Equity Research Report

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Recommendation - HOLD

Recommendation

I would recommend a **HOLD** position for CrowdStrike, Holdings Inc. While the stock appears to be trading at a premium according to our DCF valuation, this is justified by its strong market position and future growth prospects.

This recommendation is based on the following factors:

- **Dominant Market Leadership:** CrowdStrike is a globally recognised leader in cybersecurity with a profitable, scalable cloud-native platform. Their reputation has been affirmed within a star-studded sector lineup including the likes of Google, Microsoft, and Palo Alto Networks.
- **Platform Expansion & AI:** Its "land and expand" business model has proved highly successful; their modules have effectively pioneered AI-driven security and the protection of AI models.
- **Strategic Acquisitions:** They have recently acquired companies such as Pangea, Onum, and Adaptive Shield. These acquisitions are not just mere acquisitions of small companies in their field; they are a demonstration of the strategic expansion of their company that they are aiming to complete.
- **Crowded Market:** Although the above points raise optimism around the company the market they operate in is highly competitive and with Google's recent $32 billion acquisition of cybersecurity firm Wiz, there is no indication that competition will lessen in years to come.
- **Pressure to Meet Earnings:** The company's 103x non-GAAP P/E ratio places heavy pressure on the company and it's a sign of the current hype surrounding AI fuelling the markets. If the broader market fails to meet expectations, it may have wider effects on CrowdStrike too. If the company were to miss earnings whilst the AI hype is declining, it may prove detrimental to the company's market value.

Highlights

- **DCF Shows Overvaluation:** A 10-year Unlevered DCF model yields an implied share price of $467.27, which indicates the current price is trading at a 15% premium to CrowdStrike's intrinsic value.
- **Exceptional Financial Performance**: CrowdStrike is an elite cash generating firm, achieving an exceptional non-GAAP subscription gross margin and improving revenue year-on-year consistently.
- **Key Risks:** The high valuation (non-GAAP P/E of ~103) create risk. They have had their reliability questions after the July 2024 system outage and their strong interconnected relationship and reliance with AWS, who also recently crashed this October, 2025.

Figure 1.1. **CrowdStrike** VS **S&P 500** Share Price

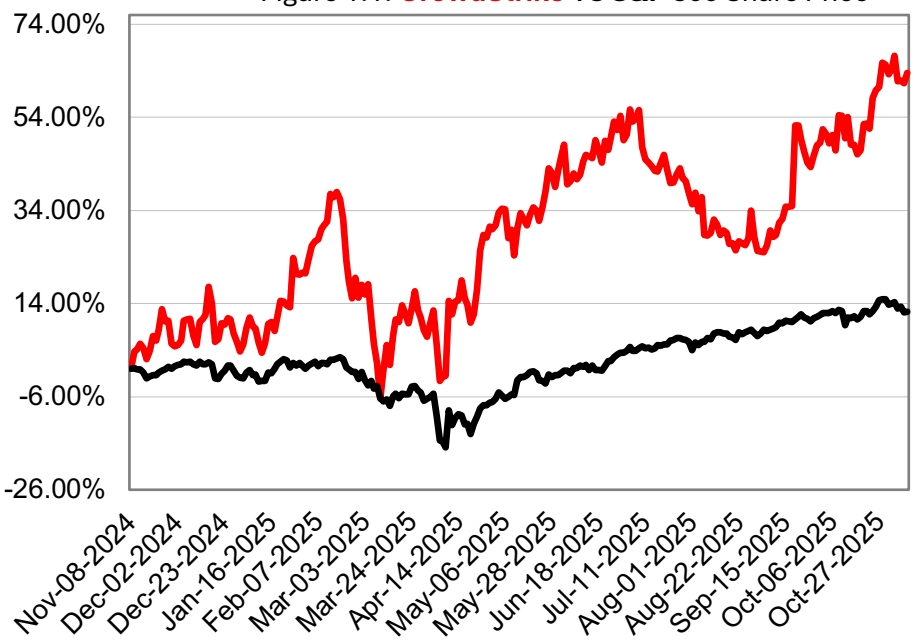


Table 1.1 CrowdStrike Summary
Stock Exchange: NDX, S&P 500
Current Price: $538.81
52W Range: $298 - $555.81
Stock Ticker: CRWD
Industry: Cybersecurity
Sector: Software
Market Cap: 126.77B
Employee Count: 10,118
Revenue (FY2025): $3.95 Billion
Gross Profit: $2.96 Billion
CEO: George Kurtz
YTD Share Price Increase: 57.77%

Statistics from Capital IQ

Statistics from Yahoo Finance & Bloomberg

Brief Company Background

Company Overview

CrowdStrike is a cybersecurity company that provides products and services to prevent breaches. This is an American company, founded in 2011, that is listed on the NASDAQ, who offer cloud-delivered protection across endpoints, cloud workloads, identify and data, and leading threat intelligence, managed security services, IT operations management, threat hunting, zero trust identity protection, and log management.

Their core business is the cloud-native platform, where customers pay recurring fees for access to the falcon platform. CrowdStrike have positioned themselves as a leader in the security market and has further consolidated this place through adaptation of real-time Artificial Intelligence analysis and cloud-native architecture.

Executive Team

Geroge Kurtz is co-founder and long-standing Chief Executive Officer of CrowdStrike, who brings a great deal of experience in the cybersecurity space, creating and building up Foundstone into a worldwide security services and products company as CEO, before its acquisition by McAfee in 2004. 20-year cybersecurity veteran, Michael Sentonas, leads the team as president. Sentonas has held multiple leadership roles since joining in 2016 and has experience as Chief Technology Officer at McAfee. He is joined by Elia Zaitsev as Chief Technology Officer who has been with CrowdStrike since 2013, working his way up the ranks to an executive position. Their Chief Financial Officer, Burt Podbere, has helped secure around $1Billion in equity financing through the company's IPO, funding rounds and further secured around $1.5Billion in secured and unsecured debt. This experienced and competent executive team have driven CrowdStrike to new heights through innovative and sustainable growth.

Corporate Structure

CrowdStrike's corporate team is led by CEO and founder, George Kurtz. The other executive members are responsible for sector such as legal, finance, and human resources. The company's Board of Directors include both management and non-management members, who are overseen by an independent board for corporate governance.

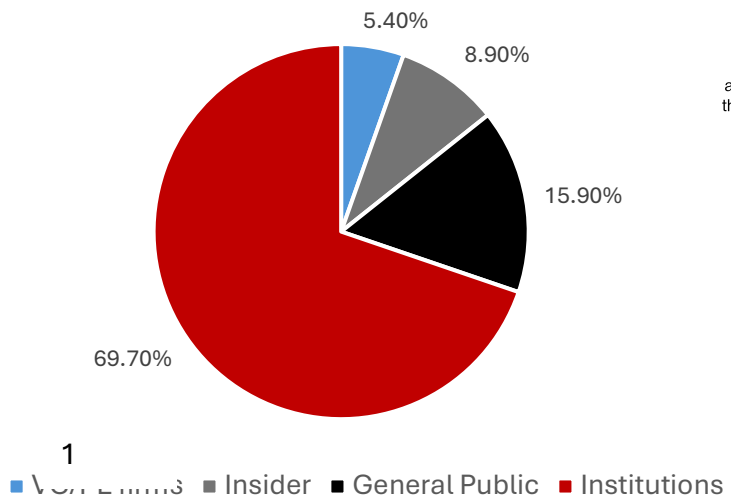
The board is responsible for implementing strategy and oversees management. The ownership of the company is split between different groups of major shareholders, institutional owners, insider ownership, and public shareholders. This distribution can be seen in the pie chart in figure 1.2. There is a heavily weighted institutional investment in the company, and this exposes the stock to potential sharp changes in share price.

Business Model

Their core business is the cloud-native platform, where customers pay recurring fees for access to the falcon platform. CrowdStrike have positioned themselves as a leader in the security market and has further consolidated this place through adaptation of real-time Artificial Intelligence analysis and cloud-native architecture. They primarily provide their products and services through a subscription-based software-as-a-service (SaaS) model.

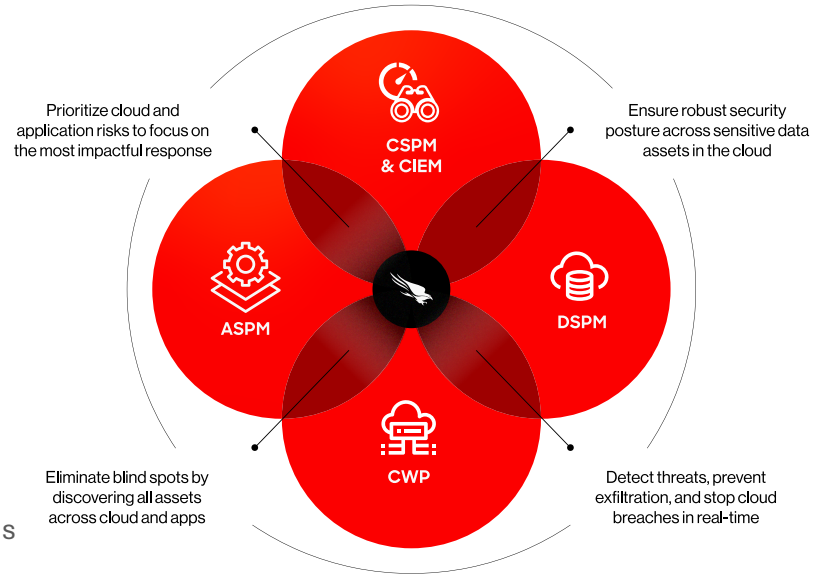
Their revenue is generated from their annual subscriptions, which customers can scale by adding more modules to their service package. It is a "land and expand" approach that promotes the up selling of further products. This method has proved highly successful, evident in their statistics of 67% of customers having 5 or more modules and a Dollar-Based Net Retention of 112%, which measures the YOY increase in spending from existing customers.

Figure 2.2. CrowdStrike Ownership



Statistics from Yahoo Finance

Figure 2.3. Key Modules of CrowdStrike's Falcon Platform



Operational Performance

Revenue

CrowdStrike's "land and expand" model is successfully driving growth, with Annual Recurring Revenue (ARR) expanding 20% year-over-year to $4.66 billion as of Q2 FY26. This forward-looking metric is translating into strong top-line results, with Q2 revenue hitting $1.17 billion (21% Y/Y growth), building on a robust FY25 ($3.953B total revenue).

Crucially, this growth is no longer just an endpoint security story. The company's "expand" modules (Cloud, Identity, and SIEM) now exceed $1.56 billion in ARR and are growing over 40% Y/Y, supporting management's guidance for continued 20%-plus Net-New ARR growth in FY27.

This performance solidifies CrowdStrike's market leadership. Its $3.75 billion in FY25 subscription revenue already significantly outpaced key rivals Zscaler ($3.015B) and SentinelOne ($1B). The accelerating platform growth in FY26, driven by a 95%+ subscription-based model, widens this competitive moat and validates its position as the consolidating platform of choice in a fragmented cybersecurity market.

Profits & Margins

CrowdStrike's subscription model is exceptionally profitable, anchored by a "best-in-class" non-GAAP subscription gross margin that consistently holds at 80%. This proves the core business is highly scalable and efficiently run.

However, recent operating margins were temporarily impacted by significant one-time costs from the July 2024 sensor outage. In the most recent Q2 FY26 report, the non-GAAP operating margin contracted to 22%, down from 25% in the prior year.

The impact was even more pronounced on an accounting basis. The company swung from a GAAP operating income of $13.7 million in the prior-year quarter to a GAAP operating loss of $113.0 million. Management attributed this directly to $35.7 million in incident-related costs and customer concessions, which are viewed as a one-off charge.

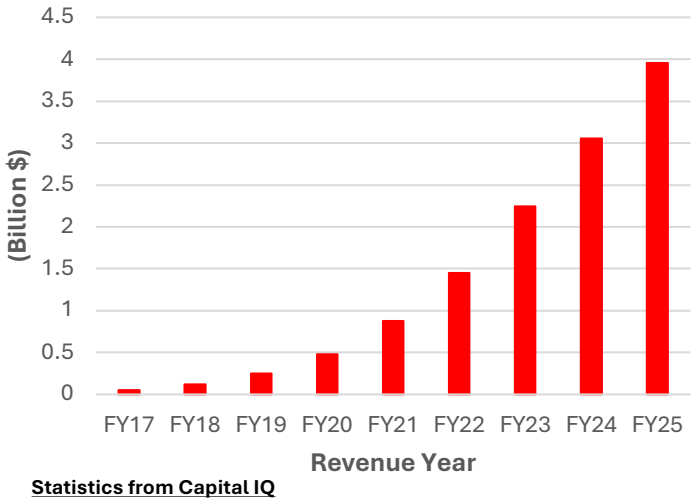
Cash Flow Performance

For a high-growth SaaS company, Free Cash Flow (FCF) is the most critical measure of true profitability, as it bypasses non-cash expenses like stock-based compensation. By this measure, CrowdStrike is an elite cash-generation engine.

In FY25, the company generated $1.07 Billion in FCF, a robust 32% FCF margin. This performance allowed CrowdStrike to achieve an exceptional "Rule of 40" score of 61.4 (29.4% revenue growth + 32% FCF margin), crushing the 40% benchmark for a healthy SaaS company.

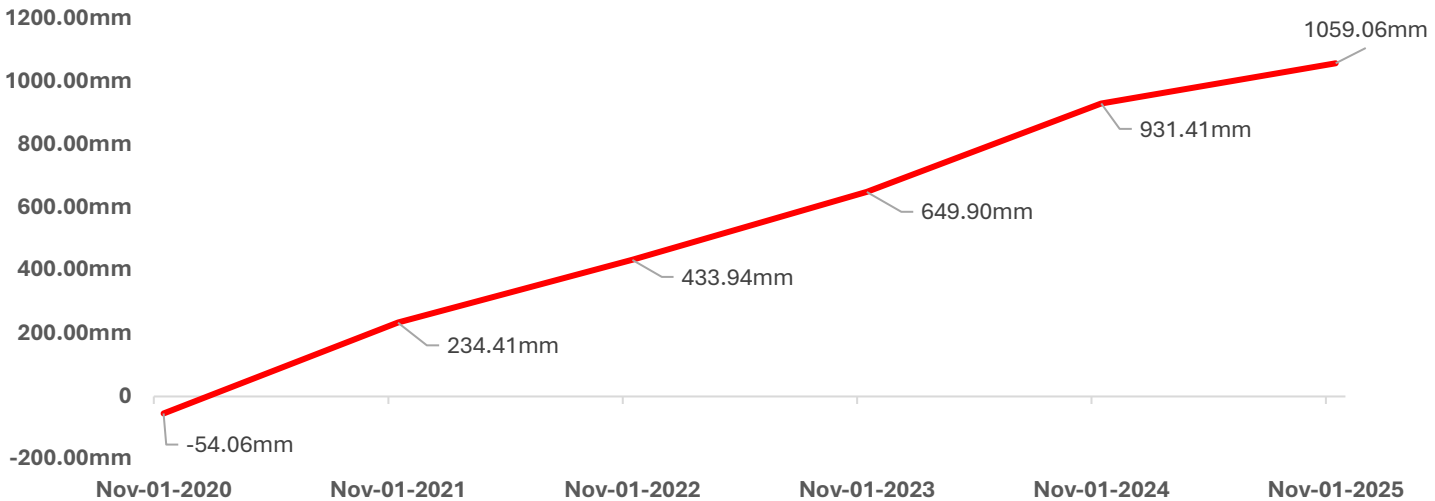
This impressive cash generation is structurally driven by the business model: subscriptions are billed annually or multi-year upfront. This cash is collected immediately, massively boosting operating cash flow via the "Deferred Revenue" balance *before* the revenue is recognized on the income statement.

Figure 3.1. CrowdStrike Historical Revenue



Statistics from Capital IQ

Figure 3.2. CrowdStrike Holdings, Inc. - Free Cash Flow



Statistics from Capital IQ

Share Price & Share Price Volatility

CrowdStrike's current share price is $539, peaking at $555.81, and falling as far as $298 over the last year. The share price has climbed strongly this yar, recording a 57.77% at year-to-date.

They have enjoyed a rapid uprise in stock price this year after a turbulent fall due to their 'July 2024 outage' which caused their stock to plunge by more than a third. Their recovery and some of their market value signals a confidence in the executive team and company to deal appropriately with any such future problems.

Their high share price demonstrates investor belief in their "land-and-expand" business model and the confidence they have that CrowdStrike is not just a simple software company, but as a dominant, sustainable and high-growth leader in the cybersecurity sector for years to come.

Earnings Per Share

The Earnings Per Share (EPS) ratio is a key metric for assessing a company's financial health and as a comparison to competitors. CrowdStrike's most recent FY GAAP EPS was $-0.08, signifying the company is technically not profitable. The non-GAAP EPS is a strong $3.93 per share. The mass difference between these two valuations can be accounted for by Stock-Based Compensation being accounted for as an expense in the calculation of the GAAP value. This does not represent the true profitability of the company, and the non-GAAP EPS showcases the incredibly profitable and cash generating reality of CrowdStrike.

For a high-growth SaaS company, analysts and investors typically refer to the non-GAAP EPS and as this is the true indicator of the company's financials, CrowdStrike are in a very positive place.

Market Capitalisation

CrowdStrike's market capitalisation currently stands at $135.47 billion, as of November 2025. This value firmly establishes CrowdStrike as a mega-cap company and declares it as one of the undisputed leaders across the cybersecurity landscape.

Their expanding market cap has earned them a place amongst the S&P 500 in June 2024, marking a massive milestone and further enhancing their credibility and visibility amongst the best. This valuation is much closer to rivals Palo Alto Networks at $142 billion, than other competitors such as Zscaler and Fortinet, at $51 billion and $63 billion respectively.

Ultimately, this is another positive sign of financial strength for the cybersecurity firm and offers confidence to their investors with their inclusion in the S&P 500 and trumping key competitors.

Price to Earnings

CrowdStrike's current GAAP Price to Earnings (P/E) ratio is recorded widely as non-meaningful due a previously established official (GAAP) net loss, which includes non-cash, stock-based compensation. The P/E ratio used by investors and analysts (non-GAAP) is around 103.

A P/E ratio of 103 is very high, and it means that investors are willing to pay a high price today in the hope that earnings will grow significantly over the next few years. If they do not consistently meet the targets set in this P/E ratio, the company's share price and investor confidence could deteriorate.

To continue this growth and stay in line with these expectations they will be required to meet set targets, dominate the cybersecurity market and grow/maintain their profitability.

Figure 4.1. LTM EPS vs NTM EPS Peer Comparison ($)

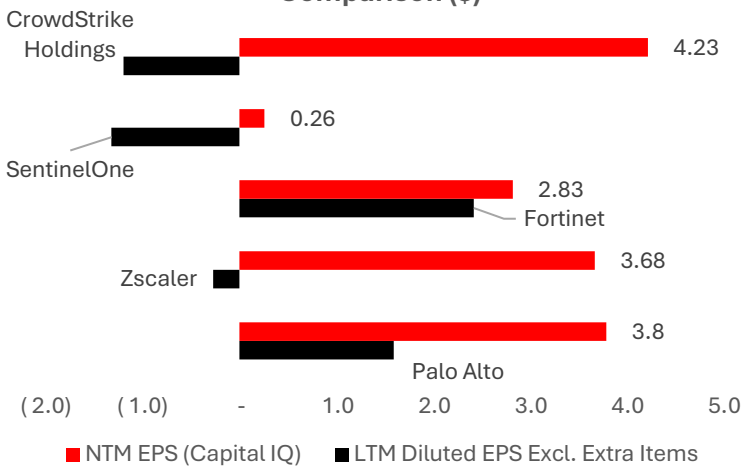
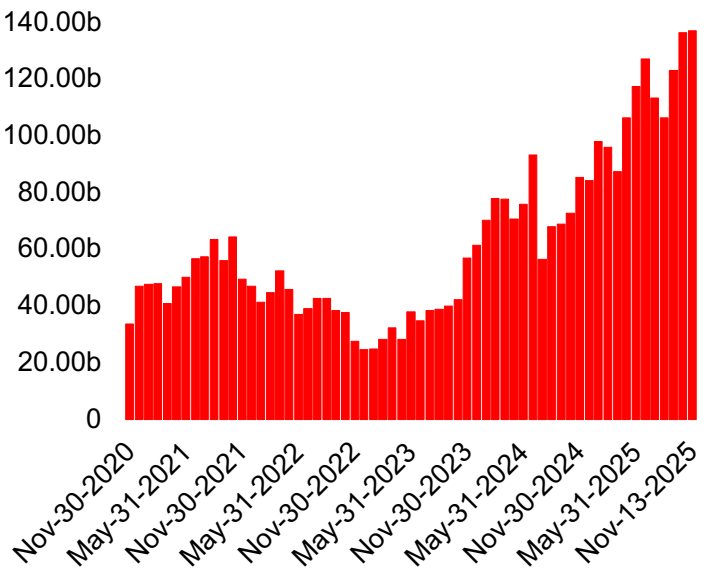


Figure 4.2. CrowdStrike Holdings, Market Capitalisation Last 5 Years



Market Leadership in End-Point Security (EPS)

CrowdStrike is amongst Microsoft, Palo Alto, Trend Micro and Sentinel One (these 5 companies make-up nearly half of the total market share) in a highly competitive EPS market. This market is currently valued at $27.46 billion and is expected to grow to $38.28 billion by 2030.

CrowdStrike's Falcon platform makes it stand-out amongst the crowd in end-point security. The falcon platform leverages AI and telemetry at scale to identify and respond to real-time threats and protect devices. Unliked rival platforms, Falcon was built in cloud at its origin, making it scalable, flexible and efficient. Its single-agent model deployment enhances the platform further to make it the most accessible and easily managed amongst its competition.

To add to this, CrowdStrike is not just a claim by the company itself but rather from Gartner, who listed them as a "Leader" in its 2024 Magic Quadrant for Endpoint Protection Platforms.

In summary, CrowdStrike should not just be labelled as a participant in this market but rather the number one placed company to excel in cybersecurity. Its technological advantages are an outlier amongst the crowd, and it is capturing a growing market share in a space that is likely to continue to grow for years to come.

Strategic Acquisitions

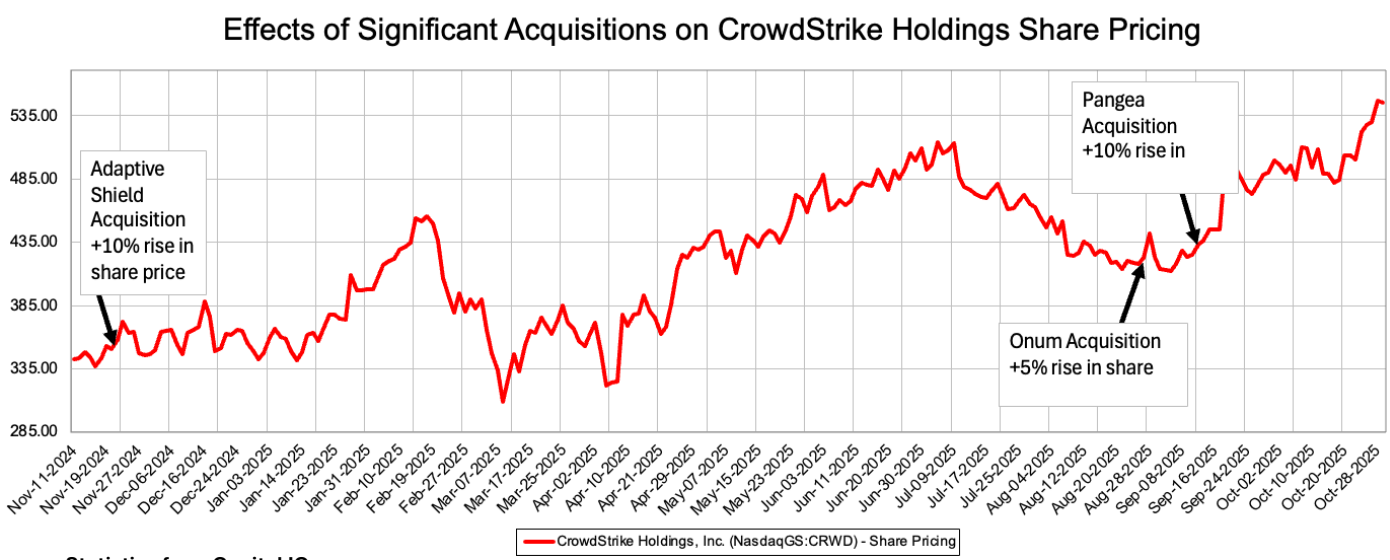
CrowdStrike recent acquisitions have a strong focus on developing its security platform and AI services, cloud data protection, and real-time data management. This is evident through their acquisitions of:

- Spanish company Onum for $290million, who specialise in real-time telemetry pipelines. This is equivalent to the 'fuel' for CrowdStrike's Next-Gen SIEM, providing them to efficiently process massive data streams before storage, which cuts costs and improves threat detection.
- Pangea - AI security company for $260million. This acquisition looks to the future of the market through a company that is in AI Detection and Response, which protects AI models from prompt injection.
- Adaptive Shield (AS) – cloud security company for $300million. Adaptive shields add a best-in-class SaaS Security Posture Management, which provides consumers with further control of their apps.
- Flow Security – cloud data runtime security company for $200million which will pair with AS to create a unified Cloud-Native Application Protection Platform.

These acquisitions demonstrate a clear and strategic plan to take a foot hold in the cybersecurity market in this artificial intelligence powered wave. They are not just any acquisitions but strong, targeted purchases of best-in-class companies to further enhance CrowdStrike's products and services.

Artificial Intelligence Innovations

Artificial Intelligence is on the rise, and all companies are utilising it to increase their productivity and efficiency. CrowdStrike and the cybersecurity sector are no different, AI is being utilised by cybercriminals in password hacking, social engineering schemes, deepfakes, AI-powered investment scams and developing sophisticated automated cyberattacks. To combat this, CrowdStrike has positioned itself as a leader in both utilising AI to enhance its products and services but also to prevent it from being used wrongly. Even more critically, CrowdStrike is pioneering the market for securing AI itself. Through the strategic acquisition of Pangea, the company is introducing AI Dectection and Response. This new security category which protects AI models will be useful in preventing attacks that attempt to tamper with, poison, or exploit AI models.



Statistics from Capital IQ

Comparative Valuation Metrics

CrowdStrike has established itself as one of the dominant figures in the cybersecurity landscape. Despite their rapid company success recently, the stock still appears to be trading at an expensive price. They trade at a persistent premium in comparison to its peer group, but this is rather a confidence in their best-in-class position opposed to an irrational overvaluation.

To confirm this best-in-class position, we performed a peer analysis against a diverse set of competitors, including large-cap leaders, value leaders, high-growth challengers and mature, highly profitable companies who specialise in cybersecurity. In table 6.1 CrowdStrike leads in terms of premium valuation, trading at 31.2x its Last Twelve Months (LTM) revenue. This is backed by a strong LTM revenue growth of 23.46%, whilst being a large cap ($139.7 billion). Zscaler follows a similar trajectory, whilst Palo Alto and Fortinet demonstrate the performance of more mature companies, both with near 15% 1-Year Revenue Growth. The high-growth outlier of the companies is SentinelOne who boast a 25.39% LTM Revenue Growth despite a low LTM multiple at 5.5x, suggesting the company being a significantly higher risk as an investment. CrowdStrike possess the highest gap between LTM and NTM in Revenues, which indicates the market expects high expectations for future growth.

In figure 6.1 we examine the Rule of 40 Metric (Revenue Growth % + Annual EBITDA Margin %) versus the Enterprise Value/Next Twelve Months to observe the optimally placed best value for quality companies. We identified three companies, CrowdStrike, Palo Alto Networks, and Zscaler, in the top-right quadrant as high-quality, high-value companies. Fortinet's position indicates it could be a high-quality company at a reasonable price. It tops the Rule of 40/quality metric, indicating an excellent balance of growth and efficiency. Although it has this best-in-class quality measure, its valuation suggests it is undervalued. SentinelOne is placed far from its competitors, and the market seems to have priced in its high risk as the company strongly lacks quality.

The market demonstrates a clear trade-off between quality and value, significant premiums are paid for CrowdStrike and similar companies, and the graph shows that CrowdStrike is not as financially efficient as competitor Fortinet.

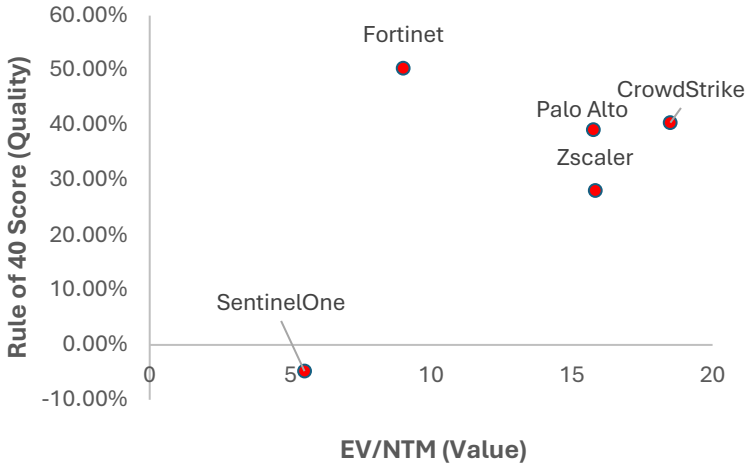
In summary, the peer group comparison places CrowdStrike as a premium-priced, growth leader on the scale of competitors. Zscaler follows a similar pathway, whilst Palo Alto Networks offers a combination of sustainable growth through its large cap status and profitable nature. SentinelOne offers a high risk, high reward option, whilst Fortinet should be regarded as a standout value player in the cybersecurity field.

Table 6.1. Peer Comparison Summary

Company	TEV/Total Revenues LTM - Latest	NTM TEV/Forward Total Revenue	LTM Total Revenues, 1 Yr Growth %	Market Capitalization Latest ($ mn)	LTM Total Revenue ($ mn)	NTM Revenue (Capital IQ) ($ mn)
Fortinet	9.2x	8.24x	14.78%	62,213.6	6,554.7	7,307.59
Palo Alto	15.8x	13.81x	14.87%	147,740.6	9,221.5	10,519.86
Zscaler	19.0x	15.46x	23.31%	52,443.5	2,673.1	3,277.36
SentinelOne	5.5x	4.53x	25.39%	5,791.6	907.4	1,100.93
CrowdStrike	31.2x	25.71x	23.46%	139,714.3	4,341.1	5,274.34

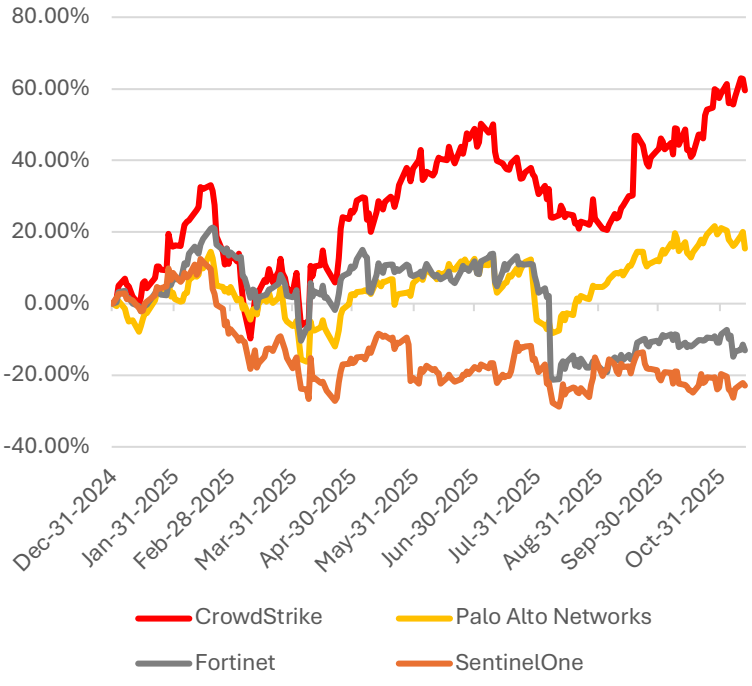
Statistics from Capital IQ

Figure 6.1. CrowdStrike Peer Valuation Comparison



Statistics from Capital IQ

Figure 6.2. Peer Comparison - YTD Share Price Performance



Discounted Cash Flow

To discover the intrinsic value of CrowdStrike, I employed a 10-year Unlevered Discounted Cash Flow (DCF) model. This model forecasts the company's Future Cash Flow (FCFF) and then further discounts it to determine an intrinsic share price. My DCF model yielded an implied share price of $467.27, which represents a 15% negative difference in comparison to today's market value at $538.81. This may suggest that the stock is currently trading at a premium and is approximately overvalued by 15%.

The DCF model is built on a 10-year forecast of conservative assumptions, with the following key drivers – Revenue, Profitability (Operating Margin), and Re-investment.

- **Revenue:** The revenue growth rate starts at 22% for FY2026 and proceeds gradually to meet a mature growth rate of 5% in the final FY. This reflects the company's dominance in the market in the near-term and then the inevitable law of large numbers as the market matures.
- **Profitability:** This figure is a key value driver, as it impacts the company's ability to sustain growth. I projected non-GAAP Operating Margins Instead of GAAP Operating Margins to avoid not fully capturing the true financial performance. I assumed a growth of 1% every year in my model to follow trends of previous years up to FY35.
- **Re-investment:** CrowdStrike have typically had consistent Capital Expenditure (Capex) and Depreciation & Amortisation (D&A), so I assumed a constant rate of their % of revenue from the base year of 2025. Their changes in Net Working Capital (NWC) are a forecast of sources of cash, which reflects an efficient cash conversion cycle. This is a typical characteristic of a mature SaaS business model.

DCF Valuation Summary: The valuation, seen in table 7.2, is derived from the FCF in table 7.1. We utilised a Discount Rate (WACC) of 9.27%, which was calculated by using the WACC formula: **WACC = (Equity Value/Value of the Firm) * Cost of Equity + (Debt Value/Equity Value + Debt Value) * Cost of Debt * (1 – Tax Rate).** The 3% Perpetual Growth Rate (PGR) was assumed in accordance with a conservative estimate, considering long-term global economic growth and inflation, representing a stable and mature state for their future growth.

The Sensitivity Analysis table in Table 7.3, is a clear robustness test of our two key assumptions – WACC and PGR. The table displays the implied share price at different input levels, which can help us understand the result of potential bear-case and bull-base scenarios.

Table 7.1 – Discounted Cash Flow Analysis

Year	2025 (Base)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue	3954.00	4804.11	5764.93	6831.44	7992.79	9191.71	10294.71	11221.24	11950.62	12548.15	13112.82
Revenue Growth Rate	0.21	0.22	0.20	0.19	0.17	0.15	0.12	0.09	0.07	0.05	0.05
Non-GAAP EBIT	837.70	1061.70	1308.01	1624.55	2033.94	2566.83	3265.01	4185.75	5407.98	7041.20	9238.05
Operating Margin	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31
Tax Rate	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
EBIT(1-t)	649.22	822.82	1013.71	1259.03	1576.30	1989.30	2530.39	3243.95	4191.19	5456.93	7159.49
D&A(+)	535.10	648.55	778.27	922.24	1079.03	1240.88	1389.79	1514.87	1613.33	1694.00	1770.23
D&A % of Revenue	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Capex (-)	313.80	381.45	457.74	542.42	634.63	729.82	817.40	890.97	948.88	996.32	1041.16
Change in NWC (-)	-256.70	-339.10	-447.95	-591.74	-781.69	-1032.62	-1364.09	-1801.96	-2380.39	-3144.50	-4153.88
NWC Balanace (%)	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
FCFF	1127.22	1429.03	1782.19	2230.60	2802.40	3532.97	4466.86	5669.82	7236.03	9299.10	12042.44

Table 7.2 – Discounted Cash Flow Valuation

Discount rate	9.3%										
Perpetual Growth Rate	3.00%										
Year	Current 2025	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Free cash flow	1,127.2	1429.03	1782.19	2230.60	2802.40	3532.97	4,466.9	5,669.8	7,236.0	9,299.1	12,042.4
Terminal value											209,868.8
Cash	4,323.0										
Debt	743.0										
Shares outstanding	250.8										
Discount factor		0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.5	0.4
Present value of free cash flows		1,307.8	1,492.6	1,709.7	1,965.7	2,268.0	2,624.2	3,048.3	3,560.4	4,187.3	4,962.6
Terminal Value											86,484.5
Sum of present value of free cash flows	27,126.5										
Present value of terminal value	86,484.5										
Enterprise value	113,611.1										
Equity value	117,191.1										
Implied share value	**467.27**										
Implied Value %	15% Below										

Table 7.3 – Sensitivity Analysis Table

	Perpetual Growth Rate					
WACC	467.3	2.00%	2.50%	3.00%	3.50%	4.00%	4.50%
11.27%	308.3	319.6	332.3	346.5	362.8	381.5
10.27%	356.9	372.4	390.1	410.3	433.8	461.3
9.27%	419.8	441.8	467.3	497.2	532.7	575.7
8.27%	503.9	536.4	575.0	621.7	679.4	752.3
7.27%	621.3	672.1	734.8	814.1	917.6	1,058.5

Recommendation

Although our DCF may indicate that the current market value has priced in current hype surrounding the company and that it may be currently overvalued, I recommend a **HOLD**. The drivers of growth associated with this market-leader; Strategic Acquisitions, AI-driven enhancements and its crucial placing in this market make it a potentially valuable stock yet.

If investment in AI and their Falcon platform continue, there is no reason why CrowdStrike can't gain a further market share of which they only currently hold %. This rating is not without risk and because they are trading at a high multiple, if they miss earnings or are beaten by ever-growing competition, they may lose shareholder confidence and market value.

Ultimately, this hold rating is based on their Dominant Market Leadership, Platform Expansion & AI, Strategic Acquisitions, and Significant Runway which make them a company too hard to justify selling.

Ethical Considerations

Risks of Investment

Increased Competition:

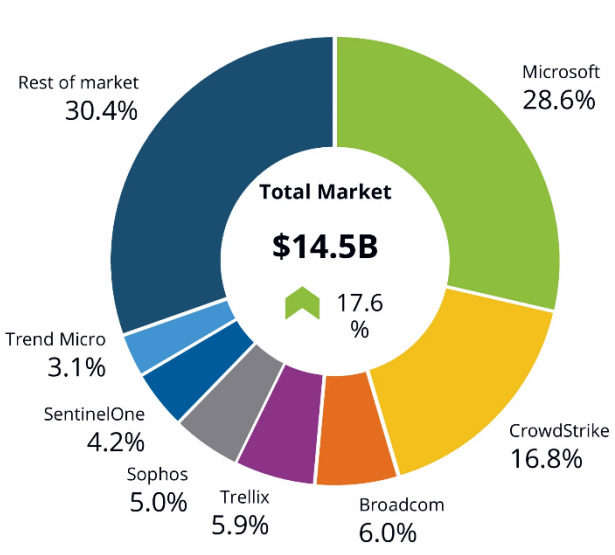
The cybersecurity market has thrived under increased demands for their services as cyber-attacks continue to affect companies with a 30% rise over the past year. CrowdStrike have gained a 16.8% market share in a market where the total value nears $15 billion. Although they have a fair share of the current market value of are poised to acquire more, there is the inevitable task of further competition. Microsoft (a company with $4 trillion market cap) are their biggest competitor but now Google have realised the potential market and have strategically bought cybersecurity firm Wiz for $32 billion in Google's biggest ever acquisition. This demonstrates their intent to put a larger imprint on the cybersecurity space, and this creates a Magnificent 7-backed competitor with near-limitless financial support.

Over-reliance on AWS:

The CrowdStrike platform requires a foundational infrastructure to operate within and their primary cloud software for this is Amazon Web Services, due to its reliability, scalability, and global popularity. CrowdStrike has been reported to be heavily reliant on AWS, but after the recent AWS outage these doubts have been somewhat played down. This event paired with CrowdStrike's outage in 2024 (these two events being the two largest internet disruptions ever) does warrant a concern for these interconnected technologies.

Earnings Misses:

Like so many AI-hype-driven companies, CrowdStrike's momentum is heavily reliant on speculation within AI. They consistently comfortably beat earnings but a miss in their analyst expectations could result in a loss of investor confidence and a drop in market share price.



Source: IDC Semi-annual Software Tracker, 2025

ESG Considerations

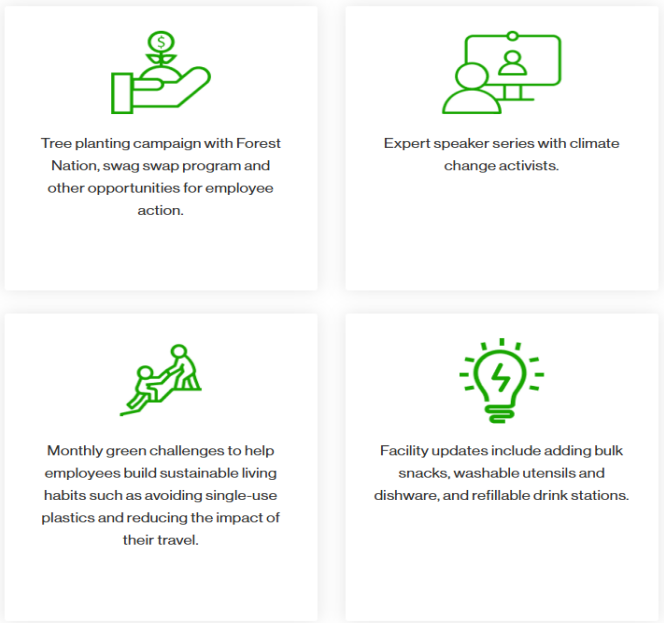
As a cloud-native, remote-first company that is heavily reliant on energy consumption, there a lot of **ESG** considerations for CrowdStrike. CrowdStrike have acknowledged that there is a greater focus on Environmental, Social and Governance (ESG) matters in the United States and internationally. They have outlined initiatives publicly through their website and through their 10-K filing this year.

Their initiatives include prioritising work-life balance, reducing employee commuting, green building, including environmental criteria in the selection of CrowdStrike data centers, and they are a member of the Business for Social Responsibility (BSR).

CrowdStrike's primary **Environmental** risk is its reliance on energy-intensive data centers, a concern amplified by the AI boom. The company mitigates this by prioritising data centers that use sustainable power and by optimizing its hardware for efficiency, scaling power based on demand. This proactive approach addresses a key ESG risk and signals a commitment to sustainable operations.

Socially, CrowdStrike thrive, their fundamental purpose is to stop cybersecurity breaches, and this has a direct positive impact on protecting businesses, governments, hospitals and individuals. They are designed to comply with GDPR regulations and ensure the integrity and protection of their customers. They run several social programmes which promote paid time-off work and free access to its platforms for charities.

In relation to **Governance**, CrowdStrike operate with a standard board model with committees in Audit, Compensation, and Corporate Governance. A majority of the board is independent, and they completely avoid a mandatory retirement age. These initiatives contribute to sustaining an ethically run company that ensures transparency, accountability and alignment.



Source: CrowdStrike Official Website

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