

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, June 5, 2025

**ARGUS RATING: BUY**

- Raising target price to \$540
- CrowdStrike provides cloud-native cybersecurity for enterprise cloud IT workflows.
- CrowdStrike may have disappointed the market by not raising revenue guidance with its fiscal 1Q26 results though the company looks for margin expansion in 2H26 with additional point in FY27.
- We see 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 \$3.49 from \$3.66 and maintaining our FY27 forecast at \$4.51.

## INVESTMENT THESIS

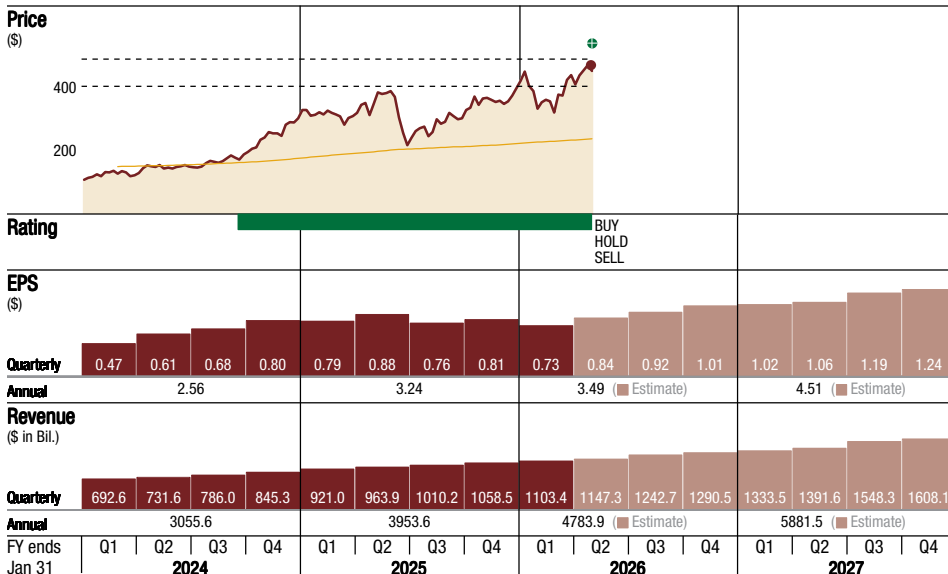
We are maintaining our BUY-rating on CrowdStrike (NGS: CRWD) and raising our target price to \$540 from \$388. CRWD shares had a nice run up in 2025 year-to-date so some profit taking on the disappointing revenue guidance, i.e. keeping it the same rather than a raise, might be expected. CrowdStrike also expects another tough quarter in fiscal 2Q26 with another quarter of impact from discounts related to its July 19, 2024 outage event before seeing a reacceleration in annual recurring revenue, though not reported revenue, and margin expansion in fiscal 2H26. We continue to see CrowdStrike as one of the few full service cybersecurity platforms with the solutions capable of providing protection across the enterprise attack surface from the data center to endpoints to the cloud. The company also sees opportunity in the new generative AI frontier of agentic AI computing.

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 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

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

— 200-Day Moving Average — Target Price: \$540.00 — 52 Week High: \$491.20 — 52 Week Low: \$404.63 — Closed at \$471.37 on 5/30



## 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	\$460.56
Target Price	\$540.00
52 Week Price Range	\$200.81 to \$491.20
Shares Outstanding	249.25 Million
Dividend	--

### Sector Overview

Sector	Information Technology
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	30.30%

### Financial Strength

Financial Strength Rating	MEDIUM
Debt/Capital Ratio	19.2%
Return on Equity	26.4%
Net Margin	-4.2%
Payout Ratio	--
Current Ratio	1.77
Revenue	\$4.14 Billion
After-Tax Income	-\$172.30 Million

### Valuation

Current FY P/E	131.97
Prior FY P/E	142.15
Price/Sales	27.75
Price/Book	33.23
Book Value/Share	\$13.86
Market Capitalization	\$114.79 Billion

### Forecasted Growth

1 Year EPS Growth Forecast	7.72%
5 Year EPS Growth Forecast	19.00%
1 Year Dividend Growth Forecast	N/A

### Risk

Beta	1.64
Institutional Ownership	69.34%

## Analyst's Notes ...Continued

CrowdStrike reported results for fiscal 1Q26 (ended April 30) after the close on June 3. The company missed the consensus revenue estimate by \$2 million though hit the midpoint of management's guidance range. It beat the consensus EPS forecast by \$0.06 and the high end of its guidance range by \$0.07. While the company kept its FY26 revenue guidance the same, perhaps a disappointment to the market, it did raise its non-GAAP EPS guidance by \$0.11, adding three percentage points to growth to 8% at the midpoint of the new range. The company is looking for margin expansion in fiscal 2H26 to drive bottom-line growth as management remains cautious on the top line, given current business conditions and macroeconomic uncertainty. CRWD shares were down almost 6% intraday on June 4.

Fiscal 1Q revenue rose 20% from the prior year to \$1.01 billion, slowing from 34% in 1Q25. The current remaining performance obligation (RPO), an indicator of future revenue growth, rose 38% to \$3.8 billion accelerating from 31% in 1Q24. The company's primary revenue stream, Subscription revenue, rose 20% from the prior year, slowing from 33% growth in 1Q25. The non-GAAP gross margin contracted about one percentage point to 80%.

Non-GAAP operating income declined 6% to \$217 million as the non-GAAP operating margin contracted by about five percentage points from the prior year to about 18%. CrowdStrike ramped operating expense spending across the board in 1Q26 as management pursues 'strategic upfront investments' in the areas of

internal automation, go-to-market and AI innovation. The company also reported a large GAAP operating loss of \$125 million, the third consecutive quarterly GAAP operating loss after the July 19, 2024 outage incident. Non-GAAP EPS declined 8% to \$0.73 from \$0.79 in 1Q25. The largest exclusions from non-GAAP EPS were \$1.07 in 1Q26 and \$0.79 in 1Q25 in share-based compensation charges and \$0.16 in costs related to the July 19, 2024 outage incident in 1Q26 along with other negligible charges. GAAP diluted loss per share was \$0.44 in 1Q26, down from EPS of \$0.79 in 1Q25.

On May 6, CrowdStrike undertook a restructuring, laying off 500 employees or about 5% of its workforce. The company will continue to 'prudently hire' for customer facing and product engineering positions as the company continues to scale its go-to-market and customer success teams.

CrowdStrike has received requests for information from the U.S. Dept. of Justice and the SEC relating to revenue recognition and the reporting of annual recurring revenue with certain customers, the July 19, 2024 outage, and related matters. The company is cooperating with the requests.

In January 2025, management ended its Customer Commitment Program of free trials and 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 few quarters.

## EARNINGS & GROWTH ANALYSIS

### Growth & Valuation Analysis

#### GROWTH ANALYSIS

(\$ in Millions, except per share data)

	2021	2022	2023	2024	2025
Revenue	874	1,452	2,241	3,056	3,954
COGS	230	383	601	756	991
Gross Profit	645	1,068	1,640	2,300	2,962
SG&A	523	840	1,222	1,533	2,006
R&D	215	371	608	768	1,077
Operating Income	-93	-143	-190	-2	-120
Interest Expense	-3	21	-27	-123	-170
Pretax Income	-88	-160	-160	123	55
Income Taxes	5	72	22	32	71
Tax Rate (%)	—	—	—	26	130
Net Income	-93	-235	-183	89	-19
Diluted Shares Outstanding	218	227	233	244	245
EPS	-0.43	-1.03	-0.79	0.37	-0.08
Dividend	—	—	—	—	—

#### GROWTH RATES (%)

Revenue	81.6	66.0	54.4	36.3	29.4
Operating Income	—	—	—	—	—
Net Income	—	—	—	—	—
EPS	—	—	—	—	—
Dividend	—	—	—	—	—
Sustainable Growth Rate	-24.0	-15.7	-0.7	5.0	-5.8

#### VALUATION ANALYSIS

Price: High	\$298.48	\$242.00	\$261.81	\$398.33	—
Price: Low	\$168.67	\$98.70	\$92.25	\$200.81	—
Price/Sales: High-Low	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	126.9 - 71.7	67.8 - 27.7	57.6 - 20.3	72.0 - 36.3	— - —

### Financial & Risk Analysis

#### FINANCIAL STRENGTH

	2023	2024	2025
Cash (\$ in Millions)	2,455	3,375	4,323
Working Capital (\$ in Millions)	1,531	2,060	2,652
Current Ratio	1.73	1.76	1.77
LT Debt/Equity Ratio (%)	52.6	33.8	23.6
Total Debt/Equity Ratio (%)	53.5	34.4	24.1

#### RATIOS (%)

Gross Profit Margin	73.2	75.3	74.9
Operating Margin	-8.5	-0.1	-3.0
Net Margin	-8.2	2.9	-0.5
Return On Assets	-4.2	1.5	-0.3
Return On Equity	-14.7	4.7	-0.7

#### RISK ANALYSIS

Cash Cycle (days)	—	—	—
Cash Flow/Cap Ex	3.5	4.9	4.4
Oper. Income/Int. Exp. (ratio)	-5.3	5.8	3.1
Payout Ratio	—	—	—

## Analyst's Notes ...Continued

We are lowering our FY26 non-GAAP EPS estimate to \$3.49 from \$3.66 and maintaining our FY27 forecast at \$4.51. We note that management made certain accounting changes in fiscal 1Q27, which has the effect of increasing income tax expense, impacting FY26 non-GAAP EPS. Our FY26 estimate is within management's guidance range of \$3.44-\$3.56. Our estimates imply average EPS growth of 18% over the next two years. Our long-term earnings growth rate forecast is 19%.

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,' addressing 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. Another obvious point of differentiation is the simplicity of the CrowdStrike modular platform in an era of increasing cybersecurity complexity as well as its ability to integrate easily with other enterprise software. 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.

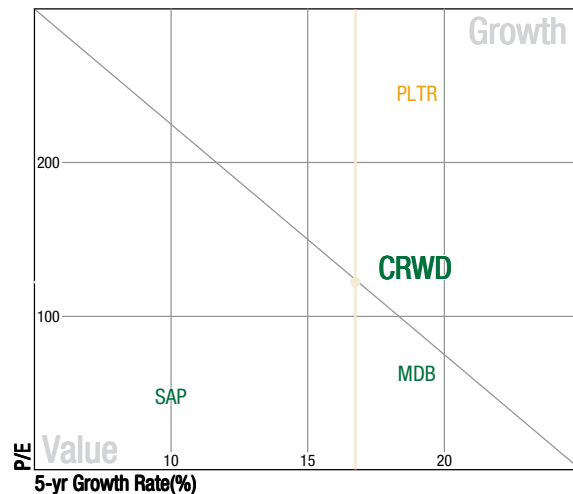
While CrowdStrike Charlotte AI, an AI assistant that works with its Falcon platform became generally available in February 2024, generative AI has exploded in relevance to enterprise software and security over the last couple of years. CrowdStrike has moved to integrate GenAI solutions into its platform in products like next-gen SIEM (security incident and event management) and security operations center management while also looking for GenAI solutions to provide internal automation and cost savings. The company sees opportunity in the new GenAI frontier of autonomous agentic AI. CrowdStrike will serve to protect the thousands or perhaps millions of AI agents in development by customers that create new highly complex cyberattack surfaces due to their autonomous nature and the connections these agents may have to numerous sources of customer data that could supercharge the 'size, severity, and speed' of cyberattacks.

Like many enterprise software companies, CrowdStrike uses the vaunted 'land-and-expand' go-to-market model, i.e., landing new

## Peer & Industry Analysis

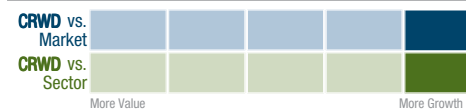
The graphics in this section are designed to allow investors to compare CRWD versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- 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.

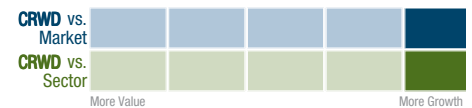


Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
SAP	SAP SE	380,001	10.0	48.3	16.3	15.2	BUY
PLTR	Palantir Technologies Inc	294,200	19.0	245.3	18.3	24.5	HOLD
CRWD	CrowdStrike Holdings Inc	114,794	19.0	132.0	-4.2	29.2	BUY
MDB	MongoDB Inc	16,321	19.0	63.2	-4.1	13.9	BUY
Peer Average		201,329	16.8	122.2	6.6	20.7	

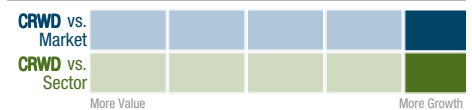
### P/E



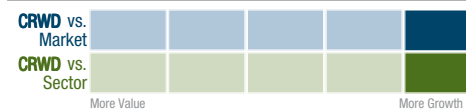
### Price/Sales



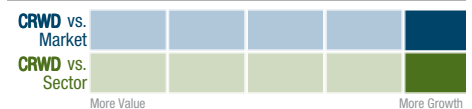
### Price/Book



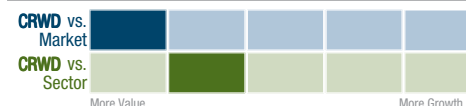
### PEG



### 5 Year Growth



### Debt/Capital



## Analyst's Notes ...Continued

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, consumption-based model, in 2023, designed to remove customer friction around customers adopting more Falcon modules at a discount. With over 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. Falcon Flex total deal value since inception reached \$3.2 billion in 1Q26, up 31% sequentially and 6-times year over year, demonstrating remarkable traction with customers. The addition of new modules to address new use cases provides further upselling opportunities.

While CrowdStrike is primarily 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. 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.

CrowdStrike has been busy partnering and expanding strategic partnerships with a host of Tech industry leaders. The company has 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. 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.

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 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.

### FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on CrowdStrike is Medium, the midpoint on our five-point scale. The company had \$4.6 billion in cash and near cash at the end of 1Q26 and \$744 million in debt, all of it long term. Trailing 12-month free cash flow fell 1% to \$1.02 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

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 code 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 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.

The July 19 outage 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.

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.

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



## Analyst's Notes ...Continued

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, Fortinet, and Zscaler, 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 19% 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 the July 19, 2024 disruption even. 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 up 37% year-to-date, compared to a 2% increase for the S&P 500 index, a 1% increase for the S&P 500 Information Technology Index and a 12% 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 also

experienced Tech sector market volatility in 2025. The company's lagging EV/Sales ratio of 27 is below the midpoint of the historical range of 22.5-34.6. We are maintaining our BUY rating on CrowdStrike and raising our target price to \$540 from \$388.

On June 5 at midday, BUY-rated CRWD traded at \$462.28, up \$1.72.

## 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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