MANAGING ATTRITION

MAINTAINING VALUE

ATTRITION REMAINS STABLE YEAR OVER YEAR

"Moves Continues to Dominate/Growing Concern for "No Longer Using the System"

TRG Associates continues to monitor annual Attrition results from small on up to large national life safety companies. After analyzing and reporting on a wide range of company's attrition data for the last 25 years, TRG embarks on a new survey approach as many of the previous participants have been acquired and joined consolidators that don't provide detailed data by branch location and size. With participation down from previous years because of the continued consolidation, TRG is surveying a number of companies that continue to measure attrition and the Reasons for that attrition. We will continue to stay close to and report on the direction and drivers of this important operating metric.

To best present an attrition profile that gives context to how this metric remained stable over many economic cycles, we will continue to reflect the attrition results through the historical profile over the last 15 years for Residential and Commercial Attrition. While our study results date back to 2001, we will be focused on the attrition results from the last 15 years. This profile of Attrition reflects the "limited bandwidth" of customer erosion that our industry has experienced over multiple phases of economic growth and turmoil (The Great Recession of 2008), health crisis (Pandemic), world conflict and technology's evolution.

The Residential Net Attrition percentage declined in 2025 versus 2024 to 12.3%. For the third year in a row the Residential RMR Gross Attrition rate remained below 14% (13.5%) which continues to demonstrate the "stickiness" of the provision of life safety services to this segment of the market.

Commercial Gross Attrition climbed to 12.5% from 12.2% in 2024 but Net Commercial Attrition remained steady at 10.1%. The continued addition of new participants who focus on Integrated Systems, Access and Video drives a more stable and lower level of customer attrition.

	2022		2023		2024		2025	
Customer Type	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Residential	14.09%	11.76%	13.56%	12.30%	13.23%	12.53%	13.50%	12.30%
Commercial	11.44%	9.07%	11.81%	9.77%	12.20%	10.05%	12.50%	10.10%

We have reflected some history of the Attrition comparative for the 500+ company category as we recant the Gross and Net Attrition from 2010 on $137M of RMR for 500+ sized companies – Gross of 11.41% and Net of 8.68% in 2010 - versus 2025 on over $500M of RMR at Gross Attrition of 13.2% and Net Attrition of 11.9%.

	2010		2022		2023		2024		2025	
Company Size	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
500+	11.41%	8.68%	13.67%	11.26%	13.16%	11.64%	12.97%	11.74%	13.2%	11.9%
RMR	$137,082,802		$769,915,742		$835,937,951		$553,058,637		>$500M	

These extended periods of comparison of like attrition results speaks to the controllable nature of one of the key subscriber dynamics in our industry and the continued importance of the provision of our life safety services to the residential and commercial marketplace across the nation.

REASONS FOR ATTRITION

As for Reasons for Attrition, “Moved” continues to dominate the Reasons for attrition as it drives approximately 35% of the customer losses on the Residential side. Several companies continued to track this reason carefully and offer a growing number of creative sales and service alternatives to focus their organizations on how to address resigns of the vacant location.

The Financial Difficulties category, combined with Collections and the Sold/Out of Business categories remained at the 2024 level of 34%. Subscribers and small businesses continued to experience financial challenges amid this period of high inflation, rising labor costs and high interest rates.

No Longer Using the System continued its decline to 12% - (13.57% in 2024 versus 13.86% in 2023) while Lost to Competition also declined – falling to single digits. The DIY providers (modified) and other mass marketers continued to drive penetration in the market. While video applications continued to grow dramatically – expanding the subscribers flexibility to review and manage their system from afar.

We do expect this reason to grow in 2026 as we have already seen providers addressing the necessary transition out of land line based systems in the residential space. Thus far we see an early trend of long standing customers decide not to upgrade their technology as providers offer creative (down to free) new technology alternatives.

Price Increases (PI) continue to be a staple in various providers’ pricing and attrition control models. While inflation was lower than 3 years ago in 2025 – the costs of doing business haven’t really decreased in the marketplace so the acceptance of price increases by the customer for the provision of life safety services continues to hold steady. With the increases in fuel costs in the recent months – a number of providers have already begun to look carefully at PI planning for 2027.

We look forward to the continuation of this Attrition project, monitoring 2026’s results and beyond. If you would like to start or continue participating in the updates, please go to trgassociates.com and download

our Attrition template to use for free or send us your own Attrition findings/questions to cbrady@trgassociates.com and/or jbrady@trgassociates.com.

Astute Financial is proud to support you as well to make attrition tracking easier and more insightful, Astute partnered with TRG to develop a Vivid Flex report that streamlines secure data collection—delivering key insights with just one click.