

Allegion Denmark A/S

Tuborg Boulevard 1, c/o Accura Advokatpartnerselskab
DK-2900 Hellerup

CVR no. 21 09 36 88

Annual report 2020

The annual report was presented and approved at
the Company's annual general meeting on

31 August 2021

Heiko Roman Eckstein
Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Allegion Denmark A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Hellerup 31 August 2021
Executive Board:

Heiko Eckstein

Heiko Roman Eckstein

Board of Directors:

Chris Crampton

Christopher John Crampton
Chairman

Matthew Kerfoot

Matthew John Kerfoot

Heiko Eckstein

Heiko Roman Eckstein



Independent auditor's report

To the shareholder of Allegion Denmark A/S

Opinion

We have audited the financial statements of Allegion Denmark A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



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- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 31 August 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Mikkel Frøbjerg Knudsen
State Authorised
Public Accountant
mne34459

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Management's review

Company details

Allegion Denmark A/S
Tuborg Boulevard 1
c/o Accura Advokatpartnerselskab
DK-2900 Hellerup

CVR no.: 21 09 36 88
Established: 1 May 1998
Financial year: 1 January – 31 December

Board of Directors

Christopher John Crampton, Chairman
Matthew John Kerfoot
Heiko Roman Eckstein

Executive Board

Heiko Roman Eckstein

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V
CVR no. 25 57 81 98

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Management's review

Operating review

Principal activities

The Company's principal activity is trading and manufacturing industry and other related activities, including ownership of other companies.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK 24,287 as against a loss of DKK 116,722 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 56,043,846 as against DKK 56,019,559 at 31 December 2019.

The financial year was in line with forecast, and results for the year are considered satisfactory.

Significant changes in the Company's activities and financial position

The Company has changed its accounting policies regarding equity investments in group entities so that recognised at cost price.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end 2020.

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Income statement

DKK	Note	2020	2019
Gross profit		1,032,846	-106,566
Staff costs	2	<u>-938,988</u>	<u>0</u>
Profit before financial income and expenses		93,858	-106,566
Other financial expenses	3	<u>-69,571</u>	<u>-10,156</u>
Profit before tax		24,287	-116,722
Tax on profit for the year		<u>0</u>	<u>0</u>
Profit for the year		<u>24,287</u>	<u>-116,722</u>
Proposed profit appropriation/distribution of loss			
Retained earnings		<u>24,287</u>	<u>-116,722</u>

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Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Investments	4		
Equity investments in group entities		<u>43,869,131</u>	<u>43,869,131</u>
Total fixed assets		<u>43,869,131</u>	<u>43,869,131</u>
Current assets			
Receivables			
Receivables from group entities		16,735,920	15,372,727
Other receivables		<u>43,554</u>	<u>27,000</u>
		<u>16,779,474</u>	<u>15,399,727</u>
Cash at bank and in hand		<u>1,311,356</u>	<u>0</u>
Total current assets		<u>18,090,830</u>	<u>15,399,727</u>
TOTAL ASSETS		<u><u>61,959,961</u></u>	<u><u>59,268,858</u></u>
EQUITY AND LIABILITIES			
Equity			
Contributed capital		3,000,000	3,000,000
Retained earnings		<u>53,043,846</u>	<u>53,019,559</u>
Total equity		<u>56,043,846</u>	<u>56,019,559</u>
Liabilities			
Current liabilities			
Payables to group entities		5,237,896	3,222,085
Other payables		<u>678,219</u>	<u>27,214</u>
		<u>5,916,115</u>	<u>3,249,299</u>
Total liabilities		<u>5,916,115</u>	<u>3,249,299</u>
TOTAL EQUITY AND LIABILITIES		<u><u>61,959,961</u></u>	<u><u>59,268,858</u></u>

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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	3,000,000	53,019,559	56,019,559
Transferred over the profit appropriation	0	24,287	24,287
Equity at 31 December 2020	3,000,000	53,043,846	56,043,846

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1 Accounting policies

The annual report of Allegion Denmark A/S for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Allegion Denmark A/S and its group entities are included in the consolidated financial statements of Allegion PLC, Block D, Iveagh Court, Harcourt Road, Dublin 2, Co. Dublin, Ireland.

Changes in accounting policies

The Company has changed its accounting policies regarding equity investments in group entities so that recognised at cost price instead of equity method..

DKK	<u>2020</u>	<u>2019</u>
Effect on:		
Profit/loss	0	6,972,995
Total assets	-26,887,243	-26,887,243
Equity	26,887,243	19,914,248

The comparative figures have been restated to reflect the changed accounting policies.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of services, is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

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1 Accounting policies (continued)

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Balance sheet

Investments

Equity investments in group entities are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Receivables

Receivables are measured at amortised cost.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

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1 Accounting policies (continued)

Liabilities

Other liabilities are measured at net realisable value.

2 Staff costs

DKK	2020	2019
Wages and salaries	814,683	0
Pensions	59,738	0
Other social security costs	64,567	0
	<u>938,988</u>	<u>0</u>
Average number of full-time employees	<u>3</u>	<u>0</u>

In accordance with section 98B (3) of the Danish Financial Statement's Act, remuneration of the Executive Board and the Board of Directors has been disclosed as an aggregate amount.

DKK	2020	2019
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3 Other financial expenses

Interest expense to group entities	4,499	0
Other financial expenses	3,694	0
Exchange losses	61,378	10,156
	<u>69,571</u>	<u>10,156</u>

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DKK	<u>31/12 2020</u>	<u>31/12 2019</u>
4 Investments		
Cost at 1 January 2020	<u>43,869,131</u>	<u>43,869,131</u>
Cost at 31 December 2020	<u>43,869,131</u>	<u>43,869,131</u>
Revaluations at 1 January 2020	26,887,243	26,887,243
Net effect from change of accounting policy	<u>-26,887,243</u>	<u>-26,887,243</u>
Revaluations 31 December 2020	0	0
Carrying amount at 31 December 2020	<u><u>43,869,131</u></u>	<u><u>43,869,131</u></u>

Name	<u>Registered office</u>	<u>Voting rights and ownership interest</u>
AXA Stenman France S.A.S	France	100%
AXA Stenman Deutschland GmbH	Germany	100%

5 Related party disclosures

Control

AXA Stenman Industries B.V., Energiestraat 2, 3903 AV Veenendal, Holland

AXA Stenman Industries B.V. holds the majority of the contributed capital in the Company.

Allegion Denmark A/S is part of the consolidated financial statements of AXA Stenman Industries B.V., Energiestraat 2, 3903 AV Veenendal, Holland, and the consolidated financial statements of Allegion plc, Block D, Iveagh Court, Harcourt Road, Dublin 2, Co. Dublin, Ireland, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Allegion plc are available at <https://investor.allegion.com/financial-information/annual-reports-and-proxies>.