

2021 Reflections

Letter from our CEO



Dear Fellow Shareholders,

Allegion and our global teams continue to demonstrate outstanding resiliency. After navigating the rough seas of 2020, we again adjusted our sails to address the global business challenges posed by 2021: A second year of the pandemic. Supply chain disruption. Inflation. Labor scarcity. With our vision and our values guiding us, the people of Allegion were remarkably adaptable, which translated into solid performance: Our 2021 results include record-setting revenues of \$2.87 billion and adjusted Earnings Per Share (EPS) of \$5.19, as well as standing up a new international business unit and increasing employee engagement globally.

Our resiliency stems from intentional commitments made by the leaders of our company as well as by team members at every level of our organization. Environmental, social and governance (ESG) commitments continue to be a vital part of how we achieve results. Our “be safe, be healthy” value guides us to operate safely while meeting the needs of employees, customers and communities. And our focus on equity, inclusion and diversity strengthens our teams, builds employee engagement and helps us deliver customer excellence, while bettering the communities where we live and thrive. With a demonstrated record of holding fast to these commitments, Allegion was honored in 2021 with both the U.S. National Safety Council’s prestigious “Robert W. Campbell” Award – joining a very elite list of best-in-class organizations – and the Indiana Chamber of Commerce’s “Jackson Lewis Diversity, Equity and Inclusion Champion” Award – becoming the first-ever winner.

Notably, our company’s resiliency also stems from intentional, strategic decisions made by our leaders and supported by their teams. By combining our EMEA and Asia-Pacific regions, Allegion International became a new business segment on January 1, 2021, driving speed and efficiency as well as record full-year results including robust organic revenue growth and solid margin expansion. In addition, our teams worked cross-functionally to navigate and adapt to significant supply chain and inflationary

pressures during 2021. We redesigned products, developed alternative supply sources and leveraged pricing actions. All these decisions are setting us up to address historic levels of backlog in the Americas that are expected to support revenue growth in 2022 and 2023.

In 2021, we continued investing in electronics, software and our Internet of Things Platform (IoTP) – which is setting our company up for success in developing new products and getting them to market more quickly. This also enables our businesses to deliver leading solutions and integrations that are simple, secure and scalable. Proactive work through recent acquisitions, like Yonomi and software businesses within Interflex, is accelerating our in-house tech capabilities. With a second \$100 million venture fund announced late last year, we’re also intent on furthering Allegion Ventures investments to go beyond traditional approaches to bridge physical and digital security. Ultimately, our innovation engines are going strong to support our “be the partner of choice” and “deliver new value in access” strategic pillars as well as accelerate our vision of seamless access and a safer world. This is the future of Allegion.

The reality is, there are many opportunities that lie ahead for our company in 2022 and beyond. As I write this letter, end-market demand is robust. Many market accelerators are on the horizon, like strong demand for new residential homes and a need to improve critical commercial and institutional infrastructure. Allegion is ready for these opportunities – investing in new product innovation and technology, R&D and software development as well as critical talent capabilities. These investments, alongside our sound fundamental business practices, will continue to drive both employee and shareholder value.

Lastly, I’d be remiss if I didn’t recognize our first chief financial officer (CFO), Patrick Shannon, and first controller and chief accounting officer, Doug Ranck, upon their retirements. Their dedication and intimate knowledge of our business have driven operational excellence at Allegion and integrity within our finance organization. Now, we have recently announced three promotions: Mike Wagnes as senior vice president and CFO; Nick Musial as vice president, controller and chief accounting officer; and Dave Ilardi as senior vice president of Allegion Americas. Mike, Nick and Dave are strong leaders who know our industry and have successful track records here. We proudly celebrate our first eight years of innovation, as well as Patrick, Doug and all the Allegion team members who got us to where we are today and those who will guide our future.

As the people of Allegion remain firmly grounded in our vision and our values, we will remain resilient, and Allegion’s future is bright.

Sincerely,

David Petratis
Chairman, President & CEO, Allegion plc

Adjustments to operating income, operating margin, net earnings and EPS include items such as goodwill, indefinite-lived trade name and other asset impairment charges, restructuring charges, acquisition and integration costs, debt refinancing costs and charges related to the divestiture of businesses.

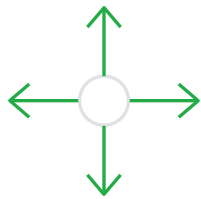
Our Innovation & Growth

Vision

Seamless access and a safer world.

Strategy

Allegion creates value by securing people and assets with seamless access wherever they reside, work and thrive.



Expand
in core markets

**Broaden &
evolve the core**



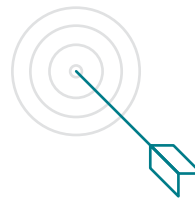
Deliver new
value in access

**Create innovative
access solutions
& platforms**



Be the partner
of choice

**Leverage partners
& ecosystems**



Enterprise
excellence

**Focus on total
value creation**



Capital
allocation

**Take a flexible,
balanced & disciplined
approach**



Watch this
video to see our
commitment to
innovation.