



CrowdStrike Reports Fourth Quarter and Fiscal Year 2026 Financial Results

- *Surpasses \$5 billion ending ARR milestone, accelerates to 24% year-over-year growth to reach \$5.25 billion*
- *Net new ARR grows 47% year-over-year and reaches a record \$331 million in Q4*
- *Achieves positive GAAP net income and record non-GAAP net income in the quarter*
- *Delivers record operating and free cash flow for both the quarter and year*
- *Reaches \$1.69 billion in ending ARR from Falcon Flex accounts, up over 120% year-over-year*

AUSTIN, Texas - March 3, 2026 -- CrowdStrike Holdings, Inc. (Nasdaq: CRWD), today announced financial results for the fourth quarter and fiscal year 2026, ended January 31, 2026.

"FY26 will go down in our history books as CrowdStrike's best year yet," said George Kurtz, CrowdStrike's Founder and CEO. "We achieved \$5.25 billion in ending ARR - the fastest and only pure-play cybersecurity software company to achieve this milestone - driven by a record \$1.01 billion of net new ARR, our first year exceeding \$1 billion of net new ARR. We also delivered record operating and free cash flow for both the quarter and year. Our record results showcase the durability of our growth and cash flow generation. As enterprises rapidly adopt AI, CrowdStrike is mission-critical infrastructure - securing AI across every layer from GPU to agent to prompt. The AI revolution is creating a massive growth opportunity for CrowdStrike, one that our technology, team, and ecosystem are well positioned to continue winning."

Commenting on the company's financial results, Burt Podbere, CrowdStrike's CFO added, "CrowdStrike delivered a record fourth quarter and fiscal year 2026, exceeding expectations across all guided metrics. The combination of accelerating growth, expanding profitability, and record cash flow generation puts CrowdStrike in rare air. With exceptional momentum across the business and a record Q1 pipeline entering FY27, we have strong conviction to once again raise our FY27 ARR outlook. The AI revolution represents a new, generational growth opportunity for CrowdStrike, and we are confident in our ability to deliver durable, profitable growth as we scale to our goal of \$20 billion ending ARR in FY36."

Fourth Quarter Fiscal 2026 Financial Highlights

- **Revenue:** Total revenue was \$1.31 billion, a 23% increase, compared to \$1.06 billion in the fourth quarter of fiscal 2025. Subscription revenue was \$1.24 billion, a 23% increase, compared to \$1.01 billion in the fourth quarter of fiscal 2025.
- **Annual Recurring Revenue (ARR)** grew 24% year-over-year to \$5.25 billion as of January 31, 2026, of which \$330.7 million was net new ARR added in the quarter.
- **Subscription Gross Margin:** GAAP subscription gross margin was 79%, compared to 77% for the fourth quarter of fiscal 2025. Non-GAAP subscription gross margin was 81%, compared to 80% in the fourth quarter of fiscal 2025.
- **Income/Loss from Operations:** GAAP loss from operations was \$6.9 million, compared to \$79.3 million in the fourth quarter of fiscal 2025. Non-GAAP income from operations was \$325.8 million, compared to \$224.8 million in the fourth quarter of fiscal 2025.
- **Net Income/Loss Attributable to CrowdStrike:** GAAP net income attributable to CrowdStrike was \$38.7 million, compared to a loss of \$86.3 million in the fourth quarter of fiscal 2025. GAAP net income per share attributable to CrowdStrike, diluted, was \$0.15, compared to a loss of \$0.35 in the fourth quarter of fiscal 2025. Non-GAAP net income attributable to CrowdStrike was \$289.1 million, compared to \$205.3 million in the fourth quarter of fiscal 2025. Non-GAAP net income attributable to CrowdStrike per share, diluted, was \$1.12, compared to \$0.81 in the fourth quarter of fiscal 2025.
- **Cash Flow:** Net cash generated from operations was \$497.9 million, compared to \$345.7 million in the fourth quarter of fiscal 2025. Free cash flow was \$376.4 million, compared to \$239.8 million in the fourth quarter of fiscal 2025.
- **Cash and Cash Equivalents** grew to \$5.23 billion as of January 31, 2026.

Full Year Fiscal 2026 Financial Highlights

- **Revenue:** Total revenue was \$4.81 billion, a 22% increase, compared to \$3.95 billion in fiscal 2025. Subscription revenue was \$4.56 billion, a 21% increase, compared to \$3.76 billion in fiscal 2025.

- **Subscription Gross Margin:** GAAP subscription gross margin was 78% for both fiscal 2026 and 2025. Non-GAAP subscription gross margin was 81%, compared to 80% in fiscal 2025.
- **Income/Loss from Operations:** GAAP loss from operations was \$293.3 million, compared to \$116.4 million in fiscal 2025. Non-GAAP income from operations was \$1.05 billion, compared to \$879.9 million in fiscal 2025.
- **Net Income/Loss Attributable to CrowdStrike:** GAAP net loss attributable to CrowdStrike was \$162.5 million, compared to \$15.2 million in fiscal 2025. GAAP net loss per share attributable to CrowdStrike, diluted, was \$0.65, compared to \$0.06 in fiscal 2025. Non-GAAP net income attributable to CrowdStrike was \$956.6 million, compared to \$814.6 million in fiscal 2025. Non-GAAP net income attributable to CrowdStrike per share, diluted, was \$3.73, compared to \$3.24 in fiscal 2025.
- **Cash Flow:** Net cash generated from operations was \$1.61 billion, compared to \$1.38 billion in fiscal 2025. Free cash flow was \$1.24 billion, compared to \$1.07 billion in fiscal 2025.

Share Repurchases

Subsequent to January 31, 2026 and through March 2, 2026, the Company repurchased 143,801 shares of its Class A common stock under its existing Share Repurchase Program at an average price of \$351.97 per share, for an aggregate purchase price of \$50.6 million. As of March 2, 2026, approximately \$949.4 million remained available for future share repurchases under the Share Repurchase Program.

Recent Highlights

- CrowdStrike's module adoption rates were 50%, 34%, and 24% for six or more, seven or more, and eight or more modules, respectively, as of January 31, 2026.
- Announced the general availability of Falcon AI Detection and Response (AIDR).
- Acquired SGNL, a leader in Continuous Identity.
- Acquired Seraphic Security, a leader in browser runtime security.
- Announced the general availability of FalconID, extending the Falcon platform with zero-friction, phishing-resistant MFA.
- Achieved ISO/IEC 42001:2023 certification, validating CrowdStrike's disciplined, externally audited approach to the responsible design, development, and operation of AI-powered cybersecurity.
- Announced an expansion of a strategic alliance with Microsoft that allows organizations to purchase the Falcon platform on Microsoft Marketplace using their existing Microsoft Azure Consumption Commitment.
- Revealed a strategic partnership with VAST Data, combining VAST's native data-layer governance and platform-level controls with CrowdStrike's enterprise-grade threat detection and automated response.
- Announced new regional cloud deployments planned for Saudi Arabia, India, and the United Arab Emirates, with additional geographies to follow.
- Signed a memorandum of understanding (MoU) in Saudi Arabia with Aramco.
- Announced an integration that connects Falcon Shield with the Qualtrics XM Platform to provide organizations with real-time visibility and automated protection for user activity, permission, configurations, and data access.
- Selected by NordVPN to power its Threat Protection Pro™ feature, bringing industry-leading threat intelligence trusted by enterprises and governments to millions of consumers worldwide.
- Delivered 100% detection and 100% protection with no false positives in the 2025 MITRE ATT&CK® Enterprise Evaluations.
- Recognized as a Customers' Choice 2025 in the Gartner® Peer Insights™ 'Voice of the Customer for Endpoint Protection Platforms', 'Voice of the Customer for Application Security Posture Management (ASPM) Tools', 'Voice of the Customer for External Attack Surface Management' and 'Voice of the Customer' for User Authentication' reports¹.
- Announced the findings of a Forrester Consulting Total Economic Impact™ (TEI) study², showing that customers who replaced legacy endpoint security with CrowdStrike achieved a 273% return on investment (ROI) by reducing breach risk and simplifying security operations.
- Named Frost & Sullivan's 2026 Company of the Year for Cloud Workload Security (CWS) and the 2025 Company of the Year for Global SaaS Security Posture Management (SSPM) for the second consecutive time³.

Financial Outlook

CrowdStrike is providing the following guidance for the first quarter of fiscal 2027 (ending April 30, 2026) and guidance for fiscal year 2027 (ending January 31, 2027).

Guidance for non-GAAP financial measures excludes stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets (including purchased patents), acquisition-related expenses (credits), net, amortization of debt issuance costs and discount, mark-to-market adjustments on deferred compensation liabilities, legal reserve and settlement charges or benefits, costs (recoveries) associated with the July 19 Incident and related matters, net, strategic plan related charges (benefits), net, losses (gains) and other expense (income) from strategic investments, and losses (gains) on deferred compensation assets, and is adjusted for our long-term non-GAAP effective tax rate. The company has not provided the most directly comparable GAAP measures because certain items are out of the company's control or cannot be reasonably predicted. Accordingly, a reconciliation for non-GAAP income from operations, non-GAAP net income attributable to CrowdStrike, and non-GAAP net income per share attributable to CrowdStrike common stockholders, diluted, is not available without unreasonable effort.

| | Q1 FY27 Guidance | Full Year FY27 Guidance |
|--|-------------------------------|-------------------------------|
| Annual recurring revenue | \$5,501.8 - \$5,503.8 million | \$6,465.8 - \$6,516.4 million |
| Total revenue | \$1,360.0 - \$1,364.0 million | \$5,867.6 - \$5,927.6 million |
| Non-GAAP income from operations | \$308.0 - \$310.4 million | \$1,422.2 - \$1,462.2 million |
| Non-GAAP net income attributable to CrowdStrike | \$275.2 - \$277.1 million | \$1,241.0 - \$1,271.1 million |
| Non-GAAP net income per share attributable to CrowdStrike common stockholders, diluted | \$1.06 - \$1.07 | \$4.78 - \$4.90 |
| Weighted average shares used in computing non-GAAP net income per share attributable to common stockholders, diluted | 259 million | 260 million |
| Non-GAAP tax rate | 21.0% | 21.0% |

These statements are forward-looking and actual results may differ materially as a result of many factors. Refer to the Forward-Looking Statements safe harbor below for information on the factors that could cause the company's actual results to differ materially from these forward-looking statements.

Conference Call Information

CrowdStrike will host a conference call for analysts and investors to discuss its earnings results for the fourth quarter and fiscal year 2026 and outlook for its fiscal first quarter and fiscal year 2027 today at 2:00 p.m. Pacific time (5:00 p.m. Eastern time). A recorded webcast of the event will also be available for one year on the CrowdStrike Investor Relations website ir.crowdstrike.com.

Date: March 3, 2026
Time: 2:00 p.m. Pacific time / 5:00 p.m. Eastern time
Webcast link: crowdstrike-fiscal-fourth-quarter-2026-results-conference-call.open-exchange.net/registration

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding CrowdStrike's future growth and future financial and operating performance, including CrowdStrike's financial outlook for the fiscal first quarter, fiscal year 2027 and beyond, product developments and anticipated tax rate. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: risks associated with the content configuration update CrowdStrike released on July 19, 2024 for its Falcon sensor that resulted in system crashes for certain Windows systems (the "July 19 Incident"); risks associated with managing CrowdStrike's rapid growth; CrowdStrike's ability to identify and effectively implement necessary changes to address execution challenges; risks associated with new or existing products and services, including the risk of defects, errors, or vulnerabilities; CrowdStrike's ability to respond to an intensely competitive and rapidly evolving market; length and unpredictability of sales cycles; CrowdStrike's ability to attract new and retain existing customers; CrowdStrike's ability to complete and successfully integrate acquisitions; the failure to timely develop and achieve market acceptance of new or existing products and services; CrowdStrike's ability to collaborate and integrate its products with offerings from other parties to deliver benefits to customers; industry trends; rapidly evolving technological developments in the market for security products and services; and general market, political, economic, and business conditions, including those related to a deterioration in macroeconomic conditions, inflation, geopolitical uncertainty and conflicts, public health crises and volatility in the banking and financial services sector.

Additional risks and uncertainties that could affect CrowdStrike's financial results are included in the filings CrowdStrike makes with the Securities and Exchange Commission ("SEC") from time to time, particularly under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," including CrowdStrike's most recently filed Annual Report on Form 10-K, most recently filed Quarterly Report on Form 10-Q, and subsequent filings.

Actual outcomes and results may differ materially from those contemplated by these forward-looking statements as a result of such risks and uncertainties. All forward-looking statements in this press release are based on information available to CrowdStrike as of the date hereof, and CrowdStrike does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

Use of Non-GAAP Financial Information

CrowdStrike believes that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to CrowdStrike's financial condition and results of operations. For further information regarding these non-GAAP measures, including the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, please refer to the financial tables below, as well as the "Explanation of Non-GAAP Financial Measures" and "Change in Non-GAAP Measures Presentation" sections of this press release.

Channels for Disclosure of Information

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

Reports Referenced and Disclaimers

1. Gartner®, Peer Insights™, Voice of the Customer for Endpoint Protection Platforms, 23 January 2026, Peer Community Contributor
Gartner®, Peer Insights™, Voice of the Customer for Application Security Posture Management (ASPM) Tools, 23 January 2026, Peer Community Contributor
Gartner®, Peer Insights™, Voice of the Customer for External Attack Surface Management, 31 December 2025, Peer Community Contributor
Gartner®, Peer Insights™, Voice of the Customer for User Authentication, 22 January 2026, Peer Community Contributor

2. A Forrester Consulting Total Economic Impact™ study commissioned by CrowdStrike, January 2026. The results are based on a composite organization representative of interviewed customers.
3. Frost & Sullivan 2026 Company of the Year for Cloud Workload Security (CWS) and Frost and Sullivan 2025 Company of the Year for Global SaaS Security Posture Management (SSPM).

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About CrowdStrike Holdings

CrowdStrike (Nasdaq: CRWD), a global cybersecurity leader, has redefined modern security with the world's most advanced cloud-native platform for protecting critical areas of enterprise risk – endpoints and cloud workloads, identity, and data.

Powered by the CrowdStrike Security Cloud and world-class AI, the CrowdStrike Falcon® platform leverages real-time indicators of attack, threat intelligence, evolving adversary tradecraft, and enriched telemetry from across the enterprise to deliver hyper-accurate detections, automated protection and remediation, elite threat hunting, and prioritized observability of vulnerabilities.

Purpose-built in the cloud with a single lightweight-agent architecture, the Falcon platform delivers rapid and scalable deployment, superior protection and performance, reduced complexity, and immediate time-to-value.

CrowdStrike: We stop breaches.

For more information, please visit: ir.crowdstrike.com

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CROWDSTRIKE HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|--------------|------------------------|--------------|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue | | | | |
| Subscription | \$ 1,242,265 | \$ 1,008,316 | \$ 4,564,683 | \$ 3,761,480 |
| Professional services | 63,110 | 50,222 | 247,322 | 192,144 |
| Total revenue | 1,305,375 | 1,058,538 | 4,812,005 | 3,953,624 |
| Cost of revenue | | | | |
| Subscription ⁽¹⁾⁽²⁾⁽⁶⁾ | 265,109 | 228,719 | 1,015,915 | 834,578 |
| Professional services ⁽¹⁾⁽⁶⁾ | 50,804 | 43,662 | 203,014 | 155,594 |
| Total cost of revenue | 315,913 | 272,381 | 1,218,929 | 990,172 |
| Gross profit | 989,462 | 786,157 | 3,593,076 | 2,963,452 |
| Operating expenses | | | | |
| Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ | 464,795 | 409,065 | 1,831,254 | 1,523,001 |
| Research and development ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ | 367,727 | 312,318 | 1,384,770 | 1,075,587 |
| General and administrative ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ | 163,840 | 144,079 | 670,344 | 481,264 |
| Total operating expenses | 996,362 | 865,462 | 3,886,368 | 3,079,852 |
| Loss from operations | (6,900) | (79,305) | (293,292) | (116,400) |
| Interest expense ⁽⁷⁾ | (7,552) | (6,664) | (28,021) | (26,311) |
| Interest income | 47,856 | 46,597 | 194,969 | 196,174 |
| Other income (expense), net ⁽⁸⁾⁽⁹⁾ | 3,750 | (1,095) | (645) | 5,101 |
| Income (loss) before provision for income taxes | 37,154 | (40,467) | (126,989) | 58,564 |
| Provision (benefit) for income taxes | (3,621) | 46,268 | 34,176 | 71,130 |
| Net income (loss) | 40,775 | (86,735) | (161,165) | (12,566) |
| Net income (loss) attributable to non-controlling interest | 2,084 | (449) | 1,337 | 2,675 |
| Net income (loss) attributable to CrowdStrike | \$ 38,691 | \$ (86,286) | \$ (162,502) | \$ (15,241) |
| Net income (loss) per share attributable to CrowdStrike common stockholders: | | | | |
| Basic | \$ 0.15 | \$ (0.35) | \$ (0.65) | \$ (0.06) |
| Diluted | \$ 0.15 | \$ (0.35) | \$ (0.65) | \$ (0.06) |
| Weighted-average shares used in computing net income (loss) per share attributable to CrowdStrike common stockholders: | | | | |
| Basic | 252,566 | 246,933 | 250,576 | 244,750 |
| Diluted | 258,133 | 246,933 | 250,576 | 244,750 |

(1) Includes stock-based compensation expense and related employer payroll taxes as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|---|--------------------------------|-------------------|------------------------|-------------------|
| | 2026 | 2025 | 2026 | 2025 |
| Subscription cost of revenue | \$ 23,935 | \$ 24,362 | \$ 97,263 | \$ 77,448 |
| Professional services cost of revenue | 9,769 | 9,610 | 38,941 | 32,468 |
| Sales and marketing | 78,949 | 71,785 | 296,502 | 247,947 |
| Research and development | 120,864 | 112,830 | 449,297 | 350,501 |
| General and administrative | 68,679 | 55,524 | 248,568 | 195,220 |
| Total stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | <u>\$ 302,196</u> | <u>\$ 274,111</u> | <u>\$ 1,130,571</u> | <u>\$ 903,584</u> |

(2) Includes amortization of acquired intangible assets, including purchased patents, as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|-----------------|------------------------|------------------|
| | 2026 | 2025 | 2026 | 2025 |
| Subscription cost of revenue | \$ 6,998 | \$ 6,153 | \$ 26,307 | \$ 21,976 |
| Sales and marketing | 860 | 846 | 3,590 | 2,654 |
| General and administrative | 314 | 340 | 1,336 | 1,374 |
| Total amortization of acquired intangible assets | <u>\$ 8,172</u> | <u>\$ 7,339</u> | <u>\$ 31,233</u> | <u>\$ 26,004</u> |

(3) Includes acquisition-related expenses, net as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|---|--------------------------------|-----------------|------------------------|-----------------|
| | 2026 | 2025 | 2026 | 2025 |
| Sales and marketing | \$ 56 | \$ — | \$ 407 | \$ — |
| Research and development | 722 | — | 1,789 | 477 |
| General and administrative | 5,808 | 1,475 | 11,840 | 5,550 |
| Total acquisition-related expenses, net | <u>\$ 6,586</u> | <u>\$ 1,475</u> | <u>\$ 14,036</u> | <u>\$ 6,027</u> |

(4) Includes mark-to-market adjustments on deferred compensation liabilities as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|---|--------------------------------|---------------|------------------------|---------------|
| | 2026 | 2025 | 2026 | 2025 |
| Sales and marketing | \$ 148 | \$ 147 | \$ 712 | \$ 331 |
| Research and development | 70 | 51 | 567 | 253 |
| General and administrative | 54 | — | 133 | 27 |
| Total mark-to-market adjustments on deferred compensation liabilities | <u>\$ 272</u> | <u>\$ 198</u> | <u>\$ 1,412</u> | <u>\$ 611</u> |

(5) Includes costs, net, such as legal fees, remediation costs, sensor testing costs, and insurance receivables among others, associated with the July 19 Incident and related matters as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|---|--------------------------------|-----------|------------------------|-----------|
| | 2026 | 2025 | 2026 | 2025 |
| Sales and marketing | \$ 258 | \$ 3,214 | \$ 1,065 | \$ 21,396 |
| Research and development | (1) | 2,230 | 2,387 | 6,780 |
| General and administrative | 15,917 | 15,564 | 114,278 | 31,886 |
| Total costs associated with the July 19 Incident and related matters, net | \$ 16,174 | \$ 21,008 | \$ 117,730 | \$ 60,062 |

(6) Includes strategic plan related charges (benefits) as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|------|------------------------|------|
| | 2026 | 2025 | 2026 | 2025 |
| Subscription cost of revenue | \$ (115) | \$ — | \$ 3,442 | \$ — |
| Professional services cost of revenue | (100) | — | 3,271 | — |
| Sales and marketing | (165) | — | 8,975 | — |
| Research and development | (214) | — | 16,573 | — |
| General and administrative | (100) | — | 12,516 | — |
| Total strategic plan related charges (benefits), net | \$ (694) | \$ — | \$ 44,777 | \$ — |

(7) Includes amortization of debt issuance costs and discount as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|--------|------------------------|----------|
| | 2026 | 2025 | 2026 | 2025 |
| Interest expense | \$ 546 | \$ 546 | \$ 2,186 | \$ 2,186 |
| Total amortization of debt issuance costs and discount | \$ 546 | \$ 546 | \$ 2,186 | \$ 2,186 |

(8) Includes gains (losses) and other income (expense) from strategic investments as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|----------|------------------------|----------|
| | 2026 | 2025 | 2026 | 2025 |
| Other income (expense), net | \$ 4,168 | \$ (898) | \$ 2,674 | \$ 5,350 |
| Total gains (losses) and other income (expense) from strategic investments | \$ 4,168 | \$ (898) | \$ 2,674 | \$ 5,350 |

(9) Includes gains on deferred compensation assets as follows (in thousands):

| | Three Months Ended January 31, | | Year Ended January 31, | |
|---|--------------------------------|--------|------------------------|--------|
| | 2026 | 2025 | 2026 | 2025 |
| Other income, net | \$ 272 | \$ 198 | \$ 1,412 | \$ 611 |
| Total gains on deferred compensation assets | \$ 272 | \$ 198 | \$ 1,412 | \$ 611 |

CROWDSTRIKE HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

| | January 31, 2026 | January 31, 2025 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 5,230,125 | \$ 4,323,295 |
| Accounts receivable, net of allowance for credit losses | 1,361,844 | 1,128,564 |
| Deferred contract acquisition costs, current | 447,455 | 347,042 |
| Prepaid expenses and other current assets | 379,695 | 314,444 |
| Total current assets | 7,419,119 | 6,113,345 |
| Strategic investments | 76,832 | 72,544 |
| Property and equipment, net | 976,331 | 788,640 |
| Operating lease right-of-use assets | 69,860 | 42,763 |
| Deferred contract acquisition costs, noncurrent | 655,658 | 500,908 |
| Goodwill | 1,363,294 | 912,805 |
| Intangible assets, net | 136,702 | 133,114 |
| Other long-term assets | 388,888 | 137,459 |
| Total assets | \$ 11,086,684 | \$ 8,701,578 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 105,319 | \$ 130,887 |
| Accrued expenses | 181,089 | 191,349 |
| Accrued payroll and benefits | 389,690 | 319,243 |
| Operating lease liabilities, current | 18,232 | 13,811 |
| Deferred revenue | 3,421,051 | 2,733,005 |
| Other current liabilities | 68,811 | 72,755 |
| Total current liabilities | 4,184,192 | 3,461,050 |
| Long-term debt | 745,471 | 743,983 |
| Deferred revenue, noncurrent | 1,332,387 | 995,672 |
| Operating lease liabilities, noncurrent | 56,374 | 31,107 |
| Other liabilities, noncurrent | 295,655 | 150,849 |
| Total liabilities | 6,614,079 | 5,382,661 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Common stock, Class A and Class B | 127 | 124 |
| Additional paid-in capital | 5,694,549 | 4,409,503 |
| Accumulated deficit | (1,283,042) | (1,120,540) |
| Accumulated other comprehensive income (loss) | 16,756 | (9,593) |
| Total CrowdStrike Holdings, Inc. stockholders' equity | 4,428,390 | 3,279,494 |
| Non-controlling interest | 44,215 | 39,423 |
| Total stockholders' equity | 4,472,605 | 3,318,917 |
| Total liabilities and stockholders' equity | \$ 11,086,684 | \$ 8,701,578 |

CROWDSTRIKE HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

| | Year Ended January 31, | |
|---|-------------------------------|---------------------|
| | 2026 | 2025 |
| Operating activities | | |
| Net loss | \$ (161,165) | \$ (12,566) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 250,218 | 187,952 |
| Amortization of intangible assets | 31,233 | 26,004 |
| Amortization of deferred contract acquisition costs | 449,413 | 318,837 |
| Non-cash operating lease cost | 17,197 | 15,283 |
| Stock-based compensation expense | 1,096,679 | 861,391 |
| Deferred income taxes | (14,797) | (9,903) |
| Realized gains on strategic investments | (4,161) | (6,321) |
| Accretion of short-term investments purchased at a discount | — | 2,285 |
| Non-cash interest expense | 5,444 | 3,763 |
| Change in fair value of strategic investments | 1,579 | 1,000 |
| Changes in operating assets and liabilities, net of impact of acquisitions | | |
| Accounts receivable, net | (232,528) | (274,219) |
| Deferred contract acquisition costs | (703,707) | (584,484) |
| Prepaid expenses and other assets | (206,157) | (190,232) |
| Accounts payable | (11,267) | 84,939 |
| Accrued expenses and other liabilities | 22,587 | 218,518 |
| Accrued payroll and benefits | 61,610 | 85,873 |
| Operating lease liabilities | (13,692) | (15,657) |
| Deferred revenue | 1,023,863 | 669,264 |
| Net cash provided by operating activities | <u>1,612,349</u> | <u>1,381,727</u> |
| Investing activities | | |
| Purchases of property and equipment | (302,108) | (254,852) |
| Capitalized internal-use software and website development costs | (68,751) | (58,969) |
| Purchases of strategic investments | (10,767) | (19,702) |
| Proceeds from sales of strategic investments | 5,217 | 12,507 |
| Business acquisitions, net of cash acquired | (382,268) | (310,257) |
| Proceeds from maturities and sales of short-term investments | — | 97,300 |
| Purchases of deferred compensation investments | (6,009) | (2,721) |
| Proceeds from the sale of deferred compensation investments | 207 | 106 |
| Net cash used in investing activities | <u>(764,479)</u> | <u>(536,588)</u> |
| Financing activities | | |
| Proceeds from issuance of common stock upon exercise of stock options | 3,163 | 3,983 |
| Proceeds from issuance of common stock under the employee stock purchase plan | 125,834 | 99,616 |
| Distributions to non-controlling interest holders | (2,545) | (4,891) |
| Capital contributions from non-controlling interest holders | 6,000 | 8,500 |
| Net cash provided by financing activities | <u>132,452</u> | <u>107,208</u> |
| Effect of foreign exchange rates on cash, cash equivalents, and restricted cash | <u>9,629</u> | <u>(5,278)</u> |
| Net increase in cash, cash equivalents, and restricted cash | <u>989,951</u> | <u>947,069</u> |
| 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 | <u>\$ 5,314,617</u> | <u>\$ 4,324,666</u> |

CROWDSTRIKE HOLDINGS, INC.
GAAP to Non-GAAP Reconciliations
(in thousands, except percentages)
(unaudited)

| | Three Months Ended January 31, | | Year Ended January 31, | |
|---|--------------------------------|---------------------|------------------------|---------------------|
| | 2026 | 2025 | 2026 | 2025 |
| GAAP subscription revenue | \$ 1,242,265 | \$ 1,008,316 | \$ 4,564,683 | \$ 3,761,480 |
| GAAP professional services revenue | 63,110 | 50,222 | 247,322 | 192,144 |
| GAAP total revenue | <u>\$ 1,305,375</u> | <u>\$ 1,058,538</u> | <u>\$ 4,812,005</u> | <u>\$ 3,953,624</u> |
| GAAP subscription gross profit | \$ 977,156 | \$ 779,597 | \$ 3,548,768 | \$ 2,926,902 |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | 23,935 | 24,362 | 97,263 | 77,448 |
| Amortization of acquired intangible assets | 6,998 | 6,153 | 26,307 | 21,976 |
| Strategic plan related charges (benefits), net | (115) | — | 3,442 | — |
| Non-GAAP subscription gross profit | <u>\$ 1,007,974</u> | <u>\$ 810,112</u> | <u>\$ 3,675,780</u> | <u>\$ 3,026,326</u> |
| GAAP subscription gross margin | 79 % | 77 % | 78 % | 78 % |
| Non-GAAP subscription gross margin | 81 % | 80 % | 81 % | 80 % |
| GAAP professional services gross profit | \$ 12,306 | \$ 6,560 | \$ 44,308 | \$ 36,550 |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | 9,769 | 9,610 | 38,941 | 32,468 |
| Strategic plan related charges (benefits), net | (100) | — | 3,271 | — |
| Non-GAAP professional services gross profit | <u>\$ 21,975</u> | <u>\$ 16,170</u> | <u>\$ 86,520</u> | <u>\$ 69,018</u> |
| GAAP professional services gross margin | 19 % | 13 % | 18 % | 19 % |
| Non-GAAP professional services gross margin | 35 % | 32 % | 35 % | 36 % |
| Total GAAP gross margin | 76 % | 74 % | 75 % | 75 % |
| Total Non-GAAP gross margin | 79 % | 78 % | 78 % | 78 % |
| GAAP sales and marketing operating expenses | \$ 464,795 | \$ 409,065 | \$ 1,831,254 | \$ 1,523,001 |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | (78,949) | (71,785) | (296,502) | (247,947) |
| Amortization of acquired intangible assets | (860) | (846) | (3,590) | (2,654) |
| Acquisition-related expenses, net | (56) | — | (407) | — |
| Mark-to-market adjustments on deferred compensation liabilities | (148) | (147) | (712) | (331) |
| Costs associated with the July 19 Incident and related matters, net | (258) | (3,214) | (1,065) | (21,396) |
| Strategic plan related benefits (charges), net | 165 | — | (8,975) | — |
| Non-GAAP sales and marketing operating expenses | <u>\$ 384,689</u> | <u>\$ 333,073</u> | <u>\$ 1,520,003</u> | <u>\$ 1,250,673</u> |
| GAAP sales and marketing operating expenses as a percentage of revenue | 36 % | 39 % | 38 % | 39 % |
| Non-GAAP sales and marketing operating expenses as a percentage of revenue | 29 % | 31 % | 32 % | 32 % |
| GAAP research and development operating expenses | \$ 367,727 | \$ 312,318 | \$ 1,384,770 | \$ 1,075,587 |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | (120,864) | (112,830) | (449,297) | (350,501) |
| Acquisition-related expenses, net | (722) | — | (1,789) | (477) |
| Mark-to-market adjustments on deferred compensation liabilities | (70) | (51) | (567) | (253) |
| Benefits (costs) associated with the July 19 Incident and related matters, net | 1 | (2,230) | (2,387) | (6,780) |
| Strategic plan related benefits (charges), net | 214 | — | (16,573) | — |
| Non-GAAP research and development operating expenses | <u>\$ 246,286</u> | <u>\$ 197,207</u> | <u>\$ 914,157</u> | <u>\$ 717,576</u> |
| GAAP research and development operating expenses as a percentage of revenue | 28 % | 30 % | 29 % | 27 % |
| Non-GAAP research and development operating expenses as a percentage of revenue | 19 % | 19 % | 19 % | 18 % |

CROWDSTRIKE HOLDINGS, INC.
GAAP to Non-GAAP Reconciliations (continued)
(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|-------------------|------------------------|-------------------|
| | 2026 | 2025 | 2026 | 2025 |
| GAAP general and administrative operating expenses | \$ 163,840 | \$ 144,079 | \$ 670,344 | \$ 481,264 |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | (68,679) | (55,524) | (248,568) | (195,220) |
| Acquisition-related expenses, net | (5,808) | (1,475) | (11,840) | (5,550) |
| Amortization of acquired intangible assets | (314) | (340) | (1,336) | (1,374) |
| Mark-to-market adjustments on deferred compensation liabilities | (54) | — | (133) | (27) |
| Costs associated with the July 19 Incident and related matters, net | (15,917) | (15,564) | (114,278) | (31,886) |
| Strategic plan related benefits (charges), net | 100 | — | (12,516) | — |
| Non-GAAP general and administrative operating expenses | <u>\$ 73,168</u> | <u>\$ 71,176</u> | <u>\$ 281,673</u> | <u>\$ 247,207</u> |
| GAAP general and administrative operating expenses as a percentage of revenue | 13 % | 14 % | 14 % | 12 % |
| Non-GAAP general and administrative operating expenses as a percentage of revenue | 6 % | 7 % | 6 % | 6 % |
| GAAP loss from operations | \$ (6,900) | \$ (79,305) | \$ (293,292) | \$ (116,400) |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | 302,196 | 274,111 | 1,130,571 | 903,584 |
| Amortization of acquired intangible assets | 8,172 | 7,339 | 31,233 | 26,004 |
| Acquisition-related expenses, net | 6,586 | 1,475 | 14,036 | 6,027 |
| Mark-to-market adjustments on deferred compensation liabilities | 272 | 198 | 1,412 | 611 |
| Costs associated with the July 19 Incident and related matters, net | 16,174 | 21,008 | 117,730 | 60,062 |
| Strategic plan related charges (benefits), net | (694) | — | 44,777 | — |
| Non-GAAP income from operations | <u>\$ 325,806</u> | <u>\$ 224,826</u> | <u>\$ 1,046,467</u> | <u>\$ 879,888</u> |
| GAAP operating margin | (1)% | (7)% | (6)% | (3)% |
| Non-GAAP operating margin | 25 % | 21 % | 22 % | 22 % |
| GAAP provision (benefit) for income taxes | (3,621) | 46,268 | 34,176 | 71,130 |
| Income tax adjustments ⁽⁴⁾ | 80,474 | 13,337 | 220,107 | 165,362 |
| Non-GAAP provision for income taxes ⁽³⁾ | <u>\$ 76,853</u> | <u>\$ 59,605</u> | <u>\$ 254,283</u> | <u>\$ 236,492</u> |
| GAAP net income (loss) attributable to CrowdStrike | \$ 38,691 | \$ (86,286) | \$ (162,502) | \$ (15,241) |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | 302,196 | 274,111 | 1,130,571 | 903,584 |
| Amortization of acquired intangible assets | 8,172 | 7,339 | 31,233 | 26,004 |
| Acquisition-related expenses, net | 6,586 | 1,475 | 14,036 | 6,027 |
| Amortization of debt issuance costs and discount | 546 | 546 | 2,186 | 2,186 |
| Mark-to-market adjustments on deferred compensation liabilities | 272 | 198 | 1,412 | 611 |
| Costs associated with the July 19 Incident and related matters, net | 16,174 | 21,008 | 117,730 | 60,062 |
| Strategic plan related charges (benefits), net | (694) | — | 44,777 | — |
| Losses (gains) and other expense (income) from strategic investments attributable to CrowdStrike | (2,084) | 449 | (1,337) | (2,675) |
| Gains on deferred compensation assets | (272) | (198) | (1,412) | (611) |
| Income tax adjustments ⁽⁴⁾ | (80,474) | (13,337) | (220,107) | (165,362) |
| Non-GAAP net income attributable to CrowdStrike | <u>\$ 289,113</u> | <u>\$ 205,305</u> | <u>\$ 956,587</u> | <u>\$ 814,585</u> |

CROWDSTRIKE HOLDINGS, INC.
GAAP to Non-GAAP Reconciliations (continued)
(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|----------------|------------------------|----------------|
| | 2026 | 2025 | 2026 | 2025 |
| Weighted-average shares used in computing GAAP basic net income (loss) per share attributable to CrowdStrike common stockholders | 252,566 | 246,933 | 250,576 | 244,750 |
| GAAP basic net income (loss) per share attributable to CrowdStrike common stockholders | \$ 0.15 | \$ (0.35) | \$ (0.65) | \$ (0.06) |
| GAAP diluted net income (loss) per share attributable to CrowdStrike common stockholders | \$ 0.15 | \$ (0.35) | \$ (0.65) | \$ (0.06) |
| Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾ | 1.17 | 1.09 | 4.41 | 3.59 |
| Amortization of acquired intangible assets | 0.03 | 0.03 | 0.12 | 0.10 |
| Acquisition-related expenses, net | 0.03 | 0.01 | 0.05 | 0.02 |
| Amortization of debt issuance costs and discount | — | — | 0.01 | 0.01 |
| Mark-to-market adjustments on deferred compensation liabilities | — | — | 0.01 | — |
| Costs associated with the July 19 Incident and related matters, net | 0.06 | 0.08 | 0.46 | 0.24 |
| Strategic plan related charges (benefits), net | — | — | 0.17 | — |
| Losses (gains) and other expense (income) from strategic investments attributable to CrowdStrike | (0.01) | — | (0.01) | (0.01) |
| Gains on deferred compensation assets | — | — | (0.01) | — |
| Income tax adjustments ⁽⁴⁾ | (0.31) | (0.05) | (0.86) | (0.66) |
| Other ⁽⁵⁾ | — | — | 0.03 | 0.01 |
| Non-GAAP diluted net income per share attributable to CrowdStrike common stockholders | <u>\$ 1.12</u> | <u>\$ 0.81</u> | <u>\$ 3.73</u> | <u>\$ 3.24</u> |
| Weighted-average shares used to calculate Non-GAAP diluted net income per share attributable to CrowdStrike common stockholders | 258,133 | 253,281 | 256,476 | 251,385 |

1. Effective February 1, 2025, employer payroll taxes related to employee stock-based award transactions are included as part of stock-based compensation expense. These payroll taxes are excluded from CrowdStrike's non-GAAP results as they are tied to the timing and size of the vesting or exercise of the underlying stock-based awards and the price of our common stock at the time of vesting or exercise, which may vary from period to period independent of the operating performance of our business. Prior period has been recast to reflect this change.

2. Stock-based compensation expense has been revised to reflect immaterial prior period adjustments.

3. Effective second quarter fiscal year 2026, we adopted a 21.0% long-term projected non-GAAP tax rate, reduced from the previous rate of 22.5%, in connection with the enactment of the One Big Beautiful Bill Act. This rate reflects the anticipated tax benefit from earning income outside the U.S. while retaining intellectual property within the U.S. The change is applied prospectively, and the tax rate for prior periods remains unchanged.

4. Adjustments are related to the difference between the GAAP provision for income taxes and non-GAAP provision for income taxes.

5. For periods in which we had diluted non-GAAP net income per share attributable to CrowdStrike common stockholders, the sum of the impact of individual reconciling items may not total to diluted non-GAAP net income per share attributable to CrowdStrike common stockholders because of rounding differences.

CROWDSTRIKE HOLDINGS, INC.
GAAP to Non-GAAP Reconciliations (continued)
(in thousands, except percentages)
(unaudited)

| | Three Months Ended January 31, | | Year Ended January 31, | |
|--|--------------------------------|--------------|------------------------|--------------|
| | 2026 | 2025 | 2026 | 2025 |
| GAAP net cash provided by operating activities | \$ 497,869 | \$ 345,722 | \$ 1,612,349 | \$ 1,381,727 |
| Purchases of property and equipment | (102,465) | (87,211) | (302,108) | (254,852) |
| Capitalized internal-use software and website development costs | (17,255) | (17,703) | (68,751) | (58,969) |
| Purchases of deferred compensation investments | (1,752) | (906) | (6,009) | (2,721) |
| Proceeds from the sales of deferred compensation investments | (34) | (65) | (207) | (106) |
| Free cash flow | \$ 376,363 | \$ 239,837 | \$ 1,235,274 | \$ 1,065,079 |
| GAAP net cash used in investing activities | \$ (122,976) | \$ (325,019) | \$ (764,479) | \$ (536,588) |
| GAAP net cash provided by financing activities | \$ 51,358 | \$ 46,386 | \$ 132,452 | \$ 107,208 |
| GAAP net cash provided by operating activities as a percentage of revenue | 38 % | 33 % | 34 % | 35 % |
| Purchases of property and equipment as a percentage of revenue | (8)% | (8)% | (6)% | (6)% |
| Capitalized internal-use software and website development costs as a percentage of revenue | (1)% | (2)% | (1)% | (1)% |
| Purchases of deferred compensation investments as a percentage of revenue | — % | — % | — % | — % |
| Proceeds from the sale of deferred compensation investments | — % | — % | — % | — % |
| Free cash flow margin | 29 % | 23 % | 26 % | 27 % |

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Explanation of Non-GAAP Financial Measures

In addition to determining results in accordance with U.S. generally accepted accounting principles (“GAAP”), CrowdStrike believes the following non-GAAP measures are useful in evaluating its operating performance. CrowdStrike uses the following non-GAAP financial information to evaluate its ongoing operations and for internal planning and forecasting purposes. CrowdStrike believes that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and facilitates period-to-period comparisons of operations, as these measures eliminate the effects of certain variables unrelated to CrowdStrike’s overall operating performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP.

Other companies, including companies in CrowdStrike’s industry, may calculate similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of CrowdStrike’s non-GAAP financial measures as tools for comparison.

Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate CrowdStrike’s business.

Change in Non-GAAP Measures Presentation

Effective as of February 1, 2025, the beginning of our fiscal year ending January 31, 2026, CrowdStrike began presenting employer payroll taxes related to employee stock-based award transactions as part of stock-based compensation expense in the GAAP to Non-GAAP reconciliation. These payroll taxes are excluded from CrowdStrike’s non-GAAP results as they are tied to the timing and size of the vesting or exercise of the underlying stock-based awards and the price of CrowdStrike’s common stock at the time of vesting or exercise, which may vary from period to period. In addition, effective second quarter fiscal year 2026, CrowdStrike adopted a 21.0% long-term projected non-GAAP tax rate, reduced from the previous rate of 22.5%, in connection with the enactment of the One Big Beautiful Bill Act. This rate reflects the anticipated tax benefit from earning income outside the United States (U.S.) while retaining intellectual property within the U.S. The change is applied prospectively, and the tax rate for prior periods remains unchanged.

Non-GAAP Subscription Gross Profit and Non-GAAP Subscription Gross Margin

CrowdStrike defines non-GAAP subscription gross profit and non-GAAP subscription gross margin as GAAP subscription gross profit and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets, and strategic plan related charges (benefits), net.

Non-GAAP Income from Operations

CrowdStrike defines non-GAAP income from operations as GAAP income (loss) from operations excluding stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets (including purchased patents), acquisition-related expenses (credits), net, mark-to-market adjustments on deferred compensation liabilities, legal reserve and settlement charges or benefits, costs (recoveries) associated with the July 19 Incident and related matters, net, and strategic plan related charges (benefits), net.

Non-GAAP Net Income Attributable to CrowdStrike

CrowdStrike defines non-GAAP net income attributable to CrowdStrike as GAAP net income (loss) attributable to CrowdStrike excluding stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets (including purchased patents), acquisition-related expenses (credits), net, amortization of debt issuance costs and discount, mark-to-market adjustments on deferred compensation liabilities, legal reserve and settlement charges or benefits, costs (recoveries) associated with the July 19 Incident and related matters, net, strategic plan related charges (benefits), net, losses (gains) and other expense (income) from strategic investments, and losses (gains) on deferred compensation assets, and is adjusted for our long-term non-GAAP effective tax rate.

Non-GAAP Net Income per Share Attributable to CrowdStrike Common Stockholders, Diluted

CrowdStrike defines non-GAAP net income per share attributable to CrowdStrike common stockholders, as non-GAAP net income attributable to CrowdStrike divided by the weighted-average shares outstanding, which includes the dilutive effect of potentially dilutive common stock equivalents outstanding during the period.

Free Cash Flow

Free cash flow is a non-GAAP financial measure that CrowdStrike defines as net cash provided by operating activities less purchases of property and equipment, capitalized internal-use software and website development costs, purchases of deferred compensation investments, and proceeds from sale of deferred compensation investments. CrowdStrike monitors free cash flow as one measure of its overall business performance, which enables CrowdStrike to analyze its future performance without the effects of non-cash items and allows CrowdStrike to better understand the cash needs of its business. While CrowdStrike believes that free cash flow is useful in evaluating its business, free cash flow is a non-GAAP financial measure that has limitations as an analytical tool, and free cash flow should not be considered as an alternative to, or substitute for, net cash provided by operating activities in accordance with GAAP. The utility of free cash flow as a measure of CrowdStrike's liquidity is further limited as it does not represent the total increase or decrease in CrowdStrike's cash balance for any given period. In addition, other companies, including companies in CrowdStrike's industry, may calculate free cash flow differently or not at all, which reduces the usefulness of free cash flow as a tool for comparison.

Explanation of Operational Measures

Annual Recurring Revenue

ARR is calculated as the annualized value of CrowdStrike's 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 CrowdStrike is negotiating a renewal with a customer after the expiration of the subscription, CrowdStrike continues to include that revenue in ARR if CrowdStrike is actively in discussion with such an organization for a new subscription or renewal, or until such organization notifies CrowdStrike that it is not renewing its subscription.

Dollar-Based Net Retention Rate

CrowdStrike's dollar-based net retention rate compares its ARR from a set of subscription customers against the same metric for those subscription customers from the prior year. CrowdStrike's dollar-based net retention rate reflects customer renewals, expansion, contraction and churn, and excludes revenue from its incident response and proactive services. Dollar-based net retention rate as of period end is calculated by starting with the ARR from all subscription customers as of 12 months prior to such period end, or Prior Period ARR. CrowdStrike then calculates 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. CrowdStrike then divides the Current Period ARR by the Prior Period ARR to arrive at its dollar-based net retention rate.

Dollar-Based Gross Retention Rate

Dollar-based gross retention rate as of the period end is calculated by starting with the ARR from all subscription customers as of 12 months prior to such period, or Prior Period ARR. CrowdStrike then deducts from the Prior Period ARR any ARR from subscription customers who are no longer customers as of the current period end, or Current Period Remaining ARR. CrowdStrike then divides the total Current Period Remaining ARR by the total Prior Period ARR to arrive at its dollar-based gross retention rate, which is the percentage of ARR from all subscription customers as of the year prior that is not lost to customer churn.

Definition of Module Adoption Rates

Module adoption rates are calculated by taking the total number of customers with six or more, seven or more, and eight or more modules, respectively, divided by the total number of subscription customers (excluding Falcon Go customers). Falcon Go customers are defined as customers who have subscribed with the Falcon Go bundle, a package designed for organizations with 100 endpoints or less.