5								
Other information: Other information:																	
Other information:																	
Weighted-average remaining term (years)																	
Weighted-average remaining term (years)		Weighted-average remaining term (years)		11.9	2.4		5.9	2.4									
Weighted-average discount rate		Weighted-average discount rate		4.9 %	3.7 %		3.5 %	2.1 %									
Weighted-average discount rate																	
Weighted-average discount rate																	

The following table summarizes additional information related to the Company's leases for the nine months ended September 30, March 31:

In millions	2023			2022		
	Real estate	Equipment	Total	Real estate	Equipment	Total
Cash paid for amounts included in the measurement of lease liabilities	\$ 18.0	\$ 14.6	\$ 32.6	\$ 15.3	\$ 12.6	\$ 27.9
ROU assets obtained in exchange for new lease liabilities	57.3	10.8	68.1	31.3	8.6	39.9

During the nine months ended September 30, 2023, two new, long-term manufacturing and assembly facility leases commenced, which added a total ROU asset and corresponding lease liability of approximately \$44 million.

In millions	2024			2023		
	Real estate	Equipment	Total	Real estate	Equipment	Total
Cash paid for amounts included in the measurement of lease liabilities	\$ 6.3	\$ 5.1	\$ 11.4	\$ 5.9	\$ 4.5	\$ 10.4
ROU assets obtained in exchange for new lease liabilities	2.3	3.8	6.1	41.4	1.9	43.3

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Future Repayments

Scheduled minimum lease payments required under non-cancellable operating leases for both the real estate and equipment lease portfolios for the remainder of 2023 2024 and for each of the years thereafter as of September 30, 2023 March 31, 2024, are as follows:

In millions	In millions	Remainder						In millions	Remainder of 2024	2025	2026	2027	2028	Thereafter	Total	
		of 2023	2024	2025	2026	2027	Thereafter									
Real estate leases	Real estate leases	\$ 5.8	\$22.0	\$19.6	\$16.1	\$13.1	\$ 81.8	\$158.4								
Equipment leases	Equipment leases	4.2	13.6	8.5	3.0	1.0	0.2	30.5								
Total	Total	\$ 10.0	\$35.6	\$28.1	\$19.1	\$14.1	\$ 82.0	\$188.9								

The difference between the total undiscounted minimum lease payments and the combined current and noncurrent lease liabilities as of September 30, 2023 March 31, 2024, is due to imputed interest of \$46.1 million \$46.4 million.

NOTE 9 - DEFINED BENEFIT PLANS

The Company sponsors several U.S. and non-U.S. defined benefit pension plans for eligible employees and retirees and also maintains other supplemental plans for officers and other key employees. The components of the Company's Net periodic pension benefit cost (income) for the three and nine months ended September 30 March 31 were as follows:

In millions	In millions	U.S.				2024	2023		
		U.S.		U.S.					
		Three months ended	Nine months ended	Three months ended	Nine months ended				
In millions	In millions								
In millions	In millions	2023	2022	2023	2022				
Service cost	Service cost	\$0.2	\$1.7	\$ 0.6	\$ 4.6				
Interest cost	Interest cost	3.1	2.1	9.0	6.1				
Expected return on plan assets	Expected return on plan assets	(3.7)	(3.3)	(11.2)	(10.1)				
Administrative costs and other	Administrative costs and other	0.3	0.2	0.8	0.8				
Net amortization of:	Net amortization of:								
Prior service costs	Prior service costs	—	—	0.1	0.1				
Prior service costs	Prior service costs								
Plan net actuarial losses	Plan net actuarial losses	0.3	0.3	0.6	0.8				
Net periodic pension benefit cost (income)	Net periodic pension benefit cost (income)	\$0.2	\$1.0	\$(0.1)	\$ 2.3				
Net periodic pension benefit income	Net periodic pension benefit income								

		Non-U.S.											
		Non-U.S.											
		Non-U.S.											
In millions													
In millions													
In millions	In millions	2023	2022	2023	2022	2024	2023						
Service cost	Service cost	\$0.2	\$ 0.4	\$ 1.0	\$ 1.1								
Interest cost	Interest cost	3.0	1.8	9.0	5.4								
Expected return on plan assets	Expected assets	(3.8)	(3.9)	(11.6)	(11.7)								
Administrative costs and other	Administrative other	0.5	0.4	1.3	1.2								
Net amortization of:	Net amortization of:												
Prior service costs	Prior service costs	0.1	—	0.1	0.1								
Plan net actuarial losses	Plan net actuarial losses	0.7	0.2	2.5	0.6								
Net periodic pension benefit cost (income)	Net periodic pension benefit cost (income)	\$0.7	\$(1.1)	\$ 2.3	\$(3.3)								
Plan net actuarial losses	Plan net actuarial losses												
Net periodic pension benefit cost	Net periodic pension benefit cost												
Net periodic pension benefit cost	Net periodic pension benefit cost												
Net periodic pension benefit cost	Net periodic pension benefit cost												

Service cost is recorded in Cost of goods sold and Selling and administrative expenses, while the remaining components of Net periodic pension benefit cost (income) are recorded in Other expense (income), income, net within the Condensed and Consolidated Statements of Comprehensive Income. Employer contributions to the plans were not material during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** or **2022**. Employer contributions totaling approximately **\$4** **\$3.7** million are expected to be made during the remainder of **2023**, **2024**.

ALLEGION PLC
NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

NOTE 10 - FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are based on a framework that utilizes the inputs market participants use to determine the fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs. The fair value hierarchy is comprised of three levels that are described below:

- Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

- Level 3 – Unobservable inputs based on little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are obtained from independent sources and can be validated by a third party, whereas unobservable inputs reflect assumptions regarding what a third party would use in pricing an asset or liability based on the best information available under the circumstances. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities measured at fair value as of **September 30, 2023** **March 31, 2024**, were as follows:

		Fair value measurements		Fair value measurements		
		Quoted prices in active markets	Significant for other identical assets	Significant observable inputs	unobservable inputs (Level 3)	Total fair value
<i>In millions</i>	<i>In millions</i>	(Level 1)	(Level 2)	3)	fair value	
Recurring fair value measurements	Recurring fair value measurements					
Recurring fair value measurements						
Recurring fair value measurements						
Assets:	Assets:					
Assets:						
Assets:						
Investments						
Investments						
Investments	Investments	\$ —	\$ 16.5	\$ —	\$ 16.5	
Total asset recurring fair value measurements	Total asset recurring fair value measurements	\$ —	\$ 16.5	\$ —	\$ 16.5	
Total asset recurring fair value measurements						
Total asset recurring fair value measurements						
Liabilities:	Liabilities:					
Deferred compensation and other retirement plans						
Deferred compensation and other retirement plans						
Deferred compensation and other retirement plans	Deferred compensation and other retirement plans	\$ —	\$ 16.6	\$ —	\$ 16.6	
Total liability recurring fair value measurements	Total liability recurring fair value measurements	\$ —	\$ 16.6	\$ —	\$ 16.6	
Financial instruments not carried at fair value	Financial instruments not carried at fair value					
Total debt	Total debt	\$ —	\$ 1,892.5	\$ —	\$ 1,892.5	
Total debt						
Total debt						

Total financial instruments not carried at fair value	Total financial instruments not carried at fair value	\$ — \$1,892.5	\$ — \$1,892.5
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Assets and liabilities measured at fair value as of December 31, 2022 December 31, 2023, were as follows:

In millions	In millions	Fair value measurements			Fair value measurements	Total fair value		
		Quoted prices	in active markets	Significant for other assets				
Recurring fair value measurements	Recurring fair value measurements	identical assets	observable inputs	unobservable inputs	(Level 1)	(Level 2)	3)	Total fair value
Recurring fair value measurements	Recurring fair value measurements							
Assets:	Assets:							
Assets:	Assets:							
Assets:	Assets:							
Investments	Investments	\$ — \$ 19.9	\$ — \$ 19.9					
Total asset recurring fair value measurements	Total asset recurring fair value measurements	\$ — \$ 19.9	\$ — \$ 19.9					
Liabilities:	Liabilities:							
Deferred compensation and other retirement plans	Deferred compensation and other retirement plans							
Deferred compensation and other retirement plans	Deferred compensation and other retirement plans							
Deferred compensation and other retirement plans	Deferred compensation and other retirement plans	\$ — \$ 20.3	\$ — \$ 20.3					
Total liability recurring fair value measurements	Total liability recurring fair value measurements	\$ — \$ 20.3	\$ — \$ 20.3					
Financial instruments not carried at fair value	Financial instruments not carried at fair value							
Total debt	Total debt	\$ — \$ 1,978.4	\$ — \$ 1,978.4					
Total debt	Total debt							
Total debt	Total debt							

Total financial instruments not carried at fair value	Total financial instruments not carried at fair value	\$ — \$1,978.4	\$ — \$1,978.4
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ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The Company determines the fair value of its financial assets and liabilities using the following methodologies:

- Investments* – These instruments include equity mutual funds and corporate bond funds. The fair value is obtained based on observable market prices quoted on public exchanges for similar instruments.
- Deferred compensation and other retirement plans* – These include obligations related to deferred compensation and other retirement plans adjusted for market performance. The fair value is obtained based on observable market prices quoted on public exchanges for similar instruments.
- Debt* – These instruments are recorded at cost and include the 2021 Credit Facilities and Senior Notes maturing through 2032. The fair value of these debt instruments is obtained based on observable market prices quoted on public exchanges for similar instruments.

The methodologies used by the Company to determine the fair value of its financial assets and liabilities as of **September 30, 2023** **March 31, 2024**, are the same as those used as of **December 31, 2022** **December 31, 2023**. The carrying values of Cash and cash equivalents, Accounts and notes receivable, net, Accounts payable and Accrued expenses and other current liabilities are a reasonable estimate of their fair value due to the short-term nature of these instruments.

The Company also had investments in debt and equity securities without readily determinable fair values of **\$47.0 million** and **\$46.8 million** as of **September 30, 2023**, **both March 31, 2024 and December 31, 2022** **December 31, 2023**, respectively, which are classified as Other noncurrent assets within the Condensed and Consolidated Balance Sheets. These investments are considered to be nonrecurring fair value measurements, and thus, are not included in the fair value tables above.

NOTE 11 - EQUITY

The changes in the components of Equity for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, were as follows:

In millions, except per share amounts	Allegion plc shareholders' equity						
	Ordinary shares			Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests
	Total equity	Amount	Shares				
Balance at December 31, 2022	\$ 944.5	\$ 0.9	87.9	\$ 13.9	\$ 1,212.8	\$ (285.8)	\$ 2.7
Net earnings	123.6	—	—	—	123.5	—	0.1
Other comprehensive income, net	10.3	—	—	—	—	10.2	0.1
Share-based compensation activity	5.7	—	—	5.7	—	—	—
Dividends to ordinary shareholders (\$0.45 per share)	(39.5)	—	—	—	(39.5)	—	—
Balance at March 31, 2023	1,044.6	0.9	87.9	19.6	1,296.8	(275.6)	2.9
Net earnings	142.0	—	—	—	142.0	—	—
Other comprehensive income (loss), net	7.9	—	—	—	—	8.8	(0.9)
Repurchase of ordinary shares	(19.9)	—	(0.2)	(19.9)	—	—	—
Share-based compensation activity	5.6	—	0.1	5.6	—	—	—
Dividends to noncontrolling interests	(0.1)	—	—	—	—	—	(0.1)
Dividends to ordinary shareholders (\$0.45 per share)	(39.6)	—	—	—	(39.6)	—	—
Balance at June 30, 2023	1,140.5	0.9	87.8	5.3	1,399.2	(266.8)	1.9
Net earnings	156.4	—	—	—	156.3	—	0.1
Other comprehensive (loss) income, net	(29.2)	—	—	—	—	(29.9)	0.7
Share-based compensation activity	6.1	—	—	6.1	—	—	—
Acquisition of noncontrolling interest	(3.0)	—	—	0.4	—	—	(3.4)
Dividends to ordinary shareholders (\$0.45 per share)	(39.4)	—	—	—	(39.4)	—	—
Balance at September 30, 2023	\$ 1,231.4	\$ 0.9	87.8	\$ 11.8	\$ 1,516.1	\$ (296.7)	\$ (0.7)

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

In millions, except per share amounts	Allegion plc shareholders' equity					
	Ordinary shares			Capital in excess of par value		
	Total equity	Amount	Shares	Retained earnings	Accumulated other comprehensive loss	
Balance at December 31, 2023	\$ 1,318.3	\$ 0.9	87.5	\$ —	\$ 1,578.9	\$ (261.5)
Net earnings	123.8	—	—	—	123.8	—
Other comprehensive loss, net	(24.0)	—	—	—	—	(24.0)
Repurchase of ordinary shares	(40.0)	—	(0.3)	(14.8)	(25.2)	—
Share-based compensation activity	14.8	—	0.2	14.8	—	—
Dividends to ordinary shareholders (\$0.48 per share)	(42.0)	—	—	—	(42.0)	—
Balance at March 31, 2024	\$ 1,350.9	\$ 0.9	87.4	\$ —	\$ 1,635.5	\$ (285.5)

The changes in the components of Equity for the **nine** three months ended **September 30, 2022** **March 31, 2023**, were as follows:

In millions, except per share amounts	Allegion plc shareholders' equity						
	Ordinary shares			Capital in excess of par value			
	Total equity	Amount	Shares	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	
Balance at December 31, 2021	\$ 762.4	\$ 0.9	88.2	\$ —	\$ 952.6	\$ (194.4)	\$ 3.3
Net earnings	93.1	—	—	—	93.0	—	0.1
Other comprehensive loss, net	(21.0)	—	—	—	—	(21.0)	—
Repurchase of ordinary shares	(61.0)	—	(0.5)	(7.5)	(53.5)	—	—
Share-based compensation activity	7.5	—	0.1	7.5	—	—	—
Dividends to ordinary shareholders (\$0.41 per share)	(36.0)	—	—	—	(36.0)	—	—
Balance at March 31, 2022	745.0	0.9	87.8	—	956.1	(215.4)	3.4
Net earnings	115.2	—	—	—	115.1	—	0.1
Other comprehensive income, net	(49.8)	—	—	—	—	(49.2)	(0.6)
Share-based compensation activity	5.4	—	—	5.4	—	—	—
Dividends to noncontrolling interests	(0.1)	—	—	—	—	—	(0.1)
Dividends to ordinary shareholders (\$0.41 per share)	(36.0)	—	—	—	(36.0)	—	—
Balance at June 30, 2022	779.7	0.9	87.8	5.4	1,035.2	(264.6)	2.8
Net earnings	114.6	—	—	—	114.6	—	—
Other comprehensive loss, net	(68.3)	—	—	—	—	(67.9)	(0.4)
Share-based compensation activity	3.8	—	—	3.8	—	—	—
Dividends to noncontrolling interests	(0.1)	—	—	—	—	—	(0.1)
Dividends to ordinary shareholders (\$0.41 per share)	(36.1)	—	—	—	(36.1)	—	—
Balance at September 30, 2022	793.6	0.9	87.8	9.2	1,113.7	(332.5)	2.3

In millions, except per share amounts	Allegion plc shareholders' equity						
	Ordinary shares			Capital in excess of par value			
	Total equity	Amount	Shares	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	
Balance at December 31, 2022	\$ 944.5	\$ 0.9	87.9	\$ 13.9	\$ 1,212.8	\$ (285.8)	\$ 2.7
Net earnings	123.6	—	—	—	123.5	—	0.1
Other comprehensive income, net	10.3	—	—	—	—	10.2	0.1
Share-based compensation activity	5.7	—	—	5.7	—	—	—

Dividends to ordinary shareholders (\$0.45 per share)	(39.5)	—	—	—	(39.5)	—	—
Balance at March 31, 2023	\$ 1,044.6	\$ 0.9	87.9	\$ 19.6	\$ 1,296.8	\$ (275.6)	\$ 2.9

In June 2023, the Company's Board of Directors (the "Board") reauthorized the Company's existing share repurchase program and, as a result, authorized the repurchase of up to, and including, \$500.0 million of the Company's ordinary shares (the "Share Repurchase Authorization"). During the **nine** **three** months ended **September 30, 2023** and **2022, March 31, 2024** the Company paid **\$19.9 million and \$61.0 million, respectively, \$40.0 million** to repurchase the ordinary shares reflected above on the open market under the Share Repurchase Authorization. As of **September 30, 2023** **March 31, 2024**, the Company had approximately **\$500.0 \$420.0 million** **still** available to be repurchased under the Share Repurchase Authorization.

Accumulated Other Comprehensive Loss

The changes in Accumulated other comprehensive loss for the nine months ended September 30, 2023, were as follows:

In millions	Cash flow hedges	Defined benefit		Foreign currency		Total
		items	items	items	items	
December 31, 2022	\$ 6.1	\$ (117.1)	\$ (174.8)	\$ (285.8)		
Other comprehensive (loss) income before reclassifications	0.7	(0.7)	(13.6)	(13.6)		
Amounts reclassified from accumulated other comprehensive loss ^(a)	(0.5)	2.9	—	2.4		
Tax benefit	0.2	0.1	—	0.3		
September 30, 2023	\$ 6.5	\$ (114.8)	\$ (188.4)	\$ (296.7)		

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Accumulated Other Comprehensive Loss

The changes in Accumulated other comprehensive loss for the **nine** **three** months ended **September 30, 2022** **March 31, 2024**, were as follows:

In millions	In millions	Cash	Defined	Foreign	In millions	Cash flow hedges	Defined benefit items	Foreign currency items	Total
		flow	benefit	currency					
December 31, 2021		\$ 0.9	\$ (96.0)	\$ (99.3)	\$ (194.4)				
December 31,									
2023									
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	8.8	10.0	(159.8)	(141.0)				
Amounts reclassified from accumulated other comprehensive loss ^(a)	Amounts reclassified from accumulated other comprehensive loss ^(a)	(0.1)	1.3	1.6	2.8				
Tax (expense) benefit		(0.6)	0.7	—	0.1				
September 30, 2022		\$ 9.0	\$ (84.0)	\$ (257.5)	\$ (332.5)				
Tax expense									
March 31, 2024									

The changes in Accumulated other comprehensive loss for the three months ended March 31, 2023, were as follows:

In millions	Cash flow hedges	Defined benefit		Foreign currency		Total
		items	items	items	items	
December 31, 2022	\$ 6.1	\$ (117.1)	\$ (174.8)	\$ (285.8)		
Other comprehensive (loss) income before reclassifications		(0.7)	(1.9)	11.7	9.1	
Amounts reclassified from accumulated other comprehensive loss ^(a)		(0.2)	1.0	—	0.8	

Tax benefit	0.2	0.1	—	0.3
March 31, 2023	\$ 5.4	\$ (117.9)	\$ (163.1)	\$ (275.6)

(a) Amounts reclassified from Accumulated other comprehensive loss and recognized into Net earnings related to cash flow hedges are recorded in Cost of goods sold and Interest expense. Amounts reclassified from Accumulated other comprehensive loss and recognized into Net earnings related to defined benefit items are recorded in Other expense (income), income, net.

NOTE 12 - SHARE-BASED COMPENSATION

The Company's share-based compensation plans include programs for stock options, restricted stock units ("RSUs") and performance stock units ("PSUs"). Share-based compensation expense is included in Cost of goods sold and Selling and administrative expenses within the Condensed and Consolidated Statements of Comprehensive Income. The following table summarizes the share-based compensation expense recognized for the three and nine months ended **September 30, March 31**:

In millions

In millions

In millions	Three months ended		Nine months ended		2024
	2023	2022	2023	2022	
Stock options	Stock options	\$0.8	\$0.4	\$ 3.6	\$ 3.8
RSUs	RSUs	3.1	2.2	11.2	11.7
PSUs	PSUs	2.0	1.5	5.5	4.5
Pre-tax expense	Pre-tax expense	5.9	4.1	20.3	20.0
Tax benefit	Tax benefit	(0.6)	(0.5)	(2.5)	(2.2)
After-tax expense	After-tax expense	\$5.3	\$3.6	\$17.8	\$17.8

Stock Options / RSUs

Eligible participants may receive (i) stock options, (ii) RSUs or (iii) a combination of both stock options and RSUs. Grants issued during the **nine three** months ended **September 30 March 31** were as follows:

Stock options	2023		2022		2024		2023	
	Weighted-average fair value per award		Weighted-average fair value per award		Number granted	Weighted-average fair value per award	Number granted	Weighted-average fair value per award
	Number granted	Weighted-average fair value per award	Number granted	Weighted-average fair value per award				
Stock options	options	156,929	\$ 33.66	234,809	\$ 28.24			
RSUs	RSUs	131,386	\$ 112.72	176,003	\$ 112.07			

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

The weighted-average fair value of the stock options granted is determined using the Black-Scholes option-pricing model. The following weighted-average assumptions were used during the **nine three** months ended **September 30 March 31**:

	2023		2022		2024		2023	
	2024	2023	2024	2023	2024	2023	2024	2023
Dividend yield	Dividend yield	1.60 %	1.46 %			1.47 %		1.60 %
Volatility	Volatility	28.47 %	27.12 %	Volatility		29.29 %		28.47 %
Risk-free rate of return	Risk-free rate of return	4.10 %	2.13 %	Risk-free rate of return		4.29 %		4.10 %

| Expected life (years) |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 6.0 | 6.0 | | | 6.0 | 6.0 |

Volatility is based on the Company's historic volatility. The risk-free rate of return is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. The expected life of the Company's stock option awards is derived from the simplified approach based on the weighted-average time to vest and the remaining contractual term and represents the period of time that awards are expected to be outstanding.

Performance Stock

During the **nine** three months ended **September 30, 2023** **March 31, 2024**, the Company granted PSUs with a maximum award level of approximately 0.1 million shares. In **February 2021, 2022** **February 2022, 2023** and **2023, 2024**, the Company's Compensation Committee granted PSUs that were earned

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

based 50% upon a performance condition, measured at each reporting period by earnings per share ("EPS") performance in relation to pre-established targets for each performance period set by the Compensation and Human Capital Committee of the Board, and 50% upon a market condition, measured by the Company's relative total shareholder return against, for 2022 and 2023, the S&P 400 Capital Goods Index over a three-year performance period, and for 2024 a 50/50 blend of the S&P 400 Capital Goods Index and the S&P 500 Capital Goods Index over a three-year performance period. The fair values of the market condition are estimated using a Monte Carlo Simulation approach in a risk-neutral framework to model future stock price movements based upon historical volatility, risk-free rates of return and correlation matrix.

NOTE 13 - RESTRUCTURING ACTIVITIES

During the **nine** three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, the Company recorded **\$7.4 million** **\$0.4 million** and **\$3.1 million** **\$3.0 million**, respectively, of expenses associated with restructuring activities, which are included within Cost of goods sold and Selling and administrative expenses within the Condensed and Consolidated Statements of Comprehensive Income.

The changes in the restructuring reserve during the **nine** three months ended **September 30, 2023** **March 31, 2024**, were as follows:

In millions	Total
December 31, 2022 2023	\$ 0.21.9
Additions, net of reversals	7.40.4
Cash payments	(4.4)(1.9)
September 30, 2023 March 31, 2024	\$ 3.20.4

The majority of the costs accrued as of **September 30, 2023** **March 31, 2024**, are expected to be paid within one year.

The Company also incurred other non-qualified restructuring charges, of **\$0.2 million** and **\$1.6 million** during the **nine** months ended **September 30, 2023** and **2022**, respectively, which represent costs that are directly attributable to restructuring activities, but that do not fall into the severance, exit or disposal category. These expenses costs were not material during the three months ended **March 31, 2024** or **2023**. Non-qualified restructuring charges are included in within Cost of goods sold and Selling and administrative expenses within the Condensed and Consolidated Statements of Comprehensive Income.

NOTE 14 - OTHER EXPENSE (INCOME), INCOME, NET

The components of Other expense (income), income, net for the three and **nine** months ended **September 30** **March 31** were as follows:

In millions						
In millions		Three months ended		Nine months ended		
In millions	In millions	2023	2022	2023	2022	2024
Interest income	Interest income	\$(1.5)	\$(0.4)	\$(3.4)	\$(0.6)	
Foreign currency exchange loss	Foreign currency exchange loss	1.1	—	2.8	1.9	

Net periodic pension and postretirement benefit cost (income), less service cost	0.4	(2.1)	0.5	(7.1)
Other Other	0.1	1.0	(1.7)	(1.3)
Other expense (income), net	\$ 0.1	\$(1.5)	\$(1.8)	\$(7.1)
Other				
Other				
Other income, net				

NOTE 15 - INCOME TAXES

The effective income tax rates for the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, were **8.1%** **19.0%** and **14.3%** **16.3%**, respectively. The **decrease** **increase** in the effective income tax rate compared to **2022** **2023** is primarily due to the **favorable** **year over year change** **enactment** of global minimum tax in **2024** and

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

the amounts recognized for uncertain tax positions, partially offset by an unfavorable change in the mix of income earned in higher tax rate jurisdictions.

The effective income tax rates for the nine months ended September 30, 2023 and 2022, were 12.1% and 13.7%, respectively. The decrease in the effective income tax rate compared to 2022 is primarily due to the favorable year over year change in the amounts recognized for uncertain tax positions, jurisdictions, which are partially offset by an unfavorable the favorable change in the mix of income earned in higher tax rate jurisdictions. share-based compensation deductions.

NOTE 16 - EARNINGS PER SHARE ("EPS")

Basic EPS is calculated by dividing Net earnings attributable to Allegion plc by the weighted-average number of ordinary shares outstanding for the applicable period. Diluted EPS is calculated after adjusting the denominator of the basic EPS calculation for the effect of all potentially dilutive ordinary shares, which in the Company's case includes shares issuable under share-based compensation plans.

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

The following table summarizes the weighted-average number of ordinary shares outstanding for basic and diluted EPS calculations for the three **and nine** months ended **September 30**: **March 31**:

<i>In millions</i>		Three months ended				Nine months ended			
<i>In millions</i>		2023		2022		2023		2022	
Weighted-average number of basic shares	Weighted-average number of basic shares	87.9	87.9	87.9	88.0				
						2024			2023

Shares issuable under share-based compensation plans	Shares under share-based compensation plans	0.3	0.3	0.4	0.4
Weighted-average number of diluted shares	Weighted-average number of diluted shares	88.2	88.2	88.3	88.4
		<u>88.2</u>	<u>88.2</u>	<u>88.3</u>	<u>88.4</u>

At September 30, 2023, 0.6 million March 31, 2024 and 2023, 0.3 million and 0.5 million stock options, respectively, were excluded from the computation of weighted-average diluted shares outstanding because the effect of including these shares would have been anti-dilutive.

NOTE 17 - NET REVENUES

The following tables show the Company's Net revenues related to both tangible product sales and services for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, disaggregated by business segment:

		Three months ended September 30, 2023			Nine months ended September 30, 2023								
Three months ended March 31, 2024													
Three months ended March 31, 2024													
Three months ended March 31, 2024													
In millions		Allegion Americas	Allegion International	Allegion Americas	Allegion International	Allegion Americas	Allegion International						
In millions		Total	Total	Total	Total	Total	Total						
Net revenues													
Products	Products	\$ 703.4	\$ 167.1	\$ 870.5	\$ 2,090.5	\$ 521.8	\$ 2,612.3						
Products													
Products	Services	37.5	9.9	47.4	118.5	22.6	141.1						
Total Net revenues	Total Net revenues	\$ 740.9	\$ 177.0	\$ 917.9	\$ 2,209.0	\$ 544.4	\$ 2,753.4						
Three months ended September 30, 2022		Nine months ended September 30, 2022											
Three months ended March 31, 2023													
Three months ended March 31, 2023													
Three months ended March 31, 2023													
In millions		Allegion Americas	Allegion International	Allegion Americas	Allegion International	Allegion Americas	Allegion International						
In millions		Total	Total	Total	Total	Total	Total						
Net revenues													
Products	Products	\$ 709.3	\$ 162.1	\$ 871.4	\$ 1,817.4	\$ 536.1	\$ 2,353.5						
Products													
Products	Services	32.6	9.7	42.3	33.7	23.2	56.9						
Total Net revenues	Total Net revenues	\$ 741.9	\$ 171.8	\$ 913.7	\$ 1,851.1	\$ 559.3	\$ 2,410.4						

Net revenues are shown by tangible product sales and services, as contract terms, conditions and economic factors affecting the nature, amount, timing and uncertainty around revenue recognition and cash flows are substantially similar within each of these two principal revenue streams. Product sales involve contracts with a single performance obligation, the transfer of control of a product or bundle of products to a customer. Service revenue, which includes inspection, maintenance and repair, design and installation, aftermarket and locksmith services, as well as software-as-a-service offerings such as access control, IoT integration and workforce management solutions, is delayed until the service performance obligations are satisfied.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, neither the contract assets related to the Company's right to consideration for work completed but not billed nor the contract liabilities associated with contract revenue were not material. The Company does not have any costs to obtain or fulfill a contract that are capitalized on its Condensed and Consolidated Balance Sheets. During the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, no adjustments related to performance obligations satisfied in previous periods were recorded.

As of **March 31, 2024** and **December 31, 2023**, contract liabilities related to revenues allocated to remaining performance obligations totaled \$27.0 million and \$18.3 million, respectively, and are classified as Accrued Expenses and Other Current Liabilities and Other noncurrent liabilities within the Condensed and Consolidated Balance Sheets.

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The Company is involved in various litigation, claims and administrative proceedings, including those related to environmental and product warranty matters. Amounts recorded for identified contingent liabilities are estimates, which are reviewed periodically and adjusted to reflect additional information when it becomes available. Subject to the uncertainties inherent in estimating future costs for contingent liabilities, except as expressly set forth in this note, management believes that any liability which may result from these legal matters would not have a material adverse effect on the financial condition, results of operations, liquidity or cash flows of the Company.

Environmental Matters

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company had reserves for environmental matters of \$22.0 million \$19.6 million and \$24.1 million \$20.2 million, respectively. The total reserve at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, included \$13.0 million \$10.8 million and \$13.8 million \$11.2 million, respectively, related to remediation of sites previously disposed by the Company. Environmental reserves are classified

ALLEGION PLC

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

as Accrued expenses and other current liabilities or Other noncurrent liabilities within the Condensed and Consolidated Balance Sheets based on the timing of their expected future payment. The Company's total current environmental reserve at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, was \$3.8 million \$3.0 million and \$3.9 million \$3.6 million, respectively, and the remainder was classified as noncurrent. Expenses related to environmental remediation were not material during either the three or nine months ended **September 30, 2023**, **March 31, 2024** or **2022, 2023**. Given the evolving nature of environmental laws, regulations and technology, the ultimate cost of future compliance is uncertain.

Warranty Liability

The changes in the standard product warranty liability for the **nine** **three** months ended **September 30** **March 31** were as follows:

<i>In millions</i>	<i>In millions</i>	<i>2023</i>	<i>2022</i>	<i>In millions</i>	<i>2024</i>	<i>2023</i>
Balance at beginning of period	Balance at beginning of period	\$18.2	\$17.7			
Reductions for payments	Reductions for payments	(6.8)	(6.9)			
Accruals for warranties issued during the current period	Accruals for warranties issued during the current period	8.9	6.4			
Changes to accruals related to preexisting warranties	Changes to accruals related to preexisting warranties	(0.5)	—			

Acquisitions	—	1.7
Currency translation		
Currency translation		
Currency translation	Currency translation	(0.2) (1.0)
Balance at end of period	Balance at end of period	\$19.6 \$17.9

Standard product warranty liabilities are classified as either Accrued expenses and other current liabilities or Other noncurrent liabilities within the Condensed and Consolidated Balance Sheets based on the timing of the expected future payments.

NOTE 19 - BUSINESS SEGMENT INFORMATION

The Company classifies its business into the following two reportable segments based on industry and market focus: Allegion Americas and Allegion International. The Company largely evaluates performance based on Segment operating income and Segment operating margins. Segment operating income is the measure of profit and loss that the Company's chief operating decision maker, the chief executive officer, uses to evaluate the financial performance of the business and as the basis for resource allocation, performance reviews and compensation. For these reasons, the Company believes that Segment operating income represents the most relevant measure of segment profit and loss. The Company's chief operating decision maker may exclude certain charges or gains, such as corporate charges and other special charges, from Operating income to arrive at a Segment operating income that is a more meaningful measure of profit and loss upon which to base operating decisions. The Company defines Segment operating margin as Segment operating income as a percentage of the segment's Net revenues.

Due to a reporting change effective January 1, 2023, results for the Company's Global Portable Security brands (inclusive of the AXA, Kryptonite and Trelock businesses) are now fully reflected within the Allegion International segment. Accordingly, the prior periods' summary of operations by reportable segment below have been recast to conform with the current period presentation. The impact of this recast was to re-align approximately \$5.2 million and \$16.5 million of Net Revenues, and \$(0.1) million and \$1.5 million of Segment operating income, respectively, for the three and nine months ended September 30, 2022, from the Allegion Americas segment to the Allegion International segment.

ALLEGION PLC
NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

A summary of operations by reportable segment for the three and nine months ended September 30 March 31 was as follows:

In millions	In millions	Three months ended		Nine months ended		2024	2023			
		2023	2022	2023	2022					
In millions										
Net revenues										
Allegion Americas										
Allegion Americas										
Allegion Americas	Allegion Americas	\$740.9	\$741.9	\$2,209.0	\$1,851.1					
Allegion International	Allegion International	177.0	171.8	544.4	559.3					
Total	Total	\$917.9	\$913.7	\$2,753.4	\$2,410.4					
Segment operating income	Segment operating income									
Allegion Americas	Allegion Americas	\$200.2	\$178.5	\$ 582.2	\$ 454.4					
Allegion Americas										
Allegion International	Allegion International	15.7	14.8	40.2	47.4					
Total	Total	215.9	193.3	622.4	501.8					

Reconciliation to Operating income		Reconciliation to Operating income			
Unallocated corporate expense	Unallocated corporate expense	(22.8)	(30.4)	(73.7)	(74.8)
Unallocated corporate expense	Unallocated corporate expense				
Operating income	Operating income	193.1	162.9	548.7	427.0
Reconciliation to earnings before income taxes		Reconciliation to earnings before income taxes			
Interest expense	Interest expense	22.9	23.1	70.2	52.2
Loss on divestitures	Loss on divestitures	—	7.6	—	7.6
Interest expense	Interest expense				
Other income, net	Other income, net				
Other income, net	Other income, net				
Other income, net	Other income, net	0.1	(1.5)	(1.8)	(7.1)
Earnings before income taxes	Earnings before income taxes	\$170.1	\$133.7	\$ 480.3	\$ 374.3

NOTE 20 - SUBSEQUENT EVENTS

In October 2023, Allegion Ventures, On April 11, 2024, the Company's corporate venture fund, made Board of Directors declared a \$20.0 million investment in Ambient.ai, a company that applies artificial intelligence and computer vision intelligence quarterly dividend of \$0.48 per ordinary share. The dividend is payable June 28, 2024, to existing security camera infrastructure, shareholders of record on June 14, 2024.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that may cause a difference include, but are not limited to, those discussed under Part I, Item 1A – Risk Factors in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. The following section is qualified in its entirety by the more detailed information, including our Condensed and Consolidated Financial Statements and the notes thereto, which appears elsewhere in this Quarterly Report.

Overview

Organization

Allegion plc and its consolidated subsidiaries ("Allegion," "the Company", "we," "our," or "us") are a leading global provider of security products and solutions operating in two segments: Allegion Americas and Allegion International. We sell a wide range of security products and solutions for end-users in commercial, institutional and residential facilities worldwide, including the education, healthcare, government, hospitality, retail, commercial office and single and multi-family residential markets. Our leading brands include CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®.

Recent Developments

Business and Industry Trends and Outlook

Throughout In the first nine months quarter of 2024, we experienced a modest decline in revenue as compared to the same period in 2023, we continued which was a seasonally stronger first quarter than normal due to experience stable demand previously experienced supply chain disruptions and recoveries. We expect the business to return to normal levels of seasonality in 2024.

Demand for our non-residential products and services in our Allegion Americas segment. Revenue from electronic security products has also remained strong globally, as we realize the benefits from measures taken to address supply chain challenges in prior years.

Beginning in the second quarter and continuing into the early part of the third quarter of 2023, customers began adjusting ordering patterns in response to our reduced lead times due to improved supply chain and operational execution, which resulted in lower volume from non-residential mechanical products. Additionally, lower demand negatively impacted volumes of residential products within our Allegion Americas segment. We continue to experience softness in demand in certain international markets in which we operate, which continue to operate in challenging economic environments.

Pricing remained strong throughout the first quarter of 2024, and we expect positive price realization to continue in 2024.

Acquisitions

On February 1, 2024, we, through our Global Portable Security products subsidiaries, acquired Boss Door Controls, a door solutions provider in the United Kingdom. The Boss Door Controls business has been incorporated into the Allegion International segment.

Pricing initiatives continued to drive revenue growth during 2023. We expect pricing to continue to mitigate inflation in our cost base throughout the remainder of 2023.

Acquisition of plano

On January 3, 2023 March 4, 2024, we, completed an acquisition through our subsidiaries, acquired Montajes electronicos Dorcas S.L. ("Dorcas"), a leading manufacturer of the assets of plano. group, a SaaS workforce management solution business electro-mechanical access control solutions based in Germany ("plano"), for initial cash consideration of \$36.6 million. Additional consideration may be payable in future periods in the event plano achieves certain specified financial results. Plano Spain. The Dorcas business has been incorporated into our the Allegion International segment.

2023 The acquisitions were accounted for as business combinations. Total consideration for these acquisitions was approximately \$19.3 million (net of cash acquired). The initial allocation of the aggregate purchase price to assets acquired and liabilities assumed as of the acquisition dates includes \$13.3 million of intangible assets, \$2.3 million of goodwill, and \$3.7 million of net tangible assets.

2024 Dividends and Share Repurchases

During the nine months ended September 30, 2023 March 31, 2024, we paid dividends of \$1.35 \$0.48 per ordinary share to shareholders and repurchased approximately 0.2 million 0.3 million shares for \$19.9 million \$40.0 million.

Results of Operations – Three months ended September 30 March 31

In millions, except per share amounts	In millions, except per share amounts	% of revenues 2023	% of revenues 2022	In millions, except per share amounts	2024	% of revenues	2023	% of revenues
Net revenues	Net revenues	\$917.9	\$913.7					
Cost of goods sold	Cost of goods sold	514.6	56.1 %	545.7	59.7 %			
Cost of goods sold								
Cost of goods sold								
Selling and administrative expenses	Selling and administrative expenses	210.2	22.9 %	205.1	22.4 %			
Operating income	Operating income	193.1	21.0 %	162.9	17.8 %			
Operating income								
Interest expense	Interest expense	22.9		23.1				
Loss on divestitures		—		7.6				
Other expense (income), net		0.1		(1.5)				
Other income, net								
Other income, net								
Other income, net								
Earnings before income taxes								
Earnings before income taxes								
Earnings before income taxes	Earnings before income taxes	170.1		133.7				

Provision for income taxes	Provision for income taxes	13.7	19.1	
Provision for income taxes				
Provision for income taxes				
Net earnings				
Net earnings				
Net earnings	Net earnings	156.4	114.6	
Less: Net earnings attributable to noncontrolling interests	Less: Net earnings attributable to noncontrolling interests	0.1	—	
Less: Net earnings attributable to noncontrolling interests				
Less: Net earnings attributable to noncontrolling interests				
Net earnings attributable to Allegion plc				
Net earnings attributable to Allegion plc				
Net earnings attributable to Allegion plc	Net earnings attributable to Allegion plc	\$156.3	\$114.6	
Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:	Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:	\$ 1.77	\$ 1.30	
Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:				
Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:				

The discussions that follow describe the significant factors contributing to the changes in our results of operations for the periods presented and form the basis used by management to evaluate the financial performance of the business.

Net Revenues

Net revenues for the three months ended **September 30, 2023** **March 31, 2024**, **increased** **decreased** by **0.5%** **3.2%**, or **\$4.2 million** **\$29.1 million**, compared with the same period in **2022** **2023**, due to the following:

Pricing	6.5	4.2 %
Volume	(7.1)	(7.8)%
Acquisitions / divestitures	0.1	0.3 %
Currency exchange rates	1.0	0.1 %
Total	0.5	(3.2)%

The **increase** **decrease** in Net revenues was driven by lower volumes, which was partially offset by improved pricing across our major businesses, to address inflation, the acquisitions of the **Access Technologies business** **Boss Door Controls** and **plano** **Dorcas businesses** and favorable foreign currency exchange rate movements. These

increases were partially offset by The lower volumes and are compared against the first quarter of 2023, which was a prior year divestiture, seasonally stronger first quarter than normal.

Pricing includes increases or decreases of price, including discounts, surcharges and/or other sales deductions, on our existing products and services. Volume includes increases or decreases of revenue due to changes in unit volume of existing products and services, as well as new products and services.

Operating Income/Margin

Operating income for the three months ended September 30, 2023 March 31, 2024, increased \$30.2 million \$1.1 million compared to the same period in 2022, 2023. Operating margin, which we define as Operating income as a percentage of total Net revenues, for the three months ended September 30, 2023 March 31, 2024, increased to 21.0% 19.3% from 17.8% 18.5% for the same period in 2022, 2023, due to the following:

In millions	Operating		In millions	Operating Income	Operating Margin
	Income	Margin			
September 30, 2022	\$ 162.9	17.8 %			
March 31, 2023			March 31, 2023	\$ 171.0	18.5 %
Pricing and productivity in excess of inflation and investment spending	43.4	3.2 %	Pricing and productivity in excess of inflation and investment spending	32.9	3.0 %
Volume / product mix	(32.4)	(1.9) %	Volume / product mix	(34.6)	(2.5) %
Acquisition / integration/ restructuring expenses	19.2	2.1 %	Acquisition / integration/ restructuring expenses	4.2	0.5 %
Currency exchange rates	(1.0)	(0.3) %	Currency exchange rates	(1.5)	(0.2) %
Acquisitions / divestitures	1.0	0.1 %			
September 30, 2023	\$ 193.1	21.0 %			
Acquisitions / divestitures				0.1	— %
Acquisitions / divestitures					
March 31, 2024			March 31, 2024	\$ 172.1	19.3 %

The increase in Operating income and Operating margin was driven by pricing and productivity improvements in excess of inflation and investment spending, the contribution to operating income from recent acquisition and divestiture activity and lower restructuring acquisition, integration and acquisition restructuring expenses. These increases were partially offset by unfavorable volume/product mix and unfavorable foreign currency exchange rate movements.

The increase in Operating margin was driven by pricing and productivity improvements in excess of inflation and investment spending, lower restructuring and acquisition expenses and the impact to operating margin from recent acquisition and divestiture activity. These increases were partially offset by unfavorable volume/product mix and unfavorable foreign currency exchange rate movements.

Pricing and productivity in excess of inflation and investment spending includes the impact to both Operating income and Operating margin from pricing, as defined above, in addition to productivity, inflation and investment spending. Productivity represents improvements in unit costs of materials, cost reductions related to improvements to our manufacturing design and processes and reductions in selling and administrative expenses due to productivity projects. Inflation includes both unit costs for the current period compared to the average actual cost for the prior period, multiplied by current year volumes, and current period costs of ongoing selling and administrative functions compared to the same ongoing expenses in the prior period. Expenses related to increased head count for strategic initiatives, new facilities or other significant spending for strategic initiatives or new product and channel development, are captured in investment spending.

Volume/product mix represents the impact to both Operating income and Operating margin due to increases or decreases of revenue due to changes in unit volume, including new products and services, including the effect of changes in the mix of products and services sold on Cost of goods sold.

Interest Expense

Interest expense for the three months ended **September 30, 2023** **March 31, 2024**, decreased **\$0.2 million** **\$0.7 million** compared with the same period in **2022, 2023**, primarily due to lower outstanding indebtedness compared to the same period in the prior year.

Other Expense (Income), Net Income, net

The components of Other expense (income), income, net for the three months ended **September 30** **March 31** were as follows:

		<i>In millions</i>	<i>In millions</i>	2023	2022	<i>In millions</i>	2024	2023
Interest income	Interest income							
Foreign currency exchange loss	Foreign currency exchange loss							
Net periodic pension and postretirement benefit cost (income), less service cost								
Other expense (income), net	Other expense (income), net							
Other	Other							
Other income, net								

Provision for Income Taxes

The effective income tax rates for the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, were **8.1%** **19.0%** and **14.3%** **16.3%**, respectively. The **decrease** **increase** in the effective income tax rate compared to **2022** **2023** is primarily due to the **favorable** **year over year change** **enactment** of global minimum tax in **2024** and the **amounts recognized for uncertain tax positions**, partially offset by an **unfavorable** change in the mix of income earned in higher tax rate **jurisdictions**.

Results of Operations – Nine months ended September 30

<i>In millions, except per share amounts</i>	2023	% of revenues	2022	% of revenues
Net revenues	\$ 2,753.4		\$ 2,410.4	
Cost of goods sold	1,557.2	56.6 %	1,438.7	59.7 %
Selling and administrative expenses	647.5	23.5 %	544.7	22.6 %
Operating income	548.7	19.9 %	427.0	17.7 %
Interest expense	70.2		52.2	
Loss on divestitures	—		7.6	
Other income, net	(1.8)		(7.1)	
Earnings before income taxes	480.3		374.3	
Provision for income taxes	58.3		51.4	
Net earnings	422.0		322.9	
Less: Net earnings attributable to noncontrolling interests	0.2		0.2	
Net earnings attributable to Allegion plc	\$ 421.8		\$ 322.7	
Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:	\$ 4.78		\$ 3.65	

Net Revenues

Net revenues for the nine months ended **September 30, 2023**, increased by **14.2%**, or **\$343.0 million**, compared with the same period in **2022**, due to the following:

Pricing	8.5 %
Volume	(2.4)%
Acquisitions / divestitures	8.3 %
Currency exchange rates	(0.2)%
Total	14.2 %

The increase in Net revenues was driven by improved pricing across our major businesses to address inflation and the acquisitions of the Access Technologies business and piano. These increases were jurisdictions, which are partially offset by lower volumes and unfavorable foreign currency exchange rate movements.

Operating Income/Margin

Operating income for the nine months ended September 30, 2023, increased \$121.7 million compared to the same period in 2022. Operating margin for the nine months ended September 30, 2023, increased to 19.9% from 17.7% for the same period in 2022, due to the following:

<i>In millions</i>	Operating Income	Operating Margin
September 30, 2022	\$ 427.0	17.7 %
Pricing and productivity in excess of inflation and investment spending	121.3	3.0 %
Volume / product mix	(23.7)	(0.6)%
Acquisition / integration/ restructuring expenses	6.6	0.3 %
Currency exchange rates	(10.1)	(0.2)%
Acquisitions / divestitures	27.6	(0.3)%
September 30, 2023	\$ 548.7	19.9 %

The increase in Operating income was driven by pricing and productivity improvements in excess of inflation and investment spending, lower acquisition, integration and restructuring expenses and the contribution to operating income from recent acquisition and divestiture activity. These increases were partially offset by lower volumes and unfavorable foreign currency exchange rate movements.

The increase in Operating margin was driven by pricing and productivity improvements in excess of inflation and investment spending and lower acquisition, integration and restructuring expenses. These increases were partially offset by lower volumes, unfavorable foreign currency exchange rate movements and the impact to operating margin from recent acquisition and divestiture activity.

Interest Expense

Interest expense for the nine months ended September 30, 2023, increased \$18.0 million compared with the same period in 2022, primarily due to interest on our 5.411% Senior Notes issued during 2022 and the increase in borrowing under the 2021 Revolving Facility, as well as a higher weighted-average interest rate on our variable rate outstanding indebtedness.

Other Income, Net

The components of Other income, net for the nine months ended September 30 were as follows:

<i>In millions</i>	2023	2022
Interest income	\$ (3.4)	\$ (0.6)
Foreign currency exchange loss	2.8	1.9
Net periodic pension and postretirement benefit cost (income), less service cost	0.5	(7.1)
Other	(1.7)	(1.3)
Other income, net	\$ (1.8)	\$ (7.1)

Provision for Income Taxes

The effective income tax rates for the nine months ended September 30, 2023 and 2022, were 12.1% and 13.7%, respectively. The decrease in the effective income tax rate compared to 2022 is primarily due to the favorable year over year change in the amounts recognized for uncertain tax positions, partially offset by an unfavorable change in the mix of income earned in higher tax rate jurisdictions, share-based compensation deductions.

Review of Business Segments

We operate in and report financial results for two segments: Allegion Americas and Allegion International. These segments represent the level at which our chief operating decision maker reviews our financial performance and makes operating decisions.

Segment operating income is the measure of profit and loss that our chief operating decision maker uses to evaluate the financial performance of the business and as the basis for resource allocation, performance reviews and compensation. For these reasons, we believe that Segment operating income represents the most relevant measure

of Segment profit and loss. Our chief operating decision maker may exclude certain charges or gains, such as corporate charges and other special charges, to arrive at a Segment operating income that is a more meaningful measure of profit and loss upon which to base our operating decisions. We define Segment operating margin as Segment operating income as a percentage of the segment's Net revenues.

The segment discussions that follow describe the significant factors contributing to the changes in results for each segment included in Net earnings. Due to a reporting change effective January 1, 2023, results for our Global Portable Security brands (inclusive of the AXA, Kryptonite and Trelock businesses) are now fully reflected within the Allegion International segment. Accordingly, the prior periods' summary of operations by reportable segment below have been recast to conform with the current period presentation. The impact of this recast was to re-align approximately \$5.2 million and \$16.5 million of Net Revenues, and \$(0.1) million and \$1.5 million of Segment operating income, respectively, for the three and nine months ended September 30, 2022, from the Allegion Americas segment to the Allegion International segment.

Segment Results of Operations - For the three and nine months ended September 30: March 31:

In millions	In millions	Three months ended			Nine months ended			2024	2023	% Change														
		2023	2022	Change	2023	2022	Change																	
Net revenues																								
Allegion Americas																								
Allegion Americas	Allegion Americas	\$740.9	\$741.9	(0.1)%	\$2,209.0	\$1,851.1	19.3 %	\$709.3	\$740.9	(4.3)	(4.3)%													
Allegion International	Allegion International	177.0	171.8	3.0 %	544.4	559.3	(2.7)%	184.6	182.1	1.4	1.4 %													
Total	Total	\$917.9	\$913.7		\$2,753.4	\$2,410.4																		
Segment operating income	Segment operating income																							
Allegion Americas	Allegion Americas	\$200.2	\$178.5	12.2 %	\$ 582.2	\$ 454.4	28.1 %	\$187.0	\$186.6	0.2	0.2 %													
Allegion International	Allegion International	15.7	14.8	6.1 %	40.2	47.4	(15.2)%	13.0	10.6	10.6	22.6													
Total	Total	\$215.9	\$193.3		\$ 622.4	\$ 501.8																		
Segment operating margin	Segment operating margin																							
Allegion Americas	Allegion Americas																							
Allegion Americas	Allegion Americas	27.0 %	24.1 %		26.4 %	24.5 %																		
Allegion International	Allegion International	8.9 %	8.6 %		7.4 %	8.5 %																		
Allegion International																								
Allegion Americas																								

Our Allegion Americas segment is a leading provider of security products, services and solutions throughout North America. The segment sells a broad range of products and solutions including locks, locksets, key systems, door controls and systems, exit devices, doors, accessories, electronic security products, access control systems and software and service solutions to customers in commercial, institutional and residential facilities, including the education, healthcare, government, hospitality, retail, commercial office and single and multi-family residential markets. This segment's primary brands are LCN, Schlage, Von Duprin and Stanley Access Technologies, which we utilize with permission in accordance with the terms of the Access Technologies acquisition agreement ("Stanley" is the property of Stanley Logistics L.L.C.).

Net Revenues

Net revenues for the three months ended **September 30, 2023** **March 31, 2024**, decreased by **0.1%** **4.3%**, or **\$1.0 million** **\$31.6 million**, compared to the same period in **2022**, **2023**, due to the following:

Pricing	6.9	4.8 %
Volume	(6.9)	(9.1)%
%		
Total		(0.1)(4.3)%

The decrease in Net revenues was driven by lower volumes and unfavorable currency exchange rate movements partially offset by improved pricing to address inflation, pricing.

Net revenues from non-residential products for the three months ended **September 30, 2023** **March 31, 2024**, excluding including Net revenues from our Access Technologies business, increased decreased by a low-single mid-single digits percent compared to the same period in the prior year, driven by improved pricing and higher electronics products lower volumes partially offset by lower mechanical volumes price. We currently anticipate demand for growth in revenues from our non-residential products to remain stable and services through the remainder of 2023. Net revenues from our Access Technologies business increased by a mid-teens percent, 2024.

Net revenues from residential products for the three months ended **September 30, 2023** **March 31, 2024**, decreased by a low-teens low-single digits percent compared to the same period in the prior year. Given current market conditions around new construction and consumer sentiment, we expect continued softness in demand for our residential products, products in 2024.

Growth in electronic security products and solutions is a metric that is actively monitored by management and a focus of our investors. Electronic products encompass both residential and non-residential solutions and include all electrified product categories including, but not limited to, electronic and electrified locks, access control systems and electronic and electrified door controls and systems and exit devices. For the three months ended **September 30, 2023** **March 31, 2024**, Net revenues from the sale of electronic products in the Allegion Americas segment increased by a high-teens percent compared to the same period in the prior year. We expect continued growth in Net revenues from the sale of electronic products for the remainder of 2023, given high demand, pricing initiatives and improved component availability relative to 2022.

Net revenues for the nine months ended September 30, 2023, increased by 19.3%, or \$357.9 million, compared to the same period in 2022, due to the following:

Pricing	9.5 %
Volume	(0.7)%
Acquisitions	10.8 %
Currency exchange rates	(0.3)%
Total	19.3 %

The increase in Net revenues was driven by significantly improved pricing to address inflation and the impact of our Access Technologies business acquisition. These increases were partially offset by lower volumes and unfavorable foreign currency exchange rate movements.

Net revenues from non-residential products for the nine months ended September 30, 2023, increased by a low double-digit percent compared to the same period in the prior year. Net revenues from residential products for the nine months ended September 30, 2023, decreased by a low-single digits percent compared to the same period in the prior year. Net revenues from year in which the sale of electronic security products in the Allegion Americas segment for the nine months ended September 30, 2023, increased by approximately grew greater than thirty percent compared to the same period in the prior year, percent.

Operating income/margin

Segment operating income for the three months ended **September 30, 2023** **March 31, 2024**, increased **\$21.7 million** **\$0.4 million** compared to the same period in **2022**, **2023**, and Segment operating margin for the three months ended **September 30, 2023** **March 31, 2024**, increased to **27.0%** **26.4%** from **24.1%** **25.2%**, due to the following:

<i>In millions</i>	Operating Income	Operating Margin
September 30, 2022	\$ 178.5	24.1 %
Pricing and productivity in excess of inflation and investment spending	39.2	3.3 %
Volume / product mix	(25.3)	(1.6)%
Currency exchange rates	(3.8)	(0.4)%
Acquisition / integration/ restructuring expenses	11.6	1.6 %
September 30, 2023	\$ 200.2	27.0 %

<i>In millions</i>	<i>Operating Income</i>	<i>Operating Margin</i>
March 31, 2023	\$ 186.6	25.2 %
Pricing and productivity in excess of inflation and investment spending	34.2	3.4 %
Volume / product mix	(33.1)	(2.3)%
Currency exchange rates	(1.9)	(0.2)%
Acquisition / integration/ restructuring expenses	1.2	0.3 %
March 31, 2024	<u>\$ 187.0</u>	<u>26.4 %</u>

The increase in Segment operating income and Segment operating margin was primarily driven by pricing and productivity improvements in excess of inflation and investment spending and lower acquisition, integration and restructuring expenses. These increases were partially offset by unfavorable volume/product mix and unfavorable foreign currency exchange rate movements.

The increase in Segment operating margin was primarily due to pricing and productivity improvements in excess of inflation and investment spending and lower acquisition, integration and restructuring expenses. These increases were partially offset by unfavorable volume/product mix, unfavorable foreign currency exchange rate movements.

Segment operating income for the nine months ended September 30, 2023, increased \$127.8 million compared to the same period in 2022, and Segment operating margin for the nine months ended September 30, 2023, increased to 26.4% from 24.5%, due to the following:

<i>In millions</i>	<i>Operating Income</i>	<i>Operating Margin</i>
September 30, 2022	\$ 454.4	24.5 %
Pricing and productivity in excess of inflation and investment spending	127.6	3.9 %
Volume / product mix	(6.1)	(0.2)%
Currency exchange rates	(11.6)	(0.2)%
Acquisitions	25.0	(1.2)%
Acquisition / integration/ restructuring expenses	(7.1)	(0.4)%
September 30, 2023	<u>\$ 582.2</u>	<u>26.4 %</u>

The increase in Segment operating income was primarily driven by pricing and productivity improvements in excess of inflation and investment spending and the contribution to Segment operating income from our Access Technologies business acquisition. These increases were partially offset by unfavorable volume/product mix, a year-over-year increase in acquisition, integration and restructuring expenses and unfavorable foreign currency exchange rate movements.

The increase in Segment operating margin was primarily due to pricing and productivity improvements in excess of inflation and investment spending. These increases were partially offset by unfavorable volume/product mix, a year-over-year increase in acquisition, integration and restructuring expenses, unfavorable foreign currency exchange rate movements and the impact to Segment operating margin from our Access Technologies business acquisition.

Allegion International

Our Allegion International segment provides security products, services and solutions primarily throughout Europe, Asia and Oceania. The segment offers end-users a broad range of products, services and solutions including locks, locksets, portable locks, key systems, door closers and systems, exit devices, doors, electronic security products, access control systems, time and attendance and workforce productivity solutions, among other software and service solutions. This segment's primary brands are AXA, Bricard, Briton, CISA, Gainsborough, Interflex, Kryptonite and SimonsVoss.

Net Revenues

Net revenues for the three months ended **September 30, 2023** **March 31, 2024**, increased by **3.0%** **1.4%**, or **\$5.2 million** **\$2.5 million**, compared to the same period in **2022**, **2023**, due to the following:

Pricing	5.0	2.1 %
Volume	(7.8)	(2.9)%
Acquisitions / divestitures	0.6	1.4 %
Currency exchange rates	5.2	0.8 %
Total	<u>3.0</u>	<u>1.4 %</u>

The increase in Net revenues was primarily driven by improved pricing, favorable foreign currency exchange rate movements and the favorable impact from the current year acquisition acquisitions of **plano**, **Boss Door Controls** and **Dorcas**. This increase was partially offset by lower volumes, particularly within our Global Portable Security and China businesses, as well as a prior year divestiture.

Net revenues for the nine months ended September 30, 2023, decreased by 2.7%, or \$14.9 million, compared to the same period in 2022, due to the following:

Pricing	5.1 %
Volume	(8.0) %
Acquisitions / divestitures	— %
Currency exchange rates	0.2 %
Total	(2.7) %

The decrease continued weakness in Net revenues was primarily driven by lower volumes, particularly within our Global Portable Security and China businesses. These decreases were partially offset by improved pricing across our major businesses throughout the segment as well as favorable foreign currency exchange rate movements. The impact from the current year acquisition of plano was offset by a prior year divestiture in certain markets in which we operate.

Operating income/margin

Segment operating income for the three months ended September 30, 2023 March 31, 2024, increased \$0.9 million \$2.4 million compared to the same period in 2022, 2023, and Segment operating margin for the three months ended September 30, 2023 March 31, 2024, increased to 8.9% 7.0% from 8.6% 5.8%, due to the following:

	Operating Income			
In millions	In millions	In millions	Operating Income	Operating Margin
September 30, 2022	\$ 14.8	8.6 %		
March 31, 2023			\$ 10.6	5.8 %
Pricing and productivity in excess of inflation and investment spending	6.9	3.4 %	Pricing and productivity in excess of inflation and investment spending	0.7 0.3 0.3 %
Volume / product mix	(7.1)	(3.2) %	Volume / product mix	(1.5) (0.7) (0.7) %
Currency exchange rates	2.8	1.1 %	Currency exchange rates	0.3 0.1 0.1 %
Acquisitions / divestitures	1.0	0.6 %	Acquisitions / divestitures	0.1 — — %
Acquisition / integration/ restructuring expenses	(2.7)	(1.6) %	Acquisition / integration/ restructuring expenses	2.8 1.5 1.5 %
September 30, 2023	\$ 15.7	8.9 %		
March 31, 2024				
March 31, 2024			\$ 13.0	7.0 %
March 31, 2024				

The increase in Segment operating income and Segment operating margin was primarily driven by pricing and productivity improvements in excess of inflation and investment spending, the favorable impact to Segment operating income from favorable foreign currency exchange rate movements, the favorable impact from lower acquisition, integration and recent acquisition restructuring expenses, and divestiture activity, the current year acquisitions of Boss Door Controls and Dorcas. These increases were partially offset by unfavorable volume/product mix and higher acquisition, integration and restructuring expenses.

The increase in Segment operating margin was primarily driven by pricing and productivity improvements in excess of inflation and investment spending, the favorable impact to Segment operating margin from favorable foreign currency exchange rate movements and recent acquisition and divestiture activity. These increases were partially offset by unfavorable volume/product mix and higher acquisition, integration and restructuring expenses.

Segment operating income for the nine months ended September 30, 2023, decreased \$7.2 million compared to the same period in 2022, and Segment operating margin for the nine months ended September 30, 2023, decreased to 7.4% from 8.5%, due to the following:

In millions	Operating Income	Operating Margin
September 30, 2022	\$ 47.4	8.5 %

Pricing and productivity in excess of inflation and investment spending	10.3	1.2 %
Volume / product mix	(17.6)	(2.3)%
Currency exchange rates	1.5	0.2 %
Acquisitions / divestitures	2.7	0.5 %
Acquisition / integration/ restructuring expenses	(4.1)	(0.7)%
September 30, 2023	\$ 40.2	7.4 %

The decrease in Segment operating income was primarily driven by unfavorable volume/product mix and a year-over-year increase in restructuring, integration and acquisition expenses. These decreases were partially offset by pricing and productivity improvements in excess of inflation and investment spending, favorable foreign currency exchange rate movements and the favorable impact to Segment operating income from recent acquisition and divestiture activity.

The decrease in Segment operating margin was primarily driven by unfavorable volume/product mix and a year-over-year increase in restructuring and acquisition expenses. These decreases were partially offset by the favorable impact to Segment operating margin from pricing and productivity improvements in excess of inflation and investment spending, favorable foreign currency exchange rate movements and recent acquisition and divestiture activity.

Liquidity and Capital Resources

Liquidity Outlook, Sources and Uses

Our primary source of liquidity is cash provided by operating activities. Cash provided by operating activities is used to invest in new product development and fund capital expenditures and working capital requirements. Our ability to generate cash from operating activities, our unused borrowing capacity under the 2021 Revolving Facility and our access to the capital and credit markets enable us to fund these capital needs, execute our long-term growth strategies and return value to our shareholders. Further, our business operates with strong operating cash flows, low leverage and low capital intensity, providing financial flexibility, including sufficient access to credit markets.

Our short-term financing needs primarily consist of working capital requirements, restructuring initiatives, capital spending, dividend payments and principal and interest payments on our long-term debt. Long-term financing needs depend largely on potential growth opportunities, including potential acquisitions, repayment or refinancing of our long-term obligations and repurchases of our ordinary shares. Of our total outstanding indebtedness as of **September 30, 2023** **March 31, 2024**, approximately 89% incurs fixed-rate interest and is therefore not exposed to the risk of rising variable interest rates.

Based upon our operations, existing cash balances and unused borrowing capacity under the 2021 Revolving Facility, as of **September 30, 2023** **March 31, 2024**, we expect our cash flows from operations will be sufficient to maintain a sound financial position and liquidity and to meet our current financing needs for at least the next 12 months. Further, we do not anticipate any covenant compliance challenges with any of our outstanding indebtedness for at least the next 12 months. We also believe existing borrowing capacity under the 2021 Credit Facilities, together with financing we believe would be accessible to us in the credit and capital markets, are sufficient to achieve our longer-term strategic plans.

The following table reflects the major categories of cash flows for the **nine** **three** months ended **September 30, 2023** **March 31**. For additional details, see the Condensed and Consolidated Statements of Cash Flows in the Condensed and Consolidated Financial Statements.

In millions	2023	2022	In millions	2024	2023
Net cash provided by operating activities	\$381.1	\$267.1			
Net cash used in investing activities	(83.4)	(965.9)			
Net cash (used in) provided by financing activities	(219.9)	606.1			
Net cash used in financing activities					

Operating Activities: Net cash provided by operating activities during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, increased \$114.0 million decreased \$17.9 million compared to the same period in **2022**, **2023**, primarily driven by increased Net earnings and changes in higher cash used for working capital.

Investing Activities: Net cash used in investing activities during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, decreased \$882.5 million \$8.0 million compared to the same period in **2022**, **2023**, primarily due to the \$923.1 million acquisition of the Access Technologies business in July 2022, lower cash used for acquisitions. This decrease was partially offset by \$31.7 million of cash paid for acquisitions an increase in 2023 and \$19.2 million of increased capital expenditures and a decrease in 2023, primarily related cash provided from other investing activities compared to the construction of a new manufacturing facility same period in 2023.

Financing Activities: Net cash used in financing activities during the **nine three** months ended **September 30, 2023** **March 31, 2024**, increased **\$826.0 million** **\$64.6 million** compared to the same period in **2022, 2023**, primarily due to the **issuance of our 5.411% Senior Notes** **cash used to repurchase shares in the current period, and proceeds from the 2021 Revolving Facility** in the prior year used for the purchase of the **Access Technologies** business, **\$30 million** of repayments in the current year of borrowings under our **2021 Revolving Facility**, partially offset by a **\$41.1 million** reduction in cash used to repurchase ordinary shares. **plano.**

Capitalization

Long-term debt and other borrowings consisted of the following:

In millions	In millions	September		December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022	In millions			
2021 Term Facility	2021 Term Facility	\$ 228.1	\$ 237.5				
2021 Revolving Facility		—	69.0				
3.200% Senior Notes due 2024							
3.200% Senior Notes due 2024							
3.200% Senior Notes due 2024	3.200% Senior Notes due 2024	400.0	400.0				
3.550% Senior Notes due 2027	3.550% Senior Notes due 2027	400.0	400.0				
3.500% Senior Notes due 2029	3.500% Senior Notes due 2029	400.0	400.0				
5.411% Senior Notes due 2032	5.411% Senior Notes due 2032	600.0	600.0				
Other debt	Other debt	0.1	0.2				
Total borrowings	Total borrowings						
outstanding	outstanding	2,028.2	2,106.7				
Discounts and debt issuance costs, net	Discounts and debt issuance costs, net	(10.5)	(12.2)				
Total debt	Total debt	2,017.7	2,094.5				
Less current portion of long-term debt	Less current portion of long-term debt	12.6	12.6				
Total long-term debt	Total long-term debt	\$2,005.1	\$2,081.9				

We are party to an unsecured credit agreement consisting of a \$250.0 million term loan facility (the "2021 Term Facility"), of which **\$228.1 million** **\$221.9 million** was outstanding at **September 30, 2023** **March 31, 2024**, and a \$500.0 million revolving credit facility (the "2021 Revolving Facility" and, together with the 2021 Term Facility, the "2021 Credit Facilities"), of which **\$0.0 million** there was no balance outstanding at **September 30, 2023** **March 31, 2024**. The 2021 Credit Facilities mature on November 18, 2026.

The 2021 Term Facility amortizes in quarterly installments at the following rates: 1.25% per quarter starting March 31, 2022 through March 31, 2025, 2.5% per quarter starting June 30, 2025 through September 30, 2026, with the balance due on November 18, 2026. We repaid **\$9.4 million** of principal on the 2021 Term Facility during the **nine three** months ended **September 30, 2023** **March 31, 2024**. Principal amounts repaid on the 2021 Term Facility may not be reborrowed. The 2021 Revolving

Facility provides aggregate commitments of up to \$500.0 million, including up to \$100.0 million for the issuance of letters of credit. We had **\$13.4 million** **\$18.3 million** of letters of credit outstanding at **September 30, 2023** **March 31, 2024**. Borrowings under the 2021 Revolving Facility may be repaid at any time without premium or penalty, and amounts repaid may be reborrowed.

Outstanding borrowings under the 2021 Credit Facilities accrue interest, at our option, equal to either: (i) a Bloomberg Short-Term Bank Yield Index ("BSBY") rate plus an applicable margin or (ii) a base rate plus the applicable margin. The applicable margin ranges from 0.875% to 1.375% depending on our credit ratings. At **September 30, 2023** **March 31, 2024**, outstanding borrowings under the 2021 Credit Facilities accrued interest at BSBY plus a margin of 1.125%, resulting in an interest rate of **6.513%** **6.472%**. The 2021 Credit Facilities also contain negative and affirmative covenants and events of default that, among other things, limit or restrict our ability to enter into certain transactions. In addition, the 2021 Credit Facilities require us to comply with a maximum leverage ratio as defined within the credit agreement. As of **September 30, 2023** **March 31, 2024**, we were in compliance with all applicable covenants under the credit agreement.

As of **September 30, 2023** **March 31, 2024**, Allegion US Hold Co has \$400.0 million outstanding of its 3.200% Senior Notes due 2024 (the "3.200% Senior Notes"), \$400.0 million outstanding of its 3.550% Senior Notes due 2027 (the "3.550% Senior Notes") and \$600.0 million outstanding of its 5.411% Senior Notes due 2032 (the "5.411% Senior Notes"), while Allegion plc has \$400.0 million outstanding of its 3.500% Senior Notes due 2029 (the "3.500% Senior Notes"), and all four senior notes collectively, the "Senior Notes"). The 3.200% Senior Notes, 3.550% Senior Notes and 3.500% Senior Notes all require semi-annual interest payments on April 1 and October 1 of each year and will mature on October 1, 2024, October 1, 2027 and October 1, 2029, respectively. The 5.411% Senior Notes require semi-annual interest payments on January 1 and July 1 of each year, beginning January 1, 2023, and will mature on July 1, 2032. **We expect the availability on the 2021 Revolving Facility, along with cash on hand, will provide sufficient liquidity to repay the 3.200% Senior Notes due in the fourth quarter of 2024, if needed.**

Historically, the majority of our earnings were considered to be permanently reinvested in jurisdictions where we have made, and intend to continue to make, substantial investments to support the ongoing development and growth of our global operations. At **September 30, 2023** **March 31, 2024**, we analyzed our working capital requirements and the potential tax liabilities that would be incurred if certain subsidiaries made distributions and concluded that no material changes to our historic permanent reinvestment assertions are required.

Defined Benefit Plans

Our investment objective in managing defined benefit plan assets is to ensure that all present and future benefit obligations are met as they come due. We seek to achieve this goal while trying to mitigate volatility in plan funded status, contributions and expense by better matching the characteristics of the plan assets to that of the plan liabilities. Global asset allocation decisions are based on a dynamic approach whereby a plan's allocation to fixed income assets increases as the funded status increases. We monitor plan funded status, asset allocation and the impact of market conditions on our defined benefit plans regularly in addition to investment manager performance. For further details on pension plan activity, see Note 9 to the Condensed and Consolidated Financial Statements.

For a further discussion of Liquidity and Capital Resources, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Guarantor Financial Information

Allegion US Hold Co is the issuer of the 3.200% Senior Notes, 3.550% Senior Notes, and 5.411% Senior Notes and is the guarantor of the 3.500% Senior Notes. Allegion plc (the "Parent") is the issuer of the 3.500% Senior Notes and is the guarantor of the 3.200% Senior Notes, 3.550% Senior Notes, and 5.411% Senior Notes. Allegion US Hold Co is directly or indirectly 100% owned by the Parent and each of the guarantees of Allegion US Hold Co and the Parent is full and unconditional and joint and several. The 3.200% Senior Notes, 3.550% Senior Notes, and 5.411% Senior Notes are senior unsecured obligations of Allegion US Hold Co and rank equally with all of Allegion US Hold Co's existing and future senior unsecured and unsubordinated indebtedness. The guarantee of the 3.200% Senior Notes, 3.550% Senior Notes, and 5.411% Senior Notes is the senior unsecured obligation of the Parent and ranks equally with all of the Parent's existing and future senior unsecured and unsubordinated indebtedness. The 3.500% Senior Notes are senior unsecured obligations of the Parent and rank equally with all of the Parent's existing and future senior unsecured and unsubordinated indebtedness. The guarantee of the 3.500% Senior Notes is the senior unsecured obligation of Allegion US Hold Co and ranks equally with all of Allegion US Hold Co's existing and future senior unsecured and unsubordinated indebtedness.

Each guarantee is effectively subordinated to any secured indebtedness of the Guarantor to the extent of the value of the assets securing such indebtedness. The Senior Notes are structurally subordinated to indebtedness and other liabilities of the subsidiaries of the Guarantor, none of which guarantee the notes. The obligations of the Guarantor under its Guarantee are limited as necessary to prevent such Guarantee from constituting a fraudulent conveyance under applicable law and, therefore, are limited to the amount that the Guarantor could guarantee without such Guarantee constituting a fraudulent conveyance; this limitation, however, may not be effective to prevent such Guarantee from constituting a fraudulent conveyance. If the Guarantee was rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, the Guarantor's liability on its Guarantee could be reduced to zero. In such an event, the notes would be structurally subordinated to the indebtedness and other liabilities of the Guarantor.

For further details, terms and conditions of the Senior Notes refer to the Company's Forms 8-K filed October 2, 2017, September 27, 2019, and June 22, 2022.

The following tables present the summarized financial information specified in Rule 1-02(bb)(1) of Regulation S-X for each issuer and guarantor. The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X.

Selected Condensed Statement of Comprehensive Income Information

		Nine months ended September 30, 2023		Year ended December 31, 2022			
		Three months ended March 31, 2024				Year ended December 31, 2023	
		31, 2024					
		Allegion	Allegion	Allegion	Allegion	Allegion US	Allegion US
		Allegion plc	US Hold Co	Allegion plc	US Hold Co	Allegion plc	Hold Co
In millions	In millions						
Net revenues	Net revenues	\$ —	\$ —	\$ —	\$ —	Allegion plc	Allegion US
Gross profit	Gross profit	—	—	—	—	Hold Co	Hold Co
Operating loss	Operating loss	(5.2)	(0.4)	(6.7)	(14.4)		
Equity earnings in affiliates, net of tax	Equity earnings in affiliates, net of tax	465.6	239.7	505.9	195.5		
Transactions with related parties and subsidiaries ^(a)	Transactions with related parties and subsidiaries ^(a)	(16.2)	(57.6)	(21.1)	(79.6)		
Net earnings	Net earnings	421.8	168.3	458.0	85.0		
Net earnings attributable to the entity	Net earnings attributable to the entity	421.8	168.3	458.0	85.0		

(a) Transactions with related parties and subsidiaries include intercompany interest and fees.

Selected Condensed Balance Sheet Information

		September 30, 2023		December 31, 2022			
		March 31, 2024				March 31, 2024	
		Allegion		Allegion		Allegion	
		Allegion plc	US Hold Co	Allegion plc	US Hold Co	Allegion plc	Hold Co
In millions	In millions						
Current assets:	Current assets:						
Amounts due from related parties and subsidiaries							
Amounts due from related parties and subsidiaries							
Amounts due from related parties and subsidiaries							
Total current assets	Total current assets	10.9	410.1	3.3	417.4		
Noncurrent assets:	Noncurrent assets:						

Amounts due from related parties and subsidiaries	Amounts due from related parties and subsidiaries	— 1,404.9	— 1,523.9
Amounts due from related parties and subsidiaries			
Amounts due from related parties and subsidiaries			
Total noncurrent assets	Total noncurrent assets	1,792.3	1,489.1
Current liabilities:			
Amounts due to related parties and subsidiaries			
Amounts due to related parties and subsidiaries			
Amounts due to related parties and subsidiaries	Amounts due to related parties and subsidiaries	\$ 40.9	\$ 625.5
Total current liabilities	Total current liabilities	64.1	648.5
Noncurrent liabilities:	Noncurrent liabilities:	65.3	303.5
Amounts due to related parties and subsidiaries			
Amounts due to related parties and subsidiaries			
Total noncurrent liabilities	Total noncurrent liabilities	476.5	2,458.9
Amounts due to related parties and subsidiaries			
Amounts due to related parties and subsidiaries			
Total noncurrent liabilities	Total noncurrent liabilities	1,089.8	3,855.0
1,282.0			
4,166.1			

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our Condensed and Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with those accounting principles requires management to use judgments in making estimates and assumptions based on the relevant information available at the end of each period. These estimates and assumptions have a significant effect on reported amounts of assets and liabilities, revenue and expenses, as well as the disclosure of contingent assets and liabilities because they result primarily from the need to make estimates and assumptions on matters that are inherently uncertain. Actual results may differ from estimates.

Management believes there have been no significant changes during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, to the items we disclosed as our critical accounting policies in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Recent Accounting Pronouncements

There have been no new accounting pronouncements not yet effective or adopted in the current year that we believe have a significant impact, or potential significant impact, to our consolidated financial statements.

Forward-Looking Statements

Certain statements in this report, other than purely historical information, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "forecast," "outlook," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," or the negative thereof or variations thereon or similar expressions generally intended to identify forward-looking statements.

These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Forward-looking statements speak only as of the date they are made and are not guarantees of future performance. They are subject to future events, risks and uncertainties – many of which are beyond our control – as well as potentially inaccurate assumptions, that could cause actual results to differ materially from our expectations and projections including, among other things:

- ongoing macroeconomic challenges and continued economic instability;
- increased prices and inflation;
- volatility and uncertainty in the political, economic and regulatory environments in which we operate, including changes to trade agreements, sanctions, import and export regulations, custom duties and applicable tax regulations and interpretations, social and political unrest, instability, national and international conflict, terrorist acts and other geographical disputes and uncertainties;
- the strength and stability of the institutional, commercial and residential construction and remodeling markets;

- fluctuations in currency exchange rates;
- potential impairment of our goodwill, indefinite-lived intangible assets and/or our long-lived assets;
- instability in the U.S. and global capital and credit markets;
- our ability to make scheduled debt payments or to refinance our debt obligations;
- increased competition, including from technological developments;
- the development, commercialization and acceptance of new products and services;
- changes in customer and consumer preferences and our ability to maintain beneficial relationships with large customers;
- our products or solutions failing to meet certification and specification requirements, being defective, causing property damage, bodily harm or injury, or otherwise falling short of customers' needs and expectations;
- our ability to identify and successfully complete and integrate acquisitions, including achieving their anticipated strategic and financial benefits;
- business opportunities that diverge from our core business;
- our ability to achieve the expected improvements or financial returns we expect from our strategic initiatives;
- our ability to effectively manage and implement restructuring initiatives or other organizational changes;
- global climate change or other unexpected events, including global health crises, such as COVID-19;
- the proper functioning of our information technology and operational technology systems, including disruption or breaches of our information systems, such as cybersecurity attacks;
- the failure of our third-party vendors to provide effective support for many of the critical elements of our global information and operational technology infrastructure;
- our ability to recruit and retain a highly qualified and diverse workforce;
- disruptions in our global supply chain, including product manufacturing and logistical services provided by our supplier partners;
- our ability to effectively manage real or perceived issues related to product quality, safety, corporate social responsibility and other reputational matters;
- our ability to protect our brand reputation and trademarks;
- legal judgments, fines, penalties or settlements imposed against us or our assets as a result of legal proceedings, claims and disputes;
- claims of infringement of intellectual property rights by third parties;
- improper conduct by any of our employees, agents or business partners;
- changes to, or changes in interpretations of, current laws and regulations;

- uncertainty and inherent subjectivity related to transfer pricing regulations in the countries in which we operate;
- changes in tax rates, the adoption of new tax legislation or exposure to additional tax liabilities; and
- risks related to our incorporation in Ireland, including the possible effects on us of future legislation or adverse determinations by taxing authorities that could increase our tax burden.

These events, risks and uncertainties are described more fully in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**. There may also be other factors that have not been anticipated or that are not described in our periodic filings with the SEC, generally because we did not believe them to be significant at the time, which could cause actual results to differ materially from our projections and expectations. We do not undertake to update any forward-looking statements, except as required by applicable law.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our exposure to market risk during the **third** **first** quarter of **2023** **2024**. For a discussion of the Company's exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Item 4 – Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of **September 30, 2023** **March 31, 2024**, that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this Quarterly Report on Form 10-Q has been recorded, processed, summarized and reported when required and the information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any changes in the Company's internal control over financial reporting that occurred during the **third** **first** quarter of **2023** **2024** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

In the normal course of business, we are involved in a variety of lawsuits, claims and legal proceedings, including commercial and contract disputes, labor and employment matters, product liability claims, environmental liabilities, antitrust and trade regulation matters, intellectual property disputes and tax-related matters. In our opinion, pending legal matters are not expected to have a material adverse impact on our results of operations, financial condition, liquidity or cash flows.

Item 1A – Risk Factors

Except as noted below, there **There** have been no material changes to our risk factors contained in our Annual Report on Form 10-K for the period ended **December 31, 2022** **December 31, 2023**. For a further discussion of our Risk Factors, refer to the "Risk Factors" discussion contained in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

We could be subject to changes in tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

Our future effective tax rate and cash tax obligations could be adversely affected by shifts in our mix of earnings in countries with varying statutory tax rates, changes in the valuation of our deferred tax assets or liabilities or changes in tax laws, regulations, interpretations or accounting principles, as well as certain discrete items. In addition, we are subject to regular review and audit by tax authorities. As a result, we have received, and may in the future receive, assessments in multiple jurisdictions on various tax-related assertions. Any adverse outcome of such a review or audit could have a negative effect on our operating results and financial condition. In addition, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our Consolidated Financial Statements and may materially affect our financial results in the period or periods for which such determination is made. Furthermore, due to shifting economic and political conditions, tax policies, laws, interpretations and rates in various jurisdictions may be subject to significant change, which could materially affect our financial position and results of operations. For example, many countries in Europe, as well as a number of other countries and organizations, have recently proposed, recommended or implemented changes to existing tax laws or have enacted new laws that could significantly increase our effective tax rate or cash tax obligations in countries where we do business or require us to change the manner in which we operate our business. Additionally, the European Commission has been investigating whether various tax regimes or private tax rulings provided by a country to particular taxpayer may constitute State Aid. We continue to examine the impact the above items may have on our business and the amount of tax we must pay.

The implementation of global tax reforms could negatively impact our financial results.

In recent years, the Organization for Economic Cooperation and Development ("OECD") has led international efforts to implement various international tax reforms, including the introduction of a global minimum effective corporate tax ("GMT") rate of 15%, applied on a jurisdiction-by-jurisdiction basis. Over 130 countries agreed to the general framework of the GMT rules and approximately 50 countries are currently proposing to implement core elements of the GMT rules. Further, on December 15, 2022, the European Union adopted a Council Directive which requires GMT rules to be transposed into member states' national laws starting in 2024.

On October 19 2023, Ireland, the location of our incorporation, issued draft legislation for the transposition of GMT rules into Irish law. We are currently assessing the impact of the draft legislation, which may change before official promulgation into Irish law. Further, we anticipate the continued and ongoing release of OECD GMT interpretive guidance. We expect our effective income tax rate will increase beginning in 2024, but given the draft nature of the legislation and expected additional legislation, we are unable to quantify the significance of the impact at this time. However, the overall impact of GMT to our effective tax rate, financial position, results of operations and cash flows could be material.

Item 2 - Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities

Period	Total number of shares purchased (000s)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (000s)	Approximate dollar value of shares that may yet be purchased under the plans or programs (000s) (1)
July 1 - July 31	—	\$ —	—	\$ 500,000
August 1 - August 31	—	—	—	500,000
September 1 - September 30	—	—	—	500,000
Total	—	\$ —	—	\$ 500,000

Period	Total number of shares purchased (000s)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (000s)	Approximate dollar value of shares that may yet be purchased under the plans or programs (000s) (1)
January 1 - January 31	—	\$ —	—	\$ 460,024
February 1 - February 29	41	129.28	41	454,736
March 1 - March 31	267	130.06	267	420,024
Total	308	\$ 129.96	308	\$ 420,024

(1) In June 2023, our Board of Directors reauthorized the Company's ordinary existing share repurchase program and, as a result, authorized the repurchase of up to \$500.0 million of the Company's ordinary shares under the program. The share repurchase program does not have a prescribed expiration date. Share repurchases may be made from time-to-time in open market, accelerated stock repurchase or privately negotiated transactions, including pursuant to one or more Rule 10b5-1 trading plans. The timing and manner of any share repurchase and the actual number of ordinary shares repurchased will be determined at the discretion of management based on a variety of factors, including, among others, the Company's stock price, corporate and regulatory requirements, and other general market and economic conditions.

Item 5 - Other Information

During the three months ended **September 30, 2023** **March 31, 2024**, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-rule 10b5-1 trading arrangement," as each term is defined in item 408(a) of Regulation S-K.

Item 6 – Exhibits

(a) Exhibits

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
<u>3.1</u>	Amended and Restated Memorandum and Articles of Association of Allegion plc.	Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed with the SEC on June 13, 2016 (File No. 001-35971).
<u>22</u>	Subsidiary Guarantors and Issuers of Guaranteed Securities	Filed herewith.
<u>10.1</u>	<u>Robert C. Martens Offer Letter, dated December 9, 2019*</u>	<u>Filed herewith.</u>
<u>31.1</u>	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
<u>31.2</u>	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
<u>32.1</u>	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101.INS	XBRL Instance Document.	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.
104	Cover Page Interactive Data File.	Formatted as Inline XBRL and contained in Exhibit 101.

*Compensatory plan or arrangement.

ALLEGION PLC

SIGNATURES

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.

ALLEGION PLC
(Registrant)

Date: October 31, 2023 April 25, 2024

/s/ Michael J. Wagnes

**Michael J. Wagnes, Senior Vice President
and Chief Financial Officer
Principal Financial Officer**

Date: October 31, 2023 April 25, 2024

/s/ Nickolas A. Musial

**Nickolas A. Musial, Vice President,
Controller, Chief Accounting Officer and Treasurer
Principal Accounting Officer**

35 29

December 9, 2019

Mr. Robert Martens

[*****]

[*****]

Dear Rob:

Congratulations! On December 5, 2019 Allegion's Board of Directors approved your appointment as Senior Vice President - Chief Innovation and Design Officer, reporting to me effective December 5, 2019.

The compensation, benefits and other aspects of your offer are outlined below and will become effective on the date that you transition to this new role:

1. Your base salary will be set at an annual rate of \$325,000, which will be paid biweekly.
2. You will remain eligible to participate in the Allegion Corporate - Annual Incentive Plan ("AIP"). Your annual opportunity will remain at 50% of your base salary. The actual award that you may receive can range from 0% to 200% of the targeted amount depending upon your performance and the performance of Allegion.
3. Your annual Allegion equity award target will increase from \$150,000 to \$400,000 and your award will be delivered in the form of performance share units, restricted stock units and stock options.
4. You will continue to be eligible to participate in all applicable benefit programs offered to Allegion salaried employees in accordance with the terms and conditions of those programs including qualified and non-qualified 401k plans.
5. You will be eligible to participate in the following programs offered to Officers of Allegion:
 - a. Financial Counseling: You will continue to be eligible for reimbursement of tax, estate and financial planning services. The amount will increase from \$10,000 to \$12,000 per year.
 - b. Executive Health Program: You will remain eligible to participate in the executive healthcare reimbursement program in an amount not to exceed \$2,000 annually.
6. You will continue to be eligible for unlimited Paid Time Off (PTO) per our policy.
7. Based on your role in Allegion, you are restricted from transactions involving Company securities (for example, exercising options, or buying or selling ordinary shares or debt securities on the open market) except during designated window periods. Furthermore, you will be required to comply with the Allegion stock ownership requirements, which is \$650,000 (2 times your annual base salary) for your role.

This offer is contingent upon your acceptance of the Proprietary Information agreement and Non-Compete agreement. To accept this offer, please sign the Proprietary Information agreement, Non-Compete agreement and this letter as indicated under the Candidate Acceptance section below; and return these materials to Shelley Meador, SVP - Human Resources & Communications.

Please understand that this letter does not constitute a contract of employment for any specific period of time, but will create an "employment at-will" relationship. This means that the employment relationship may be terminated with or without cause and with or without notice at any time by you or Allegion. Allegion reserves the right to modify or amend the terms of your employment at any time for any reason. This document does not create an express or implied contract of employment.

Rob, we believe that you will continue to make a significant contribution to Allegion and look forward to receiving your acceptance.

Sincerely,

Dave Petras
Chairman, President and Chief Executive Officer

cc: Shelley Meador

Attachments:

- Proprietary Information Agreement
- Non-Compete Agreement

CANDIDATE ACCEPTANCE

I accept your offer of employment with Allegion as Senior Vice President - Chief Innovation and Design Officer and agree to the conditions in the offer letter.

/s/ Robert Martens 2/23/2020

Robert Martens Date

Exhibit 22

Subsidiary Guarantors and Issuers of Guaranteed Securities

The table below sets forth the guarantor of the 3.500% Senior Notes due 2029 issued by Allegion plc and the jurisdiction of incorporation or organization of such entity.

Name of Guarantor	Jurisdiction of Incorporation or Organization
Allegion US Holding Company Inc.	Delaware

The table below sets forth the guarantor of the 3.200% Senior Notes due 2024, 3.550% Senior Notes due 2027 and 5.411% Senior Notes due 2032 issued by Allegion US Holding Company Inc., a wholly-owned subsidiary of Allegion plc, and the jurisdiction of incorporation or organization of such entity.

Name of Guarantor	Jurisdiction of Incorporation or Organization
Allegion plc	Ireland

Exhibit 31.1

CERTIFICATION

I, John H. Stone, certify that:

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49/52

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REFINITIV 

1. I have reviewed the Quarterly Report on Form 10-Q of Allegion plc for the three and nine months ended **September 30, 2023** **March 31, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 31, 2023** **April 25, 2024**

/s/ John H. Stone

John H. Stone

Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael J. Wagnes, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of Allegion plc for the three and nine months ended **September 30, 2023** **March 31, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 31, 2023** April 25, 2024

/s/ Michael J. Wagnes

Michael J. Wagnes
Principal Financial Officer

Exhibit 32.1

Section 1350 Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Allegion plc (the Company), does hereby certify that:

The Quarterly Report on Form 10-Q for the three **and nine** months ended **September 30, 2023** **March 31, 2024** (the Form 10-Q) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John H. Stone

John H. Stone

Principal Executive Officer

October 31, 2023 April 25, 2024

/s/ Michael J. Wagnes

Michael J. Wagnes

Principal Financial Officer

October 31, 2023 April 25, 2024

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