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 June 30, 2023

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™

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

Ireland	**98-1108930**
(State or other jurisdiction of incorporation or organization)	*(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:

Title of each class	Trading symbol	Name of exchange on which registered
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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of ordinary shares outstanding of Allegion plc as of July 20, 2023 was 87,780,016.

ALLEGION PLC

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PART I-FINANCIAL INFORMATION

Item 1 – Financial Statements

Allegion plc

Condensed and Consolidated Statements of Comprehensive Income

(Unaudited)

In millions, except per share amounts	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net revenues	$ 912.5	$ 773.1	$ 1,835.5	$ 1,496.7
Cost of goods sold	510.6	458.1	1,042.6	893.0
Selling and administrative expenses	217.3	167.9	437.3	339.6
Operating income	184.6	147.1	355.6	264.1
Interest expense	23.7	17.2	47.3	29.1
Other income, net	(1.6)	(3.4)	(1.9)	(5.6)
Earnings before income taxes	162.5	133.3	310.2	240.6
Provision for income taxes	20.5	18.1	44.6	32.3
Net earnings	142.0	115.2	265.6	208.3
Less: Net earnings attributable to noncontrolling interests	—	0.1	0.1	0.2
Net earnings attributable to Allegion plc	$ 142.0	$ 115.1	$ 265.5	$ 208.1
Earnings per share attributable to Allegion plc ordinary shareholders:				
Basic net earnings	$ 1.62	$ 1.31	$ 3.02	$ 2.36
Diluted net earnings	$ 1.61	$ 1.30	$ 3.01	$ 2.35
Weighted-average shares outstanding:				
Basic	87.9	87.9	88.0	88.0
Diluted	88.3	88.2	88.3	88.4
Total comprehensive income	$ 149.9	$ 65.4	$ 283.8	$ 137.5
Less: Total comprehensive loss attributable to noncontrolling interests	(0.9)	(0.5)	(0.7)	(0.4)
Total comprehensive income attributable to Allegion plc	$ 150.8	$ 65.9	$ 284.5	$ 137.9

See accompanying notes to condensed and consolidated financial statements.

Allegion plc

Condensed and Consolidated Balance Sheets

(Unaudited)

In millions, except share amounts	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 322.6	$ 288.0
Accounts and notes receivable, net	423.2	395.6
Inventories	483.1	479.0
Other current assets	46.3	48.5
Assets held for sale	—	3.5
Total current assets	1,275.2	1,214.6
Property, plant and equipment, net	329.1	308.7
Goodwill	1,439.1	1,413.1
Intangible assets, net	603.6	608.9
Other noncurrent assets	516.8	445.9
Total assets	$ 4,163.8	$ 3,991.2
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 265.2	$ 280.7
Accrued expenses and other current liabilities	383.0	410.3
Short-term borrowings and current maturities of long-term debt	12.6	12.6
Total current liabilities	660.8	703.6
Long-term debt	2,046.7	2,081.9
Other noncurrent liabilities	315.8	261.2
Total liabilities	3,023.3	3,046.7
Equity:		
Allegion plc shareholders' equity:		
Ordinary shares, $0.01 par value (87,776,523 and 87,852,777 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively)	0.9	0.9
Capital in excess of par value	5.3	13.9
Retained earnings	1,399.2	1,212.8
Accumulated other comprehensive loss	(266.8)	(285.8)
Total Allegion plc shareholders' equity	1,138.6	941.8
Noncontrolling interests	1.9	2.7
Total equity	1,140.5	944.5
Total liabilities and equity	$ 4,163.8	$ 3,991.2

See accompanying notes to condensed and consolidated financial statements.

Allegion plc

Condensed and Consolidated Statements of Cash Flows

(Unaudited)

In millions	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash flows from operating activities:		
Net earnings	$ 265.6	$ 208.3
Adjustments to arrive at net cash provided by operating activities:		
Depreciation and amortization	55.5	40.1
Changes in assets and liabilities and other non-cash items	(91.0)	(139.3)
Net cash provided by operating activities	230.1	109.1
Cash flows from investing activities:		
Capital expenditures	(40.0)	(24.6)
Acquisition of businesses, net of cash acquired	(28.6)	—
Other investing activities, net	7.4	0.7
Net cash used in investing activities	(61.2)	(23.9)
Cash flows from financing activities:		
Debt repayments, net	(6.3)	(6.3)
Proceeds from 2021 Revolving Facility	30.0	—
Repayments of 2021 Revolving Facility	(60.0)	—
Proceeds from issuance of senior notes	—	600.0
Net proceeds from (repayments of) debt	(36.3)	593.7
Debt financing costs	—	(9.1)
Dividends paid to ordinary shareholders	(79.3)	(71.5)
Repurchase of ordinary shares	(19.9)	(61.0)
Other financing activities, net	(2.9)	(3.7)
Net cash provided by (used in) financing activities	(138.4)	448.4
Effect of exchange rate changes on cash and cash equivalents	4.1	(11.9)
Net increase in cash and cash equivalents	34.6	521.7
Cash and cash equivalents - beginning of period	288.0	397.9
Cash and cash equivalents - end of period	$ 322.6	$ 919.6

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. 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

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 $3 million of net working capital, approximately $17 million of finite-lived intangible assets and approximately $22 million of goodwill. The finite-lived intangible assets have a weighted average useful life of approximately 15 years. The valuation of assets acquired and liabilities assumed had not yet been finalized as of June 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.

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.

The following table summarizes the preliminary 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		14.6
Goodwill		628.2
Intangible assets		222.5
Other noncurrent assets		13.7
Accounts payable		(21.3)
Accrued expenses and other current liabilities		(36.2)
Other noncurrent liabilities		(27.2)
Total net assets acquired and liabilities assumed	$	915.2

The valuation of assets acquired and liabilities assumed is materially complete as of June 30, 2023. 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 six months ended June 30, 2023 and 2022, reflects the consolidated results of operations of the Company as if the Access Technologies business acquisition had taken place on January 1, 2021:

In millions	2023	2022
Net revenues	$ 1,835.5	$ 1,673.8
Net earnings attributable to Allegion plc	273.4	201.7

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 six months ended June 30, 2023 and 2022, include:

In millions	2023	2022
Intangible asset amortization expense, net of tax	$ 3.3	$ (10.3)
Interest expense, net of tax	—	(12.4)
Acquisition and integration costs, net of tax	4.6	1.4

The following financial information reflects the Net revenues and Earnings before income taxes generated by the Access Technologies business included within the Company's Condensed and Consolidated Statement of Comprehensive Income for the six months ended June 30, 2023:

In millions	
Net revenues	$ 199.2
Earnings before income taxes	11.5

Intangible asset amortization of $13.7 million is included in the Earnings before income taxes amount presented above, while acquisition and integration related expenses and Interest expense related to acquisition financing are excluded from this amount.

During the six months ended June 30, 2023 and 2022, the Company incurred $6.9 million and $8.8 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.

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:

In millions	June 30, 2023	December 31, 2022
Raw materials	$ 232.0	$ 212.2
Work-in-process	45.8	41.7
Finished goods	205.3	225.1
Total	$ 483.1	$ 479.0

NOTE 4 - GOODWILL

The changes in the carrying amount of goodwill for the six months ended June 30, 2023, were as follows:

In millions	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	(3.2)	21.9	18.7
Currency translation	2.3	5.0	7.3
June 30, 2023 (net)	$ 1,127.2	$ 311.9	$ 1,439.1

NOTE 5 - INTANGIBLE ASSETS

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

	June 30, 2023			December 31, 2022		
In millions	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Completed technologies/patents	$ 64.2	$ (33.5)	$ 30.7	$ 63.0	$ (32.1)	$ 30.9
Customer relationships	531.0	(170.6)	360.4	515.0	(155.8)	359.2
Trade names (finite-lived)	141.2	(71.1)	70.1	135.7	(62.6)	73.1
Other	75.1	(44.0)	31.1	71.2	(35.9)	35.3
Total finite-lived intangible assets	811.5	$ (319.2)	492.3	784.9	$ (286.4)	498.5
Trade names (indefinite-lived)	111.3		111.3	110.4		110.4
Total	$ 922.8		$ 603.6	$ 895.3		$ 608.9

Intangible asset amortization expense was $30.9 million and $16.1 million for the six months ended June 30, 2023 and 2022, respectively. Future estimated amortization expense on existing intangible assets in each of the next five years amounts to approximately $61.2 million for full year 2023, $55.6 million for 2024, $49.8 million for 2025, $46.6 million for 2026 and $39.8 million for 2027.

NOTE 6 - DEBT AND CREDIT FACILITIES

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

In millions	June 30, 2023	December 31, 2022
2021 Term Facility	$ 231.3	$ 237.5
2021 Revolving Facility	39.0	69.0
3.200% Senior Notes due 2024	400.0	400.0
3.550% Senior Notes due 2027	400.0	400.0
3.500% Senior Notes due 2029	400.0	400.0
5.411% Senior Notes due 2032	600.0	600.0
Other debt	0.1	0.2
Total borrowings outstanding	2,070.4	2,106.7
Discounts and debt issuance costs, net	(11.1)	(12.2)
Total debt	2,059.3	2,094.5
Less current portion of long-term debt	12.6	12.6
Total long-term debt	$ 2,046.7	$ 2,081.9

Unsecured Credit Facilities

The Company is party to an unsecured credit agreement consisting of a $250.0 million term loan facility (the "2021 Term Facility"), of which $231.3 million was outstanding at June 30, 2023, 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 $39.0 million was outstanding at June 30, 2023. 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 $6.3 million of principal on the 2021 Term Facility during the six months ended June 30, 2023. 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 of letters of credit outstanding at June 30, 2023. Borrowings under the 2021 Revolving Facility may be repaid at any time without premium or penalty, and amounts repaid may be reborrowed. The Company repaid the $39.0 million of outstanding borrowings under the 2021 Revolving Facility in July 2023.

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 June 30, 2023, 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 6.292%. 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 June 30, 2023, the Company was in compliance with all applicable covenants under the credit agreement.

Senior Notes

As of June 30, 2023, 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 US Hold Co and rank equally with all of the Company's existing and future senior unsecured indebtedness. As of June 30, 2023, 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 $174.1 million and $161.5 million at June 30, 2023 and December 31, 2022, 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 June 30, 2023 or December 31, 2022. Currency derivatives designated as cash flow hedges did not have a material impact to either Net earnings or Other comprehensive income during the six months ended June 30, 2023 and 2022, nor is the amount to be reclassified into Net earnings over the next twelve months expected to be material. At June 30, 2023, 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 six months ended June 30, 2023 and 2022, was $31.6 million and $21.5 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 $9.9 million and $3.5 million, respectively, for the six months ended June 30, 2023 and 2022. No material lease costs have been capitalized on the Condensed and Consolidated Balance Sheets as of June 30, 2023 or December 31, 2022.

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:

		June 30, 2023			December 31, 2022		
In millions	**Balance Sheet classification**	**Real estate**	**Equipment**	**Total**	**Real estate**	**Equipment**	**Total**
ROU asset	Other noncurrent assets	$ 113.6	$ 31.1	$ 144.7	$ 69.3	$ 28.8	$ 98.1
Lease liability - current	Accrued expenses and other current liabilities	17.8	14.8	32.6	17.7	14.1	31.8
Lease liability - noncurrent	Other noncurrent liabilities	99.1	16.2	115.3	54.8	14.7	69.5
Other information:							
Weighted-average remaining term (years)		12.0	2.5		5.9	2.4	
Weighted-average discount rate		4.9 %	3.3 %		3.5 %	2.1 %	

The following table summarizes additional information related to the Company's leases for the six months ended June 30:

	2023			2022		
In millions	**Real estate**	**Equipment**	**Total**	**Real estate**	**Equipment**	**Total**
Cash paid for amounts included in the measurement of lease liabilities	$ 12.0	$ 9.7	$ 21.7	$ 9.8	$ 8.2	$ 18.0
ROU assets obtained in exchange for new lease liabilities	53.6	7.9	61.5	22.9	3.9	26.8

During the six months ended June 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.

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 and for each of the years thereafter as of June 30, 2023, are as follows:

In millions	**Remainder of 2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Real estate leases	$ 11.3	$ 21.3	$ 18.9	$ 15.6	$ 12.7	$ 83.1	$ 162.9
Equipment leases	8.5	13.0	7.6	2.5	0.7	0.1	32.4
Total	$ 19.8	$ 34.3	$ 26.5	$ 18.1	$ 13.4	$ 83.2	$ 195.3

The difference between the total undiscounted minimum lease payments and the combined current and noncurrent lease liabilities as of June 30, 2023, is due to imputed interest of $47.4 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 six months ended June 30 were as follows:

	U.S.			
	Three months ended		Six months ended	
In millions	2023	2022	2023	2022
Service cost	$ 0.2	$ 1.4	$ 0.4	$ 2.9
Interest cost	3.0	2.0	5.9	4.0
Expected return on plan assets	(3.8)	(3.4)	(7.5)	(6.8)
Administrative costs and other	0.2	0.3	0.5	0.6
Net amortization of:				
Prior service costs	0.1	0.1	0.1	0.1
Plan net actuarial losses	0.1	0.2	0.3	0.5
Net periodic pension benefit (income) cost	$ (0.2)	$ 0.6	$ (0.3)	$ 1.3

	Non-U.S.			
	Three months ended		Six months ended	
In millions	2023	2022	2023	2022
Service cost	$ 0.4	$ 0.4	$ 0.8	$ 0.7
Interest cost	3.0	1.8	6.0	3.6
Expected return on plan assets	(3.9)	(3.9)	(7.8)	(7.8)
Administrative costs and other	0.4	0.3	0.8	0.8
Net amortization of:				
Prior service costs	—	0.1	—	0.1
Plan net actuarial losses	0.9	0.2	1.8	0.4
Net periodic pension benefit cost (income)	$ 0.8	$ (1.1)	$ 1.6	$ (2.2)

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 income, net within the Condensed and Consolidated Statements of Comprehensive Income. Employer contributions to the plans were not material during the six months ended June 30, 2023 or 2022. Employer contributions totaling approximately $12 million are expected to be made during the remainder of 2023.

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 June 30, 2023, were as follows:

	Fair value measurements			
In millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Recurring fair value measurements				
Assets:				
Investments	$ —	$ 18.7	$ —	$ 18.7
Total asset recurring fair value measurements	$ —	$ 18.7	$ —	$ 18.7
Liabilities:				
Deferred compensation and other retirement plans	$ —	$ 18.8	$ —	$ 18.8
Total liability recurring fair value measurements	$ —	$ 18.8	$ —	$ 18.8
Financial instruments not carried at fair value				
Total debt	$ —	$ 1,965.9	$ —	$ 1,965.9
Total financial instruments not carried at fair value	$ —	$ 1,965.9	$ —	$ 1,965.9

Assets and liabilities measured at fair value as of December 31, 2022, were as follows:

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

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 June 30, 2023, are the same as those used as of December 31, 2022. 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 $47.3 million and $46.8 million as of June 30, 2023 and December 31, 2022, 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 six months ended June 30, 2023, were as follows:

		Allegion plc shareholders' equity					
		Ordinary shares					
In millions, except per share amounts	Total equity	Amount	Shares	Capital in excess of par value	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
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

The changes in the components of Equity for the six months ended June 30, 2022, were as follows:

		Allegion plc shareholders' equity					
		Ordinary shares					
In millions, except per share amounts	Total equity	Amount	Shares	Capital in excess of par value	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

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 six months ended June 30, 2023 and 2022, the Company paid $19.9 million and $61.0 million, respectively, to repurchase the ordinary shares reflected above on the open market under the Share Repurchase Authorization. As of June 30, 2023, the Company had approximately $500.0 million still available to be repurchased under the Share Repurchase Authorization.

Accumulated Other Comprehensive Loss

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

In millions	Cash flow hedges	Defined benefit items	Foreign currency items	Total
December 31, 2022	$ 6.1	$ (117.1)	$ (174.8)	$ (285.8)
Other comprehensive (loss) income before reclassifications	(1.1)	(4.9)	23.4	17.4
Amounts reclassified from accumulated other comprehensive loss[(a)]	(1.2)	2.0	—	0.8
Tax benefit	0.5	0.3	—	0.8
June 30, 2023	$ 4.3	$ (119.7)	$ (151.4)	$ (266.8)

The changes in Accumulated other comprehensive loss for the six months ended June 30, 2022, were as follows:

In millions	Cash flow hedges	Defined benefit items	Foreign currency items	Total
December 31, 2021	$ 0.9	$ (96.0)	$ (99.3)	$ (194.4)
Other comprehensive income (loss) before reclassifications	6.7	5.7	(83.8)	(71.4)
Amounts reclassified from accumulated other comprehensive loss[(a)]	—	0.9	—	0.9
Tax (expense) benefit	(0.1)	0.4	—	0.3
June 30, 2022	$ 7.5	$ (89.0)	$ (183.1)	$ (264.6)

(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 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 six months ended June 30:

	Three months ended		Six months ended	
In millions	2023	2022	2023	2022
Stock options	$ 0.7	$ 0.5	$ 2.8	$ 3.4
RSUs	3.1	2.2	8.1	9.5
PSUs	1.8	1.4	3.5	3.0
Pre-tax expense	5.6	4.1	14.4	15.9
Tax benefit	(0.7)	(0.5)	(1.9)	(1.7)
After-tax expense	$ 4.9	$ 3.6	$ 12.5	$ 14.2

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 six months ended June 30 were as follows:

	2023		2022	
	Number granted	Weighted-average fair value per award	Number granted	Weighted-average fair value per award
Stock options	156,929	$ 33.66	157,880	$ 28.59
RSUs	126,739	$ 112.61	116,055	$ 115.36

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 six months ended June 30:

	2023	2022
Dividend yield	1.60 %	1.42 %
Volatility	28.47 %	27.05 %
Risk-free rate of return	4.10 %	1.89 %
Expected life (years)	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 six months ended June 30, 2023, the Company granted PSUs with a maximum award level of approximately 0.1 million shares. In February 2021, 2022 and 2023, the Company's Compensation Committee granted PSUs that were earned 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 the S&P 400 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 six months ended June 30, 2023 and 2022, the Company recorded $4.5 million and $3.1 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 six months ended June 30, 2023, were as follows:

In millions	Total
December 31, 2022	$ 0.2
Additions, net of reversals	4.5
Cash payments	(1.9)
June 30, 2023	$ 2.8

The majority of the costs accrued as of June 30, 2023, are expected to be paid within one year.

The Company also incurred other non-qualified restructuring charges of $0.2 million and $1.4 million during the six months ended June 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 are included in Cost of goods sold and Selling and administrative expenses within the Condensed and Consolidated Statements of Comprehensive Income.

NOTE 14 - OTHER INCOME, NET

The components of Other income, net for the three and six months ended June 30 were as follows:

	Three months ended		Six months ended	
In millions	2023	2022	2023	2022
Interest income	$ (1.2)	$ (0.1)	$ (1.9)	$ (0.2)
Foreign currency exchange loss	0.3	0.9	1.7	1.9
Net periodic pension and postretirement benefit cost (income), less service cost	0.1	(2.4)	0.1	(5.0)
Other	(0.8)	(1.8)	(1.8)	(2.3)
Other income, net	$ (1.6)	$ (3.4)	$ (1.9)	$ (5.6)

NOTE 15 - INCOME TAXES

The effective income tax rates for the three months ended June 30, 2023 and 2022, were 12.6% and 13.6%, respectively. The decrease in the effective income tax rate compared to 2022 is primarily due to a change in the mix of income earned in higher tax rate jurisdictions.

The effective income tax rates for the six months ended June 30, 2023 and 2022, were 14.4% and 13.4%, respectively. The increase in the effective income tax rate compared to 2022 is primarily due to a change in the mix of income earned in higher tax rate jurisdictions.

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.

The following table summarizes the weighted-average number of ordinary shares outstanding for basic and diluted EPS calculations for the three and six months ended June 30:

	Three months ended		Six months ended	
In millions	2023	2022	2023	2022
Weighted-average number of basic shares	87.9	87.9	88.0	88.0
Shares issuable under share-based compensation plans	0.4	0.3	0.3	0.4
Weighted-average number of diluted shares	88.3	88.2	88.3	88.4

At June 30, 2023, 0.5 million stock options 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 six months ended June 30, 2023 and 2022, respectively, disaggregated by business segment:

	Three months ended June 30, 2023			Six months ended June 30, 2023		
In millions	Allegion Americas	Allegion International	Total	Allegion Americas	Allegion International	Total
Net revenues						
Products	$ 689.7	$ 179.2	$ 868.9	$ 1,387.1	$ 354.7	$ 1,741.8
Services	37.5	6.1	43.6	81.0	12.7	93.7
Total Net revenues	$ 727.2	$ 185.3	$ 912.5	$ 1,468.1	$ 367.4	$ 1,835.5

	Three months ended June 30, 2022			Six months ended June 30, 2022		
In millions	Allegion Americas	Allegion International	Total	Allegion Americas	Allegion International	Total
Net revenues						
Products	$ 586.7	$ 178.9	$ 765.6	$ 1,108.1	$ 374.0	$ 1,482.1
Services	0.6	6.9	7.5	1.1	13.5	14.6
Total Net revenues	$ 587.3	$ 185.8	$ 773.1	$ 1,109.2	$ 387.5	$ 1,496.7

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 June 30, 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 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 six months ended June 30, 2023 and 2022, no adjustments related to performance obligations satisfied in previous periods were recorded.

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 June 30, 2023 and December 31, 2022, the Company had reserves for environmental matters of $23.0 million and $24.1 million, respectively. The total reserve at June 30, 2023 and December 31, 2022, included $13.4 million and $13.8 million, respectively, related to remediation of sites previously disposed by the Company. Environmental reserves are classified 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 June 30, 2023 and December 31, 2022, was $4.1 million and $3.9 million, respectively, and the remainder was classified as noncurrent. Expenses related to environmental remediation were not material during either the three or six months ended June 30, 2023, or 2022. 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 six months ended June 30 were as follows:

In millions	2023	2022
Balance at beginning of period	$ 18.2	$ 17.7
Reductions for payments	(4.3)	(4.5)
Accruals for warranties issued during the current period	5.6	4.4
Currency translation	—	(0.5)
Balance at end of period	$ 19.5	$ 17.1

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 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 $5.0 million and $11.3 million of Net Revenues, and $0.3 million and $1.6 million of Segment operating income, respectively, for the three and six months ended June 30, 2022, from the Allegion Americas segment to the Allegion International segment.

A summary of operations by reportable segment for the three and six months ended June 30 was as follows:

	Three months ended		Six months ended	
In millions	2023	2022	2023	2022
Net revenues				
Allegion Americas	$ 727.2	$ 587.3	$ 1,468.1	$ 1,109.2
Allegion International	185.3	185.8	367.4	387.5
Total	$ 912.5	$ 773.1	$ 1,835.5	$ 1,496.7
Segment operating income				
Allegion Americas	$ 195.4	$ 153.3	$ 382.0	$ 275.9
Allegion International	13.9	11.7	24.5	32.6
Total	209.3	165.0	406.5	308.5
Reconciliation to Operating income				
Unallocated corporate expense	(24.7)	(17.9)	(50.9)	(44.4)
Operating income	184.6	147.1	355.6	264.1
Reconciliation to earnings before income taxes				
Interest expense	23.7	17.2	47.3	29.1
Other income, net	(1.6)	(3.4)	(1.9)	(5.6)
Earnings before income taxes	$ 162.5	$ 133.3	$ 310.2	$ 240.6

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. 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 the first half of 2023, we continued to experience stable demand for our non-residential products and services in our Allegion Americas segment. Revenue from electronic security products has also remained strong globally during the first half of 2023, as we realize the benefits from measures taken to address supply chain challenges in prior years.

In the second 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 mechanical products within our Allegion Americas segment. We continue to experience softness in demand for our Global Portable Security products in our Allegion International segment, as the market environment for these products stabilizes following the surge in demand during COVID that extended into early 2022.

Pricing initiatives continued to drive revenue growth during the first half of 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, we 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. Plano has been incorporated into our Allegion International segment.

2023 Dividends and Share Repurchases

During the six months ended June 30, 2023, we paid dividends of $0.90 per ordinary share to shareholders and repurchased approximately 0.2 million shares for $19.9 million.

Results of Operations – Three months ended June 30

In millions, except per share amounts		2023	% of revenues		2022	% of revenues
Net revenues	$	912.5		$	773.1	
Cost of goods sold		510.6	56.0 %		458.1	59.3 %
Selling and administrative expenses		217.3	23.8 %		167.9	21.7 %
Operating income		184.6	20.2 %		147.1	19.0 %
Interest expense		23.7			17.2	
Other income, net		(1.6)			(3.4)	
Earnings before income taxes		162.5			133.3	
Provision for income taxes		20.5			18.1	
Net earnings		142.0			115.2	
Less: Net earnings attributable to noncontrolling interests		—			0.1	
Net earnings attributable to Allegion plc	$	142.0		$	115.1	
Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:	$	1.61		$	1.30	

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 June 30, 2023, increased by 18.0%, or $139.4 million, compared with the same period in 2022, due to the following:

Pricing	8.9 %
Volume	(3.3)%
Acquisitions / divestitures	12.5 %
Currency exchange rates	(0.1)%
Total	18.0 %

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 plano. These increases were partially offset by lower volumes in our Allegion Americas and Allegion International segments, unfavorable foreign currency exchange rate movements and a prior year divestiture.

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 June 30, 2023, increased $37.5 million compared to the same period in 2022. Operating margin, which we define as Operating income as a percentage of total Net revenues, for the three months ended June 30, 2023, increased to 20.2% from 19.0% for the same period in 2022, due to the following:

In millions		Operating Income	Operating Margin
June 30, 2022	$	147.1	19.0 %
Pricing and productivity in excess of inflation and investment spending		43.5	3.6 %
Volume / product mix		(10.1)	(0.7)%
Restructuring / acquisition expenses		(3.6)	(0.5)%
Currency exchange rates		(3.5)	(0.4)%
Acquisitions / divestitures		11.2	(0.8)%
June 30, 2023	$	184.6	20.2 %

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

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 June 30, 2023, increased $6.5 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 three months ended June 30 were as follows:

In millions	**2023**	**2022**
Interest income	$ (1.2)	$ (0.1)
Foreign currency exchange loss	0.3	0.9
Net periodic pension and postretirement benefit cost (income), less service cost	0.1	(2.4)
Other	(0.8)	(1.8)
Other income, net	$ (1.6)	$ (3.4)

Provision for Income Taxes

The effective income tax rates for the three months ended June 30, 2023 and 2022, were 12.6% and 13.6%, respectively. The decrease in the effective income tax rate compared to 2022 is primarily due to a change in the mix of income earned in higher tax rate jurisdictions.

Results of Operations – Six months ended June 30

In millions, except per share amounts	2023	% of revenues	2022	% of revenues
Net revenues	$ 1,835.5		$ 1,496.7	
Cost of goods sold	1,042.6	56.8 %	893.0	59.7 %
Selling and administrative expenses	437.3	23.8 %	339.6	22.7 %
Operating income	355.6	19.4 %	264.1	17.6 %
Interest expense	47.3		29.1	
Other income, net	(1.9)		(5.6)	
Earnings before income taxes	310.2		240.6	
Provision for income taxes	44.6		32.3	
Net earnings	265.6		208.3	
Less: Net earnings attributable to noncontrolling interests	0.1		0.2	
Net earnings attributable to Allegion plc	$ 265.5		$ 208.1	
Diluted net earnings per ordinary share attributable to Allegion plc ordinary shareholders:	$ 3.01		$ 2.35	

Net Revenues

Net revenues for the six months ended June 30, 2023, increased by 22.6%, or $338.8 million, compared with the same period in 2022, due to the following:

Pricing	9.7 %
Volume	0.5 %
Acquisitions / divestitures	13.2 %
Currency exchange rates	(0.8)%
Total	22.6 %

The increase in Net revenues was driven by improved pricing across our major businesses to address inflation, the acquisitions of the Access Technologies business and plano and higher volumes in our Allegion Americas segment. These increases were partially offset by unfavorable foreign currency exchange rate movements, lower volumes in our Allegion International segment and a prior year divestiture.

Operating Income/Margin

Operating income for the six months ended June 30, 2023, increased $91.5 million compared to the same period in 2022. Operating margin for the six months ended June 30, 2023, increased to 19.4% from 17.6% for the same period in 2022, due to the following:

In millions	Operating Income	Operating Margin
June 30, 2022	$ 264.1	17.6 %
Pricing and productivity in excess of inflation and investment spending	77.9	2.9 %
Volume / product mix	8.7	0.5 %
Restructuring / acquisition expenses	(12.6)	(0.7)%
Currency exchange rates	(9.1)	(0.5)%
Acquisitions / divestitures	26.6	(0.4)%
June 30, 2023	$ 355.6	19.4 %

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

Interest Expense

Interest expense for the six months ended June 30, 2023, increased $18.2 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 six months ended June 30 were as follows:

In millions	2023	2022
Interest income	$ (1.9)	$ (0.2)
Foreign currency exchange loss	1.7	1.9
Net periodic pension and postretirement benefit cost (income), less service cost	0.1	(5.0)
Other	(1.8)	(2.3)
Other income, net	$ (1.9)	$ (5.6)

Provision for Income Taxes

The effective income tax rates for the six months ended June 30, 2023 and 2022, were 14.4% and 13.4%, respectively. The increase in the effective income tax rate compared to 2022 is primarily due to a change in the mix of income earned in higher tax rate jurisdictions.

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 $5.0 million and $11.3 million of Net Revenues, and $0.3 million and $1.6 million of Segment operating income, respectively, for the three and six months ended June 30, 2022, from the Allegion Americas segment to the Allegion International segment.

Segment Results of Operations - For the three and six months ended June 30:

	Three months ended			Six months ended		
In millions	2023	2022	% Change	2023	2022	% Change
Net revenues						
Allegion Americas	$ 727.2	$ 587.3	23.8 %	$ 1,468.1	$ 1,109.2	32.4 %
Allegion International	185.3	185.8	(0.3)%	367.4	387.5	(5.2)%
Total	$ 912.5	$ 773.1		$ 1,835.5	$ 1,496.7	
Segment operating income						
Allegion Americas	$ 195.4	$ 153.3	27.5 %	$ 382.0	$ 275.9	38.5 %
Allegion International	13.9	11.7	18.8 %	24.5	32.6	(24.8)%
Total	$ 209.3	$ 165.0		$ 406.5	$ 308.5	
Segment operating margin						
Allegion Americas	26.9 %	26.1 %		26.0 %	24.9 %	
Allegion International	7.5 %	6.3 %		6.7 %	8.4 %	

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 June 30, 2023, increased by 23.8%, or $139.9 million, compared to the same period in 2022, due to the following:

Pricing	10.0 %
Volume	(2.3)%
Acquisitions	16.4 %
Currency exchange rates	(0.3)%
Total	23.8 %

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 (excluding Net revenues from our Access Technologies business, the impact of which is shown in the Acquisitions line above) for the three months ended June 30, 2023, increased by high-single digits percent compared to the same period in the prior year, driven by improved pricing, higher electronics products volumes partially offset by lower mechanical product volumes. Mechanical product volumes were down as customers began adjusting ordering patterns in response to our reduced lead times due to improved supply chain and operational capabilities. We currently anticipate demand for our non-residential products to remain stable through the remainder of 2023.

Net revenues from residential products for the three months ended June 30, 2023, increased by a high-single digits percent compared to the same period in the prior year, driven by higher volumes for electronic products partially offset by lower volumes for mechanical products. Given current market conditions around new construction and consumer sentiment, we expect continued softness in demand for our residential mechanical products. However, continued improvements around the supply of electronic parts and components have resulted in strong growth in sales of our residential electronic products and have helped to partially offset market softness.

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 June 30, 2023, Net revenues from the sale of electronic products in the Allegion Americas segment increased by approximately forty 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 six months ended June 30, 2023, increased by 32.4%, or $358.9 million, compared to the same period in 2022, due to the following:

Pricing	11.3 %
Volume	3.4 %
Acquisitions	18.0 %
Currency exchange rates	(0.3)%
Total	32.4 %

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

Net revenues from non-residential products (excluding Net revenues from our Access Technologies business, the impact of which is shown in the Acquisitions line above) for the six months ended June 30, 2023, increased by high-teens percent compared to the same period in the prior year. Net revenues from residential products for the six months ended June 30, 2023, increased by a mid-single digits percent compared to the same period in the prior year. Net revenues from the sale of electronic products in the Allegion Americas segment for the six months ended June 30, 2023, increased by approximately forty percent compared to the same period in the prior year.

Operating income/margin

Segment operating income for the three months ended June 30, 2023, increased $42.1 million compared to the same period in 2022, and Segment operating margin for the three months ended June 30, 2023, increased to 26.9% from 26.1%, due to the following:

In millions	Operating Income		Operating Margin
June 30, 2022	$	153.3	26.1 %
Pricing and productivity in excess of inflation and investment spending		50.6	5.3 %
Volume / product mix		(6.0)	(0.4)%
Currency exchange rates		(3.9)	(0.6)%
Acquisitions		10.2	(2.2)%
Acquisition expenses		(8.8)	(1.3)%
June 30, 2023	$	195.4	26.9 %

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 operating income from our Access Technologies acquisition. These increases were partially offset by a year-over-year increase in acquisition and integration expenses, unfavorable foreign currency exchange rate movements and unfavorable volume/product mix.

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 a year-over-year increase in acquisition and integration expenses, unfavorable foreign currency exchange rate movements, the impact to Segment operating margin from our Access Technologies business acquisition and unfavorable volume/product mix.

Segment operating income for the six months ended June 30, 2023, increased $106.1 million compared to the same period in 2022, and Segment operating margin for the six months ended June 30, 2023, increased to 26.0% from 24.9%, due to the following:

In millions	Operating Income		Operating Margin
June 30, 2022	$	275.9	24.9 %
Pricing and productivity in excess of inflation and investment spending		88.4	4.3 %
Volume / product mix		19.2	0.9 %
Currency exchange rates		(7.8)	(0.6)%
Acquisitions		25.0	(1.8)%
Restructuring / acquisition expenses		(18.7)	(1.7)%
June 30, 2023	$	382.0	26.0 %

The increase in Segment operating income was primarily driven by pricing and productivity improvements in excess of inflation and investment spending, favorable volume/product mix and the contribution to Segment operating income from our Access Technologies business acquisition. These increases were partially offset by a year-over-year increase in acquisition and integration 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 and favorable volume/product mix. These increases were partially offset by a year-over-year increase in acquisition and integration 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 June 30, 2023, decreased by 0.3%, or $0.5 million, compared to the same period in 2022, due to the following:

Pricing	5.4 %
Volume	(6.4)%
Acquisitions / divestitures	0.1 %
Currency exchange rates	0.6 %
Total	(0.3)%

The decrease in Net revenues was primarily driven by lower volumes, particularly within our Global Portable Security businesses, as the market environment for these products continues to stabilize following a surge in demand during COVID that extended into early 2022. This decrease was partially offset by improved pricing, favorable foreign currency exchange rate movements and the favorable impact from the current year acquisition of plano.

Net revenues for the six months ended June 30, 2023, decreased by 5.2%, or $20.1 million, compared to the same period in 2022, due to the following:

Pricing	5.1 %
Volume	(8.1)%
Acquisitions / divestitures	(0.2)%
Currency exchange rates	(2.0)%
Total	(5.2)%

The decrease in Net revenues was primarily driven by lower volumes, particularly within our Global Portable Security businesses, as the market environment for these products continues to stabilize following a surge in demand during COVID that extended into early 2022. Unfavorable foreign currency exchange rate movements and the impact from a prior year divestiture, which exceeded the favorable impact from the current year acquisition of plano, also contributed to the decrease in Net revenues. These decreases were partially offset by improved pricing across our major businesses throughout the segment.

Operating income/margin

Segment operating income for the three months ended June 30, 2023, increased $2.2 million compared to the same period in 2022, and Segment operating margin for the three months ended June 30, 2023, increased to 7.5% from 6.3%, due to the following:

In millions	Operating Income	Operating Margin
June 30, 2022	$ 11.7	6.3 %
Pricing and productivity in excess of inflation and investment spending	3.2	1.2 %
Volume / product mix	(4.1)	(1.9)%
Currency exchange rates	0.4	0.4 %
Acquisitions / divestitures	1.0	0.6 %
Restructuring / acquisition expenses	1.7	0.9 %
June 30, 2023	$ 13.9	7.5 %

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

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 recent acquisition and divestiture activity, lower restructuring and acquisition expenses and favorable foreign currency exchange rate movements. These increases were partially offset by unfavorable volume/product mix.

Segment operating income for the six months ended June 30, 2023, decreased $8.1 million compared to the same period in 2022, and Segment operating margin for the six months ended June 30, 2023, decreased to 6.7% from 8.4%, due to the following:

In millions	Operating Income	Operating Margin
June 30, 2022	$ 32.6	8.4 %
Pricing and productivity in excess of inflation and investment spending	3.4	0.3 %
Volume / product mix	(10.5)	(2.2)%
Currency exchange rates	(1.3)	(0.2)%
Acquisitions / divestitures	1.7	0.6 %
Restructuring / acquisition expenses	(1.4)	(0.2)%
June 30, 2023	$ 24.5	6.7 %

The decrease in Segment operating income was primarily driven by unfavorable volume/product mix, unfavorable foreign currency exchange rate movements and a year-over-year increase in restructuring and acquisition expenses. These decreases were partially offset by pricing and productivity improvements in excess of inflation and investment spending 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, unfavorable foreign currency exchange rate movements, a year-over-year increase in restructuring and acquisition expenses and the impact to Segment operating margin from inflation and investment spending, which exceeded the impact to Segment operating margin from pricing and productivity improvements. These decreases were partially offset by the favorable impact to Segment operating margin from 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 June 30, 2023, approximately 87% 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 June 30, 2023, 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 six months ended June 30. For additional details, see the Condensed and Consolidated Statements of Cash Flows in the Condensed and Consolidated Financial Statements.

In millions	2023	2022
Net cash provided by operating activities	$ 230.1	$ 109.1
Net cash used in investing activities	(61.2)	(23.9)
Net cash (used in) provided by financing activities	(138.4)	448.4

Operating Activities: Net cash provided by operating activities during the six months ended June 30, 2023, increased $121.0 million compared to the same period in 2022, primarily driven by increased Net earnings and changes in working capital.

Investing Activities: Net cash used in investing activities during the six months ended June 30, 2023, increased $37.3 million compared to the same period in 2022, primarily due to $28.6 million of cash paid for the plano acquisition and increased capital expenditures related to a new manufacturing facility.

Financing Activities: Net cash used in financing activities during the six months ended June 30, 2023, decreased $586.8 million compared to the same period in 2022, primarily due to the issuance of our 5.411% Senior Notes 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.

Capitalization

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

In millions	June 30, 2023	December 31, 2022
2021 Term Facility	$ 231.3	$ 237.5
2021 Revolving Facility	39.0	69.0
3.200% Senior Notes due 2024	400.0	400.0
3.550% Senior Notes due 2027	400.0	400.0
3.500% Senior Notes due 2029	400.0	400.0
5.411% Senior Notes due 2032	600.0	600.0
Other debt	0.1	0.2
Total borrowings outstanding	2,070.4	2,106.7
Discounts and debt issuance costs, net	(11.1)	(12.2)
Total debt	2,059.3	2,094.5
Less current portion of long-term debt	12.6	12.6
Total long-term debt	$ 2,046.7	$ 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 $231.3 million was outstanding at June 30, 2023, 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 $39.0 million was outstanding at June 30, 2023. 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 $6.3 million of principal on the 2021 Term Facility during the six months ended June 30, 2023. 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 of letters of credit outstanding at June 30, 2023. Borrowings under the 2021 Revolving Facility may be repaid at any time without premium or penalty, and amounts repaid may be reborrowed. We repaid the $39.0 million of outstanding borrowings under the 2021 Revolving Facility in July 2023.

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 June 30, 2023, outstanding borrowings under the 2021 Credit Facilities accrued interest at BSBY plus a margin of 1.125%, resulting in an interest rate of 6.292%. 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 June 30, 2023, we were in compliance with all applicable covenants under the credit agreement.

As of June 30, 2023, 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.

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 June 30, 2023, 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.

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

	Six months ended June 30, 2023		Year ended December 31, 2022	
In millions	**Allegion plc**	**Allegion US Hold Co**	**Allegion plc**	**Allegion US Hold Co**
Net revenues	$ —	$ —	$ —	$ —
Gross profit	—	—	—	—
Operating loss	(3.4)	(0.1)	(6.7)	(14.4)
Equity earnings in affiliates, net of tax	292.7	146.2	505.9	195.5
Transactions with related parties and subsidiaries[(a)]	(9.2)	(38.2)	(21.1)	(79.6)
Net earnings	265.6	92.5	458.0	85.0
Net earnings attributable to the entity	265.6	92.5	458.0	85.0

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

Selected Condensed Balance Sheet Information

In millions	June 30, 2023 Allegion plc	June 30, 2023 Allegion US Hold Co	December 31, 2022 Allegion plc	December 31, 2022 Allegion US Hold Co
Current assets:				
Amounts due from related parties and subsidiaries	$ —	$ 374.7	$ —	$ 380.2
Total current assets	3.9	403.6	3.3	417.4
Noncurrent assets:				
Amounts due from related parties and subsidiaries	—	1,453.7	—	1,523.9
Total noncurrent assets	1,792.4	1,536.8	1,792.6	1,596.6
Current liabilities:				
Amounts due to related parties and subsidiaries	$ 34.4	$ 568.4	$ 45.9	$ 278.8
Total current liabilities	54.2	592.7	65.3	303.5
Noncurrent liabilities:				
Amounts due to related parties and subsidiaries	421.7	2,465.9	659.5	2,694.5
Total noncurrent liabilities	1,038.1	3,909.2	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 six months ended June 30, 2023, 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.

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. 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 second quarter of 2023. 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.

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 June 30, 2023, 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 second quarter of 2023 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

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. 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.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

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)
April 1 - April 30	—	$ —	—	$ 140,454
May 1 - May 31	147	108.02	147	124,630
June 1 - June 30	38	105.80	38	500,000
Total	185	$ 107.55	185	$ 500,000

(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 June 30, 2023, 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

Exhibit No.	Description	Method of Filing
3.1	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).
10.1*	Allegion plc 2023 Incentive Stock Plan	Incorporated herein by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 27, 2023 (File No. 001-35971).
10.2	Form of Non-Employee Director Restricted Stock Unit Award Agreement	Filed herewith.
22	Subsidiary Guarantors and Issuers of Guaranteed Securities	Filed herewith.
31.1	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.
31.2	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.
32.1	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: July 26, 2023

/s/ Michael J. Wagnes

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

Date: July 26, 2023

/s/ Nickolas A. Musial

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

ALLEGION PLC

INCENTIVE STOCK PLAN OF 2023

(adopted by the Board of Directors on February 9, 2023)

1. **Purpose of the Plan**

The purpose of the Plan is to aid the Company and its Affiliates in recruiting and retaining key Service Providers and to motivate such Service Providers to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such key Service Providers will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. **Definitions**

The following capitalized terms used in the Plan have the respective meanings set forth in this Section 2, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

(a) Affiliate: With respect to the Company, any Person or entity directly or indirectly controlling, controlled by, or under common control with, the Company or any other Person or entity designated by the Board in which the Company or an Affiliate has an interest. The Board shall have the authority to determine the time or times at which "Affiliate" status is determined within the foregoing definition, consistent with the requirements of Applicable Laws.

(b) Applicable Accounting Standards: Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

(c) Applicable Laws: The requirements relating to the administration of equity-based and cash-based awards, as applicable, and the related issuance of Shares under (i) the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder and applicable provisions of the corporate and other laws of Ireland; (ii) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether U.S. or non-U.S., federal, state or local and other applicable laws of any jurisdiction where Awards are, or will be, granted under the Plan; and (iii) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

(d) Associate: With respect to a specified Person:

(i) any company, corporation, partnership, or other organization of which such specified Person is an officer or partner;

(ii) any trust or other estate in which such specified Person has a substantial beneficial interest or as to which such specified Person serves as trustee or in a similar fiduciary capacity;

(iii) any relative or spouse of such specified Person, or any relative of such spouse who has the same home as such specified Person, or who is a director or officer of the Company or any of its Subsidiaries; and

(iv) any Person who is a director, officer, or partner of such specified Person or of any company (other than the Company or any wholly-owned Subsidiary), corporation, partnership or other entity which is an Affiliate of such specified person.

(e) Award: An Option, an award of Restricted Shares, Restricted Share Unit, Share Appreciation Right, or Other Share-Based Award granted pursuant to the Plan or, for purposes of Section 3(b), the Prior Plan.

(f) Award Agreement: Any written agreement, contract, or other instrument or document evidencing the terms and conditions of an Award, including through electronic medium.

(g) Beneficial Owner: A "beneficial owner", as such term is defined in Rule 13d-3 under the Exchange Act (or any successor rule thereto) *provided*, *however*, that any individual, corporation, partnership, group, association or other Person or entity which has the right to acquire any of the Company's outstanding securities entitled to vote generally in election of directors at any time in the future, whether such right is contingent or absolute, pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed the Beneficial Owner of such securities.

(h) Board: The Board of Directors of the Company.

(i) Cause: Unless otherwise provided in an Award Agreement or determined by the Committee, (i) any action by the Participant involving willful malfeasance or willful gross misconduct having a demonstrable adverse effect on the Company or an Affiliate; (ii) the Participant being convicted of, or entering a plea of guilty or "no contest to", a felony under the laws of the United States or any state or district or any similar offense under the laws of a non-U.S. jurisdiction; or (iii) any material violation of the Company's code of conduct, as in effect from time to time.

(j) Change in Control: The date:

(i) any individual, corporation, partnership, group, association or other person or entity, together with its Affiliates and Associates (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate) is or becomes the Beneficial Owner of securities of the Company representing 30% or more of the combined voting power of the Company's Voting Securities;

(ii) the Continuing Directors fail to constitute a majority of the members of the Board;

(iii) of consummation of any reorganization, merger, takeover, scheme of arrangement, statutory share exchange, consolidation, or similar corporate transaction or series of transactions under which the Company is merged or consolidated with any other company which is not an Affiliate;

(iv) of any sale, lease, exchange or other transfer, in one transaction or a series of related transactions, of all, or substantially all, of the assets of the Company, other than any sale, lease, exchange or other transfer to any Person or entity where the Company owns, directly or indirectly, at least 80% of the combined voting power of the Voting Securities of such Person or entity or its parent corporation after any such transfer; or

(v) of any other event that the Continuing Directors determine to be a Change in Control;

provided, *however*, that in the case of a transaction described in (i), (iii) or (v) above, there shall not be a Change in Control if the shareholders of the Company immediately prior to any such transaction own (or continue to own by remaining outstanding or by being converted into Voting Securities of the surviving entity or parent entity) more than 50% of the combined voting power of the Voting Securities of the Company, the surviving entity or any parent of either immediately following such transaction, in substantially the same proportion to each other as prior to such transaction; and *provided*, *further*, that a transaction shall not constitute a Change in Control if it is effected solely for the purpose of changing the place of incorporation, tax residency or form of organization of the ultimate parent entity (including where the ultimate parent entity is succeeded by an entity incorporated under the laws of another state, country or non-U.S. jurisdiction for such purpose and whether or not the former ultimate parent entity remains in existence following such transaction).Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A of the Code, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in this Section 2(j) with respect to such Award (or portion thereof) shall constitute a Change in Control for purposes of the payment timing of such Award only if such transaction also constitutes a “change in control event,” as defined in Treasury Regulation Section 1.409A-3(i)(5).

(k) Code: The U.S. Internal Revenue Code of 1986, as amended, including rules, regulations and guidance promulgated thereunder and successor provisions and rules and regulations thereto.

(l) Committee: The Compensation and Human Capital Committee of the Board (or a subcommittee thereof), or the delegate to which the Board or the Committee has delegated its authority pursuant to Section 4(a) hereof, or such other committee of the Board (including, without limitation, the full Board) to which the Board has delegated power to act under or pursuant to the provisions of the Plan.

(m) Company: Allegion plc, an Irish public limited company and any successor thereto.

(n) Continuing Directors: A director who either was a member of the Board on the Effective Date or who became a member of the Board subsequent to such date and whose election, or nomination for election by the Company’s shareholders, was Duly Approved by the Continuing Directors on the Board at the time of such nomination or election, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the Board in which such person is named as nominee for director, without due objection to such nomination, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person or entity other than the Board.

(o) Director: A member of the Board.

(p) Disability: Unless otherwise provided in an Award Agreement or determined by the Committee, a Participant shall have a Disability if the Participant would qualify to receive benefit payments under the long-term disability plan or policy, as it may be amended from time to time, of the Company or the Affiliate to which the Participant provides Service, regardless of whether the Participant is covered by such plan or policy, or the plan or policy of the Company, if an Affiliate does not maintain such a plan or policy. A Participant shall not be considered to have incurred a Disability unless the Participant furnishes proof of such impairment sufficient to satisfy the Committee (or its delegate) in its discretion. Notwithstanding the foregoing: (i) for purposes of ISOs granted under the Plan, "Disability" means that the Participant is disabled within the meaning of Section 22(e)(3) of the Code and (ii) with respect to an Award that is subject to Section 409A of the Code where the Award will be paid by reference to the Participant's Disability, solely for purposes of determining the timing of payment, no such event will constitute a Disability for purposes of the Plan or any Award Agreement unless such event also constitutes a "disability" as defined under Section 409A of the Code.

(q) Dividend Equivalent Right: A right to receive the equivalent value of dividends paid on the Shares with respect to Shares underlying Restricted Share Units or an Other Share-Based Award that is a Full Value Award prior to vesting of the Award, subject to the additional requirements of Section 10(b) hereof. Such Dividend Equivalent Right shall be converted to cash or additional Shares, or a combination of cash and Shares, by such formula and at such time and subject to such limitations as may be determined by the Committee.

(r) Duly Approved by the Continuing Directors: An action approved by the vote of at least two-thirds of the Continuing Directors then on the Board.

(s) Effective Date: The date that the Plan becomes effective upon approval by the shareholders of the Company at the Company's 2023 annual general meeting of shareholders on June 8, 2023.

(t) Employee: A full-time or part-time employee of the Company or any Affiliate, including an officer or Director, who is treated as an employee in the personnel records of the Company or Affiliate for the relevant period or is otherwise providing services as an employee to the Company or an Affiliate. Neither services as a Director nor payment of a director's fee by the Company or an Affiliate shall be sufficient to constitute "employment" by the Company or an Affiliate.

(u) Exchange Act: The U.S. Securities Exchange Act of 1934, as amended, or any successor thereto.

(v) Fair Market Value: On a given date,

(i) if there should be a public market for the Shares on such date, the average between the high and low price of the Shares as reported on such date on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred; or

(ii) if the Shares are not listed or admitted on any national securities exchange but are regularly quoted on a national market or other quotation system, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on such market or system, or, if no sale occurred on such date, then on the immediately preceding date on which sales have been so reported or quoted; or

(iii) if there should not be a public market for the Shares on such date, the Fair Market Value shall be the value established by the Committee in good faith under a reasonable methodology and reasonable application in compliance with Section 409A of the Code to the extent such determination is necessary for Awards under the Plan to comply with, or be exempt from, Section 409A of the Code.

Notwithstanding the foregoing, for income tax reporting and/or withholding purposes under any Applicable Laws and for such other purposes as the Committee deems appropriate, including, without limitation, where Fair Market Value is used in reference to exercise, vesting, settlement or payout of an Award, the Fair Market Value shall be determined by the Company in accordance with uniform and nondiscriminatory standards adopted by it from time to time.

(w) <u>Full Value Award</u>: Any Award other than an (i) Option, (ii) Share Appreciation Right or (iii) other Award for which the Participant pays (or the value or amount payable under the Award is reduced by) an amount equal to or exceeding the Fair Market Value of the Shares, determined as of the date of grant.

(x) <u>Good Reason:</u> With respect to Section 11(b) hereof, unless otherwise provided in an Award Agreement or determined by the Committee:

(i) a substantial diminution in the Participant's job responsibilities or a material adverse change in the Participant's title or status; *provided*, *however,* that performing the same job for a smaller organization following a Change in Control shall not constitute Good Reason hereunder;

(ii) a reduction of the Participant's base salary or target bonus (*provided*, *however*, a reduction of the Participant's base salary or target bonus shall not constitute Good Reason hereunder if there is a broad-based reduction in the base salary or target bonus applicable to employees in the Company) or the failure to pay Participant's base salary or bonus when due, or the failure to maintain on behalf of the Participant (and his or her dependents) benefits which are at least comparable in the aggregate to those prior to the completion of a Change in Control; or

(iii) the relocation of the principal place of Participant's employment by more than fifty (50) miles from the Participant's principal place of employment immediately prior to the completion of a Change in Control;

provided, *however,* that any of the events described in clauses (i) - (iii) above shall constitute Good Reason only if the Company fails to cure such event within 30 days after receipt from the Participant of written notice of the event which constitutes Good Reason; and *provided further*, that such Participant shall cease to have a right to terminate due to Good Reason on the 90th day following the later of the occurrence of the event or the Participant's knowledge thereof, unless the Participant has given the surviving entity following a Change in Control (or other Affiliate thereof employing the Participant) notice thereof prior to such date.

(y) ISO: An Option that is also an incentive stock option granted pursuant to Section 5(e) of the Plan.

(z) Option: A stock option granted pursuant to Section 5 of the Plan.

(aa) Option Price: The purchase price (or exercise price) per Share of an Option, as determined pursuant to Section 5(b) of the Plan.

(ab) Other Share-Based Awards: Awards granted pursuant to Section 9 of the Plan.

(ac) Participant: A Service Provider who is selected by the Committee to participate in the Plan.

(ad) Performance-Based Award: An Award that vests, in whole or in part, based on the attainment of a Performance Goal.

(ae) Performance Criteria: The criteria that the Committee selects for purposes of establishing the Performance Goal(s) for a Participant during a Performance Period. The Performance Criteria that will be used to establish Performance Goals may include, but are not limited to, the following: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) operating income margin; (v) gross margin; (vi) earnings per Share; (vii) book value per Share; (viii) return on shareholders' equity; (ix) expense management; (x) return on invested capital; (xi) improvements in capital structure; (xii) profitability of an identifiable business unit or product; (xiii) maintenance or improvement of profit margins or revenue; (xiv) Share price; (xv) market share; (xvi) revenues or sales; (xvii) costs; (xviii) available cash flow; (xix) working capital; (xx) return on assets; (xxi) total shareholder return, (xxii) productivity ratios, (xxiii) economic value added and (xxiv) environmental, social and governance criteria. The Performance Criteria may be calculated in accordance with Applicable Accounting Standards or on an adjusted basis.

(af) Performance Goals: For a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance, the performance of an Affiliate, the performance of a division or a business unit of the Company or an Affiliate, the performance of an individual or team or in terms of such other measurement criteria as determined by the Committee. The Performance Goals may be measured either in absolute or relative terms. The Committee, in its sole discretion, may provide that one or more adjustments shall be made to one or more of the Performance Goals.

(ag) Performance Period: One or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance-Based Award.

(ah) Person: A "person", as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act (or any successor section thereto), including any Affiliate or Associate of the Company.

(ai) Plan: This Allegion plc Incentive Stock Plan of 2023, as from time to time amended and then in effect.

(aj) Prior Plan: The Allegion plc Incentive Stock Plan of 2013. Upon the Effective Date, the Prior Plan shall terminate, and no new awards may be granted thereunder after the Effective Date.

(ak) Restricted Shares: Shares awarded to a Participant pursuant to Section 8 of the Plan that are subject to certain restrictions and may be subject to risk of forfeiture.

(al) Restricted Share Unit: An Award granted pursuant to Section 7 of the Plan that shall be evidenced by a bookkeeping entry representing the equivalent of one Share.

(am) Securities Act: The U.S. Securities Act of 1933, as amended, or any successor thereto.

(an) Service: Except as otherwise determined by the Committee in its sole discretion, a Participant's Service terminates when the Participant ceases to actively provide services to the Company or an Affiliate. The Committee shall determine which leaves shall count toward Service and when Service terminates for all purposes under the Plan. Further, unless otherwise determined by the Committee, a Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant provides Service to the Company or an Affiliate, or a transfer between entities (*i.e.*, the Company or any Affiliates), *provided, however,* that there is no interruption or other termination of Service in connection with the Participant's change in capacity or transfer between entities (except as may be required to effect the change in capacity or transfer between entities). For purposes of determining whether an Option is entitled to ISO status, an Employee's Service shall be treated as terminated ninety (90) days after such Employee goes on leave, unless such Employee's right to return to active work is guaranteed by law or by a contract.

(ao) Service Provider: An Employee or Director.

(ap) Shares: Ordinary shares in the capital of the Company, par value US $0.01 per Share, and such other securities of the Company that may be substituted for the Shares pursuant to Section 11 of the Plan.

(aq) Share Appreciation Right: A share appreciation right granted pursuant to Section 6 of the Plan.

(ar) Subsidiary: A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

(as) Substitute Award: An Award granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines. Substitute Awards may be granted on such terms as the Committee deems appropriate, notwithstanding limitations on Awards in the Plan.

(at) Tax-Related Items: Any federal, state, provincial, municipal and/or local or other taxes imposed by any applicable jurisdiction (including, without limitation, income tax, social insurance contributions, social security contributions, fringe benefits tax, payment on account, stamp tax and any other taxes for which a Participant is liable as a result of participation in the Plan).

(au) Voting Securities: The outstanding securities entitled to vote generally in the election of Directors.

3. **Shares Subject to the Plan**

(a) Number of Shares: Subject to Section 11, the total number of Shares which may be issued under the Plan is 2,675,000 plus any additional Shares which may become available again under Section 3(b). The maximum number of Shares for which ISOs may be granted is 2,675,000. Except as provided below in Section 3(b) or 3(d), the number of Shares remaining available for issuance shall be reduced by the number of Shares subject to Awards that are granted hereunder.

(b) Award Shares Reissuable Under Plan: The following Shares, whether relating to Awards granted under the Plan or the Prior Plan, shall be available again for grants of Awards under the Plan: (i) Shares that are not issued (or, in the case of Restricted Shares, are reacquired by the Company) as a result of the termination, cancellation, expiration or lapsing of any Award for any reason; (ii) Shares subject to an Award that are not issued because the Award is settled in cash; (iii) Shares covered by a Full Value Award that are retained or are otherwise not issued by the Company in order to satisfy withholding obligations for Tax-Related Items in connection with the Full Value Award; and (iv) Shares subject to an Award that is converted to an award covering shares of another entity (other than an Affiliate) in connection with a recapitalization, reorganization, merger, consolidation, takeover, split-up, spin-off, scheme of arrangement, combination, exchange of shares or other similar event.

(c) Award Shares Not Reissuable Under Plan: Notwithstanding the foregoing, the following Shares shall be counted against the maximum number of Shares available for issuance pursuant to Section 3(a) and shall not be returned to the Plan: (i) Shares subject to an Option or Share Appreciation Right that are retained or otherwise not issued by the Company in order to satisfy withholding obligations for Tax-Related Items in connection with the Option or Share Appreciation Right or in payment of the exercise or purchase price of the Option; (ii) Shares that are not issued or delivered as a result of the net-settlement of an outstanding Option or Share Appreciation Right; (iii) Shares that are repurchased or redeemed on the open market with the proceeds of the exercise of an Option, or (iv) Shares withheld by the Company from a grant of Restricted Shares to satisfy withholding obligations for Tax-Related Items.

(d) Shares Not Counted Against Share Pool Reserve: Notwithstanding anything contained in Section 3 to the contrary, (i) Substitute Awards shall not reduce the overall limit on Shares available for grant under the Plan; *provided*, *however,* that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as ISOs shall reduce the aggregate number of Shares available for Awards of ISOs under the Plan; and (b) subject to applicable securities exchange requirements, available shares under a shareholder approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of Shares available for delivery under the Plan.

(e) Individual Award Limits: The maximum amount of Awards that may be granted during a calendar year to any Participant shall be: (i) Options or Share Appreciation Rights with respect to an aggregate of 750,000 Shares and (ii) Full Value Awards with an aggregate grant date fair value (determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of $15,000,000.

(f) Director Compensation Limit: Notwithstanding any provision to the contrary in the Plan or in any policy of the Company regarding compensation payable to a Director of the Company who is not an Employee (“Non-Employee Director”), the sum of the grant date fair value (determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of all Awards payable in Shares and the maximum cash value of any other Award granted under the Plan to an individual as compensation for services as a Non-Employee Director, together with cash compensation paid to such Non-Employee Director in the form of Board and Committee retainer, meeting or similar fees, during any calendar year shall not exceed $1,000,000; *provided*, *however*, that the foregoing limit shall be increased by $200,000 as the Board may deem necessary to compensate a Non-Employee Director for service on a special purpose committee or for other special or extraordinary service, as determined in the discretion of the members of the Board excluding any Non-Employee Directors receiving such additional compensation. For avoidance of doubt, compensation will count towards this limit for the calendar year in which it was granted or earned, and not later when distributed, in the event it is deferred. The foregoing limit may not be increased without the approval of the shareholders of the Company.

4. **Administration**

(a) Committee: The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who are intended to qualify as "Non-Employee Directors" within the meaning of Rule 16b-3 under the Exchange Act (or any successor rule thereto) and "independent directors" within the meaning of the New York Stock Exchange's listed company rules. Additionally, the Committee may delegate the authority to take any of the actions set forth in Section 4(b) hereof, including the authority to grant Awards under the Plan to any Service Provider or group of Service Providers; *provided*, *however*, that in no event shall the Committee delegate the authority to grant awards to, or amend awards held by individuals who are subject to Section 16 of the Exchange Act; *provided*, *further*, that any delegation of authority shall be permitted only if such delegation and grants are consistent with Applicable Laws and guidelines established by the Committee from time to time. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan, except with respect to matters which under Rule 16b-3 under the Exchange Act or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. The Committee may appoint such agents as it deems necessary or advisable for the proper administration of the Plan; *provided*, *however*, that such appointment is consistent with Applicable Laws and guidelines established by the Committee from time to time.

(b) Authority of Committee: The Committee has the exclusive power, authority and discretion to:

(i) Designate Participants to receive Awards;

(ii) Determine the type or types of Awards to be granted to each Participant;

(iii) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(iv) Determine the terms and conditions of any Award granted pursuant to the Plan, including, without limitation, the Option Price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(v) Determine whether, to what extent, and pursuant to what circumstances (A) an Award may be settled in, or the purchase price of an Award may be paid in, cash, Shares, other Awards, or other property, (B) the vesting, exercisability or forfeiture restrictions applicable to an Award may be accelerated or waived, including, without limitation, in connection with the Participant's retirement or other termination or other event, (C) or an Award may be cancelled, forfeited, or surrendered;

(vi) Prescribe the form of each Award Agreement, which need not be identical for each Participant and may vary for Participants in different jurisdictions;

(vii) Decide all other matters that must be determined in connection with an Award;

(viii) Establish, adopt, or revise any rules and regulations including adopting sub-plans to the Plan as it may deem necessary or advisable to facilitate participation in the Plan by Participants in various jurisdictions and/or to take advantage of tax-qualified treatment for Awards that may be available in certain jurisdictions;

(ix) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(x) Correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable; and

(xi) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

(c) Decisions Binding: Any decision of the Committee or its delegate pursuant to Section 4(a) hereof shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors).

5. **Terms and Conditions of Options**

(a) Option Type: Options granted under the Plan shall be, as determined by the Committee, non-qualified or ISOs, as evidenced by the related Award Agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(b) Option Price: The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of a Share on the date an Option is granted (other than in the case of Substitute Awards).

(c) Exercisability: Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted. The Committee shall specify the date or dates on which the Options shall become fully vested, and may specify such conditions to vesting, if any, as it deems appropriate. The vesting conditions, if any, may be based on, among other conditions, a Participant's continued Service or the attainment of Performance Goals.

(d) Exercise of Options: Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of Section 5 hereof, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company or its designee or administrative agent in the form and manner satisfactory to the Company and, if applicable, the date payment is received by the Company or its designee or administrative agent in accordance with the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company as designated by the Committee, pursuant to one or more of the following methods: (i) in cash or its equivalent (e.g., by personal check), (ii) if there is a public market for the Shares underlying the Options at such time, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased, or (iii) any other method of payment authorized by the Committee.

(e) ISOs: The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). ISOs shall be granted only to Participants who are employees of the Company and its Subsidiaries. No ISO may be granted to any Participant who at the time of such grant, owns more than 10% of the total combined voting power of all classes of shares of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (A) within two years after the date of grant of such ISO or (B) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. All Options granted under the Plan are intended to be nonqualified stock options, unless the applicable Award Agreement expressly states that the Option is intended to be an ISO. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a nonqualified stock option granted under the Plan; *provided, however,* that such Option (or portion thereof) otherwise complies with the Plan's requirements relating to nonqualified stock options. In no event shall any member of the Committee, the Company or any of its Affiliates (or their respective employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Option to qualify for any reason as an ISO.

(f) Rights with Respect to Shares: No Participant shall have any rights to dividends or other rights of a shareholder with respect to Shares subject to an Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee pursuant to the Plan.

6. **Terms and Conditions of Share Appreciation Rights**

(a) Grants: The Committee may grant (i) a Share Appreciation Right independent of an Option or (ii) a Share Appreciation Right in connection with an Option, or a portion thereof. A Share Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may only be granted at the time the related Option is granted, (B) shall cover the same number of Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 6 (or such additional limitations as may be included in an Award Agreement). Payment shall be made in Shares or in a cash amount with a value equal to the aggregate Fair Market Value of the applicable number of Shares, at the discretion of the Committee.

(b) Terms: The exercise price per Share of a Share Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the Fair Market Value of a Share on the date the Share Appreciation Right is granted (other than in the case of Substitute Awards); *provided*, *however*, that in the case of a Share Appreciation Right granted in conjunction with an Option, or a portion thereof, the exercise price may not be less than the Option Price of the related Option. Each Share Appreciation Right granted independent of an Option shall entitle a Participant upon exercise to a number of Shares equal to an amount that is (i) the excess of (A) the opening price of the Shares on the exercise date of one Share (the "Opening Price") over (B) the exercise price per Share, multiplied by (ii) the number of Shares covered by the Share Appreciation Right, divided by (2) the Opening Price. Each Share Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefore a number of Shares equal to an amount that is (i) the excess of (A) the Opening Price over (B) the Option Price per Share, multiplied by (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered, divided by the Opening Price. Share Appreciation Rights may be exercised from time to time upon actual receipt by the Company or its designee or administrative agent of written notice of exercise in the form and manner satisfactory to the Company stating the number of Shares with respect to which the Share Appreciation Right is being exercised. The date a notice of exercise is received by the Company shall be the exercise date. No fractional Shares will be issued in payment for Share Appreciation Rights, but instead the number of Shares will be rounded downward to the next whole Share. The Committee shall specify the date or dates on which the Share Appreciation Rights shall become fully vested, and may specify such conditions to vesting, if any, as it deems appropriate. The vesting conditions, if any, may be based on, among other conditions, a Participant's continued Service or the attainment of Performance Goals.

(c) Limitations: The Committee may impose, in its discretion, such conditions regarding the exercisability of Share Appreciation Rights as it may deem fit, but in no event shall a Share Appreciation Right be exercisable more than ten years after the date it is granted.

7. **Terms and Conditions of Restricted Share Units**

(a) Restricted Share Units: The Committee is authorized to grant Restricted Share Units to Participants in such amounts and subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose.

(b) Vesting Restrictions: The Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and non-forfeitable, and may specify such conditions to vesting, if any, as it deems appropriate. The vesting conditions, if any, may be based on, among other conditions, a Participant's continued Service or the attainment of Performance Goals.

(c) Form and Timing of Payment: The Committee shall specify the settlement date applicable to each grant of Restricted Share Units, which date shall not be earlier than the date or dates on which the Restricted Share Units shall become fully vested and non-forfeitable, or such settlement date may be deferred to any later date, subject to compliance with Section 409A of the Code, as applicable. On the settlement date, the Company shall, subject to satisfaction of applicable Tax-Related Items (as further set forth in Section 20 hereof), deliver to the Participant one Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited. Alternatively, settlement of a Restricted Share Unit may be made in cash (in an amount reflecting the Fair Market Value of the Shares that otherwise would have been issued) or any combination of cash and Shares, as determined by the Committee, in its sole discretion, in either case, less applicable Tax-Related Items (as further set forth in Section 20 hereof). Until a Restricted Share Unit is settled, the number of Restricted Share Units shall be subject to adjustment pursuant to Section 11 hereof.

(d) Forfeiture: Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, any Restricted Share Units that are not vested as of the date of the Participant's termination of Service shall be forfeited.

(e) General Creditors: A Participant who has been granted Restricted Share Units shall have no rights other than those of a general creditor of the Company. Restricted Share Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement evidencing the grant of the Restricted Share Units.

8. **Terms and Conditions of Restricted Share Awards**

(a) Grant of Restricted Shares: The Committee is authorized to grant Restricted Shares to Service Providers selected by the Committee in such amounts and subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose.

(b) Purchase Price: At the time of the grant of Restricted Shares, the Committee shall determine the price, if any, to be paid by the Participant for each Share subject to the Award. The purchase price of Shares acquired pursuant to the Award shall be paid either: (i) in cash at the time of purchase; (ii) at the sole discretion of the Committee, by Service rendered or to be rendered to the Company or an Affiliate; or (iii) in any other form of legal consideration that may be acceptable to the Committee in its sole discretion and in compliance with Applicable Laws.

(c) Issuance and Restrictions: Restricted Shares shall be subject to such restrictions, if any, on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends or repayment of capital on the Restricted Shares). The restrictions, if any, may be based on, among other conditions, a Participant's continued Service or the attainment of Performance Goals. These restrictions, if any, may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

(d) Dividends: Any dividends that are distributed with respect to Restricted Shares shall be paid in accordance with the applicable Award Agreement, subject to the provisions of Section 10(b)(ii) hereof.

(e) Forfeiture: Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of Service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited.

(f) Certificates for Restricted Shares: Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

9. **Other Share-Based Awards**

(a) Grants of Other Share-Based Awards: Subject to limitation under Applicable Laws, the Committee is authorized under the Plan to grant Awards (other than Options, Restricted Share Units, Restricted Shares and Share Appreciation Rights) to Service Providers subject to the terms and conditions set forth in this Section 9 and such other terms and conditions as may be specified by the Committee that are not inconsistent with the provisions of the Plan and that, by their terms, involve or might involve the issuance of, consist of, or are denominated in, payable in, valued in whole or in part by reference to, or otherwise relate to, Shares. The Committee may also grant Shares as a bonus, or may grant other Awards in lieu of obligations of the Company or an Affiliate to pay cash or other property under the Plan or other plans or compensatory arrangements. The terms and conditions applicable to such other Awards shall be determined from time to time by the Committee and set forth in an applicable Award Agreement. The Committee may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Participants on such terms and conditions as determined by the Committee from time to time.

(b) Form of Payment: Payments with respect to any Awards granted under this Section 9 shall be made in cash or cash equivalent, in Shares or any combination of the foregoing, as determined by the Committee.

(c) Vesting Conditions: The Committee shall specify the date or dates on which the Awards granted pursuant to this Section 9 shall become fully vested and non-forfeitable, and may specify such conditions to vesting as it deems appropriate. The vesting conditions may be based on, among other vesting conditions, a Participant's continued Service or the attainment of Performance Goals.

(d) Term: Except as otherwise provided herein, the term of any Award granted pursuant to this Section 9 shall be set by the Committee in its discretion; *provided, however,* that the term of any Award granted pursuant to this Section 9 shall not exceed ten (10) years.

10. **Provisions Applicable to All Awards**

(a) Award Agreement: Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award, not inconsistent with the Plan, which may include, without limitation, the term of an Award, the provisions applicable in the event the Participant's Service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

(b) Dividends and Dividend Equivalent Rights:

(i) The Committee in its sole discretion may provide a Participant as part of an Restricted Share Unit or Other Share-Based Award that is a Full Value Award with Dividend Equivalent Rights, on such terms and conditions as may be determined by the Committee in its sole discretion. For the avoidance of doubt, no dividends or Dividend Equivalent Rights shall be payable in respect of Options or Share Appreciation Rights.

(ii) Notwithstanding anything to the contrary herein, any Dividend Equivalent Right provided in connection with an Award that is subject to vesting shall either (i) not be paid or credited or (ii) be accumulated and subject to the same vesting restrictions applicable to the underlying Award. For Restricted Shares subject to vesting, dividends shall be accumulated and subject to any restrictions and risk of forfeiture to which the underlying Restricted Shares are subject.

(c) Limits on Transfer: Each Award shall be exercisable only by a Participant during the Participant's lifetime, or, if permissible under Applicable Laws, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or an Affiliate.

Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than ISOs) to be transferred by a Participant, without consideration, in connection with estate planning or charitable transfers, subject to compliance with Applicable Laws and such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, provided that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(d) Minimum Vesting: Notwithstanding any provision of the Plan to the contrary, all Awards granted under the Plan shall have a minimum vesting period of one year measured from the date of grant of the applicable Award; *provided*, *however*, that up to 5% of the Shares authorized for issuance under the Plan may be granted without such minimum vesting period. Nothing in this Section 10(d) shall limit the Company's ability to grant Awards that contain rights to accelerated vesting on a termination of Service or to otherwise accelerate vesting to the extent permitted under the Plan. In addition, the minimum vesting requirement set forth in this Section 10(d) shall not apply to: (i) Substitute Awards; (ii) Awards that may be settled only in cash; or (iii) Awards granted to a Non-Employee Director which vest on the earlier of the one-year anniversary of the date of grant and the next annual general meeting of the Company's shareholders (which is at least 50 weeks after the immediately preceding year's annual general meeting). Further, this Section 10(d) shall not limit the provisions of Section 11 hereof.

11. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

(a) Generally: In the event of any change in the outstanding Shares (including to the price of the Shares) after the Effective Date by reason of any reorganization, recapitalization, merger, consolidation, spin-off, combination, or transaction or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares other than regular cash dividends, bonus issue, share split or any transaction similar to the foregoing, the Committee shall make such substitution or adjustment, as it deems, in its sole discretion and without liability to any person, to be equitable (subject to Section 18 hereof), as to (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the maximum number of Shares for which Options or Stock Appreciation Rights may be granted during a calendar year to any Participant, (iii) the Option Price or exercise price of any Share Appreciation Right and/or (iv) any other affected terms of such Awards, including, without limitation, any affected Performance Goals. In the event of any change in the outstanding Shares after the Effective Date by reason of any share split (forward or reverse) or any share dividend, all adjustments described in the preceding sentence shall occur automatically in accordance with the ratio of the bonus issue, share split or share dividend, unless otherwise determined by the Committee.

(b) Change in Control: The provisions of this Section 11(b) shall apply in the event of a Change in Control, unless otherwise determined by the Committee in connection with the grant of an Award as reflected in the applicable Award Agreement or upon the occurrence of a Change in Control.

(i) Treatment of Service-Based Awards: Notwithstanding Section 11(a) hereof, immediately prior to a Change in Control, a Participant's Awards that vest based solely on the Participant's continued Service shall become fully vested and, to the extent applicable, exercisable and all forfeiture restrictions on such Awards shall lapse, except to the extent that an Alternate Award is provided with respect to any such Award, in which case there shall be no acceleration of vesting or exercisability. For purposes of the foregoing, an "Alternate Award" shall be deemed to be provided in respect of an affected Award if such Award is assumed or substituted by the surviving entity following the Change in Control in a manner that will substantially preserve the otherwise applicable terms of the affected Award, as determined by the Committee in its sole discretion prior to the occurrence of a Change in Control, *provided, however,* that any such Alternate Award must (A) be based on stock which is traded on an established securities market; (B) provide a Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment (subject to Section 424 of the Code, as applicable); (C) have substantially equivalent economic value to such Award (determined at the time of the Change in Control in accordance with principles applicable under Section 424 of the Code); and (D) vest in full upon any termination of a Participant's employment or service with the surviving entity (or applicable Affiliate thereof) of such Change in Control by such entity without Cause or by such Participant with Good Reason, in each case on or within twenty-four (24) months following such Change in Control.

(ii) Treatment of Performance-Based Awards: With respect to Awards that vest based on the attainment of Performance Goals, the Performance Periods applicable to such Performance-Based Awards shall lapse and a Participant shall be deemed to have earned a pro rata Award equal to the product of (A) such Participant's target award opportunity for the Performance Period in question and (B) a fraction, the numerator of which is the number of full plus partial months that have elapsed since the beginning of the Performance Period to the date on which the Change in Control occurs, and the denominator of which is the total number of months in such Performance Period. Unless an Alternate Award is provided for any remaining portion of a performance-based Award that does not vest pursuant to this Section 11(b)(ii), any such remaining portion of a Performance-Based Award shall terminate and cease to be outstanding as of the Change in Control.

(c) Other Requirements: Prior to any payment or adjustment contemplated under this Section 11, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Shares, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(d) Fractional Shares: Any adjustment provided under this Section 11 may provide for the elimination of any fractional share that might otherwise become subject to an Award.

12. No Right to Employment or Awards

The granting of an Award under the Plan shall impose no obligation on the Company or any Affiliate to continue the employment or service of a Participant and shall not lessen or affect the Company's or Affiliate's right to terminate the employment or service of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

13. **Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

14. **Amendments or Termination**

(a) Amendment and Termination of the Plan: The Board or the Committee may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided, however,* that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if (i) it would materially increase the number of securities which may be issued under the Plan or granted to any Participant (except for increases pursuant to Section 11 hereof); (ii) it materially expands the types of Awards available under the Plan or materially expands the class of persons eligible to receive Awards under the Plan; (iii) such approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted), or (iv) the Committee determines that such approval is otherwise required or advisable to facilitate compliance with Applicable Laws; *provided, however,* that, subject to Section 18 hereof or unless required or advisable to facilitate compliance with Applicable Laws, as determined in the sole discretion of the Committee, any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.

(b) Amendment of Award Agreements: The Committee may, to the extent consistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's termination of employment or service with the Company); *provided, however,* that, subject to Section 18 hereof or unless required or advisable to facilitate compliance with Applicable Laws, as determined in the sole discretion of the Committee, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.

(c) No Repricing of Awards: Subject to Section 11 hereof, in no event shall the Committee or the Board take any action without approval of the shareholders of the Company that would (i) reduce the exercise price of any Option or Share Appreciation Right; (ii) result in the cancellation of any outstanding Option or Share Appreciation Right and replacement with a new Option or Share Appreciation Right with a lower exercise price or with a cash payment or other Award at a time when the Option or Share Appreciation Right has a per Share exercise price that is higher than the Fair Market Value of a Share; or (iii) result in any other action that would be considered a "repricing" for purposes of the shareholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

15. **Choice of Law**

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware without regard to such state's conflict of laws principles.

16. **Severability**

If any provision of the Plan or the application of any provision hereof to any person or circumstance is held to be invalid or unenforceable, the remainder of the Plan and the application of such provision to any other person or circumstance shall not be affected, and the provisions so held to be unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.

17. **Effectiveness and Term of the Plan**

This Plan shall be effective as of the Effective Date and shall remain in effect, subject to the right of the Board or the Committee to amend or terminate the Plan at any time as provided in this Plan, until all Shares subject to the Plan shall have been purchased or acquired according to the Plan's provisions. In no event, however, may an ISO be granted under the Plan more than ten years after the date the Plan was approved by the Board. Any Awards that are outstanding on the date that the Plan is terminated shall remain in force according to the terms of the Plan and the applicable Award Agreement.

18. **Section 409A**

Notwithstanding other provisions of the Plan or any Award Agreement thereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Committee that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award Agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

Without limiting the generality of the foregoing, to the extent applicable, notwithstanding anything herein to the contrary, this Plan and Awards issued hereunder shall be interpreted in accordance with Section 409A of the Code and U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Further, no payment that constitutes deferred compensation under Section 409A of the Code that would otherwise be made under the Plan or an Award Agreement upon a Participant's termination of Service will be made or provided unless and until such termination is also a "separation from service," as determined in accordance with Section 409A of the Code, if applicable, and further, notwithstanding anything in the Plan or any Award Agreement, if a Participant is a "specified employee" within the meaning of Section 409A of the Code at the time of such separation from service, then solely to the extent necessary to avoid the imposition of any additional tax under Section 409A of the Code, such payment (or the commencement thereof, if applicable) may not occur prior to the date that is six months after the date of such Participant's separation from service or, if earlier, the date of the Participant's death. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A of the Code and related U.S. Department of Treasury guidance prior to payment to such Participant of such amount, the Company may (a) adopt such amendments to the Plan and Awards and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Awards hereunder and/or (b) take such other actions as the Committee determines necessary or appropriate to avoid the imposition of an additional tax under Section 409A of the Code. However, in no event shall the Committee or Board (or any member thereof), or the Company (or its employees, officers, directors or Affiliates) have any liability to Participant or to any other party for any tax liability incurred by a Participant or any other party under Section 409A of the Code.

19. **Clawback/Recoupment Policy**

Notwithstanding anything contained herein to the contrary, all Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any grant, exercise or settlement of any Award or upon the receipt or resale of any Shares underlying the Award) granted under the Plan shall be subject to forfeiture and/or repayment to the Company to the extent and in the manner required (a) to comply with any requirements imposed under Applicable Laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or (b) under the terms of any incentive compensation clawback or recoupment policy currently in effect or as may be adopted by the Committee or the Board and, in each case, as may be amended from time to time, whether or not such policy or guideline was in place at the time of grant of an Award (and such requirements shall be deemed incorporated into this Plan without the consent of Participant). No such policy adoption or amendment shall in any event require the prior consent of any Participant.

20. **Tax-Related Items**

The Company or any Affiliate, as applicable, shall have the authority and the right to deduct or withhold, or to require a Participant to remit to the Company, an amount sufficient to satisfy the obligation for Tax-Related Items with respect to any taxable or tax withholding event concerning a Participant arising as a result of the Participant's participation in the Plan or to take such other action as may be necessary or appropriate in the opinion of the Company or an Affiliate, as applicable, to satisfy withholding obligations for the payment of Tax-Related Items by one or a combination of the following: (a) withholding from the Participant's wages or other cash compensation; (b) withholding from the proceeds of sale of Shares underlying an Award, either through a voluntary sale or a mandatory sale arranged by the Company on the Participant's behalf, without need of further authorization; (c) in the Committee's sole discretion, by withholding Shares otherwise issuable under an Award (or allowing the return of Shares) sufficient, as determined by the Committee in its sole discretion, to satisfy such Tax-Related Items; or (d) by such other withholding method as set forth in an Award Agreement. No Shares or other payment shall be delivered pursuant to an Award to any Participant or other person until the Participant or such other person has made arrangements acceptable to the Committee to satisfy the obligations for Tax-Related Items with respect to any taxable or tax withholding event concerning the Participant or such other person arising as a result of an Award.

21. **Government and Other Regulations**

The obligation of the Company to make payment of Awards in Shares or otherwise shall be subject to all Applicable Laws, and to such approvals by government agencies, including government agencies in any applicable jurisdiction, in each case as may be required or as the Company deems necessary or advisable. Without limiting the foregoing, the Company shall have no obligation to issue or deliver evidence of title for Shares subject to Awards granted hereunder prior to: (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and (ii) completion of any registration or other qualification with respect to the Shares under any Applicable Law or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective. The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained and shall constitute circumstances in which the Committee may determine to amend or cancel Awards pertaining to such Shares, with or without consideration to the affected Participant. The Company shall be under no obligation to register pursuant to the Securities Act any of the Shares paid pursuant to the Plan. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

22. **No Shareholders Rights**

Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award, including the right to vote or receive dividends, until the Participant or its nominee/broker becomes the record owner of such Shares, notwithstanding the exercise of an Option or Share Appreciation Right or vesting of another Award.

Allegion plc
Incentive Stock Plan of 2023

Restricted Stock Unit Award Agreement - Director
Dated as of [Grant Date] ("Grant Date")

Allegion plc (the "Company") hereby grants to [**insert full name**] ("Participant") a restricted stock unit award (the "RSUs") with respect to [**insert number of shares subject to RSUs**] ordinary shares of the Company (the "Shares"), pursuant to and subject to the terms and conditions set forth in the Company's Incentive Stock Plan of 2023 (the "Plan") and to such further terms and conditions set forth in this Restricted Stock Unit Award Agreement (the "Award Agreement"), including any appendix to the Award Agreement for Participant's country (the "Appendix"). Unless otherwise defined herein, the terms defined in the Plan shall have the same meanings in this Award Agreement.

1. Vesting and Issuance of Shares.

(a) Participant's right to receive Shares subject to the RSUs shall vest on the first anniversary of the Grant Date (the "Vesting Date"), subject to Participant's continued service as a member of the Board on the Vesting Date.

(b) If Participant's service as a member of the Board terminates by reason of retirement, death or Disability, the Shares subject to the RSUs that have not yet vested shall vest as of the date of such termination. If Participant's service as a member of the Board terminates for any reason other than retirement, death or Disability, all unvested RSUs shall be immediately forfeited as of the date of such termination.

(c) The Company shall cause to be issued to Participant Shares with respect to the RSUs that become vested within 30 days of the earlier of the Vesting Date or, if the RSUs become vested pursuant to Section 1(b) above, the date that the Participant experiences a "separation from service" within the meaning of Section 409A of the Code, or in the case of Participant's death, within such period as permitted under Section 409A of the Code. Such Shares shall be fully paid and non-assessable. Participant will not have any of the rights or privileges of a shareholder of the Company in respect of any Shares subject to the RSUs unless and until such Shares have been issued to Participant.

2. Dividend Equivalents.

Participant shall be entitled to receive an amount equal to any cash dividend paid by the Company upon one Share for each RSU held by Participant when such dividend is paid ("Dividend Equivalent"), provided that (a) Participant shall have no right to receive the Dividend Equivalents unless and until the associated RSUs vest, (b) Dividend Equivalents shall not accrue interest and (c) Dividend Equivalents shall be paid in cash at the time that the associated RSUs are settled in accordance with Section 1(c) above.

3. Taxes.

Regardless of any action the Company and/or an Affiliate take with respect to any and all federal, state, local or other tax related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains Participant's responsibility. To satisfy any withholding obligations of the Company or an Affiliate with respect to Tax-Related Items, the Company will withhold Shares otherwise issuable upon settlement of the RSUs. The Company may withhold for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates.

Alternatively, or in addition, the Company may satisfy such withholding obligations by

(a) withholding from any cash compensation paid to Participant by the Company or an Affiliate,

(b) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent),

(c) requiring Participant to tender a cash payment to the Company or an Affiliate in the amount of the Tax-Related Items, and/or

(d) any other method of withholding determined by the Company to be permitted under the Plan and, to the extent required by Applicable Law or the Plan, approved by the Committee;

provided, however, that the withholding methods described in this Section 3 (a), through (d) will only be used if the Committee (as constituted to satisfy Rule 16b-3 of the Exchange Act) determines, in advance of the applicable withholding event, that one of these withholding methods will be used in lieu of withholding Shares. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

4. Recoupment Provision.

In the event that Participant commits fraud or engages in intentional misconduct that results in a need for the Company to restate its financial statements, then the Committee may direct the Company to (a) cancel any outstanding portion of the RSUs and (b) recover all or a portion of the financial gain realized by Participant through the RSUs. Further, Participant agrees that the RSUs and any financial gain realized by Participant through the RSUs shall be subject to forfeiture and/or repayment to the Company to the extent required to comply with any Applicable Laws.

5. Nature of Grant.

In accepting the RSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be amended, altered or discontinued by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(c) all decisions with respect to future restricted stock unit grants, if any, will be at the sole discretion of the Company;

(d) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(e) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from Participant ceasing to provide services to the Company or from cancellation of the RSUs or recoupment of any financial gain resulting from the RSUs as described in Section 4 of the Award Agreement and, in consideration of the grant of the RSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, waives the ability, if any, to bring any such claim and releases the Company and any Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims; and

(f) unless otherwise provided in the Plan or by the Company, in its discretion, the RSUs and the benefits evidenced by the Award Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

6. **<u>No Advice Regarding Grant</u>.**

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. *Participant should consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.*

7. **<u>Data Privacy</u>**.

Participant understands that the Company may collect, use, store, and otherwise process certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to UBS or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list of any recipients of Data by contacting the Secretary of the Company. Participant authorizes the Company, UBS and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be retained only as long as is necessary to implement, administer and manage Participant's participation in the Plan or as otherwise required by Applicable Law. Participant understands that he or she may be entitled under Applicable Law to request to view Data, request additional information about the storage and processing of Data, make any necessary amendments to Data, in any case without cost, by contacting in writing the Secretary of the Company.

8. **<u>Choice of Law and Venue</u>.**

The RSU grant and the provisions of this Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to such state's conflict of laws or provisions, as provided in the Plan. For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Delaware and agree that such litigation shall be conducted in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, where this grant is made and/or to be performed.

9. **<u>Severability</u>.**

The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

10. **<u>Imposition of Other Requirements</u>.**

This grant is subject to, and limited by, all Applicable Laws and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Participant agrees that the Company shall have unilateral authority to amend the Plan and this Award Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to the issuance of Shares. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

11. Waiver.

Participant acknowledges that a waiver by the Company of breach of any provision of the Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other participant in the Plan.

12. Electronic Delivery and Participation.

The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. Acknowledgement & Acceptance within 120 Days.

This grant is subject to acceptance, within 120 days of the Grant Date, by electronic acceptance through the website of UBS, the Company's stock plan administrator, or by written notice to the Secretary of the Company. **Failure to accept the RSUs within 120 days of the Grant Date may result in cancellation of the RSUs.**

Signed for and on behalf of the Company:

____
John H. Stone
President and Chief Executive Officer
Allegion plc

Acknowledged and Accepted by Participant:

____
Signature

____
Date

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

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:

1. I have reviewed the Quarterly Report on Form 10-Q of Allegion plc for the three and six months ended June 30, 2023;

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: July 26, 2023

/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 six months ended June 30, 2023;

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: July 26, 2023

/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 six months ended June 30, 2023 (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
July 26, 2023

/s/ Michael J. Wagnes
Michael J. Wagnes
Principal Financial Officer
July 26, 2023