

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended July 31, 2025**

**OR**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

**Commission File Number: 001-38933**

**CROWDSTRIKE HOLDINGS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**45-3788918**

(I.R.S. Employer  
Identification Number)

**206 E. 9th Street, Suite 1400, Austin, Texas 78701**

(Address of principal executive offices)

**Registrant's telephone number, including area code: (888) 512-8906**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.0005 per share	CRWD	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 21, 2025, the number of shares of the registrant's common stock outstanding was 250,955,140.

**CROWDSTRIKE HOLDINGS, INC.**

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Securities Act of 1933, as amended (the “Securities Act”), the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses (including changes in sales and marketing, research and development, and general and administrative expenses), and our ability to achieve, and maintain, future profitability;
- market acceptance of our cloud platform;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to maintain the security and availability of our cloud platform;
- our ability to maintain and expand our customer base, including by attracting new customers;
- our ability to develop new solutions, or enhancements to our existing solutions, and bring them to market in a timely manner;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate;
- our business plan and our ability to effectively manage our growth and associated investments;
- beliefs and objectives for future operations;
- our relationships with third parties, including channel partners and technology alliance partners;
- our ability to maintain, protect and enhance our intellectual property rights;
- our ability to successfully defend litigation brought against us and respond to government investigations and inquiries;
- our ability to successfully expand in our existing markets and into new markets;
- sufficiency of cash and cash equivalents, cash flow from operations, and our revolving credit facility to meet cash needs for at least the next 12 months;
- anticipated developments relating to our valuation allowances for our deferred tax assets;
- our ability to expand internationally;
- our ability to comply with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- our ability to develop, maintain, and improve our internal control over financial reporting;
- macroeconomic factors, including inflation and instability in the global credit and financial markets;
- our ability to successfully close and integrate acquisitions to contribute to our growth objectives;

- the attraction and retention of qualified employees and key personnel;
- the July 19 Incident (as defined below), including potential or anticipated developments, our remediation and other efforts in connection with the incident, the outcome of lawsuits, claims and inquiries related to the incident, our customer commitment packages, and the effect on our customer and partner relationships and our business, results of operations and financial condition; and
- the expected benefits of the Plan (as defined below).

These statements are based on our current plans, estimates and projections in light of information currently available to us. These forward-looking statements may be affected by risks, uncertainties and other factors discussed elsewhere in this Quarterly Report on Form 10-Q, including under “Risk Factors.” Furthermore, new risks and uncertainties emerge from time to time, and it is impossible for us to predict all risks and uncertainties or how they may affect us. If any of these risks or uncertainties materialize, our business, revenue and financial results could be harmed, and the trading price of our Class A common stock could decline. Forward-looking statements made in this Quarterly Report on Form 10-Q speak only as of the date on which such statements are made, and we undertake no obligation to update them in light of new information or future events, except as required by law.

We intend to announce material information to the public through the CrowdStrike Investor Relations website [ir.crowdstrike.com](http://ir.crowdstrike.com), SEC filings, press releases, public conference calls, and public webcasts. We use these channels, as well as social media and our blog, to communicate with our investors, customers, and the public about our company, our offerings, and other issues. It is possible that the information we post on social media and our blog could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above, including the social media channels listed on our investor relations website, and to review the information disclosed through such channels. Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

### **Summary of Risk Factors**

Our business is subject to numerous risks and uncertainties, any one of which could materially adversely affect our business, results of operations, financial condition, and growth prospects. Below is a summary of some of these risks. This summary is not complete, and should be read together with the entire section titled “Risk Factors” in this Quarterly Report on Form 10-Q, as well as the other information in this Quarterly Report on Form 10-Q and the other filings that we make with the SEC.

- The July 19 Incident has had, and is expected to continue to have, an adverse effect on our business, sales, customer and partner relations, reputation, results of operations and financial condition.
- We have experienced rapid growth in recent periods, and if we do not manage our future growth, our business and results of operations will be adversely affected.
- We have a history of losses, and while we have achieved profitability in certain periods, including fiscal 2024, we may not be able to achieve or sustain profitability in the future.
- If organizations do not adopt cloud-based SaaS-delivered endpoint security solutions, our ability to grow our business and results of operations may be adversely affected.
- If we are unable to successfully enhance our existing products and services and introduce new products and services in response to rapid technological changes and market developments as well as evolving security threats, our competitive position and prospects will be harmed.
- If we are unable to attract new customers, our future results of operations could be harmed.
- If our customers do not renew their subscriptions for our products and add additional cloud modules to their subscriptions, our future results of operations could be harmed.
- Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense.
- We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition, and results of operations.

- If our solutions fail or are perceived to fail to detect or prevent incidents or have or are perceived to have defects, errors, or vulnerabilities, our brand and reputation would be harmed, which would adversely affect our business and results of operations.
- As a cybersecurity provider, we have been, and expect to continue to be, a target of cyberattacks. If our or our service providers' internal networks, systems, or data are or are perceived to have been compromised, our reputation may be damaged and our financial results may be negatively affected.
- We rely on third-party data centers, such as Amazon Web Services, and our own colocation data centers to host and operate our Falcon platform, and any disruption of or interference with our use of these facilities may negatively affect our ability to maintain the performance and reliability of our Falcon platform, which could cause our business to suffer.
- We rely on our key technical, sales and management personnel to grow our business, and the loss of one or more key employees could harm our business.
- If we are unable to attract and retain qualified personnel, our business could be harmed.
- Our results of operations may fluctuate significantly, which could make our future results difficult to predict and could cause our results of operations to fall below expectations.
- If we are not able to maintain and enhance our CrowdStrike and Falcon brands and our reputation as a provider of high-efficacy security solutions, our business and results of operations may be adversely affected.
- Claims by others that we infringe their proprietary technology or other intellectual property rights could result in significant costs and substantially harm our business, financial condition, results of operations, and prospects.
- We are required to comply with stringent, complex and evolving laws, rules, regulations and standards in many jurisdictions, as well as contractual obligations, relating to data privacy and security. Any actual or perceived failure to comply with these requirements could have a material adverse effect on our business.
- Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or negatively impact our ability to contract with customers, including those in the public sector.
- We are currently, and may in the future become, involved in litigation that may adversely affect us.
- We have in the past experienced, and may in the future experience, warranty claims, product returns, and claims related to product liability and product defects from real or perceived defects in our solutions or their misuse by our customers or third parties and indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.
- Future acquisitions, strategic investments, partnerships, or alliances could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute stockholder value and adversely affect our business, financial condition and results of operations.

**PART I. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**CrowdStrike Holdings, Inc.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except per share data)*  
*(unaudited)*

	July 31, 2025	January 31, 2025
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,972,436	\$ 4,323,295
Accounts receivable, net of allowance for credit losses of \$3.0 million and \$2.8 million as of July 31, 2025 and January 31, 2025, respectively	886,557	1,128,564
Deferred contract acquisition costs, current	372,543	347,042
Prepaid expenses and other current assets	302,818	314,444
<b>Total current assets</b>	<b>6,534,354</b>	<b>6,113,345</b>
Strategic investments	72,482	72,544
Property and equipment, net	869,240	788,640
Operating lease right-of-use assets	63,399	42,763
Deferred contract acquisition costs, noncurrent	517,088	500,908
Goodwill	913,325	912,805
Intangible assets, net	117,858	133,114
Other long-term assets	201,113	137,459
<b>Total assets</b>	<b>\$ 9,288,859</b>	<b>\$ 8,701,578</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 120,554	\$ 130,887
Accrued expenses	210,529	191,349
Accrued payroll and benefits	299,521	319,243
Operating lease liabilities, current	12,860	13,811
Deferred revenue	2,781,196	2,733,005
Other current liabilities	51,278	72,755
<b>Total current liabilities</b>	<b>3,475,938</b>	<b>3,461,050</b>
Long-term debt	744,727	743,983
Deferred revenue, noncurrent	1,053,661	995,672
Operating lease liabilities, noncurrent	52,941	31,107
Other liabilities, noncurrent	166,901	150,849
<b>Total liabilities</b>	<b>5,494,168</b>	<b>5,382,661</b>
Commitments and contingencies (Note 10)		
<b>Stockholders' Equity</b>		
Preferred stock, \$0.0005 par value; 100,000 shares authorized as of July 31, 2025 and January 31, 2025; no shares issued and outstanding as of July 31, 2025 and January 31, 2025.	—	—
Class A common stock, \$0.0005 par value; 2,000,000 shares authorized as of July 31, 2025 and January 31, 2025; 250,827 shares and 247,872 shares issued and outstanding as of July 31, 2025 and January 31, 2025, respectively; Class B common stock, \$0.0005 par value; 92,364 shares authorized as of July 31, 2025 and January 31, 2025; 0 shares issued and outstanding as of July 31, 2025 and January 31, 2025.	125	124
Additional paid-in capital	5,016,544	4,367,070
Accumulated deficit	(1,265,989)	(1,078,107)
Accumulated other comprehensive income (loss)	6,000	(9,593)
<b>Total CrowdStrike Holdings, Inc. stockholders' equity</b>	<b>3,756,680</b>	<b>3,279,494</b>
Non-controlling interest	38,011	39,423
<b>Total stockholders' equity</b>	<b>3,794,691</b>	<b>3,318,917</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 9,288,859</b>	<b>\$ 8,701,578</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Condensed Consolidated Statements of Operations**  
*(in thousands, except per share data)*

	<i>(unaudited)</i>			
	<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenue				
Subscription	\$ 1,102,945	\$ 918,257	\$ 2,153,713	\$ 1,790,429
Professional services	66,007	45,615	118,673	94,479
Total revenue	<u>1,168,952</u>	<u>963,872</u>	<u>2,272,386</u>	<u>1,884,908</u>
Cost of revenue				
Subscription	253,640	199,910	496,014	389,567
Professional services	56,643	37,491	103,412	72,837
Total cost of revenue	<u>310,283</u>	<u>237,401</u>	<u>599,426</u>	<u>462,404</u>
Gross profit	858,669	726,471	1,672,960	1,422,504
Operating expenses				
Sales and marketing	447,024	355,471	886,641	705,585
Research and development	346,668	250,908	680,797	486,157
General and administrative	177,956	106,434	343,157	210,168
Total operating expenses	<u>971,648</u>	<u>712,813</u>	<u>1,910,595</u>	<u>1,401,910</u>
Income (loss) from operations	(112,979)	13,658	(237,635)	20,594
Interest expense	(6,823)	(6,549)	(13,538)	(13,060)
Interest income	50,850	51,526	96,230	97,376
Other income (expense), net	(2,722)	(1,031)	(6,618)	6,625
Income (loss) before provision for income taxes	(71,674)	57,604	(161,561)	111,535
Provision for income taxes	5,971	10,914	27,077	18,581
Net income (loss)	(77,645)	46,690	(188,638)	92,954
Net income (loss) attributable to non-controlling interest	30	(323)	(756)	3,121
Net income (loss) attributable to CrowdStrike	<u>\$ (77,675)</u>	<u>\$ 47,013</u>	<u>\$ (187,882)</u>	<u>\$ 89,833</u>
Net income (loss) per share attributable to CrowdStrike common stockholders:				
Basic	<u>\$ (0.31)</u>	<u>\$ 0.19</u>	<u>\$ (0.75)</u>	<u>\$ 0.37</u>
Diluted	<u>\$ (0.31)</u>	<u>\$ 0.19</u>	<u>\$ (0.75)</u>	<u>\$ 0.36</u>
Weighted-average shares used in computing net income (loss) per share attributable to CrowdStrike common stockholders:				
Basic	<u>249,909</u>	<u>244,091</u>	<u>249,182</u>	<u>243,249</u>
Diluted	<u>249,909</u>	<u>251,265</u>	<u>249,182</u>	<u>250,724</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
*(in thousands)*  
*(unaudited)*

	<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Net income (loss)	\$ (77,645)	\$ 46,690	\$ (188,638)	\$ 92,954
Other comprehensive income (loss):				
Foreign currency translation adjustments	206	1,635	16,400	(1,454)
Unrealized gain (loss) on cash equivalents and short-term investments, net of tax	(61)	23	(807)	15
Other comprehensive income (loss)	145	1,658	15,593	(1,439)
Less: Comprehensive income (loss) attributable to non-controlling interest	30	(323)	(756)	3,121
Total comprehensive income (loss) attributable to CrowdStrike	<u>\$ (77,530)</u>	<u>\$ 48,671</u>	<u>\$ (172,289)</u>	<u>\$ 88,394</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**Three Months Ended July 31, 2025 and 2024**  
(in thousands)  
*(unaudited)*

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balances at April 30, 2025</b>	249,074	\$ 125	\$ 4,633,211	\$ (1,188,314)	\$ 5,855	\$ 40,137	\$ 3,491,014
Issuance of common stock upon exercise of options	191	—	1,721	—	—	—	1,721
Issuance of common stock under RSU and PSU release	1,274	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	275	—	74,622	—	—	—	74,622
Issuance of common stock for founders holdbacks related to acquisitions	13	—	6,136	—	—	—	6,136
Issuance of common stock for payment of board of director fees	—	—	88	—	—	—	88
Stock-based compensation expense, net of founder revest	—	—	285,626	—	—	—	285,626
Capitalized stock-based compensation	—	—	15,140	—	—	—	15,140
Net income (loss)	—	—	—	(77,675)	—	30	(77,645)
Non-controlling interest	—	—	—	—	—	(2,156)	(2,156)
Other comprehensive income	—	—	—	—	145	—	145
<b>Balances at July 31, 2025</b>	<u>250,827</u>	<u>\$ 125</u>	<u>\$ 5,016,544</u>	<u>\$ (1,265,989)</u>	<u>\$ 6,000</u>	<u>\$ 38,011</u>	<u>\$ 3,794,691</u>

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Income) Loss	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balances at April 30, 2024</b>	243,184	\$ 122	\$ 3,556,194	\$ (1,016,016)	\$ (4,760)	\$ 33,242	\$ 2,568,782
Issuance of common stock upon exercise of options	208	—	1,641	—	—	—	1,641
Issuance of common stock under RSU and PSU release	1,210	1	(1)	—	—	—	—
Issuance of common stock under employee stock purchase plan	518	—	56,099	—	—	—	56,099
Issuance of common stock for founders holdbacks related to acquisitions	2	—	889	—	—	—	889
Issuance of common stock for payment of board of director fees	—	—	87	—	—	—	87
Stock-based compensation expense, net of founder revest	—	—	198,476	—	—	—	198,476
Capitalized stock-based compensation	—	—	11,512	—	—	—	11,512
Net income (loss)	—	—	—	47,013	—	(323)	46,690
Non-controlling interest	—	—	—	—	—	4,756	4,756
Other comprehensive income	—	—	—	—	1,658	—	1,658
<b>Balances at July 31, 2024</b>	<u>245,122</u>	<u>\$ 123</u>	<u>\$ 3,824,897</u>	<u>\$ (969,003)</u>	<u>\$ (3,102)</u>	<u>\$ 37,675</u>	<u>\$ 2,890,590</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**Six Months Ended July 31, 2025 and 2024**  
*(in thousands)*  
*(unaudited)*

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balances at January 31, 2025</b>	247,872	\$ 124	\$ 4,367,070	\$ (1,078,107)	\$ (9,593)	\$ 39,423	\$ 3,318,917
Issuance of common stock upon exercise of options	265	—	2,355	—	—	—	2,355
Issuance of common stock under RSU and PSU release	2,402	1	(1)	—	—	—	—
Issuance of common stock under employee stock purchase plan	275	—	74,622	—	—	—	74,622
Issuance of common stock for founders holdbacks related to acquisitions	13	—	6,136	—	—	—	6,136
Issuance of common stock for payment of board of director fees	—	—	176	—	—	—	176
Stock-based compensation expense, net of founder re-vest	—	—	537,755	—	—	—	537,755
Capitalized stock-based compensation	—	—	28,431	—	—	—	28,431
Net loss	—	—	—	(187,882)	—	(756)	(188,638)
Non-controlling interest	—	—	—	—	—	(656)	(656)
Other comprehensive income	—	—	—	—	15,593	—	15,593
<b>Balances at July 31, 2025</b>	<u>250,827</u>	<u>\$ 125</u>	<u>\$ 5,016,544</u>	<u>\$ (1,265,989)</u>	<u>\$ 6,000</u>	<u>\$ 38,011</u>	<u>\$ 3,794,691</u>

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount					
<b>Balances at January 31, 2024</b>	241,865	\$ 121	\$ 3,364,328	\$ (1,058,836)	\$ (1,663)	\$ 33,139	\$ 2,337,089
Issuance of common stock upon exercise of options	300	—	2,464	—	—	—	2,464
Issuance of common stock under RSU and PSU release	2,434	2	(2)	—	—	—	—
Issuance of common stock under employee stock purchase plan	518	—	56,099	—	—	—	56,099
Issuance of common stock for founders holdbacks related to acquisitions	5	—	1,778	—	—	—	1,778
Issuance of common stock for payment of board of director fees	—	—	175	—	—	—	175
Stock-based compensation expense, net of founder re-vest	—	—	380,109	—	—	—	380,109
Capitalized stock-based compensation	—	—	19,478	—	—	—	19,478
Fair value of replacement equity awards attributable to pre-acquisition service	—	—	468	—	—	—	468
Net income	—	—	—	89,833	—	3,121	92,954
Non-controlling interest	—	—	—	—	—	1,415	1,415
Other comprehensive loss	—	—	—	—	(1,439)	—	(1,439)
<b>Balances at July 31, 2024</b>	<u>245,122</u>	<u>\$ 123</u>	<u>\$ 3,824,897</u>	<u>\$ (969,003)</u>	<u>\$ (3,102)</u>	<u>\$ 37,675</u>	<u>\$ 2,890,590</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
*(in thousands)(unaudited)*

	Six Months Ended July 31,	
	2025	2024
<b>Operating activities</b>		
Net income (loss)	\$ (188,638)	\$ 92,954
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	116,834	88,936
Amortization of intangible assets	15,261	12,332
Amortization of deferred contract acquisition costs	209,941	147,851
Non-cash operating lease cost	8,717	7,167
Stock-based compensation expense	540,757	384,002
Deferred income taxes	(2,320)	(1,929)
Realized gains on strategic investments	—	(6,227)
Non-cash interest expense	2,293	1,785
Change in fair value of strategic investments	1,579	—
Accretion of short-term investments purchased at a discount	—	2,285
Changes in operating assets and liabilities, net of impact of acquisitions		
Accounts receivable, net	242,008	192,060
Deferred contract acquisition costs	(251,622)	(158,333)
Prepaid expenses and other assets	(50,411)	(63,224)
Accounts payable	(13,310)	(72)
Accrued expenses and other liabilities	12,716	7,968
Accrued payroll and benefits	(24,931)	(29,432)
Operating lease liabilities	(8,113)	(7,113)
Deferred revenue	106,178	38,859
Net cash provided by operating activities	716,939	709,869
<b>Investing activities</b>		
Purchases of property and equipment	(116,248)	(88,937)
Capitalized internal-use software and website development costs	(34,726)	(24,995)
Purchases of strategic investments	(1,417)	(2,702)
Proceeds from sales of strategic investments	4,388	10,895
Business acquisitions, net of cash acquired	—	(96,381)
Proceeds from maturities and sales of short-term investments	—	97,300
Purchases of deferred compensation investments	(2,770)	(1,209)
Proceeds from sales of deferred compensation investments	164	41
Net cash used in investing activities	(150,609)	(105,988)
<b>Financing activities</b>		
Proceeds from the issuance of common stock upon exercise stock options	2,355	2,464
Proceeds from issuance of common stock under the employee stock purchase plan	74,622	56,099
Distributions to non-controlling interest holders	(2,156)	(4,085)
Capital contributions from non-controlling interest holders	1,500	5,500
Net cash provided by financing activities	76,321	59,978
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	6,595	(1,040)
Net increase in cash, cash equivalents and restricted cash	649,246	662,819
Cash, cash equivalents and restricted cash at beginning of period	4,324,666	3,377,597
Cash, cash equivalents and restricted cash at end of period	\$ 4,973,912	\$ 4,040,416
<b>Cash, cash equivalents and restricted cash at the end of period:</b>		
Cash and cash equivalents	\$ 4,972,436	\$ 4,038,536
Restricted cash included in prepaid expenses and other assets	1,476	1,880
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 4,973,912	\$ 4,040,416
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 11,250	\$ 11,250
Income taxes paid, net of refunds received	26,031	10,250
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Net increase (decrease) in property and equipment included in accounts payable and accrued expenses	7,918	(16,469)
Equity consideration for acquisitions	—	468
Operating lease liabilities arising from obtaining operating right-of-use assets	28,273	2,854
Proceeds from sales of strategic investments not yet received	661	4,808
Stock-based compensation included in capitalized software development costs and fixed assets	28,431	19,478
Noncash consideration for the purchase of strategic investments	1,101	3,319
Noncash consideration received from sales of strategic investments	—	3,319

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**1. Description of Business and Significant Accounting Policies**

***Business***

CrowdStrike Holdings, Inc. (and/or its subsidiaries, as applicable, the “Company”) was formed on November 7, 2011. The Company is a global cybersecurity leader that delivers cybersecurity’s AI-native platform for the XDR era, purpose-built to stop breaches. The Company’s unified platform provides cloud-delivered protection of endpoints, cloud workloads, identity, and data via a software as a service (“SaaS”) subscription-based model that spans multiple large security markets, including corporate endpoint security, security and IT operations, managed security services, next-gen SIEM, cloud security, identity protection, threat intelligence, data protection, exposure management and cybersecurity generative AI. The Company conducts its business in the United States, as well as locations internationally, including in Australia, Germany, India, Israel, Japan, Romania, and the United Kingdom.

***Basis of Presentation***

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted, and accordingly the balance sheet as of January 31, 2025, and related disclosures, have been derived from the audited consolidated financial statements at that date but do not include all of the information required by U.S. GAAP for complete consolidated financial statements. These unaudited condensed consolidated financial statements have been prepared on the same basis as the Company’s annual consolidated financial statements and, in the opinion of management, reflect all normal recurring adjustments that are necessary for the fair statement of the Company’s condensed consolidated financial information. The results of operations for the three and six months ended July 31, 2025 are not necessarily indicative of the results to be expected for the year ending January 31, 2026 or for any other interim period or for any other future year.

The accompanying interim unaudited condensed consolidated financial statements and related financial information should be read in conjunction with Item 8, “Financial Statements and Supplementary Data” included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2025, filed with the SEC on March 10, 2025.

***Principles of Consolidation***

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company’s condensed consolidated financial statements and accompanying notes. These estimates are based on information available as of the date of the condensed consolidated financial statements. On a regular basis, management evaluates these estimates and assumptions. Actual results may differ from these estimates and such differences could be material to the Company’s condensed consolidated financial statements.

Estimates and assumptions used by management include, but are not limited to, revenue recognition, the allowance for credit losses, the useful lives of long-lived assets, the fair values of strategic investments, the period of benefit for deferred contract acquisition costs, the discount rate used for operating leases, the recognition and disclosure of contingent liabilities, income taxes, stock-based compensation, and the fair value of assets acquired and liabilities assumed in business combinations.

***Concentration of Credit Risk and Geographic Information***

The Company generates revenue from the sale of subscriptions to access its cloud platform and professional services. The Company’s sales team, along with its channel partner network of system integrators and value-added resellers (collectively, “channel partners”), sells the Company’s services worldwide to organizations of all sizes.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, accounts receivable, financing receivables, and strategic investments. The Company's cash is placed with high-credit-quality financial institutions and issuers, and at times exceeds federally insured limits. The Company has not experienced any credit loss relating to its cash, cash equivalents, or strategic investments. The Company performs periodic credit evaluations of its customers and generally does not require collateral.

There were no channel partners or direct customers who represented 10% or more of the Company's accounts receivable as of July 31, 2025 or January 31, 2025.

There were no channel partners or direct customers who represented 10% or more of the Company's total revenue for each of the three and six months ended July 31, 2025 or July 31, 2024.

As of July 31, 2025, four end users represented 10% or more of the Company's financing receivables, and in aggregate represented 59% of the Company's financing receivables. As of January 31, 2025, two end users represented 10% or more of the Company's financing receivables, and in aggregate represented 78% of the Company's financing receivables.

### ***Significant Accounting Policies***

The Company's significant accounting policies are described in the Company's Annual Report on Form 10-K for the year ended January 31, 2025. There have been no significant changes to these policies that have had a material impact on the Company's condensed consolidated financial statements and related notes for the three and six months ended July 31, 2025.

### ***Recently Issued Accounting Pronouncements***

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The standard amends ASC 326-20 to provide a practical expedient (for all entities) and an accounting policy election (for all entities, other than public business entities that elect the practical expedient) related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The standard should be applied prospectively, and is effective for annual periods, including interim reporting periods, beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures. The standard requires additional disclosure on specific expense categories included in the expense captions presented on the statements of operations. The new standard can be applied either prospectively or retrospectively, and is effective for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this new guidance on its disclosures within the consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions and applies to all entities subject to income taxes. The new standard is effective for annual periods beginning after December 15, 2024. The Company will adopt the standard in its fourth quarter of fiscal year 2026 and is assessing the appropriate transition method.

## ***2. Investments and Fair Value Measurements***

The Company follows ASC 820, *Fair Value Measurements*, with respect to cash equivalents and deferred compensation investments that are measured at fair value on a recurring basis. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability based upon the best information available in the circumstances.

The hierarchy is broken down into three levels as follows:

- Level 1 Assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in active markets
- Level 2 Assets and liabilities whose values are based on quoted prices in markets that are not active or inputs that are observable for substantially the full term of the asset or liability
- Level 3 Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company's fair value hierarchy for its financial assets and liabilities that are measured at fair value on a recurring basis are as follows (in thousands):

	July 31, 2025				January 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Cash equivalents <sup>(1)</sup>								
Money market funds	\$ 845,191	\$ —	\$ —	\$ 845,191	\$ 1,470,040	\$ —	\$ —	\$ 1,470,040
U.S. Treasury securities	—	2,489,080	—	2,489,080	—	2,490,097	—	2,490,097
Other assets								
Deferred compensation investments	8,598	—	—	8,598	5,496	—	—	5,496
<b>Total assets</b>	<b>\$ 853,789</b>	<b>\$ 2,489,080</b>	<b>\$ —</b>	<b>\$ 3,342,869</b>	<b>\$ 1,475,536</b>	<b>\$ 2,490,097</b>	<b>\$ —</b>	<b>\$ 3,965,633</b>

(1) Cash equivalents exclude \$707.0 million of time deposits, which are carried at cost and approximate fair value as of July 31, 2025.

There were no transfers between the levels of the fair value hierarchy during the periods presented.

As of July 31, 2025 and January 31, 2025, the Company's U.S. Treasury securities were carried at fair value and there were no material realized or unrealized gains or losses, either individually or in aggregate.

The total estimated fair value of the Company's financing receivables approximates their carrying amounts as of July 31, 2025 and January 31, 2025. The fair value of the Company's financing receivables is considered to be a Level 3 measurement as unobservable inputs are used in determining discounted cash flows to estimate fair value.

**Strategic Investments**

The Company's investments of privately held securities as of July 31, 2025, consisted of the following (in thousands):

	Privately held equity securities	Privately held debt and other securities	Total
Initial total cost	\$ 70,657	\$ —	\$ 70,657
Cumulative net gains	1,825	—	1,825
Carrying amount, end of period	<u>\$ 72,482</u>	<u>\$ —</u>	<u>\$ 72,482</u>

The Company's investments of privately held securities as of January 31, 2025, consisted of the following (in thousands):

	Privately held equity securities	Privately held debt and other securities	Total
Initial total cost	\$ 68,140	\$ 1,000	\$ 69,140
Cumulative net gains	3,404	—	3,404
Carrying amount, end of period	<u>\$ 71,544</u>	<u>\$ 1,000</u>	<u>\$ 72,544</u>

As of July 31, 2025, the cumulative net gains of \$1.8 million are comprised of upward adjustments of \$7.3 million, less downward adjustments and impairment of \$5.5 million. As of January 31, 2025, the cumulative net gains of \$3.4 million are comprised of upward adjustments of \$7.3 million, less downward adjustments and impairment of \$3.9 million.

#### *Gains and Losses on Strategic Investments*

The components of gains and losses on strategic investments were as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Unrealized losses recognized on privately held equity securities, including impairment	\$ —	\$ —	\$ (1,579)	\$ —
Unrealized losses, net	\$ —	\$ —	\$ (1,579)	\$ —
Realized gains recognized on sales of privately held equity securities	\$ —	\$ —	\$ —	\$ 6,881
Realized losses recognized on sales of privately held equity securities	—	(655)	—	(655)
Realized gains (losses), net	\$ —	\$ (655)	\$ —	\$ 6,226
Gains (losses) on strategic investments, net	<u>\$ —</u>	<u>\$ (655)</u>	<u>\$ (1,579)</u>	<u>\$ 6,226</u>
Unrealized losses recognized during the reporting period on privately held equity securities still held at the reporting date	\$ —	\$ —	\$ (1,579)	\$ —

Unrealized losses recognized on privately held equity securities was related to downward adjustments and impairment.

Realized gains and losses recognized on sales of privately held equity securities reflects the difference between the sale proceeds and the carrying value of the security at the beginning of the period or the purchase date, if later.

### 3. Financing Receivables

The Company's short-term and long-term financing receivables were as follows (in thousands):

	July 31, 2025	January 31, 2025
Short-term financing receivables, gross	\$ 45,245	\$ 9,579
Unearned income	(6,802)	(2,339)
Allowance for credit losses	(616)	(76)
Short-term financing receivables, net	<u>\$ 37,827</u>	<u>\$ 7,164</u>
Long-term financing receivables, gross	\$ 108,952	\$ 43,235
Unearned income	(8,514)	(5,051)
Allowance for credit losses	(887)	(342)
Long-term financing receivables, net	<u>\$ 99,551</u>	<u>\$ 37,842</u>

The Company's amortized cost basis of financing receivables categorized by internal risk rating and year of origination was as follows (in thousands):

Internal Risk Rating <sup>(1)</sup>	July 31, 2025			January 31, 2025		
	Fiscal Year of Origination			Fiscal Year of Origination		
	2026	2025	Total	2026	2025	Total
1 to 4	\$ 61,918	\$ 18,890	\$ 80,808	\$ —	\$ 18,413	\$ 18,413
5 to 6	32,889	25,184	58,073	—	27,011	27,011
7 to 9	—	—	—	—	—	—
Amortized cost basis of financing receivables	<u>\$ 94,807</u>	<u>\$ 44,074</u>	<u>\$ 138,881</u>	<u>\$ —</u>	<u>\$ 45,424</u>	<u>\$ 45,424</u>

(1) Internal risk ratings are determined based on the end-user's financial condition and are categorized as 1 through 9, with the lowest rating representing the highest quality. Credit quality indicators are generally updated at least annually, or more frequently to the extent required by economic conditions.

There was no significant activity in allowance for credit losses during the three and six months ended July 31, 2025. There were no financing receivables through July 31, 2024. There were no past due amounts on financing receivables as of July 31, 2025. Past due amounts on financing receivables as of January 31, 2025 were immaterial.

### 4. Balance Sheet Components

#### Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	July 31, 2025	January 31, 2025
Data center and other computer equipment	\$ 896,236	\$ 755,728
Capitalized internal-use software and website development costs	327,606	265,987
Leasehold improvements	44,510	42,230
Purchased software	16,789	15,876
Furniture and equipment	11,006	10,485
Construction in progress	214,608	220,088
	<u>1,510,755</u>	<u>1,310,394</u>
Less: Accumulated depreciation and amortization	(641,515)	(521,754)
Property and equipment, net	<u>\$ 869,240</u>	<u>\$ 788,640</u>

Construction in progress primarily includes data center equipment purchased that has not yet been placed in service. Data center equipment that was purchased but not yet been placed into service was \$171.4 million as of July 31, 2025.

Depreciation and amortization expense of property and equipment was \$60.4 million and \$46.2 million during the three months ended July 31, 2025 and July 31, 2024, respectively, and \$116.8 million and \$88.9 million during the six months ended July 31, 2025 and July 31, 2024, respectively.

There was no impairment of property and equipment during the three and six months ended July 31, 2025 and July 31, 2024. The Company capitalized \$31.0 million and \$25.0 million in internal-use software and website development costs during the three months ended July 31, 2025 and July 31, 2024, respectively, and \$60.6 million and \$42.5 million during the six months ended July 31, 2025 and July 31, 2024, respectively. Amortization expense associated with internal-use software and website development costs totaled \$19.6 million and \$13.8 million during the three months ended July 31, 2025 and July 31, 2024, respectively, and \$37.1 million and \$26.6 million during the six months ended July 31, 2025 and July 31, 2024, respectively. The net book value of capitalized internal-use software and website development costs was \$167.5 million and \$144.0 million as of July 31, 2025 and January 31, 2025, respectively.

### ***Intangible Assets, Net***

Total intangible assets, net consisted of the following (dollars in thousands):

	July 31, 2025			Weighted-Average Remaining Useful Life (in months)
	Gross Carrying Amount	Accumulated Amortization	Net Amount	
Developed technology	\$ 168,487	\$ 76,589	\$ 91,898	50
Customer relationships	24,560	10,342	14,218	60
Intellectual property and other acquired intangible assets	15,849	4,107	11,742	108
Total	<u>\$ 208,896</u>	<u>\$ 91,038</u>	<u>\$ 117,858</u>	

  

	January 31, 2025			Weighted-Average Remaining Useful Life (in months)
	Gross Carrying Amount	Accumulated Amortization	Net Amount	
Developed technology	\$ 168,416	\$ 63,783	\$ 104,633	55
Customer relationships	24,502	8,454	16,048	65
Intellectual property and other acquired intangible assets	15,837	3,404	12,433	112
Total	<u>\$ 208,755</u>	<u>\$ 75,641</u>	<u>\$ 133,114</u>	

Amortization expense of intangible assets was \$7.6 million and \$6.3 million during the three months ended July 31, 2025 and July 31, 2024, respectively, and \$15.3 million and \$12.3 million during the six months ended July 31, 2025 and July 31, 2024, respectively.

The estimated aggregate future amortization expense of intangible assets as of July 31, 2025 was as follows (in thousands):

	<b>Total</b>
Fiscal 2026 (remaining six months)	\$ 14,171
Fiscal 2027	27,248
Fiscal 2028	26,735
Fiscal 2029	23,982
Fiscal 2030	14,605
Thereafter	11,117
Total future amortization expense	<u>\$ 117,858</u>

Developed technology, customer relationships, intellectual property and other acquired intangible assets are amortized over their estimated useful lives, generally on a straight-line basis, for periods ranging from 2 to 20 years.

### **Goodwill**

The change in goodwill during the six months ended July 31, 2025 consisted of the following (in thousands):

	<b>Amounts</b>
Goodwill as of January 31, 2025	\$ 912,805
Foreign currency translation	520
Goodwill as of July 31, 2025	<u>\$ 913,325</u>

### **5. Debt**

#### **Secured Revolving Credit Facility**

In April 2019, the Company entered into a Credit Agreement with Silicon Valley Bank and other lenders, to provide a revolving line of credit of up to \$150.0 million, including a letter of credit sub-facility in the aggregate amount of \$10.0 million, and a swingline sub-facility in the aggregate amount of \$10.0 million.

On January 4, 2021, the Company amended and restated its existing credit agreement (the “A&R Credit Agreement” and the facility thereunder the “Revolving Facility”) among CrowdStrike, Inc., as borrower, CrowdStrike Holdings, Inc., as guarantor, and Silicon Valley Bank and the other lenders party thereto, providing the Company with a revolving line of credit of up to \$750.0 million, including a letter of credit sub-facility in the aggregate amount of \$100.0 million, and a swingline sub-facility in the aggregate amount of \$50.0 million. The Company also has the option to request an incremental facility of up to an additional \$250.0 million from one or more of the lenders under the A&R Credit Agreement. The A&R Credit Agreement is guaranteed by all of the Company’s material domestic subsidiaries. The A&R Credit Agreement extended the maturity date of April 19, 2022 to January 2, 2026.

On January 6, 2022, the Company modified the A&R Credit Agreement (the “Amended A&R Credit Agreement”) among CrowdStrike, Inc., as borrower, CrowdStrike Holdings, Inc., as guarantor, and Silicon Valley Bank and the other lenders party thereto. There were no changes to the borrowing amounts or maturity date. Under the Amended A&R Credit Agreement, revolving loans are Alternate Base Rate (“ABR”) Loans. Outstanding ABR Loans incur interest at the highest of (a) the Prime Rate, as published by the Wall Street Journal, (b) the federal funds rate in effect on such day plus 0.50%, and (c) the Term Secured Overnight Finance Rate (the “Term SOFR”) for a one-month tenor in effect on such day plus 1.00%, in each case plus a margin between (0.25)% and 0.25%, depending on the senior secured leverage ratio. The Company will be charged a commitment fee of 0.15% to 0.25% per year for committed but unused amounts, depending on the senior secured leverage ratio. The financial covenants require the Company to maintain a minimum consolidated interest coverage ratio of 3.00:1.00 and a maximum total leverage ratio of 5.50:1.00 stepping down to 3.50:1.00 over time. The Company was in compliance with all of its financial covenants as of July 31, 2025.

The Amended A&R Credit Agreement is secured by substantially all of the Company’s current and future consolidated assets, property and rights, including, but not limited to, intellectual property, cash, goods, equipment, contractual rights, financial assets, and intangible assets of the Company and certain of its subsidiaries. The Amended A&R Credit Agreement contains customary covenants limiting the Company’s ability and the ability of its subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions.

No amounts were outstanding under the Amended A&R Credit Agreement as of July 31, 2025 or January 31, 2025.

#### **Senior Notes**

On January 20, 2021, the Company issued \$750.0 million in aggregate principal amount of 3.00% Senior Notes maturing in February 2029 (the “Senior Notes”). The Senior Notes are guaranteed by the Company’s subsidiaries, CrowdStrike, Inc. and CrowdStrike Financial Services, Inc., and will be guaranteed by each of the Company’s existing and future domestic subsidiaries that becomes a borrower or guarantor under the A&R Credit Agreement. The Senior Notes were issued at par and bear interest at a rate of 3.00% per annum. Interest payments are payable semiannually on February 15 and August 15 of each year, commencing on August 15, 2021. The Company may voluntarily redeem the Senior Notes, in whole or in part, 1) at any time prior to February 15, 2024 at (a) 100.00% of their principal amount, plus a “make whole” premium or (b) with the net cash proceeds received from an equity offering at a redemption price equal to 103.00% of the principal amount, provided the aggregate principal amount of all such redemptions does not exceed 40% of the original aggregate principal amount of the Senior Notes; 2) at any time on or after

February 15, 2024 at a prepayment price equal to 101.50% of the principal amount; 3) at any time on or after February 15, 2025 at a prepayment price equal to 100.75% of the principal amount; and 4) at any time on or after February 15, 2026 at a prepayment price equal to 100.00% of the principal amount; in each case, plus accrued and unpaid interest, if any, to but excluding, the date of redemption.

The net proceeds from the debt offering were \$738.0 million after deducting the underwriting commissions of \$9.4 million and \$2.6 million of issuance costs. The debt issuance costs are being amortized to interest expense using the effective interest method over the term of the Senior Notes. Interest expense related to contractual interest expense, amortization of debt issuance costs, and accretion of debt discount was \$6.0 million during the three months ended July 31, 2025 and 2024, and \$12.0 million during the six months ended July 31, 2025 and 2024.

In certain circumstances involving a change of control event, the Company will be required to make an offer to repurchase all or, at the holder's option, any part, of each holder's notes of that series at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

The indenture governing the Senior Notes (the "Indenture") contains covenants limiting the Company's ability and the ability of its subsidiaries to create liens on certain assets to secure debt; grant a subsidiary guarantee of certain debt without also providing a guarantee of the Senior Notes; declare dividends; and consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of its assets to, another person. These covenants are subject to a number of limitations and exceptions. Certain of these covenants will not apply during any period in which the notes are rated investment grade by Fitch Ratings, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's"), and Standard & Poor's Ratings Services ("S&P").

As of July 31, 2025, the Company was in compliance with all of its financial covenants under the Indenture associated with the Senior Notes.

Based on the trading prices of the Senior Notes, the fair value of the Senior Notes was approximately \$702.4 million and \$688.4 million as of July 31, 2025 and January 31, 2025, respectively. While the Senior Notes are recorded at cost, the fair value of the Senior Notes was determined based on quoted prices in markets that are not active; accordingly, the Senior Notes are categorized as Level 2 for purposes of the fair value measurement hierarchy.

## **6. Income Taxes**

The Company recognized income tax expense of \$6.0 million and \$10.9 million for the three months ended July 31, 2025 and July 31, 2024, respectively, and \$27.1 million and \$18.6 million for the six months ended July 31, 2025 and July 31, 2024, respectively. The tax expense for the three and six months ended July 31, 2025 and July 31, 2024 was primarily attributable to income taxes on earnings and withholding taxes related to customer payments in certain foreign jurisdictions in which the Company conducts business.

On July 4, 2025, tax reform legislation included in the One Big Beautiful Bill Act (the "OBBBA") was enacted in the United States. The OBBBA includes significant corporate tax reforms, including (i) the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years); (ii) the option to claim 100% accelerated depreciation deductions on qualified property; and (iii) international tax provisions modifying global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), and base erosion and anti-abuse tax (BEAT). The change in U.S. tax law resulted in an immaterial favorable effect on the income tax provision due to the Company's valuation allowance and has been accounted for in the second quarter of fiscal year 2026.

The Company's effective tax rates of (8.3)% and 18.9% for the three months ended July 31, 2025 and July 31, 2024, respectively, and (16.8)% and 16.7% for the six months ended July 31, 2025 and July 31, 2024, respectively, differ from the U.S. statutory tax rate primarily due to income taxes in foreign jurisdictions, withholding taxes related to customer payments in certain foreign jurisdictions in which the Company conducts business, and tax impacts from the enactment of the OBBBA, partially offset by valuation allowance in the U.S. and certain foreign jurisdictions where the Company does not benefit from losses and tax credits.

Total gross unrecognized tax benefits were \$132.3 million and \$117.5 million as of July 31, 2025 and January 31, 2025, respectively, which is primarily attributable to research and development credits. As of July 31, 2025 and January 31, 2025, approximately \$56.1 million and \$54.8 million, respectively, of unrecognized tax benefits, which, if recognized, would affect the Company's effective tax rate due to the full valuation allowance. The Company's policy is to classify interest and penalties related to unrecognized tax benefits as part of the income tax provision in the condensed consolidated statements of operations.

The Company had incurred \$5.3 million and \$3.0 million of interest and penalties related to unrecognized tax benefits as of July 31, 2025 and January 31, 2025.

In accordance with the guidance on the accounting for uncertainty in income taxes, for all U.S. and other tax jurisdictions, the Company recognizes potential liabilities for anticipated tax audit issues based on the Company's estimate of whether, and the extent to which, additional taxes and interest will be due. The Company files income tax returns in the U.S. federal, and various state jurisdictions, as well as various foreign jurisdictions. Tax years 2011 and onwards remain subject to examination by taxing authorities. If the Company's estimate of income tax liabilities proves to be less than the ultimate assessment, a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. The Company includes interest and penalties related to unrecognized tax benefits within the provision for income taxes in the condensed consolidated statements of operations. Accrued interest and penalties are included within other liabilities, noncurrent on the condensed consolidated balance sheets.

The Company maintains a full valuation allowance on U.S. federal and state and certain foreign deferred tax assets, including net operating loss carryforwards and tax credits, which the Company has determined are not realizable on a more-likely-than-not basis. The Company regularly evaluates the need for a valuation allowance.

## 7. Leases

### *Operating Leases*

The Company has entered into non-cancellable operating lease agreements with various expiration dates through fiscal 2038. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore are not factored into the determination of lease payments.

The maturities of the Company's non-cancelable operating lease liabilities are as follows (in thousands):

	<b>Total</b>
Fiscal 2026 (remaining six months)	\$ 6,630
Fiscal 2027	16,503
Fiscal 2028	15,849
Fiscal 2029	11,206
Fiscal 2030	9,219
Thereafter	16,465
Total operating lease payments	75,872
Less: imputed interest	(10,071)
Present value of operating lease liabilities	\$ 65,801

As of July 31, 2025, the Company has entered into non-cancelable operating leases with terms greater than 12 months that have not yet commenced with undiscounted future minimum payments of \$89.7 million, which are excluded from the table above. The operating leases are expected to commence between September 2025 and May 2026, with lease terms between 7.0 and 11.6 years.

## 8. Stock-Based Compensation

### *Stock Incentive Plan*

In May 2019, the Company's board of directors adopted, and the stockholders approved, the CrowdStrike Holdings, Inc. 2019 Equity Incentive Plan (the "2019 Plan") with the purpose of granting stock-based awards to employees, directors, officers, and consultants, including stock options, restricted stock awards, restricted stock units ("RSUs"), and performance-based restricted stock units ("PSUs"). A total of 8,750,000 shares of Class A common stock were initially available for issuance under the 2019 Plan. The Company's compensation committee administers the 2019 Plan. The number of shares of the Company's common stock available for issuance under the 2019 Plan is subject to an annual increase on the first day of each fiscal year beginning on February 1, 2020, equal to the lesser of: (i) two percent (2%) of outstanding shares of the Company's capital stock

as of the last day of the immediately preceding fiscal year or (ii) such other amount as the Company’s board of directors may determine.

The 2011 Plan was terminated on June 10, 2019, which was the business day prior to the effectiveness of the Company’s registration statement on Form S-1 used in connection with the Company’s IPO, and stock-based awards are no longer granted under the 2011 Plan. Any shares underlying stock options that expire, terminate, or are forfeited or repurchased under the 2011 Plan will be automatically transferred to the 2019 Plan.

**Stock Options**

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model.

There were no stock options granted during the six months ended July 31, 2025. Stock options granted during the six months ended July 31, 2024 were immaterial.

The following table is a summary of stock option activity for the six months ended July 31, 2025:

	Number of Shares (in thousands)	Weighted-Average Exercise Price Per Share
<b>Options outstanding at January 31, 2025</b>	1,251	\$ 10.23
Exercised	(265)	\$ 8.89
Canceled	(2)	\$ 20.59
<b>Options outstanding at July 31, 2025</b>	984	\$ 10.56
<b>Options vested and expected to vest at July 31, 2025</b>	984	\$ 10.56
<b>Options exercisable at July 31, 2025</b>	963	\$ 10.33

There were no options that were unvested and exercisable as of July 31, 2025.

The aggregate intrinsic value of options vested and exercisable was \$427.8 million and \$472.3 million as of July 31, 2025 and January 31, 2025, respectively. The weighted-average remaining contractual term of options vested and exercisable was 3.1 years and 3.5 years as of July 31, 2025 and January 31, 2025, respectively.

The weighted-average grant date fair values of all options granted was none and \$325.22 per share during the six months ended July 31, 2025 and July 31, 2024, respectively. The total intrinsic value of all options exercised was \$91.3 million and \$75.2 million during the three months ended July 31, 2025 and July 31, 2024, respectively, and \$118.0 million and \$103.7 million during the six months ended July 31, 2025 and July 31, 2024, respectively.

The aggregate intrinsic value of stock options outstanding as of July 31, 2025 and January 31, 2025 was \$436.9 million and \$485.3 million, respectively, which represents the excess of the fair value of the Company’s common stock over the exercise price of the options multiplied by the number of options outstanding. The weighted-average remaining contractual term of stock options outstanding was 3.2 years and 3.6 years as of July 31, 2025 and January 31, 2025, respectively.

Total unrecognized stock-based compensation expense related to unvested options was \$4.9 million as of July 31, 2025. This expense is expected to be amortized over a weighted-average vesting period of 1.5 years.

**Restricted Stock Units**

RSUs granted under the 2019 Plan are generally subject to only a service-based vesting condition. The service-based vesting condition is generally satisfied based on one of the following vesting schedules: (i) vesting of one-fourth of the RSUs on the first “Company vest date” (defined as March 20, June 20, September 20, or December 20) on or following the one-year anniversary of the vesting commencement date with the remainder of the RSUs vesting in twelve equal quarterly installments thereafter, subject to continued service, (ii) vesting in sixteen equal quarterly installments, subject to continued service, or (iii) vesting in sixteen quarterly installments with 10% in the first year, 15% in the second year, 25% in the third year and 50% in the fourth year, subject to continued service. The valuation of these RSUs is based solely on the fair value of the Company’s stock on the date of grant.

Total unrecognized stock-based compensation expense related to unvested RSUs was \$1.9 billion as of July 31, 2025. This expense is expected to be amortized over a weighted-average vesting period of 2.4 years.

***Performance-based Stock Units***

PSUs granted under the 2019 Plan are generally subject to both a service-based vesting condition and a performance-based vesting condition. PSUs will vest upon the achievement of specified performance targets and subject to continued service through the applicable vesting dates. The stock-based compensation expense relating to PSUs is recognized using the accelerated attribution method over the requisite service period when it is probable that the performance condition will be satisfied.

Total unrecognized stock-based compensation expense related to unvested PSUs was \$195.9 million as of July 31, 2025, which reflects the Company's updated assessment of the likelihood of satisfying the performance conditions. This expense is expected to be amortized over a weighted-average vesting period of 1.3 years.

***Special PSU Awards***

In fiscal 2022 the Company's board of directors granted 655,000 performance stock units (the "Special PSU Awards") to certain executives under the 2019 Plan. The Special PSU Awards vest upon the satisfaction of the Company's achievement of specified stock price hurdles, which are based on the average of the closing stock price per share of the Company's Class A common stock during any 45 consecutive trading day period during the applicable performance period, and a service-based vesting condition. The service condition applicable to each tranche of the Special PSU Awards will be satisfied in installments as follows, subject to continued employment with the Company through each applicable vesting date: (i) 50% of the Special PSU Awards underlying the applicable tranche will service vest on the first anniversary of the vesting commencement date applicable to such tranche of the Special PSU Awards (i.e., February 1, 2022, February 1, 2023, February 1, 2024 and February 1, 2025) and (ii) the remaining PSUs with respect to such tranche will thereafter service vest in four equal quarterly installments of 12.5%.

The Company measured the fair value of the Special PSU Awards on the grant date using a Monte Carlo simulation valuation model. The risk-free interest rates used were 0.85% -1.51%, which were based on the zero-coupon-risk-free interest rate derived from the Treasury Constant Maturities yield curve for the expected term of the award on the grant date. The expected volatility was a blended volatility rate of 54.89% - 55.36%, which includes 50% weight on the Company's historical volatility calculated from daily stock returns over a 2.21- 2.58 year look-back from the grant date and 50% weight based on the Company's implied volatility as of the grant date.

Total unrecognized stock-based compensation expense related to the unvested portion of the Special PSU Awards was \$6.0 million as of July 31, 2025. This expense is expected to be amortized over a weighted-average vesting period of 0.7 years.

The following table is a summary of RSUs, PSUs and the Special PSU Awards activities for the six months ended July 31, 2025:

	Number of Shares (in thousands)	Weighted- Average Grant Date Fair Value Per Share
<b>RSUs and PSUs outstanding at January 31, 2025</b>	11,024	\$ 227.55
Granted	1,379	\$ 398.86
Released	(2,402)	\$ 220.77
Performance adjustment <sup>(1)</sup>	(55)	\$ 332.48
Forfeited	(571)	\$ 243.28
<b>RSUs and PSUs outstanding at July 31, 2025</b>	<u>9,375</u>	\$ 253.14
<b>RSUs and PSUs expected to vest at July 31, 2025 <sup>(2)</sup></b>	<u>8,918</u>	\$ 249.89

(1) The performance adjustment represents adjustments in shares outstanding due to the actual achievement of performance-based awards, the achievement of which was based upon pre-defined financial performance targets.

(2) Excludes in progress PSUs and Special PSUs where pre-defined targets have not yet been achieved.

### ***Employee Stock Purchase Plan***

In May 2019, the board of directors adopted, and the stockholders approved the CrowdStrike Holdings, Inc. 2019 Employee Stock Purchase Plan (“ESPP”), which became effective on June 10, 2019, which was the business day prior to the effectiveness of the Company’s registration statement on Form S-1 used in connection with the Company’s IPO. A total of 3,500,000 shares of Class A common stock were initially reserved for issuance under the ESPP. The Company’s compensation committee administers the ESPP. The number of shares of common stock available for issuance under the ESPP is subject to an annual increase on the first day of each fiscal year beginning on February 1, 2020, equal to the lesser of: (i) one percent (1%) of the outstanding shares of the Company’s capital stock as of the last day of the immediately preceding fiscal year or (ii) such other amount as its board of directors may determine. In May 2021, the Company’s compensation committee adopted an amendment and restatement of the ESPP, which was approved by the Company’s stockholders in June 2021. The amended and restated ESPP clarified the original intent that the annual increase will in no event exceed 5,000,000 shares of the Company’s Class A common stock in any year.

The ESPP provides for consecutive offering periods that will typically have a duration of approximately 24 months in length and are comprised of four purchase periods of approximately six months in length. The offering periods are scheduled to start on the first trading day on or after June 11 and December 11 of each year. The first offering period commenced on June 11, 2019 and ended on June 10, 2021.

The ESPP provides eligible employees with an opportunity to purchase shares of the Company’s Class A common stock through payroll deductions of up to 15% of their eligible compensation. A participant may purchase a maximum of 2,500 shares of common stock during a purchase period. Amounts deducted and accumulated by the participant are used to purchase shares of common stock at the end of each six-month purchase period. The purchase price of the shares is 85% of the lower of the fair market value of the Class A common stock on (i) the first trading day of the applicable offering period and (ii) the last trading day of each purchase period in the related offering period. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of common stock. Participation ends automatically upon termination of employment. The ESPP allows for up to one increase in contribution during each purchase period. If an employee elects to increase his or her contribution, the Company treats this as an accounting modification. The ESPP also offers a two-year look-back feature, as well as a rollover feature that provides for an offering period to be rolled over to a new lower-priced offering if the offering price of the new offering period is less than that of the current offering period. Contribution modifications during the three and six months ended July 31, 2025 were \$3.1 million, which will be recognized over the remaining offering periods.

Employee payroll contributions ultimately used to purchase shares are reclassified to stockholders’ equity on the purchase date. ESPP employee payroll contributions accrued as of July 31, 2025 and January 31, 2025 totaled \$21.0 million and \$33.2 million, respectively, and are included within accrued payroll and benefits in the condensed consolidated balance sheets.

The following table summarizes the assumptions used in the Black-Scholes option-pricing model to determine the fair value of employee stock purchase rights granted under the Company’s ESPP:

	<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>
Expected term (in years)	0.5 – 2.0	0.5 – 2.0
Risk-free interest rate	3.9% – 5.3%	3.4% – 5.3%
Expected stock price volatility	44.5% – 59.8%	40.8% – 59.8%
Dividend yield	— %	— %

### Stock-Based Compensation Expense

Stock-based compensation expense included in the condensed consolidated statements of operations is as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Subscription cost of revenue	\$ 24,828	\$ 16,732	\$ 48,919	\$ 30,648
Professional services cost of revenue	10,438	7,344	20,072	13,617
Sales and marketing	72,234	57,405	137,419	109,663
Research and development	115,794	75,851	223,086	142,593
General and administrative	63,859	43,545	111,261	87,481
Total stock-based compensation expense	\$ 287,153	\$ 200,877	\$ 540,757	\$ 384,002

### 9. Revenue, Deferred Revenue and Remaining Performance Obligations

The following table summarizes revenue by region based on the shipping address of customers who have contracted to use the Company's platform or service (in thousands, except percentages):

	Three Months Ended July 31,				Six Months Ended July 31,			
	2025		2024		2025		2024	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
United States	\$ 784,675	67 %	\$ 655,001	68 %	\$ 1,526,527	67 %	\$ 1,285,027	68 %
Europe, Middle East, and Africa	188,423	16 %	148,851	15 %	364,865	16 %	290,463	15 %
Asia Pacific	117,538	10 %	98,274	10 %	230,365	10 %	191,736	10 %
Other	78,316	7 %	61,746	7 %	150,629	7 %	117,682	7 %
Total revenue	\$ 1,168,952	100 %	\$ 963,872	100 %	\$ 2,272,386	100 %	\$ 1,884,908	100 %

No single country other than the United States represented 10% or more of the Company's total revenue during the three and six months ended July 31, 2025 and July 31, 2024.

### Contract Balances

Contract liabilities consist of deferred revenue and include payments received in advance of performance under the contract. Such amounts are recognized as revenue over the contractual period. The Company recognized revenue of \$1,009.8 million and \$843.4 million for the three months ended July 31, 2025 and July 31, 2024, respectively, and \$1,722.1 million and \$1,456.5 million for the six months ended July 31, 2025 and July 31, 2024, respectively, which was included in the corresponding contract liability balance at the beginning of the period.

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Payment terms on invoiced amounts are typically 30 – 60 days. Contract assets include amounts related to the contractual right to consideration for both completed and partially completed performance obligations that may not have been invoiced.

Changes in deferred revenue were as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Beginning balance	\$ 3,771,395	\$ 3,069,379	\$ 3,728,677	\$ 3,054,099
Additions to deferred revenue	1,232,414	987,690	2,378,566	1,924,006
Recognition of deferred revenue	(1,168,952)	(963,872)	(2,272,386)	(1,884,908)
Ending balance	\$ 3,834,857	\$ 3,093,197	\$ 3,834,857	\$ 3,093,197

### ***Remaining Performance Obligations***

The Company's subscription contracts with its customers have a typical term of one to three years and most subscription contracts are non-cancellable. Customers generally have the right to terminate their contracts for cause as a result of the Company's failure to perform. As of July 31, 2025, the aggregate amount of the transaction price allocated to remaining performance obligations was \$7.2 billion. The Company expects to recognize approximately 52% of the remaining performance obligations in the 12 months following July 31, 2025, and 43% of the remaining performance obligations between 13 to 36 months, with the remainder to be recognized thereafter.

### ***Costs to Obtain and Fulfill a Contract***

The Company capitalizes referral fees paid to partners and sales commissions and associated payroll taxes paid to internal sales personnel, contractors or sales agents that are incremental to the acquisition of channel partner and direct customer contracts and would not have occurred absent the customer contract. These costs are recorded as deferred contract acquisition costs, current and deferred contract acquisition costs, noncurrent on the condensed consolidated balance sheets.

Sales commissions for renewal of a contract are not considered commensurate with the commissions paid for the acquisition of the initial contract or follow-on upsell given the substantive difference in commission rates in proportion to their respective contract values. Commissions, including referral fees paid to referral partners, earned upon the initial acquisition of a contract or subsequent upsell are amortized over an estimated period of benefit of four years, while commissions earned for renewal contracts are amortized over the contractual term of the renewals. Sales commissions associated with professional service contracts are amortized ratably over an estimated period of benefit of five months. Commissions are included in sales and marketing expense in the condensed consolidated statements of operations. In determining the period of benefit for commissions paid for the acquisition of the initial contract, the Company took into consideration the expected subscription term and expected renewals of customer contracts, the historical duration of relationships with customers, customer retention data, and the life of the developed technology. The Company periodically reviews the carrying amount of deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred costs. The Company did not recognize any material impairment losses of deferred contract acquisition costs during the three and six months ended July 31, 2025 or July 31, 2024.

The following table summarizes the activity of deferred contract acquisition costs (in thousands):

	<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 847,850	\$ 574,655	\$ 847,950	\$ 582,303
Capitalization of contract acquisition costs	148,819	91,853	251,622	158,333
Amortization of deferred contract acquisition costs	(107,038)	(73,723)	(209,941)	(147,851)
Ending balance	\$ 889,631	\$ 592,785	\$ 889,631	\$ 592,785
Deferred contract acquisition costs, current	\$ 372,543	\$ 251,246	\$ 372,543	\$ 251,246
Deferred contract acquisition costs, noncurrent	517,088	341,539	517,088	341,539
Total deferred contract acquisition costs	\$ 889,631	\$ 592,785	\$ 889,631	\$ 592,785

## ***10. Commitments and Contingencies***

### ***July 19 Incident***

On July 19, 2024, the Company released a content configuration update for its Falcon sensor that resulted in system crashes for certain Windows systems (the "July 19 Incident"). The Company is subject to a number of legal proceedings in connection with the July 19 Incident, including:

- On July 30, 2024, a putative class action lawsuit was filed against the Company and certain of the Company's officers in federal court in the Western District of Texas alleging violations of federal securities laws, including that the defendants made false or misleading statements. The complainants seek certification of a class of all persons who purchased or otherwise acquired the Company's securities during specified periods of time and are

seeking unspecified monetary damages, costs and attorneys' fees. On January 21, 2025, an amended complaint was filed. On April 7, 2025, the defendants filed a motion to dismiss.

- On August 5, 2024, a putative class action was filed against CrowdStrike, Inc. in the Western District of Texas in relation to passenger airline flight disruptions allegedly caused by the July 19 Incident. On August 19, 2024, a second putative class action was filed against the Company and CrowdStrike, Inc. in the Western District of Texas, making similar allegations in relation to passenger airline flight disruptions. On November 6, 2024, these two lawsuits were consolidated, and interim class counsel was appointed. On December 6, 2024, a consolidated class action complaint was filed, which, among other things, asserts causes of action for negligence and public nuisance, and seeks certification of a nationwide class, as well as several state sub-classes of citizens of California, Ohio, Pennsylvania, Iowa, and Nevada. The putative classes are comprised of individuals who allegedly had a flight delayed or canceled as a result of the July 19 Incident. The consolidated complaint seeks unspecified monetary damages, certain injunctive relief, costs, and attorneys' fees. On February 4, 2025, the Company and CrowdStrike, Inc. filed a motion to dismiss the consolidated complaint. On June 18, 2025, the district court granted the Company and CrowdStrike, Inc.'s motion to dismiss the consolidated complaint and entered a final judgment. On June 25, 2025, the plaintiffs filed a notice of appeal to the United States Court of Appeals for the Fifth Circuit.
- On September 4, September 11, and September 20, 2024, three derivative lawsuits were filed against certain of the Company's officers and directors, and against the Company as nominal defendant, in federal court in the Western District of Texas alleging various claims, including breach of fiduciary duty, unjust enrichment, and violations of federal securities laws, including that the defendants made false or misleading statements in violation of Sections 10(b) and 14(a) of the Exchange Act and SEC Rules 10b-5 and 14a-9. One of the lawsuits also brings a claim against certain of the defendants for contribution under Sections 10(b) and 21D of the Exchange Act. The complainants seek monetary and non-monetary relief purportedly on behalf of the Company. On November 21, 2024, all three cases were consolidated and stayed pending resolution of the putative securities class action described above. On April 9, 2025, another derivative lawsuit was filed against certain of the Company's officers and directors, and against the Company as nominal defendant, in federal court in the District of Delaware, asserting similar claims and seeking similar relief as the previously filed derivative lawsuits. On May 22, 2025, this lawsuit was voluntarily dismissed without prejudice. On April 10, 2025, two additional derivative lawsuits were filed against certain of the Company's officers and directors, and against the Company as nominal defendant, in federal court in the Western District of Texas, asserting similar claims and seeking similar relief as the previously filed derivative lawsuits. On May 23, 2025, these lawsuits were consolidated with each other and stayed pending a response by the Company's board of directors to a litigation demand submitted by one of the plaintiffs and a proposed order governing next steps. On July 18, 2025, these consolidated lawsuits were stayed pending resolution of the putative securities class action described above. On July 3 and July 17, 2025, two additional derivative lawsuits were filed against certain of the Company's officers and directors, and against the Company as a nominal defendant, in the Delaware Court of Chancery, asserting similar claims and seeking similar relief as the previously filed derivative lawsuits. On August 18, 2025, these two lawsuits were consolidated and stayed pending resolution of the putative securities class action described above.
- On October 25, 2024, Delta Airlines, Inc. ("Delta") filed a complaint against CrowdStrike, Inc. in the Superior Court for Fulton County, Georgia, alleging, among other things, computer trespass, trespass to personalty, breach of contract, intentional misrepresentation/fraud by omission, strict-liability product defect, gross negligence, and deceptive and unfair business practices. Delta is seeking unspecified monetary damages, attorneys' fees and unspecified punitive damages. The matter has been transferred to the Metro Atlanta Business Case Division. On December 16, 2024, CrowdStrike, Inc. filed a motion to dismiss. On May 16, 2025, CrowdStrike, Inc.'s motion to dismiss was granted in part and denied in part.

The Company has received requests for information from the U.S. Department of Justice and the U.S. Securities and Exchange Commission relating to the Company's recognition of revenue and reporting of ARR for transactions with certain customers, the July 19 Incident and related matters. The Company is cooperating and providing information in response to these requests.

Additionally, some customers and third parties have asserted claims against the Company. The Company has also received inquiries from other governmental authorities and third parties related to the July 19 Incident. The Company is cooperating and providing information in connection with these inquiries.

For any claims and legal proceedings for which the Company believes a liability is both probable and reasonably estimable, the Company records a liability in the period for which it makes this determination. For claims and legal proceedings where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established. While the Company believes it is reasonably possible that it could incur losses associated with the claims, proceedings and inquiries described above, it is not possible to estimate the amount of any loss or range of possible loss that might result from adverse judgments, settlements, penalties or other resolutions of these claims, proceedings and inquiries based on their current stage, and the lack of resolution on significant factual and legal issues. Because the final outcome of any of these matters cannot be predicted with certainty, unfavorable or unexpected developments or outcomes could result in a material impact to the Company's results of operations.

The Company expects to incur significant legal and professional services and other expenses associated with the July 19 Incident and related matters in future periods. These expenses will be recognized as incurred. Certain costs may be recoverable under the Company's insurance policies in effect at the date of the July 19 Incident. Any amounts recoverable under such policies will be reflected in future periods in which recovery is considered probable.

Amounts accrued and expenses incurred, net of insurance receivable recorded, associated with the July 19 Incident and related matters during the six months ended July 31, 2025 were as follows (in thousands):

	<b>Amounts</b>
Balance at January 31, 2025	\$ 21,145
Expenses incurred, net of insurance receivable recorded <sup>(1)</sup>	75,383
Payments made/ cash received	(45,917)
Balance at July 31, 2025	<u>\$ 50,611</u>

- (1) These expenses were included in the Company's condensed consolidated statements of operations as sales and marketing expenses, research and development expenses, and general and administrative expenses. Accruals were recorded in accrued expenses in the Company's condensed consolidated balance sheets. Insurance receivable was recorded in prepaid expenses and other current assets in the Company's condensed consolidated balance sheets.

In addition to customer commitment packages, the Company has made an immaterial amount of settlement offers to certain customers in response to the July 19 Incident. These amounts are, or will be, entirely offset by recoveries under the Company's insurance policies. Accordingly, there is no impact on the Company's condensed consolidated statement of operations during the three and six months ended July 31, 2025. The customer payables and insurance receivables were recorded as accrued expenses and as prepaid expenses and other current assets in the Company's condensed consolidated balance sheet as of July 31, 2025, respectively.

#### ***Other Legal Proceedings***

The Company is involved in various other legal proceedings and subject to claims that arise in the ordinary course of business. For any claims for which the Company believes a liability is both probable and reasonably estimable, the Company records a liability in the period for which it makes this determination. Other than as discussed above, there is no pending or threatened legal proceeding to which the Company is a party that, in the Company's opinion, is reasonably possible to have a material effect on its condensed consolidated financial statements; however, the results of litigation and claims are inherently unpredictable. Regardless of the outcome, litigation can have an adverse impact on the Company's business because of defense and settlement costs, diversion of management resources, and other factors. In addition, the costs of litigation and the timing of these costs from period to period are difficult to estimate, subject to change and could adversely affect the Company's condensed consolidated financial statements.

### ***Purchase Obligations***

In the normal course of business, the Company enters into non-cancellable purchase commitments with various parties to purchase products and services such as data center capacity, advertising, technology, equipment, office renovations, corporate events, and consulting services. A summary of non-cancellable purchase obligations in excess of one year as of July 31, 2025, with expected date of payment is as follows (in thousands):

	<b>Total Commitments</b>
Fiscal 2026 (remaining six months)	\$ 225,134
Fiscal 2027	562,472
Fiscal 2028	578,094
Fiscal 2029	578,386
Fiscal 2030	452,124
Thereafter	159,526
Total purchase commitments	<u>\$ 2,555,736</u>

### ***Unfunded Loan Commitments***

The Company provides financing arrangements for certain qualified end-users to purchase its products and services. When the Company enters into these financing arrangements with the end-users, the funds provided by the Company for the sales transactions do not always occur immediately upon signing, depending on the terms of the arrangements. The Company estimates an allowance for credit losses on these off-balance sheet credit exposures at each reporting period on the contractual period over which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. As of July 31, 2025, the Company had non-cancellable unfunded commitments totaling approximately \$40.6 million.

### ***Warranties and Indemnification***

The Company's cloud computing services are typically warranted to perform in a manner consistent with general industry standards that are reasonably applicable and materially in accordance with the Company's online help documentation under normal use and circumstances. In addition, for its Falcon Complete customers, the Company offers a limited warranty, subject to certain conditions, to cover certain costs incurred by the customer in case of a cybersecurity breach. The Company has entered into an insurance policy to reduce its potential liability arising from such limited warranty arrangements. The Company's customer arrangements generally include certain provisions for indemnifying customers against losses suffered or incurred as a result of third-party claims that the Company's products or services infringe a third party's intellectual property rights. From time to time, the Company has also agreed to certain other indemnifications and warranties. The Company has not incurred any material costs because of such obligations and has not accrued any liabilities related to such obligations in the condensed consolidated financial statements as of July 31, 2025 or January 31, 2025.

The Company has also agreed to indemnify its directors and certain executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that would generally enable the Company to recover a portion of any future amounts paid. The Company may also be subject to indemnification obligations by law with respect to the actions of its employees under certain circumstances and in certain jurisdictions. No liabilities have been accrued associated with this indemnification provision as of July 31, 2025 or January 31, 2025.

## 11. Acquisitions

### *Adaptive Shield*

On November 20, 2024, the Company acquired 100% of the equity interest of A.S. Adaptive Shield Ltd. (“Adaptive Shield”), a SaaS-based cybersecurity company that offers customers comprehensive SaaS security posture management solutions.

The acquisition has been accounted for as a business combination. The total consideration transferred consisted of \$213.7 million in cash, net of \$13.7 million of cash acquired, and \$0.7 million representing the fair value of replacement equity awards attributable to pre-acquisition service. The remaining fair value of these replacement awards attributed to post-combination service was excluded from the purchase price. The purchase price was allocated on a preliminary basis, subject to working capital adjustment and continuing management analysis, to identifiable intangible assets, which include developed technology and customer relationships of \$31.1 million, net tangible liabilities acquired of \$7.7 million, and goodwill of \$191.0 million, which was allocated to the Company’s one reporting unit and represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired. The goodwill was primarily attributable to the assembled workforce of Adaptive Shield, planned growth in new markets, and synergies expected to be achieved from the integration of Adaptive Shield. Goodwill is not deductible for income tax purposes.

Per the terms of the share purchase agreement with Adaptive Shield, certain unvested stock options held by Adaptive Shield employees were canceled and exchanged for replacement stock options under the 2019 Plan. Additionally, certain shares of Adaptive Shield stock held by Adaptive Shield employees were exchanged for the right to receive shares of the Company’s common stock, subject to service-based vesting and other conditions. Further, the Company granted RSUs and PSUs under the 2019 Plan to certain continuing employees. The awards that are subject to continued service are recognized ratably as stock-based compensation cost over the requisite service period. The awards that are subject to both continued service and specified performance targets are recognized over the requisite service period when it is probable that the performance condition will be satisfied.

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (dollars in thousands):

	<b>Fair Value</b>	<b>Useful Life</b>
		(in months)
Developed technology	\$ 23,600	72
Customer relationships	7,500	72
<b>Total intangible assets acquired</b>	<b>\$ 31,100</b>	

Acquisition costs incurred during the six months ended July 31, 2025 were immaterial.

The results of operations for the acquisition have been included in the Company’s condensed consolidated financial statements from the date of acquisition. The acquisition of Adaptive Shield did not have a material impact on the Company’s condensed consolidated financial statements, and therefore historical and pro forma disclosures have not been presented.

### *Flow Security*

On March 26, 2024, the Company acquired 100% of the equity interest of Flow Security Ltd. (“Flow Security”), a leading provider of data security solutions.

The acquisition has been accounted for as a business combination. The total consideration transferred consisted of \$96.4 million in cash, net of \$0.8 million of cash acquired, and \$0.5 million representing the fair value of replacement equity awards attributable to pre-acquisition service. The remaining fair value of these replacement awards attributed to post-combination service was excluded from the purchase price. The purchase price was allocated to developed technology of \$13.5 million with a useful life of 72 months, net tangible liabilities acquired of \$0.6 million, and goodwill of \$84.0 million, which was allocated to the Company’s one reporting unit and represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired. The goodwill was primarily attributable to the assembled workforce of Flow Security, planned growth in new markets, and synergies expected to be achieved from the integration of Flow Security. Goodwill is not deductible for income tax purposes.

Per the terms of the share purchase agreement with Flow Security, certain unvested stock options held by Flow Security employees were canceled and exchanged for replacement stock options under the 2019 Plan. Additionally, certain shares of Flow Security stock held by Flow Security employees were exchanged for the right to receive shares of the Company’s common stock, subject to service-based vesting and other conditions. Further, the Company granted RSUs and PSUs under the 2019 Plan to certain continuing employees. The awards that are subject to continued service are recognized ratably as stock-based compensation cost over the requisite service period. The awards that are subject to both continued service and specified performance targets are recognized over the requisite service period when it is probable that the performance condition will be satisfied.

The results of operations for the acquisition have been included in the Company’s condensed consolidated financial statements from the date of acquisition. The acquisition of Flow Security did not have a material impact on the Company’s condensed consolidated financial statements, and therefore historical and pro forma disclosures have not been presented.

**12. Net Income (Loss) Per Share Attributable to Common Stockholders**

Basic and diluted net income (loss) per share attributable to CrowdStrike’s common stockholders is computed in conformity with the two-class method required for participating securities. Basic net income (loss) per share attributable to CrowdStrike common stockholders is computed by dividing the net income (loss) attributable to CrowdStrike by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share attributable to CrowdStrike common stockholders is calculated by dividing net income by the combination of the weighted-average number of common shares outstanding and the effect of the weighted-average number of dilutive common share equivalents during the period. The dilutive potential shares of common stock are comprised of outstanding stock options, RSUs, PSUs, Special PSUs, ESPP obligations, and founder holdbacks, and are computed using the treasury stock method. The effects of the outstanding stock options, RSUs, PSUs, Special PSUs, ESPP obligations, and founder holdbacks are excluded from the computation of the diluted net income per share in periods in which the effect would be anti-dilutive. Diluted net loss per share is the same as basic net loss per share for the three and six months ended July 31, 2025 because the effects of potentially dilutive items were antidilutive given the Company’s net loss position during the three and six months ended July 31, 2025.

The rights of the holders of Class A and Class B common stock are identical, except with the respect to voting and conversion rights. As such, the undistributed earnings are allocated equally to each share of common stock without class distinction and the resulting basic and diluted net income (loss) per share attributable to CrowdStrike common stockholders are the same for shares of Class A and Class B common stock. On December 11, 2024, all of the Company’s outstanding shares of Class B common stock were automatically converted into an equal number of shares of Class A common stock pursuant to the provisions of the Amended and Restated Certificate of Incorporation.

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to CrowdStrike common stockholders (in thousands, except per share data):

	<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Numerator:</b>				
Net income (loss) attributable to CrowdStrike	\$ (77,675)	\$ 47,013	\$ (187,882)	\$ 89,833
<b>Denominator:</b>				
Weighted-average shares used in computing net income (loss) per share attributable to CrowdStrike common stockholders, basic	249,909	244,091	249,182	243,249
Dilutive effect of common stock equivalents	—	7,174	—	7,475
Weighted-average shares used in computing net income (loss) per share attributable to CrowdStrike common stockholders, dilutive	249,909	251,265	249,182	250,724
Net income (loss) per share attributable to CrowdStrike common stockholders, basic	<u>\$ (0.31)</u>	<u>\$ 0.19</u>	<u>\$ (0.75)</u>	<u>\$ 0.37</u>
Net income (loss) per share attributable to CrowdStrike common stockholders, diluted	<u>\$ (0.31)</u>	<u>\$ 0.19</u>	<u>\$ (0.75)</u>	<u>\$ 0.36</u>

The potential shares of common stock that were excluded from the computation of diluted net income (loss) per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
RSUs and PSUs subject to future vesting	8,918	117	8,918	117
Shares of common stock issuable from stock options	963	—	963	—
Share purchase rights under the Employee Stock Purchase Plan	556	1	556	1
Potential common shares excluded from diluted net income (loss) per share	10,437	118	10,437	118

The above table excludes founder holdbacks related to business combinations where a variable number of shares will be issued upon vesting to settle a fixed monetary amount of \$12.3 million, contingent upon continued employment with the Company. The share price will be determined based on the Company's average stock price or the volume weighted average stock price five days prior to each vesting date. During the three and six months ended July 31, 2025, 13,004 shares were issued to settle founder holdbacks at a weighted average price of \$471.87 per share.

As of July 31, 2025, the above table also excludes 456,843 outstanding shares of in progress PSUs and Special PSUs where pre-defined targets have not yet been achieved.

### 13. Segment Information

CrowdStrike's Chief Operating Decision Maker ("CODM"), the Chief Executive Officer, manages the Company's business activities as a single operating and reportable segment at the consolidated level. Accordingly, the CODM uses consolidated net income (loss) to measure segment profit or loss, evaluate financial performance, and allocate resources. Consolidated net income (loss) is evaluated on a monthly basis by comparing actual results against budgeted or forecasted net income (loss), facilitating the analysis of the Company's financial trends.

Significant expenses within net income (loss) include cost of revenue for subscription and professional services, sales and marketing expenses, research and development expenses, and general and administrative expenses. Other segment items within net income (loss) include interest expense, interest income, other income (expense), net, and provision for income taxes, which are each separately disclosed and presented in the condensed consolidated statements of operations.

The Company's property and equipment, net and operating lease right-of-use assets are summarized by geographic area as follows (in thousands):

	July 31, 2025	January 31, 2025
United States	\$ 773,121	\$ 688,766
Germany	97,694	88,443
Other countries	61,824	54,194
Total property and equipment, net and operating lease right-of-use assets	\$ 932,639	\$ 831,403

See Note 9 for additional information about the Company's revenue by geographic region.

**14. Strategic Plan**

On May 6, 2025, the Company announced a strategic plan (the “Plan”) to evolve its operations to yield greater efficiencies as the Company continues to scale its business with focus and discipline to meet its goals. The Plan resulted in a reduction of roles representing approximately 500 positions, or 5%, of the Company’s global workforce.

The actions associated with the Plan were substantially completed as of July 31, 2025. For the three months ended July 31, 2025, the Company recorded charges related to the Plan of \$38.4 million, which consisted of \$20.1 million related to severance payments and employee benefits, \$17.9 million related to stock-based compensation expense, and \$0.4 million for non-employee costs. For the six months ended July 31, 2025, the Company recorded charges related to the Plan of \$45.0 million, which consisted of \$20.1 million related to severance payments and employee benefits, \$17.9 million related to stock-based compensation expense, and \$7.0 million for non-employee costs.

Charges related to the Plan included in the condensed consolidated statement of operations are as follows (in thousands):

	<b>Three Months Ended July 31, 2025</b>	<b>Six Months Ended July 31, 2025</b>
Subscription cost of revenue	\$ 3,563	\$ 3,563
Professional services cost of revenue	3,345	3,345
Sales and marketing	8,723	8,723
Research and development	16,696	16,696
General and administrative	6,057	12,678
Total	<u>\$ 38,384</u>	<u>\$ 45,005</u>

The following table summarizes the activities related to the Plan for the three and six months ended July 31, 2025 (in thousands):

	<b>Three Months Ended July 31, 2025</b>			<b>Six Months Ended July 31, 2025</b>		
	<b>Severance and Related Costs</b>	<b>Non-Employee Costs</b>	<b>Total</b>	<b>Severance and Related Costs</b>	<b>Non-Employee Costs</b>	<b>Total</b>
Liability, beginning of the period	\$ —	\$ 3,382	\$ 3,382	\$ —	\$ —	\$ —
Charges	37,983	401	38,384	37,983	7,022	45,005
Payments	(17,989)	(3,737)	(21,726)	(17,989)	(6,976)	(24,965)
Non-cash items	(17,901)	—	(17,901)	(17,901)	—	(17,901)
Liability, end of the period	<u>\$ 2,093</u>	<u>\$ 46</u>	<u>\$ 2,139</u>	<u>\$ 2,093</u>	<u>\$ 46</u>	<u>\$ 2,139</u>

As of July 31, 2025, the liability associated with the Plan is included in accrued payroll and benefits and accounts payable on the condensed consolidated balance sheet.

**15. Subsequent Events**

On August 25, 2025, the Company entered into an Agreement and Plan of Merger to acquire Onum Technology Inc., a privately held company. The total purchase price for the transaction will be approximately \$290.0 million, subject to customary closing adjustments. The acquisition is expected to close in the third quarter of fiscal 2026.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended January 31, 2025, filed with the SEC. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties as described under the heading Special Note Regarding Forward-Looking Statements following the Table of Contents of this Quarterly Report on Form 10-Q. You should review the disclosure under Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### Overview

Founded in 2011, we reinvented cybersecurity for the cloud era and transformed the way cybersecurity is delivered and experienced by customers. When we started CrowdStrike, cyberattackers had an asymmetric advantage over legacy cybersecurity products that could not keep pace with the rapid changes in adversary tactics. We took a fundamentally different approach to solve this problem with the AI-native CrowdStrike Falcon platform – the first, true cloud-native unified platform built with artificial intelligence ("AI") at the core, capable of harnessing vast amounts of security and enterprise data to deliver highly modular solutions through a single lightweight agent.

We believe our approach has defined a new category called the Security Cloud, which has transformed the cybersecurity industry the same way the cloud has transformed the customer relationship management, human resources, and service management industries. Using cloud-scale AI, our Security Cloud enriches and correlates trillions of cybersecurity events per week with indicators of attack, threat intelligence, and enterprise data (including data from across endpoints, workloads, identities, DevOps, IT assets, and configurations) to create actionable data, identify shifts in adversary tactics, and automatically prevent threats in real-time across our customer base. The more data that is fed into our Falcon platform, the more intelligent our Security Cloud becomes, and the more our customers benefit, creating a powerful network effect that increases the overall value we provide.

### Our Go-To-Market Strategy

We sell subscriptions to our Falcon platform and cloud modules to organizations across multiple industries. We primarily sell subscriptions to our Falcon platform and cloud modules through our direct sales team that leverages our network of channel partners. Our direct sales team is comprised of field sales and inside sales professionals who are segmented by a customer's number of endpoints.

We have a low friction land-and-expand sales strategy. When customers deploy our Falcon platform, they can start with any number of cloud modules and easily add additional cloud modules. Once customers experience the benefits of our Falcon platform, they often expand their adoption over time by adding more endpoints or purchasing additional modules. We also use our sales team to identify current customers who may be interested in free trials of additional cloud modules, which serves as a powerful driver of our land-and-expand model. By segmenting our sales teams, we can deploy a low-touch sales model that efficiently identifies prospective customers.

We began as a solution for large enterprises, but the flexibility and scalability of our Falcon platform has enabled us to seamlessly offer our solution to customers of any size. We have expanded our sales focus to include any sized organization without the need to modify our Falcon platform for small and medium sized businesses.

A substantial majority of our customers purchase subscriptions with a term over one year. Our subscriptions are generally priced on a per-endpoint and per-module basis. We recognize revenue from our subscriptions ratably over the term of the subscription. We also generate revenue from our incident response and proactive professional services, which are generally priced on a time and materials basis. We view our professional services business primarily as an opportunity to cross-sell subscriptions to our Falcon platform and cloud modules.

## Certain Factors Affecting Our Performance

**Adoption of Our Solutions.** We believe our future success depends in large part on the growth in the market for cloud-based SaaS-delivered endpoint security solutions. Many organizations have not yet abandoned the on-premise legacy products in which they have invested substantial personnel and financial resources to design and maintain. As a result, it is difficult to predict customer adoption rates and demand for our cloud-based solutions.

**New Customer Acquisition.** Our future growth depends in large part on our ability to acquire new customers. If our efforts to attract new customers are not successful, our revenue and rate of revenue growth may decline. We believe that our go-to-market strategy and the flexibility and scalability of our Falcon platform allow us to rapidly expand our customer base. Our incident response and proactive services also help drive new customer acquisitions, as many of these professional services customers subsequently purchase subscriptions to our Falcon platform. Many organizations have not yet adopted cloud-based security solutions, and since our Falcon platform has offerings for organizations of all sizes, worldwide, and across industries, we believe this presents a significant opportunity for growth.

**Maintain Customer Retention and Increase Sales.** Our ability to increase revenue depends in large part on our ability to retain our existing customers and increase the size of their subscriptions. We focus on increasing sales to our existing customers by expanding their deployments to more endpoints and selling additional cloud modules for increased functionality. Over time we have transitioned our platform from a single offering into highly-integrated offerings of multiple cloud modules.

**Invest in Growth.** We believe that our market opportunity is large and requires us to continue to invest significantly in sales and marketing efforts to further grow our customer base, both domestically and internationally. Our open cloud architecture and single data model have allowed us to rapidly build and deploy new cloud modules, and we expect to continue investing in those efforts to further enhance our technology platform and product functionality. In addition to our ongoing investment in research and development, we may also pursue acquisitions of businesses, technologies, and assets that complement and expand the functionality of our Falcon platform, add to our technology or security expertise, or bolster our leadership position by gaining access to new customers or markets. Furthermore, we expect our general and administrative expenses to increase in dollar amount for the foreseeable future given the additional expenses for accounting, compliance, and investor relations as we grow as a public company.

**July 19 Incident.** On July 19, 2024, we released a content configuration update for our Falcon sensor that resulted in system crashes for certain Windows systems (the “July 19 Incident”). As a result of the July 19 Incident, we are subject to lawsuits, claims and inquiries as described in Note 10, “Commitments and Contingencies,” to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. We have incurred, and expect to continue to incur, significant legal and professional services and other general and administrative expenses associated with the July 19 Incident in future periods. It is not reasonably possible to quantify the precise impact of the July 19 Incident, but the incident has adversely affected our results of operations, and we currently expect a number of factors relating to the incident to adversely affect our key metrics and results of operations in future periods. While we have maintained high dollar-based gross retention rates following the incident, we have experienced delays in creating sales opportunities and longer sales cycles, including delays in customer purchasing decisions. We expect sales cycles to continue to be elongated in future periods. In addition, because our customers typically sign contracts with terms of twelve months or longer, customer churn and any corresponding impact to our key metrics and revenue may occur in future periods. Customer commitment packages introduced following the July 19 Incident have included discounting, additional modules, professional services, flexible payment terms or subscription period extensions. Our customer commitment packages have resulted, and are expected to continue to result, in increased contraction, due to elongated subscription terms, and decreased upsell dollar values.

## Key Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions.

### *Annual Recurring Revenue (“ARR”)*

ARR is calculated as the annualized value of our customer subscription contracts as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms. To the extent that we are negotiating a renewal with a customer after the expiration of the subscription, we continue to include that revenue in ARR if we are actively in discussion with such organization for a new subscription or renewal, or until such organization notifies us that it is not renewing its subscription.

The following table sets forth our ARR as of the dates presented (dollars in thousands):

	As of July 31,	
	2025	2024
Annual recurring revenue	\$ 4,656,682	\$ 3,864,512
Year-over-year growth	20 %	32 %

ARR grew to \$4.7 billion as of July 31, 2025, of which \$221.1 million and \$414.8 million was net new ARR added for the three and six months ended July 31, 2025, respectively. ARR grew to \$3.9 billion as of July 31, 2024, of which \$217.6 million and \$429.3 million was net new ARR added for the three and six months ended July 31, 2024, respectively.

### *Dollar-Based Net Retention Rate*

Our dollar-based net retention rate compares our ARR from a set of subscription customers against the same metric for those subscription customers from the prior year. Our dollar-based net retention rate reflects customer renewals, expansion, contraction, and churn, and excludes revenue from our incident response and proactive services. We calculate our dollar-based net retention rate as of period end by starting with the ARR from all subscription customers as of 12 months prior to such period end, or Prior Period ARR. We then calculate the ARR from these same subscription customers as of the current period end, or Current Period ARR. Current Period ARR includes any expansion and is net of contraction or churn over the trailing 12 months but excludes revenue from new subscription customers in the current period. We then divide the Current Period ARR by the Prior Period ARR to arrive at our dollar-based net retention rate. For the purposes of calculating our dollar-based net retention rate, we define a subscription customer as a separate legal entity that has entered into a distinct subscription agreement for access to our Falcon platform for which the term has not ended or with which we are negotiating a renewal contract. We do not consider our channel partners as customers, and we treat managed service security providers, who may purchase our products on behalf of multiple companies, as a single customer.

Our dollar-based net retention rate continued to be strong as of July 31, 2025. Our dollar-based net retention rate can fluctuate from period to period due to large customer contracts in a given period and incentives provided, which may reduce our dollar-based net retention rate in subsequent periods. In addition, if our customers are not able to fully utilize their product subscriptions (including in connection with our flexible subscription offering), we may experience increased contraction as such customers may elect to renew with shorter subscription periods, fewer cloud modules, fewer endpoints or smaller contract values, which may reduce our dollar-based net retention rate.

## Components of Our Results of Operations

### **Revenue**

*Subscription Revenue.* Subscription revenue primarily consists of subscription fees for our Falcon platform and additional cloud modules that are supported by our cloud-based platform. Subscription revenue is driven primarily by the number of subscription customers, the number of endpoints per customer, and the number of cloud modules included in the subscription. We recognize subscription revenue ratably over the term of the agreement, which is generally one to three years. We generally invoice our subscription customers at the beginning of the subscription term, or in some instances, such as in multi-year arrangements, in installments. Consequently, a substantial portion of the revenue that we report in each period is attributable to the recognition of deferred revenue relating to subscriptions that we entered into during previous periods.

*Professional Services Revenue.* Professional services revenue includes incident response and proactive services, forensic and malware analysis, attribution analysis, operationalizing the Falcon Platform, residency program, and active defense services. Professional services are generally sold separately from subscriptions to our Falcon platform, although customers frequently enter into a separate arrangement to purchase subscriptions to our Falcon platform at the conclusion of a professional services arrangement. Professional services are available through hourly rate and fixed fee contracts, one-time and ongoing engagements, and retainer-based agreements. For time and materials and retainer-based arrangements, revenue is recognized as services are performed. Fixed fee contracts account for an immaterial portion of our revenue.

### **Cost of Revenue**

*Subscription Cost of Revenue.* Subscription cost of revenue consists primarily of costs related to hosting our cloud-based Falcon platform in data centers, amortization of our capitalized internal-use software, employee-related costs such as salaries and bonuses, stock-based compensation expense, benefits costs associated with our operations and support personnel, software license fees, property and equipment depreciation, amortization of acquired intangibles, and an allocated portion of facilities and administrative costs.

As new customers subscribe to our platform and existing subscription customers increase the number of endpoints on our Falcon platform, our cost of revenue will increase due to greater cloud hosting costs related to powering new cloud modules and the incremental costs for storing additional data collected for such cloud modules and employee-related costs. We intend to continue to invest additional resources in our cloud platform and our customer support organizations as we grow our business. The level and timing of investment in these areas could affect our cost of revenue in the future.

*Professional Services Cost of Revenue.* Professional services cost of revenue consists primarily of employee-related costs, such as salaries and bonuses, stock-based compensation expense, consulting expense, and an allocated portion of facilities and administrative costs.

### **Gross Profit and Gross Margin**

Gross profit and gross margin have been and will continue to be affected by various factors, including the timing of our acquisition of new subscription customers, renewals from existing subscription customers, sales of additional modules to existing subscription customers, the data center and bandwidth costs associated with operating our cloud platform, the extent to which we expand our customer support and cloud operations organizations, and the extent to which we can increase the efficiency of our technology, infrastructure, and data centers through technological improvements. We expect our gross profit to increase in dollar amount and our gross margin to increase modestly over the long term as we grow our business, although our gross margin could fluctuate from period to period depending on the interplay of these factors. Demand for our incident response services is driven by the number of breaches experienced by non-customers. Also, we view our professional services solutions in the context of our larger business and as a significant lead generator for new subscriptions. Because of these factors, our services revenue and gross margin may fluctuate over time.

### **Operating Expenses**

Our operating expenses consist of sales and marketing, research and development, and general administrative expenses. For each of these categories of expense, employee-related expenses are the most significant component, which include salaries, employee bonuses, sales commissions, and employer payroll tax. Operating expenses also include an allocated portion of overhead costs for facilities and other administrative functions.

*Sales and Marketing.* Sales and marketing expenses primarily consist of employee-related expenses such as salaries, commissions, and bonuses. Sales and marketing expenses also include stock-based compensation; expenses related to our marketing programs; and an allocated portion of facilities and administrative expenses. Sales and marketing expenses also include the amortization of deferred contract acquisition costs, which includes commissions and any other incremental payments made upon the initial acquisition of a subscription or upsells to existing customers, which are capitalized and amortized over the estimated customer life. We also capitalize and amortize any such expenses paid for the renewal of a subscription over the term of the renewal.

We expect sales and marketing expenses to increase in dollar amount as we continue to make significant investments in our sales and marketing organization to drive additional revenue, further penetrate the market, and expand our global customer base. However, we anticipate sales and marketing expenses to decrease as a percentage of our total revenue over time as we grow our business, although our sales and marketing expenses may fluctuate as a percentage of our total revenue from period to period depending on the timing of these expenses.

*Research and Development.* Research and development expenses primarily consist of employee-related expenses such as salaries and bonuses; stock-based compensation; cloud hosting and related costs; and an allocated portion of facilities and administrative expenses. Our cloud platform is software-driven, and our research and development teams employ software engineers in the design, and the related development, testing, certification, and support of these solutions.

We expect research and development expenses to increase in dollar amount as we continue to increase investments in our technology architecture and software platform. However, we anticipate research and development expenses to decrease as a percentage of our total revenue over time as we grow our business, although our research and development expenses may fluctuate as a percentage of our total revenue from period to period depending on the timing of these expenses.

*General and Administrative.* General and administrative expenses consist of employee-related expenses such as salaries and bonuses; stock-based compensation; and related expenses for our executive, finance, human resources, and legal organizations. In addition, general and administrative expenses include outside legal, accounting, and other professional fees; and an allocated portion of facilities and administrative expenses.

We expect general and administrative expenses to increase in dollar amount over time. We expect to incur significant legal and professional services and other expenses associated with the July 19 Incident and related matters in future periods. General and administrative expenses may fluctuate as a percentage of our total revenue from period to period depending on the timing of these expenses.

*Interest Expense.* Interest expense consists primarily of amortization of debt issuance costs, contractual interest expense for our Senior Notes issued in January 2021, and amortization of debt issuance costs on our secured Revolving Facility.

*Interest Income.* Interest income consists primarily of income earned on our cash and cash equivalents.

*Other Income (Expense), Net.* Other income (expense), net consists primarily of gains and losses on strategic investments and foreign currency transaction gains and losses.

*Provision for Income Taxes.* Provision for income taxes consists of state income taxes in the United States, foreign income taxes, and withholding taxes related to customer payments in certain foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on our U.S. federal and state and certain foreign deferred tax assets, including net operating loss carryforwards and tax credits, which we have determined are not realizable on a more-likely-than-not basis. We regularly evaluate the need for a valuation allowance.

On July 4, 2025, tax reform legislation included in the One Big Beautiful Bill Act (the “OBBBA”) was enacted in the United States. The tax effects of the OBBBA have been accounted for in the second quarter of the fiscal year 2026. The OBBBA includes significant corporate tax reforms, including (i) the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years); (ii) the option to claim 100% accelerated depreciation deductions on qualified property; and (iii) international tax provisions modifying global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), and base erosion and anti-abuse tax (BEAT). The change in U.S. tax law resulted in an immaterial favorable effect on both our income tax provision due to the Company’s valuation allowance and cash flows from operations due to lower cash tax payments.

*Net Income (Loss) Attributable to Non-controlling Interest.* Net income (loss) attributable to non-controlling interest consists of the Falcon Funds’ non-controlling interest share of gains and losses and interest income from our strategic investments.

## Results of Operations

The following tables set forth our condensed consolidated statements of operations for each period presented (in thousands, except percentages):

	Three Months Ended July 31,		Change \$	Change %	Six Months Ended July 31,		Change \$	Change %
	2025	2024			2025	2024		
<b>Revenue</b>								
Subscription	\$ 1,102,945	\$ 918,257	\$ 184,688	20 %	\$ 2,153,713	\$ 1,790,429	\$ 363,284	20 %
Professional services	66,007	45,615	20,392	45 %	118,673	94,479	24,194	26 %
Total revenue	1,168,952	963,872	205,080	21 %	2,272,386	1,884,908	387,478	21 %
<b>Cost of revenue</b>								
Subscription	253,640	199,910	53,730	27 %	496,014	389,567	106,447	27 %
Professional services	56,643	37,491	19,152	51 %	103,412	72,837	30,575	42 %
Total cost of revenue	310,283	237,401	72,882	31 %	599,426	462,404	137,022	30 %
Gross profit	858,669	726,471	132,198	18 %	1,672,960	1,422,504	250,456	18 %
<b>Operating expenses</b>								
Sales and marketing	447,024	355,471	91,553	26 %	886,641	705,585	181,056	26 %
Research and development	346,668	250,908	95,760	38 %	680,797	486,157	194,640	40 %
General and administrative	177,956	106,434	71,522	67 %	343,157	210,168	132,989	63 %
Total operating expenses	971,648	712,813	258,835	36 %	1,910,595	1,401,910	508,685	36 %
Income (loss) from operations	(112,979)	13,658	(126,637)	(927)%	(237,635)	20,594	(258,229)	(1,254)%
Interest expense	(6,823)	(6,549)	(274)	4 %	(13,538)	(13,060)	(478)	4 %
Interest income	50,850	51,526	(676)	(1)%	96,230	97,376	(1,146)	(1)%
Other income (expense), net	(2,722)	(1,031)	(1,691)	164 %	(6,618)	6,625	(13,243)	(200)%
Income (loss) before provision for income taxes	(71,674)	57,604	(129,278)	(224)%	(161,561)	111,535	(273,096)	(245)%
Provision for income taxes	5,971	10,914	(4,943)	(45)%	27,077	18,581	8,496	46 %
Net income (loss)	(77,645)	46,690	(124,335)	(266)%	(188,638)	92,954	(281,592)	(303)%
Net income (loss) attributable to non-controlling interest	30	(323)	353	(109)%	(756)	3,121	(3,877)	(124)%
Net income (loss) attributable to CrowdStrike	\$ (77,675)	\$ 47,013	\$ (124,688)	(265)%	\$ (187,882)	\$ 89,833	\$ (277,715)	(309)%

The following table presents the components of our condensed consolidated statements of operations as a percentage of total revenue for the periods presented:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
	%		%	
<b>Revenue</b>				
Subscription	94 %	95 %	95 %	95 %
Professional services	6 %	5 %	5 %	5 %
Total revenue	100 %	100 %	100 %	100 %
<b>Cost of revenue</b>				
Subscription	22 %	21 %	22 %	21 %
Professional services	5 %	4 %	5 %	4 %
Total cost of revenue	27 %	25 %	26 %	25 %
Gross profit	73 %	75 %	74 %	75 %
<b>Operating expenses</b>				
Sales and marketing	38 %	37 %	39 %	37 %
Research and development	30 %	26 %	30 %	26 %
General and administrative	15 %	11 %	15 %	11 %
Total operating expenses	83 %	74 %	84 %	74 %
Income (loss) from operations	(10)%	1 %	(10)%	1 %
Interest expense	(1)%	(1)%	(1)%	(1)%
Interest income	4 %	5 %	4 %	5 %
Other income (expense), net	— %	— %	— %	— %
Income (loss) before provision for income taxes	(6)%	6 %	(7)%	6 %
Provision for income taxes	1 %	1 %	1 %	1 %
Net income (loss)	(7)%	5 %	(8)%	5 %
Net income (loss) attributable to non-controlling interest	— %	— %	— %	— %
Net income (loss) attributable to CrowdStrike	(7)%	5 %	(8)%	5 %

#### Comparison of the Three Months Ended July 31, 2025 and 2024

##### Revenue

The following shows total revenue from subscriptions and professional services for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	Three Months Ended July 31,		Change \$	Change %
	2025	2024		
Subscription	\$ 1,102,945	\$ 918,257	\$ 184,688	20 %
Professional services	66,007	45,615	20,392	45 %
Total revenue	\$ 1,168,952	\$ 963,872	\$ 205,080	21 %

Total revenue increased by \$205.1 million, or 21%, for the three months ended July 31, 2025 compared to the three months ended July 31, 2024. Subscription revenue accounted for 94% and 95% of total revenue for the three months ended July 31, 2025 and July 31, 2024, respectively. Professional services revenue accounted for 6% and 5% of our total revenue for the three months ended July 31, 2025 and July 31, 2024, respectively.

Subscription revenue increased by \$184.7 million, or 20%, for the three months ended July 31, 2025 compared to the three months ended July 31, 2024, which was primarily driven by a combination of the addition of new customers and the sale of additional sensors and modules to existing customers.

Professional services revenue increased by \$20.4 million, or 45%, for the three months ended July 31, 2025, compared to the three months ended July 31, 2024, which was primarily attributable to an increase in the number of professional service hours.

#### **Cost of Revenue, Gross Profit, and Gross Margin**

The following shows cost of revenue related to subscriptions and professional services for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	<b>Three Months Ended July 31,</b>		<b>Change \$</b>	<b>Change %</b>
	<b>2025</b>	<b>2024</b>		
Subscription	\$ 253,640	\$ 199,910	\$ 53,730	27 %
Professional services	56,643	37,491	19,152	51 %
<b>Total cost of revenue</b>	<b>\$ 310,283</b>	<b>\$ 237,401</b>	<b>\$ 72,882</b>	<b>31 %</b>

Total cost of revenue increased by \$72.9 million, or 31%, for the three months ended July 31, 2025 compared to the three months ended July 31, 2024. Subscription cost of revenue increased by \$53.7 million, or 27%, for the three months ended July 31, 2025, compared to the three months ended July 31, 2024. The increase in subscription cost of revenue was primarily due to an increase in employee-related expenses of \$13.6 million driven by a 19% increase in average headcount, an increase in cloud hosting and related services costs of \$12.9 million, an increase in depreciation of data center equipment of \$7.3 million, an increase in stock-based compensation expense of \$6.6 million, an increase in amortization of internal-use software of \$5.8 million, an increase in allocated overhead costs of \$3.9 million, and charges related to the Plan (as defined elsewhere in this Quarterly Report on Form 10-Q) of \$3.6 million.

Professional services cost of revenue increased by \$19.2 million, or 51%, for the three months ended July 31, 2025, compared to the three months ended July 31, 2024. The increase in professional services cost of revenue was primarily due to an increase in consulting expenses of \$9.0 million, an increase in employee-related expenses of \$4.1 million driven by a 13% increase in average headcount, charges related to the Plan of \$3.3 million, and an increase in stock-based compensation expense of \$1.7 million.

The following shows gross profit and gross margin for subscriptions and professional services for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	<b>Three Months Ended July 31,</b>		<b>Change \$</b>	<b>Change %</b>
	<b>2025</b>	<b>2024</b>		
Subscription gross profit	\$ 849,305	\$ 718,347	\$ 130,958	18 %
Professional services gross profit	9,364	8,124	1,240	15 %
<b>Total gross profit</b>	<b>\$ 858,669</b>	<b>\$ 726,471</b>	<b>\$ 132,198</b>	<b>18 %</b>

	<b>Three Months Ended July 31,</b>		<b>Change %</b>
	<b>2025</b>	<b>2024</b>	
Subscription gross margin	77 %	78 %	(1)%
Professional services gross margin	14 %	18 %	(4)%
<b>Total gross margin</b>	<b>73 %</b>	<b>75 %</b>	<b>(2)%</b>

Subscription gross margin slightly decreased by one percentage point for the three months ended July 31, 2025, compared to the three months ended July 31, 2024. The decrease in subscription gross margin was primarily due to an increase in stock-based compensation expense, and an increase in depreciation of data center equipment during the three months ended July 31, 2025.

Professional services gross margin decreased by four percentage points for the three months ended July 31, 2025, compared to the three months ended July 31, 2024. The decrease in professional services gross margin was primarily due to an increase in consulting expense during the three months ended July 31, 2025.

### *Operating Expenses*

#### *Sales and Marketing*

The following shows sales and marketing expenses for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	Three Months Ended July 31,		Change \$	Change %
	2025	2024		
Sales and marketing expenses	\$ 447,024	\$ 355,471	\$ 91,553	26 %

Sales and marketing expenses increased by \$91.6 million, or 26%, for the three months ended July 31, 2025 compared to the three months ended July 31, 2024. The increase in sales and marketing expenses was primarily due to an increase in employee-related expenses of \$46.2 million driven by a 11% increase in average headcount, an increase in stock-based compensation expense of \$11.1 million, an increase in marketing programs of \$10.6 million, charges related to the Plan of \$8.7 million, an increase in employee benefits of \$5.1 million, an increase in allocated overhead costs of \$4.6 million, and an increase in travel expenses of \$2.2 million, partially offset by a decrease in expenses associated with the July 19 Incident and related matters of \$3.0 million, and a decrease in company events expenses of \$2.1 million.

#### *Research and Development*

The following shows research and development expenses for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	Three Months Ended July 31,		Change \$	Change %
	2025	2024		
Research and development expenses	\$ 346,668	\$ 250,908	\$ 95,760	38 %

Research and development expenses increased by \$95.8 million, or 38%, for the three months ended July 31, 2025 compared to the three months ended July 31, 2024. This increase was primarily due to an increase in stock-based compensation expense of \$31.2 million, an increase in employee-related expenses of \$30.2 million driven by a 19% increase in average headcount, charges related to the Plan of \$16.7 million, an increase in cloud hosting and related costs of \$10.6 million, an increase in allocated overhead costs of \$6.1 million, and an increase in employee benefits of \$4.5 million, partially offset by an increase in software capitalization of \$2.8 million.

#### *General and Administrative*

The following shows general and administrative expenses for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	Three Months Ended July 31,		Change \$	Change %
	2025	2024		
General and administrative expenses	\$ 177,956	\$ 106,434	\$ 71,522	67 %

General and administrative expenses increased by \$71.5 million, or 67%, for the three months ended July 31, 2025 compared to the three months ended July 31, 2024. The increase in general and administrative expenses was primarily due to an increase in expenses associated with the July 19 Incident and related matters of \$34.3 million, an increase in stock-based compensation expense of \$17.8 million, charges related to the Plan of \$6.1 million, an increase in employee-related expenses of \$2.8 million driven by a 15% increase in average headcount, an increase in consulting expense of \$2.3 million, an increase in legal expense of \$1.7 million unrelated to the July 19 Incident or related matters, and an increase in term-based software licenses of \$1.0 million.

### ***Interest Expense, Interest Income, and Other Expense, Net***

The following shows interest expense, interest income, and other expense, net for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentages):

	Three Months Ended July 31,		Change \$	Change %
	2025	2024		
Interest expense	\$ (6,823)	\$ (6,549)	\$ (274)	4 %
Interest income	\$ 50,850	\$ 51,526	\$ (676)	(1)%
Other expense, net	\$ (2,722)	\$ (1,031)	\$ (1,691)	164 %

Interest expense consists primarily of amortization of debt issuance costs, contractual interest expense, accretion of debt discount for our Senior Notes issued in January 2021, and amortization of debt issuance costs on our Revolving Facility.

The decrease in interest income for the three months ended July 31, 2025 compared to the three months ended July 31, 2024 was driven by lower market rates, partially offset by a higher cash balance.

The increase in other expense, net for the three months ended July 31, 2025 compared to the three months ended July 31, 2024 was primarily due to an increase in net foreign currency transaction losses of \$2.7 million, partially offset by a decrease in realized losses from strategic investments of \$0.7 million and an increase in gains from deferred compensation assets of \$0.6 million.

### ***Provision for Income Taxes***

The following shows the provision for income taxes for the three months ended July 31, 2025 as compared to the three months ended July 31, 2024 (in thousands, except percentage):

	Three Months Ended July 31,		Change \$	Change %
	2025	2024		
Provision for income taxes	\$ 5,971	\$ 10,914	\$ (4,943)	(45)%

The decrease in provision for income taxes of \$4.9 million during the three months ended July 31, 2025 compared to the three months ended July 31, 2024 was primarily attributable to tax impacts from the enactment of the OBBBA, partially offset by valuation allowance in the U.S. and certain foreign jurisdictions where the Company does not benefit from losses and tax credits.

### ***Comparison of the Six Months Ended July 31, 2025 and 2024***

#### ***Revenue***

The following shows total revenue from subscriptions and professional services for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	Six Months Ended July 31,		Change \$	Change %
	2025	2024		
Subscription	\$ 2,153,713	\$ 1,790,429	\$ 363,284	20 %
Professional services	118,673	94,479	24,194	26 %
Total revenue	\$ 2,272,386	\$ 1,884,908	\$ 387,478	21 %

Total revenue increased by \$387.5 million, or 21%, for the six months ended July 31, 2025 compared to the six months ended July 31, 2024. Subscription revenue accounted for 95% total revenue for both the six months ended July 31, 2025 and July 31, 2024. Professional services revenue accounted for 5% of our total revenue for both the six months ended July 31, 2025 and July 31, 2024.

Subscription revenue increased by \$363.3 million, or 20%, for the six months ended July 31, 2025 compared to the six months ended July 31, 2024, which was primarily driven by a combination of the addition of new customers and the sale of additional sensors and modules to existing customers.

Professional services revenue increased by \$24.2 million, or 26%, for the six months ended July 31, 2025, compared to the six months ended July 31, 2024, which was primarily attributable to an increase in the number of professional service hours.

#### **Cost of Revenue, Gross Profit, and Gross Margin**

The following shows cost of revenue related to subscriptions and professional services for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	<b>Six Months Ended July 31,</b>		<b>Change \$</b>	<b>Change %</b>
	<b>2025</b>	<b>2024</b>		
Subscription	\$ 496,014	\$ 389,567	\$ 106,447	27 %
Professional services	103,412	72,837	30,575	42 %
<b>Total cost of revenue</b>	<b>\$ 599,426</b>	<b>\$ 462,404</b>	<b>\$ 137,022</b>	<b>30 %</b>

Total cost of revenue increased by \$137.0 million, or 30%, for the six months ended July 31, 2025 compared to the six months ended July 31, 2024. Subscription cost of revenue increased by \$106.4 million, or 27%, for the six months ended July 31, 2025, compared to the six months ended July 31, 2024. The increase in subscription cost of revenue was primarily due to an increase in employee-related expenses of \$28.4 million driven by a 21% increase in average headcount, an increase in cloud hosting and related services costs of \$23.2 million, an increase in stock-based compensation expense of \$16.8 million, an increase in depreciation of data center equipment of \$15.3 million, an increase in amortization of internal-use software of \$10.5 million, an increase in allocated overhead costs of \$8.7 million, and charges related to the Plan of \$3.6 million.

Professional services cost of revenue increased by \$30.6 million, or 42%, for the six months ended July 31, 2025, compared to the six months ended July 31, 2024. The increase in professional services cost of revenue was primarily due to an increase in employee-related expenses of \$10.4 million driven by a 14% increase in average headcount, an increase in consulting expenses of \$9.0 million, an increase in stock-based compensation expense of \$5.1 million, charges related to the Plan of \$3.3 million, and an increase in allocated overhead costs of \$1.6 million.

The following shows gross profit and gross margin for subscriptions and professional services for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	<b>Six Months Ended July 31,</b>		<b>Change \$</b>	<b>Change %</b>
	<b>2025</b>	<b>2024</b>		
Subscription gross profit	\$ 1,657,699	\$ 1,400,862	\$ 256,837	18 %
Professional services gross profit	15,261	21,642	(6,381)	(29)%
<b>Total gross profit</b>	<b>\$ 1,672,960</b>	<b>\$ 1,422,504</b>	<b>\$ 250,456</b>	<b>18 %</b>

	<b>Six Months Ended July 31,</b>		<b>Change %</b>
	<b>2025</b>	<b>2024</b>	
Subscription gross margin	77 %	78 %	(1)%
Professional services gross margin	13 %	23 %	(10)%
<b>Total gross margin</b>	<b>74 %</b>	<b>75 %</b>	<b>(1)%</b>

Subscription gross margin slightly decreased by one percentage point for the six months ended July 31, 2025, compared to the six months ended July 31, 2024. The decrease in subscription gross margin was primarily due to an increase in stock-based compensation expense, and an increase in depreciation of data center equipment during the six months ended July 31, 2025.

Professional services gross margin decreased by ten percentage points for the six months ended July 31, 2025, compared to the six months ended July 31, 2024. The decrease in professional services gross margin was primarily due to an increase in consulting expense during the six months ended July 31, 2025.

### Operating Expenses

#### Sales and Marketing

The following shows sales and marketing expenses for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	Six Months Ended July 31,		Change \$	Change %
	2025	2024		
Sales and marketing expenses	\$ 886,641	\$ 705,585	\$ 181,056	26 %

Sales and marketing expenses increased by \$181.1 million, or 26%, for the six months ended July 31, 2025 compared to the six months ended July 31, 2024. The increase in sales and marketing expenses was primarily due to an increase in employee-related expenses of \$94.2 million driven by a 13% increase in average headcount, an increase in stock-based compensation expense of \$24.1 million, an increase in marketing programs of \$17.4 million, an increase in allocated overhead costs of \$11.4 million, an increase in employee benefits of \$9.8 million, charges related to the Plan of \$8.7 million, an increase in travel expenses of \$8.1 million, and an increase in term-based software licenses of \$2.1 million, partially offset by a decrease in company events expenses of \$5.3 million, and a decrease of \$2.5 million of expenses associated with the July 19 Incident and related matters.

#### Research and Development

The following shows research and development expenses for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	Six Months Ended July 31,		Change \$	Change %
	2025	2024		
Research and development expenses	\$ 680,797	\$ 486,157	\$ 194,640	40 %

Research and development expenses increased by \$194.6 million, or 40%, for the six months ended July 31, 2025 compared to the six months ended July 31, 2024. This increase was primarily due to an increase in stock-based compensation expense of \$71.7 million, an increase in employee-related expenses of \$66.8 million driven by a 22% increase in average headcount, an increase in cloud hosting and related costs of \$25.1 million, charges related to the Plan of \$16.7 million, an increase in allocated overhead costs of \$13.7 million, an increase in employee benefits of \$8.9 million, and an increase in term-based software licenses of \$1.9 million, partially offset by an increase in software capitalization of \$10.4 million, a decrease in other labor expenses of \$8.8 million, and a decrease in depreciation of data center equipment of \$1.1 million.

#### General and Administrative

The following shows general and administrative expenses for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	Six Months Ended July 31,		Change \$	Change %
	2025	2024		
General and administrative expenses	\$ 343,157	\$ 210,168	\$ 132,989	63 %

General and administrative expenses increased by \$133.0 million, or 63%, for the six months ended July 31, 2025 compared to the six months ended July 31, 2024. The increase in general and administrative expenses was primarily due to an increase in expenses associated with the July 19 Incident and related matters of \$72.9 million, an increase in stock-based compensation expense of \$21.2 million, charges related to the Plan of \$12.7 million, an increase in employee-related expenses of \$11.8 million driven by a 16% increase in average headcount, an increase in legal expense of \$3.1 million unrelated to the July 19 Incident or related matters, an increase in term-based software licenses of \$2.5 million, an increase in travel expenses of \$2.5 million, and an increase in allocated overhead costs of \$2.4 million, partially offset by a decrease in consulting expense of \$1.2 million.

**Interest Expense, Interest Income, and Other Income (Expense), Net**

The following shows interest expense, interest income, and other income (expense), net for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentages):

	Six Months Ended July 31,		Change \$	Change %
	2025	2024		
Interest expense	\$ (13,538)	\$ (13,060)	\$ (478)	4 %
Interest income	\$ 96,230	\$ 97,376	\$ (1,146)	(1)%
Other income (expense), net	\$ (6,618)	\$ 6,625	\$ (13,243)	(200)%

Interest expense consists primarily of amortization of debt issuance costs, contractual interest expense, accretion of debt discount for our Senior Notes issued in January 2021, and amortization of debt issuance costs on our Revolving Facility.

The decrease in interest income for the six months ended July 31, 2025 compared to the six months ended July 31, 2024 was driven by lower market rates, partially offset by a higher cash balance.

The decrease in other income (expense), net for the six months ended July 31, 2025 compared to the six months ended July 31, 2024 was primarily due to a decrease in net realized gains on our strategic investments of \$6.2 million, an increase in net foreign currency transaction losses of \$5.3 million, and downward adjustments and impairment of \$1.6 million of our strategic investments.

**Provision for Income Taxes**

The following shows the provision for income taxes for the six months ended July 31, 2025 as compared to the six months ended July 31, 2024 (in thousands, except percentage):

	Six Months Ended July 31,		Change \$	Change %
	2025	2024		
Provision for income taxes	\$ 27,077	\$ 18,581	\$ 8,496	46 %

The increase in provision for income taxes of \$8.5 million during the six months ended July 31, 2025 compared to the six months ended July 31, 2024 was primarily attributable to income taxes in foreign jurisdictions and withholding taxes related to customer payments in certain foreign jurisdictions in which the Company conducts business.

**Liquidity and Capital Resources**

Our primary sources of liquidity as of July 31, 2025, consisted of: (i) \$5.0 billion in cash and cash equivalents, which mainly consists of cash on hand and highly liquid investments in money market funds, U.S. Treasury bills, and time deposits, (ii) cash we expect to generate from operations, and (iii) available capacity under our \$750.0 million Revolving Facility. It is not currently possible to reasonably estimate the amount of loss or range of possible loss that might result from adverse judgments, settlements, penalties, or other resolution of proceedings resulting from the July 19 Incident or related matters. However, despite such uncertainties, we expect that the combination of our existing cash and cash equivalents, cash flows from operations, and the Revolving Facility will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Our Revolving Facility matures on January 2, 2026.

Our short-term and long-term liquidity requirements primarily arise from: (i) business acquisitions and investments we may make from time to time, (ii) working capital requirements, (iii) interest and principal payments related to our outstanding indebtedness, (iv) research and development and capital expenditure needs, and (v) license and service arrangements integral to our business operations. Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

We have historically generated operating losses, as reflected in our accumulated deficit of \$1.3 billion as of July 31, 2025. We expect to continue to make investments, particularly in sales and marketing and research and development. As a result, we may require additional capital resources in the future to execute strategic initiatives to grow our business.

We generally invoice our subscription customers at the beginning of the subscription term, or in some instances, such as in multi-year arrangements, in installments. Therefore, a substantial source of our cash is from such prepayments, which are included on our condensed consolidated balance sheets as deferred revenue. Deferred revenue primarily consists of billed fees for our subscriptions, prior to satisfying the criteria for revenue recognition, which are subsequently recognized as revenue in accordance with our revenue recognition policy. As of July 31, 2025, we had deferred revenue of \$3.8 billion, of which \$2.8 billion was recorded as a current liability and is expected to be recorded as revenue in the next 12 months, provided all other revenue recognition criteria have been met.

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities. We do not have any outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions, or foreign currency forward contracts.

### ***Cash Flows***

The following table summarizes our cash flows for the periods presented (in thousands):

	<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>
Net cash provided by operating activities	\$ 716,939	\$ 709,869
Net cash used in investing activities	(150,609)	(105,988)
Net cash provided by financing activities	76,321	59,978
Net change in cash, cash equivalents and restricted cash	649,246	662,819

### ***Operating Activities***

Net cash provided by operating activities during the six months ended July 31, 2025 was \$716.9 million, which resulted from net loss of \$188.6 million, adjusted for non-cash charges of \$893.1 million and net cash inflow of \$12.5 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$540.8 million in stock-based compensation expense, \$209.9 million of amortization of deferred contract acquisition costs, \$116.8 million of depreciation and amortization, \$15.3 million of amortization of intangibles assets, \$8.7 million of non-cash operating lease costs, \$2.3 million of non-cash interest expense, and \$1.6 million change in fair value of strategic investments, partially offset by \$2.3 million of deferred income taxes. The net cash inflow from changes in operating assets and liabilities was primarily due to a \$242.0 million decrease in accounts receivable, a \$106.2 million increase in deferred revenue, and a \$12.7 million increase in accrued expenses and other liabilities, partially offset by a \$251.6 million increase in deferred contract acquisition costs, a \$50.4 million increase in prepaid expenses and other assets, a \$24.9 million decrease in accrued payroll and benefits, a \$13.3 million decrease in accounts payable, and an \$8.1 million decrease in operating lease liabilities.

### ***Investing Activities***

Net cash used in investing activities of \$150.6 million during the six months ended July 31, 2025 was primarily due to purchases of property and equipment of \$116.2 million, capitalized internal-use software and website development costs of \$34.7 million, purchases of deferred compensation investments of \$2.8 million, and purchases of strategic investments of \$1.4 million, partially offset by proceeds from sales of strategic investments of \$4.4 million.

### ***Financing Activities***

Net cash provided by financing activities of \$76.3 million during the six months ended July 31, 2025 was primarily due to proceeds from our employee stock purchase plan of \$74.6 million, proceeds from the exercise of stock options of \$2.4 million, and capital contributions from non-controlling interests of \$1.5 million, partially offset by distributions to non-controlling interest holders of \$2.2 million.

### Supplemental Guarantor Financial Information

Our Senior Notes are guaranteed on a senior, unsecured basis by CrowdStrike, Inc. and CrowdStrike Financial Services, Inc., wholly owned subsidiaries of CrowdStrike Holdings, Inc. (the “subsidiary guarantors,” and together with CrowdStrike Holdings, Inc., the “Obligor Group”). The guarantee is full and unconditional and is subject to certain conditions for release. See Note 5, “Debt,” to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, for a brief description of the Senior Notes.

We conduct our operations almost entirely through our subsidiaries. Accordingly, the Obligor Group’s cash flows and ability to service the notes will depend on the earnings of our subsidiaries and the distribution of those earnings to the Obligor Group, whether by dividends, loans or otherwise. Holders of the guaranteed registered debt securities will have a direct claim only against the Obligor Group.

Summarized financial information is presented below for the Obligor Group on a combined basis after elimination of intercompany transactions and balances within the Obligor Group and equity in the earnings from and investments in any non-guarantor subsidiary. The revenue amounts presented in the summarized financial information include substantially all of our condensed consolidated revenue, and there is no intercompany revenue from the non-guarantor subsidiaries. This summarized financial information has been prepared and presented pursuant to Regulation S-X Rule 13-01, “Financial Disclosures about Guarantors and Issuers of Guaranteed Securities” and is not intended to present the financial position or results of operations of the Obligor Group in accordance with U.S. GAAP.

<b>Statement of Operations</b>	<b>Six Months Ended July 31, 2025</b>	
	<b>(in thousands)</b>	
Revenue	\$	2,270,124
Cost of revenue		637,297
Operating expenses		1,922,898
Loss from operations		(290,071)
Net loss		(231,316)
Net loss attributable to CrowdStrike		(231,316)

<b>Balance Sheet</b>	<b>July 31, 2025</b>		<b>January 31, 2025</b>	
	<b>(in thousands)</b>			
Current assets (excluding current intercompany receivables from non-Guarantors)	\$	6,365,805	\$	5,922,562
Current intercompany receivables from non-Guarantors		—		49,417
Noncurrent assets (excluding noncurrent intercompany receivables from non-Guarantors)		2,456,410		2,316,545
Noncurrent intercompany receivables from non-Guarantors		622,205		613,732
Current liabilities (excluding current intercompany payables to non-Guarantors)		3,334,261		3,331,647
Current intercompany payables to non-Guarantors		72,200		31,092
Noncurrent liabilities (excluding noncurrent intercompany payables to non-Guarantors)		1,984,734		1,897,235
Noncurrent intercompany payables to non-Guarantors		208,436		234,643

### ***Strategic Investments***

In July 2019, we agreed to commit up to \$10.0 million to a newly formed entity, CrowdStrike Falcon Fund LLC (the “Original Falcon Fund”) in exchange for 50% of the sharing percentage of any distribution by the Original Falcon Fund. In December 2021, we agreed to commit an additional \$50.0 million to a newly formed entity, CrowdStrike Falcon Fund II LLC (“Falcon Fund II”) in exchange for 50% of the sharing percentage of any distribution by Falcon Fund II. Further, entities associated with Accel also agreed to commit up to \$10.0 million and \$50.0 million, respectively, to the Original Falcon Fund and Falcon Fund II (collectively, the “Falcon Funds”), and collectively own the remaining 50% of the sharing percentage of the Falcon Funds. Both Falcon Funds are in the business of purchasing, selling, and investing in minority equity and convertible debt securities of privately-held companies that develop applications that have potential for substantial contribution to us and our platform. We are the manager of the Falcon Funds and control their investment decisions and day-to-day operations and accordingly have consolidated each of the Falcon Funds. Each Falcon Fund has a duration of ten years and may be extended for three additional years. At dissolution, the Falcon Funds will be liquidated, and the remaining assets will be distributed to the investors based on their respective sharing percentage.

### **Contractual Obligations and Commitments**

During the six months ended July 31, 2025, there were no significant changes to our debt obligations related to the Senior Notes, as presented in Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

We have non-cancellable purchase commitments with various parties to purchase products and services entered in the normal course of business totaling \$2.6 billion as of July 31, 2025, with remaining terms in excess of 12 months. We expect to fund these obligations with cash flows from operations and cash on our balance sheet.

Our commitments also consist of obligations under non-cancellable real estate arrangements on an undiscounted basis, of which \$15.8 million is due in the next 12 months and \$149.8 million is due thereafter.

As of July 31, 2025, our unrecognized tax benefits included \$58.5 million, which were classified as long-term liabilities due to the inherent uncertainty with respect to the timing of future cash outflows associated with our unrecognized tax benefits.

As of July 31, 2025, we had non-cancellable unfunded commitments from our financing arrangements totaling approximately \$40.6 million.

### **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements were prepared in accordance with U.S GAAP. The preparation of the condensed consolidated financial statements requires our management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. We base our estimates and judgments on our historical experience, knowledge of factors affecting our business and our belief as to what could occur in the future considering available information and assumptions that are believed to be reasonable under the circumstances.

The accounting estimates we use in the preparation of our condensed consolidated financial statements will change as new events occur, more experience is acquired, additional information is obtained and our operating environment changes. Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in our reported results of operations and, if material, the effects of changes in estimates are disclosed in the notes to our condensed consolidated financial statements. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results could differ materially from the amounts reported based on these estimates.

There have been no significant changes in our critical accounting policies and estimates during the six months ended July 31, 2025, as compared to the critical accounting policies and estimates disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended January 31, 2025, filed with the SEC on March 10, 2025.

### **Backlog**

We enter into both single and multi-year subscription contracts for our solutions. We generally invoice our subscription customers at the beginning of the subscription term, or in some instances, such as in multi-year arrangements, in installments. Until we have the contractual right to invoice, these contract amounts are classified as backlog. They are not recorded in deferred revenue or elsewhere in our condensed consolidated financial statements. As of July 31, 2025, we had backlog of approximately \$3.3 billion. We expect backlog will change from period to period for several reasons, including the timing and duration of customer agreements, varying billing cycles of subscription agreements, and the timing and duration of customer renewals. Because revenue for any period is a function of revenue recognized from deferred revenue under contracts in existence at the beginning of the period, as well as contract renewals and new customer contracts during the period, backlog at the beginning of any period is not necessarily indicative of future revenue performance. We do not utilize backlog as a key management metric internally.

### **Seasonality**

Given the annual budget approval process of many of our customers, we see seasonal patterns in our business. Net new ARR generation is typically greater in the second half of the year, particularly in the fourth quarter, as compared to the first half of the year. In addition, we also experience seasonality in our operating margin, typically with a lower margin in the first half of our fiscal year due to a step up in costs for payroll taxes and annual sales and marketing events. This also impacts the timing of operating cash flow.

### **Employees**

As of July 31, 2025, we had 10,047 full-time employees. We also engage temporary employees and consultants as needed to support our operations. None of our employees in the United States are represented by a labor union or subject to a collective bargaining agreement. In certain countries in which we operate, we are subject to local labor law requirements which may automatically make our employees subject to industry-wide collective bargaining agreements. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

### **Corporate Information**

Our principal executive offices are located at 206 E. 9th Street, Suite 1400, Austin, Texas 78701 and our telephone number is (888) 512-8906. We are a holding company and all of our business operations are conducted through our subsidiaries, including CrowdStrike, Inc. Our website address is [www.crowdstrike.com](http://www.crowdstrike.com). Information contained on, or that can be accessed through, our website does not constitute part of this Quarterly Report on Form 10-Q.

### **Recently Issued Accounting Pronouncements**

See Note 1, “Description of Business and Significant Accounting Policies,” to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, for more information about the impact of certain recent accounting pronouncements on our condensed consolidated financial statements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our market risks during the three and six months ended July 31, 2025 compared to our disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***Evaluation of Disclosure Controls and Procedures***

We maintain “disclosure controls and procedures,” as defined in Rule 13a–15(e) and Rule 15d–15(e) under the Exchange Act that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of July 31, 2025. Based on such evaluation of our disclosure controls and procedures as of July 31, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

#### ***Changes in Internal Control Over Financial Reporting***

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and Rule 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### ***Inherent Limitations on Effectiveness of Controls***

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are currently a party to, and may from time to time in the future be involved in, various litigation matters and subject to claims that arise in the ordinary course of business, including claims asserted by third parties in the form of letters and other communications. For information regarding legal proceedings and other claims asserted against us, including in relation to the July 19 Incident, see Note 10, "Commitments and Contingencies," to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

For any claims for which we believe a liability is both probable and reasonably estimable, we record a liability in the period in which we make this determination. Other than as disclosed in Note 10, there is no pending or threatened legal proceeding to which we are a party that, in our opinion, is likely to have a material adverse effect on our business and our condensed consolidated financial statements; however, the results of legal proceedings and claims are inherently unpredictable. Regardless of the outcome, litigation can have an adverse impact on our business because of defense and settlement costs, diversion of management resources, and other factors. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could adversely affect our condensed consolidated financial statements.

### **ITEM 1A. RISK FACTORS**

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, as well as the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The occurrence of any of the events or developments described below, or of additional risks and uncertainties not presently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations, financial condition and growth prospects. In such an event, the market price of our Class A common stock, or "common stock," could decline, and you could lose all or part of your investment.

## Risks Related to Our Business and Industry

*The July 19 Incident has had, and is expected to continue to have, an adverse effect on our business, sales, customer and partner relations, reputation, results of operations and financial condition.*

On July 19, 2024, we released a content configuration update for our Falcon sensor that resulted in system crashes for certain Windows systems (the “July 19 Incident”). We have incurred, and expect to continue to incur, significant costs and expenses related to the incident, including in connection with remediation efforts, customer and partner relations, measures taken to address the damage to our reputation, and other measures taken in response to the incident. Our management and other personnel have devoted, and may continue to devote, significant time and resources to address the impacts of the July 19 Incident. We also have hired, and in the future may hire, additional personnel to assist with our ongoing efforts. Any real or perceived failure, by us or the third-party service providers we engage, to remediate and respond to the July 19 Incident could adversely impact our business. While we are investing in enhancements to software resiliency, testing and customer controls following the July 19 Incident, we cannot guarantee that such enhancements will be effective, or that our products do not have or will not have defects, errors, or vulnerabilities.

The July 19 Incident has harmed, and is expected to continue to harm, our business, sales, customer and partner relations, and our reputation. As a result of the incident, certain of our existing or prospective customers have elected to, and may in the future elect to, defer purchasing decisions relating to our products and services or not purchase our products and services at all. Customers have also decided, and may in the future decide, to terminate or not renew their agreements with us. The July 19 Incident has negatively impacted, and may in the future negatively impact, our existing or prospective partners’ ability or willingness to promote our products or services. Certain of our competitors have aggressively approached our current and prospective customers and partners to attempt to capitalize on the incident, and may continue to do so. Furthermore, we have agreed to, and expect to agree to in the future, provide incentives in connection with our commercial arrangements with our customers, including subscription period extensions, discounts or promotional modules. The July 19 Incident has received negative media coverage and harmed our reputation and brand. If we are unable to regain the trust of our current and prospective customers and partners, or if negative media coverage and publicity continues, whether directly or indirectly related to the July 19 Incident, our reputation and brand may suffer further, exacerbating the effects discussed herein. These factors may result in harm to our business, results of operations and financial condition.

We are party to a number of legal proceedings relating to the July 19 Incident, such as lawsuits filed by or on behalf of third parties, including securities litigation brought on behalf of certain purchasers of our common stock, derivative litigation asserting claims against certain officers and directors, and putative class actions brought by individual consumers. We have also received inquiries from governmental authorities and other third parties, and governmental authorities may seek to impose undertakings, injunctive relief, consent decrees or other penalties, which could, among other things, materially increase our expenses or otherwise require us to alter how we operate our business. Third parties, including governmental authorities, may take certain actions in response to the July 19 Incident that may negatively impact our business and operations and may result in additional costs and expenses relating to compliance, product development or other matters. Some customers and other third parties claiming to have been impacted by the incident have asserted claims against us or otherwise communicated their intent to seek indemnification or compensation from us. Additional claims may also be asserted by or on behalf of customers, customers’ insurers, partners, stockholders or others seeking monetary damages or other relief. These lawsuits, claims and inquiries are resulting, and are expected to result in the future, in the incurrence of significant costs and expenses, the diversion of management’s attention from the operation of our business and other negative impacts on our business and operations.

While we maintain insurance policies that may cover certain costs, claims and liabilities in connection with the July 19 Incident, we expect that our insurance coverage will not cover all costs, claims and liabilities actually incurred, and we cannot be certain that our insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, results of operations and reputation.

***We have experienced rapid growth in recent periods, and if we do not manage our future growth, our business and results of operations will be adversely affected.***

We have experienced rapid revenue growth in recent periods and we expect to continue to invest broadly across our organization to support our growth. Although we have experienced rapid growth historically, we may not sustain our current growth rates and our investments to support our growth may not be successful. The growth and expansion of our business will require us to invest significant financial and operational resources and the continuous dedication of our management team. Our future success will depend in part on our ability to manage our growth effectively, which will require us to, among other things:

- effectively attract, integrate, and retain a large number of new employees, particularly members of our sales and marketing and research and development teams;
- further improve our Falcon platform, including our cloud modules, and IT infrastructure, including expanding and optimizing our data centers, to support our business needs;
- enhance our information and communication systems to ensure that our employees and offices around the world are well coordinated and can effectively communicate with each other and our growing base of channel partners and customers; and
- improve our financial, management, and compliance systems and controls.

If we fail to achieve these objectives effectively, our ability to manage our expected growth, ensure uninterrupted operation of our Falcon platform and key business systems, and comply with the rules and regulations applicable to our business could be impaired. Additionally, the quality of our platform and services could suffer and we may not be able to adequately address competitive challenges. Any of the foregoing could adversely affect our business, results of operations, and financial condition.

***We have a history of losses, and while we have achieved profitability in certain periods, we may not be able to achieve or sustain profitability in the future.***

We have incurred net losses each year prior to fiscal 2024, and we may not achieve or maintain profitability in the future. We experienced net losses of \$19.3 million and \$183.2 million for fiscal 2025 and 2023, respectively, and net income of \$89.3 million for fiscal 2024. As of July 31, 2025, we had an accumulated deficit of \$1.3 billion. While we have experienced significant growth in revenue in recent periods, and have achieved profitability during certain periods, including fiscal 2024, we cannot assure you when or whether we will reach sustained profitability. We also expect our operating expenses to increase in the future as we continue to invest for our future growth, which will negatively affect our results of operations if our total revenue does not increase. Additionally, on May 6, 2025, we announced a strategic plan (the “Plan”) to evolve our operations to yield greater efficiencies as we continue to scale our business with focus and discipline to meet our goals. We cannot assure you that the Plan or the above-mentioned investments will result in substantial increases in our total revenue or improvements in our results of operations. We also have incurred and expect to continue to incur significant additional legal, accounting, and other expenses as a public company. Any failure to increase our revenue as we invest in our business or to manage our costs could prevent us from achieving or maintaining profitability or positive cash flow.

***If organizations do not adopt cloud-based SaaS-delivered endpoint security solutions, our ability to grow our business and results of operations may be adversely affected.***

We believe our future success will depend in large part on the growth, if any, in the market for cloud-based SaaS-delivered endpoint security solutions. The use of SaaS solutions to manage and automate security and IT operations is at an early stage and rapidly evolving. As such, it is difficult to predict its potential growth, if any, customer adoption and retention rates, customer demand for our solutions, customer consolidation on our platform, or the success of existing competitive products. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our solutions and those of our competitors. If our solutions do not achieve widespread adoption or there is a reduction in demand for our solutions due to a lack of customer acceptance, technological challenges, damage to our reputation including as a result of the July 19 Incident, competing products, privacy concerns, decreases in corporate spending, weakening economic conditions or otherwise, it could result in early terminations, reduced customer retention rates, or decreased revenue, any of which would adversely affect our business, results of operations, and financial results. We do not know whether the trend in adoption of cloud-based SaaS-delivered endpoint security solutions we have experienced in the past will continue in the future. Furthermore, to the extent we or other SaaS security providers experience security incidents, loss or disclosure of customer data, disruptions in delivery, or other problems, the market for SaaS solutions as a whole, including our security solutions, could be negatively

affected. You should consider our business and prospects in light of the risks and difficulties we encounter in this new and evolving market.

***If we are unable to successfully enhance our existing products and services and introduce new products and services in response to rapid technological changes and market developments as well as evolving security threats, our competitive position and prospects will be harmed.***

Our ability to increase revenue from existing customers and attract new customers will depend in significant part on our ability to anticipate and respond effectively to rapid technological changes and market developments as well as evolving security threats. The success of our Falcon platform depends on our ability to take such changes into account and invest effectively in our research and development organization to increase the reliability, availability and scalability of our existing solutions and introduce new solutions. If we fail to effectively anticipate, identify or respond to such changes in a timely manner, or at all, our business could be harmed. Even if we adequately fund our research and development efforts there is no guarantee that we will realize a return on such efforts.

Success in delivering enhancements and new solutions depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or new solution, the risk that such enhancement or new solution may have quality or other defects or deficiencies (such as those experienced in connection with the July 19 Incident), especially in the early stages of introduction, as well as our ability to seamlessly integrate all of our product and service offerings and develop adequate sales capabilities in new markets. Failure to effectively deliver, integrate, and manage perceptions with respect to enhancements and new solutions could erode our competitive position, significantly impair our revenue growth, and negatively impact our operating results.

***If we are unable to attract new customers, our future results of operations could be harmed.***

To expand our customer base, we need to convince potential customers to allocate a portion of their discretionary budgets to purchase our Falcon platform. Our sales efforts often involve educating our prospective customers about the uses and benefits of our Falcon platform. Enterprises and governments that use legacy security products, such as signature-based or malware-based products, firewalls, intrusion prevention systems, and antivirus, for their IT security may be hesitant to purchase our Falcon platform if they believe that these products are more cost effective, provide substantially the same functionality as our Falcon platform or provide a level of IT security that is sufficient to meet their needs. We may have difficulty convincing prospective customers of the value of adopting our solution. Even if we are successful in convincing prospective customers that a cloud native platform like ours is critical to protect against cyberattacks, they may not decide to purchase our Falcon platform for a variety of reasons, some of which are out of our control. For example, any deterioration in general economic conditions, including as a result of the geopolitical environment or changes and uncertainty regarding trade policies or tariffs, the outbreak of diseases or other public health crises, volatility in the banking and financial services sector, or inflation (as well as government policies such as raising interest rates in response to inflation), have in the past and may in the future cause our current and prospective customers to delay or cut their overall security and IT operations spending, and such delays or cuts may fall disproportionately on cloud-based security solutions like ours. Economic weakness, customer financial difficulties, constrained spending on security and IT operations, and the impact of the July 19 Incident may result in decreased revenue, reduced sales, an increase in multi-phase subscription start dates, shorter terms for customer subscriptions, lengthened sales cycles, increased churn, lower demand for our products, and adversely affect our results of operations and financial conditions. Furthermore, we may need to exercise more flexibility in customer payment terms as customers navigate a more challenging economic environment. Additionally, if the incidence of cyberattacks were to decline, or be perceived to decline, or if organizations adopt endpoints that use operating systems we do not adequately support, our ability to attract new customers and expand sales of our solutions to existing customers could be adversely affected. If organizations do not continue to adopt our Falcon platform, our sales will not grow as quickly as anticipated, or at all, and our business, results of operations, and financial condition would be harmed.

***If our customers do not renew their subscriptions for our products and add additional cloud modules to their subscriptions, our future results of operations could be harmed.***

In order for us to maintain or improve our results of operations, it is important that our customers renew their subscriptions for our Falcon platform when existing contract terms expire, and that we expand our commercial relationships with our existing customers by selling additional cloud modules and by deploying to more endpoints in their environments. Our customers have no obligation to renew their subscription for our Falcon platform after the expiration of their contractual subscription period, which is generally one to three years, and in the normal course of business, some customers have elected not to renew. In addition, customers that previously signed multi-year subscription contracts may renew for shorter contract subscription lengths, and customers may cease using certain cloud modules altogether. Even if customers choose to renew their subscription of certain

cloud modules, they may decline to purchase additional cloud modules or choose not to consolidate onto our Falcon platform. Our customer retention, renewals and expansion may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our products and services, our customers' ability to fully utilize their product subscriptions, our pricing, customer security and networking issues and requirements, our customers' spending levels, decreases in the number of endpoints to which our customers deploy our solutions, mergers and acquisitions involving our customers, industry developments, competition, the impact of the July 19 Incident, including the impact of our customer commitment packages, and general economic and geopolitical conditions. Any such impacts on customer renewals may result from a variety of different factors, including customers electing to renew with shorter subscription periods, fewer cloud modules, fewer endpoints or smaller contract values. If our efforts to maintain and expand our relationships with our existing customers are not successful, our business, results of operations, and financial condition may materially suffer.

***Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense.***

Our revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for our Falcon platform. Customers often view the subscription to our Falcon platform as a significant strategic decision and, as a result, frequently require considerable time to evaluate, test and qualify our Falcon platform prior to entering into or expanding a relationship with us. Large enterprises and government entities in particular often undertake a significant evaluation process that further lengthens and adds uncertainty to our sales cycle. In addition, uncertain economic or geopolitical conditions, including in connection with changes in trade policies and tariffs, may lead to additional scrutiny of budgets by current and prospective customers, which has resulted in, for example, longer sales cycles for products and services, and may result in shifting demand for IT products and services, and slower adoption of new technologies. We have also experienced, and expect to continue to experience, longer sales cycles in connection with the July 19 Incident. We may also experience longer sales cycles as customers seek to consolidate on our Falcon platform and negotiate larger deals, including in connection with our flexible subscription offering.

Our direct sales team develops relationships with our customers, and works with our channel partners on account penetration, account coordination, sales and overall market development. We spend substantial time and resources on our sales efforts without any assurance that our efforts will produce a sale. Security solution purchases are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. As a result, it is difficult to predict whether and when a sale will be completed. The failure of our efforts to secure sales after investing resources in a lengthy sales process could adversely affect our business and results of operations.

***We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition, and results of operations.***

The market for security and IT operations solutions is intensely competitive, fragmented, and characterized by rapid changes in technology, customer requirements, industry standards, increasingly sophisticated attackers, and by frequent introductions of new or improved products or services to combat security threats. We expect to continue to face intense competition from current competitors, as well as from new entrants into the market. If we are unable to anticipate or react to these challenges, our competitive position could weaken, and we could experience a decline in revenue or reduced revenue growth, and loss of market share that would adversely affect our business, financial condition, and results of operations. Our ability to compete effectively depends upon numerous factors, many of which are beyond our control, including, but not limited to:

- product capabilities, including performance and reliability, of our Falcon platform, including our cloud modules, services, and features compared to those of our competitors;
- our ability, and the ability of our competitors, to improve existing products, services, and features, or to develop new ones to address evolving customer needs;
- our ability to attract, retain, and motivate talented employees;
- our ability to establish and maintain relationships with channel partners and direct customers;
- the strength of our sales and marketing efforts;
- the strength of our reputation and brand, including the impact to our reputation and brand as a result of the July 19 Incident; and

- acquisitions or consolidation within our industry, which may result in more formidable competitors.

Our competitors include the following by general category:

- legacy antivirus product providers who offer a broad range of approaches and solutions including traditional signature-based anti-virus protection;
- alternative endpoint security providers who generally offer a mix of on-premise and cloud-hosted products that rely heavily on malware-only or application whitelisting techniques;
- network security vendors who are supplementing their core perimeter-based offerings with endpoint or cloud security solutions;
- cloud security vendors, including those who focus on public cloud infrastructure and services;
- identity security vendors that seek to identify and secure user accounts and related activities;
- professional service providers who offer cybersecurity response services; and
- legacy SIEM vendors who offer a range of log management and security capabilities.

Many of our competitors have greater financial, technical, marketing, sales, and other resources, greater name recognition, longer operating histories, and a larger base of customers than we do. They may be able to devote greater resources to the development, promotion, and sale of services than we can, and they may offer lower pricing than we do. Further, they may have greater resources for research and development of new technologies, the provision of customer support, and the pursuit of acquisitions. Our larger competitors have substantially broader and more diverse product and services offerings as well as routes to market, which allows them to leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our platform, including our cloud modules. Conditions in our market could change rapidly and significantly as a result of technological advancements, including with respect to AI. Our competitors may more successfully incorporate AI into their products, gain or leverage superior access to certain AI technologies, and achieve higher market acceptance of their AI solutions. Conditions in our market could also change rapidly and significantly due to partnering or acquisitions by our competitors or continuing market consolidation. Some of our competitors have recently made acquisitions of businesses or have established cooperative relationships that may allow them to offer more directly competitive and comprehensive solutions than were previously offered and adapt more quickly to new technologies and customer needs. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins, increased net losses and loss of market share. Further, competitors that specialize in providing protection from a single type of security threat may be able to deliver these targeted security products to the market quicker than we can or convince organizations that these limited products meet their needs. Even if there is significant demand for cloud-based security solutions like ours, if our competitors include functionality that is, or is perceived to be, equivalent to or better than ours in legacy products that are already generally accepted as necessary components of an organization's IT security architecture, we may have difficulty increasing the market penetration of our solutions. Furthermore, even if the functionality offered by other security and IT operations providers is more limited than the functionality of our platform, organizations may elect to accept such limited functionality in lieu of adding products from additional vendors like us. If we are unable to compete successfully, or if competing successfully requires us to take aggressive pricing or other actions, our business, financial condition, and results of operations would be adversely affected.

***Competitive pricing pressure may reduce our gross profits and adversely affect our financial results.***

If we are unable to maintain our pricing due to competitive pressures or other factors, our margins will be reduced and our gross profits, business, results of operations, and financial condition would be adversely affected. The subscription prices for our Falcon platform, cloud modules, and professional services may decline for a variety of reasons, including competitive pricing pressures, discounts, anticipation of the introduction of new solutions by our competitors, or promotional programs offered by us or our competitors. The cybersecurity market remains very competitive, and competition may further increase in the future. Competitors may reduce the price of products or subscriptions that compete with ours or may bundle them with other products and subscriptions.

***If our solutions fail or are perceived to fail to detect or prevent incidents or have or are perceived to have defects, errors, or vulnerabilities, our brand and reputation would be harmed, which would adversely affect our business and results of operations.***

Real or perceived defects, errors or vulnerabilities in our Falcon platform and cloud modules, the failure of our platform to detect or prevent incidents, including advanced and newly developed attacks, misconfiguration of our solutions, or the failure of customers to take action on attacks identified by our platform could harm our reputation and adversely affect our business, financial position and results of operations. Because our cloud native security platform is complex, it has contained, and may in the future contain defects, errors or vulnerabilities that are not detected until after deployment. For example, the July 19 Incident harmed our brand and reputation, business and results of operations. In addition, we identified a transport layer security issue that impacted certain Falcon Linux sensors, which led us to release a security fix and publish a security advisory to remediate the matter in February 2025. If we fail to timely detect defects or errors before deployment in the future, our brand and reputation, business and results of operations will suffer further. We cannot assure you that our products will detect all cyberattacks, especially in light of the rapidly changing security threat landscape that our solution seeks to address. Due to a variety of both internal and external factors, including, without limitation, defects or misconfigurations of our or third-party solutions, our solutions could be or become vulnerable to security incidents (both from intentional attacks and accidental causes) that cause them to fail to secure endpoints and detect and block attacks. Furthermore, any defects, errors or vulnerabilities in third-party technology or solutions we rely on could result in disruptions to our operations and adversely impact our business, financial condition and results of operations. In addition, because the techniques used by computer hackers to access or sabotage networks and endpoints change frequently and generally are not recognized until launched against a target, there is a risk that an advanced attack could emerge that our cloud native security platform is unable to detect or prevent until after some of our customers are affected. Additionally, our Falcon platform may falsely indicate a cyberattack or threat that does not actually exist, which may lessen customers' trust in our solutions.

Moreover, as our cloud native security platform is adopted by an increasing number of enterprises and governments, individuals and organizations behind advanced cyberattacks may intensify their efforts to defeat our security platform. If this happens, our systems and subscription customers could be specifically targeted by attackers and could result in vulnerabilities in our platform or undermine the market acceptance of our Falcon platform and could adversely affect our reputation as a provider of security solutions. Because we host customer data on our cloud platform, which in some cases may contain personally-identifiable information or potentially confidential information, a security compromise, or an accidental or intentional misconfiguration or malfunction of our platform or third-party platforms, could result in personally-identifiable information and other customer data being accessible such as to attackers or to other customers. Further, if a high profile security breach occurs with respect to another next-generation or cloud-based security system, our customers and potential customers may lose trust in cloud solutions generally, and cloud-based security solutions such as ours in particular.

Organizations are increasingly subject to a wide variety of attacks on their networks, systems, and endpoints. No security solution, including our Falcon platform, can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident. If any of our customers experiences a successful cyberattack while using our solutions or services, such customer could be disappointed with our Falcon platform, regardless of whether our solutions or services blocked the theft of any of such customer's data, if the customer failed to protect its own credentials, or if the attack would have otherwise been mitigated or prevented if the customer had fully deployed aspects of our Falcon platform. Similarly, if our solutions detect attacks against a customer but the customer does not address the vulnerability, customers and the public may erroneously believe that our solutions were not effective. Security breaches against customers that use our solutions may result in customers and the public believing that our solutions failed. Our Falcon platform may fail to detect or prevent malware, viruses, worms or similar threats for any number of reasons, including our failure to enhance and expand our Falcon platform to reflect the increasing sophistication of malware, viruses and other threats. Real or perceived security breaches of our customers' networks could cause disruption or damage to their networks or other negative consequences and could result in negative publicity to us, damage to our reputation, and other customer relations issues, and may adversely affect our revenue and results of operations.

***As a cybersecurity provider, we have been, and expect to continue to be, a target of cyberattacks. If our or our service providers' internal networks, systems, or data are or are perceived to have been compromised, our reputation may be damaged and our financial results may be negatively affected.***

As a provider of security solutions, we have in the past been, and may in the future be, specifically targeted by bad actors for attacks intended to circumvent our security capabilities or to exploit our Falcon platform as an entry point into customers' endpoints, networks, or systems. In particular, because we have been involved in the identification of organized cybercriminals and nation-state actors, we have been the subject of intense efforts by sophisticated cyber adversaries who seek to compromise our systems. Such efforts may also intensify as geopolitical tensions increase. In addition, bad actors have attempted to leverage

the July 19 Incident to facilitate malicious activity, including, for example, through sending phishing emails posing as CrowdStrike support. Such activity, whether or not successful, could result in additional harm to our business. We are also susceptible to inadvertent compromises of our systems and data, including those arising from process, coding, or human errors. Moreover, we utilize third-party service providers to, among other things, host, transmit, or otherwise process electronic data in connection with our business activities, including our supply chain, operations, and communications. Our third-party service providers and other vendors have faced and may continue to face cyberattacks, compromises, interruptions in service, or other security incidents from a variety of sources. A successful attack or other incident that results in an interruption of service or that compromises our or our service providers' internal networks, systems, or data could have a significant negative effect on our operations, reputation, financial resources, and the value of our intellectual property. We cannot assure you that any of our efforts to manage this risk, including adoption of a comprehensive incident response plan and process for detecting, mitigating, and investigating security incidents that we regularly test through table-top exercises, testing of our security protocols through additional techniques, such as penetration testing, debriefing after security incidents, to improve our security and responses, and regular briefing of our directors and officers on our cybersecurity risks, preparedness, and management, will be effective in protecting us from such attacks.

It is virtually impossible for us to entirely eliminate the risk of such attacks, compromises, interruptions in service, or other security incidents affecting our internal systems or data, or that of our third-party service providers and vendors. Organizations are subject to a wide variety of attacks on their supply chain, networks, systems, and endpoints, and techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. Furthermore, employee error or malicious activity could compromise our systems. As a result, we may be unable to anticipate these techniques or implement adequate measures to prevent an intrusion into our networks, which could result in unauthorized access to customer data, intellectual property including access to our source code, and information about vulnerabilities in our product, which in turn, could reduce the effectiveness of our solutions, or lead to cyberattacks or other intrusions of our customers' networks, litigation, governmental audits and investigations and significant legal fees, any or all of which could damage our relationships with our existing customers and could have a negative effect on our ability to attract and retain new customers. We have expended, and anticipate continuing to expend, significant resources in an effort to prevent security breaches and other security incidents impacting our systems and data. Since our business is focused on providing reliable security services to our customers, we believe that an actual or perceived security incident affecting our internal systems or data or data of our customers would be especially detrimental to our reputation, customer confidence in our solution, and our business.

In addition, while we maintain insurance policies that may cover certain liabilities in connection with a cybersecurity incident, we cannot be certain that our insurance coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, results of operations and reputation.

***We rely on third-party data centers, such as Amazon Web Services, and our own colocation data centers to host and operate our Falcon platform, and any disruption of or interference with our use of these facilities may negatively affect our ability to maintain the performance and reliability of our Falcon platform which could cause our business to suffer.***

Our customers depend on the continuous availability of our Falcon platform. We currently host our Falcon platform and serve our customers using a mix of third-party data centers, primarily Amazon Web Services, Inc., or AWS, and our data centers, hosted in colocation facilities. Consequently, we may be subject to service disruptions as well as failures to provide adequate support for reasons that are outside of our direct control. We have experienced, and expect that in the future we may experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints.

The following factors, many of which are beyond our control, can affect the delivery, availability, and the performance of our Falcon platform:

- the development and maintenance of the infrastructure of the internet;
- the performance and availability of third-party providers of cloud infrastructure services, such as AWS, with the necessary speed, data capacity and security for providing reliable internet access and services;

- decisions by the owners and operators of the data centers where our cloud infrastructure is deployed to terminate our contracts, discontinue services to us, shut down operations or facilities, increase prices, change service levels, limit bandwidth, declare bankruptcy or prioritize the traffic of other parties;
- physical or electronic break-ins, acts of war or terrorism, human error or interference (including by disgruntled employees, former employees or contractors) and other catastrophic events;
- cyberattacks, including denial of service attacks, targeted at us, our data centers, or the infrastructure of the internet;
- failure by us to maintain and update our cloud infrastructure to meet our data capacity requirements;
- errors, defects or performance problems in our software, including third-party software incorporated in our software;
- improper deployment or configuration of our solutions;
- the failure of our redundancy systems, in the event of a service disruption at one of our data centers, to provide failover to other data centers in our data center network; and
- the failure of our disaster recovery and business continuity arrangements.

The adverse effects of any service interruptions on our reputation, results of operations, and financial condition may be disproportionately heightened due to the nature of our business and the fact that our customers have a low tolerance for interruptions of any duration. Interruptions or failures in our service delivery could result in a cyberattack or other security threat to us or to one of our customers during such periods of interruption or failure. Additionally, interruptions or failures in our service could cause customers to terminate their subscriptions with us, adversely affect our renewal rates, and harm our ability to attract new customers. Our business would also be harmed if our customers believe that a cloud-based SaaS-delivered endpoint security solution is unreliable. We have experienced, and may in the future experience, service interruptions and other performance problems due to a variety of factors. The occurrence of any of these factors, or if we are unable to rapidly and cost-effectively fix such errors or other problems that may be identified, could damage our reputation, negatively affect our relationship with our customers or otherwise harm our business, results of operations and financial condition.

***We rely on our key technical, sales and management personnel to grow our business, and the loss of one or more key employees could harm our business.***

Our future success is substantially dependent on our ability to attract, retain, and motivate the members of our management team and other key employees throughout our organization. In particular, we are highly dependent on the services of George Kurtz, our President and Chief Executive Officer, who is critical to our future vision and strategic direction. We rely on our leadership team in the areas of operations, security, research and development, marketing, sales, support and general and administrative functions. Although we have entered into employment agreements with our key personnel, our employees, including our executive officers, work for us on an “at-will” basis, which means they may terminate their employment with us at any time. Leadership transitions can be inherently difficult to manage. In particular, they can cause operational and administrative inefficiencies, and could impact relationships with key customers and vendors. If Mr. Kurtz, or one or more of our key employees, or members of our management team resigns or otherwise ceases to provide us with their service, our business could be harmed.

***If we are unable to attract and retain qualified personnel, our business could be harmed.***

There is significant competition for personnel with the skills and technical knowledge that we require across our technology, cyber, sales, professional services, and administrative support functions. Competition for these personnel is intense, especially for experienced sales professionals and for engineers experienced in designing and developing cloud applications and security software. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. For example, in recent years, recruiting, hiring and retaining employees with expertise in the cybersecurity industry has become increasingly difficult as the demand for cybersecurity professionals has increased as a result of the recent cybersecurity attacks on global corporations and governments. Additionally, our incident response and proactive services team is small and comprised of personnel with highly technical skills and experience, who are in high demand, and who would be difficult to replace. More generally, the technology industry is subject to substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software and Internet-related

services. Many of the companies with which we compete for experienced personnel have greater resources than we have. Our competitors also may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms, or at all. We have in the past, and may in the future, be subject to allegations that employees we hire have been improperly solicited, or that they have divulged proprietary or other confidential information or that their former employers own such employees' inventions or other work product, or that they have been hired in violation of non-compete provisions or non-solicitation provisions.

In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Therefore, volatility or lack of performance in our stock price could affect our ability to attract and retain our key employees. Also, many of our employees have become, or will soon become, vested in a substantial amount of equity awards, which may give them a substantial amount of personal wealth. This may make it more difficult for us to retain and motivate these employees, and this wealth could affect their decision about whether or not they continue to work for us. In addition, the Plan could negatively affect our ability to recruit and retain skilled personnel. Any failure to successfully attract, integrate or retain qualified personnel to fulfill our current or future needs could adversely affect our business, results of operations and financial condition.

***If we do not effectively expand and train our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business will be adversely affected.***

We depend on our direct sales force to obtain new customers and increase sales with existing customers. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel, particularly in international markets. We have expanded our sales organization significantly in recent periods and expect to continue to add additional sales capabilities in the near term. There is significant competition for sales personnel with the skills and technical knowledge that we require. New hires require significant training and may take significant time before they achieve full productivity, and this delay is accentuated by our long sales cycles. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, a large percentage of our sales force is new to our company and selling our solutions, and therefore this team may be less effective than our more seasoned sales personnel. Furthermore, hiring sales personnel in new countries, or expanding our existing presence, requires upfront and ongoing expenditures that we may not recover if the sales personnel fail to achieve full productivity. We cannot predict whether, or to what extent, our sales will increase as we expand our sales force or how long it will take for sales personnel to become productive. If we are unable to hire and train a sufficient number of effective sales personnel, or the sales personnel we hire are not successful in obtaining new customers or increasing sales to our existing customer base, our business and results of operations will be adversely affected.

***Because we recognize revenue from subscriptions to our platform over the term of the subscription, downturns or upturns in new business will not be immediately reflected in our results of operations.***

We generally recognize revenue from customers ratably over the terms of their subscription, which is generally one to three years. As a result, a substantial portion of the revenue we report in each period is attributable to the recognition of deferred revenue relating to agreements that we entered into during previous periods. Consequently, any increase or decline in new sales or renewals in any one period will not be immediately reflected in our revenue for that period. Any such change, however, would affect our revenue in future periods. In addition, subscription commencement dates may be impacted by a number of factors, some of which we may exercise varying degrees of control over, including terms negotiated with our customers and our internal review, approval and provisioning processes. As a result, the impact of new subscriptions may not be immediately reflected in our results of operations. Moreover, the effect of downturns or upturns in new sales and potential changes in our rate of renewals, including as a result of the July 19 Incident, may not be fully reflected in our results of operations until future periods. In addition, customer commitment packages introduced following the July 19 Incident that extend subscription periods will lengthen the applicable term over which we recognize revenue, which has adversely affected, and is expected to continue to adversely affect, our results. We may also be unable to timely reduce our cost structure in line with a significant deterioration in sales or renewals that would adversely affect our results of operations and financial condition.

***Our results of operations may fluctuate significantly, which could make our future results difficult to predict and could cause our results of operations to fall below expectations.***

Our results of operations may vary significantly from period to period, which could adversely affect our business, financial condition and results of operations. Our results of operations have varied significantly from period to period, and we expect that our results of operations will continue to vary as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract new and retain existing customers;
- the budgeting cycles, seasonal buying patterns, and purchasing practices of customers;
- economic difficulties confronting our customers, which may impact the number of modules or endpoint deployments they are willing or able to purchase;
- insolvency or credit difficulties confronting our customers, affecting their ability to purchase or pay for our solutions, including in connection with our customer and end-user financing arrangements;
- the timing and length of our sales cycles;
- changes in customer or channel partner requirements or market needs;
- any disruption in our relationship with channel partners;
- changes in the growth rate of the cloud-based SaaS-delivered endpoint security solutions market;
- the timing and success of new product and service introductions by us or our competitors or any other competitive developments, including consolidation among our customers or competitors;
- decisions by organizations to purchase security solutions from larger, more established security vendors or from their primary IT equipment vendors;
- changes in our pricing policies or those of our competitors;
- the level of awareness of cybersecurity threats, particularly advanced cyberattacks, and the market adoption of our Falcon platform;
- significant security breaches of, technical difficulties with or interruptions to, the use of our Falcon platform;
- the impact to our business from the July 19 Incident;
- negative media coverage or publicity;
- our ability to successfully expand our business domestically and internationally;
- the amount and timing of operating costs (including new hires), tightening of labor markets and capital expenditures related to the expansion of our business;
- extraordinary expenses such as litigation, regulatory or other dispute-related settlement payments or outcomes;
- increases or decreases in our expenses caused by fluctuations in foreign currency exchange rates;
- future accounting pronouncements or changes in our accounting policies or practices;
- developments relating to our valuation allowances for our deferred tax assets;

- deteriorating or volatile conditions in the global economy and financial markets, including as a result of weak or negative gross domestic product growth, uncertainty or disruptions in the capital and credit markets, changing interest rates, inflation, tariffs and trade restrictions, bank failures or adverse conditions impacting financial institutions, and supply-chain disruptions; and
- political events, geopolitical unrest or tension, acts of war and terrorism.

In addition, we experience seasonal fluctuations in our financial results as we typically receive a higher percentage of our annual orders from new customers, as well as renewal orders from existing customers, in the second half of the fiscal year as compared to the first half of the year due to the annual budget approval processes of many of our customers. In addition, we also experience seasonality in our operating margin, typically with a lower margin in the first half of our fiscal year. Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our financial and other results of operations from period to period. As a result of this variability, our historical results of operations should not be relied upon as an indication of future performance. Moreover, this variability and unpredictability could result in our failure to meet our operating plan or the expectations of investors or analysts for any period. If we fail to meet such expectations for these or other reasons, our stock price could fall substantially, and we could face costly lawsuits, including securities class action suits. For example, we are currently party to securities litigation brought in connection with the July 19 Incident on behalf of certain purchasers of our common stock.

***If we are not able to maintain and enhance our CrowdStrike and Falcon brands and our reputation as a provider of high-efficacy security solutions, our business and results of operations may be adversely affected.***

We believe that maintaining and enhancing our CrowdStrike and Falcon brands and our reputation as a provider of high-efficacy security solutions is critical to our relationship with our existing customers, channel partners, and technology alliance partners and our ability to attract new customers and partners. The successful promotion of our CrowdStrike and Falcon brands depends on a number of factors, including our marketing efforts, our ability to continue to develop additional cloud modules and features for our Falcon platform, our ability to successfully differentiate our Falcon platform from competitive cloud-based or legacy security solutions and, ultimately, our ability to detect and stop breaches. Although we believe it is important for our growth, our brand promotion activities may not be successful or yield increased revenue.

In addition, independent industry or financial analysts and research firms often test our solutions and provide reviews of our Falcon platform, as well as the products of our competitors, and perception of our Falcon platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products, our brand may be adversely affected. Our solutions may fail to detect or prevent threats in any particular test for a number of reasons that may or may not be related to the efficacy of our solutions in real world environments. To the extent potential customers, industry analysts or testing firms believe that the occurrence of a failure to detect or prevent any particular threat is a flaw or indicates that our solutions or services do not provide significant value, we may lose customers, and our reputation, financial condition and business would be harmed. Additionally, the performance of our channel partners and technology alliance partners may affect our brand and reputation if customers do not have a positive experience with these partners. In addition, we have in the past worked, and continue to work, with high profile private and public customers as well as assist in analyzing and remediating high profile cyberattacks, which sometimes involve nation-state actors. Our work with such customers has exposed us to publicity and media coverage. Changing political environments in the United States and abroad may amplify the media and political scrutiny we face. Negative publicity about us, including about our management, the efficacy and reliability of our Falcon platform, our products offerings, our professional services, and the customers we work with, even if inaccurate, has in the past adversely affected, and may in the future adversely affect, our reputation and brand. For example, the July 19 Incident, which received significant media attention and negative publicity, harmed our reputation and brand.

***If we are unable to maintain successful relationships with our channel partners and technology alliance partners, or if our channel partners or technology alliance partners fail to perform, our ability to market, sell and distribute our Falcon platform will be limited, and our business, financial position and results of operations will be harmed.***

In addition to our direct sales force, we rely on our channel partners to sell and support our Falcon platform. The vast majority of sales of our Falcon platform flow through our channel partners, and we expect this to continue for the foreseeable future. Additionally, we have entered, and intend to continue to enter, into technology alliance partnerships with third parties to support our future growth plans. The loss of a substantial number of our channel partners or technology alliance partners, or the failure to recruit additional partners, could adversely affect our results of operations. Our ability to achieve revenue growth in the future will depend in part on our success in maintaining successful relationships with our channel partners and in training our channel partners to independently sell and deploy our Falcon platform. If we fail to effectively manage our existing sales channels, or if our channel partners are unsuccessful in fulfilling the orders for our solutions, or if we are unable to enter into

arrangements with, and retain a sufficient number of, high quality channel partners in each of the regions in which we sell solutions and keep them motivated to sell our products, our ability to sell our products and results of operations will be harmed.

***Our international operations and plans for future international expansion expose us to significant risks, and failure to manage those risks could adversely impact our business.***

We derived approximately 30%, 32%, 32% and 33% of our total revenue from our international customers for fiscal 2023, fiscal 2024, fiscal 2025 and the six months ended July 31, 2025, respectively. We are continuing to adapt to and develop strategies to address international markets and our growth strategy includes expansion into target geographies, but there is no guarantee that such efforts will be successful. We expect that our international activities will continue to grow in the future, as we continue to pursue opportunities in international markets. These international operations will require significant management attention and financial resources and are subject to substantial risks, including:

- greater difficulty in negotiating contracts with standard terms, enforcing contracts and managing collections, and longer collection periods;
- higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations;
- management communication and integration problems resulting from cultural and geographic dispersion;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification, and localization of our Falcon platform that may be required in foreign countries;
- greater risk of unexpected changes, or threat of changes, in regulatory practices, tariffs, and tax laws and treaties or the application thereof;
- compliance with anti-bribery laws, including, without limitation, compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, the U.S. Travel Act and the U.K. Bribery Act 2010, or Bribery Act, violations of which could lead to significant fines, penalties, and collateral consequences for our company;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- the uncertainty of protection for intellectual property rights in some countries;
- general economic and political conditions in these foreign markets;
- foreign exchange controls or tax regulations that might prevent us from repatriating cash earned outside the United States;
- political and economic instability in some countries;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States or the foreign jurisdictions in which we operate;
- unexpected costs for the localization of our services, including translation into foreign languages and adaptation for local practices and regulatory requirements (including, but not limited to data localization requirements, data sovereignty requirements and other digital restrictions, such as those emerging in the EU);
- requirements to comply with foreign privacy, data protection, and information security laws and regulations and the risks and costs of noncompliance;
- greater difficulty in identifying, attracting and retaining local qualified personnel, and the costs and expenses associated with such activities;

- greater difficulty identifying qualified channel partners and maintaining successful relationships with such partners;
- differing employment practices and labor relations issues; and
- difficulties in managing and staffing international offices and increased travel, infrastructure, and legal compliance costs associated with multiple international locations.

Additionally, nearly all of our sales contracts are currently denominated in U.S. dollars. However, a strengthening of the U.S. dollar could increase the cost of our solutions to our international customers, which could adversely affect our business and results of operations. In addition, an increasing portion of our operating expenses is incurred outside the United States; is denominated in foreign currencies, such as the Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, and Japanese Yen; and is subject to fluctuations due to changes in foreign currency exchange rates. If we become more exposed to currency fluctuations and are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected.

As we continue to develop and grow our business globally, our success will depend in large part on our ability to anticipate and effectively manage these risks. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks could limit the future growth of our business.

***Our business depends, in part, on sales to government organizations, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on our business and results of operations.***

Our future growth depends, in part, on increasing sales to government organizations. Demand from government organizations is often unpredictable, subject to budgetary uncertainty and typically involves long sales cycles. We have made significant investment to address the government sector, but we cannot assure you that these investments will be successful, or that we will be able to maintain or grow our revenue from the government sector. U.S. federal, state and local government sales as well as foreign government sales are subject to a number of challenges and risks that may adversely impact our business.

Sales to such government entities include, but are not limited to, the following risks:

- selling to governmental agencies can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that such efforts will generate a sale;
- we may be required to obtain personnel security clearances and facility clearances to perform on classified contracts for government agencies, and there is no guarantee that we will be able to obtain or maintain such clearances;
- government certification, software supply chain, or source code transparency requirements applicable to us or our products are constantly evolving and, in doing so, restrict our ability to sell to certain government customers until we have attained the new or revised certification or meet other applicable requirements, which we are not guaranteed to do. For example, although we are currently certified under the U.S. Federal Risk and Authorization Management Program, or FedRAMP, such certification is costly to maintain and if we lose our certification, it would restrict our ability to sell to government customers;
- government product requirements are often technically complex and assessors may require us to make costly changes to our products to meet such requirements without any assurance that such changes will generate a sale or improve the efficacy of our products;
- government demand and payment for our Falcon platform may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays in the government appropriations or procurement processes adversely affecting public sector demand for our Falcon platform, including as a result of abrupt events such as war, incidents of terrorism, natural disasters, and public health concerns or epidemics;

- government attitudes towards us as a company, our platform or the capabilities that we offer as a viable software solution may change, and reduce interest in our products and services as acceptable solutions;
- changes in the political environment, including before or after a change to the leadership within the government administration, can create uncertainty or changes in policy or priorities and reduce available funding for our products and services;
- third parties may compete intensely with us on pending, new or existing contracts with government products, which can also lead to appeals, disputes, or litigation relating to government procurement, including but not limited to bid protests by unsuccessful bidders on potential or actual awards of contracts to us or our partners by the government;
- even if we are awarded a sale, the terms of such contracts may be unusually burdensome;
- governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our Falcon platform, which would adversely impact our revenue and results of operations, or institute fines or civil or criminal liability if the audit were to uncover improper or illegal activities; and
- governments may require certain products to be manufactured, hosted, or accessed solely in their country or in other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet these requirements, affecting our ability to sell these products to governmental agencies.

The occurrence of any of the foregoing risks could cause governments and governmental agencies to delay or refrain from purchasing our solutions in the future or otherwise have an adverse effect on our business and results of operations.

***We may not timely and cost-effectively scale and adapt our existing technology to meet our customers' performance and other requirements.***

Our future growth is dependent upon our ability to continue to meet the needs of new customers and the expanding needs of our existing customers as their use of our solutions grow. As our customers gain more experience with our solutions, the number of endpoints and events, the amount of data transferred, processed and stored by us, the number of locations where our platform and services are being accessed, have in the past, and may in the future, expand rapidly. In order to meet the performance and other requirements of our customers, we intend to continue to make significant investments to increase capacity and to develop and implement new technologies, including those involving AI, in our service and cloud infrastructure operations. These technologies, which include databases, applications and server optimizations, network and hosting strategies, and automation, are often advanced, complex, new and untested. We may not be successful in developing or implementing these technologies. In addition, as our business grows, we must continue to improve and expand our information technology infrastructure. It takes a significant amount of time to plan, develop and test improvements to our technologies and infrastructure, and we may not be able to accurately forecast demand or predict the results we will realize from such improvements. We rely on external ecosystems, such as operating systems, to operate and make our products and services available to customers. If we are unable to adapt to product or policy changes in such ecosystems, or if we do not effectively operate with such ecosystems, demand for and availability of our products or services could decline. To the extent that we do not effectively scale our operations and infrastructure to meet the needs of our business, our growing customer base and to maintain performance as our customers expand their use of our solutions, we may not be able to grow as quickly as we anticipate, our customers may reduce or cancel use of our solutions and we may be unable to compete as effectively and our business and results of operations may be harmed.

Additionally, we have and will continue to make substantial investments to support growth at our data centers and improve the profitability of our cloud platform. For example, because of the importance of AWS' services to our business and AWS' position in the cloud-based server industry, any renegotiation or renewal of our agreement with AWS may be on terms that are significantly less favorable to us than our current agreement. If our cloud-based server costs were to increase, our business, results of operations and financial condition may be adversely affected. Although we expect that we could receive similar services from other third parties, if any of our arrangements with AWS are terminated, we could experience interruptions on our Falcon platform and in our ability to make our solutions available to customers, as well as delays and additional expenses in arranging alternative cloud infrastructure services. Ongoing improvements to cloud infrastructure may be more expensive than we

anticipate, and may not yield the expected savings in operating costs or the expected performance benefits. In addition, we may be required to re-invest any cost savings achieved from prior cloud infrastructure improvements in future infrastructure projects to maintain the levels of service required by our customers. We may not be able to maintain or achieve cost savings from our investments, which could harm our financial results.

***Our ability to maintain customer satisfaction depends in part on the quality of our customer support.***

Once our Falcon platform is deployed within our customers' networks, our customers depend on our customer support services to resolve any issues relating to the implementation and maintenance of our Falcon platform. If we do not provide effective ongoing support, customer renewals and our ability to sell additional modules as part of our Falcon platform to existing customers could be adversely affected and our reputation with potential customers could be damaged. Many of our larger organizational customers have more complex networks and require higher levels of support than smaller customers and we offer premium services for these customers. Failure to maintain high-quality customer support could have a material adverse effect on our business, results of operations, and financial condition.

***We may need to raise additional capital to expand our operations and invest in new solutions, which capital may not be available on terms acceptable to us, or at all, and which could reduce our ability to compete and could harm our business.***

We expect that the combination of our existing cash and cash equivalents, cash flows from operations, and our revolving facility will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Retaining or expanding our current levels of personnel and product and service offerings may require additional funds to respond to business challenges, including the need to develop new products or services and enhancements to our Falcon platform, improve our operating infrastructure, or acquire complementary businesses and technologies. Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products or services could reduce our ability to compete and could harm our business. Accordingly, we may need to engage in additional equity or debt financings to secure additional funds. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests and the market price of our common stock could decline. If we engage in additional debt financing, the holders of such debt would have priority over the holders of our common stock, and we may be required to accept terms that further restrict our operations or our ability to incur additional indebtedness or to take other actions that would otherwise be in the interests of the debt holders. Any of the above could harm our business, results of operations, and financial condition.

***If we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success and our business may be harmed.***

We believe that our corporate culture has been a contributor to our success, which we believe fosters innovation, teamwork, passion and focus on building and marketing our Falcon platform. As we grow, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively and execute on our business strategy. Additionally, our productivity and the quality of our solutions may be adversely affected if we do not integrate and train our new employees quickly and effectively. If we experience any of these effects in connection with future growth, it could impair our ability to attract new customers, retain existing customers and expand their use of our Falcon platform, all of which would adversely affect our business, financial condition and results of operations.

***We rely on a limited number of suppliers for certain components of the equipment we use to operate our cloud platform. Supply chain disruptions could delay our ability to expand or increase the capacity of our global data center network, replace defective equipment in our existing data centers and impact our operating costs.***

We rely on a limited number of suppliers for several components of the equipment we use to operate our cloud platform and provide services to our customers. We generally purchase these components on a purchase order basis, and do not have long-term contracts guaranteeing supply. Our reliance on these suppliers exposes us to risks, including reduced control over production costs and constraints based on the then current availability, terms and pricing of these components. If we experience disruption or delay from our suppliers, we may not be able to obtain supplies or components from alternative suppliers on a timely basis or on terms that are favorable to us, if at all. The technology industry has experienced widespread component shortages and delivery delays, including as a result of geopolitical tensions (including actual or threatened changes in tariffs and trade restrictions), public health crises and natural disasters. While we have taken steps to mitigate our supply chain risk, supply chain disruptions and delays could nevertheless adversely impact our operations by, among other things, causing us to delay opening new data centers, delay increasing capacity or replacing defective equipment at existing data centers, and experience increased operating costs.

***We are exposed to the credit risks of certain of our customers and end-users, which could adversely impact our business, financial condition or results of operations.***

We provide financing arrangements for certain of our customers and end-users to purchase our products and services. Such financing activities expose us to the credit risks of our customers and end-users and these risks may be more pronounced if our customers and end-users are negatively impacted by a global economic downturn or periods of economic uncertainty. There can be no assurance that our efforts to monitor and mitigate these credit risks will be effective. If we are unable to adequately control these risks, our business, financial condition or results of operations could be harmed.

#### **Risks Related to Intellectual Property, Legal, and Regulatory Matters**

***The success of our business depends in part on our ability to protect and enforce our intellectual property rights.***

We believe our intellectual property is an essential asset of our business, and our success and ability to compete depend in part upon protection of our intellectual property rights. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality procedures and contractual provisions, to establish and protect our intellectual property rights in the United States and abroad, all of which provide only limited protection. The efforts we have taken to protect our intellectual property may not be sufficient or effective, and our trademarks, copyrights and patents may be held invalid or unenforceable. Moreover, we cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents in the United States and in certain non-U.S. jurisdictions, but such protections may not be available in all countries in which we operate or in which we seek to enforce our intellectual property rights, or may be difficult to enforce in practice. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Moreover, we may need to expend additional resources to defend our intellectual property rights in these countries, and our inability to do so could impair our business or adversely affect our international expansion. Our currently issued patents and any patents that may be issued in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers.

We may not be effective in policing unauthorized use of our intellectual property, and even if we do detect violations, litigation or technical changes to our products may be necessary to enforce our intellectual property rights. Protecting against the unauthorized use of our intellectual property rights, technology and other proprietary rights is expensive and difficult, particularly outside of the United States. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management's attention, which could harm our business and results of operations. Further, attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. The inability to adequately protect and enforce our intellectual property and other proprietary rights could seriously harm our business, results of operations and financial condition. Even if we are able to secure our intellectual property rights, we cannot assure you that such rights will provide us with competitive advantages or distinguish our services from those of our competitors or that our competitors will not independently develop similar technology, duplicate any of our technology, or design around our patents.

***Claims by others that we infringe their proprietary technology or other intellectual property rights could result in significant costs and substantially harm our business, financial condition, results of operations, and prospects.***

Claims by others that we infringe their proprietary technology or other intellectual property rights could harm our business. A number of companies in our industry hold a large number of patents and also protect their copyright, trade secret and other intellectual property rights, and companies in the networking and security industry frequently enter into litigation based on allegations of patent infringement or other violations of intellectual property rights. As we face increasing competition and grow, the possibility of intellectual property rights claims against us also grows. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that such personnel have divulged proprietary or other confidential information to us. From time to time, third parties have in the past and may in the future assert claims of infringement of intellectual property rights against us.

Third parties may in the future also assert claims against our customers or channel partners, whom our standard license and other agreements obligate us to indemnify against claims that our solutions infringe the intellectual property rights of third parties. As the number of products and competitors in the security and IT operations market increases and overlaps occur, claims of infringement, misappropriation, and other violations of intellectual property rights may increase. While we intend to increase the

size of our patent portfolio, many of our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. In addition, future litigation may involve non-practicing entities, companies or other patent owners who have no relevant product offerings or revenue and against whom our own patents may therefore provide little or no deterrence or protection. Any claim of intellectual property infringement by a third party, even a claim without merit, could cause us to incur substantial costs defending against such claim, could distract our management from our business and could require us to cease use of such intellectual property.

Additionally, our insurance may not cover intellectual property rights infringement claims that may be made. In the event that we fail to successfully defend ourselves against an infringement claim, a successful claimant could secure a judgment or otherwise require payment of legal fees, settlement payments, ongoing royalties or other costs or damages; or we may agree to a settlement that prevents us from offering certain services or features; or we may be required to obtain a license, which may not be available on reasonable terms, or at all, to use the relevant technology. If we are prevented from using certain technology or intellectual property, we may be required to develop alternative, non-infringing technology, which could require significant time, effort and expense and may ultimately not be successful. Additionally, we may be unable to continue to offer our affected services or features while developing such technology.

Although third parties may offer a license to their technology or other intellectual property, the terms of any offered license may not be acceptable, and the failure to obtain a license or the costs associated with any license could cause our business, financial condition and results of operations to be adversely affected. In addition, some licenses may be nonexclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its technology or other intellectual property on reasonable terms, or at all, we could be enjoined from continued use of such intellectual property. As a result, we may be required to develop alternative, non-infringing technology, which could require significant time, effort and expense and may ultimately not be successful. Additionally, we may be unable to continue to offer our affected products, subscriptions or services, while developing such technology. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from distributing certain products, providing certain subscriptions or performing certain services. Any such judgment or settlement could also require us to pay substantial damages, royalties or other fees. Any of these events could harm our business, financial condition and results of operations.

***We license technology from third parties, and our inability to maintain those licenses could harm our business.***

We currently incorporate, and will in the future incorporate, technology that we license from third parties, including software, into our solutions. We cannot be certain that our licensors do not or will not infringe on the intellectual property rights of third parties or that our licensors have or will have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our Falcon platform. Some of our agreements with our licensors may be terminated by them for convenience, or otherwise provide for a limited term. If we are unable to continue to license technology because of intellectual property infringement claims brought by third parties against our licensors or against us, or if we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell solutions and services containing or dependent on that technology would be limited, and our business could be harmed. Additionally, if we are unable to license technology from third parties, we may be forced to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner or at all, and may require us to use alternative technology of lower quality or performance standards. This could limit or delay our ability to offer new or competitive solutions and increase our costs. As a result, our margins, market share, and results of operations could be significantly harmed.

***We are required to comply with stringent, complex and evolving laws, rules, regulations and standards in many jurisdictions, as well as contractual obligations, relating to data privacy and security. Any actual or perceived failure to comply with these requirements could have a material adverse effect on our business.***

We are required to comply with stringent, complex and evolving laws, rules, regulations and standards in many jurisdictions, as well as contractual obligations, relating to data privacy and security. Ensuring compliance with such requirements may increase operating costs, impact our data processing practices and policies and the development of new products or services, and reduce operational efficiency, any of which could adversely affect our business and operations.

In the United States, there are numerous federal, state and local data privacy and security laws, rules, and regulations governing the collection, sharing, use, retention, disclosure, security, transfer, storage and other processing of personal information, including federal and state data privacy and security laws, data breach notification laws, and data disposal laws. For example, at the federal level, we are subject to, among other laws and regulations, the rules and regulations promulgated under the authority of the Federal Trade Commission (which has the authority to regulate and enforce against unfair or deceptive acts or practices in or affecting commerce, including acts and practices with respect to data privacy and security), as well as the

Electronic Communication Privacy Act, the Computer Fraud and Abuse Act, the Health Insurance Portability and Accountability Act, and the Gramm Leach Bliley Act. The United States Congress also has considered, is currently considering, and may in the future consider, various proposals for comprehensive federal data privacy and security legislation, to which we may become subject if passed.

At the state level, we are subject to laws and regulations such as the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the “CCPA”). The CCPA broadly defines personal information and gives California residents expanded privacy rights and protections, such as affording them the right to access and request deletion of their information and to opt out of certain sharing and sales of personal information. The CCPA provides for severe civil penalties and statutory damages for violations and a private right of action for certain data breaches that result in the loss of unencrypted personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. Numerous other states have also enacted, or are in the process of enacting or considering, comprehensive state-level data privacy and security laws, rules, and regulations that share similarities with the CCPA. Moreover, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach.

Internationally, virtually every jurisdiction in which we operate has established its own data privacy and security legal framework with which we must comply. For example, we are required to comply with the European Union (“EU”) General Data Protection Regulation (“GDPR”) and its equivalent in the U.K. (“U.K. GDPR”), which impose stringent obligations regarding the collection, control, use, sharing, disclosure and other processing of personal data and create mandatory breach notification requirements under certain circumstances. While the GDPR and U.K. GDPR remain substantially similar for the time being, the U.K. government has adopted reforms to its data protection legal framework in its Data Use and Access Act 2025, which became law on June 19, 2025 (phasing in between June 2025 and June 2026) and will introduce significant changes from the GDPR. This may lead to additional compliance costs and could increase overall risk exposure as businesses may no longer be able to take a unified approach across the European Economic Area (“EEA”) and the U.K., and such businesses may need to amend their processes and procedures to align with the new framework. Implementing mechanisms to endeavor to ensure compliance with the GDPR and the U.K. GDPR may be onerous and expose businesses to divergent parallel regimes that may be subject to potentially different interpretations and enforcement actions for certain violations and related uncertainty. Failure to comply with the GDPR or the U.K. GDPR can result in significant fines and other liability, including, under the GDPR, fines of up to EUR 20 million (or GBP 17.5 million under the U.K. GDPR) or four percent (4%) of annual global revenue, whichever is greater. European data protection authorities have already imposed fines for GDPR violations of up to, in some cases, hundreds of millions of Euros.

Legal developments in the EEA have created complexity and uncertainty regarding processing and transfers of personal data from the EEA to the United States and other so-called third countries outside the EEA, including in the context of website cookies. Similar complexities and uncertainties also apply to transfers from the U.K. to third countries. While we have taken steps to mitigate the impact on us, such as implementing the European Commission’s standard contractual clauses (“SCCs”) and the U.K.’s international Data Transfer Agreement (or the U.K.’s international data transfer addendum that can be used with the SCCs), the efficacy and longevity of these mechanisms remains uncertain. On July 10, 2023, the European Commission adopted an adequacy decision concluding that the U.S. ensures an adequate level of protection for personal data transferred from the EU to the U.S. under the recently adopted EU-U.S. Data Privacy Framework (followed on October 12, 2023 with the adoption of an adequacy decision in the U.K. for the U.K.-U.S. Data Bridge); however, such new adequacy decision has been challenged in EU courts, and is likely to face additional challenges. Moreover, although the U.K. currently has an adequacy decision from the European Commission, such that SCCs are not required for the transfer of personal data from the EEA to the U.K., that decision will sunset in December 2025 unless extended (as it was prior to the previous June 2025 deadline) and it may be revoked in the future by the European Commission if the U.K. data protection regime is reformed in ways that deviate substantially from the GDPR. The EU has also enacted legislation that would regulate non-personal data and establish new cybersecurity standards, and other countries, including the U.K., may similarly do so in the future. In particular, the EU’s Digital Services Act and the EU’s Data Act both entered into force in 2024 and impose certain content moderation, notice and transparency obligations on digital platforms and intermediaries and certain data and cloud service interoperability and switching obligations to enable users to switch between cloud service providers (as well as certain requirements concerning cross-border international transfers of non-personal data outside the EEA), respectively. Additionally, the EU’s Network and Information Security Directive II, adopted in 2023, regulates resilience and incident response capabilities of entities operating in a number of sectors, including the digital infrastructure sector and provides for EU member states to have issued implementing legislation by October 2024. Further, the EU’s Digital Operational Resiliency Act became effective in January 2025 and imposes certain requirements on entities in the financial sector and their third-party cloud service providers related to managing and mitigating information and communication technology risk. If we are unable to transfer data, including personal data, between and among countries and regions in which we operate, or are otherwise required to modify our practices, including our data privacy and security controls and procedures, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and

operations, and could adversely affect our financial results. While we have implemented new controls and procedures designed to comply with the requirements of the GDPR, U.K. GDPR and the data privacy and security laws of other jurisdictions in which we operate, such procedures and controls may not be effective in ensuring compliance or preventing unauthorized transfers of personal data.

Moreover, while we strive to publish and prominently display privacy policies that are accurate, comprehensive, and compliant with applicable laws, rules regulations and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy and security. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. If our public statements about our use, collection, disclosure and other processing of personal information, whether made through our privacy policies, information provided on our website, press statements or otherwise, are alleged to be deceptive, unfair or misrepresentative of our actual practices, we may be subject to potential government or legal investigation or action, including by the Federal Trade Commission or applicable state attorneys general.

Our compliance efforts are further complicated by the fact that data privacy and security laws, rules, regulations and standards around the world are rapidly evolving, may be subject to uncertain or inconsistent interpretations and enforcement, and may conflict among various jurisdictions. In many jurisdictions, enforcement actions and consequences for non-compliance with data privacy and security laws, rules, regulations, standards, certifications, contractual requirements or other obligations are rising. Data subjects may also have a private right of action, as well as support from consumer privacy advocates or organizations, to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations of applicable data privacy and security laws, rules and regulations. In addition, privacy advocates and industry groups have proposed, and may propose in the future, self-regulatory standards that may legally or contractually apply to us or be alleged to apply to us. Any failure or perceived failure by us or any third parties with which we do business to comply with applicable privacy policies, data privacy or security laws, rules, regulations, standards, certifications or contractual obligations, or any compromise of security that results in unauthorized access to, or unauthorized loss, destruction, use, modification, acquisition, disclosure, release, transfer or other processing of personal information, may result in requirements to modify or cease certain operations or practices, the expenditure of substantial costs, time and other resources, proceedings or actions against us, legal liability, governmental investigations, enforcement actions, claims, fines, judgments, awards, penalties, sanctions and costly litigation (including class actions). There also has been increased regulatory scrutiny from the SEC with respect to adequately disclosing risks concerning cybersecurity and data privacy. Such scrutiny from the SEC increases the risk of investigations into the cybersecurity practices, and related disclosures, of companies within its jurisdiction. Any of the foregoing could harm our reputation, distract our management and technical personnel, increase our costs of doing business, adversely affect the demand for our products and services, and ultimately result in the imposition of liability, any of which could have a material adverse effect on our business, financial condition and results of operations.

***Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or negatively impact our ability to contract with customers, including those in the public sector.***

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing data privacy and security laws and regulations, employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import and export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. Increased scrutiny may also lead to new laws and regulations, or new applications of existing laws and regulations, that target topics such as AI, critical infrastructure software resiliency and concentration risk. Noncompliance by us, our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties with applicable regulations or requirements could subject us to:

- investigations, enforcement actions and sanctions;
- mandatory changes to our Falcon platform;
- disgorgement of profits, fines and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers or channel partners;
- termination of contracts;

- loss of intellectual property rights;
- loss of our license to do business in the jurisdictions in which we operate; or
- temporary or permanent debarment from sales to government organizations.

If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, results of operations and financial condition.

We endeavor to properly classify employees as exempt versus non-exempt under applicable law. Although there are no pending or threatened material claims or investigations against us asserting that some employees are improperly classified as exempt, the possibility exists that some of our current or former employees could have been incorrectly classified as exempt employees.

These laws and regulations impose added costs on our business, and failure by us, our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties to comply with these or other applicable regulations and requirements could lead to claims for damages, penalties, termination of contracts, loss of exclusive rights in our intellectual property and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business with customers, including those in the public sector, could result in reduced sales of our products or services, substantial product inventory write-offs, reputational damage, penalties, and other sanctions, any of which could harm our business, reputation, and results of operations.

***We are subject to governmental export controls and economic sanctions laws that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.***

Our products, services and business activities, including our collection of information about cyber threats, are subject to various restrictions under U.S. export controls and trade and economic sanctions laws, including the U.S. Commerce Department's Export Administration Regulations and economic and trade sanctions regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control. The U.S. export control laws and U.S. economic sanctions laws include prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities and also require authorization for the export of encryption items. In addition, various countries regulate the import of certain encryption technology, including through import and licensing requirements, and have enacted laws that could limit our ability to distribute our products or service or could limit our customers' ability to implement our service in those countries. Changes in our products or services or changes in these laws and regulations may create delays in the introduction of our products or services into international markets, prevent our customers with international operations from deploying our products or services globally or, in some cases, prevent the export or import of our products or services to certain countries, governments or persons altogether. Any decreased use of our products or services or limitation on our ability to export to or sell our products or services in international markets would likely adversely affect our business, financial condition, and operating results. Obtaining the necessary authorizations, including any required license, for a particular transaction may be time-consuming, is not guaranteed, and may result in the delay or loss of sales opportunities. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to civil or criminal penalties, including the possible loss of export privileges and monetary penalties. Although we take precautions to prevent our products or services from being provided in violation of such laws, our products or services may have been in the past, and could in the future be, provided in violation of such laws, despite the precautions we take. This could result in negative consequences to us, including government investigations, penalties and harm to our reputation.

***We are subject to anti-corruption, anti-bribery and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), the U.K. Bribery Act 2010 and other anti-corruption, anti-bribery, anti-money laundering and similar laws in the United States and other countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making or offering improper payments or other benefits to government officials and others in the private sector. As we increase our international sales and business, our risks under these laws may increase.

In addition, we use channel partners, agents and other third-parties to sell our products or conduct business on our behalf. We or such third parties may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and under certain circumstances we could be held liable for the corrupt or other illegal activities of such partners, and our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We have implemented an anti-corruption compliance program but cannot ensure that all our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Noncompliance with the FCPA, other applicable anti-corruption, anti-bribery, or anti-money laundering laws could subject us to investigations, whistleblower complaints, sanctions, settlements, prosecution, and other enforcement actions within the U.S. and internationally. Any violation of these laws could result in disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage, loss of export privileges, severe criminal or civil sanctions, suspension or debarment from U.S. government contracts and other consequences, any of which could have a material adverse effect on our reputation, business, results of operations, and financial condition.

***Some of our technology incorporates “open source” software, which could negatively affect our ability to sell our Falcon platform and subject us to possible litigation.***

Our products and subscriptions contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products and subscriptions. The use and distribution of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code and they can change the license terms on which they offer the open source software. Many of the risks associated with use of open source software cannot be eliminated and could negatively affect our business. In addition, the wide availability of source code used in our solutions could expose us to security vulnerabilities.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public, including authorizing further modification and redistribution, or otherwise be limited in the licensing of our services, each of which could provide an advantage to our competitors or other entrants to the market, create security vulnerabilities in our solutions, require us to re-engineer all or a portion of our Falcon platform, and could reduce or eliminate the value of our services. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales for us.

The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in ways that could impose unanticipated conditions or restrictions on our ability to commercialize products and subscriptions incorporating such software. Moreover, we cannot assure you that our processes for controlling our use of open source software in our products and subscriptions will be effective. From time to time, we may face claims from third parties asserting ownership of, or demanding release of, the open source software or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation. Litigation could be costly for us to defend, have a negative effect on our results of operations and financial condition or require us to devote additional research and development resources to change our solutions. Responding to any infringement or noncompliance claim by an open source vendor, regardless of its validity, discovering certain open source software code in our Falcon platform, or a finding that we have breached the terms of an open source software license, could harm our business, results of operations and financial condition, by, among other things:

- resulting in time-consuming and costly litigation;
- diverting management’s time and attention from developing our business;
- requiring us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable;
- causing delays in the deployment of our Falcon platform or service offerings to our customers;
- requiring us to stop offering certain services or features of our Falcon platform;

- requiring us to redesign certain components of our Falcon platform using alternative non-infringing or non-open source technology, which could require significant effort and expense;
- requiring us to disclose our software source code and the detailed program commands for our software; and
- requiring us to satisfy indemnification obligations to our customers.

***We utilize AI, which could expose us to liability or adversely affect our business.***

We incorporate novel uses of AI technologies, including generative AI, into our products and operations, such as our Falcon platform. AI is complex and rapidly evolving, and we face significant competition from other companies who may incorporate AI into their products more quickly or more successfully than us, as well as an evolving regulatory landscape. The introduction of AI, and particularly generative AI, a relatively new and emerging technology in the early stages of commercial use, into new or existing products, and our operations, may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality, ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. For example, generative AI has been known to produce a false or “hallucinatory” interferences or output, and certain generative AI uses machine learning and predictive analytics, which may be flawed, insufficient, of poor quality, reflect unwanted forms of bias, or contain other errors or inadequacies, any of which may not be easily detectable. Our customers or others may rely on or use this flawed content to their detriment, which may expose us to brand or reputational harm, competitive harm, and/or legal liability. In addition, the use of AI by other companies has resulted in, and may in the future result in, data breaches and cybersecurity incidents that implicate the personal information of AI users. Further, the use of AI presents emerging ethical, social, legal and other issues, and if we enable or offer solutions that draw scrutiny or controversy due to perceived or actual risks or impacts on customers or on society as a whole, we may experience brand or reputational harm, competitive harm, delays in customer purchasing decisions and/or legal liability. Our continued incorporation of AI, including generative AI, into our products and operations requires us to expend significant resources. If such investments do not deliver anticipated benefits or are not otherwise successful, our business and results of operations may be harmed.

The technologies underlying AI and its uses are subject to a variety of laws and regulations, including intellectual property, privacy, data protection cybersecurity, consumer protection, competition, and equal opportunity laws and regulations, and are expected to be subject to new laws and regulations or new applications of existing laws and regulations. AI is the subject of ongoing review by various U.S. governmental and regulatory agencies, and various U.S. states and other foreign jurisdictions are applying, or are considering applying, their cybersecurity and data protection laws to AI or are considering general legal frameworks for AI. For example, in the EU, the first set of provisions under the EU’s AI Act became effective in February 2025, with additional provisions becoming effective on later dates. The AI Act establishes, among other things, a risk-based governance framework for regulating AI systems in the EU by categorizing AI systems, based on the risks associated with such AI systems’ intended purposes, as creating unacceptable or high risks, with all other AI systems being considered low risk. This regulatory framework is expected to have a material impact on the way AI is regulated in the EU and beyond. As further indication of a trend in increased regulatory and legislative oversight of the use and development of AI, in 2024, California enacted a range of laws regulating the use and development of AI, which generally relate to transparency, privacy and fairness, among other concerns. Other states, including Colorado and Utah, have also enacted AI-related laws, and several more have proposed enacting such laws.

As a fast-evolving and complicated technology subject to significant government attention, AI-related legislation and regulation may be developed and apply to AI in unexpected ways. We may not be able to anticipate how to respond to or comply with these rapidly evolving frameworks, and we may need to expend resources to adjust our offerings in certain jurisdictions if the legal frameworks are inconsistent across jurisdictions. The cost to comply with such frameworks could be significant and may increase our operating expenses. Additionally, if we do not have sufficient rights to use the data or other material or content on which our AI technologies rely, we may incur liability through the violation of applicable laws or regulations, third-party intellectual property, privacy or other rights, or contracts to which we are a party. Further, any content or other output created by our use of AI-powered tools may not be subject to copyright protection, which may adversely affect our ability to enforce our intellectual property rights. Because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI.

***We provide service level commitments under some of our customer contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits for future service and our business could suffer.***

Certain of our customer agreements contain service level commitments, which contain specifications regarding the availability and performance of our Falcon platform. Any failure of or disruption to our infrastructure could impact the performance of our Falcon platform and the availability of services to customers. To the extent we are unable to meet our stated service level commitments or to the extent we suffer extended periods of poor performance or unavailability of our Falcon platform, we may be contractually obligated to provide affected customers with service credits for future subscriptions, and, in certain cases, refunds. To date, there has not been a material failure to meet our service level commitments, and we do not currently have any material liabilities accrued on our balance sheets for such commitments. Our revenue, other results of operations and financial condition could be harmed to the extent we suffer performance issues or downtime that exceeds the service level commitments under our agreements with our customers.

***We are currently, and may in the future become, involved in litigation that may adversely affect us.***

We are regularly subject to claims, suits, and government investigations and other proceedings including patent, product liability, class action, whistleblower, personal injury, property damage, labor and employment (including allegations of wage and hour violations), commercial disputes, securities litigation, compliance with laws and regulatory requirements and other matters, and we may become subject to additional types of claims, suits, investigations and proceedings as our business develops or in connection with the July 19 Incident. Such claims, suits, and government investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty. Regardless of the outcome, any of these types of legal proceedings can have an adverse impact on us because of legal costs and diversion of management attention and resources, and could cause us to incur significant expenses or liability, adversely affect our brand recognition, and/or require us to change our business practices. The expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could adversely affect our results of operations. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, condensed consolidated financial position, results of operations, or cash flows in a particular period. These proceedings could also result in reputational harm, sanctions, consent decrees, or orders requiring a change in our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations, and prospects. Any of these consequences could adversely affect our business and results of operations.

***We have in the past experienced, and may in the future experience, warranty claims, product returns, and claims related to product liability and product defects from real or perceived defects in our solutions or their misuse by our customers or third parties and indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.***

We may be subject to liability claims for damages related to errors or defects in our solutions, and we are currently subject to claims, and may in the future become subject to additional claims, arising out of the July 19 Incident. A material liability claim or other occurrence that harms our reputation or decreases market acceptance of our products may harm our business and results of operations. Although we generally have limitation of liability provisions in our terms and conditions of sale, these provisions may not cover all of our indemnification obligations and they may not fully or effectively protect us from claims as a result of federal, state, or local laws or ordinances, or unfavorable judicial decisions in the United States or other countries. The sale and support of our products also entail the risk of product liability claims.

Additionally, our agreements with customers and other third parties typically include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims regarding intellectual property infringement, breach of agreement, including confidentiality, privacy and security obligations, violation of applicable laws, damages caused by failures of our solutions or to property or persons, or other liabilities relating to or arising from our products and services, or other acts or omissions. These contractual provisions often survive termination or expiration of the applicable agreement. We have received, and may continue to receive, claims in connection with the July 19 Incident.

If our customers or other third parties we do business with make intellectual property rights or other indemnification claims against us, we will incur significant legal expenses and may have to pay damages, license fees, and/or stop using technology found to be in violation of the third party's rights. We may also have to seek a license for the technology. Such license may not be available on reasonable terms, if at all, and may significantly increase our operating expenses or may require us to restrict our business activities and limit our ability to deliver certain solutions or features. We may also be required to develop alternative non-infringing technology, which could require significant effort and expense and/or cause us to alter our products and services, which could harm our business. Large indemnity obligations, whether for intellectual property or other claims, could harm our business, results of operations, and financial condition.

Additionally, our Falcon platform may be used by our customers and other third parties who obtain access to our solutions for purposes other than for which our platform was intended. For example, our Falcon platform might be misused by a customer to monitor its employee's activities in a manner that violates the employee's privacy rights under applicable law.

During the course of performing certain solution-related services and our professional services, our teams may have significant access to our customers' networks. We cannot be sure that an employee may not take advantage of such access which may make our customers vulnerable to malicious activity by such employee. Any such misuse of our Falcon platform could result in negative press coverage and negatively affect our reputation, which could result in harm to our business, reputation, and results of operations.

We maintain insurance to mitigate potential losses arising from certain claims associated with the use of our products, but our insurance coverage may not adequately cover all claims asserted against us, including our liability related to the July 19 Incident. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation, divert management's time and other resources, and harm our business and reputation. We offer our Falcon Complete customers a limited warranty, subject to certain conditions. While we maintain insurance relating to our warranty, we cannot be certain that our insurance coverage will be adequate to cover such claims, that such insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any claim. Any failure or refusal of our insurance providers to provide the expected insurance benefits to us after we have paid the warranty claims would cause us to incur significant expense or cause us to cease offering this warranty which could damage our reputation, cause us to lose customers, expose us to liability claims by our customers, negatively impact our sales and marketing efforts, and have an adverse effect on our business, financial condition and results of operations.

## **Risks Related to Ownership of Our Common Stock**

***The market price of our common stock may be volatile regardless of our operating performance, and you could lose all or part of your investment.***

We cannot predict the prices at which our common stock will trade. The market price of our common stock depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following:

- actual or anticipated changes or fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new products or services or new or terminated significant contracts, commercial relationships or capital commitments;
- industry or financial analyst or investor reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;

- failure of industry or financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property rights or our solutions, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- any major changes in our management or our board of directors, particularly with respect to Mr. Kurtz;
- effects of public health crises, pandemics and epidemics;
- the emergence of new or different information relating to the impact of the July 19 Incident;
- the amounts or frequency of stock repurchases;
- general economic conditions and slow or negative growth of our markets; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigation has often been instituted against that company. We are currently party to securities litigation asserted against us arising out of the July 19 Incident. Any securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have an adverse effect on our business, results of operations and financial condition.

***Our share repurchase program may not result in benefits to stockholder value.***

In June 2025, we announced that our board of directors authorized a program under which we are authorized to repurchase up to \$1.0 billion of our outstanding shares of common stock (the "Share Repurchase Program"). Such repurchases may be made from time to time using a variety of methods, including open market purchases, privately negotiated transactions and trading plans intended to qualify under Rule 10b5-1 under the Exchange Act. The Share Repurchase Program does not have a fixed expiration date and may be suspended or discontinued at any time. We are not obligated to use the Share Repurchase Program to acquire any specific amount of common stock. We intend to use the Share Repurchase Program opportunistically depending on market prices and other factors, and there can be no assurance that we will repurchase any shares of stock under the Share Repurchase Program. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price.

The timing and amount of any repurchases, if any, will be subject to liquidity, market and economic conditions, restrictions under our credit agreement, compliance with applicable legal requirements, and other relevant factors. If we do repurchase shares of our common stock under the Share Repurchase Program, such repurchases will reduce the amount of cash we have available to fund working capital, repayment of debt, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes. The Share Repurchase Program may not enhance long-term stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares and short-term stock price fluctuations could reduce the effectiveness of this program.

***Sales of substantial amounts of our common stock in the public markets, or the perception that they might occur, could reduce the price that our common stock might otherwise attain and may dilute your voting power and your ownership interest in us.***

Sales of a substantial number of shares of our common stock in the public market, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur, could adversely affect the market price of our common stock. As of August 21, 2025, we had 250,955,140 shares of common stock outstanding.

We may also issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investments or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.

***If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our common stock, our stock price and trading volume could decline.***

The trading market for our common stock will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. If any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our stock price, our stock price would likely decline. In addition, the stock prices of many companies in the technology industry have declined significantly after those companies have failed to meet, or significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet, or significantly exceed, our announced guidance or the expectations of analysts or public investors, analysts could downgrade our common stock or publish unfavorable research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, our visibility in the financial markets could decrease, which in turn could cause our stock price or trading volume to decline.

***We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Additionally, our ability to pay dividends is limited by restrictions on our ability to pay dividends or make distributions under the terms of our credit facility. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***Certain provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove members of our board of directors or current management, and may adversely affect the market price of our common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders.

- the requirement that a special meeting of stockholders may be called only by the chairperson of our board of directors, chief executive officer or by the board of directors acting pursuant to a resolution adopted by a majority of our board of directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- certain amendments to our amended and restated certificate of incorporation require the approval of two-thirds of the then-outstanding voting power of our capital stock; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

***Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware, and to the extent enforceable, the federal district courts of the United States, will be the exclusive forum for certain disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws;
- any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

However, this exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act. In addition, our amended and restated bylaws provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees.

## **Risks Related to our Indebtedness**

***Our indebtedness could adversely affect our financial condition.***

As of July 31, 2025, we had \$750.0 million principal amount of indebtedness outstanding (excluding intercompany indebtedness), and there is additional availability under our revolving facility of up to \$750.0 million (excluding issued but undrawn letters of credit). Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;

- increasing our vulnerability to adverse changes in general economic, industry and competitive conditions; and
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our revolving facility, are at variable rates of interest; and increasing our cost of borrowing.

***We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our ability to make scheduled payments on or to refinance our debt obligations, including the Senior Notes, depends on our financial condition and results of operations, which in turn are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Senior Notes. Our ability to restructure or refinance our debt will depend on, among other things, the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture that governs the Senior Notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations.

Further, our credit agreement contains provisions that restrict our ability to dispose of assets and use the proceeds from any such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

If we cannot make scheduled payments on our indebtedness, we will be in default and holders of our Senior Notes could declare all outstanding principal and interest to be due and payable, the lenders under our revolving facility could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. If we breach the covenants under our debt instruments, we would be in default under such instruments. The holders of such indebtedness could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

***Our revolving facility and the indenture that governs our Senior Notes contain terms which restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.***

Our revolving facility and the indenture that governs our Senior Notes contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including, among other things, restrictions on our ability to:

- incur additional indebtedness and guarantee indebtedness;
- prepay, redeem or repurchase certain indebtedness;
- sell or otherwise dispose of assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and

- consolidate, merge with, or sell all or substantially all of our assets to, another person.

The covenants in the indenture and supplemental indenture that govern the Senior Notes are subject to exceptions and qualifications.

In addition, the restrictive covenants in the credit agreement governing our revolving facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may not be able to meet them. These restrictive covenants could adversely affect our ability to:

- finance our operations;
- make needed capital expenditures;
- make strategic acquisitions or investments or enter into joint ventures;
- withstand a future downturn in our business, the industry or the economy in general;
- engage in business activities, including future opportunities, that may be in our best interest; and
- plan for or react to market conditions or otherwise execute our business strategies.

These restrictions may affect our ability to expand our business, which could have a material adverse effect on our business, financial condition and results of operations.

As a result of these restrictions, we will be limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above and/or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our business, financial condition and results of operations could be adversely affected.

***Our revolving facility and the indenture that governs our Senior Notes contain cross-default provisions that could result in the acceleration of all of our indebtedness.***

A breach of the covenants under our revolving facility or the indenture that governs our Senior Notes could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related indebtedness and may result in the acceleration of any other indebtedness to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our revolving facility would permit the lenders under our revolving facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay amounts due and payable under our revolving facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our guarantors may not have sufficient assets to repay that indebtedness. Additionally, we may not be able to borrow money from other lenders to enable us to refinance our indebtedness.

## General Risk Factors

***If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”), the rules and regulations of Nasdaq, and other securities rules and regulations that impose various requirements on public companies. Our management and other personnel devote substantial time and resources to comply with these rules and regulations. Such compliance has increased, and will continue to increase our legal, accounting and financial compliance costs; make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls, internal control over financial reporting and other procedures that are designed to ensure information required to be disclosed by us in our condensed consolidated financial statements and in the reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

Our current controls and any new controls we develop may become inadequate because of changes in conditions in our business. Additionally, to the extent we acquire other businesses, the acquired company may not have a sufficiently robust system of internal controls and we may uncover new deficiencies. Weaknesses in our internal controls may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations, may result in a restatement of our condensed consolidated financial statements for prior periods, cause us to fail to meet our reporting obligations, and could result in an adverse opinion regarding our internal control over financial reporting from our independent registered public accounting firm, and lead to investigations or sanctions by regulatory authorities.

Section 404 of the Sarbanes-Oxley Act requires our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We are also required to have our independent registered public accounting firm attest to, and issue an opinion on, the effectiveness of our internal control over financial reporting. If we are unable to assert that our internal control over financial reporting is effective, or if, when required, our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and results of operations and could cause a decline in the price of our stock.

***Future acquisitions, strategic investments, partnerships, or alliances could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute stockholder value and adversely affect our business, financial condition, and results of operations.***

As part of our business strategy, we have in the past made, and expect to continue to make, investments in and/or acquire complementary companies, services or technologies. Our ability as an organization to acquire and integrate other companies, services or technologies in a successful manner in the future is not guaranteed. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or ability to achieve our business objectives, and any acquisitions we complete could be viewed negatively by our end-customers or investors. In addition, our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees or customers. If we are unsuccessful at integrating such acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition transaction, causing unanticipated write-offs or accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition and the market price of our common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

Additional risks we may face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- integration of administrative systems, employee, product and service offerings;
- retention of key employees from the acquired company;
- changes in relationships with strategic partners as a result of product acquisitions or strategic positioning resulting from the acquisition;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked sufficiently effective controls, procedures and policies;
- additional legal, regulatory or compliance requirements;
- financial reporting, revenue recognition or other financial or control deficiencies of the acquired company that we do not adequately address and that cause our reported results to be incorrect;
- liability for activities of the acquired company before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally.

***Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which would harm our results of operations.***

We are expanding our international operations and staff to support our business in international markets. We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

We are subject to federal, state, and local income, sales, and other taxes in the United States and income, withholding, transaction, and other taxes in numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination may be uncertain. In addition, our tax obligations and effective tax rates could be adversely affected, among other things, by (i) changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including increases in corporate tax rates and greater taxation of international income and changes relating to income tax nexus, (ii) recognizing tax losses or lower than anticipated earnings in jurisdictions where we have lower statutory rates and higher than anticipated earnings in jurisdictions where we have higher statutory rates, (iii) changes in foreign currency exchange rates, or (iv) changes in the valuation of our deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes, sales taxes and value added taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions

and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made.

On July 4, 2025, tax reform legislation included in the One Big Beautiful Bill Act (the “OBBBA”) was enacted in the United States. The tax effects of the OBBBA have been accounted for in the second quarter of the fiscal year 2026. The OBBBA includes significant corporate tax reforms, including (i) the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years); (ii) the option to claim 100% accelerated depreciation deductions on qualified property; and (iii) international tax provisions modifying global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), and base erosion and anti-abuse tax (BEAT).

In addition, the Organization for Economic Cooperation and Development (“OECD”) has published proposals covering a number of issues, including country-by-country reporting, permanent establishment rules, transfer pricing rules, tax treaties and taxation of the digital economy. On October 8, 2021, the OECD/G20 inclusive framework on Base Erosion and Profit Shifting (the “Inclusive Framework”) published a statement updating and finalizing the key components of a two-pillar plan on global tax reform originally agreed on July 1, 2021, and a timetable for implementation by 2024 and, with respect to certain components of the plan, to 2025. Under Pillar Two, the Inclusive Framework has agreed on a global minimum corporate tax rate of 15% for companies with revenue above €750 million, calculated on a jurisdictional basis. The European Union and other countries (including those in which we operate) have enacted or committed to enact Pillar Two into their domestic laws, which may adversely impact our provision for income taxes, existing tax incentives, net income and cash flows. On February 1, 2023, the U.S. Financial Accounting Standards Board (“FASB”) indicated that they believe the minimum tax imposed under Pillar Two is an alternative minimum tax, and, accordingly, deferred tax assets and liabilities associated with the minimum tax would not be recognized or adjusted for the estimated future effects of the minimum tax but would be recognized in the period incurred. On January 20, 2025, the Trump Administration issued an executive order declaring the Inclusive Framework has no force or effect in the U.S. absent congressional action, and directing the U.S. Department of Treasury to: (i) investigate whether any non-U.S. countries are not in compliance with any U.S. tax treaty or have implemented or are likely to implement tax rules that are extraterritorial or disproportionately affect U.S. companies, which may include actions or taxes imposed under Pillar One or Pillar Two, and (ii) develop options for “protective measures” in response to any such noncompliance or tax rules. On June 28, 2025, the United States and the rest of G7 countries announced an agreement that would, in principle, exclude U.S. parented groups from certain taxes under Pillar Two and address certain risks of base erosion and profit shifting. However, we cannot predict whether or when such agreement will be brought into force, and whether the United States will adopt any other protective measures, including with respect to any taxes imposed under Pillar One, or whether or how any non-U.S. countries may change their tax laws, including with respect to Pillar One or Pillar Two, in response to the executive order, the agreement in principle described above, or otherwise. In addition, the Inclusive Framework envisages the removal of all Digital Services Taxes (“DST”). Notwithstanding this, some countries, in the European Union and beyond, continue to operate existing DST regimes to capture tax revenue on digital services more immediately. Such laws may increase our tax obligations in those countries or change the manner in which we operate our business.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

As of January 31, 2025, we had aggregate U.S. federal and California net operating loss carryforwards of \$1.4 billion and \$307.9 million, respectively, which may be available to offset future taxable income for income tax purposes. The federal net operating losses are carried forward indefinitely, and California net operating loss carryforwards begin to expire in fiscal 2034 through fiscal 2045. As of January 31, 2025, net operating loss carryforwards for other states totaled \$716.0 million, which begin to expire in fiscal 2026 through fiscal 2045. As of January 31, 2025, net operating loss carryforwards for the U.K. totaled \$78.0 million, which are carried forward indefinitely, and net operating loss carryforwards totaled immaterial amounts in certain foreign jurisdictions. As of January 31, 2025, we had U.S. federal and California research and development (“R&D”) credit carryforwards of \$165.1 million and \$39.6 million, respectively. The federal R&D credit carryforwards begin to expire in fiscal 2037 through fiscal 2045. The California R&D credits are carried forward indefinitely. Realization of these net operating loss and R&D credit carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our results of operations.

In addition, under Sections 382 and 383 of the Internal Revenue Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50% change (by value) in ownership by “5 percent shareholders” over a rolling three-year period, the corporation’s ability to use its pre-change net operating loss carryovers and other pre-change tax attributes, such as R&D credits, to offset its post-change income or taxes may be limited. We may experience ownership changes in the future as a result of shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating

loss carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

***Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.***

We do not collect sales and use, value added or similar taxes in all jurisdictions in which we have sales because we have been advised that such taxes are not applicable to our services in certain jurisdictions. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, to us or our customers for the past amounts, and we may be required to collect such taxes in the future. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, which may adversely affect our results of operations.

***If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our results of operations could be adversely affected.***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our condensed consolidated financial statements include those related to revenue recognition; allowance for credit losses; valuation of common stock and redeemable convertible preferred stock warrants; carrying value and useful lives of long-lived assets; loss contingencies; and the provision for income taxes and related deferred taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the market price of our common stock.

Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards and changes in their interpretation, we might be required to change our accounting policies, alter our operational policies and implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial position and profit, or cause an adverse deviation from our revenue and operating profit target, which may negatively impact our financial results.

***We are subject to risks associated with our equity investments, including partial or complete loss of invested capital, and significant changes in the fair value of this portfolio could adversely impact our financial results.***

Through our Falcon Funds, we invest in early to late stage private companies, and we may not realize a return on our equity investments. Many such companies generate net losses and the market for their products, services, or technologies may be slow to develop or never materialize. These companies are often dependent on the availability of later rounds of financing from banks or investors on favorable terms to continue their operations. The financial success of our investment in any company is typically dependent on a liquidity event, such as a public offering, acquisition, or other favorable market event reflecting appreciation to the cost of our initial investment. The capital markets for public offerings and acquisitions are dynamic and the likelihood of liquidity events for the companies in which we have invested could deteriorate, which could result in a loss of all or a substantial part of our investment in these companies. In addition, our ability to realize gains on investments may be impacted by our contractual obligations to hold securities for a set period of time. For example, to the extent a company we have invested in undergoes an initial public offering, we may be subject to a lock-up agreement that restricts our ability to sell our securities for a period of time after the public offering or otherwise impedes our ability to mitigate market volatility in such securities.

Further, valuations of non-marketable equity investments are inherently complex due to the lack of readily available market data. In addition, we may experience additional volatility to our statements of operations due to changes in market prices of our marketable equity investments, the valuation and timing of observable price changes or impairments of our non-marketable equity investments, and changes in the proportionate share of earnings and losses or impairment of our equity investments accounted for

under the equity method. This volatility could be material to our results in any given quarter and may cause our stock price to decline.

***Expectations regarding our efforts and performance relating to environmental, social and governance factors have imposed and may impose additional costs on us and expose us to risks.***

Regulators, certain investors, and other stakeholders have focused on and set, and in the future may continue to focus on, set and revise, expectations relating to environmental, social and governance (“ESG”) matters, both in the United States and internationally. We have undertaken and expect to continue to undertake certain ESG-related initiatives, goals and commitments, which we have communicated on our website, in our SEC filings and elsewhere. These initiatives, goals, or commitments could be difficult to achieve and have in the past been, and may in the future be, costly to implement. We could fail to achieve, or be perceived to fail to achieve, our ESG-related initiatives, goals, or commitments. In addition, we could be criticized for the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions to them. Stakeholders could also challenge the accuracy, adequacy, or completeness of our ESG-related disclosures. Our actual or perceived failure to achieve some or all of our ESG-related initiatives, goals, or commitments or maintain ESG practices that meet evolving stakeholder expectations or regulatory requirements could harm our reputation, adversely impact our ability to attract and retain employees or customers and expose us to increased scrutiny from ESG-focused investors, regulatory authorities and others, or subject us to liability. Damage to our reputation or reduced demand for our products may adversely impact our business, financial condition, or results of operations.

***Our business is subject to the risks of catastrophic events, including, but not limited to, natural events such as earthquakes, fire, floods, and the outbreak of diseases, as well as man-made problems such as power disruptions, computer viruses or data security breaches.***

Our principal executive offices are located in Austin, Texas, and we also maintain other office locations around the world, including in California and India, that are prone to natural disasters including severe weather and seismic activity. A significant natural disaster, such as an earthquake, a fire, a flood, or significant power outage and other catastrophic events, including the occurrence of a contagious disease or illness, such as COVID-19, could have a material adverse impact on our business, results of operations, and financial condition. Natural disasters and other catastrophic events such as public health crises, could affect our personnel, recovery of our assets, data centers, supply chain, manufacturing vendors, or logistics providers’ ability to provide materials and perform services such as manufacturing products or assisting with shipments on a timely basis. In addition, climate change could result in an increase in the frequency or severity of natural disasters. If our or our service providers’ information technology systems or manufacturing or logistics abilities are hindered by any of the events discussed above, shipments could be delayed, resulting in missed financial targets, such as revenue and shipment targets, for a particular quarter. In addition, computer malware, viruses and computer hacking, fraudulent use attempts, and phishing attacks have become more prevalent in our industry and may be further enhanced in frequency or effectiveness through threat actors’ use of AI, and our internal systems may be victimized by such attacks. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a catastrophic event, such as a natural disaster, or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, and our insurance may not cover such events or may be insufficient to compensate us for the potentially significant losses we may incur. All of the aforementioned risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, delays in the manufacture, deployment or shipment of our products, or delays in the rendering of our services, our business, financial condition and results of operations would be adversely affected.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**(a) Sales of Unregistered Equity Securities**

Not applicable.

**(b) Issuer Purchases of Equity Securities**

The following table provides information with respect to purchases by the Company of shares of common stock during the three months ended July 31, 2025:

Period	(a) Total number of shares (or units) purchased <sup>(1)</sup>	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs <sup>(2)</sup>	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs <sup>(2)</sup>
May 1, 2025 to May 31, 2025	—	\$ —	—	\$ —
June 1, 2025 to June 30, 2025	23	\$ 461.999	—	\$ 1,000,000,000
July 1, 2025 to July 31, 2025	—	\$ —	—	\$ 1,000,000,000

- (1) We repurchased, in open market transactions, 23 shares of common stock in connection with the administration of our ESPP.
- (2) On June 3, 2025, we announced that our board of directors had authorized the Share Repurchase Program for the repurchase of up to \$1.0 billion of shares of our common stock. The Share Repurchase Program does not have a fixed expiration date. Such repurchases may be made from time to time using a variety of methods, including open market purchases, privately negotiated transactions and trading plans intended to qualify under Rule 10b5-1 under the Exchange Act. There were no share repurchases under our Share Repurchase Program during the three months ended July 31, 2025. As of July 31, 2025, \$1.0 billion remained available for future share repurchases under the Share Repurchase Program.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

**Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements**

During the three months ended July 31, 2025, certain of our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted a “Rule 10b5-1 trading arrangement” (as defined in Regulation S-K Item 408) for the sale of shares of our common stock, as set forth below, in amounts and prices determined in accordance with a formula set forth in each such plan:

Name and Title	Action	Date	Plans		Number of Shares to be Sold	Expiration <sup>(3)</sup>
			Rule 10b5-1 <sup>(1)</sup>	Non-Rule 10b5-1 <sup>(2)</sup>		
Michael Sentonas, President	Adoption	June 24, 2025	X		Up to 45,000	Earlier of when all shares under the plan are sold and June 24, 2026
Sameer K. Gandhi, Director	Adoption	June 27, 2025	X		Up to 80,000	Earlier of when all shares under the plan are sold and September 30, 2026

- (1) Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).
- (2) Not intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).
- (3) Subject to further early termination for certain specified events as set forth therein.

**ITEM 6. EXHIBITS**

We have filed the exhibits listed on the accompanying Exhibit Index, which is incorporated herein by reference.

**Index to Exhibits**

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.</a>	8-K	001-38933	3.1	June 14, 2019	
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of the Registrant, as currently in effect.</a>	10-Q	001-38933	3.2	November 27, 2024	
<a href="#">3.3</a>	<a href="#">Certificate of Retirement of Class B common stock.</a>	8-K	001-38933	3.1	December 13, 2024	
<a href="#">10.1†</a>	<a href="#">Outside Director Compensation Policy, as amended on June 18, 2025</a>					X
<a href="#">22.1</a>	<a href="#">List of Subsidiary Guarantors</a>	10-K	001-38933	22.1	March 10, 2025	
<a href="#">31.1</a>	<a href="#">Certification of the Principal Executive Officer pursuant to Exchange Act Rules 13a14(a) and 15d14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
<a href="#">31.2</a>	<a href="#">Certification of the Principal Financial Officer pursuant to Exchange Act Rules 13a14(a) and 15d14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
<a href="#">32.1*</a>	<a href="#">Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline Instance XBRL document					

† Indicates management contract or compensatory plan, contract or agreement.

\* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” or purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of CrowdStrike Holdings, Inc.’s filings under the Securities Act of 1933, as amended, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the day of August 27, 2025.

**CROWDSTRIKE HOLDINGS, INC.**

By: /s/ Burt W. Podbere  
Burt W. Podbere  
*Chief Financial Officer (Principal Financial Officer)*

By: /s/ Anurag Saha  
Anurag Saha  
*Chief Accounting Officer (Principal Accounting Officer)*

**CROWDSTRIKE HOLDINGS, INC.****OUTSIDE DIRECTOR COMPENSATION POLICY**

CrowdStrike Holdings, Inc. (the “**Company**”) believes that the granting of equity and cash compensation to its members of the Board of Directors (the “**Board**,” and members of the Board, “**Directors**”) represents a powerful tool to attract, retain and reward Directors who are not employees of the Company (“**Outside Directors**”). This Outside Director Compensation Policy (the “**Policy**”) is intended to formalize the Company’s policy regarding cash compensation and grants of equity to its Outside Directors. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such term in the CrowdStrike Holdings, Inc. 2019 Equity Incentive Plan (the “**Plan**”). Outside Directors will be solely responsible for any tax obligations they incur as a result of the equity and cash payments received under this Policy.

**1. CASH COMPENSATION**

The following annual cash compensation for Outside Directors is payable quarterly in arrears on a monthly prorated basis. Any partial month of service shall be calculated as a full month of service for purposes of calculating cash compensation due under this Policy.

**GENERAL BOARD ANNUAL RETAINER**

Annual cash compensation for the general services of Outside Directors is as follows:

**Outside Director:** \$50,000 General Annual Retainer

Directors will receive no additional compensation for attending regular meetings of the Board.

**NON-EXECUTIVE CHAIRMAN ANNUAL RETAINER**

Additional annual cash compensation for the general services of the Non-Executive Chairman is as follows:

**Non-Executive Chairman:** \$50,000 Chairman Annual Retainer

**COMMITTEE ANNUAL RETAINERS**

In addition to the annual cash retainers described above, each Outside Director will also receive annual cash retainers in recognition of their service on the committees of the Board.

(a) Audit Committee.

Annual cash compensation for Audit Committee members is as follows:

**Chairman of Committee:** \$26,750 Chairman Annual Retainer

**Non-Chairman Committee Members:** \$12,500 Non-Chairman Annual Retainer

There are no per meeting attendance fees for attending Audit Committee meetings.

(b) Compensation Committee.

Annual cash compensation for the Compensation Committee is as follows:

**Chairman of Committee:** \$21,250 Chairman Annual Retainer

**Non-Chairman Committee Members:** \$10,000 Non-Chairman Annual Retainer

There are no per meeting attendance fees for attending Compensation Committee meetings.

(c) Nominating and Corporate Governance Committee.

Annual cash compensation for the Nominating and Corporate Governance Committee is as follows:

**Chairman of Committee:** \$14,500 Chairman Annual Retainer

**Non-Chairman Committee Members:** \$6,000 Non-Chairman Annual Retainer

There are no per meeting attendance fees for attending Nominating and Corporate Governance Committee meetings.

#### **ELECTION TO RECEIVE SHARES**

An Outside Director may elect that 100% (or such other percentage as may be determined by the Compensation Committee from time to time) of his or her annual cash retainers payable in respect of his or her future services be paid in the form of Shares of the Company's Common Stock by timely executing and submitting to the Company an election on such form as specified by the Company from time to time (the "**Election Form**"). The terms of any such election (including with respect to the periods covered by such election and any revocation of such election) shall be set forth in, and subject to, the applicable Election Form. To be valid, the election must comply with any procedural requirements (including as to timing of elections) determined by the Company from time to time, as well as the Company's insider trading policy. Notwithstanding the foregoing, a newly appointed Outside Director will be permitted during the open trading window following his or her Start Date (as defined below) to submit an Election Form to elect to receive the portion of such new Outside Director's cash retainers that are payable with respect to the remainder of the first fiscal year of his or her service in the form of Shares.

As of each cash retainer payment date, an Outside Director who has validly elected to receive all or a portion of his or her annual cash retainers in Shares of our Common Stock will become entitled to receive a number of Shares determined by dividing (i) the amount of the annual cash retainers covered by such election that otherwise would have been payable to such Outside Director on the applicable payment date by (ii) the Fair Market Value (as defined in the Plan) of a Share on the applicable issuance date (rounded down to the nearest whole Share). Such shares shall be issued to the applicable Outside Director under the Plan on the regular quarterly vesting date following the date that the corresponding cash retainer would have otherwise been paid to such Outside Director. The Shares issued in lieu of cash retainers shall be fully vested and unrestricted pursuant to the Plan.

## 2. EQUITY COMPENSATION

Outside Directors will also be eligible to receive the following Awards, as well as all types of Awards (except Incentive Stock Options) under the Plan, including discretionary Awards not covered under this Policy.

(a) Initial Awards. Each Outside Director shall be automatically granted the following awards upon first joining the Board (such date, the “**Start Date**”):

(1) an award of Restricted Stock Units with a Value of \$375,000 (the “**Initial Award**”). The Initial Award will vest annually over three years (on the same day of the month as the Start Date), subject to continued service on Board through each vesting date, *plus*

(2) an award of Restricted Stock Units equal to the product of (A) the number of Restricted Stock Units subject to the Annual Award provided to Outside Directors at the last annual meeting of stockholders (the “**Annual Meeting**”) *multiplied by* (B) a fraction (i) the numerator of which is (x) 12 minus (y) the number of fully completed months between the date of the last Annual Meeting and the Start Date and (ii) the denominator of which is 12, rounded to the nearest unit (the “**Additional Initial Award**”). For purposes of this calculation, any partial month of service shall be deemed a fully completed month of service. The Additional Initial Award will vest in full on the earlier of (i) the date of the next Annual Meeting held after the Start Date or (ii) the date on which the other directors’ Annual Awards for such year vest, subject to continued service on the Board through such vesting date.

(b) Annual Award. On the day of the Annual Meeting, each Outside Director will be automatically granted an award of Restricted Stock Units with a Value of \$272,500 (the “**Annual Award**”). The Annual Award will vest in full on the earlier of (i) the one-year anniversary of the date of grant or (ii) on the date of the next Annual Meeting held after the date of grant, in each case, subject to continued service on the Board through each vesting date.

(c) Value. For purposes of Sections 2(a) and 2(b), “**Value**” means the fair value for financial accounting purposes based on the closing price on the date of grant, with the number of Shares of our Common Stock determined based on that Value, rounded down.

## 3. OTHER COMPENSATION AND BENEFITS

Outside Directors may also be eligible to receive other compensation and benefits, including reasonable personal benefits and perquisites, as determined by the Administrator from time to time.

## 4. CHANGE IN CONTROL

In the event of a Change in Control, each Outside Director will fully vest in his or her outstanding Company equity awards, including any Initial Award, Additional Initial Award or Annual Award, provided that the Outside Director continues to be an Outside Director through such date.

## 5. ANNUAL COMPENSATION LIMIT

Any cash compensation and Awards granted to an Outside Director shall be subject to the limits provided in Section 12 of the Plan.

## **6. TRAVEL EXPENSES**

Each Outside Director's reasonable, customary and documented travel expenses to Board meetings will be reimbursed by the Company.

## **7. ADDITIONAL PROVISIONS**

All provisions of the Plan not inconsistent with this Policy will apply to Awards granted to Outside Directors.

## **8. ADJUSTMENTS**

In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under this Policy, will adjust the number of Shares issuable pursuant to Awards granted under this Policy.

## **9. SECTION 409A**

In no event will cash compensation or expense reimbursement payments under this Policy be paid after the later of (i) the 15th day of the 3rd month following the end of the Company's fiscal year in which the compensation is earned or expenses are incurred, as applicable, or (ii) the 15th day of the 3rd month following the end of the calendar year in which the compensation is earned or expenses are incurred, as applicable, in compliance with the "short-term deferral" exception under Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and guidance thereunder, as may be amended from time to time (together, "**Section 409A**"). It is the intent of this Policy that this Policy and all payments hereunder be exempt from or otherwise comply with the requirements of Section 409A so that none of the compensation to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or comply. In no event will the Company reimburse an Outside Director for any taxes imposed or other costs incurred as a result of Section 409A.

## **10. REVISIONS**

Subject to the limitations provided in Section 12 of the Plan, the Administrator, in its discretion, may change and otherwise revise the terms of Initial Awards, Additional Initial Awards or Annual Awards granted under this Policy, including, without limitation, the number of Shares subject thereto, for Initial Awards, Additional Initial Awards or Annual Awards of the same or different type granted on or after the date the Administrator determines to make any such change or revision. For the avoidance of doubt, the Administrator may, in its sole discretion, grant additional awards, compensation and benefits to Outside Directors as the Administrator deems appropriate.

The Board may also amend, alter, suspend or terminate this Policy at any time and for any reason. No amendment, alteration, suspension or termination of this Policy will materially impair the rights of an Outside Director with respect to compensation that already has been paid or awarded, unless

otherwise mutually agreed between the Outside Director and the Company. Termination of this Policy will not affect the Board's or the Compensation Committee's ability to exercise the powers granted to it under the Plan with respect to Awards granted under the Plan pursuant to this Policy prior to the date of such termination.

*Last reviewed and amended: June 18, 2025*

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, George Kurtz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CrowdStrike Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 27, 2025

CROWDSTRIKE HOLDINGS, INC.

By: /s/ George Kurtz

Name: George Kurtz

Title: President, Chief Executive Officer, and Director  
(Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Burt W. Podbere, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CrowdStrike Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 27, 2025

CROWDSTRIKE HOLDINGS, INC.

By: /s/ Burt W. Podbere

Name: Burt W. Podbere

Title: Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, George Kurtz, the President and Chief Executive Officer of CrowdStrike Holdings, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of CrowdStrike Holdings, Inc. for the fiscal quarter ended July 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of CrowdStrike Holdings, Inc.

Date: August 27, 2025

By: /s/ George Kurtz  
Name: George Kurtz  
Title: President, Chief Executive Officer, and Director  
(Principal Executive Officer)

I, Burt W. Podbere, the Chief Financial Officer of CrowdStrike Holdings, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of CrowdStrike Holdings, Inc. for the fiscal quarter ended July 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of CrowdStrike Holdings, Inc.

Date: August 27, 2025

By: /s/ Burt W. Podbere  
Name: Burt W. Podbere  
Title: Chief Financial Officer  
(Principal Financial Officer)