

CrowdStrike provides cloud-native cybersecurity for enterprise IT and cloud data workflows. The company's Falcon platform protects client workflows from data breaches by automatically detecting and preventing cyberattacks. CrowdStrike was founded in 2011 and completed its IPO on June 12, 2019 at \$34 per share. About 32% of the company's revenue is generated outside the U.S.

Analyst's Notes

Analysis by Joseph Bonner, CFA, March 7, 2025

ARGUS RATING: BUY

- Moving forward from outage incident
- CrowdStrike provides cloud-native cybersecurity for enterprise cloud IT workflows.
- Management forthrightly addressed the aftermath of its July 19, 2024 IT disruption as it looks to move beyond the outage with the ending of its Customer Commitment Program.
- We have seen CrowdStrike as a strong competitor in the highly fragmented but rapidly growing enterprise cybersecurity space.
- We are lowering our FY26 non-GAAP EPS estimate to \$3.66 from \$4.38 and establishing an FY27 forecast at \$4.51.

INVESTMENT THESIS

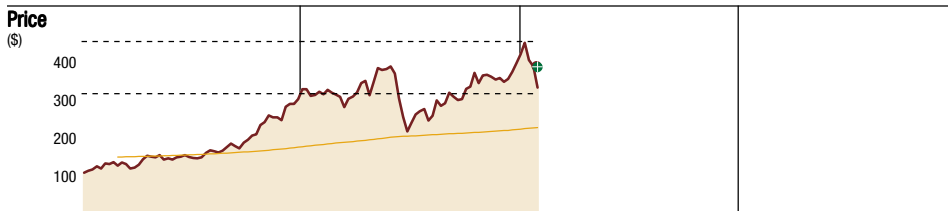
We are maintaining our BUY-rating on CrowdStrike (NGS: CRWD) to a target price of \$388. The disruptions caused by CrowdStrike's July 19, 2024 software update are a reputational black eye for the company. The risk of interoperability issues around CrowdStrike's software, as well as that of any other cybersecurity vendor, are well known and a risk we have highlighted in the past. We think CrowdStrike has handled the remediation of the customer outage as well as could be expected, transparently accepting responsibility, quickly releasing a patch, working with customers to rapidly reboot and recover, developing new QA systems to make another such event highly unlikely, and providing a package of one-time customer discounts to make good with those affected by the July 19 outage. The discounting should impact 1H26, management expects the rolloff of the discounts in 2H26 to fuel renewed revenue growth momentum.

We are maintaining CrowdStrike's BUY rating for the following reasons. We are heartened by the market's reaction, as CRWD shares have rebounded strongly off of a bottom in early August; the actual legal liability for the outage appears increasingly likely to be minimal, as actual lawsuits directly related to the outage may have little standing, given the company's terms of trade; and that only one customer has filed an actual lawsuit.

In our view, CrowdStrike software remains competitive with the best choices on the market. The company also has a strong opportunity to expand its business and to take

Market Data Pricing reflects previous trading week's closing price.

— 200-Day Moving Average — Target Price: \$388.00 — 52 Week High: \$455.59 — 52 Week Low: \$318.04 — Closed at \$389.66 on 2/28



Rating	BUY	HOLD	SELL
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EPS (\$)	0.57	0.74	0.82	0.95	0.93	1.04	0.93	1.03	0.75	0.80	1.04	1.07	0.91	0.98	1.29	1.33
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Quarterly	0.57	0.74	0.82	0.95	0.93	1.04	0.93	1.03	0.75	0.80	1.04	1.07	0.91	0.98	1.29	1.33
Annual	3.09				3.93				3.66 (Estimate)				4.51 (Estimate)			

Revenue (\$ in Bil.)	692.6	731.6	786.0	845.3	921.0	963.9	1010.2	1058.5	1118.9	1177.0	1242.7	1290.5	1393.7	1466.3	1560.6	1620.8
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Quarterly	692.6	731.6	786.0	845.3	921.0	963.9	1010.2	1058.5	1118.9	1177.0	1242.7	1290.5	1393.7	1466.3	1560.6	1620.8
Annual	3055.6				3953.6				4829.1 (Estimate)				6041.3 (Estimate)			

FY ends Jan 31	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2024				2025				2026				2027			

Argus Recommendations

Twelve Month Rating **SELL** **HOLD** **BUY**

Five Year Rating **SELL** **HOLD** **BUY**

Sector Rating **Under Weight** **Market Weight** **Over Weight**

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 27% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$333.50
Target Price	\$388.00
52 Week Price Range	\$200.81 to \$455.59
Shares Outstanding	246.33 Million
Dividend	--

Sector Overview

Sector	Information Technology
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	30.70%

Financial Strength

Financial Strength Rating	MEDIUM
Debt/Capital Ratio	19.2%
Return on Equity	28.3%
Net Margin	-0.5%
Payout Ratio	--
Current Ratio	1.77
Revenue	\$3.95 Billion
After-Tax Income	-\$19.27 Million

Valuation

Current FY P/E	91.12
Prior FY P/E	84.86
Price/Sales	20.78
Price/Book	25.06
Book Value/Share	\$13.31
Market Capitalization	\$82.15 Billion

Forecasted Growth

1 Year EPS Growth Forecast	-6.87%
5 Year EPS Growth Forecast	19.00%
1 Year Dividend Growth Forecast	N/A

Risk

Beta	1.76
Institutional Ownership	72.35%

Analyst's Notes ...Continued

advantage of both the secular growth in cloud workloads and the increasingly diabolical and toxic cyber-threat environment. Management sees opportunities to increase the company's penetration of the enterprise, government, and international markets.

RECENT DEVELOPMENTS

CrowdStrike reported results for fiscal 4Q and FY25 (ended January 31) after the close on March 4. The company beat the consensus revenue estimate by \$55 million and the high end of management's guidance range by \$23 million. It also beat the consensus EPS forecast and the high end of its guidance range by \$0.17. With 4Q results, management announced the ending of its Customer Commitment Program of discounts, following the July 19, 2024 outage event. While the CCP may have been necessary as recompense for the outage and as a customer retention tool, it has also crippled margins over the last couple of quarters. CRWD shares are down about 11% since the announcement of 4Q results.

Fiscal 4Q revenue rose 25% from the prior year to \$1.06 billion, slowing from 33% in 4Q24. The current remaining performance obligation (RPO), an indicator of future revenue growth, rose 30% to \$3.08 billion. The company's primary revenue stream, Subscription revenue, rose 27% from the prior year, slowing from 33% growth in 4Q24. The non-GAAP gross margin contracted 30 basis points to 78%.

Non-GAAP operating income increased 2% to \$217 million,

though the non-GAAP operating margin contracted by about 470 basis points from the prior year to 20.5%. CrowdStrike's customer commitment program of one-time discounts was the likely driver of margin compression in the quarter, though the company also continues to ramp R&D spend. The company also reported a swing back to a GAAP operating loss of \$85 million from GAAP operating income of \$30 million in 4Q24. Non-GAAP EPS increased 8% to \$1.03 from \$0.95 in 4Q24. The primary exclusions from non-GAAP EPS were \$1.08 in 4Q25 and \$0.71 in 4Q24 in share-based compensation charges along with other negligible charges. GAAP diluted loss per share was \$0.37 in 4Q25, down from EPS of \$0.22 in 4Q24.

For FY25, revenue rose 31% to \$3.76 billion. Non-GAAP EPS increased 27% to \$3.93 from \$3.09 in FY24.

On November 20, 2024, CrowdStrike completed its acquisition of A.S. Adaptive Shield Ltd., a software-as-a-service (SaaS)-based cybersecurity company focused on security posture management solutions. Security posture management is an emerging cybersecurity market. CrowdStrike paid \$214 million in cash.

CrowdStrike was responsible for what many consider the largest global IT disruption in history, when in the early hours of July 19, 2024, the company globally distributed a content update. The update contained a programming error that crashed Microsoft Windows server computers across the U.S. and in some international areas. The company quickly issued a patch to the update, transparently accepted responsibility, and worked with

Growth & Valuation Analysis

GROWTH ANALYSIS

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	481	874	1,452	2,241	3,056
COGS	142	230	383	601	756
Gross Profit	340	645	1,068	1,640	2,300
SG&A	356	523	840	1,222	1,533
R&D	130	215	371	608	768
Operating Income	-146	-93	-143	-190	-2
Interest Expense	0	-3	21	-27	-123
Pretax Income	-140	-88	-160	-160	123
Income Taxes	2	5	72	22	32
Tax Rate (%)	—	—	—	—	26
Net Income	-142	-93	-235	-183	89
Diluted Shares Outstanding	148	218	227	233	244
EPS	-0.96	-0.43	-1.03	-0.79	0.37
Dividend	—	—	—	—	—

GROWTH RATES (%)

Revenue	92.7	81.6	66.0	54.4	36.3
Operating Income	—	—	—	—	—
Net Income	—	—	—	—	—
EPS	—	—	—	—	—
Dividend	—	—	—	—	—
Sustainable Growth Rate	-13.3	-24.0	-15.7	-0.7	5.0

VALUATION ANALYSIS

Price: High	\$227.36	\$298.48	\$242.00	\$261.81	\$398.33
Price: Low	\$31.95	\$168.67	\$98.70	\$92.25	\$200.81
Price/Sales: High-Low	69.9 - 9.8	74.3 - 42.0	37.9 - 15.4	27.2 - 9.6	31.8 - 16.0
P/E: High-Low	— - —	— - —	— - —	— - —	1,076.6 - 542.7
Price/Cash Flow: High-Low	158.1 - 22.2	126.9 - 71.7	67.8 - 27.7	57.6 - 20.3	72.0 - 36.3

Financial & Risk Analysis

FINANCIAL STRENGTH

	2022	2023	2024
Cash (\$ in Millions)	1,997	2,455	3,375
Working Capital (\$ in Millions)	1,164	1,531	2,060
Current Ratio	1.83	1.73	1.76
LT Debt/Equity Ratio (%)	74.6	52.6	33.8
Total Debt/Equity Ratio (%)	75.5	53.5	34.4

RATIOS (%)

Gross Profit Margin	73.6	73.2	75.3
Operating Margin	-9.8	-8.5	-0.1
Net Margin	-16.2	-8.2	2.9
Return On Assets	-7.4	-4.2	1.5
Return On Equity	-24.8	-14.7	4.7

RISK ANALYSIS

Cash Cycle (days)	—	—	—
Cash Flow/Cap Ex	4.3	3.5	4.9
Oper. Income/Int. Exp. (ratio)	-5.3	-5.3	5.8
Payout Ratio	—	—	—

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Analyst's Notes ...Continued

customers to rapidly reboot systems to remediate the issue in a matter of hours. However, some other companies took days to rectify the outage. Interoperability issues with client systems are a well-known and inherent risk for CrowdStrike.

At a minimum, the glitch was a black eye for the company and may include reputational damage somewhat mitigated by the company's forthright response. In fiscal 4Q25, customer retention was up about one percentage point sequentially to 98%, though dollar-based net retention slipped to 112% from 115% and annual recurring revenue slowed to 23% from 27%, all slower but still quite strong. We think the July 19 incident has obviously had an impact, though muted, and one that may tail off in the coming quarters. CrowdStrike's customer agreements limit its legal exposure from the July19 outage and the company's insurance policies provide mitigation to any claims. On October 25, 2024, Delta Airlines became CrowdStrike's only customer to file a lawsuit over the July 19 incident. The case is in Georgia state court. A number of shareholder lawsuits related to the decline in CRWD share value after the July 19 incident have also been filed to no surprise. The company has taken a \$239 million hit to cash flow related to customer make-goods and marketing concessions related to the July 19 incident.

CrowdStrike held an investor briefing on September 18, 2024, in conjunction with its Fal.Con user conference. CEO George Kurtz forthrightly addressed the July 19 global IT disruption caused by a CrowdStrike security software update in both his conference

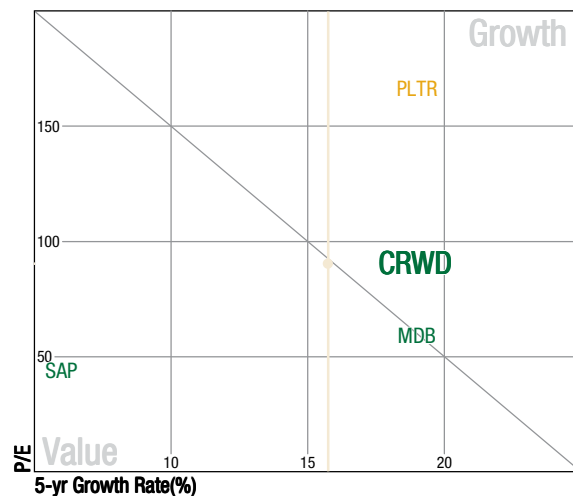
keynote and in the investor briefing. CrowdStrike has completely remediated the outage, often within hours, has changed its update release practices and had those practices validated by third parties. In the wake of July 19, the company launched its Customer Commitment Program which included one-time discounts, Falcon Flex subscription term extension offers, i.e. 13 months for a 12-month subscription, flexible payment terms, and professional services. While the financial effects from the Customer Commitment Program should last into the first half of FY26, management expects the roll off of the discounts should provide significant revenue momentum in 2H26.

Management has identified some longer-term goals. In FY29 (calendar 2028), CrowdStrike expects to achieve its target operating model, including a subscription gross margin of 82%-85% and an operating margin of 28%-32%. In FY25, subscription gross margin was 80% and operating margin was 21% so the company's long-term goals are ambitious. Further, CrowdStrike expects to reach \$10 billion in annual recurring revenue (ARR) by the end of FY31 (calendar 2030). This goal implies a 15% CAGR from the \$4.24 billion in ARR in FY25, well off the 30% plus growth rates prior to the FY25 slowdown. The company looks to leverage its solutions, segments, geographic expansion, and partner relationships to grow ARR. Management sees particular growth drivers around its Falcon Flex marketing program which has delivered a 65% uplift to ARR for the average customer and a 120% uplift to total contract value. The company

Peer & Industry Analysis

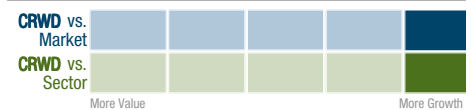
The graphics in this section are designed to allow investors to compare CRWD versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how CRWD stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how CRWD might fit into or modify a diversified portfolio.

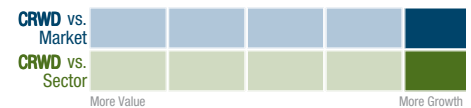


Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
SAP	SAP SE	340,050	6.0	44.4	9.1	15.2	BUY
PLTR	Palantir Technologies Inc	190,958	19.0	166.5	16.1	23.5	HOLD
CRWD	CrowdStrike Holdings Inc	82,151	19.0	91.1	-5	23.2	BUY
MDB	MongoDB Inc	13,974	19.0	59.4	-6.4	13.9	BUY
Peer Average		156,783	15.8	90.3	4.6	19.0	

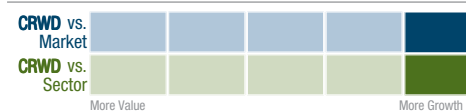
P/E



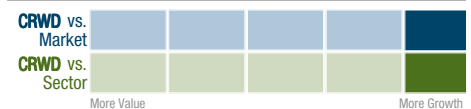
Price/Sales



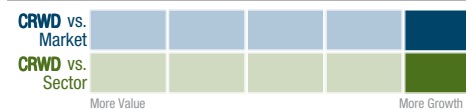
Price/Book



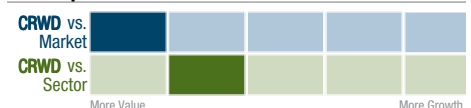
PEG



5 Year Growth



Debt/Capital



Analyst's Notes ...Continued

will also focus on driving its most important modules: Security Information and Event Management (SIEM), Cloud Security, and Identity Protection. Management sees emerging growth opportunities from expanding its Data Protection module, extending into IT operation management, and from its Charlotte AI, GenAI tool. CrowdStrike sees its total available market (TAM) growing from \$116 billion in CY25 to \$250 billion in CY29. The 2029 target implies a 21% CAGR for the company's TAM.

As is typical with user conferences, CrowdStrike announced a passel of new product features and extensions at Fal.Con in September 2024. While CrowdStrike has more than 20 cybersecurity modules and may continue to add new modules, the company's current theme around product innovation was primarily focused on building the capabilities within modules. The company introduced a new console or dashboard for the Falcon platform with the ability to provide more personalization and customer control. The company introduced new capabilities for its three most important modules, SIEM, Cloud Security, and Identity Protection. CrowdStrike is also coming out with a new Network-Vulnerability Assessment tool and new tools for IT operations management, a product extension.

EARNINGS & GROWTH ANALYSIS

We are lowering our FY26 non-GAAP EPS estimate to \$3.66 from \$4.38 and establishing an FY27 forecast at \$4.51. Our FY26 estimate is above management's guidance range of \$3.33-\$3.45. Our estimates imply average EPS growth of 8% over the next two years. We are lowering our long-term earnings growth rate forecast to 19% from 26%.

CrowdStrike is a subscription business that sells security-as-a-service or 'SaaS' applications. The company depends on rapid innovation both in its core cybersecurity offerings, to stay ahead of cybercriminals, and in new offerings that will expand its market. CrowdStrike rides the secular wave of mounting concern over the increasingly toxic cybersecurity environment as cyberattacks become progressively more diabolical and debilitating with GenAI fueling even more sophisticated attacks.

CrowdStrike has developed the Falcon platform as 'cloud-native' since inception and does not rely on customer-installed on-premise hardware to provide the infrastructure for its services. Management sees this as a key differentiator from other cybersecurity providers. CrowdStrike believes that the Falcon platform can integrate both threat and enterprise data to 'deliver highly modular solutions through a single lightweight agent.' Another obvious point of differentiation is the simplicity of the CrowdStrike platform in an era of increasing cybersecurity complexity as well as its ability to integrate easily with other enterprise software. Like its competitors, CrowdStrike also emphasizes the ability of its software to automatically detect and neutralize threats and prevent customer data breaches. CrowdStrike's Falcon platform protects enterprise workloads and customer data across cloud-based environments to endpoints in the cloud, within applications, in the internet-of-things, and on mobile devices.

The Falcon platform provides SaaS cybersecurity through a single simple agent, powered by 'modules' that address a range of issues, including endpoint detection and response (EDR), extended detection and response (XDR), identity threat protection, threat intelligence, IT security operations and risk, cloud workload security, and observability/log management services. CrowdStrike's

'Security Cloud' and 'Threat Graph' underlie its services platform. Threat Graph ingests data from clients' cybersecurity experiences, which Security Cloud then correlates with third-party threat intelligence data - using AI to detect threat patterns and generate solutions that benefit the entire customer base. CrowdStrike's managed services offering, Falcon Complete, is a turnkey cybersecurity solution providing comprehensive services to SMB clients who may lack the internal security resources of a larger enterprise. The company also provides an 'Asset Graph' that tracks assets and interactions among assets, aiding client IT operations.

Like many enterprise software companies, CrowdStrike uses the vaunted 'land-and-expand' go-to-market model, i.e., landing new customers and then expanding its wallet share at these customers over time. The company's core offerings are endpoint and cloud-workload security, though it also offers several other security solutions. Traditionally, CrowdStrike's modular applications create obvious cross- and upselling opportunities once a client has adopted the Falcon platform. However, CrowdStrike launched Falcon Flex, a new go-to-market licensing model, in 2023, designed to remove customer friction around adopting more Falcon modules at a discount. With a year under its belt, management touts Falcon Flex as its key marketing tool in increasing customer wallet share through providing customers the flexibility of adopting the modules they want to adopt at their own pace. Multi-module adoption has continued to ramp consistently higher over time, demonstrating the company's traction in expanding its wallet share. In fiscal 4Q25, 67% of customers had adopted five or more modules, 48% six or more, 32% seven or more, and 21% eight or more. The addition of new modules to address new use cases provides further upselling opportunities.

While CrowdStrike initially focused on large enterprises, it has expanded its offering down market and offers a free trial web application called Falcon Prevent. CrowdStrike is also expanding into adjacent markets. The Falcon Discover solution targets new security use cases, including application license management, AWS spending analysis, and asset inventory. The company is also looking to expand its U.S. federal government and international operations. CrowdStrike has obtained FedRAMP authorization from several U.S. government agencies. Like many peers, CrowdStrike uses a direct salesforce augmented by channel partners. It has a critical partnership with AWS and growing relationships with Dell and others.

On May 30, 2023, CrowdStrike introduced Charlotte AI, an AI assistant that works with its Falcon platform. The company believes that Charlotte will help security analysts to identify and remediate cyber threats. It is also intended to 'democratize' cybersecurity as it allows nonexperts to make queries about cybersecurity in natural language and to receive actionable insights in the event of a cyberattack. Charlotte became generally available on February 20, 2024.

CrowdStrike announced the general availability of its Falcon Data Protection solution in December 14, 2023. Falcon Data Protection is aimed at modernizing clients' data loss protection with a solution that prevents adversary exfiltration and accidental leakage of data. Falcon Data Protection is integrated as part of the CrowdStrike Falcon XDR Platform which enables clients to immediately deploy from their existing Falcon agent, expand data flow visibility, and accelerate detection and response to potential data theft. We see Falcon Data Protection as another tool that

Analyst's Notes ...Continued

enhances the value of the Falcon cybersecurity platform.

CrowdStrike has been busy partnering and expanding strategic partnerships with a host of Tech industry leaders. In early May, 2024, around the RSA (cybersecurity) industry conference, the company announced partnerships with Google Cloud, Microsoft, and Amazon Web Services, which just happen to be the three largest global hyperscale cloud computing providers outside of China. CrowdStrike's expanded Google Cloud partnership leverages the combination of CloudStrike's Falcon platform with the Google Cloud Security Operations platform focusing on the areas of endpoint detection and response, identity threat detection and response, and exposure management solutions for Google Cloud customers. The Microsoft partnership focuses on a new service called CrowdStrike Falcon for Defender, the Microsoft cybersecurity solution, to provide customers with visibility into threats that bypass Defender and stop potential breaches. CrowdStrike deepened its long-term strategic partnership with Amazon Web Services, replacing several point cybersecurity solutions with the CrowdStrike Falcon platform. In March, 2024, CrowdStrike announced a partnership with darling AI chip maker NVIDIA whereby the partners will combine CrowdStrike rich Falcon platform data with NVIDIA's computing services to enable secure generative AI model creation. The line-up of industry leaders partnering with CrowdStrike is indeed impressive and a validation of the company's underlying technology base.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on CrowdStrike is Medium, the midpoint on our five-point scale. The company had \$4.3 billion in cash and near cash at the end of FY25 and \$744 million in debt, all of it long term. Trailing 12-month free cash flow rose 14% to \$1.07 billion.

CrowdStrike does not intend to initiate a dividend, and has not repurchased shares. The share count rose 2% over the last year.

MANAGEMENT & RISKS

The July 19 global IT disruption has at a minimum tarnished CrowdStrike's brand and raised the risk that customers might view CrowdStrike as unreliable and move to competitors. While CrowdStrike handled the outage about as well as it could and is proactive about making things right for customers, only time will tell if it can sustain its customer and revenue growth.

As an enterprise cybersecurity provider, CrowdStrike may be more resilient than other enterprise software companies in a tech spending downturn, as cybersecurity is often a high priority for customers; however, it is by no means immune to lengthening sales cycles, greater scrutiny of contracts by customers, or deal compression from budget cutbacks.

CrowdStrike depends heavily on third-party distributors and resellers to sell and support its products. These partners also carry competing security solutions. If one or more of its partners fail or begin to focus on other products, CrowdStrike's sales could be impacted significantly. The company also partners with third-party data centers and any disruptions at these partners could materially impact CrowdStrike's business.

As an internet security company, CrowdStrike would face high reputational risk in the event of a security breach at a customer, or within its own systems. The company provides complex security solutions that may have interoperability conflicts with client IT systems, or that may fail to provide the expected protection.

CrowdStrike also competes with both larger and smaller companies, some of which have significantly more resources; these include Palo Alto Networks, Cisco, Microsoft, Alphabet/Mandiant, and Juniper. It also faces competition from startups like FireEye and Fortinet, some of which may focus on a specific security product. While CrowdStrike partners with hyperscale cloud providers, and has a particularly close relationship with industry leader AWS, hyperscalers also provide cloud workload security applications and could compete directly with CrowdStrike. CrowdStrike may also face patent challenges. In 2022, Webroot Inc. and Open Text Inc. filed a lawsuit against CrowdStrike claiming that the company had infringed on their patents.

CrowdStrike's sales cycle calls for a seasonally stronger 2H and fourth quarter. Analysts may miss this seasonal variation and provide inaccurate sales forecasts.

Cybersecurity software requires a rapid product innovation cycle to keep pace with emerging threats and a swiftly changing enterprise computing environment. CrowdStrike's security solutions are expected to address the rapidly evolving areas of mobility, virtualization, cloud computing, software-defined networks, and the internet-of-things. The explosion of generative AI models and systems provide another rapidly evolving and particularly potent and menacing cyber-threat vector that CrowdStrike must protect against. R&D expense has been trending at a high over 18% of revenue.

Management will need to successfully manage the company's explosive sales growth both in the U.S. and abroad. Growth will also inevitably slow as the company matures, which could disappoint some investors. CrowdStrike has a history of GAAP losses and has again been reporting GAAP losses after five quarters of profitability. If profitability remains inconsistent, the market could punish CRWD shares. As a high-growth tech company, CrowdStrike trades at relatively high multiples; a guidance revision, or a sales or earnings miss could lead to a sudden and steep pullback in the shares.

George Kurtz is a co-founder of CrowdStrike and has served as CEO since 2011. From October 2004 to 2011, Mr. Kurtz held various executive positions at cybersecurity firm McAfee. Michael Sentonas became the company's president in March 2023, and previously served as CTO and VP Technology Strategy. Mr. Sentonas is also a McAfee veteran. Burt Podbere has been the CFO since 2015.

COMPANY DESCRIPTION

CrowdStrike provides cloud-native cybersecurity for enterprise IT and cloud data workflows. The company's Falcon platform protects client workflows from data breaches by automatically detecting and preventing cyberattacks. CrowdStrike was founded in 2011 and completed its IPO on June 12, 2019 at \$34 per share. About 32% of the company's revenue is generated outside the U.S.

VALUATION

CRWD shares are down about 1% in the last year, compared to an 11% increase for the S&P 500 index, a 9% increase for the S&P Information Technology Index and an 8% increase for the Global X Cybersecurity ETF. CRWD shares fell off a cliff after the July 2024 technology outage, declining 42% to a bottom around \$218. Shares rallied off the bottom, making new highs though have recently experienced Tech sector market volatility. The company's lagging EV/Sales ratio of 19.9 is below the low end of the historical

Analyst's Notes ...Continued

range of 22.2-34.7. We are maintaining our BUY rating on CrowdStrike to a target price of \$388.

On March 7, BUY-rated CRWD closed at \$333.50, down \$14.23.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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