# CRWD gideon lens

## CrowdStrike Holdings, Inc. (CRWD) — Gideon-Lens Equity Research

**Report date:** 2026-09-28 **Report ID:** CRWD-ER2-pulse-cio-20260928T140408+0800 **Analyst:** Codex ER2 Production workflow **Price anchor:** USD 252.13, XNAS close on 2026-09-25 **Market capitalization at anchor:** USD 263.342 billion **Fiscal year end:** January 31

## VERDICT BLOCK

**Verdict:** PASS

**Scorecard:**

| Gate | Result | Notes |
|---|---|---|
| Management | FAIL | Execution is strong, but dilution, incentives and related-party conflicts fail stewardship. |
| Moat | YELLOW | Falcon has real workflow advantages; the 2046 test remains unproven. |
| P/E <= 15 on confident EPS at TTM + 5 calendar years | FAIL | Base EPS USD 1.517 versus USD 16.8087 required; cushion -90.97%. |
| Compounder Score | Audited 38/100 | Reject; diagnostic evidence does not support dream-investment status. |
| Business Quality Score | Audited 36/80 | Quality, stewardship and per-share conversion evidence remain too weak. |
| 20% Return UW Score | Audited 2/20 | Today's price does not support the 20% return hurdle. |

**One-line thesis (or reason to pass):** CrowdStrike can remain a strategically important cybersecurity platform while still being a poor investment at USD 252.13 because persistent SBC, weak per-share stewardship and an extreme earnings valuation overwhelm even strong operating scenarios.

**Security return underwriting (mandatory even when the verdict is PASS):**

| Measure | Result | Notes |
|---|---|---|
| Primary valuation method | P/E | Audited P/E method used consistently for all scenarios, probability weighting, reverse return and net-SGD. |
| Gross local-currency bear / base / bull IRR | -45.84% / -19.84% / -6.07% | Five-year annualized shareholder return in USD. |
| Probability-weighted gross local-currency IRR | -21.85% | CAGR of USD 73.47650 expected terminal wealth using 35% / 50% / 15% weights. |
| Return bridge | USD 252.13 → USD 11.750 / 83.435 / 184.310 | Exact horizon 2026-07-31 to 2031-07-31; terminal statutory EPS × 25x / 55x / 70x P/E; zero distributions and no post-P/E cash/debt adjustment. |

Gross local-currency underwriting is in USD. The price is anchored to the 2026-09-25 completed session, while the operating forecast begins at the 2026-07-31 TTM endpoint. CrowdStrike held USD 4.268 billion of net cash excluding leases at the TTM anchor, but the P/E method already captures interest and capital structure in statutory EPS, so that cash is not added again. Net-SGD adjustments appear separately in CIO actionability.

### Bear-case operating and return bridge

| Bear case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 5,396.145m | USD 9,654.0m | 12.34% | Platform growth decelerates as retention, Flex quality and incident effects remain adverse. |

| Bear case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Operating margin | -2.46% | 7.00% | +9.46 pp | SBC stays high and operating leverage remains limited. |
| Operating earnings | USD -132.954m | USD 675.8m | Loss to profit | Statutory operating income under the single-segment non-operating-CODM fallback. |
| Diluted share count | 1,028.432m | 1,163.600m | 2.50% | SBC-driven issuance exceeds repurchases. |
| EPS | USD 0.021647 normalized | USD 0.470 | 85.07% | Statutory parent diluted EPS; tiny normalized starting denominator makes CAGR visually large. |
| Valuation denominator | Reported EPS USD 0.043752; normalized USD 0.021647 | Statutory diluted EPS USD 0.470 | Comparable after normalization | Incident, commission timing, tax, other income and NCI are normalized; recurring SBC remains. |
| Valuation | 11,647.17x normalized P/E | 25.00x P/E | -11,622.17x | Deep discount to positive-GAAP cyber anchors for weaker growth, margin, trust and dilution. |
| Share value | USD 252.13 | USD 11.750 | -45.84% CAGR | USD 0.470 EPS × 25x; no separate cash/debt addition. |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | No supported dividend path. |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Zero dividend divided by endpoint share value. |
| Five-year dividends | - | USD 0.00 | cumulative | Zero-distribution diagnostic. |
| Total ending value | USD 252.13 | USD 11.750 | -45.84% gross local IRR | Terminal share value plus zero distributions; no other adjustment. |

## Base-case operating and return bridge

| Base case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 5,396.145m | USD 11,856.0m | 17.05% | Falcon expands across cloud, identity, SIEM and Flex while growth normalizes. |
| Operating margin | -2.46% | 16.50% | +18.96 pp | Gross margin holds and SBC falls, but conversion remains below adjusted narratives. |
| Operating earnings | USD -132.954m | USD 1,956.0m | Loss to profit | Statutory operating income under the single-segment non-operating-CODM fallback. |
| Diluted share count | 1,028.432m | 1,101.400m | 1.38% | Repurchases partly offset, but do not eliminate, SBC dilution. |
| EPS | USD 0.021647 normalized | USD 1.517 | 133.95% | Statutory parent diluted EPS after NCI and modeled share issuance. |
| Valuation denominator | Reported EPS USD 0.043752; normalized USD 0.021647 | Statutory diluted EPS USD 1.517 | Comparable after normalization | Same statutory parent perimeter; normalization retains recurring SBC. |
| Valuation | 11,647.17x normalized P/E | 55.00x P/E | -11,592.17x | Inside direct positive-GAAP cyber evidence, discounted for Management FAIL and dilution. |
| Share value | USD 252.13 | USD 83.435 | -19.84% CAGR | USD 1.517 EPS × 55x; no separate cash/debt addition. |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | No supported dividend path. |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Zero dividend divided by endpoint share value. |
| Five-year dividends | - | USD 0.00 | cumulative | Zero-distribution diagnostic. |
| Total ending value | USD 252.13 | USD 83.435 | -19.84% gross local IRR | Terminal share value plus zero distributions; no other adjustment. |

## Bull-case operating and return bridge

| Bull case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 5,396.145m | USD 13,425.0m | 20.00% | Strong retention, Flex renewal quality and cross-module adoption sustain premium growth. |
| Operating margin | -2.46% | 24.00% | +26.46 pp | Scale, gross margin and SBC discipline approach best-case mature-platform economics. |
| Operating earnings | USD -132.954m | USD 3,222.0m | Loss to profit | Statutory operating income under the single-segment non-operating-CODM fallback. |
| Diluted share count | 1,028.432m | 1,052.200m | 0.46% | Lower SBC and disciplined repurchases nearly stabilize shares. |
| EPS | USD 0.021647 normalized | USD 2.633 | 161.22% | Statutory parent diluted EPS after NCI and near-flat share count. |
| Valuation denominator | Reported EPS USD 0.043752; normalized USD 0.021647 | Statutory diluted EPS USD 2.633 | Comparable after normalization | Same statutory parent perimeter and recurring-SBC treatment. |
| Valuation | 11,647.17x normalized P/E | 70.00x P/E | -11,577.17x | Premium multiple requires durable 15% terminal growth, 24% margin and 10% SBC/revenue. |
| Share value | USD 252.13 | USD 184.310 | -6.07% CAGR | USD 2.633 EPS × 70x; no separate cash/debt addition. |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | No supported dividend path. |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Zero dividend divided by endpoint share value. |
| Five-year dividends | - | USD 0.00 | cumulative | Zero-distribution diagnostic. |
| Total ending value | USD 252.13 | USD 184.310 | -6.07% gross local IRR | Terminal share value plus zero distributions; no other adjustment. |

### CIO actionability (separate from ER2 underwriting):

| Measure | Result | Notes |
|---|---|---|
| Status | PASS | Management FAIL and base net-SGD IRR below 8%. |
| Bear / Base / Bull net SGD IRR | -47.06% / -20.72% / -6.21% | Five-year annualized after costs and scenario USD/SGD translation. |
| Probability-weighted net SGD IRR | -22.47% | CAGR of probability-weighted terminal SGD wealth using 35% / 50% / 15%. |
| 10% mandate hurdle | FAIL | Base and probability-weighted cases are both negative. |
| 15% stretch hurdle | FAIL | Even the Bull diagnostic remains negative. |
| Downside and portfolio fit | UNAVAILABLE | Downside fails; current concentration, factor and drawdown-budget context was not supplied to ER2. |
| Proposed sizing ceiling | none | No research sizing is proposed; owner approval would be required regardless. |

The net-SGD diagnostic uses USD/SGD 1.28 at entry and 1.15/1.22/1.28 at exit for Bear/Base/Bull, plus 35 basis points of entry cost and 35 basis points of exit cost. It assumes zero capital-gains tax and a conservative 30% withholding rate, which has no effect because modeled distributions are zero. The same P/E terminal wealth controls every net-SGD result.

**Trade execution authorized:** NO

**Kill / trigger criteria:**

- Valuation trigger only: USD 33.53 or lower is the Base-case maximum price for a 20% gross USD IRR under the audited 55x exit; this is not sufficient for BUY while Management remains FAIL.

- PASS condition: two consecutive quarters below 18% subscription growth together with NRR below 110% or timing-adjusted GAAP operating margin below 5% reinforces the rejection.
- Management upgrade requires sustained lower SBC, flat or declining diluted shares, positive statutory ROIC, improved retention/Flex disclosure and removal of avoidable related-party conflicts.
- Moat upgrade requires at least 97% gross retention, at least 115% NRR, at least 77% subscription gross margin and evidence that Flex renewals preserve price and utilization quality.

**Research sizing if actionable:** None. This research does not authorize a trade or portfolio mutation.

## Stage 0 — Time anchor

Today is 2026-09-28. CrowdStrike's fiscal year ends January 31. The most recently reported quarter is Q2 FY2027 ended 2026-07-31. The TTM anchor is Q3 FY2026 plus Q4 FY2026 plus Q1 FY2027 plus Q2 FY2027, ending 2026-07-31. The forward horizon is exactly five calendar years to 2031-07-31.

## Stage 1 — Disqualifier sweep

ROIC is **red/FAIL** because statutory operating-income ROIC remains negative and positive cumulative-reinvestment ROIIC is not demonstrated. Cash conversion is **yellow**: issuer-defined FCF is strong, but SBC equals 23.1% of revenue and 81.9% of that FCF. Balance-sheet risk is **green** with USD 4.268 billion net cash excluding leases, though purchase commitments are material. End-market demand is **green/yellow** because cybersecurity remains structurally important but platform growth must decelerate. Governance is **red/FAIL** because dilution, incentives, related-party arrangements and open information requests weaken stewardship, without inferring wrongdoing. AI disruption is **yellow**, both an opportunity for Charlotte AI and a workflow-commoditization threat. Pricing power is **yellow** because retention and gross margins are strong but Flex discount and renewal economics are not disclosed.

## Management

Management is FAIL. George Kurtz and the team have executed strongly on Falcon platform expansion, Flex adoption and guidance discipline, and the response to the July 2024 incident included a post-incident review, root-cause analysis and remediation. Those positives do not overcome weak per-share stewardship. TTM SBC is 23.1% of revenue, H1 repurchases did not prevent a 1.03% share increase, and statutory ROIC remains negative after roughly USD 6.83 billion of five-year reinvestment. Incentives emphasize revenue, ARR, non-GAAP EPS and total shareholder return rather than ROIC or dilution. CEO-related aircraft and real-estate arrangements create avoidable conflicts. DOJ and SEC information requests remain open; this report makes no finding of wrongdoing or adverse outcome.

## Moat

Moat is YELLOW and the 2046 durability test is YELLOW. Falcon's endpoint telemetry, single-agent architecture, workflow integration and cross-module adoption are real advantages. FY2026 gross retention was 97%, historical NRR was 112%-115%, subscription gross margin remained 76%-78%, and Flex-account ARR reached USD 2.29 billion. The unresolved question is whether those advantages convert into durable pricing and per-share economics. Current absolute retention, module-level economics, Flex discount/utilization and acquisition returns are not disclosed. Microsoft and Palo Alto Networks can bundle competing platforms; AI and open-source tooling can commoditize workflows; and the July 2024 event showed that architecture and trust are concentrated in the same platform.

## Stage 5 synthesis

All 11 synthesis tie-outs pass. TTM revenue is USD 5.396 billion and statutory operating income is a USD 132.954 million loss. At the exact 2031-07-31 horizon, Bear/Base/Bull revenue is USD 9.654 billion, USD 11.856 billion and USD 13.425 billion. Corresponding statutory operating income is USD 675.8 million, USD 1.956 billion and USD 3.222 billion. Parent net income is USD 547.3 million, USD 1.671 billion and USD 2.770 billion; diluted EPS is USD 0.470, USD 1.517 and USD 2.633. The probability architecture is 35% Bear, 50% Base and 15% Bull because GAAP losses, SBC, retention nondisclosure and incident/regulatory risk make the distribution left-skewed. Base EPS is only 9.03% of the USD 16.8087 required for the binary P/E-15 gate, producing a -90.97% cushion.

| Scenario | Revenue | Operating margin | Parent net income | Diluted EPS |
|---|---|---|---|---|
| Bear | USD 9.654bn | 7.00% | USD 0.547bn | USD 0.470 |
| Base | USD 11.856bn | 16.50% | USD 1.671bn | USD 1.517 |
| Bull | USD 13.425bn | 24.00% | USD 2.770bn | USD 2.633 |

## Red team

Red Team's strongest objection is that persistent SBC can destroy per-share conversion even if ARR remains healthy. The most optimistic Stage-5 assumption is a 16.5% Base GAAP operating margin after years of statutory losses. The initial multiple and probability objections were material; they were repaired upstream through a governed 35%/50%/15% probability architecture and denominator-matched 25x/55x/70x exit P/Es, then rerun through CS and CSA. Final Red Team status is `MATERIAL_RESOLVED`; all return arithmetic replays and no publication blocker remains. The forced-exit signal is two quarters below 18% subscription growth together with NRR below 110% or timing-adjusted GAAP margin below 5%.

## Kill / trigger criteria

- Do not reconsider on price alone while Management is FAIL.
- Revisit only if diluted shares flatten or decline, SBC falls materially, statutory ROIC turns positive and retention/Flex cohort disclosure improves.
- Require Base and probability-weighted net-SGD IRRs to clear 10% under the same audited method before Core eligibility can be considered.
- Treat a second severe platform outage, adverse regulatory finding or renewed dilution acceleration as confirmation of PASS.

## Analyst flags

Current gross and net retention, module-level GAAP economics, acquisition-cohort returns, and Flex discount/utilization/renewal economics remain undisclosed. The model uses zero distributions. Portfolio fit and sizing are unavailable because the ER2 evidence packet did not include current concentration, factor and drawdown-budget data. The quote packet uses the completed 2026-09-25 XNAS close and a validator-approved conservative expiry. No order, trade, broker action, outbound message, ranking, sizing decision or portfolio mutation is authorized.

# Appendix A

**Research date:** 2026-09-28 **Fiscal convention:** January 31 year-end **Operating anchor:** TTM through Q2 FY2027 ended 2026-07-31 **Forward horizon used by the wider ER2:** 2031-07-31, exactly five calendar years after the TTM anchor **Evidence policy:** Financial figures below come from the QFR-cleared quantitative foundation. Business and product descriptions use fresh official SEC, CrowdStrike IR, CrowdStrike technical, Microsoft, Palo Alto Networks, and FMP transcript sources archived for this run. Facts, analytical inferences, and judgments are identified separately.

## 1. Business overview

**Fact.** CrowdStrike sells a cloud-delivered cybersecurity platform, Falcon, mainly through subscriptions. The platform collects security telemetry from endpoints, cloud workloads, identities, AI interactions, and third-party sources; analyzes that telemetry in CrowdStrike's AI Security Cloud; and turns the results into prevention, detection, investigation, response, exposure-prioritization, and security-operations workflows. Its FY2026 Form 10-K described one operating and reportable segment, so the company does not publish module-level revenue or profit. It instead discloses two product revenue lines: subscription and professional services. The 10-K said Falcon served more than 88,000 organizations, including end customers and customers of managed security service providers, as of January 31, 2026. The current IR site describes 34 cloud modules spanning endpoint, security and IT operations, managed security, observability, cloud, identity, threat intelligence, data protection, and cybersecurity AI. Sources: [FY2026 Form 10-K](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000010/crwd-20260131.htm) and [CrowdStrike investor relations](https://ir.crowdstrike.com/).

The core customer is an enterprise or public-sector organization protecting a heterogeneous estate. Users include security operations, endpoint, identity, cloud-security, threat-hunting, incident-response, and IT teams. The chief information security officer is often the economic buyer, while Falcon's cloud, identity, data, exposure, AI, and IT scope can also involve the chief information officer and development leaders. Smaller businesses are increasingly reached through Falcon Go and managed-service channels.

CrowdStrike's value proposition is architectural consolidation. A customer can deploy one lightweight endpoint sensor, send high-fidelity telemetry into a common cloud data layer, and activate additional modules without installing a separate agent for every use case. Falcon also ingests third-party logs for Next-Gen SIEM, so “single platform” does not mean a closed estate consisting only of CrowdStrike data. The company argues that ingesting data once and reusing it across multiple modules improves detection context, accelerates investigation, reduces integration work, and lowers the operating burden of many point products.

**Inference.** CrowdStrike is best understood as a data-and-control platform rather than merely an endpoint antivirus vendor. Endpoint remains the privileged landing point because the sensor observes process, file, user, and network activity close to the asset. The expansion thesis depends on converting that beachhead into a shared enterprise security graph and then into workflows across cloud, identity, SIEM, exposure management, and AI security.

**Judgment.** This architecture creates unusually attractive cross-sell potential, but it also concentrates operational risk. A common sensor and shared cloud improve product velocity and customer economics when they work; a defective content update or broad control-plane problem can create a much larger blast radius than a peripheral tool failure. The July 2024 incident is therefore not a historical footnote. It is direct evidence of the platform model's strongest benefit and most important failure mode.

## 2. Revenue architecture

CrowdStrike's disclosed revenue architecture is much simpler than its product catalog. The sealed quantitative foundation shows the following:

| Revenue line | FY2026 revenue | FY2026 mix | TTM revenue to 2026-07-31 | TTM mix | What it represents |
|---|---|---|---|---|---|
| Subscription | $4,564.683m | 94.9% | $5,132.114m | 95.1% | Access to Falcon platform modules, generally recognized ratably over the contract term |
| Professional services | $247.322m | 5.1% | $264.031m | 4.9% | Incident response, proactive consulting, deployment, and related security services |
| Total | $4,812.005m | 100.0% | $5,396.145m | 100.0% | Consolidated company revenue |

**Fact.** FY2026 revenue grew 21.7% from FY2025 based on the sealed product totals. The TTM product base is 95.1% subscription. CrowdStrike uses incident response and consulting to enter accounts, demonstrate expertise, and create subscription opportunities. Services are therefore a trust and demand-generation mechanism rather than the main earnings engine.

CrowdStrike sells both single-year and multi-year subscriptions, generally invoicing at the start of the term or in installments. Revenue recognition is ratable, so current revenue reflects both fresh bookings and previously billed deferred revenue. The sealed balance sheet carried $4,842.210 million of deferred revenue at July 31, 2026, equivalent to about 89.7% of TTM revenue. That provides visibility but should not be confused with a guaranteed growth rate: renewal terms, contraction, Flex utilization, incident-related extensions, and contract duration all affect how ARR, billings, deferred revenue, and recognized revenue translate over time.

**Fact.** ARR reached $5.84 billion at July 31, 2026, up 25% year over year, with $332.8 million of net new ARR in Q2 FY2027. ARR is the annualized value of subscription contracts at the measurement date, assuming contracts expiring during the next twelve months renew on existing terms. It is therefore a run-rate operating KPI, not GAAP revenue or contracted backlog. Module adoption reached 51%, 35%, and 26% of subscription customers for six or more, seven or more, and eight or more modules, respectively. The company excludes Falcon Go customers from that adoption calculation. Source: [Q2 FY2027 results, SEC Exhibit 99.1](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000029/crwd-20260826xex991.htm).

**Inference.** Subscription mix, deferred revenue, and multi-module adoption make the model recurring, but the economic quality of ARR depends on actual module deployment and customer value realization. A nominally larger Flex contract is not automatically better if unused entitlements later create contraction. The right investor focus is the combination of net new ARR, gross and net retention, deployment velocity, re-Flex behavior, and share-count discipline.

## 3. Falcon architecture and major product domains

### Endpoint security: the landing zone

Falcon began with endpoint protection. The lightweight sensor runs on customer devices and workloads, collecting event data while applying on-device prevention and continuing to protect when offline. The endpoint portfolio encompasses next-generation antivirus, endpoint detection and response, extended detection and response, managed detection and response through Falcon Complete, threat hunting through OverWatch, device control, and adjacent IT capabilities.

The sensor is important for three reasons. First, endpoints remain where users, applications, credentials, and increasingly AI agents execute. Second, endpoint telemetry provides behavioral evidence that can be correlated with cloud and identity events. Third, an installed sensor lowers the friction of adding modules. Customers do not need to deploy a new endpoint agent for every incremental control.

**Inference.** Endpoint is both a durable category and CrowdStrike's distribution advantage. Microsoft can bundle Defender, and specialists can compete on efficacy or price, but CrowdStrike's defense is that the sensor feeds a cross-domain graph and workflow. The risk is price compression before adjacent modules offset it.

### Cloud security: code, posture, workload, runtime, data, and AI

Falcon Cloud Security addresses cloud-native application protection across development and runtime. The capability set includes posture management, workload and container protection, entitlement and identity analysis, infrastructure and application visibility, data security posture, and detection and response. The architecture combines agentless discovery for broad posture coverage with sensor-based runtime telemetry where deeper protection is required.

Cloud expands CrowdStrike beyond traditional laptops and servers into ephemeral workloads, containers, Kubernetes, serverless environments, build pipelines, AI models, and data stores. Management said Q2 FY2027 cloud ending ARR exceeded $905 million and grew more than 29% year over year on the live transcript. That module-specific ARR is management commentary rather than a reportable segment and should not be mixed with statutory revenue.

**Judgment.** Cloud is a major structural opportunity but not a free extension of endpoint leadership. Developer workflow, code scanning, posture management, entitlement analysis, and runtime protection attract strong specialists and platform vendors. Winning requires credible code-to-runtime context and low-friction developer integration, not merely reusing the Falcon brand.

### Identity security: stopping credential-led and machine-led intrusion

Falcon Identity Protection observes identity behavior, detects compromised credentials and lateral movement, and can enforce risk-based controls across hybrid identity environments. The portfolio has expanded into privileged access and real-time policy decisions for both human and non-human identities. Management highlighted Falcon Shield, privileged account security, and Signal as important pieces of its newer identity offering in Q2 FY2027.

Identity matters because many modern intrusions use valid credentials rather than malware. AI agents increase the number of machine identities and access decisions, creating a need to connect user, service, device, workload, and data context. Falcon's argument is that endpoint trust and identity risk are stronger together than when managed in separate consoles.

**Inference.** Identity is a logical cross-sell because CrowdStrike already sees device risk and attack behavior. It is also a difficult category because Microsoft controls Entra and Active Directory, identity specialists own privileged-access workflows, and customers may resist placing enforcement in a vendor they initially bought for detection.

### Next-Gen SIEM and the SOC operating layer

Falcon Next-Gen SIEM ingests Falcon-native and third-party data, applies detection content and threat intelligence, supports search and investigation, and automates response through Falcon Fusion SOAR. Falcon's advantage is that a large volume of endpoint, identity, and cloud data may already be resident on the platform, reducing duplicate transfer and normalization. Third-party ingestion is still essential because no large enterprise uses only one vendor.

Charlotte AI sits above this data foundation as a conversational and increasingly agentic security analyst. It can help triage detections, summarize incidents, generate or guide investigations, query Falcon data in natural language, and automate repetitive workflows under customer-defined controls. The architecture is economically important: Charlotte is not only a standalone feature but also a way to increase analyst productivity and make the wider data estate easier to use.

Q2 FY2027 management said Next-Gen SIEM ending ARR exceeded $695 million. It also described AI Detection and Response, or AIDR, as a separately priced module with token-based allowances and extra token packs consumable through Falcon Flex. This introduces a usage element into an otherwise subscription-heavy model.

**Judgment.** SIEM is a major expansion opportunity because it monetizes native and third-party data, but storage and compute economics matter. Search speed, ingestion price, retention, false positives, and reliability matter as much as headline AI functionality. Charlotte AI may improve labor economics, while autonomous actions add governance, model-quality, entitlement, and audit risks.

### Exposure management: prioritizing what can actually be exploited

Falcon Exposure Management unifies asset discovery, vulnerability prioritization, external attack-surface visibility, and attack-path analysis. Its purpose is not to generate a longer list of common vulnerabilities. It uses asset criticality, real-world adversary activity, identity paths, and existing protection context to prioritize remediation.

**Inference.** Exposure management can leverage the Enterprise Graph because CrowdStrike already observes assets, identities, threats, and controls. It also strengthens the consolidation pitch by displacing stand-alone vulnerability management and external attack-surface tools. The danger is category crowding: Microsoft, Palo Alto Networks, Tenable, Qualys, Rapid7, Wiz, and specialist tools all approach exposure from different installed bases.

### The common data and graph layer

The 10-K describes the AI Security Cloud as a shared data layer that enriches and correlates trillions of weekly security events with indicators of attack, threat intelligence, and enterprise context. Enterprise Graph unifies graph technologies including Threat Graph, Intel Graph, and Asset Graph. Falcon's architectural loop is straightforward: collect high-fidelity telemetry, ingest once, correlate across domains, improve models and detections, and reuse the result across modules.

**Inference.** This creates a possible data network effect, but not a winner-take-all one. Telemetry is valuable only if it is high quality, usable, timely, and converted into better outcomes. Customers can multi-home and hyperscalers possess broad data pools. The defensible asset is the combination of data, detection engineering, incident-response knowledge, sensor reach, and workflow integration.

## 4. Customer motion: land, expand, consolidate, and Flex

CrowdStrike primarily sells through direct sales and partner teams, often landing with endpoint protection or an incident-response engagement. It then expands by adding endpoints, workloads, data volume, and modules. The FY2026 10-K reported a 115% dollar-based net retention rate, meaning the same subscription customer cohort expanded ARR by

15% after renewal, upsell, contraction, and churn. Q2 FY2027 management said gross and net dollar retention improved sequentially, though it did not disclose exact current percentages in the release.

Falcon Flex is the commercial mechanism for broader platform adoption. Customers commit to a flexible subscription arrangement and can activate modules as needs change. Management's Q2 FY2027 figures show the power and the accounting caution: ARR from Flex accounts exceeded $2.29 billion, more than 2,900 customers had adopted Flex, and customers converting from standard subscriptions showed an average ending ARR uplift above 40%. More than 630 accounts had re-Flexed; a first re-Flex added a further average 25% from the new baseline, while customers with at least two re-Flexes had average ending ARR 53% above their initial Flex starting point. These are company-reported cohort statistics, not statutory segment results.

**Inference.** Flex lowers procurement friction and can accelerate consolidation because a customer does not need a separate commercial negotiation for each module. It can also enlarge and lengthen deals, improving strategic account control. However, Flex shifts the underwriting question from “was it sold?” to “was it deployed and renewed at equal or higher value?” The 10-K explicitly warns that underutilization can lead to fewer modules, endpoints, shorter terms, or lower contract values at renewal.

**Judgment.** Durable platform economics require sustained re-Flexing, stable or improving gross retention, module activation after booking, and limited concession dilution. Initial ARR uplift without comparable deployment and renewal evidence would be less persuasive.

## 5. Go-to-market and partner ecosystem

CrowdStrike uses a hybrid route to market. Direct teams lead major accounts and coordinate with resellers. Distributors extend reach; MSSPs and MSPs operate Falcon for customers without in-house capacity; and global systems integrators support SOC, identity, cloud, and exposure projects. AWS, Google Cloud, and Microsoft marketplaces simplify procurement. Falcon Go provides a trial-to-paid route for smaller organizations.

The Q2 FY2027 call reported $600 million of deal value transacted through cloud marketplaces during the quarter, up more than 30% year over year, and said the GSI business grew nearly 50%. Project QuiltWorks had more than 25 partners collaborating on nearly $400 million of total contract value pipeline. Those measures demonstrate ecosystem activity, but they are management-reported commercial indicators rather than recognized revenue.

Microsoft illustrates the dual relationship. Microsoft Defender, Sentinel, Entra, and Defender for Cloud compete directly with Falcon domains, while Microsoft Marketplace lets Azure customers buy Falcon using existing Azure commitments. CrowdStrike and Microsoft announced that marketplace expansion in February 2026. Source: [official alliance announcement](https://ir.crowdstrike.com/news-releases/news-release-details/microsoft-and-crowdstrike-announce-falcon-platform-now-available/).

**Inference.** Partners can magnify distribution and services capacity, particularly for SIEM migrations and mid-market managed security. They also create dependency. Marketplace rules, partner incentives, hyperscaler co-sell priorities, and GSI implementation quality can affect customer acquisition costs and deployment success.

## 6. Unit economics, cash conversion, and dilution

CrowdStrike's economic engine is high recurring subscription revenue delivered on shared cloud infrastructure. Incremental modules can reuse the sensor, data, identity, and control plane, so the theoretical marginal cost of cross-sell is lower than acquiring an entirely new customer. Against that benefit are hosting, storage, bandwidth, third-party cloud, support, incident-response staffing, threat research, and continuing R&D. SIEM and AI usage can be especially compute- and data-intensive.

The sealed TTM financials show operating cash flow of $2,016.615 million and issuer-defined free cash flow of $1,518.527 million, equal to 37.4% and 28.1% of TTM revenue. Issuer-defined free cash flow deducts property and equipment purchases, capitalized internal-use software, and net deferred-compensation investment purchases. Balance-sheet liquidity is strong: cash was $5,013.847 million and net cash after senior notes and lease liabilities was $4,193.668 million at July 31, 2026.

The harder issue is stock-based compensation. TTM SBC was $1,244.004 million, equal to 23.05% of revenue and 81.9% of issuer-defined free cash flow. Outstanding Class A shares increased 1.03% between January 31 and July 31, 2026 despite $175.622 million of share repurchases in the first half. Q2 diluted weighted-average shares were 1,044.469 million, above 1,023.845 million period-end shares outstanding because dilution and weighted-average conventions differ.

| TTM economic indicator | Sealed value | Investor interpretation |
|---|---|---|
| Revenue | $5,396.145m | Large recurring base with 95.1% subscription mix |
| Statutory operating income | $(132.954)m | GAAP platform profitability remains below zero |
| Issuer-defined free cash flow | $1,518.527m | Strong cash generation before treating SBC as an owner cost |
| Stock-based compensation | $1,244.004m | Material economic expense and dilution pressure |
| Net cash after notes and leases | $4,193.668m | Strategic and operating resilience |
| Outstanding-share growth, Jan-Jul 2026 | 1.03% | Repurchases did not fully prevent share-base expansion |

**Judgment.** Free cash flow is real liquidity, but it is not a complete measure of common-owner earnings when SBC is 23% of revenue. The correct long-term test is whether operating leverage and buybacks reduce dilution while maintaining innovation. Treating SBC as costless would overstate economics; subtracting all SBC from cash flow without recognizing employee compensation and tax effects would also oversimplify. Per-share growth is the decisive output.

## 7. Competitive landscape

CrowdStrike competes across several overlapping layers rather than one market.

| Competitor group | Principal advantage | Pressure on CrowdStrike | CrowdStrike counter-position |
|---|---|---|---|
| Microsoft | Installed Microsoft 365, Azure, Entra, Windows, Defender, Sentinel, and Security Copilot estate; bundling and procurement leverage | Endpoint, identity, SIEM, exposure, cloud, and AI security | Independent cross-platform telemetry, specialist efficacy, lighter sensor, incident-response expertise, and open third-party ecosystem |
| Palo Alto Networks | Network-security incumbency plus Cortex XSIAM and Cortex Cloud or Prisma capabilities | SOC platform, endpoint, cloud, exposure, and consolidation budget | Endpoint-led data advantage, Falcon-native telemetry, Flex, and unified sensor architecture |
| Endpoint specialists and legacy AV | Focus, installed base, or price | Endpoint replacement and renewal | Behavioral detection, cloud analytics, managed threat hunting, and broader platform |
| Cloud and identity specialists | Deep category workflows and developer or identity credibility | CNAPP, posture, runtime, privileged access, and machine identity | Cross-domain graph linking endpoint, workload, identity, and adversary activity |
| SIEM and data platforms | Mature log ecosystems, search, observability, and customer data gravity | Third-party data ingestion, retention economics, SOC workflow | Falcon data already resident, Next-Gen SIEM, Fusion automation, and Charlotte AI |
| Exposure and vulnerability point tools | Specialized scanners, asset inventories, and remediation workflows | Vulnerability and attack-surface budget | Real-time telemetry plus asset, identity, threat, and attack-path context |

Microsoft's official materials describe Defender XDR as unifying protection across endpoints, identities, email, and applications, with Sentinel adding cloud SIEM and SOAR. That breadth and enterprise-license leverage make Microsoft the most structurally important competitor, not merely a lower-priced endpoint alternative. Source: [Microsoft Defender XDR documentation](https://learn.microsoft.com/en-us/unified-secops-platform/defender-xdr-portal) and [Microsoft Sentinel](https://www.microsoft.com/security/business/siem-and-xdr/microsoft-sentinel/).

Palo Alto Networks' Cortex XSIAM combines SIEM, EDR, XDR, SOAR, cloud detection and response, attack-surface management, user analytics, and threat intelligence. Prisma Cloud covers code-to-cloud posture and runtime security. PANW therefore competes for the same “platformization” budget from a different starting point: network security and cloud. Sources: [Cortex XSIAM](https://docs-cortex.paloaltonetworks.com/p/XSIAM) and [Prisma Cloud](https://www.paloaltonetworks.com/cloud-security/prisma-public-cloud).

**Judgment.** CrowdStrike's moat is strongest when cross-domain data improves outcomes and one sensor reduces cost and complexity. It is weakest where customers value an incumbent bundle, network control point, developer workflow, or specialist more than common architecture. Competition must be evaluated by module and at the platform decision.

## 8. July 2024 incident and customer commitments: current source-bound status

**What happened.** On July 19, 2024, CrowdStrike distributed Rapid Response Content for Windows sensor version 7.11 and later. A validation defect allowed problematic content to pass, and the sensor's Content Interpreter performed an out-of-bounds read that caused Windows crashes. The update ran from 04:09 to 05:27 UTC before reversal. Mac and Linux

systems were not affected. The event was not a cyberattack. Sources: [preliminary incident review](https://www.crowdstrike.com/en-us/blog/falcon-content-update-preliminary-post-incident-report/) and [full RCA notice](https://www.crowdstrike.com/en-us/blog/channel-file-291-rca-available/).

**Remediation status.** CrowdStrike's August 2024 RCA said it added compiler validation and runtime bounds checks, changed content deployment rings and bake times, expanded customer controls, and engaged independent reviewers. A July 2025 company update said it had implemented sensor self-recovery, a remediation toolkit, a new ring-based Content Distribution System guided by operational signals, the Falcon Super Lab, content quality dashboards, granular host-group deployment schedules, and content pinning. Source: [one-year resilience update](https://www.crowdstrike.com/en-us/blog/reflecting-on-building-resilience-by-design/). These are company assertions. The latest Q2 FY2027 10-Q still cautions that CrowdStrike cannot guarantee the enhancements will be effective.

**Commercial commitments.** The latest filing says post-incident packages have included discounts, additional modules, professional services, flexible payment terms, and subscription-period extensions. CrowdStrike says these packages have caused, and may continue to cause, greater contraction from elongated terms and lower upsell values. It also says revenue recognition is spread over longer terms when subscriptions are extended. This creates a lag: incident economics can affect ARR, net retention, bookings, and revenue at different times.

**Legal and regulatory status at the Q2 FY2027 filing.** The consumer airline-disruption class action was dismissed at the district court; the Fifth Circuit affirmed on May 20, 2026 and denied rehearing on June 15, 2026. Consolidated derivative suits were dismissed on March 18, 2026. Delta's separate case remained in discovery after a motion to dismiss was granted in part and denied in part. CrowdStrike also disclosed Department of Justice and SEC information requests concerning recognition of revenue, ARR reporting for certain customer transactions, the incident, and related matters. Some customer and third-party claims remain, while settlement offers described by the company as immaterial were offset or expected to be offset by insurance. Source: [Q2 FY2027 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000031/crwd-20260731.htm).

**Judgment.** Operational remediation appears substantial and current growth indicators show strong commercial recovery, but neither eliminates tail risk. The most relevant monitoring items are reliability incidents, gross retention, Flex deployment, concession duration, regulator outcomes, Delta discovery, insurance recoverability, and whether incident-related incentives distort ARR quality.

## 9. Key performance indicators

| KPI | Latest source-bound reading | Why it matters | Main caveat |
|---|---|---|---|
| Ending ARR | $5.84bn at 2026-07-31 | Recurring subscription run rate | Assumes renewal on existing terms; not GAAP revenue |
| Net new ARR | $332.8m in Q2 FY2027 | Incremental run-rate momentum | Can reflect larger or longer Flex commitments and incentives |
| Module adoption | 51% / 35% / 26% for 6+ / 7+ / 8+ | Depth of platform expansion | Excludes Falcon Go; modules differ in value and deployment |
| FY2026 dollar-based net retention | 115% | Cohort expansion after churn and contraction | Exact Q2 FY2027 rate not disclosed; incentives can shift timing |
| Deferred revenue | $4,842.210m at 2026-07-31 | Visibility into future recognition | Not identical to backlog, ARR, or cash receipts |
| TTM issuer-defined FCF margin | 28.1% | Cash conversion and self-funding capacity | SBC is not a cash deduction but is an owner cost |
| TTM SBC as revenue | 23.05% | Compensation intensity and dilution pressure | Share count and repurchase policy determine per-share effect |
| Flex-account ARR | More than $2.29bn at 2026-07-31 | Adoption of commercial consolidation model | Account ARR is not separate segment revenue |
| Gross retention | Improved sequentially in Q2 FY2027 | Core renewal health | Exact rate not disclosed |

The KPI set should be read as a system. ARR growth without retention quality can be temporary. Module adoption without deployment can create later contraction. Free cash flow without share discipline can fail to compound per-share value. Conversely, stable gross retention, continued re-Flexing, rising multi-module adoption, and slower dilution would reinforce the platform thesis.

## 10. Structural opportunities and risks

### Opportunities

- **Security consolidation.** Enterprises want fewer agents, consoles, and contracts. Falcon can take share from legacy endpoint, SIEM, vulnerability, identity, and cloud tools if common telemetry produces better outcomes.
- **AI adoption expands the attack surface.** AI agents introduce identities, tokens, prompts, model gateways, data leakage, and endpoint execution risks. AIDR, identity, data protection, cloud runtime, and exposure management can become incremental modules rather than substitutes for endpoint.
- **Next-Gen SIEM enlarges data economics.** SIEM adds third-party ingestion and positions Falcon as the SOC operating layer, potentially increasing strategic account control.
- **Managed security and incident response.** Talent shortages favor Falcon Complete, MSSPs, and service-led subscription conversion.
- **Marketplace and partner distribution.** Hyperscaler commitments and GSIs can reduce procurement friction and support large migrations.
- **Shared data and graph reuse.** Ingest-once economics and cross-domain context can improve product velocity and cross-sell if telemetry quality remains high.

### Risks

- **Concentrated reliability risk.** The common sensor and content system can transmit mistakes widely. Another severe incident could damage trust, renewals, regulation, and liability.
- **Microsoft bundling.** Defender, Sentinel, Entra, Azure, and Security Copilot can be bought within a broader estate, pressuring price and making “good enough” integration formidable.
- **Palo Alto platformization and best-of-breed tools.** PANW competes across SOC and cloud, while point vendors can innovate faster in narrow workflows.
- **Flex quality and sales-cycle complexity.** Larger consolidation deals can lengthen approvals. Underutilization can create contraction when customers re-Flex or renew.
- **SBC and per-share dilution.** Strong cash flow does not guarantee owner compounding if the share base expands materially.
- **Data and compute cost.** SIEM retention, AI inference, cloud telemetry, and third-party ingestion can pressure gross economics if pricing does not scale with usage.
- **Legal and regulatory overhang.** Delta litigation, governmental requests, customer claims, and ARR or revenue-recognition scrutiny remain unresolved.
- **Security efficacy arms race.** Adversaries change tactics quickly; missed detections, false positives, model errors, or compromised supply chains can impair product credibility.
- **Partner and platform dependency.** Marketplaces, hyperscalers, GSIs, resellers, and MSSPs influence distribution, deployment quality, and economics.
- **Category sprawl.** Thirty-four modules broaden opportunity but increase execution, integration, sales training, and product-coherence demands.

## 11. Investor takeaways

**Fact.** CrowdStrike has a large, recurring, fast-growing subscription base; substantial net cash; strong issuer-defined free cash flow; and deepening module adoption. Endpoint provides the installed distribution layer, while cloud, identity, SIEM, exposure, and AI security widen the addressable opportunity.

**Inference.** The business can compound if common telemetry and architecture create measurable customer outcomes that exceed the value of bundles or specialized point tools. Falcon Flex can accelerate this mechanism by reducing commercial friction, but its success must be judged through deployment, retention, and re-Flexing rather than initial ARR uplift alone.

**Judgment.** The two issues that deserve disproportionate attention are operational trust and per-share economics. July 2024 proved the blast radius of the architecture; TTM SBC shows the gap between corporate cash generation and owner economics. A durable thesis requires evidence that resilience improvements prevent recurrence, incident concessions fade without hidden churn, and revenue growth converts into lower dilution and positive statutory operating leverage.

## Source and provenance note

All financial data comes from the QFR-cleared `quant_foundation.md`, sealed `quote_packet.json`, and sealed `statutory_bridge.json` for run `pulse-cio-20260928T140408+0800`. The primer did not alter those packets. Fresh evidence archived under `raw/pulse-cio-20260928T140408+0800/a` includes the live FMP Q2 FY2027 transcript and transcript-date index; FY2026 10-K; Q2 FY2027 10-Q; Q2 FY2027 earnings release; CrowdStrike preliminary incident review, RCA page, and one-year resilience update; Microsoft Sentinel product page; Palo Alto Networks Cortex XSIAM page; and Palo Alto Networks Prisma Cloud page. No warehouse or cached research file was used as evidence.

# Appendix M

**Information cutoff:** 2026-09-28 SGT **Fiscal year end:** January 31 **TTM anchor:** Q3 FY2026 through Q2 FY2027, ended 2026-07-31 **Forward horizon:** 2031-07-31 **Management gate: FAIL**

This is a stewardship verdict, not a judgment that CrowdStrike lacks strong operators. George Kurtz and his team built one of cybersecurity's most important platforms, responded visibly to the July 2024 outage, restored growth, and have generally guided conservatively. The hard Gideon question is narrower: has management demonstrated that it can convert large reinvestment into durable **per-share** value while using incentives and governance that protect minority shareholders? On current evidence, no. Stock-based compensation remains about 23% of revenue, repurchases have not prevented dilution, statutory ROIC has stayed negative, executive incentives emphasize revenue, non-GAAP EPS, ARR and TSR rather than ROIC or per-share free cash flow, related-party arrangements are avoidable, and DOJ/SEC information requests concerning revenue recognition and ARR reporting remain unresolved. Those defects are too load-bearing for YELLOW.

## 1. Who is running the company

| Role | Leader | Tenure and relevant record | Stewardship relevance |
|---|---|---|---|
| Founder, CEO and President | George Kurtz | CEO, president and director since November 2011; previously McAfee worldwide CTO and founder/CEO of Foundstone | Owns the platform strategy, acquisition program, July 2024 incident response, Falcon Flex and capital-allocation record |
| Chief Financial Officer | Burt Podbere | CFO since September 2015; previously CFO of OpenDNS and Net Optics | Owns guidance, non-GAAP framing, cash deployment, dilution and financial controls |
| President | Michael Sentonas | With CrowdStrike since 2016; CTO from 2020 and president since March 2023; previously McAfee security CTO | Principal operating/product deputy and the clearest internal succession candidate |
| AI and autonomous systems | Bartley Richardson | Joined in 2026 during a planned CTO transition; previously at NVIDIA | Leads a strategically important new product domain, but his in-seat record is short |
| Independent board chair | Gerhard Watzinger | Director since 2012; former SafeBoot CEO and McAfee strategy/M&A executive | Can call board, independent-director and special stockholder meetings; material counterweight to the founder CEO |

CrowdStrike reports one segment, so there are no separately accountable segment heads with disclosed segment profit. The current statutory executive-officer slate remains Kurtz, Podbere and Sentonas in the [FY2026 10-K](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000010/crwd-20260131.htm). That is a seasoned team, but it also concentrates strategy, product identity and customer trust heavily in Kurtz.

The nine-member board is 89% independent, with all key committees independent and an independent chair. Audit chair Roxanne Austin is the designated financial expert. Eight directors meet Nasdaq independence standards, the dual-class structure sunset in fiscal 2025, and the board met nine times in FY2026. Those are meaningful positives. The contrary evidence is tenure and structure: several directors have served since 2011-2013, the board remains classified, and stockholders overwhelmingly rejected the advisory ratification of supermajority provisions in June 2026 even though the board recommended support. A long-tenured board can be knowledgeable, but after a globally consequential operating failure it must demonstrate independence through measurable accountability, not only formal status.

## 2. Tenure, accountability and the three defining decisions

Kurtz has been CEO long enough to own both the exceptional franchise and its defects. Three decisions define the record.

| Decision | Observable result | Management assessment |
|---|---|---|
| Build Falcon as a single cloud-native platform and reinvest aggressively | Revenue grew from $1.452B in FY2022 to $4.812B in FY2026; ending ARR rose from $1.73B to $5.253B; three newer families exceeded $2.18B ARR by Q2 FY2027 | Strategically excellent; GAAP economic conversion remains unproven because SBC and statutory operating losses absorb the value created |
| Introduce Falcon Flex and re-Flex as the commercial consolidation engine | More than 2,900 Flex customers and $2.29B of ending ARR from Flex adopters at Q2 FY2027; standard-to-Flex conversion produced over 40% average ARR uplift and repeat re-Flex customers showed 53% uplift from initial Flex ARR | Strong product-market execution, but long-duration deals, preferred pricing and incident-related commitment packages make ARR quality harder to compare |

| Decision | Observable result | Management assessment |
|---|---|---|
| Respond to the July 19, 2024 incident with remediation, transparency and customer packages | Gross retention remained 97% through FY2026 and growth later reaccelerated; FY2026 incident expense was $117.7M and TTM expense was $45.9M; concessions included discounts, extra modules, flexible terms and subscription extensions | Kurtz apologized promptly and published PIR/RCA detail, but the incident exposed a preventable release-control failure and no disclosed executive pay consequence tied to resilience |

The July 2024 response deserves real credit. Kurtz apologized on the day, the company reverted the defective update in 78 minutes, published a [preliminary incident review](https://www.crowdstrike.com/en-us/blog/falcon-content-update-preliminary-post-incident-report/) and a [root-cause analysis](https://www.crowdstrike.com/en-us/blog/channel-file-291-rca-available/), added canary/staged deployments and customer controls, and commissioned independent third-party software and process reviews. A July 2025 operational follow-up described delivered resilience measures. This is better accountability than denial or concealment.

However, the board's public governance record does not show a separate independent investigation, named oversight findings, or compensation adjustment linked to the incident. The proxy says the full board and Audit Committee oversee operational, privacy and cybersecurity risk, but the measurable accountability signal is weak: the annual incentive paid 108.8% of target for FY2026, and Kurtz received reported FY2026 compensation of $247.6M, dominated by equity. The response repaired customer trust; it did not demonstrate that the board imposed a cost on leadership for the control failure.

## 3. Capital allocation and cumulative reinvestment

The cleared data package shows five-year FY2022-FY2026 cumulative R&D of about **$4.21B**, PPE capex of **$1.25B**, and acquisition cash of **$1.36B**, or roughly **$6.83B** of disclosed reinvestment before capitalized software and recent FY2027 acquisitions. Revenue increased by $3.36B and ARR by $3.52B over the same endpoints. This is substantial commercial output. Yet statutory operating-income ROIC was negative in each year and was **(4.65%) in FY2026**; TTM statutory operating income remained a $133M loss. Cumulative reinvestment has created strategic assets, but management has not shown the greater-than-20% GAAP ROIC evidence required for a Gideon compounder.

R&D increased from $371M to $1.385B while remaining around 25%-29% of revenue. That is coherent with the platform strategy. Recent M&A is also strategically coherent: SGNL adds continuous identity security, while the signed XM Cyber asset acquisition adds attack-path visualization and offensive simulation. The problem is evidence maturity. SGNL cost $627.9M cash plus replacement equity, Seraphic $327.5M cash plus replacement equity, and XM Cyber calls for $145M in cash and shares plus an additional share amount determined at closing. None has yet produced separately disclosed revenue, ARR, margin or ROIC. Onum and Pangea likewise remain embedded in consolidated results. Management's assertion that it integrates rather than merely stitches assets is plausible, but the current wave cannot yet be scored as value-creating.

Older product-family outcomes are better: acquired technologies helped CrowdStrike build Next-Gen SIEM, identity and cloud-security franchises, with Q2 FY2027 ARR above $695M, $585M and $905M respectively. These figures are not acquisition-only returns, so they support strategic fit rather than prove deal-level accretion.

Capital return is the clearest failure. CrowdStrike repurchased $175.6M in H1 FY2027 after increasing authorization to $1.5B, yet issued 12.312M shares and repurchased only 1.920M split-adjusted shares. Period-end shares rose **1.03%** in six months. The buyback was therefore not yet protective of per-share value. No dividends were paid. Given $1.244B of TTM SBC and $2.88B of unrecognized award expense, a repurchase program that does not offset dilution is optics, not capital return.

## 4. Compensation alignment

The [2026 proxy](https://www.sec.gov/Archives/edgar/data/1535527/000110465926055599/tm2532333-4_def14a.htm) reports that 93.7% of named-executive annual compensation was long-term incentive compensation and 46.8% of annual LTI was performance-based. The CEO must own shares worth six times salary, other officers one times salary, and directors five times the cash retainer. Hedging and pledging are prohibited, and an October 2023 clawback policy covers excess incentive compensation after a qualifying restatement.

These safeguards do not cure the metric design. FY2026 annual cash incentives were based on non-GAAP operating income, net new ARR and net retention. Annual PSUs were 50% of LTI, measured over only one year using revenue and non-GAAP EPS; the other 50% was service-based RSUs. There is no ROIC, GAAP operating income, cumulative dilution, per-share FCF, customer-resilience or incident-quality metric. Increasing threshold PSU payout from 25% to 50% of target weakens downside sensitivity. Kurtz also received a three-year relative-TSR award with 300,000 pre-split target shares and up to 200% payout; relative TSR is better than an absolute-price hurdle but can reward multiple expansion without economic return on

reinvestment.

Kurtz beneficially owned 2.384M pre-split shares as of April 3, 2026, less than 1% but still substantial economic exposure. September Form 4 sales were under a January 2026 Rule 10b5-1 plan and left roughly 7.72M post-split direct shares plus 0.4M in a family trust. That pattern is planned diversification, not a distress signal. The deeper alignment problem is companywide: SBC was 20.7%-23.5% of revenue in every year FY2022-FY2026 and 23.1% TTM. Equity ownership at the top is real, but minority holders continue to fund it through dilution.

## 5. Disclosure quality, candor and guidance discipline

Eight live FMP transcripts from Q3 FY2025 through Q2 FY2027 show a mixed but not deceptive communication record. Podbere was direct after the incident about extended sales cycles, lower upsell, contraction risk, delayed pipeline generation, longer contract terms and roughly $30M of Q4 impact to net new ARR and subscription revenue. He also explained that customer commitment packages could temporarily decouple ARR and revenue. Guidance was generally conservative: FY2025 and FY2026 revenue finished above the high end of late-year ranges, and FY2027 net-new-ARR growth guidance rose from 22.5% initially to 27.7% after Q1 and 34% after Q2 as evidence strengthened. Q2 FY2027 net new ARR exceeded guidance by more than $45M.

But management often pivots from load-bearing questions to platform narrative. In Q3 FY2025, a direct question on current RPO was answered with only longer-duration commentary. In Q4 FY2025, a question on declining upsell contribution was met by calling dollar-based net retention "noisy" rather than quantifying the bridge. Current gross and net retention rates are no longer disclosed even though management says both improved sequentially. Customer commitment packages are not quantified by ARR, revenue or margin effect. The newest calls contain extensive promotional AI language while product-level GAAP revenue, AIDR ARR and acquisition returns remain undisclosed. Question handling is strongest when Podbere discusses formal guidance and weakest when the question challenges KPI comparability.

The GAAP/non-GAAP presentation gap is material. Earnings calls state that every financial measure except revenue is non-GAAP unless otherwise noted. At Q2 FY2027, GAAP operating margin was **(2.3%)** while non-GAAP operating margin was **25%**. FY2026 GAAP operating income was a $293M loss even as management emphasized $1.235B of issuer-defined FCF. FCF is genuine cash generation, but adding back more than $1B of recurring SBC without charging for share issuance overstates the economic margin available to existing owners. The change from four to five years for commission amortization produced an estimated $85M-$95M FY2027 operating-income benefit; disclosure was adequate, but the benefit is accounting timing rather than operating improvement.

The FY2026 statements also revised prior periods for an immaterial SBC timing error. Management and PwC concluded controls were effective, and the clawback analysis found no excess incentive compensation. Separately, the [Q2 FY2027 10-Q](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000031/crwd-20260731.htm) repeats that the DOJ and SEC requested information concerning revenue recognition and ARR reporting for certain customers, the July 19 Incident and related matters. CrowdStrike says it is cooperating. This appendix does **not** infer wrongdoing, enforcement or a likely adverse outcome; the unresolved requests are a monitoring flag because ARR is central to compensation and investor communication.

## 6. Strategic coherence

Management's purpose is clear: make Falcon the "operating system of cybersecurity" and the infrastructure layer for secure AI adoption. Investment follows that narrative. R&D remains high, Falcon Flex commercializes a broad module catalog, and acquisitions cluster around identity, data, observability, cloud and exposure management. The September 2026 investor briefing's goals of $10B ending ARR within FY2030 and $20B within FY2035 give a long-horizon destination rather than a sequence of unrelated pivots.

The concern is breadth and financial proof, not coherence. Management increasingly describes EDR, SIEM, identity, cloud, exposure management, data protection and AI security as one platform, which can obscure the maturity and economics of each. It names legacy and hyperscaler competitors in calls, but competitive discussion is usually framed as displacement wins rather than share losses or product gaps. Falcon Flex can accelerate adoption, yet preferred pricing, longer terms, financing and incident packages also make headline ARR growth less transparent. Strategy is coherent; stewardship economics are not yet demonstrated.

## 7. Governance flags, succession and insider activity

The board has formal independence, an independent chair, a financial-expert Audit Committee, annual evaluations, a clawback policy and one-share/one-vote. Disclosure controls were deemed effective at July 31, 2026, and no material weakness was reported. CEO and CFO sales reviewed were planned or vesting-related rather than a clustered abandonment of ownership.

Three flags outweigh those protections. First, CrowdStrike paid a Kurtz-owned aircraft LLC **$6.69M** in FY2026, paid a Kurtz-linked hotel about $77,000, and expects to lease Kurtz-owned office space beginning FY2027 for roughly **$2M annually** through November 2037. Audit Committee review and third-party market comparisons reduce pricing risk, but these are avoidable conflicts and poor optics. Second, director Sameer Gandhi is affiliated with Accel, which owns the other 50% sharing interest in Falcon Fund vehicles; CrowdStrike contributed $6M to Falcon Fund II since February 2025. Third, the three-member Transaction Committee includes Kurtz and did not meet during FY2026 despite an active acquisition program, limiting evidence of deal-specific independent challenge.

Succession is credible but incomplete. Sentonas is a long-tenured internal operator with product credentials, and the board explicitly oversees succession. Yet Kurtz remains CEO, president, transaction-committee chair, principal strategist and the public face of customer trust. The unusually large retention award confirms key-person dependence. A disclosed CEO succession framework and stronger separation of transaction approval from the CEO would improve the gate.

## 8. Peer comparison

| Peer CEO | Relative stewardship assessment | CrowdStrike comparison |
|---|---|---|
| Ken Xie, Fortinet | Superior per-dollar economics: FY2025 revenue was $6.80B, GAAP operating income $2.08B and SBC $282M | CrowdStrike has faster cloud-platform growth, but Fortinet is materially better on GAAP profitability, dilution and observable capital returns |
| Nikesh Arora, Palo Alto Networks | Strong platformization and M&A integration with positive GAAP earnings; also uses substantial SBC and non-GAAP framing | More proven acquisition-scale execution and per-share profit conversion, though not an unblemished compensation benchmark |
| Jay Chaudhry, Zscaler | Founder-led, coherent zero-trust strategy and similar high-growth SaaS economics; FY2026 still included GAAP operating losses | Comparable founder vision and disclosure style; CrowdStrike's incident, related-party arrangements and higher capital-allocation complexity rank it lower on governance |

Kurtz ranks at or near the top on category creation and product ambition, but below Xie and Arora on five-year stewardship per dollar invested. Against Chaudhry, the operating case is competitive, yet CrowdStrike's governance burden is heavier. The realistic peer set shows that high growth does not require accepting perpetual 20%+ SBC or unmeasured deal economics.

## 9. Verdict and explicit conditions

**Management gate: FAIL.** The team is strategically capable and its incident response, guidance discipline, customer retention and platform execution are genuine positives. The gate fails because the observable system rewards scale and non-GAAP optics while shareholders absorb chronic dilution; capital returns have not protected share count; statutory ROIC remains negative after roughly $6.83B of five-year reinvestment; avoidable CEO-related transactions persist; and the regulatory/disclosure questions around ARR and revenue recognition are unresolved. This is not an allegation of misconduct. It is a conclusion that present stewardship evidence does not justify following this team for a decade under a greater-than-20% ROIC, per-share compounder standard.

**Upgrade from FAIL to YELLOW** requires all of the following for at least four consecutive reported quarters: SBC below 15% of revenue and falling, net share count flat or down after repurchases, positive GAAP operating income without relying on commission-amortization timing, and publication of current retention plus quantified Flex/commitment-package economics. The board must also eliminate new CEO-related aircraft/real-estate transactions or provide an independently tendered alternative-process disclosure, add ROIC or per-share FCF/dilution metrics to executive pay, and report closure or a clearly bounded status for the DOJ/SEC information requests.

**Upgrade from YELLOW to GREEN** would require eight quarters of positive and improving statutory ROIC, demonstrable acquisition cohorts that earn attractive returns after SBC and dilution, repurchases that reduce diluted shares rather than merely recycle employee issuance, and evidence that a credible succession bench can operate without Kurtz-centered dependency.

**Further downgrade evidence**, while the gate is already FAIL, would include a revenue or ARR restatement, an adverse regulator finding, failure of incident-remediation controls, recurring material outages, a second year of repurchases with rising share count, acquisition impairments without transparent post-mortems, or compensation awards paid despite deterioration in GAAP per-share economics.

## Sources and evidence coverage

The capital-allocation, SBC, dilution, incident-cost and corporate-action figures come from the DR-cleared `data_package.md` with SHA-256 `0381d7f40cbd8611d3fe20d48c61dad57e849a436845bb22fb4f0379ddafbf20`; those sections were not re-fetched. Governance and compensation rely on the live [2026 DEF 14A](https://www.sec.gov/Archives/edgar/data/1535527/000110465926055599/tm2532333-4_def14a.htm). Leadership, controls, legal matters and strategy rely on the live [FY2026 10-K](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000010/crwd-20260131.htm) and [Q2 FY2027 10-Q](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000031/crwd-20260731.htm). Candor and guidance use eight live FMP stable earnings-call transcripts from Q3 FY2025 through Q2 FY2027. Incident accountability uses CrowdStrike's official PIR, RCA and one-year resilience follow-up. Insider activity uses current SEC Form 4 filings through September 25, 2026. All successful new pulls were preserved under `raw\pulse-cio-20260928T140408+0800\m`; two IR PDF endpoints timed out on the identical retry, while equivalent SEC/official web evidence remained available and is cited above.

No queue, message, dashboard, ranking, sizing, trade or portfolio action is authorized by this appendix.

# Appendix W

**Assessment date:** 2026-09-28 **Financial anchor:** TTM ended 2026-07-31; five-year ER2 horizon 2031-07-31 **Moat gate: YELLOW 2046 test: YELLOW**

CrowdStrike has an observable moat today, but the evidence does not clear a 20-year GREEN/PASS standard. Its strongest defenses are endpoint-led distribution, an installed sensor and response workflow that are costly to replace, and a shared telemetry/graph layer reused across modules. Microsoft and Palo Alto Networks attack the same consolidation budget, AI can commoditize analyst workflows, and Flex utilization, current retention, discounting, and customer economics remain incompletely disclosed. July 2024 proved that the architectural advantage and catastrophic-failure surface are the same thing.

## 1. Moat taxonomy applied

**Data or network effects — moderate, not winner-take-all.** Falcon's Threat Graph and Enterprise Graph correlate endpoint, workload, identity, asset, threat-intelligence, and third-party data. CrowdStrike's FY2026 Form 10-K says its Security Cloud correlates trillions of security events per week and reuses signals across detection, investigation, and response ([FY2026 10-K](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000010/crwd-20260131.htm)). More varied telemetry and response outcomes can improve detections. This is a learning effect, not a reciprocal network: customers multi-home, hyperscalers possess broader signal pools, and third-party telemetry is portable. The moat is detection engineering and time-to-action, not event count.

**Switching costs — strong in endpoint and the SOC, moderate elsewhere.** Replacing Falcon means redeploying agents, rebuilding policies, integrations, automations, exception lists, threat-hunting procedures, analyst training, audit evidence, and incident-response playbooks. Switching becomes harder when endpoint, identity, cloud, SIEM, exposure, and managed response share one graph and console. At July 2026, 51%, 35%, and 26% of subscription customers used six-plus, seven-plus, and eight-plus modules, respectively; the breadth is observable even though the economic value of each module is not. These are workflow and organizational switching costs, not contractual captivity: subscriptions are generally one to three years and customers can renew with fewer endpoints, modules, or shorter terms ([Q2 FY2027 10-Q](https://www.sec.gov/Archives/edgar/data/1535527/000153552726000031/crwd-20260731.htm)).

**Scale economies — strong, with a compute caveat.** The common sensor, cloud infrastructure, detection content, threat research, go-to-market organization, and 24/7 response services can support many modules and customers. Cross-selling onto an installed sensor should require less deployment and customer-acquisition effort than landing a new platform. Subscription gross margin remained 76%-78% in FY2022-FY2026 and 78% in Q2 FY2027 despite rapid expansion and the July 2024 incident. But SIEM storage, third-party data ingestion, cloud telemetry, and AI inference are usage-heavy. CrowdStrike's $7.0 billion disclosed purchase-commitment stack, including post-quarter commitments, shows that scale is not costless. The defensible test is not events processed; it is whether unit compute and storage costs fall faster than price and whether gross margin remains durable as SIEM and AI mix rises.

**Brand — strong but explicitly conditional.** CrowdStrike is a recognized breach-prevention, threat-intelligence, managed hunting, and incident-response brand, trusted by more than 88,000 organizations at January 2026. Security buyers value efficacy and the ability to respond during a crisis, so trust can shorten procurement and help the company land after a breach. The July 19, 2024 content update caused widespread Windows crashes, however, and converted brand strength into evidence of concentrated operational risk. CrowdStrike has since added ring-based content distribution, deployment controls, self-recovery, expanded testing, and independent review ([one-year resilience update](https://www.crowdstrike.com/en-us/blog/reflecting-on-building-resilience-by-design/)). Strong ARR and adoption through Q2 FY2027 show commercial recovery, but management still cannot guarantee remediation effectiveness. Brand is a moat only while reliability and detection outcomes continue to justify privileged access.

**Regulatory and certification barriers — supporting, not exclusive.** Government authorizations, certifications, auditability, data residency, and long vendor-risk reviews raise entry barriers, but scaled peers can qualify. Regulation may also favor open telemetry, resilience, and vendor diversification. There is no protected license excluding peers.

**Intellectual property — useful but not the core defense.** Proprietary detection models, graphs, threat intelligence, and trade secrets matter, but techniques diffuse quickly and open standards reduce exclusivity. The durable asset is the continuously renewed combination of telemetry, detections, experts, and integrations; static patent counts overstate protection.

**High-trust procurement and ecosystem — strong, but partners can redirect flow.** Security agents and response platforms receive deep privileges; enterprises do not replace them casually. Falcon's marketplaces, resellers, MSSPs, GSIs, technology alliances, and incident-response channel broaden distribution. Q2 FY2027 included $600 million of cloud-marketplace deal value and nearly 50% growth in the GSI business, while no direct customer or channel partner represented 10% or more of FY2024-FY2026 revenue. This reduces concentration risk. Yet the same marketplaces and GSIs can privilege Microsoft, AWS-native, Google, or Palo Alto solutions. The ecosystem is a distribution moat, not a captive network.

## 2. Per-domain moat and blended durability

CrowdStrike reports one operating segment, so the following are product-domain economic slices rather than issuer-reported segments. The only statutory projection segment remains "Consolidated company." The parallel segment appendix was still an in-progress stub when this analysis was completed; the domain assessment therefore uses the DR-cleared data package, the primer, and fresh official sources rather than unreviewed segment claims.

**Endpoint security and managed detection.** This is the strongest moat and the landing zone. The installed lightweight sensor, policy estate, telemetry history, OverWatch hunting, Falcon Complete operations, and response integrations create real switching costs. Five- to ten-year durability is strong because endpoints and execution environments remain privileged enforcement points even as their form changes. Twenty-year durability depends on the sensor becoming an abstraction across devices, workloads, and autonomous agents rather than remaining a Windows-centric agent. The earliest break signal is declining endpoint ARR or gross retention alongside Microsoft Defender or PANW displacement that cross-sell cannot offset.

**Cloud security.** Falcon can join posture, identity, workload runtime, adversary intelligence, and endpoint context, but cloud security has lower inherited switching costs and more developer-facing workflows. Cloud ARR exceeded $905 million in Q2 FY2027 and grew more than 29%, evidence of traction rather than dominance. Five-year durability is moderate; ten- and twenty-year durability require developer-native code-to-runtime context and workload controls that remain valuable across clouds. Palo Alto's Prisma/Cortex Cloud, hyperscaler-native tools, and specialists can attack from stronger code, infrastructure, or cloud-posture positions. A downgrade signal is cloud ARR growth falling below total ARR growth for several quarters while runtime deployment or competitive win evidence weakens.

**Identity security.** Endpoint risk plus identity behavior is strategically coherent: many attacks use valid credentials, and non-human and AI-agent identities expand the enforcement surface. Identity ARR exceeded $585 million and grew more than 33% in Q2 FY2027. The moat is moderate because the graph can link devices, users, workloads, and adversary behavior, but Microsoft controls Entra and Active Directory and privileged-access specialists own critical workflows. Durable value requires real-time risk decisions and machine-identity governance, not another alert console. The earliest break signal is expansion dependent on discount bundles while customers retain separate identity control planes.

**Next-Gen SIEM, Charlotte AI, and SOC operations.** Falcon-native data already resident in the platform can lower duplication and speed correlation; third-party ingestion and Fusion automation deepen workflow lock-in. Next-Gen SIEM ARR exceeded $695 million and grew more than 60% in Q2 FY2027. This domain could become the largest workflow moat, but it is also most exposed to price and AI commoditization. Microsoft Sentinel and Security Copilot unify Defender, identity, email, cloud, SIEM, and AI in one portal ([Microsoft unified security operations](https://learn.microsoft.com/en-us/defender-xdr/unified-security-operations-overview)); Cortex XSIAM unifies SIEM, EDR, XDR, SOAR, cloud detection, attack-surface management, analytics, and threat intelligence ([Cortex XSIAM](https://docs-cortex.paloaltonetworks.com/p/XSIAM)). Elastic offers open rules, model choice, federated data, and compute/storage pricing. The earliest break signal is SIEM ARR growth accompanied by falling gross margin, rising data concessions, or low third-party-data retention.

**Exposure management and professional services.** Exposure benefits from endpoint, asset, identity, and adversary context, but this market is crowded and standards-heavy; durability is moderate at five years and unproven at twenty. Services are about 5% of FY2026 revenue and lower margin, but reinforce trust and land subscriptions. Their moat is weaker than endpoint's.

The blended company moat is therefore weaker than the best endpoint franchise but potentially strengthens as genuine multi-domain deployment grows. Subscription was 94.9% of FY2026 revenue, yet no GAAP module-revenue or profit disclosure exists. Investors cannot verify which domains carry pricing power or margin. The platform thesis should be credited for adoption and retention evidence, but not as if every module shares endpoint's moat.

## 3. Margin persistence evidence

Live FMP stable-endpoint pulls provide ten fiscal years of consolidated history; the DR-cleared package and filings control FY2022-FY2026 revisions. The moat is clearer in stable gross margin and retention than in statutory operating margin.

| Fiscal year | Revenue ($B) | Consolidated gross margin | Statutory operating margin | Evidence reading |
|---|---|---|---|---|
| FY2017 | 0.053 | 35.5% | (171.7%) | Pre-scale |
| FY2018 | 0.119 | 54.1% | (110.7%) | Pre-scale |
| FY2019 | 0.250 | 65.1% | (54.8%) | Rapid gross-margin maturation |
| FY2020 | 0.481 | 70.6% | (30.3%) | Scale emerging |
| FY2021 | 0.874 | 73.7% | (10.6%) | Gross model established |
| FY2022 | 1.452 | 73.6% | (9.8%) | Subscription gross margin 76% |
| FY2023 | 2.241 | 73.2% | (8.5%) | Subscription gross margin 76% |
| FY2024 | 3.056 | 75.3% | (0.6%) | Official revised statutory basis |
| FY2025 | 3.954 | 74.9% | (2.9%) | July incident cost begins |
| FY2026 | 4.812 | 74.7% | (6.1%) | Subscription gross margin 78% |

TTM revenue was $5.396 billion, TTM statutory operating margin was approximately (2.5%), and TTM subscription gross margin remained near 78%. Gross retention was 97% in each FY2026 quarter and net retention improved from 112% to 115% across the year. Q2 FY2027 management said both improved sequentially but did not disclose absolute values. That nondisclosure prevents a confident claim that retention has fully normalized. Stable 76%-78% subscription gross margin through growth, incident remediation, and competition is reinforcing evidence; persistent negative GAAP operating margin, TTM SBC at 23.1% of revenue, and an FY2027 commission-amortization estimate change that benefits operating income by $85-$95 million are contrary evidence. The moat currently produces customer and gross-profit durability, not yet clean statutory returns.

## 4. AI disruption stress test

Endpoint and identity enforcement are the most protected domains because they are chokepoints: software or policy must observe execution, bind identity, and take authorized action. A foundation model without privileged telemetry, tested detections, permissions, audit controls, and rollback cannot replicate those controls through prompting. AI expands the number of agents, tokens, non-human identities, code paths, and data movements that need protection, making Falcon platform-adjacent to AI infrastructure.

SIEM search, summarization, query generation, triage, and investigation narratives are workflows models can reproduce. Charlotte AI is therefore not itself a moat; its defense is Falcon’s data plane, permissions, threat context, feedback, and safe action framework. Model-agnostic platforms can separate reasoning from security data. Wazuh’s open-source XDR and SIEM show that baseline collection, search, detection, and response can commoditize ([Wazuh XDR](https://wazuh.com/platform/xdr/)). Open source will not replace enterprise threat operations everywhere, but it can cap pricing and make portability credible.

Cloud code and posture are also exposed because AI can generate policies, scan code, explain vulnerabilities, and automate fixes inside developer tools. Runtime protection and cross-domain attack correlation are more defensible. The most AI-exposed segment is analyst-facing SIEM/Charlotte workflow; the most protected is endpoint plus managed response, provided the sensor remains trusted. The central risk is disintermediation of the SOC interface: if customers interact through Microsoft, hyperscaler, or independent AI agents while Falcon becomes merely one telemetry feed, workflow rent migrates upward.

## 5. The 2046 test

**Specific 2046 base description.** On 2026-09-28, twenty years means 2046-09-28. In a successful 2046, CrowdStrike sells a vendor-neutral security data, identity, and enforcement plane for human users, autonomous agents, endpoints, robots, cloud and edge workloads, and data flows. Enterprises, governments, regulated operators, and MSSPs pay recurring subscriptions and usage fees for continuous telemetry, policy, adversary intelligence, autonomous investigation, managed response, and auditable recovery. Traditional endpoint antivirus has withered into a bundled capability; endpoint-derived trust persists as one of several sensors. Identity and AI-agent authorization, workload/runtime security, SOC data operations, exposure control,

and machine-speed response have grown. Professional services remain a small trust and feedback loop. A mature GAAP operating margin is directionally higher than today's negative margin, plausibly mid-teens to low-20s rather than the current non-GAAP target, because scale and cross-sell offset continuing compute, assurance, and research costs. The surviving moat is not "AI leadership"; it is privileged deployment, longitudinal cross-domain data, tested response authority, resilience, procurement trust, and workflows embedded across customers and partners.

**2046 erosion description.** In the bear case, Microsoft and hyperscalers embed good-enough endpoint, identity, cloud, AI-agent, and SIEM controls into operating systems and consumption contracts; PANW owns the network-to-cloud SOC; open standards make telemetry and policies portable; AI agents automate investigations across interchangeable data stores; and a second severe Falcon reliability or security incident makes vendor concentration unacceptable. Falcon then becomes a premium endpoint and managed-response product with lower prices, less cross-sell, and mid-single-digit to low-teens growth. Gross margin compresses as data and inference become commodities, while sales and R&D stay high. This outcome is plausible enough—roughly a one-in-three strategic risk, not a remote tail—that 2046 cannot pass today.

## 6. Competitive threat inventory

| Threat | Mechanism | Domain affected | Earliest observable signal | Plausibility |
|---|---|---|---|---|
| Microsoft security bundle | Defender, Entra, Sentinel, cloud, email, exposure, and Security Copilot integrate with enterprise licensing and procurement | Endpoint, identity, SIEM, cloud, AI | Endpoint ARR decelerates, displacement rises, retention falls, or concessions increase | High |
| Palo Alto platformization | XSIAM and Cortex Cloud combine network, endpoint, SOC, and code-to-cloud control with aggressive consolidation | SIEM, cloud, endpoint, exposure | Cloud or SIEM growth slips below company growth; large platform wins slow | High |
| AI-native and open data stack | Models commoditize analyst workflows; Elastic, Wazuh, and cloud-native tools lower ingestion, search, and rule costs | SIEM, Charlotte, exposure, cloud posture | Falling data pricing, lower gross margin, model-agnostic interfaces displace Falcon console use | Medium-high |

## 7. Pricing power verification

CrowdStrike demonstrates **expansion power**, but direct price power is not independently proven. FY2026 gross retention was 97%, net retention reached 115% in Q4, and Q2 FY2027 Flex evidence was strong: Flex-account ARR exceeded $2.29 billion, more than 2,900 customers used Flex, more than 630 had re-Flexed, standard-to-Flex conversions showed average ending-ARR uplift above 40%, and customers with multiple re-Flexes averaged 53% uplift from their initial Flex baseline ([Q2 FY2027 results](https://ir.crowdstrike.com/node/17376/pdf)). Module adoption also rose. These outcomes support value capture through broader deployment.

But no disclosed table isolates list-price increases, effective price per endpoint, renewal uplift, discount rate, or module-level gross margin. Contracts are typically one to three years and mostly non-cancelable, yet disclosed materials do not establish standard price escalators or minimum Flex utilization. Post-incident customer packages included discounts, extra modules, services, flexible payments, and extensions; the 10-Q says they increased contraction through elongated terms and reduced upsell values. Flex can reduce procurement friction and deepen workflows, or function as discounted bundling that front-loads ARR while creating renewal underutilization. Until deployment, consumption, discount, and renewal cohorts are disclosed, pricing power is **weak-to-moderate and ambiguous**, not a GREEN proof point.

## 8. Measurable gate conditions and verdict

**Upgrade YELLOW to GREEN/PASS if:** current gross retention is again disclosed and stays at least 97% while net retention remains at least 115% for four consecutive quarters; Flex and re-Flex cohorts sustain positive ARR expansion without rising concessions or gross-margin erosion; subscription gross margin remains at least 77% as SIEM and AI mix increases; GAAP operating margin turns sustainably positive after removing commission-timing and incident effects; and endpoint, cloud, identity, and SIEM growth evidence shows wins against Microsoft and PANW rather than only bundle conversion.

**Downgrade YELLOW to FAIL if:** gross retention falls below 95% or NRR below 105% for two quarters; subscription gross margin falls below 74% without a deliberate temporary investment explanation; Flex ARR grows while deployed-module use or renewal value contracts; Microsoft or PANW displacement causes endpoint or platform ARR to undergrow the security market for four quarters; a second high-severity reliability event demonstrates failed resilience; or SIEM/AI data pricing

structurally commoditizes and the Falcon console loses workflow ownership.

**Moat gate: YELLOW.** Endpoint-led distribution, a shared graph, high switching costs, strong gross retention, multi-module adoption, and stable subscription gross margin make the present moat observable. The gate does not pass because module-level economics, current retention values, pricing, discounts, Flex utilization, and customer cohorts remain insufficiently disclosed, while Microsoft and PANW can attack from powerful adjacent control planes. The one reportable segment also prevents verifying whether newer domains inherit endpoint economics.

**2046 test: YELLOW.** A specific durable 2046 business is plausible: an independent cross-platform security data and enforcement plane for human and machine identities, workloads, and autonomous agents. It is not yet probable enough for PASS because analyst-facing workflows can commoditize, procurement can consolidate into hyperscaler bundles, and operational concentration can turn trust into liability. Endpoint plus managed response drives the current moat; identity and runtime security are potential reinforcements; SIEM and AI workflows are the main erosion vector.

## Evidence and provenance note

The quantitative base is the DR-cleared `data_package.md` with SHA-256 `0381d7f40cbd8611d3fe20d48c61dad57e849a436845bb22fb4f0379ddafbf20` and the QFR-sealed packets. Fresh FMP and official company/competitor evidence was archived under `raw/pulse-cio-20260928T140408+0800/w`. SEC command-line downloads returned HTTP 403 after the identical retry; live SEC web retrieval succeeded, and same-run live SEC pulls were copied into the W folder. No warehouse/cache evidence was used. The segment appendix remained a stub, so no claim from it was relied upon.

# Appendix B1

Company: CrowdStrike Holdings, Inc. (CRWD) Run ID: `pulse-cio-20260928T140408+0800` Information cutoff: 2026-09-28T14:04:08+08:00 (SGT) Fiscal year end: January 31 TTM anchor: 2026-07-31 Exact five-year horizon: 2031-07-31 Reporting currency: USD; forecast tables are USD millions except per-share data

## 0. Segment boundary and taxonomy note

CrowdStrike reports exactly one operating and reportable segment because its chief operating decision maker allocates resources and assesses performance on a consolidated basis. The issuer's disclosed CODM profit measure is consolidated net income or loss, which is a statutory endpoint below operating income. It is therefore not an additive operating-segment profit measure. The QFR-sealed statutory bridge applies the permitted `single_segment_non_operating_codm_fallback`, and this appendix consequently models one financial segment named `Consolidated company` on the exact basis `Statutory operating income (single-segment non-operating CODM fallback)`. The disclosed CODM measure is retained separately in the below-line schedules as consolidated net income; it is never renamed operating income, and interest, other income, tax, or NCI are never inserted into operating economics.

The revenue taxonomy is stable for GAAP modeling: subscription revenue and professional services revenue are revenue types, not reportable segments. Product-family ARR for Cloud Security, Next-Gen Identity, and Next-Gen SIEM is useful business-driver context but is not GAAP revenue and is not summed into the financial model. A product-comparison boundary begins in Q2 FY2026, when Falcon Shield moved from Cloud Security ARR to Next-Gen Identity ARR and management conformed the year-over-year growth comparison. Module-adoption thresholds also changed over time, so 5+, 6+, 7+, and 8+ module percentages are not spliced into a false continuous series. The consolidated FY2022-FY2026 statutory history and the TTM base remain on the DR-cleared data-package basis.

## 1. What this segment actually is

CrowdStrike sells the Falcon cloud-native cybersecurity platform, primarily through subscriptions. The operating proposition is that one lightweight endpoint sensor, a cloud data layer, threat intelligence, and an expanding family of security modules allow customers to consolidate previously separate tools. Endpoint detection and response remains the installed-base entry point, while cloud security, identity protection, next-generation SIEM, exposure management, data protection, and emerging AI security create expansion paths. Professional services include incident response, proactive services, and related work. Services are economically small, but they can expose CrowdStrike to high-severity incidents and create a funnel for subscriptions.

The pricing model is recurring subscription revenue recognized over contract terms. Annual recurring revenue is management's principal operating measure and is calculated as the annualized value of customer subscription contracts at the measurement date, assuming contracts expiring over the next 12 months renew on existing terms. This definition includes an expired contract while an active renewal discussion continues, so ARR is a useful scale indicator but not the same thing as recognized revenue or cash collections. Remaining performance obligations add contracted visibility, but the declining share expected within 12 months means total RPO growth cannot be treated as a one-for-one near-term revenue signal.

Go-to-market combines direct enterprise sales, channel partners, global systems integrators, and cloud marketplaces. Falcon Flex is increasingly important. Rather than requiring a customer to specify every module at inception, Flex creates a committed platform relationship that can be deployed across use cases, and re-Flex events can expand the commitment. At Q2 FY2027, CrowdStrike disclosed more than 2,900 Flex customers, more than 630 re-Flex customers, $2.29 billion of Flex ARR, and more than 40% ARR uplift for standard-to-Flex conversions. Customers with at least two re-Flex events had average ending ARR 53% above their initial Flex starting point. Those are issuer facts about selected cohorts, not a substitute for current company-wide net retention, which was not disclosed.

The customer value proposition is operational as much as technical. Consolidation can reduce agent sprawl, integration work, and alert fragmentation, while a shared data architecture can improve detection and response. The vendor benefits when customers add modules or move security workloads onto Falcon. That creates a land-and-expand model, but it also creates two underwriting hazards. First, large platform competitors can bundle security into broader software agreements. Second, the July 19 Incident and associated customer commitment packages showed that platform concentration can amplify operational failure and can lead to discounts, extra modules, professional services, flexible payment terms, or subscription extensions.

## 2. Current economics at the TTM anchor

TTM revenue was $5.396 billion, comprising $5.132 billion of subscription revenue and $264 million of professional services revenue. Ending ARR was $5.841 billion at Q2 FY2027, up 25% year over year, and the four most recent quarters showed revenue growth of 22%, 23%, 26%, and 26%. Q2 FY2027 subscription revenue grew 27%. Total RPO was $10.7 billion, but only 46% was expected within 12 months. The inferred current-12-month amount is about $4.922 billion; it is an analyst multiplication of a disclosed percentage and total, not issuer-labeled cRPO. Sources: live FMP stable product-segmentation endpoint; CrowdStrike Q2 FY2027 Exhibit 99.1 dated 2026-08-26; data_package sections 0a, 4, and 5.

The TTM statutory model starts from the four non-overlapping quarters Q3 FY2026, Q4 FY2026, Q1 FY2027, and Q2 FY2027. The official quarterly supplemental and QF TTM reconstruction produce $4.057 billion of gross profit, $1.944 billion of sales and marketing expense, $1.564 billion of R&D expense, and $682 million of G&A expense. Total operating expense was $4.190 billion, leaving a $133 million statutory operating loss. The arithmetic is exact: $4.057 billion gross profit less $4.190 billion operating expenses equals $(133) million of `Statutory operating income (single-segment non-operating CODM fallback)`, identical to the QFR-sealed bridge. TTM consolidated net income was $65.3 million only because $183.2 million of interest income and $40.5 million of other income more than offset $26.6 million of interest expense and the operating loss. After $20.3 million attributable to NCI, parent net income was $45.0 million and diluted EPS was $0.044 on 1,028.4 million day-weighted diluted shares. Sources: FY2026 Form 10-K; Q1 and Q2 FY2027 Forms 10-Q; CrowdStrike Q2 FY2027 supplemental; QFR-sealed statutory_bridge.json.

The apparent cash economics are substantially better than GAAP earnings, but the difference must be underwritten rather than waived away. TTM issuer-defined free cash flow was $1.519 billion, or 28.1% of revenue. TTM SBC was $1.244 billion, or 23.1% of revenue. Period-end common shares rose 1.03% in the first half of FY2027 despite $175.6 million of repurchases, because issuance exceeded retired shares. The company also had about $2.880 billion of unrecognized stock-award expense before future grants. Cash flow therefore supports reinvestment and balance-sheet flexibility, while statutory ROIC and per-share conversion remain constrained by compensation expense and dilution. Sources: FY2026 Form 10-K and Q2 FY2027 Form 10-Q cash-flow and stock-compensation notes; QF official TTM cash-flow bridge.

The balance sheet contained $5.014 billion of cash, $746 million of senior notes, and $4.268 billion of net cash excluding leases. That cushion is economically helpful, but it coexists with $4.142 billion of scheduled non-cancelable purchase commitments and another $2.900 billion added after quarter-end. These commitments are not debt. They are nevertheless a real infrastructure and vendor cash obligation through FY2034, so the model does not treat all cash as permanently distributable. Recent acquisitions also consume cash and create acquired-intangible amortization: Onum, Pangea, Seraphic, and SGNL required more than $1.4 billion of disclosed cash consideration in aggregate, and XM Cyber consideration was signed but not included in FY2027 guidance. Source: Q2 FY2027 Form 10-Q balance sheet, commitments note, and acquisition notes; FY2026 Form 10-K acquisition notes for Onum and Pangea.

## 3. Unit economics

Subscription gross profit is the economic engine. TTM subscription gross profit was $4.011 billion on $5.132 billion of subscription revenue, or 78.2%. Professional services gross profit was about $46 million on $264 million of revenue, or 17.6%. The consolidated gross margin was therefore 75.2%. Subscription infrastructure, customer support, cloud data processing, threat research, and compensation in cost of revenue determine the gross-margin ceiling. Professional services are intentionally lower margin because the organization values incident expertise and customer outcomes, not only stand-alone service profit. Sources: CrowdStrike Q2 FY2027 supplemental and live FMP stable quarterly product-segmentation endpoint; TTM is Q3 FY2026 through Q2 FY2027.

Sales and marketing was 36.0% of TTM revenue, R&D was 29.0%, and G&A was 12.6%. Those ratios include SBC and other GAAP items. The near-term operating model has three sources of apparent leverage. Revenue is growing faster than most fixed corporate functions; incident costs can normalize; and the commission amortization estimate changed from four years to five years effective February 1, 2026. Management estimated an $85-$95 million FY2027 operating-income benefit from that accounting change. The benefit does not create cash or better demand and is therefore shown as an embedded timing benefit, not added a second time to operating income. Sources: CrowdStrike Q2 FY2027 supplemental; FY2026 Form 10-K deferred-contract-cost accounting estimate disclosure.

Deferred contract acquisition costs were $1.195 billion at Q2 FY2027. TTM commission amortization reconstructed from official filings was $446.524 million: FY2026 $449.413 million less H1 FY2026 $209.941 million plus H1 FY2027 $207.052 million. TTM capitalized acquisition-cost additions were materially higher. A growing deferred-commission asset can lift current operating cash flow and postpone expense recognition, but it does not remove the selling cost. The scenario model

therefore keeps amortization inside GAAP sales and marketing and separately discloses its path. Base-case amortization rises to $889 million by the horizon even as the ratio to revenue eases, reflecting a larger installed contract asset and a five-year benefit period. Sources: FY2026 Form 10-K and Q2 FY2027 Form 10-Q cash-flow and deferred-contract-cost tables.

The biggest long-run conversion question is SBC. Removing compensation expense can make current margins look mature before common shareholders receive the earnings. The base case requires SBC to fall from 23.1% of revenue to 13.5% by 2031 while its absolute amount still rises from $1.244 billion to $1.601 billion. The bear case assumes insufficient discipline, with SBC at 18% of revenue and 2.5% annual net diluted-share growth. The bull case requires a much stronger conversion: SBC declines to 10% of revenue and repurchases largely offset issuance, producing approximately flat diluted shares after five years.

Capital intensity is moderate in conventional PPE terms but not trivial when software capitalization and vendor commitments are included. TTM PPE purchases were $408 million, capitalized internal-use software was $83 million, and net deferred-compensation investment purchases were $7 million. The model does not convert the segment into a capital-light fiction simply because the income statement reports high subscription gross margin. Cloud capacity, data retention, product development, and security operations all require continuing investment. Sources: FY2026 Form 10-K and Q2 FY2027 Form 10-Q cash-flow statements; QF TTM cash-flow bridge.

## 4. Competitive dynamics

CrowdStrike's FY2026 10-K defines competition by category rather than naming a short peer list. The disclosed categories are legacy antivirus providers, alternative endpoint security providers, network-security vendors extending into endpoint or cloud, specialist cloud-security vendors, identity-security vendors, cybersecurity professional-services firms, and legacy SIEM vendors. The filing also warns that some competitors have more financial, technical, marketing, and sales resources; broader product suites; more routes to market; and the ability to bundle security functionality into existing relationships. That is the central competitive tension: CrowdStrike can consolidate point products onto Falcon, but larger platforms can attempt the same consolidation through enterprise bundles.

CrowdStrike's strongest competitive evidence is not a third-party market-share estimate. It is the expansion behavior inside its own platform. At Q2 FY2027, 51% of subscription customers had adopted six or more modules, 35% had seven or more, and 26% had eight or more. Cloud Security, Next-Gen Identity, and Next-Gen SIEM together represented more than $2.18 billion of ARR and grew more than 39% year over year on the conformed taxonomy. Next-Gen SIEM alone exceeded $695 million of ARR and grew more than 60%. These product-family amounts are lower-bound disclosures and cannot be reconciled to exact total ARR, so they are treated as directional evidence rather than modeled revenue lines.

Pricing power comes from avoided breach cost, deployment efficiency, and the difficulty of replacing a deeply integrated detection and response workflow. It is not unlimited. Customer commitment packages after the July 19 Incident included concessions that can extend duration or defer revenue, so elevated ARR or RPO can coexist with weaker near-term economics. Falcon Flex may strengthen the platform relationship, but the economic quality depends on subsequent deployment and re-Flex, not the face value of a commitment alone. The base case therefore uses Flex as support for sustained high-teens subscription growth, not as permission to project current 25%-plus company growth indefinitely.

AI creates both opportunity and substitution risk. Management describes Falcon as AI security infrastructure and argues that AI detection and response can become larger than endpoint detection and response. That upside is not separately quantified in reported revenue or ARR. Competitors may also incorporate AI faster, subsidize security, or use broader data access and distribution. The bull case assumes CrowdStrike converts AI security into both new ARR and improved sales efficiency. The bear case assumes AI becomes table stakes, increasing R&D requirements without supporting a durable price premium.

[DATA GAP: The permitted evidence set does not contain a neutral, current market-share percentage on a comparable endpoint, SIEM, cloud, identity, or total-platform basis. No market-share number is inserted.]

## 5. Moat at the segment level

The most defensible asset is the integrated feedback loop across telemetry, detections, threat intelligence, workflows, and customer deployments. More modules on one architecture can make the platform more useful, increase switching complexity, and lower the customer's incremental cost of adding another use case. The sensor and data layer also create an operational standard: security teams build processes, automations, and investigations around the system. Replacing it is possible, but costly and risky.

The second moat component is distribution. Direct enterprise relationships, partners, cloud marketplaces, and service engagements provide multiple paths to land and expand. Flex can reduce contracting friction because customers commit to the platform before fully specifying module deployment. Re-Flex activity suggests that some customers expand meaningfully after the initial commitment. If that pattern persists across cohorts, sales productivity should improve and S&M should fall as a percentage of revenue.

The third component is breadth. Endpoint, cloud, identity, SIEM, exposure management, data protection, and AI security can be sold as one architecture. Breadth matters because the buyer increasingly wants fewer consoles and fewer data silos. It can also become a weakness if the platform loses best-of-breed performance or if a broader enterprise vendor bundles good-enough security at a lower effective price.

Durability is conditional rather than absolute. The July 19 Incident demonstrated operational concentration risk and imposed customer, legal, and remediation costs. Government information requests regarding revenue recognition and ARR reporting for certain customers create a monitoring obligation even though this appendix infers no wrongdoing. The moat is strongest if CrowdStrike retains trust, sustains gross retention, and converts Flex commitments into deployed modules without heavy concessions. It weakens if reported ARR growth becomes increasingly dependent on longer commitments, extensions, or bundled concessions while recognized subscription revenue decelerates.

The five-year model does not assume the moat disappears. Even the bear case reaches $10.5 billion of ARR and $9.7 billion of revenue. The bear is instead an economic-quality case: lower retention and conversion, more pricing pressure, higher continuing R&D, stubborn SBC, and limited statutory margin. The bull requires the platform to preserve technical leadership while scaling sales and compensation much more efficiently.

## 6. Historical growth rates reproduced from the canonical package

The consolidated history below is the DR-cleared series. Each numeric row points to a specific data-package table. The exact profit label is preserved even though it is long; shortening it to operating income without the fallback qualifier would misstate the issuer's disclosure.

| Metric | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Data-package cite |
|---|---|---|---|---|---|---|
| Revenue ($B) | 1.452 | 2.241 | 3.056 | 3.954 | 4.812 | D_FMP_INCOME_A; official annual releases; data_package section 3 |
| YoY growth | 66.0% | 54.4% | 36.3% | 29.4% | 21.7% | data_package section 3, Consolidated company YoY row |
| Statutory operating income (single-segment non-operating CODM fallback) ($B) | (0.143) | (0.190) | (0.019) | (0.116) | (0.293) | FY2026 Form 10-K revised comparatives; D_FMP_INCOME_A; data_package section 3 |
| Margin on exact profit metric | (9.8%) | (8.5%) | (0.6%) | (2.9%) | (6.1%) | data_package section 3, exact margin row |
| Ending ARR ($B) | 1.730 | 2.560 | 3.440 | 4.242 | 5.253 | Official FY2022-FY2026 annual releases; data_package section 0a |
| SBC expense ($B) | 0.310 | 0.527 | 0.632 | 0.865 | 1.097 | D_FMP_CASHFLOW_A; FY2026 Form 10-K; data_package section 9 |

Revenue arithmetic is internally consistent within rounding. FY2022 revenue of $1.452 billion multiplied by 1.544 is approximately $2.242 billion versus reported FY2023 revenue of $2.241 billion. FY2023 multiplied by 1.363 is approximately $3.055 billion versus $3.056 billion. FY2024 multiplied by 1.294 is approximately $3.955 billion versus $3.954 billion. FY2025 multiplied by 1.217 is approximately $4.812 billion. No row breaches the 2% tolerance. The four-year FY2022-FY2026 revenue CAGR is 34.9%, but the deceleration from 66.0% to 21.7% is the more decision-useful fact.

The only dollar-disclosed product split is subscription and professional services. The CAGR column uses three fiscal-year observations and therefore two compounding intervals.

| Product or revenue type | FY2024 revenue ($B) | FY2025 revenue ($B) | FY2026 revenue ($B) | Three-year table CAGR | Latest disclosed YoY | Data-package cite |
|---|---|---|---|---|---|---|
| Subscription | 2.871 | 3.761 | 4.565 | 26.1% | 27% in Q2 FY2027 | D_FMP_PRODUCT_A; FY2026 10-K; 2026-08-26 Q2 release |

| Product or revenue type | FY2024 revenue ($B) | FY2025 revenue ($B) | FY2026 revenue ($B) | Three-year table CAGR | Latest disclosed YoY | Data-package cite |
|---|---|---|---|---|---|---|
| Professional services | 0.185 | 0.192 | 0.247 | 15.5% | 7% in Q2 FY2027, calculated | D_FMP_PRODUCT_A and D_FMP_PRODUCT_Q; FY2026 10-K |
| Consolidated total | 3.056 | 3.954 | 4.812 | 25.5% | 26% in Q2 FY2027 | D_FMP_INCOME_A; FY2026 10-K; 2026-08-26 Q2 release |

Product tie-outs also pass. FY2024 subscription revenue of $2.871 billion plus services revenue of $0.185 billion equals $3.056 billion. FY2025 $3.761 billion plus $0.192 billion equals $3.953 billion versus $3.954 billion reported, a rounding difference below 0.1%. FY2026 $4.565 billion plus $0.247 billion equals $4.812 billion. TTM subscription revenue of $5.132 billion plus services revenue of $264 million equals the $5.396 billion consolidated TTM anchor.

No Falcon module has separately disclosed GAAP revenue. Cloud Security, Next-Gen Identity, and Next-Gen SIEM ARR therefore remains business context. It is neither back-solved into revenue nor inserted into the GAAP table.

## 7. Management guidance from data_package section 6

Every relevant short excerpt in the canonical package is reproduced below. The quotes are evidence anchors, not automatic forecast inputs.

| Period | Speaker | Verbatim excerpt | Forecast interpretation |
|---|---|---|---|
| Q3 FY2026 | George Kurtz | "operating system of cybersecurity" | Platform consolidation supports multi-module expansion, but breadth must convert into recognized revenue |
| Q3 FY2026 | Burt Podbere | "20% net new ARR growth for fiscal year 2027" | Superseded by a materially higher FY2027 outlook |
| Q3 FY2026 | George Kurtz | "Flex is an unlock, not an ELA" | Re-Flex and deployment matter more than initial contract face value |
| Q4 FY2026 | George Kurtz | "securing AI at every layer" | AI broadens opportunity but does not yet provide a separate revenue base |
| Q4 FY2026 | Burt Podbere | "future growth milestones of $10 billion and $20 billion of ending ARR" | Fal.Con later pulled the timing forward |
| Q4 FY2026 | Burt Podbere | "durability of CrowdStrike's growth trajectory, profitability expansion and cash flow generation" | Tested against SBC, dilution, commitments, and negative GAAP OI |
| Q1 FY2027 | George Kurtz | "AI security infrastructure" | Bull case assumes category leadership; base requires evidence in ARR conversion |
| Q1 FY2027 | Burt Podbere | "continued strong retention, Falcon Flex momentum" | Supportive but absolute current retention rates remain undisclosed |
| Q1 FY2027 | George Kurtz | "significantly raise our FY27 net new ARR guidance" | Confirms stronger near-term pipeline and conversion |
| Q2 FY2027 | George Kurtz | "largest market opportunity in our history" | Aspiration only; the model remains anchored to disclosed ARR and revenue |
| Q2 FY2027 | Burt Podbere | "record Q3 pipeline" | Supports the near-term guide but not terminal growth by itself |
| Q2 FY2027 | George Kurtz | "AIDR business can be bigger than the EDR business" | Upside option until product ARR or revenue is disclosed |

Current FY2027 guidance is $5.991-$6.011 billion of revenue, $6.603-$6.612 billion of ending ARR, $1.350-$1.359 billion of net new ARR, $1.497-$1.508 billion of non-GAAP operating income, diluted shares of 1.044 billion, and at least a 30% free-cash-flow margin. The 2026 Fal.Con briefing targets $10 billion of ending ARR within FY2030 and $20 billion within FY2035. It also retains an FY2029 non-GAAP target model of 82%-85% subscription gross margin, 28%-33% S&M, 15%-20% R&D, 5%-7% G&A, 28%-32% operating margin, and 34%-38% FCF margin. These are non-GAAP targets. The scenario model does not insert them into GAAP statutory profit without forecasting SBC, acquired-intangible amortization, acquisition costs, incident costs, and dilution.

## 8. Forward growth assumptions by revenue type

### Bear case growth assumptions

| Product | Three-year table CAGR | Latest YoY | Management FY+1 guide | Bear CAGR TTM to 2031-07-31 | Justification |
|---|---|---|---|---|---|
| Subscription | 26.1% | 27% Q2 FY2027 | Not separately guided | 12.5% | Growth falls from 18% to 8% as Flex conversion weakens, concessions persist, and bundle pressure rises |
| Professional services | 15.5% | 7% Q2 FY2027 | Not separately guided | 8.0% | Incident and proactive work grows but remains secondary and lower margin |
| Consolidated total | 25.5% | 26% Q2 FY2027 | FY2027 revenue midpoint $6.001B | 12.3% | ARR growth slows from 18% to 8%; $10B ARR target is reached late and statutory leverage is limited |

The bear deceleration is explicit rather than a one-step terminal assumption. ARR and subscription revenue growth run 18%, 15%, 12%, 10%, and 8% across the five annual intervals. This reflects weaker gross and net retention, lower conversion of Flex commitments, more aggressive competitive bundles, and some continuing customer-remediation effects. Professional services growth is 10%, 9%, 8%, 7%, and 6%. The result is $10.547 billion of ARR, $9.266 billion of subscription revenue, $388 million of service revenue, and $9.654 billion of total revenue at the horizon.

### Base case growth assumptions

| Product | Three-year table CAGR | Latest YoY | Management FY+1 guide | Base CAGR TTM to 2031-07-31 | Justification |
|---|---|---|---|---|---|
| Subscription | 26.1% | 27% Q2 FY2027 | Not separately guided | 17.3% | Flex, module adoption, SIEM, identity, and cloud sustain high-teens growth with orderly deceleration |
| Professional services | 15.5% | 7% Q2 FY2027 | Not separately guided | 10.6% | Services grows behind platform scale and does not drive the model |
| Consolidated total | 25.5% | 26% Q2 FY2027 | FY2027 revenue midpoint $6.001B | 17.0% | ARR reaches about $10.2B by 2029-07-31, consistent with the within-FY2030 target |

The base annual ARR growth path is 23%, 20%, 18%, 15%, and 13%. Subscription revenue grows 22%, 20%, 18%, 15%, and 12%, recognizing that revenue conversion follows ARR and that the installed base is much larger at the horizon. Services grows 14%, 12%, 10%, 9%, and 8%. This path reaches $13.221 billion of ARR and $11.856 billion of revenue. It assumes current Flex momentum survives but does not assume that the more than 40% standard-to-Flex uplift or 53% multi-re-Flex uplift applies to every customer.

### Bull case growth assumptions

| Product | Three-year table CAGR | Latest YoY | Management FY+1 guide | Bull CAGR TTM to 2031-07-31 | Justification |
|---|---|---|---|---|---|
| Subscription | 26.1% | 27% Q2 FY2027 | Not separately guided | 20.4% | AI security, SIEM, identity, and cloud convert into large new cohorts while retention remains strong |
| Professional services | 15.5% | 7% Q2 FY2027 | Not separately guided | 12.1% | Services benefits from platform reach without becoming a large revenue mix |
| Consolidated total | 25.5% | 26% Q2 FY2027 | FY2027 revenue midpoint $6.001B | 20.0% | ARR growth remains above 20% through year four and reaches $15.884B at the horizon |

The bull path uses ARR growth of 27%, 25%, 22%, 20%, and 17%; subscription growth of 25%, 23%, 21%, 18%, and 15%; and services growth of 16%, 14%, 12%, 10%, and 9%. It requires successful AI security monetization, strong re-Flex behavior, a growing international mix, and limited post-incident trust damage. It does not rely on a separately disclosed AIDR revenue number because none exists.

## 9. Forward margin and statutory-profit assumptions

The exact profit basis for every table in this section is `Statutory operating income (single-segment non-operating CODM fallback)`. Operating income is calculated as gross profit less S&M, R&D, and G&A. Below-line items are then added separately to derive pretax income and consolidated net income. NCI is deducted exactly once to reach parent net income. No tax or investment item is used as an operating adjustment.

| Assumption | TTM | Bear 2031-07-31 | Base 2031-07-31 | Bull 2031-07-31 |
|---|---|---|---|---|
| Consolidated gross margin | 75.2% | 77.0% | 79.5% | 80.5% |
| S&M as percentage of revenue | 36.0% | 33.0% | 29.5% | 26.5% |
| R&D as percentage of revenue | 29.0% | 27.0% | 24.0% | 21.5% |
| G&A as percentage of revenue | 12.6% | 10.0% | 9.5% | 8.5% |
| Margin on Statutory operating income (single-segment non-operating CODM fallback) | (2.5%) | 7.0% | 16.5% | 24.0% |
| SBC as percentage of revenue | 23.1% | 18.0% | 13.5% | 10.0% |
| Deferred contract cost amortization as percentage of revenue | 8.3% | 7.8% | 7.5% | 7.3% |
| Net diluted share CAGR | n/a | 2.5% | 1.4% | 0.5% |

The gross-margin improvement comes from subscription mix, infrastructure scale, and lower compensation and acquired-intangible burden in cost of revenue. It is deliberately below the 82%-85% non-GAAP subscription target because this table is consolidated GAAP. The bear gains only 180 basis points and assumes pricing pressure and continued infrastructure investment. Base gains 430 basis points. Bull gains 530 basis points and needs both high subscription mix and efficient cloud operations.

S&M leverage is the largest operating assumption. Base S&M falls by 650 basis points to 29.5% of revenue, but deferred contract cost amortization still rises to $889 million. R&D remains elevated in every case because endpoint, cloud, identity, SIEM, data protection, and AI security require continuous development. G&A normalizes as incident costs and legal-response intensity fade, but base G&A remains above management's non-GAAP target because it includes compensation and acquisition-related items.

Incident expense is not treated as permanently zero in bear. The model uses $50 million in year one and steps down to $15 million at the horizon. Base uses $25 million in year one, $10 million in year two, $5 million in year three, and zero thereafter. Bull uses $10 million in year one and zero later. These amounts are embedded in G&A and not added again. The commission-estimate benefit is similarly embedded. Base assumes $90 million in year one, declining to $10 million at the horizon as the accounting change seasons. It is a timing effect, not a cash saving.

SBC and dilution are scenario-defining. Bear reaches $1.738 billion of SBC and 1.164 billion diluted shares. Base reaches $1.601 billion of SBC and 1.101 billion diluted shares. Bull reaches $1.343 billion of SBC and 1.052 billion diluted shares. In base, repurchases scale from the current authorization toward roughly $0.75 billion annually late in the horizon, but do not fully offset issuance. Bear assumes about $0.25 billion of annual repurchases and continued acquisition or retention awards; bull assumes approximately $1.25 billion of annual repurchases late in the horizon and much tighter grant discipline. These repurchase figures are modeling conventions, not company guidance.

Acquisitions are reflected in revenue growth, cash availability, acquired-intangible amortization, acquisition expense, and dilution rather than added as a free terminal bonus. Base allows continuing bolt-on acquisitions of roughly $0.5 billion annually on average after the already announced transactions. Bear assumes up to $0.75 billion annually with weaker integration and heavier award expense. Bull assumes approximately $0.5 billion annually with stronger revenue conversion. The model does not assign FY2027 revenue to XM Cyber beyond management's stated exclusion from guidance.

## Bear statutory operating and below-line model

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| ARR | 5,841.4 | 6,892.9 | 7,926.8 | 8,878.0 | 9,765.8 | 10,547.1 |
| Subscription revenue | 5,132.1 | 6,055.9 | 6,964.3 | 7,800.0 | 8,580.0 | 9,266.4 |
| Professional services revenue | 264.0 | 290.4 | 316.6 | 341.9 | 365.8 | 387.8 |
| Revenue | 5,396.1 | 6,346.3 | 7,280.9 | 8,141.9 | 8,945.8 | 9,654.2 |

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| Gross profit | 4,057.4 | 4,810.5 | 5,548.0 | 6,228.5 | 6,870.4 | 7,433.7 |
| Sales and marketing | 1,944.1 | 2,189.5 | 2,475.5 | 2,727.5 | 2,970.0 | 3,185.9 |
| Research and development | 1,563.8 | 1,808.7 | 2,038.6 | 2,239.0 | 2,433.3 | 2,606.6 |
| General and administrative | 682.4 | 634.6 | 691.7 | 773.5 | 858.8 | 965.4 |
| Total operating expenses | 4,190.3 | 4,632.8 | 5,205.8 | 5,740.0 | 6,262.1 | 6,757.9 |
| Statutory operating income (single-segment non-operating CODM fallback) | (133.0) | 177.7 | 342.2 | 488.5 | 608.3 | 675.8 |
| Margin on exact profit metric | (2.5%) | 2.8% | 4.7% | 6.0% | 6.8% | 7.0% |
| SBC expense | 1,244.0 | 1,396.2 | 1,529.0 | 1,628.4 | 1,699.7 | 1,737.8 |
| Deferred contract cost amortization | 446.5 | 520.4 | 589.7 | 651.4 | 706.7 | 753.0 |
| Incident expense embedded in G&A | 45.9 | 50.0 | 35.0 | 25.0 | 20.0 | 15.0 |

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| Interest expense | (26.6) | (32.0) | (35.0) | (38.0) | (40.0) | (40.0) |
| Interest income | 183.2 | 150.0 | 130.0 | 115.0 | 105.0 | 100.0 |
| Other income or expense | 40.5 | (25.0) | (25.0) | (25.0) | (25.0) | (25.0) |
| Pretax income | 64.1 | 270.7 | 412.2 | 540.5 | 648.3 | 710.8 |
| Tax expense; TTM is a benefit | (1.2) | 62.3 | 94.8 | 124.3 | 149.1 | 163.5 |
| Consolidated net income; CODM output context | 65.3 | 208.4 | 317.4 | 416.2 | 499.2 | 547.3 |
| Net income attributable to NCI | 20.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Parent net income | 45.0 | 208.4 | 317.4 | 416.2 | 499.2 | 547.3 |
| Diluted shares (M) | 1,028.4 | 1,054.1 | 1,080.5 | 1,107.5 | 1,135.2 | 1,163.6 |
| Diluted EPS ($) | 0.044 | 0.198 | 0.294 | 0.376 | 0.440 | 0.470 |

Bear other income is $(25) million annually rather than the positive TTM result. NCI is set to zero, so the case gives parent shareholders no benefit from allocating modeled strategic-investment losses to outside investors. The 23% tax rate applies only after pretax profit and no loss benefit is recognized. Interest income falls as acquisitions, commitments, and weaker cash generation consume part of the cash balance.

## Base statutory operating and below-line model

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| ARR | 5,841.4 | 7,184.9 | 8,621.9 | 10,173.9 | 11,700.0 | 13,221.0 |
| Subscription revenue | 5,132.1 | 6,261.2 | 7,513.4 | 8,865.8 | 10,195.7 | 11,419.2 |
| Professional services revenue | 264.0 | 301.0 | 337.1 | 370.8 | 404.2 | 436.5 |
| Revenue | 5,396.1 | 6,562.2 | 7,850.5 | 9,236.7 | 10,599.9 | 11,855.7 |
| Gross profit | 4,057.4 | 5,006.9 | 6,044.9 | 7,204.6 | 8,352.7 | 9,425.3 |
| Sales and marketing | 1,944.1 | 2,198.3 | 2,512.2 | 2,863.4 | 3,201.2 | 3,497.4 |
| Research and development | 1,563.8 | 1,771.8 | 2,041.1 | 2,309.2 | 2,597.0 | 2,845.4 |
| General and administrative | 682.4 | 754.7 | 902.8 | 1,016.0 | 1,070.6 | 1,126.3 |
| Total operating expenses | 4,190.3 | 4,724.8 | 5,456.1 | 6,188.6 | 6,868.7 | 7,469.1 |

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| Statutory operating income (single-segment non-operating CODM fallback) | (133.0) | 282.2 | 588.8 | 1,016.0 | 1,484.0 | 1,956.2 |
| Margin on exact profit metric | (2.5%) | 4.3% | 7.5% | 11.0% | 14.0% | 16.5% |
| SBC expense | 1,244.0 | 1,345.2 | 1,452.3 | 1,524.0 | 1,590.0 | 1,600.5 |
| Deferred contract cost amortization | 446.5 | 531.5 | 628.0 | 720.5 | 816.2 | 889.2 |
| Incident expense embedded in G&A | 45.9 | 25.0 | 10.0 | 5.0 | 0.0 | 0.0 |

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| Interest expense | (26.6) | (27.0) | (25.0) | (23.0) | (22.0) | (20.0) |
| Interest income | 183.2 | 170.0 | 170.0 | 170.0 | 175.0 | 175.0 |
| Other income or expense | 40.5 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Pretax income | 64.1 | 435.2 | 743.8 | 1,173.0 | 1,647.0 | 2,121.2 |
| Tax expense; TTM is a benefit | (1.2) | 91.4 | 156.2 | 246.3 | 345.9 | 445.5 |
| Consolidated net income; CODM output context | 65.3 | 343.8 | 587.6 | 926.7 | 1,301.1 | 1,675.7 |
| Net income attributable to NCI | 20.3 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Parent net income | 45.0 | 338.8 | 582.6 | 921.7 | 1,296.1 | 1,670.7 |
| Diluted shares (M) | 1,028.4 | 1,045.9 | 1,062.6 | 1,077.5 | 1,090.5 | 1,101.4 |
| Diluted EPS ($) | 0.044 | 0.324 | 0.548 | 0.855 | 1.189 | 1.517 |

Base interest income stays around $170-$175 million despite growth because repurchases, acquisitions, and purchase commitments absorb cash. Other income normalizes to $10 million, far below the TTM $40.5 million. The tax schedule uses 21% only after sustainable pretax profitability; the TTM tax benefit is not carried forward. NCI attribution is $5 million annually, deducted once after consolidated net income. The base case reaches a 16.5% GAAP operating margin and $1.52 of diluted EPS.

## Bull statutory operating and below-line model

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| ARR | 5,841.4 | 7,418.6 | 9,273.3 | 11,313.4 | 13,576.0 | 15,884.0 |
| Subscription revenue | 5,132.1 | 6,415.1 | 7,890.6 | 9,547.7 | 11,266.2 | 12,956.2 |
| Professional services revenue | 264.0 | 306.3 | 349.2 | 391.1 | 430.2 | 468.9 |
| Revenue | 5,396.1 | 6,721.4 | 8,239.8 | 9,938.7 | 11,696.4 | 13,425.0 |
| Gross profit | 4,057.4 | 5,175.5 | 6,427.0 | 7,851.6 | 9,357.1 | 10,807.2 |
| Sales and marketing | 1,944.1 | 2,184.5 | 2,513.1 | 2,882.2 | 3,216.5 | 3,557.6 |
| Research and development | 1,563.8 | 1,747.6 | 2,018.7 | 2,285.9 | 2,573.2 | 2,886.4 |
| General and administrative | 682.4 | 739.4 | 865.2 | 993.9 | 1,111.2 | 1,141.1 |
| Total operating expenses | 4,190.3 | 4,671.4 | 5,397.1 | 6,162.0 | 6,900.9 | 7,585.1 |
| Statutory operating income (single-segment non-operating CODM fallback) | (133.0) | 504.1 | 1,030.0 | 1,689.6 | 2,456.2 | 3,222.0 |
| Margin on exact profit metric | (2.5%) | 7.5% | 12.5% | 17.0% | 21.0% | 24.0% |
| SBC expense | 1,244.0 | 1,277.1 | 1,359.6 | 1,391.4 | 1,403.6 | 1,342.5 |
| Deferred contract cost amortization | 446.5 | 537.7 | 642.7 | 755.3 | 877.2 | 980.0 |

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| Incident expense embedded in G&A | 45.9 | 10.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| Metric | TTM 2026-07-31 | 2027-07-31 | 2028-07-31 | 2029-07-31 | 2030-07-31 | 2031-07-31 |
|---|---|---|---|---|---|---|
| Interest expense | (26.6) | (25.0) | (20.0) | (15.0) | (10.0) | 0.0 |
| Interest income | 183.2 | 190.0 | 210.0 | 230.0 | 250.0 | 275.0 |
| Other income or expense | 40.5 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 |
| Pretax income | 64.1 | 694.1 | 1,245.0 | 1,929.6 | 2,721.2 | 3,522.0 |
| Tax expense; TTM is a benefit | (1.2) | 145.8 | 261.4 | 405.2 | 571.5 | 739.6 |
| Consolidated net income; CODM output context | 65.3 | 548.3 | 983.5 | 1,524.4 | 2,149.8 | 2,782.4 |
| Net income attributable to NCI | 20.3 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Parent net income | 45.0 | 536.3 | 971.5 | 1,512.4 | 2,137.8 | 2,770.4 |
| Diluted shares (M) | 1,028.4 | 1,040.8 | 1,049.1 | 1,054.3 | 1,054.3 | 1,052.2 |
| Diluted EPS ($) | 0.044 | 0.515 | 0.926 | 1.434 | 2.028 | 2.633 |

Bull assumes the senior notes are repaid by the horizon and that cash generation supports both investment and repurchases. Interest income rises to $275 million as the cash base rebuilds. Other income is a modest $25 million rather than a heroic strategic-investment gain. A 21% tax rate is applied, and $12 million of NCI income is deducted annually. The decisive bull requirement is statutory conversion: 24% GAAP operating margin with only 0.5% net annual share growth.

## 10. Segment rollup and arithmetic reconciliation

The rollup is bottom-up from the only two disclosed GAAP revenue types. Subscription plus professional services equals consolidated revenue in every case. Gross profit equals revenue times the scenario consolidated gross margin. Total operating expense equals S&M plus R&D plus G&A. The exact profit metric equals gross profit less total operating expenses. Pretax income then adds interest expense, interest income, and other income. Consolidated net income equals pretax income less tax expense, parent net income equals consolidated net income less NCI attribution, and diluted EPS equals parent net income divided by diluted shares.

| Case | Subscription revenue | Services revenue | Segment TTM+5y revenue | Gross profit | Total operating expenses | Statutory operating income (single-segment non-operating CODM fallback) | Margin |
|---|---|---|---|---|---|---|---|
| Bear | 9,266.4 | 387.8 | 9,654.2 | 7,433.7 | 6,757.9 | 675.8 | 7.0% |
| Base | 11,419.2 | 436.5 | 11,855.7 | 9,425.3 | 7,469.1 | 1,956.2 | 16.5% |
| Bull | 12,956.2 | 468.9 | 13,425.0 | 10,807.2 | 7,585.1 | 3,222.0 | 24.0% |

The largest displayed revenue residual is $0.1 million because the table rounds to one decimal. At full model precision, product revenue sums exactly to the consolidated value. Gross-profit and operating-expense subtraction also ties within $0.1 million after display rounding. There are no corporate or unallocated operating adjustments because the sealed fallback requires the sole modeled segment, the consolidated modeled metric, and statutory operating income to be equal.

The issuer-disclosed CODM metric is still preserved. It appears as consolidated net income in the below-line schedules and is $547 million in bear, $1.676 billion in base, and $2.782 billion in bull at 2031-07-31. This is context and a statutory output, not the profit basis for the segment forecast. Parent net income differs because Falcon Funds NCI is attributed after consolidated net income.

## 11. Key risks and wildcards

**Bear - retention and contract quality.** Current absolute gross and net retention were not disclosed. Customer commitment packages can include extensions and concessions, while ARR includes some contracts in active renewal after expiration. If subscription revenue decelerates faster than ARR or RPO, the model's base conversion is too optimistic.

**Bear - platform bundling.** Broader vendors can combine security with existing enterprise agreements and use greater sales reach or lower effective pricing. This can compress growth and keep S&M high even if CrowdStrike remains technically strong.

**Bear - operational concentration.** The July 19 Incident shows that a widely deployed agent can create correlated customer disruption. Recurrence would hurt trust, create legal costs, require concessions, and slow deployments. The bear retains incident expense throughout the horizon.

**Bear - SBC and dilution.** TTM SBC was 23.1% of revenue, unrecognized award expense was about $2.880 billion, and share issuance exceeded repurchases in H1 FY2027. If SBC does not fall toward the base assumption, non-GAAP progress will not convert into common EPS.

**Bear - accounting timing.** The five-year commission benefit period creates an $85-$95 million FY2027 operating-income benefit without improving cash economics. Rising deferred contract acquisition costs can postpone expense recognition. The model separates this effect, but reported margins may still look better than the underlying sales-efficiency trend.

**Bear - regulatory and disclosure monitoring.** DOJ and SEC information requests cover revenue recognition and ARR reporting for certain customers and the July 19 Incident. No wrongdoing is inferred. An adverse development could affect trust, legal cost, and the credibility of operating KPIs.

**Base - M&A discipline.** More than $1.4 billion of disclosed cash consideration went to recent acquisitions, before XM Cyber. Acquisitions can broaden the platform but create amortization, integration expense, replacement awards, and execution risk. Base does not credit M&A without those costs.

**Base - commitment burden.** The combined $7.042 billion purchase-commitment stack is not debt but limits balance-sheet optionality. If revenue growth disappoints, committed infrastructure spending can reduce free-cash-flow leverage.

**Bull - AI security.** Management believes AI detection and response can exceed endpoint detection and response. If Falcon becomes a default control plane for agents, identities, data, cloud workloads, and SIEM, both ARR and sales efficiency could exceed base. This is the largest upside wildcard, but no separate product revenue currently supports it.

**Bull - Flex flywheel.** More than 2,900 Flex customers, more than 630 re-Flex customers, and disclosed uplift suggest that platform commitments can accelerate deployment and expansion. A repeatable cohort pattern could support the bull ARR cadence and S&M leverage.

**Bull - international expansion.** Q2 FY2027 revenue was 35% international versus 33% for FY2026. Continued international growth can enlarge the addressable base, though it also adds execution, privacy, and localization requirements.

The most fragile forecast assumption is not revenue alone. It is the simultaneous conversion of durable high-teens growth, falling SBC intensity, and declining S&M intensity into statutory per-share earnings. Base requires all three. A company can meet its ARR target and still miss the EPS path if concessions lengthen revenue conversion, cloud and R&D costs remain high, or compensation continues to dilute shareholders.

## 12. Evidence-based scenario probability calibration

The evidence-weighted prior is **35% Bear, 50% Base, and 15% Bull**. The weights sum to 100% and were selected from operating evidence before, and independently of, any exit multiple, terminal value, security return, score, or verdict. They are not an attempt to improve or worsen a probability-weighted return. No sufficiently comparable statistical population exists from which to estimate objective frequencies for a cybersecurity platform making this specific GAAP-conversion transition. The appropriate discipline is therefore a transparent evidence-weighted prior with fixed scenario boundaries and observable update rules, not false statistical precision.

### Non-overlapping and exhaustive scenario definitions

The scenario branches follow an ordered decision rule, so an outcome cannot occupy more than one branch. **Bear** applies first if a second high-severity multi-customer Falcon release incident or an adverse regulatory finding materially affects ARR or revenue recognition, or if at least two of four five-year conditions occur: revenue CAGR at or below 14%, terminal GAAP statutory operating margin at or below 10%, terminal SBC at or above 17% of revenue, or net diluted-share CAGR at or above 2%. **Bull** applies only if Bear has not triggered and all four bull conditions occur: revenue CAGR at or above 19%, terminal GAAP statutory operating margin at or above 21%, terminal SBC at or below 11% of revenue, and net diluted-share CAGR at or below 0.75%. **Base** is the exhaustive residual: every non-Bear, non-Bull outcome. The existing modeled paths sit cleanly inside those branches: Bear is 12.3% revenue CAGR, 7.0% margin, 18.0% SBC intensity, and 2.5% net share CAGR; Base is

17.0%, 16.5%, 13.5%, and approximately 1.4%; Bull is 20.0%, 24.0%, 10.0%, and approximately 0.5%.

## Evidence-weighted prior

Five distinct evidence families determine the starting prior. Within each family, the Bear/Base/Bull conditional allocations sum to 100%; multiplying by the family weight produces the final 35%/50%/15% prior. The allocations are analytical judgments, but every direction is tied to observed company evidence in the DR-cleared package and reviewed management/moat appendices.

| Evidence family | Family weight | Source-bound evidence | Bear allocation | Base allocation | Bull allocation | Weighted contribution B/Ba/Bu |
|---|---|---|---|---|---|---|
| Revenue and ARR trajectory | 30% | Q2 revenue +26%, subscription +27%, ARR +25%; FY2027 guide raised; historical revenue growth decelerated from 66.0% to 21.7%; Fal.Con uses a 15% long-term ARR bridge | 10% | 60% | 30% | 3.0% / 18.0% / 9.0% |
| GAAP margin conversion | 25% | GAAP operating margin was negative in FY2022-FY2026 and (2.5%) TTM; subscription GM stayed 76%-78%; FY2027 commission-life change adds $85-$95M of non-cash timing benefit | 45% | 45% | 10% | 11.25% / 11.25% / 2.50% |
| SBC and diluted-share conversion | 20% | SBC was 20.7%-23.5% of revenue in every FY2022-FY2026 year and 23.1% TTM; H1 FY2027 shares rose 1.03% despite $175.6M of repurchases; $2.880B unrecognized award expense | 55% | 40% | 5% | 11.0% / 8.0% / 1.0% |
| Retention and Flex quality | 15% | FY2026 gross retention was 97% and NRR improved to 115%; Q2 Flex ARR was $2.29B with more than 2,900 customers and more than 630 re-Flex customers; current absolute retention and concession economics are undisclosed | 30% | 60% | 10% | 4.5% / 9.0% / 1.5% |
| Incident and regulatory tail | 10% | TTM incident expense was $45.9M after $117.7M in FY2026; customer packages included concessions; DOJ/SEC information requests on revenue recognition, ARR reporting, and the incident remain unresolved with no wrongdoing inferred | 52.5% | 37.5% | 10% | 5.25% / 3.75% / 1.00% |
| Evidence-weighted total | 100% | Independent operating prior | 35% | 50% | 15% | 35% / 50% / 15% |

The 30% growth-family weight prevents the probability architecture from ignoring the strongest favorable evidence. Q2 acceleration, a raised FY2027 guide, record pipeline commentary, rapid Flex adoption, and product-family ARR growth make a straight collapse less likely than the long history of slowing growth alone would suggest. That evidence keeps Base at 50% and leaves a real Bull tail. It does not justify equal Bull and Bear weights because management's own long-term bridge is 15% ARR growth, below the Bull revenue path, and because the Bull requires four favorable outcomes simultaneously.

The 25% margin and 20% SBC families create the left skew. CrowdStrike has not produced a positive full-year GAAP operating margin in the five-year history, and TTM margin remained negative despite 24%-25% non-GAAP quarterly margins. The Base outcome requires about 19 percentage points of GAAP operating-margin improvement and a 9.6-point reduction in SBC intensity. The Bull requires roughly 26.5 points of margin improvement, SBC at 10% of revenue, and near-flat shares. Those are possible, but the current statutory record makes Bull a lower-probability joint event than Bear.

Retention and Flex evidence is deliberately centered on Base. FY2026 retention, module adoption, Flex ARR, conversion uplift, and re-Flex counts support continued expansion. The missing current absolute NRR, Flex utilization, discounting, renewal value, and customer-commitment economics prevent assigning most of that family to Bull. Incident and regulatory evidence is left-skewed because the downside is discontinuous, while the current model appropriately avoids inventing a legal loss or assuming wrongdoing.

### Probability update triggers

The prior is not static. Probability mass changes only when disclosed evidence crosses a rule below. Each ordinary transfer is zero-sum and preserves a 100% total; scenario operating arithmetic remains unchanged until a trigger also warrants a separate forecast revision. Each ordinary trigger applies once when it first crosses the stated persistence test and does not reapply merely because the same evidence persists. It becomes eligible again only after the condition has failed for the same persistence interval and later recrosses. Simultaneous ordinary triggers are netted once, no source bucket may fall below zero, and the complete revised Bear/Base/Bull vector must be disclosed.

| Observable trigger | Required persistence | Probability transfer | Rationale |
|---|---|---|---|
| Subscription growth below 18% and either disclosed NRR below 110% or GAAP operating margin excluding commission timing below 5% | Two consecutive quarters | Move 10 points from Base to Bear | Confirms weak revenue conversion or statutory leverage |
| SBC above 20% of revenue and diluted shares up more than 1.5% year over year after repurchases | Two consecutive quarters | Move 5 points from Base to Bear | Confirms continued value transfer despite capital return |
| Gross retention at least 97%, NRR at least 115%, subscription growth at least 22%, and ARR-revenue growth gap no more than 3 points | Four consecutive quarters | Move 5 points from Bear to Base | Makes the current Flex and retention quality observable rather than inferred |
| GAAP operating margin at least 10% excluding commission timing, SBC at or below 15% of revenue, diluted shares up no more than 0.5%, and subscription growth at least 20% | Four consecutive quarters | Move 5 points from Base to Bull | Demonstrates the joint growth, margin, and per-share conversion required by Bull |
| Quantified Flex deployment and renewal cohorts show sustained expansion without rising concessions or gross-margin erosion | Two disclosed renewal cohorts | Move 5 points from Bear to Base; if the prior Bull trigger also passes, move the same 5 points from Base to Bull | Resolves the largest contract-quality uncertainty without double counting |
| Second high-severity multi-customer Falcon release incident or adverse DOJ/SEC finding materially affecting ARR or revenue recognition | Immediate on confirmed disclosure | Invalidate the standing prior; the ordered branch rule classifies the existing path as Bear and requires Stage B/S to recast the forecast before assigning a new prior | The event is definitionally Bear, so a partial probability transfer would contradict the non-overlapping branch rule |

These triggers are monitoring rules, not forecasts and not trading instructions. A probability transfer does not mechanically change an exit valuation. If the underlying operating evidence also invalidates a scenario path, Stage B and S must revise that path explicitly and rerun every downstream gate.

## Summary

| Case | Segment TTM+5y Revenue | Exact profit metric | Segment TTM+5y Profit Margin | Segment TTM+5y Profit | Parent net income | Diluted EPS | Probability |
|---|---|---|---|---|---|---|---|
| Bear | $9,654.2M | Statutory operating income (single-segment non-operating CODM fallback) | 7.0% | $675.8M | $547.3M | $0.470 | 35% |
| Base | $11,855.7M | Statutory operating income (single-segment non-operating CODM fallback) | 16.5% | $1,956.2M | $1,670.7M | $1.517 | 50% |
| Bull | $13,425.0M | Statutory operating income (single-segment non-operating CODM fallback) | 24.0% | $3,222.0M | $2,770.4M | $2.633 | 15% |

The 35%/50%/15% weights are an evidence-based operating prior for later synthesis, not a valuation conclusion. No exit multiple was selected or changed, and no security return was calculated in this repair. All scenario revenue, margin, statutory income, below-line, NCI, share, and EPS arithmetic is unchanged. This appendix authorizes no queue, trade, portfolio, ranking, sizing, message, or execution action.

# Appendix S

Run ID: `pulse-cio-20260928T140408+0800` Mode: Production ER2 Information cutoff: 2026-09-28 SGT Reporting currency: USD millions unless stated otherwise Forecast basis: TTM ended 2026-07-31 to 2031-07-31, exactly 5.0 calendar years Trade execution authorized: `false`

This appendix mechanically consolidates the reviewed single-segment forecast in `appendix_B_consolidated_company.md` onto the QFR-sealed statutory bridge. It performs no source discovery, accounting reclassification, valuation-multiple selection, portfolio action, or plug creation. The management gate remains FAIL and the moat and 2046 gates remain YELLOW; those qualitative judgments do not alter the arithmetic below.

## 1. Anchors and pre-model gates

- Today: 2026-09-28.
- Fiscal year end: January 31.
- Latest completed fiscal year: FY2026 ended 2026-01-31.
- TTM anchor: 2026-07-31.
- TTM quarters: Q3 FY2026 ended 2025-10-31, Q4 FY2026 ended 2026-01-31, Q1 FY2027 ended 2026-04-30, and Q2 FY2027 ended 2026-07-31.
- Horizon date: 2031-07-31, exactly 5.0 calendar years after the TTM anchor. No line compounds for six fiscal years.
- Valuation price: USD 252.13 per Class A common share, the completed XNAS:CRWD raw exchange close on 2026-09-25.
- Quote raw-source SHA-256: `bf5599655f9be60d4eb99116d7b12bea6e67acdd5313e12b50ef9818944da47c`.
- QFR-sealed quote-packet SHA-256: `c15057ed1027ebfae37a858316ff22e3cb4e25a2b0d6395764d6fd0323eff02f`.
- Quote actionability expiry: 2026-09-29T14:04:08+08:00 under the packet's conservative 24-hour policy.
- Financial reporting and quote currency: USD. The listed security is one Class A common share, not an ADR.
- Quote-date split bridge: 1,044.469 million financial-statement diluted shares at 2026-07-31 multiplied by a 1.0 no-intervening-split factor equals 1,044.469 million quote-basis diluted financial shares. The July 2, 2026 four-for-one split predates the financial basis date and is already reflected.
- Listed-unit bridge: depositary ratio 1.0 multiplied by share-class factor 1.0 equals 1.0 financial share per listed unit. Dividing 1,044.469 million quote-basis shares by 1.0 gives 1,044.469 million listed-unit equivalents.
- FX bridge: 1.0 USD quote currency per 1.0 USD reporting currency on 2026-09-25; same-currency identity.
- Historical statutory-bridge SHA-256: `9dae16ba32cd7edcba200f274d2627b752ec627ab40323ac32f7a5122fe9f50b`.
- Reviewed single-segment appendix SHA-256: `1d4ffc804e42481994f7e79f7351f6a286b354c2872e3d7a6071cf11c308c661`.
- Validator status: `QUOTE_PACKET_VALID` and `STATUTORY_BRIDGE_VALID` at their expected byte hashes. The durable DR record in `gate_manifest.json` is CLEARED and contains `STATUTORY BRIDGE VERIFIED - CLEARED FOR FORECASTING`.

The issuer has one operating and reportable segment and explicitly uses consolidated net income as the CODM profit measure. That disclosed below-operating-income endpoint remains separate. The one modeled segment uses the exact required label `Statutory operating income (single-segment non-operating CODM fallback)`. It is an ER2 modeling basis, not a claim that CrowdStrike discloses segment operating income.

## 2. Segment-level forward assumptions

The reviewed segment appendix supplies the revenue paths and exact statutory-profit margins. Subscription and professional services are revenue types inside the sole modeled segment, not additional reportable segments.

| Segment | Exact profit metric | TTM revenue USD B | Bear TTM+5y revenue USD B | Base TTM+5y revenue USD B | Bull TTM+5y revenue USD B | Bear profit margin | Base profit margin | Bull profit margin |
|---|---|---|---|---|---|---|---|---|
| Consolidated company | Statutory operating income (single-segment non-operating CODM fallback) | 5.3961 | 9.6542 | 11.8557 | 13.4250 | 7.0% | 16.5% | 24.0% |

Source: reviewed `appendix_B_consolidated_company.md`, Sections 8 through 10. The one-segment perimeter and exact metric identity are independently controlled by `statutory_bridge.json` and `data_package.md`, Sections 1 and 3a.

The bear path slows consolidated revenue to a recalculated 12.34% five-year CAGR, assumes persistent pricing and bundling pressure, and retains incident expense. The base path compounds at 17.05%, supported by Flex, platform adoption, and current guidance but not by undisclosed module revenue. The bull path compounds at 20.00% and requires strong AI security, SIEM, identity, cloud, and international conversion. None of the cases treats product-family ARR as GAAP revenue.

## 3. Combined revenue build

Because there is exactly one consolidated modeled segment, there is no separate corporate revenue elimination. Subscription plus professional services is the product-level rollup inside that segment.

| Line | Bear | Base | Bull |
|---|---|---|---|
| Subscription revenue at 2031-07-31, USD M | 9,266.4 | 11,419.2 | 12,956.2 |
| Professional services revenue at 2031-07-31, USD M | 387.8 | 436.5 | 468.9 |
| Sum of segment TTM+5y revenue, USD M | 9,654.2 | 11,855.7 | 13,425.0 |
| Corporate eliminations | Not applicable | Not applicable | Not applicable |
| Combined TTM+5y revenue, USD M | 9,654.2 | 11,855.7 | 13,425.0 |
| Implied TTM to TTM+5y CAGR | 12.34% | 17.05% | 20.00% |

The bull product sum is USD 13,425.1 million using displayed one-decimal inputs versus USD 13,425.0 million in the reviewed rollup, a USD 0.1 million display-rounding difference, or less than 0.001%. At full model precision the appendix reports that the product sum is exact. Bear and base displayed product sums are exact.

The base revenue path is also consistent with the recency anchor. First-forward-year revenue is USD 6,562.2 million, 21.61% above the USD 5,396.1 million TTM base. This is 4.39 percentage points below the latest 26% Q2 FY2027 year-over-year growth rate. It is 9.35% above the FY2027 guidance midpoint of USD 6,001 million, which is reasonable because the first-forward-year endpoint is six months later than the fiscal-year guidance endpoint.

## 4. Combined statutory operating income build

The sealed corporate/unallocated and operating-bridge arrays are empty. They are not populated with zero placeholders. Therefore the sole segment's modeled profit, consolidated modeled metric, and statutory operating income are identical in every scenario.

| Line | Bear | Base | Bull |
|---|---|---|---|
| Sum of segment TTM+5y profit on sealed metric, USD M | 675.8 | 1,956.2 | 3,222.0 |
| Corporate or unallocated adjustments | None; sealed array empty | None; sealed array empty | None; sealed array empty |
| Consolidated TTM+5y segment-profit metric, USD M | 675.8 | 1,956.2 | 3,222.0 |
| Operating bridge adjustments | None; sealed array empty | None; sealed array empty | None; sealed array empty |
| Combined statutory TTM+5y operating income, USD M | 675.8 | 1,956.2 | 3,222.0 |

| Line | Bear | Base | Bull |
|---|---|---|---|
| Implied statutory operating margin | 7.0% | 16.5% | 24.0% |

The operating-income paths come from gross profit less sales and marketing, R&D, and G&A. Bear gross margin reaches 77.0%, with S&M at 33.0%, R&D at 27.0%, and G&A at 10.0%. Base gross margin reaches 79.5%, with S&M at 29.5%, R&D at 24.0%, and G&A at 9.5%. Bull gross margin reaches 80.5%, with S&M at 26.5%, R&D at 21.5%, and G&A at 8.5%.

Deferred contract-cost amortization stays inside S&M and is never added back. It rises from USD 446.5 million TTM to USD 753.0 million in bear, USD 889.2 million in base, and USD 980.0 million in bull. The FY2027 USD 85 million to USD 95 million commission-life timing benefit is embedded in the reviewed expense paths and is not treated as cash generation or counted a second time.

SBC also remains an operating expense. It reaches USD 1,737.8 million in bear, USD 1,600.5 million in base, and USD 1,342.5 million in bull. The corresponding ratios are 18.0%, 13.5%, and 10.0% of revenue. This preserves the central conversion test: revenue growth does not become common EPS unless recurring compensation expense and dilution decline.

Acquisitions are likewise not a free terminal bonus. The reviewed appendix incorporates them into revenue, amortization, acquisition expense, cash availability, and dilution. Base allows roughly USD 0.5 billion of bolt-on acquisitions annually after announced transactions; bear allows up to USD 0.75 billion with weaker integration; bull assumes roughly USD 0.5 billion with stronger conversion. No separate acquisition plug is added here.

## 5. Parent net income and listed-unit EPS build

The disclosed consolidated-net-income CODM context is recomputed only after statutory operating income. Interest, other non-operating income, and tax remain below the operating line. Falcon Funds NCI is then deducted once to obtain the parent common numerator.

| Line | Bear | Base | Bull |
|---|---|---|---|
| Combined statutory TTM+5y operating income, USD M | 675.8 | 1,956.2 | 3,222.0 |
| Interest expense, USD M | (40.0) | (20.0) | 0.0 |
| Interest income, USD M | 100.0 | 175.0 | 275.0 |
| Other income or expense, USD M | (25.0) | 10.0 | 25.0 |
| Pretax income, USD M | 710.8 | 2,121.2 | 3,522.0 |
| Tax rate assumed | 23.0% | 21.0% | 21.0% |
| Tax expense, USD M | 163.5 | 445.5 | 739.6 |
| Consolidated net income and CODM output context, USD M | 547.3 | 1,675.7 | 2,782.4 |
| Net income attributable to NCI, USD M | 0.0 | 5.0 | 12.0 |
| Parent net income, USD M | 547.3 | 1,670.7 | 2,770.4 |
| Quote-basis diluted financial shares at TTM+5y, M | 1,163.6 | 1,101.4 | 1,052.2 |
| EPS in USD per quote-basis financial share | 0.470 | 1.517 | 2.633 |
| Financial shares per listed unit | 1.000 | 1.000 | 1.000 |
| EPS in USD per listed unit | 0.470 | 1.517 | 2.633 |
| FX, USD quote currency per USD reporting currency | 1.000 | 1.000 | 1.000 |
| EPS in quote currency per listed unit at TTM+5y | 0.470 | 1.517 | 2.633 |

The required security-unit equations are satisfied in all cases:

```
EPS_REPORTING_PER_QUOTE_BASIS_FINANCIAL_SHARE = PARENT_NI_REPORTING ÷
QUOTE_BASIS_DILUTED_FINANCIAL_SHARES
```

```
EPS_QUOTE_PER_LISTED_UNIT = EPS_REPORTING_PER_QUOTE_BASIS_FINANCIAL_SHARE × 1.000 × 1.000
```

Displayed bear EPS is USD 547.3 million divided by 1,163.6 million shares, or USD 0.470. Base is USD 1,670.7 million divided by 1,101.4 million, or USD 1.517. Bull is USD 2,770.4 million divided by 1,052.2 million, or USD 2.633. The values differ by only display rounding from the reviewed appendix.

The TTM parent-attribution bridge is retained as an anchor: USD 65.280 million consolidated net income less USD 20.285 million attributable to NCI equals USD 44.995 million parent net income. The scenarios do not apply a blanket NCI percentage. Bear sets NCI to zero and gives common holders no benefit from allocating modeled strategic-investment losses to external investors; base deducts USD 5 million; bull deducts USD 12 million.

### 5a. Return-method input bridge

This table supplies the inputs that are available for later valuation preflight. It does not choose PE, EV/NOPAT, or any terminal multiple. An unavailable terminal capital-structure path is stated rather than replaced by residual net debt.

| Input at 2031-07-31 | Bear | Base | Bull | Source or status |
|---|---|---|---|---|
| Statutory operating income, USD M | 675.8 | 1,956.2 | 3,222.0 | Reviewed segment appendix Section 9 |
| Normalized cash tax rate | 23.0% | 21.0% | 21.0% | Reviewed below-line schedules |
| Normalized NOPAT, USD M | 520.4 | 1,545.4 | 2,545.4 | OI multiplied by one minus tax rate |
| Terminal cash, USD M | Unavailable | Unavailable | Unavailable | Interest-income schedule exists, but no source-bound terminal cash roll-forward |
| Terminal gross debt, USD M | Unavailable | Unavailable | 0.0 | Bull explicitly assumes note repayment; bear and base principal path not supplied |
| Terminal lease liabilities, USD M | Unavailable | Unavailable | Unavailable | TTM anchor is USD 74 million; no reviewed terminal schedule |
| Preferred equity, USD M | 0.0 | 0.0 | 0.0 | No preferred claim in the Q2 FY2027 balance-sheet perimeter |
| Minority interest claim, USD M | Unavailable | Unavailable | Unavailable | NCI income is modeled, but no terminal NCI-equity roll-forward is supplied |
| Other senior claims, USD M | Unavailable | Unavailable | Unavailable | Purchase commitments are real obligations but are not debt or an equity bridge item |
| Separately valued non-operating assets, USD M | None selected | None selected | None selected | No separate valuation performed at Stage S |
| Diluted listed-equivalent shares, M | 1,163.6 | 1,101.4 | 1,052.2 | Section 6 share paths |

At the TTM balance-sheet anchor, cash is USD 5.014 billion, senior notes are USD 0.746 billion, lease liabilities are USD 0.074 billion, net cash excluding leases is USD 4.268 billion, and net cash after leases is USD 4.194 billion. Those amounts coexist with USD 4.142 billion of scheduled non-cancelable purchase commitments and USD 2.900 billion of additional post-quarter commitments. The commitment stack is not reclassified as debt, but it prevents an assumption that all cash is freely distributable.

The absence of a complete scenario cash, debt, lease, and NCI-equity roll-forward means an EV/NOPAT method cannot control later valuation without upstream repair. The parent-NI, NCI, dilution, listed-unit, and FX bridge is complete, so the reconciled per-share earnings method remains available to valuation preflight. Stage S makes no method or multiple choice.

## 6. Explicit share-count paths

The paths start from the sealed packet's 1,044.469 million quote-basis diluted financial shares, not the 1,028.4 million TTM day-weighted denominator. Each path ends at the reviewed terminal diluted-share count used in Section 5. Buyback cash follows the reviewed scenario conventions. The sealed USD 252.13 price is used only as a constant mechanical average-price proxy to reconcile repurchase cash to shares retired; it is not an exit valuation assumption.

| Case and year | Starting quote-basis shares M | Buyback USD M | Average price USD | Shares retired M | SBC issuance M | Ending quote-basis shares M |
|---|---|---|---|---|---|---|
| Bear FY+1 | 1,044.469 | 250 | 252.13 | 0.992 | 23.800 | 1,067.277 |

| Case and year | Starting quote-basis shares M | Buyback USD M | Average price USD | Shares retired M | SBC issuance M | Ending quote-basis shares M |
|---|---|---|---|---|---|---|
| Bear FY+2 | 1,067.277 | 250 | 252.13 | 0.992 | 24.298 | 1,090.583 |
| Bear FY+3 | 1,090.583 | 250 | 252.13 | 0.992 | 24.807 | 1,114.398 |
| Bear FY+4 | 1,114.398 | 250 | 252.13 | 0.992 | 25.327 | 1,138.733 |
| Bear FY+5 | 1,138.733 | 250 | 252.13 | 0.992 | 25.858 | 1,163.600 |
| Base FY+1 | 1,044.469 | 350 | 252.13 | 1.388 | 12.534 | 1,055.615 |
| Base FY+2 | 1,055.615 | 450 | 252.13 | 1.785 | 13.050 | 1,066.879 |
| Base FY+3 | 1,066.879 | 550 | 252.13 | 2.181 | 13.566 | 1,078.264 |
| Base FY+4 | 1,078.264 | 650 | 252.13 | 2.578 | 14.084 | 1,089.771 |
| Base FY+5 | 1,089.771 | 750 | 252.13 | 2.975 | 14.604 | 1,101.400 |
| Bull FY+1 | 1,044.469 | 500 | 252.13 | 1.983 | 3.525 | 1,046.011 |
| Bull FY+2 | 1,046.011 | 750 | 252.13 | 2.975 | 4.519 | 1,047.555 |
| Bull FY+3 | 1,047.555 | 1,000 | 252.13 | 3.966 | 5.512 | 1,049.101 |
| Bull FY+4 | 1,049.101 | 1,150 | 252.13 | 4.561 | 6.110 | 1,050.649 |
| Bull FY+5 | 1,050.649 | 1,250 | 252.13 | 4.958 | 6.509 | 1,052.200 |

SBC `issuance` is the diluted-share issuance equivalent required to reconcile each reviewed net share endpoint after repurchase retirement; it includes awards and other equity issuance embedded in the reviewed diluted-share convention. It is not a cash SBC expense proxy. The TTM SBC-expense divided by the sealed share price is only 4.934 million shares and does not describe actual settlement because expense recognition, vesting, tax withholding, options, PSUs, ESPP, acquisition awards, and diluted weighting differ.

The historical reasonableness check is H1 FY2027: 12.312 million shares were issued and 1.920 million were repurchased, producing a 10.392 million gross-share difference while period-end shares rose 1.03%. Bear annual issuance remains near the annualized H1 pace. Base issuance moderates but repurchases do not fully offset it. Bull requires much tighter grant discipline and larger repurchases, ending only 0.74% above the packet anchor after five years.

The exact roll-forward identity passes every row: starting shares plus SBC issuance less shares retired equals ending shares. Over five years, bear moves from 1,044.469 million to 1,163.600 million, base to 1,101.400 million, and bull to 1,052.200 million. No path is run in ADR units, and no dividend or share-count-flat shortcut is used.

## 7. Binary P/E 15 entry-price test

The required TTM+5y EPS at USD 252.13 and a 15 multiple is USD 16.8087 per listed unit. This is a binary entry-price gate, not a terminal return multiple. The base case controls.

| Case | EPS in USD per listed unit at TTM+5y | EPS multiplied by 15 | Quote-packet price per listed unit | Cushion | Pass? |
|---|---|---|---|---|---|
| Bear | 0.470 | 7.05 | 252.13 | (97.20%) | FAIL |
| Base | 1.517 | 22.76 | 252.13 | (90.97%) | FAIL |
| Bull | 2.633 | 39.50 | 252.13 | (84.34%) | FAIL |

Cushion equals `(EPS × 15 − 252.13) ÷ 252.13`. Base EPS is USD 15.2917 below the required USD 16.8087. Even the bull case is far below the entry hurdle. Therefore the P/E-15 gate is FAIL with a base-case cushion of negative 90.97%. No later choice of return method or terminal multiple changes this independent entry-price result.

## 8. Reflexivity and historical-anchor checks

The TTM revenue reflexivity check passes: USD 5,132.1 million subscription revenue plus USD 264.0 million professional services revenue equals USD 5,396.1 million consolidated TTM revenue. The difference is zero at the displayed precision and therefore within 2%.

The TTM statutory-profit reflexivity check uses exact sealed values, not the rounded USD 133.0 million appendix display. The single modeled segment is negative USD 132.954 million, corporate/unallocated adjustments are empty, operating bridge adjustments are empty, and statutory operating income is negative USD 132.954 million. The residual is zero against the packet's USD 0.001 million tolerance.

The FY2026 statutory check also passes exactly. The single segment, segment sum, consolidated modeled metric, and statutory operating income are all negative USD 293.292 million. Adding negative USD 28.021 million interest expense, USD 194.969 million interest income, and negative USD 0.645 million other expense yields negative USD 126.989 million pretax income. Adding negative USD 34.176 million tax produces negative USD 161.165 million consolidated net income, equal to the disclosed CODM measure.

The TTM below-line bridge likewise passes. Negative USD 132.954 million OI plus negative USD 26.646 million interest expense, USD 183.162 million interest income, and USD 40.541 million other income equals USD 64.103 million pretax income. Adding the USD 1.177 million income-tax benefit gives USD 65.280 million consolidated net income. Subtracting USD 20.285 million NCI yields USD 44.995 million parent income.

## 9. Latest interim bridge reconciliation

`NOT TRIGGERED — four non-overlapping standalone quarters used.`

The TTM is Q3 FY2026 ended 2025-10-31, Q4 FY2026 ended 2026-01-31, Q1 FY2027 ended 2026-04-30, and Q2 FY2027 ended 2026-07-31. The sequence covers 2025-08-01 through 2026-07-31 with no cumulative half-year or YTD overlap. Revenue, operating income, consolidated net income, parent attribution, and the day-weighted TTM share denominator are constructed from those four quarters. No `latest FY – prior-year YTD + current-year YTD` bridge is needed.

## 10. Sensitivity of base-case EPS

The sensitivity keeps all untested variables at base. Revenue sensitivity holds the 16.5% statutory margin, USD 165 million net below-line contribution, 21% tax, USD 5 million NCI, and 1,101.4 million shares constant. Margin sensitivity holds revenue and below-line items constant. Share sensitivity changes only the denominator. Tax sensitivity changes only the tax rate.

| Variable | Downside setting | Downside EPS | Base setting | Base EPS | Upside setting | Upside EPS | EPS span |
|---|---|---|---|---|---|---|---|
| Sole-segment revenue CAGR | 15.05% | 1.401 | 17.05% | 1.517 | 19.05% | 1.641 | 0.240 |
| Sole-segment exact profit margin | 14.5% | 1.347 | 16.5% | 1.517 | 18.5% | 1.687 | 0.340 |
| Quote-basis diluted shares | 1,156.5M | 1.445 | 1,101.4M | 1.517 | 1,046.3M | 1.597 | 0.152 |
| Tax rate | 24.0% | 1.459 | 21.0% | 1.517 | 18.0% | 1.575 | 0.116 |

There is no Segment 2 because CrowdStrike has one reportable and modeled segment. The required margin test is therefore applied to the sole segment on the exact sealed metric. Margin conversion is the largest local driver, followed by the revenue CAGR. Dilution is also material because the base terminal share count is 5.45% above the packet anchor even after USD 2.75 billion of modeled repurchases.

None of these bounded sensitivities approaches the required USD 16.8087 EPS. Even the favorable revenue or margin variant produces less than USD 1.70. The verdict therefore is not driven by a rounding choice or a single 200-basis-point operating assumption; it reflects the scale of statutory common earnings required by the current quote.

## 10a. Evidence-based probability calibration and downstream binding

The reviewed segment appendix fixes the evidence-weighted operating prior at **35% Bear, 50% Base, and 15% Bull**. The weights sum to exactly 100%. They were calibrated from operating evidence before and independently of any exit multiple, terminal value, security return, score, or verdict. Stage S binds these probabilities for all later VP, CS, CSA, and RT work. It neither selects an exit multiple nor calculates a shareholder return.

The scenario branches are non-overlapping and exhaustive. Bear applies first after a second high-severity multi-customer Falcon release incident, an adverse regulatory finding that materially affects ARR or revenue recognition, or at least two of four operating failures: revenue CAGR at or below 14%, terminal statutory operating margin at or below 10%, terminal SBC at or above 17% of revenue, or net diluted-share CAGR at or above 2%. Bull applies only when Bear has not triggered and all four bull conditions hold: revenue CAGR at or above 19%, terminal statutory operating margin at or above 21%, terminal SBC at or below 11%, and net diluted-share CAGR at or below 0.75%. Base is every non-Bear, non-Bull outcome.

| Evidence family | Family weight | Bear contribution | Base contribution | Bull contribution | Source-bound interpretation |
|---|---|---|---|---|---|
| Revenue and ARR trajectory | 30% | 3.00% | 18.00% | 9.00% | Q2 revenue grew 26%, subscription 27%, and ARR 25%, but historical revenue growth slowed to 21.7% and management's long-term ARR bridge is 15% |
| GAAP margin conversion | 25% | 11.25% | 11.25% | 2.50% | Full-year statutory operating margin stayed negative through FY2026 and TTM was negative 2.5%, despite stable subscription gross margin |
| SBC and diluted-share conversion | 20% | 11.00% | 8.00% | 1.00% | TTM SBC was 23.1% of revenue and H1 shares rose 1.03% despite repurchases |
| Retention and Flex quality | 15% | 4.50% | 9.00% | 1.50% | FY2026 retention and Flex evidence are strong, but current absolute retention and concession economics are undisclosed |
| Incident and regulatory tail | 10% | 5.25% | 3.75% | 1.00% | Incident concessions and unresolved DOJ and SEC information requests create a discontinuous left tail without an allegation of wrongdoing |
| Evidence-weighted total | 100% | 35.00% | 50.00% | 15.00% | Binding operating prior for downstream stages |

The calibration is left-skewed because the bull case requires the joint achievement of high growth, a 24% statutory operating margin, SBC at 10% of revenue, and near-flat diluted shares. The strongest favorable evidence still keeps Base at 50%: current growth, raised guidance, Flex adoption, product-family ARR expansion, and stable subscription gross margin. The 15% Bull weight preserves a real upside tail while recognizing that full-year GAAP profitability and per-share conversion are unproven.

| Observable update trigger | Persistence | Required probability action |
|---|---|---|
| Subscription growth below 18% plus either NRR below 110% or statutory operating margin excluding commission timing below 5% | Two consecutive quarters | Move 10 percentage points from Base to Bear |
| SBC above 20% of revenue plus diluted shares up more than 1.5% year over year after repurchases | Two consecutive quarters | Move 5 percentage points from Base to Bear |
| Gross retention at least 97%, NRR at least 115%, subscription growth at least 22%, and ARR-revenue growth gap no more than 3 points | Four consecutive quarters | Move 5 percentage points from Bear to Base |
| Statutory operating margin at least 10% excluding commission timing, SBC at or below 15%, diluted shares up no more than 0.5%, and subscription growth at least 20% | Four consecutive quarters | Move 5 percentage points from Base to Bull |
| Quantified Flex renewal cohorts sustain expansion without rising concessions or gross-margin erosion | Two disclosed renewal cohorts | Move 5 points from Bear to Base; move 5 points from Base to Bull only if the separate Bull trigger also passes |
| Second severe multi-customer release incident or material adverse DOJ or SEC finding | Immediate on confirmed disclosure | Invalidate the standing prior and require B and S to recast before assigning new weights |

Each ordinary transfer is zero-sum, applies once upon first crossing its persistence test, and preserves a disclosed vector totaling 100%. A probability update does not mechanically change operating forecasts or exit valuation. If the evidence also invalidates a scenario path, the operating model must be revised explicitly and the downstream gates rerun.

## 11. Combined earnings summary

| Case | Revenue USD B | OI USD B | OI margin | Parent NI USD B | EPS USD per listed unit | Probability | EPS multiplied by 15 | Versus USD 252.13 per listed unit |
|---|---|---|---|---|---|---|---|---|
| Bear | 9.654 | 0.676 | 7.0% | 0.547 | 0.470 | 35% | 7.05 | (97.20%) |
| Base | 11.856 | 1.956 | 16.5% | 1.671 | 1.517 | 50% | 22.76 | (90.97%) |
| Bull | 13.425 | 3.222 | 24.0% | 2.770 | 2.633 | 15% | 39.50 | (84.34%) |

| Case | Revenue USD B | OI USD B | OI margin | Parent NI USD B | EPS USD per listed unit | Probability | EPS multiplied by 15 | Versus USD 252.13 per listed unit |
|---|---|---|---|---|---|---|---|---|
| Probability-weighted EPS | 11.321 | 1.698 | 15.0% | 1.442 | 1.318 | 100% | 19.77 | (92.16%) |

The 35% bear, 50% base, and 15% bull probabilities are inherited from the reviewed segment appendix at SHA-256 `1d4ffc804e42481994f7e79f7351f6a286b354c2872e3d7a6071cf11c308c661`. They are not uniform thirds. The central weight reflects strong current ARR and revenue momentum, while the left skew reflects chronic SBC and dilution, unproven statutory conversion, customer-concession uncertainty, unresolved governance and regulatory monitoring, purchase commitments, and the moat's YELLOW durability assessment.

Probability-weighted EPS is the direct weighted sum: `0.35 × 0.470 + 0.50 × 1.517 + 0.15 × 2.633 = 1.31795`. The probability-weighted revenue, OI, and parent NI are USD 11,320.57 million, USD 1,697.93 million, and USD 1,442.465 million. Weighted EPS is not weighted NI divided by a separately averaged share count because each scenario has its own diluted-share path. These aggregates are operating-model diagnostics only; no terminal value or shareholder return is calculated here.

## 12. Eleven mandatory tie-out checks

| Check | Result | Reproduced arithmetic | Evidence |
|---|---|---|---|
| 1. Reported-financial and statutory bridge | PASS | FY2026 negative 293.292 plus empty operating arrays equals negative 293.292 OI; TTM negative 132.954 plus empty arrays equals negative 132.954 OI; TTM product revenue 5,132.1 plus 264.0 equals 5,396.1 | Sealed bridge periods; data package Sections 2 and 3a |
| 2. NI, shares, listed unit, and FX equal EPS | PASS | Bear 547.3 divided by 1,163.6 multiplied by 1.0 multiplied by 1.0 equals 0.470; base equals 1.517; bull equals 2.633 | Sections 5 and 6 |
| 3. Segment sum at horizon | PASS | One segment divided by the same combined amount equals 100.0% in all cases; no corporate elimination exists | Sections 2 and 3 |
| 4. Product-to-segment rollup | PASS | Bear 9,266.4 plus 387.8 equals 9,654.2; base 11,419.2 plus 436.5 equals 11,855.7; bull display residual is 0.1 on 13,425.0 and below 0.001% | Reviewed segment appendix Section 10 |
| 5. Weighted margin | PASS | Product-level statutory margins are not disclosed, so no fabricated product weighted margin is used; segment OI is GP less S&M, R&D, and G&A and equals 7.0%, 16.5%, and 24.0% | Reviewed segment appendix Sections 9 and 10 |
| 6. Share count and security unit | PASS | 1,044.469 multiplied by split factor 1.0 equals 1,044.469; divided by unit factor 1.0 equals 1,044.469 listed units; each five-year share roll-forward reaches the EPS denominator | Quote packet and Section 6 |
| 7. Growth plausibility | PASS | Base total CAGR 17.05% is below 1.2 times the disclosed 25.5% three-year total CAGR, or 30.6%; latest Q2 growth is 26% | Data package Sections 5 and 6; segment appendix Section 8 |
| 8. Historical arithmetic | PASS | TTM product revenue multiplied by each recalculated five-year CAGR reaches each terminal product and total amount within 1%; the span is exactly five years | Sections 2 and 3 |
| 9. Recency anchor | PASS | Base FY+1 revenue growth is 21.61% versus latest Q2 26%, a 4.39-point gap; USD 6,562.2 million is 9.35% above FY2027 midpoint with a six-month later endpoint | Data package Sections 5 and 6; segment appendix Section 9 |
| 10. Period and horizon integrity | PASS | Four non-overlapping quarters form the TTM; 2031-07-31 minus 2026-07-31 is exactly 5.0 calendar years; no FY substitution or six-year compounding occurs | Sections 1 and 9 |

| Check | Result | Reproduced arithmetic | Evidence |
|---|---|---|---|
| 11. Valuation, units, hashes, and probability | PASS | Packet hashes match; unit factors and FX are 1.0; probabilities are 35%, 50%, and 15% and total 100%; weighted EPS is 1.31795; each scenario EPS multiplied by 15 and cushion reproduces Section 7 | Quote packet, statutory bridge, Sections 7, 10a, and 11 |

Check 8 detail: bear subscription CAGR is 12.544%, services 7.994%, and total 12.338%; base is 17.346%, 10.580%, and 17.049%; bull is 20.347%, 12.175%, and 19.996%. Applying each rate over exactly five intervals to the TTM amount reproduces the terminal amount shown in the reviewed appendix within displayed rounding.

Check 5 is satisfied without inventing product profit data. Subscription and services are disclosed revenue types, but CrowdStrike does not disclose statutory operating profit by product. The valid calculation is therefore the consolidated gross-profit and expense build for the sole modeled segment. The segment margin equals segment OI divided by segment revenue and reconciles to the reviewed expense schedule.

Check 11 also reproduces the base gate: USD 1.517 multiplied by 15 equals USD 22.755, and `(22.755 − 252.13) ÷ 252.13 = −90.9749%`. The base case controls. Bear and bull do not override it. The packet price was neither refetched nor substituted.

## 13. Gate result and model boundaries

**SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED**

The P/E-15 gate is **FAIL — cushion (90.97%)** on base-case TTM+5y EPS. Required EPS is USD 16.8087 per listed unit, versus USD 1.517 in base. Bear terminal headline is USD 9.654 billion revenue, USD 0.676 billion statutory OI, USD 0.547 billion parent NI, and USD 0.470 EPS. Base is USD 11.856 billion revenue, USD 1.956 billion statutory OI, USD 1.671 billion parent NI, and USD 1.517 EPS. Bull is USD 13.425 billion revenue, USD 3.222 billion statutory OI, USD 2.770 billion parent NI, and USD 2.633 EPS.

The P&C insurer lane is `NOT TRIGGERED — issuer is not a P&C insurer or reinsurer`. No `insurer_return_bridge.json` is created.

The model preserves parent-NI/NCI attribution, SBC and dilution, repurchases, acquisitions, deferred-contract-cost timing, and the TTM net-cash and debt anchor. Bear, Base, and Bull operating and earnings outputs are unchanged from the prior synthesis. The only numerical changes are the probability-weighted aggregates caused by binding 35%/50%/15%. This probability vector supersedes any downstream artifact still using 25%/50%/25% and requires VP, CS, CSA, and RT to rerun or rebind their probability-dependent work. Stage S does not select a primary shareholder-return method, assign terminal multiples, calculate returns, manufacture terminal net debt, or authorize any portfolio or execution action.

# Appendix CS

**Analysis date:** 2026-09-28 **Financial anchor:** TTM ended 2026-07-31 **Exact return horizon:** 2026-07-31 to 2031-07-31, 5.000000 years **Quote:** USD 252.13 per XNAS:CRWD Class A share, last completed close 2026-09-25 **Primary valuation method:** P/E **Valuation-preflight binding:** [`valuation_preflight.json`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\valuation_preflight.json), SHA-256 `40596954903be26801c681bae8db7b5031c1740484a458f8948a50ffbaa8d709` **Preflight validation:** `CLEARED`; five of five foundations passed; evidence files validated; blocker list empty.

**Repair bindings:** reviewed B SHA-256 `1d4ffc804e42481994f7e79f7351f6a286b354c2872e3d7a6071cf11c308c661`; synthesis SHA-256 `26bc2b0013eaa793cfa6602057c12348081aeb6689eb3e3520afe3a54489e0fe`. The repaired artifacts change scenario probabilities and valuation evidence, not business-quality facts. Accordingly, the prior audit's evidence caps on 2A and 4E are carried forward.

## 1. Executive Verdict

**Compounder Score: 38/100. Business Quality Score: 36/80. 20% Return Underwriting/Stretch Score: 2/20. Score-implied classification: Reject.** This is a diagnostic classification, not the ER2 verdict and not a portfolio instruction.

CrowdStrike has a strong security platform, a large reinvestment runway, high subscription gross margins, strong gross retention and observable cross-sell. Those strengths do not overcome the present shareholder-economics evidence. Five-year median statutory operating-income ROIC is negative, credible three- and five-year ROIIC cannot be shown from positive statutory NOPAT, TTM SBC is 23.1% of revenue, buybacks have not prevented dilution, and management is a hard FAIL. The moat and 2046 test are YELLOW rather than PASS. At USD 252.13, even the bull case produces a negative five-year gross USD return.

The repaired, sealed P/E method produces terminal shareholder wealth of USD 11.750 in bear, USD 83.435 in base and USD 184.310 in bull. With evidence-calibrated 35%/50%/15% probabilities, expected terminal wealth is USD 73.47650. Annualizing wealth, rather than averaging IRRs, gives gross USD returns of **-45.8395% bear, -19.8424% base, -6.0742% bull and -21.8544% probability weighted**. Distributions are explicitly zero. P/E already captures the capital structure through statutory parent EPS; no net cash, debt, lease, NCI-equity or other adjustment is added after EPS times P/E. NCI is deducted exactly once in the terminal parent-income numerator.

The 20% reverse-return requirement is not remotely supported. Five-year wealth must reach USD 627.3801216 per share. At the repaired 55x base exit P/E, required terminal EPS is USD 11.40691130181818, versus sealed base EPS of USD 1.517. The corresponding required CAGR from normalized current parent EPS of USD 0.021647325943212757681835861 5 is 250.2295% annually. The base-case maximum purchase price for a 20% annualized gross USD return is USD 33.53065522119342.

## 2. Data Source Map

| Evidence need | Controlling source | Period / basis | Use in this appendix |
|---|---|---|---|
| Quote, listing, unit and diluted-share basis | [`quote_packet.json`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\quote_packet.json) | USD 252.13 on 2026-09-25; XNAS Class A; 1:1 listed unit | Entry price, security perimeter, market capitalization |
| Reconciled statutory statements and TTM | [`quant_foundation.md`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\quant_foundation.md) and [`statutory_bridge.json`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\statutory_bridge.json) | TTM ended 2026-07-31 | Revenue, OI, cash flow, parent income, shares, NCI |
| Historical economics and disclosure inventory | [`data_package.md`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\data_package.md) | FY2022-FY2026 plus latest TTM | Growth, FCF, SBC, ROIC, ARR, retention, capital allocation |
| Operating model and runway | [`appendix_B_consolidated_company.md`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\appendix_B_consolidated_company.md) | TTM to 2031-07-31 | Bear/base/bull revenue, margin, expenses, dilution |
| Management and governance | [`appendix_management.md`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\appendix_management.md) | Evidence through 2026-09-28 | Management FAIL, incentives, M&A, buybacks, governance |

| Evidence need | Controlling source | Period / basis | Use in this appendix |
|---|---|---|---|
| Moat and pricing power | [appendix_moat.md](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\appendix_moat.md) | Evidence through 2026-09-28 | Moat YELLOW, 2046 YELLOW, competitive and AI risks |
| Terminal earnings and share paths | [appendix_synthesis.md](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\appendix_synthesis.md) | Exact five-year horizon | Terminal EPS, revenue, OI, NCI and diluted shares |
| Method, denominator and exit multiples | [valuation_preflight.json](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\valuation_preflight.json) | Hash-bound inputs | P/E method, normalization, 25x/55x/70x exits, no double count |

No new valuation input was selected in this stage. The preflight's normalized current EPS, reported TTM EPS, terminal EPS, diluted shares, NCI treatment, exit multiples and no-net-cash adjustment were copied exactly.

## 3. Key Financial and Quality Metrics

| Metric | Evidence-based result | Underwriting reading |
|---|---|---|
| Revenue, FY2022 to FY2026 | USD 1.452B to USD 4.812B; 34.92% CAGR over four intervals | Exceptional scale growth, although annual growth decelerated from 66.0% to 21.7% |
| TTM revenue | USD 5.396145B | Subscription was USD 5.132114B; services USD 0.264031B |
| TTM statutory operating income | USD (132.954)M; margin (2.46%) | GAAP profitability remains below the compounder threshold |
| Five-year median statutory OI ROIC | (4.65%) | Negative in every FY2022-FY2026 year; 1A scores zero |
| Adjusted ROIC | Insufficient evidence for a defensible R&D-capitalized series | Capitalizing R&D would enlarge invested capital; it does not justify a high score |
| 3-year / 5-year ROIIC | Not meaningful / insufficient evidence | Statutory NOPAT remains negative and acquisition returns are not separately disclosed |
| TTM issuer-defined FCF | USD 1.518527B; 28.14% of revenue | Strong liquidity generation, but not equivalent to owner earnings |
| TTM SBC | USD 1.244004B; 23.05% of revenue | SBC equals 81.92% of issuer FCF and is a real recurring cost |
| FCF / SBC | 1.2207x | Cash generation only modestly exceeds recurring SBC expense |
| Period-end share change, 2026 H1 | +1.03% despite USD 175.622M of repurchases | Buybacks did not protect per-share ownership |
| Net cash excluding leases | USD 4.267631B | Strong balance sheet, offset by USD 7.042B disclosed purchase commitments |
| Subscription gross margin | 76%-78% FY2022-FY2026; 78% Q2 FY2027 | Durable unit economics and scale evidence |
| FY2026 gross / net retention | 97% / 112%-115% by quarter | Strong stickiness; current absolute FY2027 rates not disclosed |
| Module adoption, Q2 FY2027 | 51% / 35% / 26% at 6+ / 7+ / 8+ modules | Repeatable expansion evidence, but no module-level GAAP economics |
| Current normalized P/E | 11,647.166059281892x | USD 252.13 divided by normalized current parent EPS USD 0.0216473 |
| Current reported P/E | 5,762.651227914213x | USD 252.13 divided by reported TTM parent EPS USD 0.0437524 |

The cash-flow versus statutory-earnings gap is not ignored. Issuer FCF deducts PPE, internal software and deferred-compensation investments, but SBC remains a non-cash add-back while shareholders absorb issuance. A high FCF margin therefore supports solvency and reinvestment capacity, not a high ROIC score by itself.

## 4. Rubric Scorecard

| Subcategory | Score | Maximum | Evidence and reason |
|---|---|---|---|
| 1A. Normalized ROIC is high | 0 | 5 | Five-year median statutory OI ROIC is (4.65%); a defensible adjusted positive series is unavailable |

| Subcategory | Score | Maximum | Evidence and reason |
|---|---|---|---|
| 1B. ROIIC is high | 0 | 8 | Negative statutory NOPAT and undisclosed acquisition cohorts prevent a credible positive ROIIC calculation |
| 1C. ROIIC is not deteriorating sharply | 0 | 3 | No positive, stable ROIIC series exists to support the point |
| 1D. Unit economics support reported returns | 2 | 3 | 76%-78% subscription GM, 97% gross retention and multi-module adoption are strong, but do not yet produce statutory returns |
| 1E. Cash conversion is real | 1 | 3 | FCF is genuine, yet SBC consumes 81.92% of FCF and dilution remains positive |
| 1F. ROIC is not an accounting artifact | 2 | 3 | Statutory OI retains SBC and commission amortization; the negative result is economically conservative, but R&D capitalization is incomplete |
| **Category 1. Incremental returns on capital** | **5** | **25** | High commercial growth has not converted into positive statutory capital returns |
| 2A. Large remaining market opportunity | 3 | 5 | Cybersecurity demand is broad, but the only quantified USD 565B TAM is management-estimated and capped at 60% credit |
| 2B. Proven ability to reinvest at scale | 4 | 5 | ARR and revenue expanded materially after USD 6.83B of five-year disclosed reinvestment; returns remain unproven |
| 2C. Organic growth opportunity | 4 | 4 | Flex, SIEM, cloud, identity, data protection and AI-security workloads support organic expansion |
| 2D. Repeatable expansion playbook | 3 | 3 | Module adoption, Flex and re-Flex evidence show a repeatable land-and-expand motion |
| 2E. Market structure supports long growth | 1 | 2 | Secular demand is favorable, but Microsoft and PANW consolidation pressure is severe |
| 2F. Growth does not require ROIC collapse | 0 | 1 | Historical growth has coexisted with negative statutory ROIC and heavy SBC |
| **Category 2. Reinvestment runway** | **15** | **20** | Runway is the strongest part of the score, but independent market sizing and economic conversion are not proven |
| 3A. Clear source of advantage | 3 | 4 | Endpoint-led distribution, installed sensor, telemetry and integrated response workflows are observable |
| 3B. Pricing power | 1 | 3 | Expansion power is visible; direct list-price, discount and renewal-uplift evidence is not |
| 3C. Competitive evidence | 2 | 3 | Strong ARR growth and platform adoption, offset by bundled Microsoft and PANW alternatives |
| 3D. Customer stickiness | 2 | 2 | FY2026 gross retention was 97%; switching disrupts agents, policies and SOC workflows |
| 3E. Resilience through stress | 1 | 2 | Commercial recovery after July 2024 is positive, but the incident exposed concentration risk |
| 3F. Low disruption risk | 0 | 1 | SIEM/AI workflows can commoditize and hyperscalers control adjacent layers |
| **Category 3. Durability of moat** | **9** | **15** | Moat YELLOW and 2046 YELLOW cap the category |
| 4A. Clean revenue and earnings quality | 1 | 2 | Statutory bridge is clean, but commission-life timing and unresolved ARR/revenue requests matter |

| Subcategory | Score | Maximum | Evidence and reason |
|---|---|---|---|
| 4B. Cash flow supports earnings | 1 | 2 | Cash generation is strong, but GAAP earnings and per-share conversion lag |
| 4C. Conservative treatment of SBC and dilution | 0 | 2 | SBC is 23.1% of revenue and buybacks have not offset issuance |
| 4D. Balance sheet strength | 2 | 2 | USD 5.014B cash versus USD 0.746B notes; commitments limit distributable cash |
| 4E. Transparent disclosures | 0 | 1 | Current retention, module economics, acquisition returns and Flex/commitment cohorts are load-bearing omissions |
| 4F. No governance/accounting red flags | 0 | 1 | DOJ/SEC requests, related-party arrangements and prior immaterial SBC revision remain flags |
| **Category 4. Accounting and financial quality** | **4** | **10** | The accounting is usable; economic quality and decision-useful transparency remain weak |
| 5A. Reinvestment priority is rational | 1 | 2 | Platform R&D is strategically coherent, but returns are not demonstrated |
| 5B. Acquisition discipline | 1 | 2 | Deals fit the platform, yet cohort revenue, margins and ROIC are undisclosed |
| 5C. Buyback discipline | 0 | 2 | USD 175.6M H1 repurchases did not prevent a 1.03% share increase |
| 5D. Incentives align with value creation | 0 | 2 | Incentives emphasize ARR, revenue, non-GAAP EPS and TSR, not ROIC or dilution |
| 5E. Owner mentality | 0 | 1 | Founder exposure exists, but dilution and related-party optics outweigh it |
| 5F. Evidence from past decisions | 1 | 1 | Falcon and newer domains show strategic execution despite weak GAAP conversion |
| **Category 5. Capital allocation discipline** | **3** | **10** | Management FAIL controls the stewardship reading |
| 6A. Base-case IRR at least 20% | 0 | 6 | Base gross USD IRR is -19.8424% |
| 6B. Conservative exit multiple | 2 | 4 | Locked 55x base P/E is independently justified and massively below normalized current P/E, but does not clear 20% |
| 6C. Bear case is acceptable | 0 | 3 | Bear gross USD IRR is -45.8395% |
| 6D. Reverse-return hurdle is beatable | 0 | 3 | Required base EPS USD 11.4069 versus modeled USD 1.517 |
| 6E. Multiple does not already price perfection | 0 | 2 | Current normalized P/E is 11,647x; terminal growth and margin improvement are already overcapitalized |
| 6F. Cash returns help | 0 | 2 | Distributions are zero; buybacks are embedded only in diluted-share paths |
| **Category 6. Price and 20% underwriting** | **2** | **20** | Even bull produces a negative return from today's price |
| **Business Quality Score** | **36/80** | **80** | Below the 55/80 promising-quality threshold |
| **20% Return UW Score** | **2/20** | **20** | Far below the 10/20 demanding-price threshold |
| **Compounder Score** | **38/100** | **100** | Evidence does not support dream-investment status |

## 5. ROIIC and Reinvestment Analysis

No credible positive ROIIC is published. FY2022-FY2026 statutory operating income remained negative, so statutory NOPAT remained negative. A ratio that divides a change between negative NOPAT endpoints by a broad reinvestment estimate

would be unstable and misleading. Acquisition-inclusive ROIIC is also unavailable because the issuer does not disclose acquired-cohort revenue, margin or NOPAT. The correct score is zero for 1B, not a non-GAAP substitute.

The reinvestment evidence is nevertheless substantial. Over FY2022-FY2026 CrowdStrike spent approximately USD 4.21B on R&D, USD 1.25B on PPE capex and USD 1.36B on acquisitions, about USD 6.83B before capitalized software and recent FY2027 acquisitions. Revenue increased USD 3.36B and ARR increased USD 3.52B over the endpoints. This demonstrates capacity to deploy capital and create commercial reach. It does not demonstrate the Gideon requirement of sustained greater-than-20% incremental shareholder returns after SBC, acquisitions and dilution.

## 6. Runway Analysis

The runway is real. Endpoint remains the landing zone, while cloud security ARR exceeded USD 905M, next-generation SIEM exceeded USD 695M and identity exceeded USD 585M in Q2 FY2027. Flex exceeded 2,900 customers and USD 2.29B ARR; repeat re-Flex cohorts showed meaningful expansion. Module adoption reached 51% for six-plus, 35% for seven-plus and 26% for eight-plus modules.

The score stops at 15/20 because the same facts have alternative interpretations and the quantified TAM is management-estimated. Flex may represent deeper deployment, or discounted bundling and longer commitments. Management does not disclose current absolute retention, discount rates, module-level GAAP revenue or profit, or cohort renewal economics. Microsoft can bundle security into enterprise procurement, PANW can consolidate network-to-cloud operations, and AI may commoditize analyst-facing workflows. Growth can persist without earning superior incremental returns for shareholders.

## 7. Moat Analysis

The moat evidence supports YELLOW. Endpoint deployment, sensor privileges, policy estates, telemetry history, response integrations and SOC processes create real switching costs. Stable subscription gross margin and FY2026 gross retention demonstrate customer value. The July 2024 incident also shows that the installed architecture concentrates operational risk. Direct pricing power is not proven because list-price, renewal-uplift, discount and Flex-utilization data are absent.

The 2046 test is YELLOW. A durable independent security data and enforcement plane is plausible, especially across machine identities, workloads and autonomous agents. It is not probable enough for PASS because platform buyers can consolidate with Microsoft or PANW, open data standards can improve portability, AI can commoditize SIEM work, and a second high-severity incident could make single-vendor concentration unacceptable.

## 8. Accounting and Capital Allocation Analysis

The sealed statutory bridge is high quality. It preserves parent attribution, NCI, split-adjusted shares, SBC, deferred commissions, one-off incident costs and TTM quarter construction. That does not make the underlying economics high quality. TTM parent income of USD 44.995M depends on substantial below-line interest and other income while operating income is negative. Normalized current parent EPS falls to USD 0.0216473 after removing event and timing distortions.

Capital allocation is the weakest quality area. Repurchases have not offset issuance. Recent acquisitions are strategically coherent but lack cohort-level returns. Compensation metrics do not include ROIC, GAAP operating income, dilution or per-share FCF. Avoidable CEO-related aircraft and real-estate transactions, a classified board and unresolved regulator information requests support Management FAIL rather than a generous YELLOW.

## 9. 20% Return Underwriting

### Security return underwriting

| Measure | Result | Notes |
|---|---|---|
| Primary valuation method | P/E | Same method for all scenarios, weighting, reverse-return and net-SGD |
| Current price | USD 252.13 | Quote date 2026-09-25; exact model horizon 2026-07-31 to 2031-07-31 |
| Scenario probabilities | 35% / 50% / 15% | Bear / Base / Bull; sum is 100% |
| Terminal EPS | USD 0.470 / 1.517 / 2.633 | Statutory parent diluted EPS; NCI deducted once |
| Exit P/E | 25.0x / 55.0x / 70.0x | Locked by the repaired and cleared preflight before return scoring |

| Measure | Result | Notes |
|---|---|---|
| Terminal diluted shares | 1,163.600M / 1,101.400M / 1,052.200M | Used in synthesis EPS and terminal equity value |
| Terminal equity value per share | USD 11.750 / 83.435 / 184.310 | Terminal EPS multiplied by exit P/E |
| Terminal total equity value | USD 13.672300B / 91.895309B / 193.930982B | Per-share value multiplied by terminal diluted shares |
| Cumulative distributions | USD 0.000 / 0.000 / 0.000 | Explicit zero-distribution diagnostic; 30% withholding therefore has zero effect |
| Net cash/debt adjustment | USD 0 / 0 / 0 | P/E embeds capital structure in EPS; no post-P/E adjustment permitted |
| Terminal shareholder wealth | USD 11.750 / 83.435 / 184.310 | Share value plus zero distributions |
| Gross USD IRR | -45.8395% / -19.8424% / -6.0742% | Finite five-year CAGR from USD 252.13 |
| Expected terminal wealth | USD 73.47650 | 0.35×11.750 + 0.50×83.435 + 0.15×184.310 |
| Probability-weighted gross USD IRR | -21.8544% | CAGR of expected wealth, not an average of scenario IRRs |

The current-to-terminal denominator bridge uses reported TTM parent EPS of USD 0.043752430960715674834694671 3 and normalized current parent EPS of USD 0.021647325943212757681835861 5. Both are on the same Class A listed-unit basis as terminal EPS. Recurring SBC and deferred commission amortization remain in earnings. The normalized denominator removes incident expense, the commission-life timing benefit, volatile other income, anomalous tax and NCI effects exactly as sealed by VP. Reported and normalized P/Es are disclosed, but neither capped the exit multiples. Repaired Bear 25x, Base 55x and Bull 70x P/Es are supported by row-level direct GAAP peer evidence and were selected before return calculation. Excessive-optimism and excessive-bearishness tests both passed.

The following tables are gross USD underwriting. Net-SGD adjustments follow separately.

## Bear-case operating and return bridge

| Bear case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 5.396B | USD 9.654B | 12.34% | Growth decelerates to 8% terminally as concessions and bundle pressure persist |
| Operating margin | (2.46%) | 7.00% | +9.46 pp | Only modest leverage; SBC remains 18% of revenue and incident cost persists |
| Operating earnings | USD (132.954)M | USD 675.8M | not meaningful | Statutory OI equals gross profit less S&M, R&D and G&A |
| Diluted share count | 1,044.469M | 1,163.600M | 2.18% | Annual USD 250M buybacks fail to offset heavy issuance |
| EPS | USD 0.021647 normalized | USD 0.470 | 85.07% | Comparable normalized current parent EPS to terminal statutory parent EPS |
| Valuation denominator | Normalized parent EPS | Terminal parent EPS | comparable | Same listed-unit perimeter; SBC retained; NCI deducted once |
| Valuation | 11,647.17x normalized P/E | 25.00x P/E | (11,622.17x) | Mature recurring-software range with 8% terminal growth and 5.7% parent margin |
| Share value | USD 252.13 | USD 11.750 | -45.84% IRR | USD 0.470 EPS × 25.0x; no net cash/debt adjustment |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | No supported dividend path; distributions are explicitly zero |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Annual dividend divided by endpoint share value |
| Five-year dividends | - | USD 0.000 | cumulative | Zero-distribution diagnostic |
| Total ending value | USD 252.13 | USD 11.750 | -45.84% gross USD IRR | Terminal share value plus zero distributions |

## Base-case operating and return bridge

| Base case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 5.396B | USD 11.856B | 17.05% | Flex, module adoption, SIEM, identity and cloud sustain high-teens growth |
| Operating margin | (2.46%) | 16.50% | +18.96 pp | Gross-margin and S&M leverage, with SBC still 13.5% of revenue |
| Operating earnings | USD (132.954)M | USD 1,956.2M | not meaningful | Statutory OI equals gross profit less S&M, R&D and G&A |
| Diluted share count | 1,044.469M | 1,101.400M | 1.07% | USD 2.75B five-year buybacks still leave 5.45% cumulative dilution |
| EPS | USD 0.021647 normalized | USD 1.517 | 133.95% | Comparable normalized current parent EPS to terminal statutory parent EPS |
| Valuation denominator | Normalized parent EPS | Terminal parent EPS | comparable | Same listed-unit perimeter; SBC retained; NCI deducted once |
| Valuation | 11,647.17x normalized P/E | 55.00x P/E | (11,592.17x) | Direct GAAP peers support 45x-65x; Management FAIL and Moat YELLOW keep CRWD below profitable current anchors |
| Share value | USD 252.13 | USD 83.435 | -19.84% IRR | USD 1.517 EPS × 55.0x; no net cash/debt adjustment |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | No supported dividend path; distributions are explicitly zero |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Annual dividend divided by endpoint share value |
| Five-year dividends | - | USD 0.000 | cumulative | Zero-distribution diagnostic |
| Total ending value | USD 252.13 | USD 83.435 | -19.84% gross USD IRR | Terminal share value plus zero distributions |

## Bull-case operating and return bridge

| Bull case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Revenue | USD 5.396B | USD 13.425B | 20.00% | AI security, SIEM, identity and cloud conversion remain unusually strong |
| Operating margin | (2.46%) | 24.00% | +26.46 pp | SBC falls to 10% of revenue and cloud/S&M leverage reaches the high end |
| Operating earnings | USD (132.954)M | USD 3,222.0M | not meaningful | Statutory OI equals gross profit less S&M, R&D and G&A |
| Diluted share count | 1,044.469M | 1,052.200M | 0.15% | Large buybacks and tighter grants nearly offset issuance |
| EPS | USD 0.021647 normalized | USD 2.633 | 161.22% | Comparable normalized current parent EPS to terminal statutory parent EPS |
| Valuation denominator | Normalized parent EPS | Terminal parent EPS | comparable | Same listed-unit perimeter; SBC retained; NCI deducted once |
| Valuation | 11,647.17x normalized P/E | 70.00x P/E | (11,577.17x) | 60x-80x range reflects 15% terminal growth and 20.6% parent margin while retaining governance and maturity discounts |
| Share value | USD 252.13 | USD 184.310 | -6.07% IRR | USD 2.633 EPS × 70.0x; no net cash/debt adjustment |
| Annual dividend | USD 0.00 | USD 0.00 | 0.00% | No supported dividend path; distributions are explicitly zero |
| Dividend yield | 0.00% | 0.00% | 0.00 pp | Annual dividend divided by endpoint share value |

| Bull case | Start (2026-07-31) | Horizon (2031-07-31) | CAGR / change | Justification |
|---|---|---|---|---|
| Five-year dividends | - | USD 0.000 | cumulative | Zero-distribution diagnostic |
| Total ending value | USD 252.13 | USD 184.310 | -6.07% gross USD IRR | Terminal share value plus zero distributions |

### Net-SGD diagnostic

This diagnostic assumes USD/SGD 1.28 at entry; terminal USD/SGD of 1.15 bear, 1.22 base and 1.28 bull; 0.35% all-in entry cost and 0.35% exit cost; and 30% withholding on distributions. Distributions are zero, so withholding is zero. It assumes no investor-specific capital-gains tax and is not tax advice. Entry outlay is SGD 323.85594240 per share after entry friction. Scenario terminal SGD wealth after exit friction is SGD 13.465206250, SGD 101.434432550 and SGD 235.091091200. Probability-weighted terminal SGD wealth is SGD 90.69370214250 under the repaired 35%/50%/15% weighting, calculated from wealth, not from IRRs.

| Net-SGD measure | Result | Reading |
|---|---|---|
| Bear net-SGD IRR | **-47.06%** | Stronger SGD and costs worsen the already severe loss |
| Base net-SGD IRR | **-20.72%** | Fails the 8%, 10% and 15% thresholds |
| Bull net-SGD IRR | **-6.21%** | Even unchanged terminal FX cannot rescue the bull case |
| Probability-weighted net-SGD IRR | **-22.47%** | 35%/50%/15% scenario wealth weighting |
| 10% mandate hurdle | FAIL | Base and probability-weighted cases are negative |
| 15% stretch hurdle | FAIL | No scenario clears the stretch hurdle |
| CIO actionability status | PASS | Management FAIL and base return below 8% force PASS |
| Portfolio fit | UNAVAILABLE | No portfolio holdings, factor, liquidity or drawdown-budget context was provided |

PASS above is the allowed CIO actionability status, not an instruction to trade or a statement about portfolio sizing. Trade execution is not authorized.

## 10. Hard Veto Checklist

| Hard veto | Result | Evidence |
|---|---|---|
| 1. ROIIC below cost of capital with no proven improvement path | FAIL | Positive ROIIC is not demonstrated; statutory ROIC is negative |
| 2. High ROIC only because capital is artificially tiny | PASS | No high ROIC claim is made; capitalized R&D would enlarge capital |
| 3. Growth requires persistent external financing | PASS | FCF and net cash fund operations despite purchase commitments |
| 4. Share count rises without clear per-share value creation | FAIL | Shares rose 1.03% in six months despite repurchases; all terminal cases dilute |
| 5. Large acquisitions without disclosed returns | WATCH | Recent deals are material and strategically coherent, but cohort returns are absent |
| 6. FCF structurally lags earnings | PASS | FCF exceeds earnings; the problem is SBC-adjusted ownership economics |
| 7. Concentration, regulation, platform dependency or leverage can impair equity | WATCH | Reliability concentration and Microsoft/PANW pressure are material; leverage is modest |
| 8. 20% case requires terminal multiple expansion | PASS | Locked exits contract massively from normalized current P/E; the hurdle still fails |
| 9. Flawless execution is needed to justify today's price | FAIL | Even bull execution and a 70x exit produce a negative gross USD return |
| 10. Moat cannot be explained | PASS | Endpoint distribution, telemetry, switching costs and workflows are clear |
| 11. Governance/accounting issues impair trust | FAIL | Management FAIL, related-party arrangements and unresolved regulator requests |
| 12. Balance-sheet risk can wipe out equity | PASS | USD 4.268B net cash excluding leases materially reduces solvency risk |

## 11. Final Decision

**Score-implied classification: Reject.** The classification follows both the 38/100 score and the hard vetoes. CrowdStrike is a high-growth strategic asset but not a demonstrated high-ROIIC, per-share compounder at the sealed price. Business quality is below 55/80 because returns on capital, accounting quality, disclosure and capital allocation are weak despite a strong runway. The 20% underwriting score is 2/20 because all scenario returns are negative and the reverse hurdle requires an implausible terminal EPS.

**Compounder Score note:** 38/100; strong runway and platform economics are outweighed by unproven ROIIC, dilution, governance weakness and severe overvaluation. **Business Quality Score note:** 36/80; runway and platform stickiness are real, but capital-return proof and disclosure quality remain inadequate. **20% Return UW Score note:** 2/20; bear, base and bull gross USD returns are all negative at the locked P/E exits.

Method consistency is complete: P/E controls bear, base, bull, probability weighting, reverse-return/max-buy price and net-SGD. Terminal equity value equals EPS times exit P/E. Distributions are zero. Terminal net cash/debt is not added or subtracted. NCI is deducted once in parent EPS. The double-count check passes.

## 12. Machine-Readable JSON

The full-precision reproduction, assumptions, category scores, hard-veto states and actionability diagnostics are in [`compounder_score.json`](C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\compounder_score.json).

# Appendix CSA

**Analysis date:** 2026-09-28 **Audit marker:** `crwd-csa-repair-pulse-cio-20260928T140408+0800` **Repaired scorer inputs:** `appendix_compounder_score.md` SHA-256 `eb8d628d72ca191560a1a63ac9895dff9ebc418e271c04b978ff6a354cd68da9`; `compounder_score.json` SHA-256 `d737432c267caf2bd5c7eb5205cae5c56e87b4821fafc67e7f3ae54d56efd17d` **Repaired upstream bindings:** reviewed B SHA-256 `1d4ffc804e42481994f7e79f7351f6a286b354c2872e3d7a6071cf11c308c661`; synthesis SHA-256 `26bc2b0013eaa793cfa6602057c12348081aeb6689eb3e3520afe3a54489e0fe`; valuation preflight SHA-256 `40596954903be26801c681bae8db7b5031c1740484a458f8948a50ffbaa8d709`.

## 1. Original vs Audited Scores

| Item | Repaired CS | Audited | Notes |
|---|---|---|---|
| Business Quality Score / 80 | 36/80 | 36/80 | Every Category 1-5 rubric line preserved |
| Valuation / 20% Return UW Score / 20 | 2/20 | 2/20 | New probabilities and exit P/Es do not repair the hurdle |
| Compounder Score / 100 | 38/100 | 38/100 | 36/80 plus 2/20 equals 38/100 |
| Classification | Reject | Reject | Below 70, hard vetoes remain, all scenario returns are negative |

All three visible denominators are correct. Business Quality is Categories 1-5 and sums to `5 + 15 + 9 + 4 + 3 = 36/80`. Category 6 is `2/20`. Their sum is `38/100`. The repaired CS already incorporates the prior audit's evidence caps on 2A and 4E, so this rerun makes no further score revision.

## 2. Score Reductions and Reasons

No new reduction is warranted. The repaired CS correctly holds 2A at 3/5 because the quantified USD 565 billion TAM is management-estimated, and it holds 4E at 0/1 because current retention, module economics, acquisition returns, and Flex/commitment cohort economics remain undisclosed. Those two earlier reductions are now native to the scorer rather than differences found by this rerun.

The remaining partial scores are conservative. Unit economics earns 2/3 because subscription gross margin, retention, and module adoption are observable without demonstrating statutory returns. Cash conversion and cash-flow support each remain at one point because issuer FCF is substantial but SBC absorbs 81.92% of it and dilution remains positive. Reinvestment, acquisition discipline, and past decisions receive only partial credit because product families scaled while acquisition-vintage returns remain unavailable.

Category 6B remains 2/4. The repaired 55x Base P/E is independently underwritten, lower than comparable profitable current peer anchors, and selected before returns. It cannot receive 4/4 because the 20% hurdle fails. The other valuation lines correctly score zero: Base return is below 10%, Bear is unacceptable, reverse-return EPS is implausible, the starting multiple prices perfection, and distributions are zero.

## 3. Unsupported Claims

The evidence still does not support a positive three- or five-year ROIIC, acquisition-inclusive ROIIC, a defensible R&D-capitalized adjusted ROIC series, direct pricing power, independently measured TAM, current absolute retention, module-level GAAP economics, or acquisition-vintage returns. These are not hidden by the repaired return model. The score already treats them as gaps or zero-credit lines.

The scenario probabilities are analytical judgments rather than empirically estimated frequencies. That is disclosed rather than disguised. The repaired B appendix states that no sufficiently comparable statistical population exists, defines non-overlapping branches, assigns weights across five evidence families, and provides zero-sum observable update rules (`C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\appendix_B_consolidated_company.md:320-360`). This is a supportable evidence-weighted prior, not false statistical precision.

## 4. Calculation Errors

No material arithmetic error remains. The VP validator returned `VALUATION_PREFLIGHT_VALID`; status is `CLEARED`, all five foundations pass, and blockers are empty. CS copies the locked P/E method, normalized denominator, capital-structure treatment, probabilities, and 25x/55x/70x exit multiples.

The normalized current denominator independently replays. Negative USD 132.954 million TTM operating income plus USD 45.947 million incident normalization less USD 45.000 million estimated commission-timing benefit, less USD 26.646 million interest expense, plus USD 183.162 million interest income and USD 10.000 million normalized other income gives USD 34.509 million pretax. Applying 21% tax and deducting USD 5.000 million normalized NCI yields USD 22.26211 million parent income. Dividing by 1,028.4 million diluted shares gives normalized EPS of USD 0.021647325943212757 6818358615. At USD 252.13, normalized current P/E is 11,647.166059281891968012 0168x. Reported EPS is USD 44.995 million divided by 1,028.4 million, or USD 0.043752430960715674 8346946713, producing reported P/E of 5,762.651227914212690 2989221x (`valuation_preflight.json:27-65`).

| Return item | Bear | Base | Bull |
|---|---|---|---|
| Probability | 35% | 50% | 15% |
| Locked terminal EPS | USD 0.470 | USD 1.517 | USD 2.633 |
| Locked exit P/E | 25.0x | 55.0x | 70.0x |
| Terminal diluted shares | 1,163.600M | 1,101.400M | 1,052.200M |
| Terminal parent net income | USD 547.3M | USD 1,670.7M | USD 2,770.4M |
| Terminal NCI deduction | USD 0M | USD 5M | USD 12M |
| Terminal equity value per share | USD 11.750 | USD 83.435 | USD 184.310 |
| Cumulative distributions | USD 0.000 | USD 0.000 | USD 0.000 |
| Terminal shareholder wealth | USD 11.750 | USD 83.435 | USD 184.310 |
| Gross USD IRR | -45.8394995592883% | -19.8423919171338% | -6.07420599802589% |

Expected terminal shareholder wealth is exactly `0.35 × 11.750 + 0.50 × 83.435 + 0.15 × 184.310 = USD 73.47650`. The probability-weighted gross USD return is `(73.47650 / 252.13)^(1/5) - 1 = -21.8543536887445%`. It annualizes weighted terminal wealth and never averages scenario IRRs.

The probability architecture now clears the old objection. Bear has 35% because statutory conversion, SBC, dilution, incident, regulatory, and disclosure risks create a left tail. Base remains 50% because current revenue, ARR, Flex, product-family growth, and gross margin are genuinely strong. Bull is only 15% because it requires simultaneous 20% revenue CAGR, 24% statutory operating margin, 10% SBC/revenue, and approximately 0.5% net share CAGR. The branches are non-overlapping and exhaustive, and the weights were fixed before valuation (`appendix_B_consolidated_company.md:322-360`; `appendix_synthesis.md:210-249`).

The 25x/55x/70x exit P/Es also clear the repaired economic-coherence test. Bear 25x is 23.5% below FTNT's 32.679x low positive annual P/E and reflects 8% terminal growth, only 5.7% parent margin, 18% SBC/revenue, continuing dilution, Management FAIL, and Moat YELLOW. Base 55x sits below FTNT current direct GAAP TTM P/E of 60.192x and OKTA FY2026 P/E of 64.489x, while crediting 12% terminal growth and a 14.1% parent margin. Bull 70x exceeds FTNT and OKTA current/annual anchors but remains below PANW's 76.554x midpoint of non-tiny positive annual rows and requires 15% terminal growth, a 20.6% parent margin, 10% SBC/revenue, and near-flat shares. Adjusted-forward peer ratios are context only and do not cap statutory terminal P/E. Row-level evidence is archived in `raw\pulse-cio-20260928T140408+0800\vp\denominator_matched_pe_evidence.json`.

The optimism challenge passes because Base and Bull multiples require the modeled GAAP conversion; they are not defensible if margins, SBC, growth, or dilution miss. The bearishness challenge passes because the old 40x/55x Base/Bull exits understated profitable-peer evidence once terminal statutory conversion was assumed. The repair raised them to 55x/70x from evidence, not from desired return, score, or verdict. Even after the repair, all three returns remain negative.

The 20% reverse diagnostic replays exactly. Required terminal wealth is `252.13 × 1.2^5 = USD 627.3801216`. At 55x Base P/E, required terminal EPS is USD 11.406911301818181818181818182 versus modeled USD 1.517. From normalized current EPS, the required CAGR is 250.229530256568%. Maximum entry prices for a 20% gross return are USD 4.722061471193416 / 33.530655221193416 / 74.070055298353909 for Bear / Base / Bull.

Net-SGD arithmetic also replays. Entry USD/SGD is 1.28, terminal FX is 1.15 / 1.22 / 1.28, and entry/exit costs are 0.35% each. Distributions are zero, so 30% withholding has zero effect; assumed capital-gains tax is zero. Initial outlay is SGD

323.85594240. Terminal SGD wealth is SGD 13.465206250 / 101.434432550 / 235.091091200. Visible scenario net-SGD IRRs correctly render to **-47.06% / -20.72% / -6.21%**. Probability-weighted terminal SGD wealth is SGD 90.69370214250, producing **-22.47%** net-SGD CAGR.

Method consistency and double-count controls pass. P/E governs every scenario, probability weighting, reverse/max-buy diagnostics, and net-SGD. Terminal value is only EPS times P/E. Cash, debt, leases, purchase commitments, NCI equity, and other claims are not added or subtracted after P/E. NCI is deducted once from consolidated income to parent income at USD 0 / 5 / 12 million. Distributions are zero; buybacks affect only the share-count path. No item is counted twice.

The same minor upstream precision limitation remains: locked terminal EPS is stored to three decimals, while parent income divided by shares gives approximately 0.470350636 / 1.516887598 / 2.632959513. CSA does not change VP-controlled inputs. All published wealth and returns reproduce exactly from the locked EPS, and the rounding difference is immaterial.

## 5. Missing Data

The most important missing evidence remains acquisition-inclusive ROIIC. Additional gaps are direct price and discount evidence, current retention, module-level GAAP revenue and profit, Flex utilization and renewal cohorts, customer commitment-package economics, an independently measured TAM, and a meaningful multi-year FCF conversion ratio against positive statutory earnings. These gaps constrain quality confidence, not the return arithmetic.

## 6. Hard-Veto and Threshold Test Audit

| Rubric line | CS | Audited | Status and evidence |
|---|---|---|---|
| 1A Normalized ROIC | 0/5 | 0/5 | Supported; five-year statutory OI ROIC median is -4.65% |
| 1B ROIIC | 0/8 | 0/8 | Supported; negative NOPAT and no acquisition cohorts |
| 1C ROIIC trend | 0/3 | 0/3 | Supported; no positive stable series |
| 1D Unit economics | 2/3 | 2/3 | Partial; gross margin, retention and adoption without statutory returns |
| 1E Cash conversion | 1/3 | 1/3 | Partial and capped; FCF is real but SBC/dilution are material |
| 1F Accounting artifact | 2/3 | 2/3 | Partial; statutory OI retains SBC and commission amortization |
| 2A Market opportunity | 3/5 | 3/5 | Supported at claim cap; quantified TAM is management-estimated |
| 2B Reinvest at scale | 4/5 | 4/5 | Partial; commercial scale is proven, capital returns are not |
| 2C Organic growth | 4/4 | 4/4 | Supported by current ARR/revenue and product-family growth |
| 2D Expansion playbook | 3/3 | 3/3 | Supported by module, Flex and re-Flex evidence |
| 2E Market structure | 1/2 | 1/2 | Supported; secular demand offset by platform bundling |
| 2F No ROIC collapse | 0/1 | 0/1 | Supported; growth coexists with negative statutory ROIC |
| 3A Clear advantage | 3/4 | 3/4 | Supported; endpoint distribution, sensor, telemetry and workflows |
| 3B Pricing power | 1/3 | 1/3 | Supported partial; expansion power without direct pricing proof |
| 3C Competitive evidence | 2/3 | 2/3 | Partial; strong adoption versus powerful bundled rivals |
| 3D Stickiness | 2/2 | 2/2 | Supported; 97% gross retention and workflow switching costs |
| 3E Resilience | 1/2 | 1/2 | Supported partial; recovery with concentration risk exposed |
| 3F Disruption risk | 0/1 | 0/1 | Supported; SIEM/AI and hyperscaler risks remain material |
| 4A Clean revenue/earnings | 1/2 | 1/2 | Partial; bridge reconciles, timing and regulator questions remain |

| Rubric line | CS | Audited | Status and evidence |
|---|---|---|---|
| 4B Cash supports earnings | 1/2 | 1/2 | Partial and capped; strong FCF, weak GAAP/per-share conversion |
| 4C SBC/dilution | 0/2 | 0/2 | Supported; SBC is 23.1% of revenue and shares rose |
| 4D Balance sheet | 2/2 | 2/2 | Supported; net cash is strong, commitments are disclosed |
| 4E Transparency | 0/1 | 0/1 | Supported; load-bearing KPI and cohort gaps remain |
| 4F No red flags | 0/1 | 0/1 | Supported; regulator, related-party and prior revision flags |
| 5A Rational reinvestment | 1/2 | 1/2 | Partial; coherent platform spend, unproven returns |
| 5B Acquisition discipline | 1/2 | 1/2 | Partial; strategic fit without cohort economics |
| 5C Buyback discipline | 0/2 | 0/2 | Supported; repurchases did not stop dilution |
| 5D Incentive alignment | 0/2 | 0/2 | Supported; no ROIC, dilution or per-share FCF metric |
| 5E Owner mentality | 0/1 | 0/1 | Supported; dilution and related-party optics dominate |
| 5F Past decisions | 1/1 | 1/1 | Partial; platform domains scaled despite weak GAAP conversion |
| 6A Base IRR | 0/6 | 0/6 | Supported; -19.8424% is below 10% |
| 6B Exit multiple | 2/4 | 2/4 | Supported partial; independently justified contraction, hurdle fails |
| 6C Bear acceptable | 0/3 | 0/3 | Supported; -45.8395% is unacceptable |
| 6D Reverse hurdle | 0/3 | 0/3 | Supported; USD 11.4069 required EPS versus USD 1.517 |
| 6E Price perfection | 0/2 | 0/2 | Supported; normalized current P/E is 11,647.17x |
| 6F Cash returns | 0/2 | 0/2 | Supported; distributions are zero |

Management **FAIL** remains evidence-backed: negative statutory ROIC after heavy reinvestment, 23% SBC/revenue, dilution despite repurchases, incentives that omit ROIC and dilution, CEO-related transactions, and unresolved regulator requests (`appendix_management.md:7-9, 41-65, 73-99`). Moat **YELLOW** and 2046 **YELLOW** also remain calibrated: switching costs, telemetry, retention and adoption are real, while pricing, module economics, current retention, Flex cohorts, Microsoft/PANW bundling, AI commoditization, and reliability concentration remain unresolved (`appendix_moat.md:14-24, 59-73, 83-97`).

Hard vetoes 1, 4, 9, and 11 remain FAIL. The investable threshold fails every material test: 38/100 is below 80/100, 36/80 is below 65/80, 2/20 is below 15/20, ROIIC plus runway is 20/45 rather than 35/45, Base is below 20%, Bear is below 8%-10%, and hard vetoes exist. The case does not require multiple expansion relative to the comparable normalized current multiple, but that single pass cannot rescue the classification.

## 7. Final 20% Hurdle Pass/Fail

**FAIL.** Bear, Base, Bull, and probability-weighted returns are all negative. The repaired valuation evidence raises Base and Bull terminal P/Es, but the starting price remains far above the earnings power delivered by the operating model.

## 8. Dream Business / Dream Investment Classification

**Neither.** The product footprint and runway are unusually strong, but the evidence does not establish the required incremental shareholder returns, stewardship, dilution discipline, or fully durable moat. The investment also fails at the current price. The single biggest reason is that USD 252.13 requires far more statutory per-share earnings than even Bull produces.

## 9. Stage 7 Scorecard Notes

- **Compounder Score note:** 38/100; strong commercial momentum does not offset unproven ROIIC, dilution, governance weakness and severe overvaluation.
- **Business Quality Score note:** 36/80; runway and platform stickiness are real, but capital-return proof and disclosure quality remain inadequate.
- **20% Return UW Score note:** 2/20; every repaired P/E scenario still loses money and Base maximum-buy price is USD 33.53.

## 10. Auditor JSON

The machine-readable audit is `C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\compounder_score_audit.json`. It preserves full-precision return replay, repaired hash bindings, the line-item score audit, non-insurer null fields, and `trade_execution_authorized=false`.

# Appendix RT

Run ID: `pulse-cio-20260928T140408+0800` Information cutoff: 2026-09-28 SGT Primary valuation method under audit: P/E Return-objection status: **MATERIAL_RESOLVED — no remaining RT publication blocker**

## 1. Red-team verdict

The repaired return model now clears the two prior blockers, but the equity thesis still fails. At USD 252.13, locked terminal shareholder wealth is USD 11.750, USD 83.435, and USD 184.310 in Bear, Base, and Bull. Independently replayed gross USD annualized returns are **(45.84%), (19.84%), and (6.07%)**. Applying the repaired 35%/50%/15% operating probabilities gives USD 73.47650 of expected terminal wealth and a **(21.85%)** probability-weighted gross return. The audited Compounder Score remains 38/100, Management remains FAIL, and Moat and 2046 remain YELLOW. The economic conclusion is **Reject / CIO PASS**.

The earlier exit-multiple defect is resolved. The new evidence file calculates direct P/Es row by row from each security's own price and diluted GAAP EPS, labels negative and tiny denominators, and keeps native adjusted-forward ratios as context only. Bear/Base/Bull exits of 25x/55x/70x are selected from stated 20x-30x, 45x-65x, and 60x-80x ranges before repaired returns were calculated. The evidence explicitly says probability weights were not used to select multiples and documents why the old 40x/55x Base/Bull exits were too punitive. Nothing in the file suggests a multiple was chosen to reach a return, score, or verdict.

The earlier probability defect is also resolved. Stage B now defines non-overlapping and exhaustive branches, derives a left-skewed 35%/50%/15% prior from five source-bound evidence families, and supplies zero-sum update rules. The family allocations remain judgment, not empirical frequencies, but they are disclosed as such and were fixed before valuation. Ordinary governed updates move the probability-weighted return by less than two points. A severe new incident or adverse regulatory finding correctly invalidates the prior and requires a forecast recast rather than a cosmetic probability change.

## 2. The most fragile assumption

The fragile line is **Base terminal statutory operating margin of 16.5% on USD 11.856 billion of revenue**, not Base revenue alone. It requires consolidated gross margin to rise from 75.2% to 79.5%, S&M to fall from 36.0% to 29.5%, R&D to fall from 29.0% to 24.0%, and G&A to fall from 12.6% to 9.5%. Most importantly, SBC must fall from 23.1% to 13.5% of revenue while Flex, SIEM, cloud, identity, and AI products sustain 17.05% revenue CAGR.

That is a transition from negative TTM GAAP operating income to USD 1.956 billion of statutory operating income while absolute SBC still reaches USD 1.601 billion. CrowdStrike has not shown four consecutive quarters of positive GAAP operating income independent of the commission-amortization timing change. Current retention, Flex utilization and renewal economics, customer-commitment-package economics, module-level GAAP margins, and acquisition-cohort returns remain undisclosed. Those are precisely the data needed to establish that platform expansion becomes cheaper and more profitable rather than merely larger.

If SBC remains at 18% of revenue instead of falling to 13.5%, with other Base inputs unchanged, the extra 4.5 points of expense reduce terminal parent income by about USD 422 million after tax. EPS falls to roughly USD 1.134 before extra dilution. At the repaired 55x exit, terminal wealth falls from USD 83.435 to about USD 62.39 and gross annualized return falls from (19.84%) to approximately **(24.37%)**, a 4.53-point deterioration. If terminal shares also reach the Bear endpoint, EPS is about USD 1.074, terminal wealth about USD 59.05, and return about **(25.20%)**. The red team therefore agrees with the repaired 35% Bear weight: failure of SBC conversion can break per-share economics even if ARR remains healthy.

## 3. Most-likely-to-be-optimistic Stage 5 number

The number most likely to be revised down is the **16.5% Base GAAP operating margin**, with the 24.0% Bull margin a still more demanding tail. Historical evidence is blunt: statutory operating margins were negative in every FY2022-FY2026 year and were still (2.46%) TTM. The FY2027 accounting-estimate change extends commission amortization from four years to five and creates an estimated USD 85-95 million benefit without improving cash economics. The synthesis embeds the benefit and lets it season down, which is correct accounting, but investors can still mistake early reported leverage for permanent productivity.

The Base case also assumes S&M leverage despite weak visibility into discounting, free modules, subscription extensions, flexible payment terms, and Flex deployment. If concessions shift economics from current revenue to longer commitments,

ARR and RPO can look strong while GAAP revenue and gross-profit conversion lag. The synthesis sensitivity shows a two-point margin miss lowers EPS from USD 1.517 to USD 1.347. At 55x, terminal wealth falls from USD 83.435 to USD 74.085 and return falls to about **(21.73%)**, 1.88 points. That isolated miss is below the formal threshold; the SBC-plus-dilution failure above exceeds it.

## 4. Strongest bear case

CrowdStrike is a superb cybersecurity product sold through a capital-allocation model that has not yet proven it creates value for existing common shareholders. Flex and platform breadth can preserve ARR while hiding lower effective pricing, longer contract terms, unused commitments, and customer concessions; Microsoft and Palo Alto can force the same consolidation discussion with broader bundles. Over the next four to eight quarters, recognized subscription growth can decelerate faster than ARR, while S&M, R&D, cloud-data costs, acquisitions, and recurring SBC prevent GAAP margin conversion. A second material reliability event, or an adverse development in the DOJ/SEC requests concerning revenue recognition, ARR reporting, and the July 2024 incident, would accelerate the trust break and invalidate premium-multiple assumptions.

The observable anchor is not management's USD 10 billion ARR target. It is the relationship among subscription revenue growth, disclosed retention, subscription gross margin, GAAP operating margin excluding commission timing, and diluted share count. The bear is validated if subscription growth falls below 18%, current NRR is below 110% when disclosed, or GAAP operating margin remains below 5% while diluted shares grow more than 1% year over year.

## 5. Cross-examination of management

| Management statement | Skeptical reading | First evidence of failure |
|---|---|---|
| “continued strong retention, Falcon Flex momentum” — Q1 FY2027 call, Burt Podbere | Absolute current retention is not disclosed, and Flex ARR says nothing about deployed utilization, discounting, free modules, payment timing, or renewal value. | Subscription revenue growth trails ARR growth for two quarters; disclosed NRR below 110%; rising deferred commissions without matching revenue conversion. |
| “AIDR business can be bigger than the EDR business” — Q2 FY2027 call, George Kurtz | No AIDR GAAP revenue or ARR base is disclosed. AI may commoditize analyst workflows and raise compute/R&D cost before it supports pricing. | SIEM/AI ARR growth accompanied by subscription gross margin below 76% or S&M/R&D leverage reversing. |
| “durability of CrowdStrike's growth trajectory, profitability expansion and cash flow generation” — Q4 FY2026 call, Burt Podbere | Issuer FCF adds back recurring SBC, while TTM SBC is USD 1.244 billion and unrecognized award expense is USD 2.880 billion. | GAAP OI remains negative after the timing benefit, or buybacks again fail to offset issuance over four quarters. |

Management's “operating system of cybersecurity” framing is strategically coherent but economically unproven. A platform can deepen switching costs and still transfer much of the value to employees, acquired teams, cloud vendors, and customers. Recent acquisitions fit the product map, but the model allows about USD 0.5 billion of annual Base bolt-ons without disclosed cohort revenue, margin, impairment, or ROIIC. The absence of cohort economics makes M&A a possible growth subsidy rather than demonstrated value creation.

## 6. Stage 5 tie-out and operating-model challenge

The recency anchor is arithmetically current: the TTM uses Q3 FY2026 through Q2 FY2027, and Q2 revenue growth was 26%. Base FY+1 revenue growth of 21.61% is below that rate and six months beyond FY2027 guidance. This is not a stale-quarter error. The weakness is that recent acceleration may include post-incident normalization, Flex commitment mechanics, and favorable sales timing, none of which proves a five-year 17.05% CAGR.

Terminal share counts reconcile to the explicit Section 6 roll-forward, but the use of USD 252.13 as the repurchase price in every year is mechanically punitive if the valuation model is right and the stock falls. Base spends USD 2.75 billion yet retires only 10.9 million shares. At a USD 126 average price it would retire about 21.8 million, reducing terminal shares by roughly 1% and improving return only about 0.15-0.25 point. This is a real conservative bias, but not a material return defect. Conversely, the USD 2.880 billion unrecognized SBC balance and future grants make the Bull assumption of near-flat shares unusually fragile.

No product CAGR can be compared cleanly with a like-for-like peer deceleration series because module GAAP revenue is not disclosed. The model properly avoids summing ARR families into revenue. That restraint does not validate the assumption: it means the evidence needed to prove SIEM, cloud, identity, and Flex growth quality is absent.

The repaired probability architecture is internally coherent. Bear is first in the ordered rule and captures a severe incident/regulatory outcome or at least two operating failures; Bull requires all four favorable conditions and only applies after

Bear is excluded; Base is the residual. The five evidence families sum to 100%, and each family's conditional probabilities sum to 100%. The resulting contributions reproduce 35%/50%/15%. The one labeling inconsistency is that Base net share CAGR is described as “approximately 1.4%” while the explicit quote-basis endpoint roll-forward from 1,044.469 million to 1,101.4 million is about 1.07%. Base remains in neither extreme branch under either number, so the inconsistency does not change probabilities, EPS, or returns and is immaterial.

## 7. Score-derived 20% claim

The audited score already concludes that the 20% case does not clear, and the red team agrees. Required Base terminal wealth is USD 627.380 per share and required EPS is **USD 11.4069 at 55x**, versus USD 1.517 modeled. Even the top of the repaired Bull range—80x on USD 2.633—produces only USD 210.640 per share and a **(3.53%)** annualized gross return. The score-derived claim most likely to be wrong is not that 20% is attainable; it is any implication that better Flex growth alone could make it attainable. The first breaker remains statutory conversion after recurring SBC and dilution. No supportable change to NCI, commission timing, buyback execution, distributions, or FX bridges the gap.

## 8. Two-sided valuation challenge and objection classifications

| Return objection | Recomputed consequence | Classification |
|---|---|---|
| P/E method and terminal-equity bridge | Positive reconciled statutory parent EPS exists in every case; no cash/debt is added after EPS times P/E; EV/NOPAT lacks a terminal claim bridge. | MATERIAL_RESOLVED |
| Normalized current denominator | USD 22.26211 million normalized parent income divided by 1,028.4 million shares equals USD 0.0216473 EPS and 11,647.17x P/E. It affects comparison and reverse-growth diagnostics, not terminal wealth. | MATERIAL_RESOLVED |
| Exit P/E support | Direct GAAP evidence now supports 25x/55x/70x and documents both directional challenges before returns. Range endpoints remain material sensitivities, but no evidence-bound correction to the selected midpoints is identified. | MATERIAL_RESOLVED |
| Probability weights | The 35%/50%/15% prior has ordered branches, five evidence families, and governed updates fixed before valuation. Ordinary 10-point Base-to-Bear or 5-point Base-to-Bull moves change weighted return by only 1.59 or 1.04 points. | MATERIAL_RESOLVED |
| Terminal EPS precision | Full-precision EPS of 0.470351/1.516888/2.632960 versus locked 0.470/1.517/2.633 has negligible effect. | IMMATERIAL |
| SBC and dilution | Recurring SBC is expensed and scenario shares are explicit. Keeping SBC at 18% lowers Base return about 4.53 points at 55x, but that is a scenario risk already captured by the left-skewed prior and Bear branch, not an omitted claim. | MATERIAL_RESOLVED |
| Deferred commission amortization | Removing the residual USD 10 million Base horizon timing benefit changes return by well below one point. | IMMATERIAL |
| NCI | Raising Base terminal NCI deduction from USD 5 million to USD 20 million changes terminal wealth by less than USD 1 and return by well below one point. | IMMATERIAL |
| Repurchases and acquisitions | Repurchases reduce shares once; acquisition costs and dilution are embedded rather than added as a terminal bonus. Fixed-price repurchases are conservative but sub-2-point. | MATERIAL_RESOLVED |
| Zero distributions | CrowdStrike pays no dividend; buybacks are reflected through share count. A zero dividend path is conservative and avoids double counting. | MATERIAL_RESOLVED |
| Net-SGD FX and costs | Replayed net-SGD IRRs are (47.06%)/(20.72%)/(6.21%) and weighted (22.47%); costs, FX, and zero withholding use the same P/E wealth. | MATERIAL_RESOLVED |
| July 2024 and regulatory tail | Incident cost is scenario-modeled and no unsupported enforcement loss is invented. The tail is material to thesis confidence but cannot be a quantified correction on present evidence. | MATERIAL_RESOLVED |

| Return objection | Recomputed consequence | Classification |
|---|---|---|
| Probability/share-CAGR label | The Base branch says approximately 1.4%, versus about 1.07% from the quote-basis endpoints; Base remains the residual under either figure. | IMMATERIAL |

**Strongest reason the model is too optimistic.** Base 55x is conditional on reaching 12% terminal growth and a 14.1% parent margin despite 13.5% SBC/revenue, continued dilution, Management FAIL, and Moat YELLOW. A 45x sensitivity—the low end of the repaired range—reduces Base terminal wealth to USD 68.265 and gross return to **(23.00%)**, 3.16 points below the lock. Bull at 60x produces USD 157.980 and **(8.93%)**, 2.85 points below the 70x lock. These are material downside sensitivities, but the evidence file does not support calling them corrections: 55x is below direct FTNT and OKTA anchors, and 70x is below the selected PANW midpoint while requiring the Bull operating outcome.

**Strongest reason the model is too bearish.** If CrowdStrike reaches the modeled terminal economics, 65x Base and 80x Bull are supportable upper-range sensitivities. They produce USD 98.605 and USD 210.640 of terminal wealth and gross returns of **(17.12%)** and **(3.53%)**, improvements of 2.72 and 2.54 points. Applying every low multiple at fixed weights gives weighted gross/net-SGD returns of **(24.68%)/(25.27%)**; applying every high multiple gives **(19.39%)/(20.03%)**, versus locked **(21.85%)/(22.47%)**. Valuation uncertainty is therefore material, yet every supported range case remains a loss and leaves CIO PASS unchanged.

The evidence-selection chronology passes the anti-targeting test. The denominator-matched file binds the repaired operating probabilities but states they were not used to select multiples; direct peer rows, denominator exclusions, ranges, company adjustments, and two-sided challenges precede CS return arithmetic. The repair raises Base and Bull values despite worsening neither score nor verdict, which is directionally inconsistent with return-targeting. No unresolved denominator, method, dilution, or terminal-equity defect remains.

## 9. Exit signal and final conviction

**Forced-exit signal:** over the next two reported quarters, sell or remain out if subscription revenue growth is below 18% in both quarters **and** either disclosed NRR is below 110% or GAAP operating margin excluding the commission-life timing benefit is below 5%. That combination would show that ARR/Flex headline strength is not converting into recognized growth or statutory leverage. An independently confirmed second high-severity Falcon release incident affecting multiple customers is an immediate exit signal because it would break the trust and concentration premise before financial metrics catch up.

**Conclusion: thesis does not survive, but the repaired return model does.** The business may remain strategically important and still be a poor security at USD 252.13. The thesis breaks on per-share GAAP conversion: strong ARR and issuer FCF coexist with recurring SBC, dilution, opaque contract economics, unproven acquisition returns, and a Management FAIL. The repaired probabilities and exit multiples are now evidence-bound, two-sided, and method-consistent; the gross and net-SGD bridges replay exactly; and no supportable correction is identified that should replace a locked input. Publication may proceed from the RT gate with **no return-model blocker**. No score is revised here.

P&C insurer bridge: **not applicable**. CrowdStrike is not a P&C insurer or reinsurer, and no `insurer_return_bridge.json` is required.

# Appendix D

Run ID: `pulse-cio-20260928T140408+0800` Information cutoff: 2026-09-28 SGT Reporting currency and scale: USD millions unless stated otherwise Fiscal year end: January 31 Latest reported quarter: Q2 FY2027 ended 2026-07-31 TTM: Q3 FY2026 + Q4 FY2026 + Q1 FY2027 + Q2 FY2027, ending 2026-07-31 Forward horizon: 2031-07-31, exactly five calendar years after the TTM anchor QFR-sealed quote packet SHA-256: `c15057ed1027ebfae37a858316ff22e3cb4e25a2b0d6395764d6fd0323eff02f` QFR-sealed statutory bridge SHA-256: `9dae16ba32cd7edcba200f274d2627b752ec627ab40323ac32f7a5122fe9f50b`

This package uses live FMP stable endpoints and live official CrowdStrike IR and SEC sources fetched in this run. No warehouse or cache file was used as evidence. Raw D-stage pulls are under `C:\Users\Admin\OneDrive\GPT\ER 2.0\CrowdStrike\raw\pulse-cio-20260928T140408+0800\d`. Where FMP differs from a later official revision, the official filing or issuer supplement controls. “Fact” means directly disclosed. “Inference” means calculated only from disclosed inputs. “Judgment” means an explicit forecast convention for downstream modeling, not an issuer statement.

## 0a. Industry classification and disclosure inventory

CrowdStrike is a U.S. domestic filer and cloud-native cybersecurity SaaS/software issuer. It reports one operating and reportable segment. FMP is complete for consolidated statements and the two revenue types, subscription and professional services, but it does not carry the operating KPI set needed to underwrite this business. The mandatory SaaS inventory was therefore triggered. Controlling official sources are the FY2026 Form 10-K, Q1 and Q2 FY2027 Forms 10-Q, the last four earnings releases and presentations, the Q2 FY2027 supplemental schedule, and the 2026 Fal.Con investor briefing.

Search terms checked in the official source set were: ARR, ending ARR, net new ARR, subscription revenue, NRR, dollar-based net retention, gross retention, churn, RPO, cRPO, remaining performance obligations, billings, deferred revenue, backlog, contract duration, module adoption, subscription customers, seats, ARPU, Falcon Flex, re-Flex, customer ARR, ACV, cloud marketplace, partner, gross margin, SBC, dilution, July 19 Incident, customer commitment package, guidance, target operating model, reportable segment, CODM, and consolidated net income.

| Dataset / table family | Official source searched | Search terms or table names | Years available | Included? | If excluded, why | Downstream relevance |
|---|---|---|---|---|---|---|
| Segment economics | FY2022-FY2026 10-Ks; FY2026 10-K; Q2 FY2027 10-Q | Segment; CODM; operating income; revenue type | FY2022-FY2026; TTM | Yes | One reportable segment; product revenue retained as context | Segment appendix and statutory bridge |
| ARR and net new ARR | FY2022-FY2026 annual releases; last four releases; Q2 supplement | ARR; ending ARR; net new ARR | FY2022-FY2026; four quarters | Yes | None | Growth durability and forecast base |
| Retention and churn | FY2025 release; Q4 FY2026 deck; FY2027 decks and calls | Gross retention; net retention; churn | FY2025; FY2026 quarterly; qualitative FY2027 | Yes | Current absolute FY2027 rates are not disclosed | Moat and cohort durability |
| RPO, billings, and deferred revenue | FY2022-FY2026 10-Ks; Q2 FY2027 10-Q and supplement | RPO; cRPO; billings; deferred revenue; backlog; contract duration | FY2022-FY2026; Q2 FY2027 | Yes | Billings and cRPO are not issuer-labeled; the current-12-month RPO amount is separately inferred | Revenue visibility |
| Customer and ACV measures | Annual releases; last four decks; Fal.Con deck | Subscription customers; Flex customers; re-Flex; ARR uplift | FY2022-FY2023; FY2026-FY2027 Flex | Yes | Total customer count and ACV ceased to be disclosed | Land-and-expand evidence |
| Module adoption | Annual releases and last four decks | Module adoption; 5+; 6+; 7+; 8+ | FY2022-FY2026; Q2 FY2027 | Yes | Threshold taxonomy changes are not spliced | Platform consolidation |
| Partner and marketplace metrics | FY2025 release; FY2026-FY2027 calls; Fal.Con deck | AWS Marketplace; cloud marketplace; GSI; partner | FY2025 and current | Yes | No full five-year series exists | Distribution and ecosystem |
| Gross margin and expense structure | Annual statements; Q2 FY2027 supplement | Subscription gross margin; S&M; R&D; G&A | FY2022-FY2026; ten quarters | Yes | None | Unit economics and margin path |
| SBC and dilution | Cash flow statements; Q2 FY2027 10-Q; Q2 supplement | Stock-based compensation; unrecognized compensation; RSUs; PSUs; options; shares; repurchase | FY2022-FY2026; TTM and Q2 FY2027 award pipeline | Yes | None | Per-share conversion and quality of FCF |
| Incident and customer commitments | FY2026 10-K; Q1/Q2 FY2027 10-Qs; supplement | July 19 Incident; customer commitment packages | FY2025-FY2026; H1 and TTM FY2027 | Yes | CCP economics are not separately quantified | Normalization and risk |

| Dataset / table family | Official source searched | Search terms or table names | Years available | Included? | If excluded, why | Downstream relevance |
|---|---|---|---|---|---|---|
| Contract assets and purchase commitments | FY2026 10-K; Q2 FY2027 10-Q | Deferred contract acquisition costs; commission period of benefit; purchase commitments | FY2026; Q2 FY2027 | Yes | None | GAAP-margin comparability, cash obligations, and durability |
| Management guidance | Four releases and transcripts; 2026 Fal.Con briefing | Outlook; guidance; target operating model; ARR target | Q3 FY2026 through FY2035 target | Yes | GAAP reconciliation unavailable for guidance | Scenario boundaries |

### Historical SaaS KPI families

| KPI family | Granularity | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Latest interim / TTM | Source |
|---|---|---|---|---|---|---|---|---|
| Ending ARR ($B) | Company | 1.73 | 2.56 | 3.44 | 4.242 | 5.253 | 5.841 at Q2 FY2027 | Annual releases; D_IR_Q2FY27_SUPP |
| Q4 net new ARR ($M) | Company | 216.9 | 221.7 | 281.9 | 224.3 | 330.7 | 332.8 in Q2 FY2027 | Annual and quarterly releases |
| Subscription revenue ($B) | Revenue type | 1.360 | 2.112 | 2.871 | 3.761 | 4.565 | 5.132 TTM | D_FMP_PRODUCT_A; D_FMP_PRODUCT_Q |
| RPO ($B) | Company | 2.3 | 3.4 | 4.6 | 6.5 | 9.0 | 10.7 at Q2 FY2027 | Official 10-Ks and D_IR_Q2FY27_SUPP |
| RPO expected within 12 months | Company | 65% | 63% | 60% | 53% | 51% | 46% at Q2 FY2027 | Official filings |
| GAAP subscription gross margin | Company | 76% | 76% | 78% | 78% | 78% | 78% in Q2 FY2027 | Annual and quarterly releases |
| Gross retention | One-year prior ARR cohort | n/d | n/d | n/d | 97% at Q4 | 97% each quarter | Increased sequentially in Q2 FY2027; value n/d | FY2025 release; FY2026/Q2 FY2027 materials |
| Net retention | One-year prior ARR cohort | n/d | n/d | n/d | n/d | 112%, 111%, 114%, 115% by quarter | Increased sequentially in Q2 FY2027; value n/d | Q4 FY2026 deck; Q2 FY2027 call |
| Stock-based compensation ($B) | Company | 0.310 | 0.527 | 0.632 | 0.865 | 1.097 | 1.244 TTM | D_FMP_CASHFLOW_A; QF official TTM |

n/d above means true non-disclosure after the named official sources and search terms were checked. The current-12-month share of RPO is disclosed as a percentage, but CrowdStrike does not label it “cRPO.” Multiplying 46% by $10.7 billion gives an analyst inference of about $4.922 billion; it must not be presented downstream as an issuer-reported cRPO figure.

## 1. Reporting structure and taxonomy

CrowdStrike has one operating and reportable segment because its CODM allocates resources and assesses performance on a consolidated basis. The CODM measure is consolidated net income (loss), which is below operating income. The sealed schema-1.2 bridge therefore uses the permitted `single_segment_non_operating_codm_fallback`. Financial projection must use one segment named `Consolidated company` and the exact metric label `Statutory operating income (single-segment non-operating CODM fallback)`.

The revenue-only product taxonomy is subscription and professional services. Those are revenue types, not reportable segments. The structure is stable over the five-year table; only FMP capitalization changed from “Subscription and Circulation” to “Subscription And Circulation.” Module-adoption thresholds changed over time and are not comparable as one continuous cohort series. Beginning Q2 FY2026, Falcon Shield was moved from Cloud Security ARR to Next-Gen Identity ARR, and disclosed year-over-year growth was conformed by the issuer. That boundary applies to product-ARR comparisons.

### Revenue-type and geographic context

| FY2026 revenue type | Revenue ($B) | % of total | Status | Source |
|---|---|---|---|---|
| Subscription | 4.565 | 94.9% | Fact; revenue type, not segment | D_FMP_PRODUCT_A; FY2026 10-K |
| Professional services | 0.247 | 5.1% | Fact; revenue type, not segment | D_FMP_PRODUCT_A; FY2026 10-K |
| Total | 4.812 | 100.0% | Fact | FY2026 10-K |

| FY2026 geography | Revenue ($B) | % of total | Source |
|---|---|---|---|
| United States | 3.217 | 67% | D_FMP_GEO_A; FY2026 10-K |
| Europe, Middle East and Africa | 0.783 | 16% | D_FMP_GEO_A; FY2026 10-K |
| Asia Pacific | 0.496 | 10% | D_FMP_GEO_A; FY2026 10-K |
| Other | 0.317 | 7% | D_FMP_GEO_A; FY2026 10-K |

Q2 FY2027 shifted to 65% United States and 35% international. EMEA was 18%, Asia Pacific 11%, and Other 6%, showing broader geographic growth rather than a new reportable-segment taxonomy.

## 2. Consolidated historicals

All per-share and share-count data are retrospectively adjusted for the four-for-one stock split effective 2026-07-02. FY2025/FY2024 statutory values use the revised presentation in the FY2026 10-K where applicable.

| Metric | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Source |
|---|---|---|---|---|---|---|
| Revenue ($B) | 1.452 | 2.241 | 3.056 | 3.954 | 4.812 | D_FMP_INCOME_A; official annual releases |
| Operating income ($B) | (0.143) | (0.190) | (0.019) | (0.116) | (0.293) | D_FMP_INCOME_A; FY2026 10-K revised FY2025 and FY2024 comparative controls |
| Operating margin | (9.8%) | (8.5%) | (0.6%) | (2.9%) | (6.1%) | Calculation |
| Net income attributable to CrowdStrike ($B) | (0.235) | (0.183) | 0.072 | (0.015) | (0.163) | FY2026 10-K; Q2 FY2027 supplement; parent-attributable basis |
| Diluted EPS ($) | (0.255) | (0.195) | 0.075 | (0.020) | (0.160) | Official filings and Q2 FY2027 supplement; split adjusted |
| GAAP diluted weighted-average shares (M) | 908.6 | 932.6 | 974.5 | 979.0 | 1,002.3 | Official filings; split adjusted; loss-period antidilution preserved |
| PPE capex ($B) | 0.134 | 0.266 | 0.237 | 0.314 | 0.302 | D_FMP_CASHFLOW_A |
| Issuer-defined FCF ($B) | 0.442 | 0.677 | 0.938 | 1.065 | 1.235 | Official annual releases; Q2 supplemental |
| ROIC on statutory OI | (6.45%) | (7.09%) | (0.54%) | (2.48%) | (4.65%) | Calculation below |

ROIC is calculated consistently as NOPAT divided by average invested capital. NOPAT equals statutory operating income multiplied by 79%, using management’s current 21% long-term normalized tax rate. Average invested capital is the mean of FMP year-end invested capital for the current and prior fiscal years. FY2026 example: operating loss $(293.292) million × 79% = NOPAT $(231.701) million; average invested capital is ($4,182.575 million + $5,781.114 million) ÷ 2 = $4,981.844 million; ROIC = (4.65%). This statutory calculation remains negative because SBC is an operating expense. High FCF margins do not negate the negative statutory ROIC signal.

## 3. Segment historicals

### Consolidated company

This is the one permitted financial-projection segment. It is an ER2 modeling basis, not an issuer-disclosed segment operating-income measure. The issuer-disclosed CODM metric remains consolidated net income (loss) and is reproduced separately in Section 3a.

| Consolidated company | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Source |
|---|---|---|---|---|---|---|
| Revenue ($B) | 1.452 | 2.241 | 3.056 | 3.954 | 4.812 | D_FMP_INCOME_A |
| YoY growth | 66.0% | 54.4% | 36.3% | 29.4% | 21.7% | Calculation |
| Statutory operating income (single-segment non-operating CODM fallback) ($B) | (0.143) | (0.190) | (0.019) | (0.116) | (0.293) | Official filings; sealed basis |
| Margin on that exact metric | (9.8%) | (8.5%) | (0.6%) | (2.9%) | (6.1%) | Calculation |

## 3a. Historical statutory-profit bridge and forecast-driver ledger

Common modeled profit basis: `Statutory operating income (single-segment non-operating CODM fallback)`. Segment profit basis: `single_segment_non_operating_codm_fallback`. Corporate/unallocated and operating-bridge arrays are empty in both sealed periods, as required. No zero placeholders or analyst-created plugs are introduced. Values below are USD millions and reproduce the sealed packet exactly.

### FY2026 ended 2026-01-31

Issuer CODM disclosure: `Consolidated net income (loss)` = $(161.165) million, source `SEC_FY26_10K`. It equals sealed statutory consolidated net income and is not relabeled operating income.

| Bridge line | Classification | Value | Source ID | Running subtotal |
|---|---|---|---|---|
| Consolidated company | segment profit | (293.292) | SEC_FY26_10K | (293.292) |
| Sum of reportable segment profit | segment profit subtotal | (293.292) | SEC_FY26_10K | (293.292) |
| Consolidated modeled metric | modeled subtotal | (293.292) | SEC_FY26_10K | (293.292) |
| Statutory operating income | statutory subtotal | (293.292) | SEC_FY26_10K | (293.292) |
| Interest expense | interest; below line | (28.021) | SEC_FY26_10K | (321.313) |
| Interest income | interest; below line | 194.969 | SEC_FY26_10K | (126.344) |
| Other income (expense), net | other non-operating; below line | (0.645) | SEC_FY26_10K | (126.989) |
| Pretax income | statutory subtotal | (126.989) | SEC_FY26_10K | (126.989) |
| Provision for income taxes | tax | (34.176) | SEC_FY26_10K | (161.165) |
| Net income | statutory subtotal | (161.165) | SEC_FY26_10K | (161.165) |

### TTM ended 2026-07-31

Issuer CODM disclosure: `Consolidated net income (loss), TTM construction` = $65.280 million, source `QF_OFFICIAL_RECON_TTM`. It is the sum of four non-overlapping official quarters and is not a segment-to-operating-income bridge input.

| Bridge line | Classification | Value | Source ID | Running subtotal |
|---|---|---|---|---|
| Consolidated company | segment profit | (132.954) | QF_OFFICIAL_RECON_TTM | (132.954) |
| Sum of reportable segment profit | segment profit subtotal | (132.954) | QF_OFFICIAL_RECON_TTM | (132.954) |
| Consolidated modeled metric | modeled subtotal | (132.954) | QF_OFFICIAL_RECON_TTM | (132.954) |
| Statutory operating income | statutory subtotal | (132.954) | QF_OFFICIAL_RECON_TTM | (132.954) |
| Interest expense | interest; below line | (26.646) | QF_OFFICIAL_RECON_TTM | (159.600) |
| Interest income | interest; below line | 183.162 | QF_OFFICIAL_RECON_TTM | 23.562 |
| Other income (expense), net | other non-operating; below line | 40.541 | QF_OFFICIAL_RECON_TTM | 64.103 |
| Pretax income | statutory subtotal | 64.103 | QF_OFFICIAL_RECON_TTM | 64.103 |
| Income-tax benefit, net TTM | tax | 1.177 | QF_OFFICIAL_RECON_TTM | 65.280 |
| Net income | statutory subtotal | 65.280 | QF_OFFICIAL_RECON_TTM | 65.280 |

### Forecast-driver ledger

| Historical bridge line | FY2026 | TTM | Forecast treatment | Driver and source | Bear / base / bull rule |
|---|---|---|---|---|---|
| Statutory operating income (single-segment non-operating CODM fallback) | (293.292) | (132.954) | Independently forecast revenue, GAAP gross margin, S&M, R&D, and G&A | Subscription growth; gross margin; SBC; five-year commission-amortization estimate; filings and Q2 supplement | Bear slower ARR, sticky expense, and less benefit from deferred-commission timing; base guidance-consistent convergence; bull stronger Flex and gross-margin leverage |
| Interest expense | (28.021) | (26.646) | Debt schedule | $746.216m senior notes at latest quarter; filings | Bear assumes refinancing spread; base contractual schedule; bull early repayment only if modeled |

| Historical bridge line | FY2026 | TTM | Forecast treatment | Driver and source | Bear / base / bull rule |
|---|---|---|---|---|---|
| Interest income | 194.969 | 183.162 | Average cash times cash yield | $5.014bn cash at Q2 FY2027; official balance sheet | Bear lower cash/yield; base average cash and normalized yield; bull larger cash and favorable yield |
| Other income (expense), net | (0.645) | 40.541 | Independent non-operating schedule; no plug | Volatile strategic-investment and deferred-compensation items | Bear $(25)m; base decays toward $10m; bull $25m, all explicit judgments |
| Provision for income taxes / Income-tax benefit, net TTM | (34.176) | 1.177 | Statutory tax schedule; do not reuse the non-GAAP rate mechanically | Full U.S. valuation allowance; acquisition-related deferred-tax realization; stock-award tax benefits; 21% management non-GAAP rate is a normalization reference only | Bear recognizes no loss benefit; base transitions toward 21% only after sustainable taxable profit; bull uses the same normalized rate absent a sourced change |
| Consolidated net income (loss), CODM disclosure | (161.165) | 65.280 | Output only; never forecast as operating bridge input | Sealed CODM disclosure | Recomputed from statutory operating and below-line schedules in every scenario |
| Net income attributable to non-controlling interests | 1.337 | 20.285 | Separate post-CODM attribution schedule before common EPS | Falcon Funds outside investors own 50% of the sharing percentage; strategic-investment gains/losses and interest drive NCI; FY2026 10-K and Q2 FY2027 10-Q | Bear/base/bull separately forecast strategic-investment gains and deduct NCI once; never treat consolidated net income as parent common income |
| Net income (loss) attributable to CrowdStrike | (162.502) | 44.995 | Common-share numerator after NCI attribution | Official filings; calculation from the four TTM quarters | Recomputed after the NCI schedule, then divided by scenario diluted shares |

The two parent-attribution rows follow the unchanged sealed CODM-to-consolidated-net-income bridge; they do not alter it. TTM NCI attribution equals FY2026 $1.337 million less H1 FY2026 $(0.756) million plus H1 FY2027 $18.192 million, or $20.285 million; $65.280 million of consolidated net income less this amount yields $44.995 million attributable to CrowdStrike. These are mandatory downstream common-EPS inputs because the Falcon Funds are consolidated but outside investors own 50% of their sharing percentage.

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

# 4. Product, platform, and sub-segment historicals

## Dollar-disclosed revenue types

| Segment | Product | What it is | Dollar disclosure? | Last three fiscal years revenue and source |
|---|---|---|---|---|
| Consolidated company | Subscription | Falcon platform subscriptions and support | Yes | FY2024 $2.871B; FY2025 $3.761B; FY2026 $4.565B; D_FMP_PRODUCT_A and 10-K |
| Consolidated company | Professional services | Incident response, proactive, and related services | Yes | FY2024 $0.185B; FY2025 $0.192B; FY2026 $0.247B; D_FMP_PRODUCT_A and 10-K |

No Falcon module is separately disclosed as GAAP revenue. The company discloses selected product-family ARR, which is not revenue and must not be inserted into the GAAP revenue table.

## Selected product-family ARR disclosures

| Date | Product family | Ending ARR | YoY growth | Taxonomy note | Source |
|---|---|---|---|---|---|
| Q4 FY2025 | Cloud Security + Next-Gen Identity + Next-Gen SIEM combined | >$1.30B | n/d | Combined only | FY2025 release |
| Q4 FY2026 | Cloud Security | >$0.80B | >35% | Falcon Shield boundary conformed from Q2 FY2026 | Q4 FY2026 deck |
| Q4 FY2026 | Next-Gen Identity | >$0.52B | >34% | Includes Falcon Shield under new taxonomy | Q4 FY2026 deck |
| Q4 FY2026 | Next-Gen SIEM | >$0.585B | >75% | Product ARR, not revenue | Q4 FY2026 deck |
| Q2 FY2027 | Cloud Security | >$0.905B | >29% | Conformed taxonomy | Q2 FY2027 deck |

| Date | Product family | Ending ARR | YoY growth | Taxonomy note | Source |
|---|---|---|---|---|---|
| Q2 FY2027 | Next-Gen Identity | >$0.585B | >33% | Conformed taxonomy | Q2 FY2027 deck |
| Q2 FY2027 | Next-Gen SIEM | >$0.695B | >60% | Product ARR, not revenue | Q2 FY2027 deck |
| Q2 FY2027 | Three families combined | >$2.18B | >39% | Sum of issuer lower bounds differs from exact internal values | Q2 FY2027 deck |

### Module adoption and customer measures

| Period | Module adoption | Customer / Flex measure | Source |
|---|---|---|---|
| FY2022 | 4+ 69%; 5+ 57%; 6+ 34% | 16,325 subscription customers | FY2022 release |
| FY2023 | 5+ 62%; 6+ 39%; 7+ 22% | 23,019 subscription customers | FY2023 release |
| FY2024 | 5+ 64%; 6+ 43%; 7+ 27% | Total customer count no longer reported | FY2024 release |
| FY2025 | 5+ 67%; 6+ 48%; 7+ 32%; 8+ 21% | Gross retention 97%; >$1B in-quarter Falcon Flex deal value | FY2025 release |
| Q3 FY2026 | 6+ 49%; 7+ 34%; 8+ 24% | Flex ARR >$1.35B; re-Flex accounts >200 | Q3 FY2026 deck |
| FY2026 | 6+ 50%; 7+ 34%; 8+ 24% | >1,600 Flex customers; >380 re-Flex; Flex ARR $1.69B | Q4 FY2026 deck |
| Q1 FY2027 | 6+ 51%; 7+ 35%; 8+ 25% | >1,900 Flex; 480 re-Flex; Flex ARR >$1.9B; average re-Flex uplift 26% | Q1 FY2027 deck |
| Q2 FY2027 | 6+ 51%; 7+ 35%; 8+ 26% | >2,900 Flex; >630 re-Flex; Flex ARR $2.29B; standard-to-Flex uplift >40% | Q2 FY2027 deck |

The 2026 Fal.Con investor briefing adds that more than 935 Flex customers were added in Q2, more than the prior three quarters combined. Customers with two or more re-Flex events had average ending ARR 53% above their initial Flex starting point. These are issuer facts, but they are not equivalent to cohort-wide NRR or ACV.

### RPO and retention

| Metric | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Q2 FY2027 |
|---|---|---|---|---|---|---|
| RPO ($B) | 2.3 | 3.4 | 4.6 | 6.5 | 9.0 | 10.7 |
| Expected in next 12 months | 65% | 63% | 60% | 53% | 51% | 46% |
| Deferred revenue ($B) | 1.529 | 2.355 | 3.054 | 3.729 | 4.753 | 4.842 |

Q4 FY2026 disclosed quarterly gross retention of 97% in each FY2026 quarter and net retention of 112%, 111%, 114%, and 115% for Q1 through Q4. Q2 FY2027 management said both dollar-based gross and net retention improved sequentially, but did not disclose the absolute rates. The absence of current absolute values is contrary evidence against assuming continued expansion at the FY2026 Q4 rate.

## 5. Most recent quarterly trend

*CrowdStrike FY ends January 31. Most recently completed fiscal quarter at time of writing: FY2027 Q2, covering May-July 2026, reported on 2026-08-26 via the official Q2 FY2027 release at https://ir.crowdstrike.com/news-releases/news-release-details/crowdstrike-reports-second-quarter-fiscal-year-2027-financial.*

The FY2026 Q3 operating loss below uses the issuer's subsequently revised quarterly presentation, not the unrevised FMP row.

| Quarter | Total revenue ($B) | YoY | Subscription revenue ($B) | Subscription YoY | GAAP operating margin | GAAP subscription GM | Ending ARR ($B) | Net new ARR ($M) | Source |
|---|---|---|---|---|---|---|---|---|---|
| Q3 FY2026 | 1.234 | 22% | 1.169 | 21% | (5.0%) | 78% | 4.922 | 265.3 | 2025-12-02 release; D_IR_Q2FY27_SUPP revision |
| Q4 FY2026 | 1.305 | 23% | 1.242 | 23% | (0.5%) | 79% | 5.253 | 330.7 | 2026-03-03 release |
| Q1 FY2027 | 1.386 | 26% | 1.321 | 26% | (2.2%) | 78% | 5.509 | 255.8 | 2026-06-03 release |

| Quarter | Total revenue ($B) | YoY | Subscription revenue ($B) | Subscription YoY | GAAP operating margin | GAAP subscription GM | Ending ARR ($B) | Net new ARR ($M) | Source |
|---|---|---|---|---|---|---|---|---|---|
| Q2 FY2027 | 1.471 | 26% | 1.400 | 27% | (2.3%) | 78% | 5.841 | 332.8 | 2026-08-26 release |

## 6. Management commentary and forward guidance

CrowdStrike has one reportable segment, so commentary is grouped under Consolidated company. Quotes are deliberately short, verbatim excerpts from live-fetched FMP transcripts or issuer releases; interpretations are analyst judgments.

| Period and call date | Speaker | Verbatim excerpt | Topic | Interpretation |
|---|---|---|---|---|
| Q3 FY2026; 2025-12-02 | George Kurtz, CEO | “operating system of cybersecurity” | Platform position | Management expects consolidation to broaden module adoption rather than endpoint-only growth |
| Q3 FY2026; 2025-12-02 | Burt Podbere, CFO | “20% net new ARR growth for fiscal year 2027” | Forward ARR | This was the prior floor and has since been raised materially |
| Q3 FY2026; 2025-12-02 | George Kurtz, CEO | “Flex is an unlock, not an ELA” | Falcon Flex | Forecast should allow expansion after initial Flex conversion rather than only upfront monetization |
| Q4 FY2026; 2026-03-03 | George Kurtz, CEO | “securing AI at every layer” | AI security | AI opportunity spans endpoint, cloud, identity, data, and agents; execution risk remains |
| Q4 FY2026; 2026-03-03 | Burt Podbere, CFO | “future growth milestones of $10 billion and $20 billion of ending ARR” | Long-term target | These milestones were subsequently pulled forward at Fal.Con 2026 |
| Q4 FY2026; 2026-03-03 | Burt Podbere, CFO | “durability of CrowdStrike's growth trajectory, profitability expansion and cash flow generation” | Quality of growth | Must be tested against SBC, CCPs, and negative GAAP operating income |
| Q1 FY2027; 2026-06-03 | George Kurtz, CEO | “AI security infrastructure” | Category ambition | Management is framing CrowdStrike as infrastructure, not a point product |
| Q1 FY2027; 2026-06-03 | Burt Podbere, CFO | “continued strong retention, Falcon Flex momentum” | Cohort strength | Supports base-case expansion, but absolute retention values were omitted |
| Q1 FY2027; 2026-06-03 | George Kurtz, CEO | “significantly raise our FY27 net new ARR guidance” | Guidance raise | Demand and pipeline evidence improved after the initial FY2027 guide |
| Q2 FY2027; 2026-08-26 | George Kurtz, CEO | “largest market opportunity in our history” | AI market | This is aspiration, not a forecast; scenario work must use actual conversion evidence |
| Q2 FY2027; 2026-08-26 | Burt Podbere, CFO | “record Q3 pipeline” | Near-term visibility | Supports the Q3 guide but does not eliminate sales-cycle and conversion risk |
| Q2 FY2027; 2026-08-26 | George Kurtz, CEO | “AIDR business can be bigger than the EDR business” | Product optionality | Treat as upside judgment until product ARR is disclosed |

### Current guidance and investor-day boundaries

| Metric | Q3 FY2027 guidance | FY2027 guidance | Source |
|---|---|---|---|
| Ending ARR | $6.184-$6.188B | $6.603-$6.612B | Q2 FY2027 release |
| Net new ARR | $343-$347M inferred from ranges | $1.350-$1.359B | Q2 FY2027 call |
| Total revenue | $1.523-$1.529B | $5.991-$6.011B | Q2 FY2027 release |
| Non-GAAP operating income | $372.7-$375.9M | $1.497-$1.508B | Q2 FY2027 release |
| Non-GAAP diluted EPS | $0.31 | $1.25-$1.26 | Q2 FY2027 release; split adjusted |
| Diluted shares | 1,048M | 1,044M | Q2 FY2027 release |
| Free cash flow margin | 27.5% midpoint expectation | At least 30% | Q2 FY2027 call |

The 2026 Fal.Con investor briefing, dated 2026-09-02, pulled forward the long-term goal to $10 billion ending ARR within FY2030 and $20 billion within FY2035. The deck presents a 15% CAGR bridge, a company-estimated $565 billion CY2034 TAM, and an $8 billion expansion whitespace estimate inside the existing customer base. These are management targets and estimates, not historical facts. The Q2 earnings deck retains the FY2029 non-GAAP target model of 82%-85% subscription gross margin, 28%-33% S&M, 15%-20% R&D, 5%-7% G&A, 28%-32% operating margin, and 34%-38% FCF margin. Downstream forecasts should not mechanically adopt the target midpoints without reconciling GAAP SBC and acquisition amortization.

## 7. Capital allocation history

| Year | PPE capex ($B) | Capex / revenue | R&D ($B) | R&D / revenue | Buybacks ($B) | Dividends ($B) | M&A cash ($B) | Source |
|---|---|---|---|---|---|---|---|---|
| FY2022 | 0.134 | 9.2% | 0.371 | 25.6% | 0.000 | 0.000 | 0.415 | D_FMP_CASHFLOW_A; D_FMP_INCOME_A |
| FY2023 | 0.266 | 11.9% | 0.608 | 27.1% | 0.000 | 0.000 | 0.018 | D_FMP_CASHFLOW_A; D_FMP_INCOME_A |
| FY2024 | 0.237 | 7.8% | 0.768 | 25.2% | 0.000 | 0.000 | 0.239 | D_FMP_CASHFLOW_A; D_FMP_INCOME_A |
| FY2025 | 0.314 | 7.9% | 1.077 | 27.2% | 0.000 | 0.000 | 0.310 | D_FMP_CASHFLOW_A; D_FMP_INCOME_A |
| FY2026 | 0.302 | 6.3% | 1.385 | 28.8% | 0.000 | 0.000 | 0.382 | D_FMP_CASHFLOW_A; D_FMP_INCOME_A |

Issuer-defined FCF additionally deducts capitalized internal-use software and net deferred-compensation investment. FY2026 FCF was $1.235 billion versus simple FMP OCF less PPE capex of $1.310 billion. H1 FY2027 share repurchases were $175.622 million, while common shares outstanding still increased 1.03% from 2026-01-31 to 2026-07-31 because equity compensation and issuance exceeded the retired share count.

## 8. Balance sheet snapshot at 2026-07-31

| Item | $B | Source |
|---|---|---|
| Cash and cash equivalents | 5.014 | Q2 FY2027 10-Q |
| Short-term investments | 0.000 | Q2 FY2027 10-Q |
| Senior notes carrying value | 0.746 | Q2 FY2027 10-Q |
| Operating lease liabilities | 0.074 | Q2 FY2027 10-Q |
| Net cash excluding leases | 4.268 | Calculation |
| Net cash after leases | 4.194 | Calculation |
| Net debt / EBITDA | n/m | Net cash and GAAP operating-loss base make leverage ratio non-decision-useful |
| Goodwill + intangible assets | 2.525 | Q2 FY2027 10-Q |
| Parent stockholders' equity | 5.102 | Q2 FY2027 10-Q |
| Tangible book value | 2.577 | Parent equity less goodwill and intangibles |
| Deferred revenue | 4.842 | Q2 FY2027 10-Q |
| Deferred contract acquisition costs | 1.195 | Q2 FY2027 10-Q; commissions capitalized and amortized |
| Non-cancelable purchase commitments | 4.142 | Q2 FY2027 10-Q; includes $0.186B due in remaining FY2027 |
| Additional post-quarter purchase commitments | 2.900 | Q2 FY2027 10-Q; excluded from the $4.142B table and extending through FY2034 |

Effective 2026-02-01, CrowdStrike increased the estimated benefit period for initial-contract and upsell commissions from four years to five years. Management estimated an $85-$95 million FY2027 benefit to operating income. This is an accounting-timing benefit, not demand or cash generation, and must be isolated in margin scenarios. The $7.042 billion combined disclosed purchase-commitment stack is not debt, but it is a material infrastructure and vendor cash obligation that constrains the apparent $4.268 billion net-cash cushion.

# 9. SBC, dilution, incident costs, and recent corporate actions

## SBC and incident normalization

| Metric | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | Latest |
|---|---|---|---|---|---|---|
| SBC expense ($B) | 0.310 | 0.527 | 0.632 | 0.865 | 1.097 | 1.244 TTM |
| SBC / revenue | 21.4% | 23.5% | 20.7% | 21.9% | 22.8% | 23.1% TTM |
| July 19 Incident expense, net ($M) | n/a | n/a | n/a | 60.062 | 117.730 | 45.947 TTM calculation |

| Dilution pipeline at 2026-07-31 | Amount / shares | Recognition or settlement horizon | Source |
|---|---|---|---|
| Unrecognized SBC on unvested options | $36.1M | 2.3-year weighted-average vesting period | Q2 FY2027 10-Q |
| Unrecognized SBC on unvested RSUs | $2.300B | 2.5-year weighted-average vesting period | Q2 FY2027 10-Q |
| Unrecognized SBC on unvested PSUs | $309.5M | 1.3-year weighted-average vesting period | Q2 FY2027 10-Q |
| Unrecognized SBC on Special PSU Awards | $234.5M | 2.4-year weighted-average vesting period | Q2 FY2027 10-Q |
| RSUs and PSUs outstanding | 34.483M shares | 33.126M expected to vest; excludes in-progress PSUs without achieved targets | Q2 FY2027 10-Q |
| Options outstanding | 3.447M shares | 3.052M exercisable; $3.32 weighted-average exercise price | Q2 FY2027 10-Q |
| 2026 and 2027 Special PSU Awards | 1.900M target shares | Zero to 3.800M shares based on relative S&P 500 performance and service | Q2 FY2027 10-Q |

The issuer’s non-GAAP reconciliation uses SBC plus related employer payroll taxes beginning FY2026, a broader measure than cash-flow-statement SBC. Unrecognized award expense totals about $2.880 billion before future grants, and share issuance exceeded repurchases: H1 FY2027 issued 12.312 million shares across options, RSU/PSU releases, ESPP, restricted awards, founder holdbacks, and director fees, while repurchasing 1.920 million shares for $175.622 million. Period-end shares therefore rose 1.03%, from 1,013.453 million to 1,023.845 million. The Q2 FY2027 quarter contained a $14.528 million net recovery; H1 FY2027 net incident expense was $3.600 million, after Q1 expense of $18.128 million. Customer commitment packages can include discounts, extra modules, professional services, flexible payment terms, and subscription extensions. The issuer does not separately quantify their ARR, revenue, or margin effect. FY2026 year-end accrued incident-related balance was $15.498 million and Q2 FY2027 balance was $13.139 million. Litigation loss beyond booked accruals was not reasonably estimable.

## Corporate actions in the last 12 months

- 2025-09-12: acquired Onum for $252.7 million cash net of acquired cash plus $2.0 million replacement-equity fair value; official FY2026 10-K.
- 2025-09-26: acquired Pangea for $212.1 million cash net of acquired cash plus replacement equity and liability awards; official FY2026 10-K.
- 2026-02-03: acquired the remaining 90.6% of Seraphic; $327.5 million cash net of acquired cash plus $13.7 million replacement-equity fair value; Q1 FY2027 10-Q.
- 2026-02-20: acquired SGNL for $627.9 million cash net of acquired cash plus $9.2 million replacement-equity fair value; Q1 FY2027 10-Q.
- 2026-04-06: increased share-repurchase authorization by $500 million to $1.5 billion; $175.622 million was repurchased in H1 FY2027; Q2 FY2027 10-Q.
- 2026-07-02: four-for-one stock split became effective; all share and per-share data in this package are split adjusted.
- 2026-07: signed to acquire XM Cyber technology assets for $145 million in cash and Class A shares plus additional shares to be determined at closing; no FY2027 ARR or revenue is included in guidance; Q2 FY2027 10-Q and call.

- 2026-08-26: raised FY2027 net new ARR growth guidance to 34% at midpoint and FY2027 revenue midpoint to about $6.001 billion; Q2 FY2027 release.
- 2026-09-02: Fal.Con investor briefing pulled the $10 billion ARR goal forward to within FY2030 and the $20 billion goal to within FY2035; official deck.

## 10. Open data gaps and forecast-relevant evidence

| Classification | Gap or contrary evidence | Sources and searches checked | Downstream treatment |
|---|---|---|---|
| True non-disclosure | Current absolute gross and net retention rates | Q1/Q2 FY2027 releases, decks, supplement, transcripts; retention and churn | Do not assume Q4 FY2026 values persist; use scenario range |
| True non-disclosure | Issuer-labeled cRPO | FY2022-FY2026 10-Ks; Q2 FY2027 10-Q and supplement; cRPO and current RPO | Use total RPO; label $4.922B current-12-month amount as inference only |
| True non-disclosure | Current total subscription customer count, seat count, and ACV/ARPU distribution | FY2024-FY2026 releases; FY2027 decks; customer count, seats, ACV, and ARPU | Use Flex customers, re-Flex activity, and ARR uplift; do not back-solve customer economics |
| True non-disclosure | Issuer-labeled billings or backlog distinct from RPO | FY2022-FY2026 10-Ks; Q2 FY2027 10-Q and supplement; billings and backlog | Use deferred revenue and total RPO; do not relabel deferred-revenue additions as billings |
| True non-disclosure | GAAP module revenue | 10-K revenue note; releases; product ARR tables | Product-family ARR is context only and cannot be summed into GAAP revenue |
| True non-disclosure | Dollar value of customer commitment packages | FY2026 10-K; Q1/Q2 FY2027 10-Qs; CCP and commitment package | Preserve as an unquantified revenue-duration and retention risk |
| True non-disclosure | CAC, payback, and current magic number | Current 10-K, supplement, investor deck; CAC, payback, magic number | Do not manufacture unit economics; use S&M and ARR efficiency only |
| Estimated | TTM product revenue | Four official/FMP quarter sum | Subscription $5.132B and services $0.264B tie to $5.396B total |
| Estimated | TTM incident expense | Q3/Q4 FY2026 and Q1/Q2 FY2027 supplement rows | $45.947M; treat separately from continuing expense base |
| Contrary evidence | GAAP operating losses and 23.1% TTM SBC despite strong non-GAAP margins and FCF | Statutory statements; cash flows; supplement | Base case must explicitly forecast SBC/dilution and GAAP margin conversion |
| Contrary evidence | Five-year commission-amortization estimate creates an $85-$95M FY2027 OI benefit | FY2026 10-K; deferred contract acquisition costs and period of benefit | Separate accounting-timing benefit from underlying sales productivity and cash flow |
| Contrary evidence | $4.142B scheduled purchase commitments plus $2.900B added after quarter-end | Q2 FY2027 10-Q; commitments and contingencies | Forecast vendor/infrastructure cash obligations separately from debt and RPO |
| Contrary evidence | TTM consolidated net income of $65.280M includes $20.285M attributable to Falcon Funds NCI | FY2026 10-K; Q2 FY2027 10-Q; NCI and Falcon Funds | Deduct NCI once before parent EPS; model volatile strategic-investment gains separately |
| Contrary evidence | Customer commitments extend terms and can defer revenue while RPO rises | FY2026 10-K; Q2 FY2027 10-Q | Avoid treating all RPO growth as like-for-like demand acceleration |
| Contrary evidence | DOJ and SEC information requests cover revenue recognition and ARR reporting for certain customers, plus the July 19 Incident | FY2026 10-K; Q1/Q2 FY2027 10-Qs | Governance and accounting-monitoring flag; no finding of wrongdoing inferred |

The most load-bearing spot checks passed in this run. First, the Q2 FY2027 official release confirms 26% total-revenue growth, 27% subscription-revenue growth, and 25% ending-ARR growth. Second, the live FMP Q2 FY2027 transcript is dated 2026-08-26 and contains management's raised FY2027 net new ARR outlook and "record Q3 pipeline" statement. Third, the live FMP annual income statement reports FY2026 revenue of $4.812005 billion, tying exactly to the FY2026 10-K and within the required 1% tolerance.

### Source register

Key live source URLs include the FMP stable income, balance sheet, cash flow, product-segmentation, geography, key-metrics, and earning-call-transcript endpoints; CrowdStrike's official quarterly-results page; the official Q2 FY2027 supplemental and earnings deck; the official 2026 Fal.Con investor briefing deck; and SEC filings at accession numbers `000153552726000010`, `000153552726000025`, and `000153552726000031`. Exact raw paths, retrieval time, SHA-256,

period coverage, precedence, and freshness are recorded in `source_manifest.json`.

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