

CrowdStrike Holdings, Inc.

NASDAQ: CRWD | Cybersecurity Software | Equity Research | 27 August 2026

The trigger fired. The rating changes.

BUY RECOMMENDATION	WATCHLIST PREVIOUS RATING	\$214 12-MO FAIR VALUE	\$189.18 LAST CLOSE (26 AUG, PRE-PRINT)
69 / 100 Investment score	32.1x EV / FY27E revenue	\$333m record Net new ARR	+630bp FY27 net new ARR guide

Scope note. CrowdStrike reported after the close on 26 August 2026. No regular-session close has occurred since, so the \$189.18 reference price and every technical reading in Section 7 predate the results. The shares rose approximately 11% in extended trading, to roughly \$210. That gap is discussed explicitly in Section 9 because it materially changes the entry arithmetic, but it is not treated as a settled close.

1. The Upgrade Trigger, and Whether It Actually Fired

The 20 August report placed CrowdStrike on Watchlist at \$201.63 against a fair value of \$198, and set out five specific conditions that would change the rating. The second of them read: net new annual recurring revenue above \$300 million on 26 August, with an upward revision to full-year ARR guidance, demonstrating that agentic artificial intelligence is additive revenue rather than narrative. The stated consequence was an upgrade to Buy, and the trigger was written deliberately so that it could fire without the valuation multiple normalising first.

Both conditions were met, and not marginally. Net new ARR was a record \$332.8 million. Management raised full-year fiscal 2027 net new ARR growth guidance by 630 basis points to 34% at the midpoint, and raised full-year revenue and earnings guidance alongside it. Falcon Flex ending ARR passed \$2.29 billion, up 101% year on year, with 935 accounts added in the quarter and, per Chief Executive George Kurtz on the call, the top ten deals by value all Flex transactions. Kurtz described it as the best quarter in the company's history.

The rating therefore moves from Watchlist to Buy. It is worth being explicit about why that happens even though the shares remain expensive on every conventional measure. A trigger specified in advance, in writing, with a numeric threshold, exists precisely so that the decision is not remade under the pressure of the moment. Declining to honour it because the outcome is uncomfortable would make every future trigger in this coverage worthless. What follows is an honest account of a Buy with a thin margin of safety rather than a Buy with a wide one.

Metric	Q2 FY27 actual	Comparison	Read
Revenue	\$1.47bn	\$1.44bn est; \$1.17bn a year ago	Beat by 2.1%; +26% YoY. Subscription revenue \$1.40bn, +27%.
Non-GAAP diluted EPS	\$0.31	\$0.29 est; \$0.23 a year ago	Beat by 6.9%; non-GAAP net income \$322.9m against \$237.4m.
GAAP diluted EPS	\$0.01	\$(0.07) a year ago	GAAP net income of \$5.3m against a \$70.2m loss. First positive GAAP quarter in the comparison.
Annual recurring revenue	\$5.84bn	+25% YoY	Includes \$332.8m of net new ARR, a company record.
Falcon Flex ending ARR	\$2.29bn	+101% YoY	935 accounts added in the quarter; the top ten deals by value were all Flex.
Non-GAAP operating margin	25%	22% a year ago	300 basis points of expansion on 26% revenue growth.

Metric	Q2 FY27 actual	Comparison	Read
Non-GAAP subscription gross margin	81%	80% a year ago	Professional services GAAP gross margin fell to 10% from 15%.
Operating cash flow	\$530.3m	\$332.8m a year ago	+59%, comfortably ahead of revenue growth.
Free cash flow	\$377.4m	\$283.6m a year ago	+33%. Cash and equivalents \$5.01bn at quarter end.
FY27 revenue guidance	\$5.991 - \$6.011bn	vs \$5.93bn consensus	Raised. Non-GAAP diluted EPS guided to \$1.25 - \$1.26 against \$1.23 expected.
FY27 net new ARR growth	34% at the midpoint	raised by 630 basis points	The specific condition the 20 August upgrade trigger named.
Q3 FY27 guidance	\$1.523 - \$1.529bn revenue	non-GAAP diluted EPS \$0.31	Implies roughly 4% sequential revenue growth.

Source: CrowdStrike Q2 FY2027 results release and earnings call, 26 August 2026. Fiscal 2027 ends 31 January 2027. Consensus figures per CNBC and TipRanks coverage.

2. What the Call Added

The transcript supports the numbers rather than complicating them, which is not always the case. Kurtz framed the quarter around a single commercial mechanism: "The Mythos moment translated into mass-market acceptance that AI adoption needs security, and that's CrowdStrike." He went further on the size of the opportunity, saying that every enterprise will run on artificial intelligence and that securing it is the largest market opportunity in the company's history. Chief Financial Officer Burt Podbere attributed the deal sizes to the Flex structure specifically, saying it is helping the company win bigger and longer-term contracts by letting customers buy multiple products under a single platform commitment.

That matters more than the rhetoric suggests, because it speaks directly to the bear case this coverage has carried for two reports. That case held that Microsoft bundling, and a combined Palo Alto Networks and SentinelOne, would bite into net new ARR by making consolidation onto a cheaper platform attractive. Flex is CrowdStrike running the same play from the other side: a single commercial vehicle that makes consolidating onto Falcon cheaper than buying modules separately. ARR from Flex accounts doubling to \$2.29 billion while total net new ARR set a record is evidence that the consolidation is happening in CrowdStrike's direction, at least this quarter. The competitive risk has not gone away. It has been answered once, on one quarter's data.

Two items on the call deserve less enthusiasm. The company spent \$881.4 million on business acquisitions year to date while repurchasing only \$175.6 million of stock, which is a meaningful shift of capital toward inorganic growth at a company whose organic growth is the entire investment case. And management's own risk list still leads with the July 19 incident, alongside rapid-growth execution, competition, customer retention and acquisition integration. Neither point contradicts the quarter. Both are reasons the Risk score does not improve further.

3. Framework and Drivers

For a subscription security platform the return over one to two years turns on five things: net new ARR and whether it is accelerating or decaying; net revenue retention and the platform consolidation that drives it; free cash flow margin and the path to durable GAAP profitability; competitive displacement risk from bundled alternatives; and the multiple, which for this name has historically been the dominant term. Each is assessed against the quarter below.

#	Driver	Direction this quarter	Likelihood / impact
1	Net new ARR	Improved decisively. A record \$332.8m, with full-year net new ARR growth guidance raised 630 basis points to 34% at the midpoint. This was the specific metric the prior report said would settle the argument.	High / High
2	Platform consolidation via Flex	Improved. Flex ending ARR up 101% to \$2.29bn, 935 accounts added, and the ten largest deals by value all Flex.	High / High

#	Driver	Direction this quarter	Likelihood / impact
3	Cash flow and GAAP profitability	Improved. Operating cash flow up 59% to \$530.3m, free cash flow up 33% to \$377.4m, non-GAAP operating margin up 300 basis points to 25%, and GAAP net income positive at \$5.3m.	High / Medium
4	Competitive displacement	Improved, on one quarter. Microsoft bundling and a combined Palo Alto Networks and SentinelOne remain the structural threat, but neither is visible in this quarter's net new ARR.	Medium / High
5	The multiple	Improved, and still the weakest part of the case. Enterprise value is 32.1 times guided fiscal 2027 revenue, against 35.0 times in the 20 August report, and the forward free cash flow yield is 0.86%.	High / High

4. Valuation

At the pre-announcement close of \$189.18 and approximately 1.042 billion diluted shares, the market capitalisation is roughly \$197 billion. Net of about \$4.2 billion of net cash, enterprise value is approximately \$193 billion, or 32.1 times the midpoint of guided fiscal 2027 revenue and 26.2 times a modelled fiscal 2028. The forward free cash flow yield is 0.86% on a modelled \$1.7 billion of full-year free cash flow. Each of these is better than the 20 August report's figures, and each of them is still expensive in absolute terms.

Method	Basis	Implied value	Verdict
EV / FY27E revenue	\$193bn enterprise value against guided revenue of \$6.001bn	32.1x	Down from 35.0x. Improved by a raised revenue base and a 6.2% lower share price.
EV / FY28E revenue	Modelled fiscal 2028 revenue of \$7.35bn, up about 22.5%	26.2x	The multiple the base case then applies a modest re-rating to.
Forward FCF yield	Modelled FY27 free cash flow of about \$1.70bn	0.86%	Improved from 0.77%. Still thin enough that the case cannot rest on cash returns.
Non-GAAP P/E (FY27)	Guided FY27 non-GAAP diluted EPS of \$1.255	~151x	Down from roughly 164x. Not a useful anchor at this stage of margin expansion, shown for completeness.
Scenario-weighted	Section 10; bear probability cut from 25% to 20% on the ARR evidence	\$214	+12.9% against the pre-announcement close; roughly +2% against the after-hours level.

Enterprise value, forward multiples, modelled fiscal 2028 revenue and free cash flow, and all scenario values are this analysis's own calculations built from guided figures and a 1.042 billion diluted share count implied by reported non-GAAP net income and earnings per share. They are not company measures. Fair values are stated on a split-adjusted basis; the shares split four for one with effect from 2 July 2026, and every historical price and technical reading in this report has been adjusted accordingly.

5. Risks

Risk	Probability	Severity	Comment
Valuation	High	High	At 32.1 times guided fiscal 2027 revenue and a 0.86% forward free cash flow yield, the bear case requires only that the multiple normalise. Nothing needs to go wrong operationally for the shares to fall a long way, and that asymmetry is why Valuation scores 3 out of 10 on a 25% weight.
Competitive bundling	Medium	High	Microsoft's bundled security stack and a combined Palo Alto Networks and SentinelOne remain the structural threat. This quarter's record net new ARR is evidence against it, not proof.
Operational and incident risk	Low-Medium	High	Management's own risk disclosure still leads with the July 19 incident. A second material sensor or availability failure would be damaging out of proportion to its direct cost.

Risk	Probability	Severity	Comment
Acquisition integration	Medium	Medium	\$881.4m spent on acquisitions year to date against \$175.6m of buybacks. Inorganic contribution is harder to underwrite than organic ARR.
Growth deceleration	Medium	High	ARR growth of 25% on a \$5.84bn base compounds against itself. The 34% net new ARR growth guide is a raise, and it is also a bar the company now has to clear.
Stock-based compensation	High	Medium	The gap between GAAP net income of \$5.3m and non-GAAP net income of \$322.9m is the measure of it. GAAP profitability is newly positive and remains slim.

6. Sentiment

The market's response was emphatic where NVIDIA's on the same evening was not: the shares rose approximately 11% in extended trading. Analyst reaction split along valuation lines rather than operational ones. D.A. Davidson maintained Buy and raised its target to \$245. Baird maintained Hold. Coverage from TipRanks framed the quarter as strong AI-driven growth and cash flow with a rich valuation that justifies a Hold. That is a fair summary of the tension in this name and it is the same tension this report is resolving in favour of Buy, on the strength of a pre-set trigger rather than a change of view about the multiple. Separately, ARK Investment Management sold shares into the print while adding to Cloudflare and Cerebras.

7. Technicals

All readings are computed from the split-adjusted daily series through the 26 August close and describe the tape into the announcement. The 11% after-hours move is not in any of them.

Indicator	Reading (26 Aug)	Signal	Comment
Close	\$189.18	Neutral	Down 6.2% from the \$201.63 close in the 20 August report, and 16.8% below the 14 August high.
SMA 20 / 50	\$205.44 / \$194.11	Bearish	Price below both. The short-term structure broke during the mid-August decline.
SMA 100 / 200	\$165.75 / not computed	Bullish	Price 14.1% above the 100-day. Only 100 sessions are available, so the 200-day is not estimated.
EMA 20 / 50	\$200.06 / \$191.28	Bearish	Price below both, though only 1.1% below the 50-day exponential.
RSI (14)	42.3	Neutral	Weak but not oversold. Room in both directions.
MACD (12,26,9)	-0.68 / signal 3.45 / hist -4.12	Bearish	The line has crossed below zero. This was a stock in a downtrend going into the print.
ATR (14)	\$9.43 (5.0% of price)	-	A 5% daily range. Position sizing has to respect this.
Volume	20d avg 8.0m vs 50d avg 9.1m	Neutral	The 26 August session traded 13.6m ahead of the print.
Range	20-day \$177.75-\$227.50; 100-day (adj.) \$91.12-\$227.50	-	Support at the 100-day near \$166, then the 20-day low of \$177.75. Resistance at \$227.50.

The setup is unusual and should be stated as such. A stock in a clear short-term downtrend, below both its 20- and 50-day averages with a MACD line below zero, reported a record quarter and gapped 11% higher. If that gap holds through a close it repairs most of the damage in a single session and puts the 20-day average back within reach. If it fades, the \$177.75 low from this month becomes the level that matters. Neither outcome is knowable from the data in the table above, which is why the trade plan stages entry rather than committing at the open.

8. Investment Scorecard

Factor		Score	Wt	Chg	Basis
Business Quality		9/10	12%	—	The best quarter in company history, but franchise quality was never the open question in this coverage.
Financial Strength		9/10	12%	+1	Operating cash flow up 59% to \$530.3m, free cash flow up 33%, non-GAAP operating margin up 300bp to 25%, GAAP net income positive at \$5.3m, and \$5.01bn of cash.
Competitive Advantage		9/10	13%	+1	Falcon Flex ARR up 101% to \$2.29bn with 935 accounts added and the top ten deals by value all Flex. Consolidation is running toward Falcon, not away from it.
Management		9/10	8%	+1	Beat revenue and earnings, then raised full-year revenue, earnings and net new ARR growth guidance. Guidance discipline is the one testable measure and it held.
Growth Potential		9/10	15%	+1	Record \$332.8m of net new ARR and full-year net new ARR growth guided to 34% at the midpoint, a 630 basis point raise.
Valuation		3/10	25%	+1	32.1x guided FY27 revenue against 35.0x, and a 0.86% forward free cash flow yield. Better, and still the weakest score on the card by a distance.
Risk (10 = lowest risk)		5/10	10%	+1	The binary event that dominated the last report has passed favourably. Valuation, competitive bundling, incident risk and \$881.4m of acquisitions remain.
Technical Setup		5/10	5%	—	Below the 20- and 50-day averages with the MACD line under zero into the print, offset by an 11% after-hours gap that has not yet settled into a close.

Scored 1-10, where 10 is always best, including Risk. Bar length follows the score, so a longer bar is always the better outcome. Weights are unchanged from the 20 August report for comparability: Valuation 25%, Growth 15%, Competitive Advantage 13%, Business Quality 12%, Financial Strength 12%, Risk 10%, Management 8%, Technical Setup 5%. The 20 August report already used this direction convention, so no prior score required restatement. Deltas are against that report.

BUY RECOMMENDATION	69 / 100 INVESTMENT SCORE	61 / 100 PREVIOUS SCORE	+8 CHANGE
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Six of the eight factors gained a point and none lost one, which is what a quarter that clears a pre-set upgrade threshold ought to look like. The eight-point move is large by the standards of this coverage and deserves the qualification that most of it comes from a single quarter's evidence on a single metric. Valuation at 3 out of 10 on a 25% weight still drags roughly seventeen points off the composite on its own, and that is the correct representation of a business whose operating performance is excellent and whose price still assumes it.

9. Recommendation and Trade Plan

The rating moves from Watchlist to Buy because the condition set out in advance was met. It is a Buy on evidence rather than on a discount, and the distinction has practical consequences that should not be glossed over. The weighted fair value of \$214 sits 12.9% above the pre-announcement close of \$189.18 and roughly 2% above the after-hours level near \$210. An investor who buys the gap at the open is buying at fair value, which is not what a Buy rating is meant to describe.

The trade plan therefore does most of the work here. Entry is staged, the ideal range sits below where the shares have traded in extended hours, and the position is sized as a starter rather than a core holding. The risk and reward to the first target are close to one to one measured from the pre-announcement close, which is honest arithmetic rather than a compelling trade, and the case improves materially only on the bull path where the multiple holds near 38 times forward revenue. Anyone unwilling to wait for a better price is better served by continuing to watch.

Parameter	Level	Basis
Recommended entry	Stage in on weakness	One third in the \$185-198 band, the balance only if the gap fills toward \$180. Do not buy the opening print.
Ideal buy range	\$180 - \$198	Below the weighted fair value of \$214 by a margin wide enough to be worth the risk. Roughly 30x or less on guided FY27 revenue.
Cut-loss (stop)	\$166	12.3% below the pre-announcement close, 2.5 ATRs, and just below the 100-day average of \$165.75.
Take-profit target 1	\$214	+13.1% from \$189.18. Equal to the weighted fair value, so it is the level at which the thesis is complete rather than a stretch.
Take-profit target 2	\$280	+48.0%. This is the bull-case value from Section 10, not the weighted fair value, and it requires the forward multiple to hold near 38 times.
Expected upside	+12.9% weighted; +48% on the bull path	Section 10.
Expected downside	-12.3% to the stop; -33.9% at the bear value	Section 10.
Risk / reward	1.07 : 1 to target 1; 3.9 : 1 to target 2	Measured from \$189.18 against the \$166 stop. The first ratio is thin and is presented as such.
Holding horizon	12 to 18 months	Long enough for the raised net new ARR guidance to be delivered or missed.
Position size	Starter, not core	A 5.0% daily ATR and a 32x revenue multiple do not belong in a full-weight position on one quarter of evidence.
Suggested allocation	1.5% to 2.5% of an equity portfolio	Half of what the franchise would warrant if the valuation were not doing the work it is.

Levels are informed by an average true range of about \$9.43 per day, the 100-day average at \$165.75, this month's low of \$177.75 and the 14 August high of \$227.50. They are risk-management guides, not price predictions.

What would move the rating back down: net new ARR growth turning negative year on year for two consecutive quarters, gross retention falling below 95%, a second material sensor or availability incident, or a completed Palo Alto Networks and SentinelOne combination visibly winning competitive displacements. What would raise it further: sustained GAAP profitability across four quarters with stock-based compensation below 15% of revenue.

10. Scenario Analysis

Scenario	Prob.	Revenue and cash flow	Multiple assumed	Fair value
Bull	30% (was 25%)	FY28 revenue about \$7.6bn, up 27%. Net new ARR growth holds near the guided 34% as Flex and agentic security monetise ahead of plan. Free cash flow about \$2.35bn at a 31% margin.	~38x forward revenue. The premium multiple persists on demonstrated ARR reacceleration.	\$281
Base	50% (held)	FY28 revenue about \$7.35bn, up 22.5%. Growth decelerates gently as the ARR base compounds. Free cash flow about \$2.1bn at a 28.5% margin.	~29x forward revenue. A modest re-rating on 300 basis points of margin expansion.	\$209
Bear	20% (was 25%)	FY28 revenue about \$7.0bn, up 17%. Microsoft bundling and a combined Palo Alto Networks and SentinelOne bite into net new ARR. Free cash flow about \$1.9bn as sales spend rises to defend share.	~18x forward revenue. A growth-software de-rating alongside broad multiple compression.	\$125

Probabilities sum to 100%. Weighted fair value: $0.30 \times \$281 + 0.50 \times \$209 + 0.20 \times \$125 = \$213.65$, rounded to \$214, against the 26 August pre-announcement close of \$189.18 for an implied 12.9% return. The equivalent figure in the 20 August report was \$198 against \$201.63. Five percentage points of probability move from the bear case to the bull case, and the reason is specific rather than atmospheric: the bear case rested on net new ARR decaying under competitive pressure, and net new ARR set a company record while full-year guidance for it was raised 630 basis points. That is direct evidence against the mechanism, which is what justifies moving the weight. It is not evidence that the mechanism has been retired, which is why the bear case keeps a fifth of the distribution and its multiple assumption is left untouched.

11. Final Verdict

Would an investor commit personal capital to CrowdStrike at \$189.18? Yes, as a starter position, staged and sized for a 5% daily range. The reason is the one the last report committed to in writing: a record \$332.8 million of net new annual recurring revenue and a 630 basis point raise to full-year net new ARR growth guidance is exactly the evidence that was said to be sufficient, and it arrived alongside 300 basis points of operating margin expansion, a 59% increase in operating cash flow and the first positive GAAP net income in the comparison. Falcon Flex doubling to \$2.29 billion of ARR is the mechanism, and it answers the bundling argument in the only way that counts, which is with signed contracts.

The single biggest concern is unchanged and is now the whole of the argument against. This is a business trading at 32 times guided revenue with a 0.86% forward free cash flow yield, and it went into the print in a downtrend and came out of it 11% higher in extended trading. At roughly \$210 the shares are at fair value on the base case, which means the entire return available from here depends either on buying weakness or on the bull case arriving. The bear case still requires nothing operational to go wrong; it requires only that a 32 times multiple become a 20 times multiple, which growth software has done twice in the last five years. That is why the position is a starter rather than a core holding, why the ideal buy range sits below the after-hours price, and why the honest label on the first target's risk and reward is thin rather than attractive.

The thesis is invalidated if net new ARR growth turns negative year on year for two consecutive quarters, if gross retention falls below 95%, or if a second material sensor incident occurs. Absent those, this is a Buy, staged into the \$180-198 band, with a \$166 stop and a fair value of \$214.

Sources and Scope

CrowdStrike Q2 FY2027 results release and quarterly financials, 26 August 2026. **The earnings call transcript was obtained** and reviewed via AlphaStreet's full Q2 2027 transcript (news.alphastreet.com/crowdstrike-holdings-inc-crdw-q2-2027-earnings-call-transcript) and its accompanying Q2 FY27 coverage note. MarketBeat's earnings-report page for the 26 August print was checked and found unpopulated at the time of writing, so AlphaStreet was used instead. Consensus figures and management quotations per CNBC and TipRanks coverage of 26 August 2026. Daily price series via Alpha Vantage through the 26 August close, adjusted for the four for one share split effective 2 July 2026; all technical indicators computed from that adjusted series rather than read from a third-party summary. News flow and analyst actions via the moomoo news digest. Prior positioning per the Beating The Bull CRWD report of 20 August 2026. All enterprise values, forward multiples, modelled fiscal 2028 figures and scenario values are this analysis's own calculations and are not company measures. Informational use only. Not financial advice.