RESEARCH / EARNINGS AND VALUATION

Palo Alto Networks Stock Q3 2026: NGS ARR Up 63% to $9.1bn as Revenue Grows 34%

BY QSI LABS RESEARCH, QSI LABS · PUBLISHED 2 NOVEMBER 2026 · UPDATED 2 NOVEMBER 2026

> **As of:** Figures are as of Palo Alto Networks' fiscal Q4 FY2026 results (the quarter ended 31 July 2026, reported 1 September 2026 in a Form 8-K) and its fiscal 2026 Form 10-K, filed 10 September 2026. Palo Alto Networks' fiscal year ends on 31 July, so fiscal Q4 FY2026 (May to July 2026) is its latest reported quarter; fiscal Q1 FY2027, the quarter to 31 October 2026, had not been reported by publication. The share price is the Nasdaq close of PANW on 30 October 2026, $365.87. Published 2 November 2026.

The short answer. Palo Alto Networks stock Q3 2026 rests on the company's fiscal Q4 FY2026, the quarter to 31 July 2026: revenue rose 34% to $3.41bn, Next-Generation Security annualised recurring revenue (NGS ARR) rose 63% to $9.10bn and remaining performance obligations rose 34% to $21.2bn, lifted by the CyberArk and Chronosphere acquisitions. GAAP operating income fell to $172m as share-based pay and amortisation of acquired intangibles grew, while non-GAAP operating income rose 32% to $1.01bn. Palo Alto Networks guided fiscal 2027 revenue to $14.10-14.20bn and non-GAAP EPS to $4.16-4.19. Our discounted cash flow model values PANW at $84.44 a share, against a $365.87 close on 30 October 2026. The business is growing fast and generates plenty of cash; the share price assumes that growth and a much wider GAAP margin arrive sooner and last longer than we expect.

Key takeaways

- **Revenue up 34%.** Fiscal Q4 FY2026 revenue was $3,410m, up from $2,536m a year earlier. Subscription and support revenue rose 36% to $2,672m; product revenue rose 29% to $738m. Fiscal 2026 revenue was $11,480m, up 24.5%.
- **NGS ARR of $9.10bn.** Next-Generation Security ARR rose 63%, and the company added nearly $1bn of net new NGS ARR in the quarter. Chief executive Nikesh Arora cited a

target of $20bn of NGS ARR in fiscal 2030.

- **Acquisitions did much of the work.** CyberArk ($21.1bn) and Chronosphere ($3.0bn) were consolidated from late January and February 2026. On a pro forma basis, as if all three companies had been combined throughout, fiscal 2026 revenue would have grown 17.4%, to $12,312m.
- **GAAP profit fell, non-GAAP profit rose.** GAAP operating income fell 65% to $172m, a 5.0% margin; non-GAAP operating income rose 32% to $1,011m, a 29.6% margin. The quarter ended with a GAAP net loss of $282m, or $0.35 a share, after a $524m non-cash charge on convertible notes.
- **Cash flow is strong.** Fiscal 2026 operating cash flow was $4,553m and adjusted free cash flow $4,414m, a 38.4% margin. Share-based compensation was $1,774m, 15.5% of revenue.
- **Guidance.** Fiscal Q1 FY2027 revenue of $3.300-3.310bn (+33-34%); fiscal 2027 revenue of $14.10-14.20bn (+23-24%), NGS ARR of $11.075-11.175bn, a non-GAAP operating margin of 29.5% and an adjusted free cash flow margin of 38%.
- **Our value: $84.44 a share,** about 77% below the $365.87 close on 30 October 2026. A two-stage cross-check gives $88.26; analysts' average target is $398.52.
- **What to watch.** Fiscal Q1 FY2027 results, for the quarter to 31 October and expected in November, will show whether NGS ARR reaches the $9.54-9.56bn guided and how fast GAAP margins recover as acquisition costs fade.

Key numbers from Palo Alto Networks' fiscal Q4 FY2026 earnings

$3.41bn Fiscal Q4 FY2026 revenue, up 34% from $2.54bn 8-K EX 99.1	**$9.10bn** Next-Generation Security ARR, up 63% 8-K EX 99.1
$21.2bn Remaining performance obligations, up 34% 8-K EX 99.1	**$14.10-14.20bn** FY2027 revenue guidance, 23-24% growth 8-K EX 99.1
38.4% FY2026 adjusted free cash flow margin ($4.41bn) 8-K EX 99.1	**$84.44** QSILabs DCF value per share QSILABS DCF

METRIC	FISCAL Q4 FY2026	FISCAL Q4 FY2025	CHANGE
Revenue	$3,410m	$2,536m	+34%
Product revenue	$738m	$574m	+29%
Subscription and support revenue	$2,672m	$1,962m	+36%
NGS ARR	$9.10bn	$5.6bn	+63%
Remaining performance obligations	$21.2bn	$15.8bn	+34%
GAAP gross margin	67.6%	73.2%	-5.6 pts
GAAP operating income	$172m	$497m	-65%
GAAP operating margin	5.0%	19.6%	-14.6 pts
Non-GAAP operating income	$1,011m	$768m	+32%
Non-GAAP operating margin	29.6%	30.3%	-0.7 pts
GAAP net income (loss)	$(282)m	$254m	n.m.
Diluted EPS (GAAP)	$(0.35)	$0.36	n.m.
Non-GAAP EPS	$1.02	$0.95	+7%
Operating cash flow	$1,357m	$1,021m	+33%
Adjusted free cash flow	$1,289m	$954m	+35%

Palo Alto Networks Q4 FY2026 earnings: what happened

Palo Alto Networks reported results for its fiscal fourth quarter, the three months to 31 July 2026, on 1 September. Its fiscal year ends on 31 July, so this is its latest reported quarter; the fiscal Q1 FY2027 quarter, which ended on 31 October, has not yet been reported. Revenue of $3,410m was up 34%, or 34.5% before rounding, the fastest growth of the four quarters of fiscal 2026, after 15.7%, 14.9% and 31.1%.

The jump in the second half of the year came mostly from acquisitions. Palo Alto Networks completed its purchase of Chronosphere, an observability company, on 29 January 2026 and of CyberArk, the identity security company, on 11 February. Both have been consolidated since, so fiscal Q3 and Q4 include revenue that the year-earlier quarters did not. The 10-K's pro forma figures, which combine the three companies for both years, show revenue of $12,312m in fiscal 2026 against $10,486m in fiscal 2025, growth of 17.4%, against the reported 24.5%.



FIGURE 1 Palo Alto Networks revenue rose from $2.47bn in Q1 FY2026 to $3.41bn in Q4 FY2026. Growth doubled to 31.1% and 34.5% once Chronosphere and CyberArk were consolidated.

"We delivered a strong Q4 to close out the year, adding nearly $1 billion of Net New NGS ARR in a single quarter," Mr Arora said in the results release. He added that advances in AI are "elevating cybersecurity to the top of the CIO priority list". Chief financial officer Dipak Golechha said the company remains confident of reaching a 40% adjusted free cash flow margin in fiscal 2028.

Profit moved in two directions. GAAP operating income fell to $172m from $497m, and the quarter ended with a GAAP net loss of $282m, or $0.35 a share, against net income of $254m a year earlier. Non-GAAP operating income, which excludes share-based pay, amortisation of acquired intangibles and acquisition costs, rose 32% to $1,011m, and non-GAAP EPS rose 7% to $1.02. The gap between the two measures widened sharply, as the section on profitability below explains.

For the full fiscal year Palo Alto Networks reported revenue of $11,480m, up 24.5%, GAAP operating income of $695m, a 6.1% margin against 13.5% in fiscal 2025, and GAAP net income of $307m, or $0.40 a diluted share, against $1,134m. Non-GAAP operating income was $3,356m, a 29.2% margin, and non-GAAP EPS was $3.84, up 15% from $3.34.

PALO ALTO NETWORKS FROM JANUARY TO NOVEMBER 2026

29 JAN 2026	Chronosphere acquisition completed for $3.0bn, forming the observability platform	Form 10-K
11 FEB 2026	CyberArk acquisition completed for $21.1bn: $45.00 in cash and 2.2005 PANW shares per CyberArk share	Form 10-K
14 APR / 29 MAY 2026	Koi and Portkey ($117m) acquisitions completed, adding agentic endpoint security and an AI gateway	Form 10-K
31 JUL 2026	Fiscal 2026 ends; fiscal Q4 revenue $3,410m (+34%), NGS ARR $9.10bn (+63%)	8-K Ex 99.1
27 AUG / 1 SEP 2026	Embrace ($325m) and Console ($500m) acquisitions completed	Form 10-K
1 SEP 2026	Fiscal Q4 results and FY2027 guidance of $14.10-14.20bn revenue; PANW closes at $362.09	8-K Ex 99.1; Yahoo Finance
2 SEP 2026	PANW closes at $328.48, down 9.3% on the day after the results	Yahoo Finance
10 SEP 2026	Fiscal 2026 Form 10-K filed	Form 10-K
6 OCT 2026	PANW closes at $419.91, its 52-week closing high	Yahoo Finance
15-23 OCT 2026	Product launches: Prisma AIRS for Claude Enterprise, AI Gateway updates, fifth-generation PA-Series firewalls and Cortex XDR 6.0	Palo Alto Networks blog
27 OCT 2026	Proxy statement filed for the 8 December 2026 virtual annual meeting; 818.8m shares outstanding at the 9 October record date	DEF 14A
30 OCT 2026	PANW closes at $365.87 on Nasdaq, the price used in our valuation	Yahoo Finance

2 NOV 2026 — PANW closes at $351.72; fiscal Q1 FY2027 results (quarter to 31 October) are expected in November — Yahoo Finance

How fast is Palo Alto Networks' NGS ARR growing?

NGS ARR, the company's measure of annualised recurring revenue from its next-generation security products, which since February include CyberArk's identity security, was $9.10bn at 31 July 2026, up 63% from $5.6bn a year earlier. The company added nearly $1bn of net new NGS ARR in the fourth quarter alone. The 10-K stresses that NGS ARR is an operating metric, not revenue, and can be affected by contract start and end dates and renewal rates.

Remaining performance obligations, the value of contracted revenue not yet recognised, rose 34% to $21.2bn from $15.8bn. Deferred revenue, cash billed in advance for subscriptions and support, was $14.76bn at 31 July: $7,747m due within a year and $7,009m beyond.

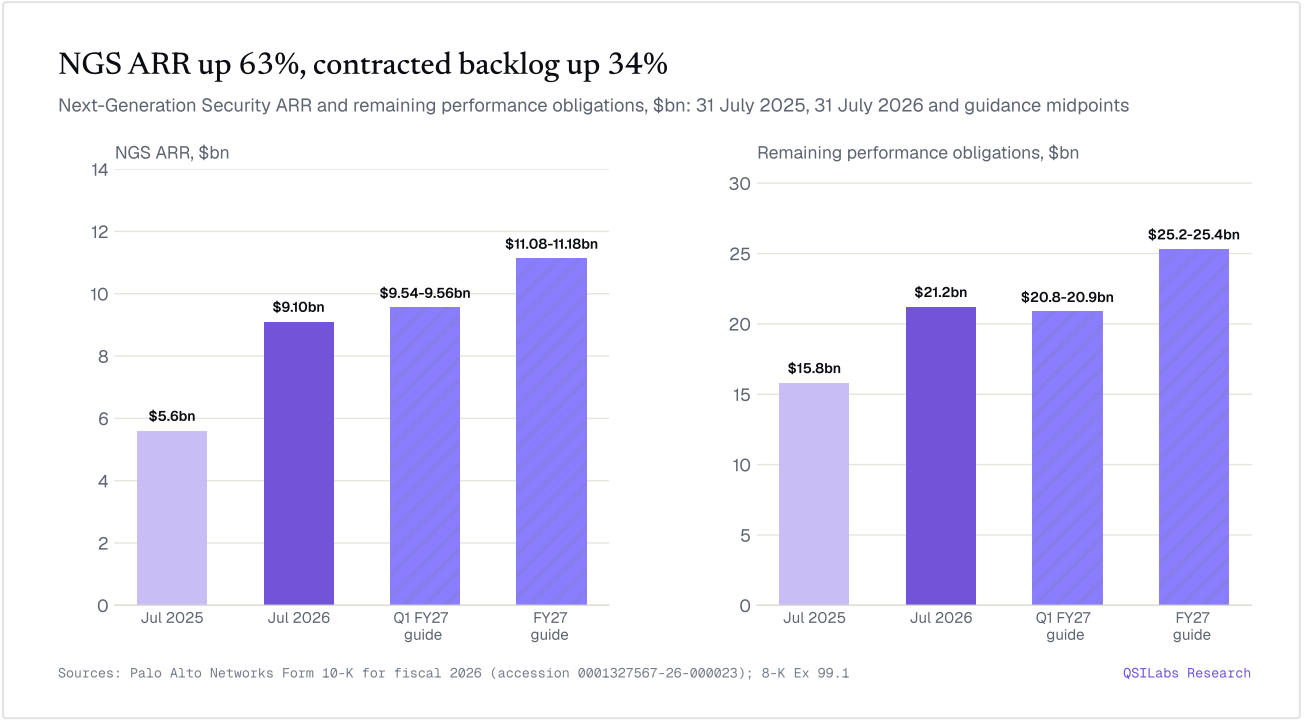


FIGURE 2 NGS ARR rose 63% to $9.10bn and remaining performance obligations 34% to $21.2bn in fiscal 2026. Guidance points to NGS ARR of $11.075-11.175bn by July 2027.

The growth rates in fiscal 2026 overstate the organic pace, because CyberArk brought its own recurring revenue into both measures. The guidance shows the effect fading: NGS ARR is guided to $9.54-9.56bn at 31 October 2026, still 63% higher than a year earlier, but to $11.075-11.175bn at 31 July 2027, growth of 22-23%, once CyberArk is in both the start and

end figures. Reaching the $20bn target for fiscal 2030 from $9.10bn would require NGS ARR to grow about 22% a year for four years.

Recurring revenue dominates the mix. Subscription revenue rose 25% to $6,239m in fiscal 2026, support revenue 21% to $2,961m and product revenue, mostly firewall hardware, 27% to $2,280m. Subscriptions and support made up 80% of revenue.

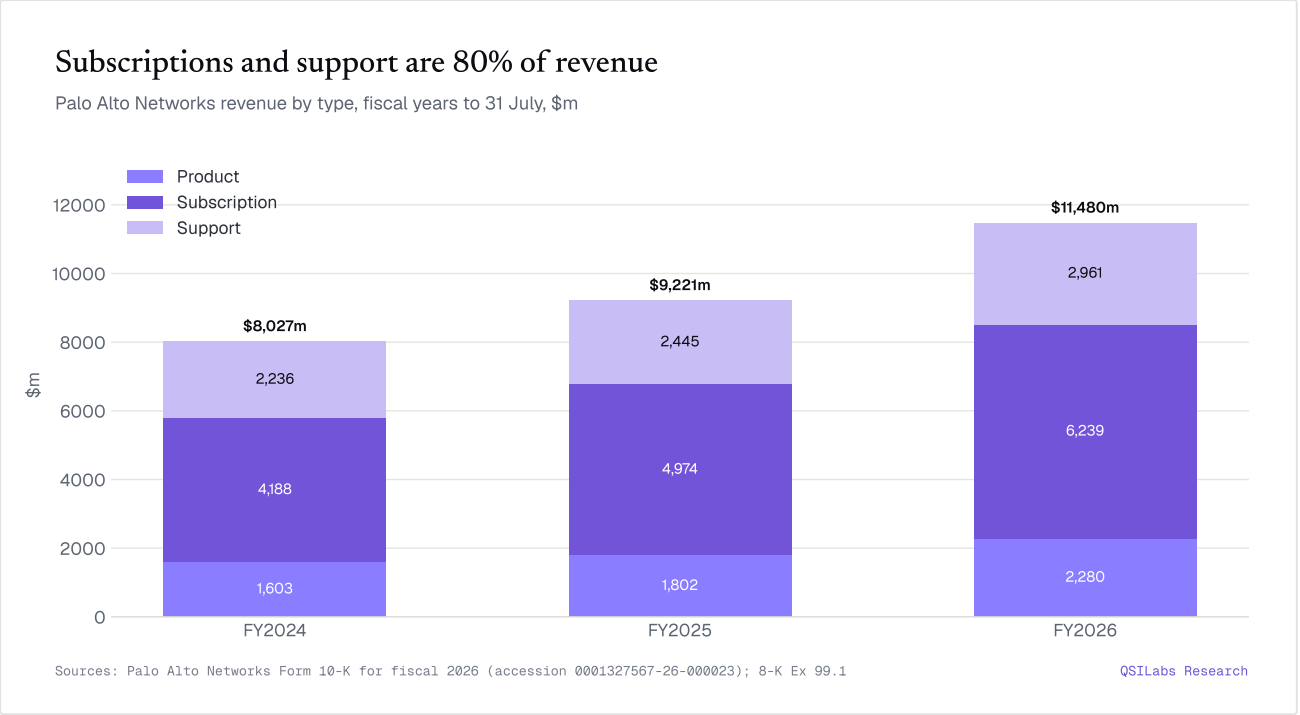


FIGURE 3 Fiscal 2026 revenue of $11,480m was 54% subscription, 26% support and 20% product. Subscription revenue rose from $4,188m in fiscal 2024 to $6,239m.

Growth was broad by region. Revenue from the Americas rose 24% to $7,679m in fiscal 2026, from Europe, the Middle East and Africa 27% to $2,428m and from Asia Pacific and Japan 25% to $1,373m.

How much did CyberArk and other acquisitions add?

The acquisitions changed the size and shape of the company. CyberArk shareholders received $45.00 in cash and 2.2005 Palo Alto Networks shares for each CyberArk share, total consideration of $21.1bn. The 10-K allocates $14.8bn of that to goodwill and $6.3bn to identified intangible assets, including $3.5bn of platform renewal intangibles. Chronosphere cost $3.0bn. Palo Alto Networks also bought Koi, an agentic endpoint security company, in April, Portkey, an AI gateway company, for $117m in May, and after the year end Embrace, a

mobile observability company, for $325m (27 August) and Console, an AI agent workflow company, for $500m (1 September).

The balance sheet shows the result. Goodwill rose to $22,010m at 31 July 2026 from $4,567m a year earlier, and intangible assets to $7,017m from $763m; together they make up about 60% of total assets of $48,460m. Because CyberArk was paid for largely in shares, the share count rose: weighted diluted shares were 764m for fiscal 2026 against 709m for fiscal 2025, and the proxy statement lists 818.8m shares outstanding at 9 October 2026. Guidance assumes 837-844m diluted shares for fiscal Q1 FY2027.

The company also inherited CyberArk's $1.25bn of 0% convertible notes due 2030, now exchangeable into Palo Alto Networks shares and cash. They are carried at fair value, $1,774m at 31 July, so their value rises and falls with the share price. Cash, cash equivalents and investments were $7,906m at 31 July, against $8,459m a year earlier.

Strategically, CyberArk adds identity security, sold under the Idira platform name, alongside the Network & AI Security and Cortex platforms; the chief financial officer named all three as the drivers of the fourth quarter. Chronosphere gives it an observability business, and Koi, Portkey, Embrace and Console extend its tools for securing AI agents. The bet is that customers will buy more of their security from a single vendor; the risk is the cost and complexity of integrating six acquisitions in about seven months.

Why did Palo Alto Networks' GAAP profit fall while non-GAAP profit rose?

Most of the difference is share-based pay and the amortisation of the intangible assets bought with CyberArk and Chronosphere. In fiscal Q4 FY2026 the company deducted $487m of share-based compensation charges, $281m of amortisation of acquired intangibles (against $37m a year earlier), $68m of acquisition costs and $3m of litigation charges between non-GAAP operating income of $1,011m and GAAP operating income of $172m.

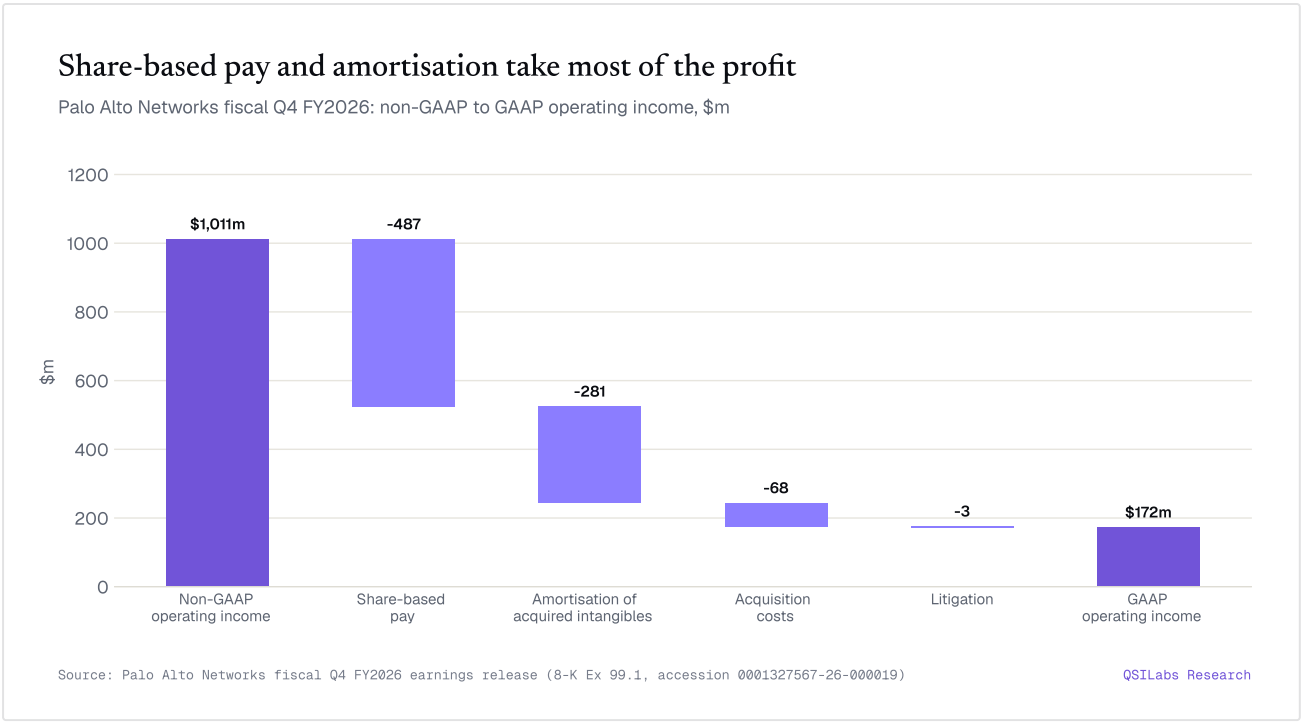


FIGURE 4 In fiscal Q4 FY2026, $487m of share-based pay, $281m of amortisation, $68m of acquisition costs and $3m of litigation charges separated non-GAAP operating income of $1,011m from GAAP operating income of $172m.

The year-earlier comparison is also flattered. In fiscal Q4 FY2025 acquisition-related items were a $142m credit, which left general and administrative expense at just $27m; in fiscal Q4 FY2026 it was $226m. GAAP gross margin fell to 67.6% from 73.2%, as cost of subscription and support revenue rose 67% to $909m, faster than the 36% rise in subscription and support revenue.

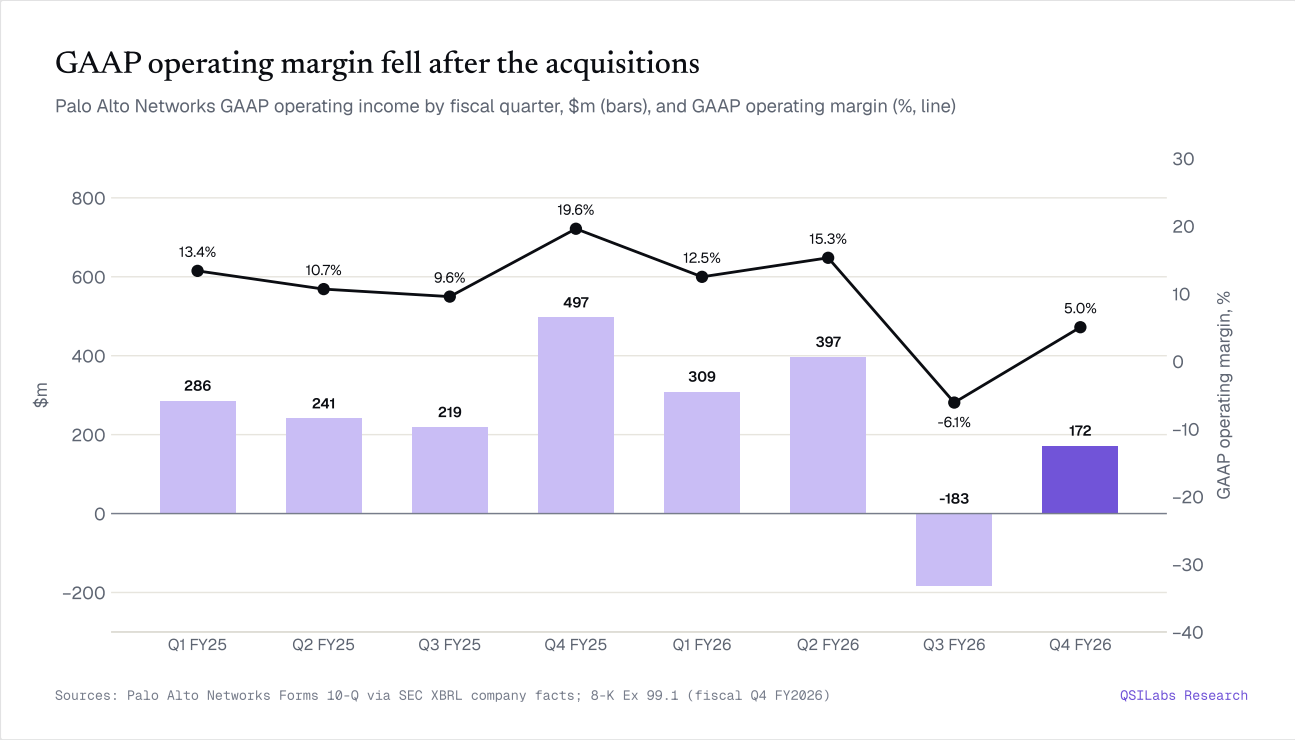


FIGURE 5 GAAP operating income fell from $497m in Q4 FY2025 to a $183m loss in Q3 FY2026 and $172m in Q4 FY2026; GAAP operating margin went from 19.6% to -6.1% and then 5.0%.

The net loss came from below the operating line. Other expense was $441m in the quarter, against $95m of income a year earlier. The convertible notes and related capped calls are marked to market, and the change in their fair value produced a $524m non-cash charge in the quarter and $562m in the year. Because the notes are exchangeable into shares, their value tends to move with the share price, so such charges can reverse if the price falls.

We use GAAP operating income in our model, with share-based pay treated as a cost. Share-based compensation was $1,774m in fiscal 2026, 15.5% of revenue, up from $1,295m. It does not use cash, but it dilutes shareholders, and the company bought back only $1.0bn of shares in fiscal 2026 (7m shares at an average of $147.70); $1.0bn of the authorisation remained at 31 July. Palo Alto Networks has never paid a dividend.

How much free cash flow does Palo Alto Networks generate?

A lot, relative to its GAAP profit. Operating cash flow was $4,553m in fiscal 2026, up 23% from $3,716m, and capital spending was $440m, leaving free cash flow of $4,113m, a 35.8% margin. The company's adjusted free cash flow, which adds back spending on its headquarters, some corporate assets and acquisition-related payments, was $4,414m, a 38.4% margin. Fourth-quarter operating cash flow was $1,357m, up 33%.



FIGURE 6 Operating cash flow rose to $4,553m and free cash flow to $4,113m in fiscal 2026; share-based compensation rose to $1,774m.

Two features explain why cash flow runs so far above GAAP profit. The first is share-based pay, which is a non-cash expense: $1,774m in fiscal 2026. The second is billing in advance. Customers pay upfront for multi-year subscriptions and support, so as the business grows, deferred revenue grows with it and brings cash in before revenue is recognised. Both are real, but neither is free: share-based pay is a cost to shareholders through dilution, and advance billing depends on continued growth and on customers accepting multi-year contracts.

Palo Alto Networks fiscal 2027 guidance: what to expect

Palo Alto Networks guided fiscal Q1 FY2027 revenue to $3.300-3.310bn, growth of 33-34%, and full-year fiscal 2027 revenue to $14.10-14.20bn, growth of 23-24%. Growth stays high for the first two quarters because CyberArk and Chronosphere were not in the year-earlier figures, and then slows as they are.

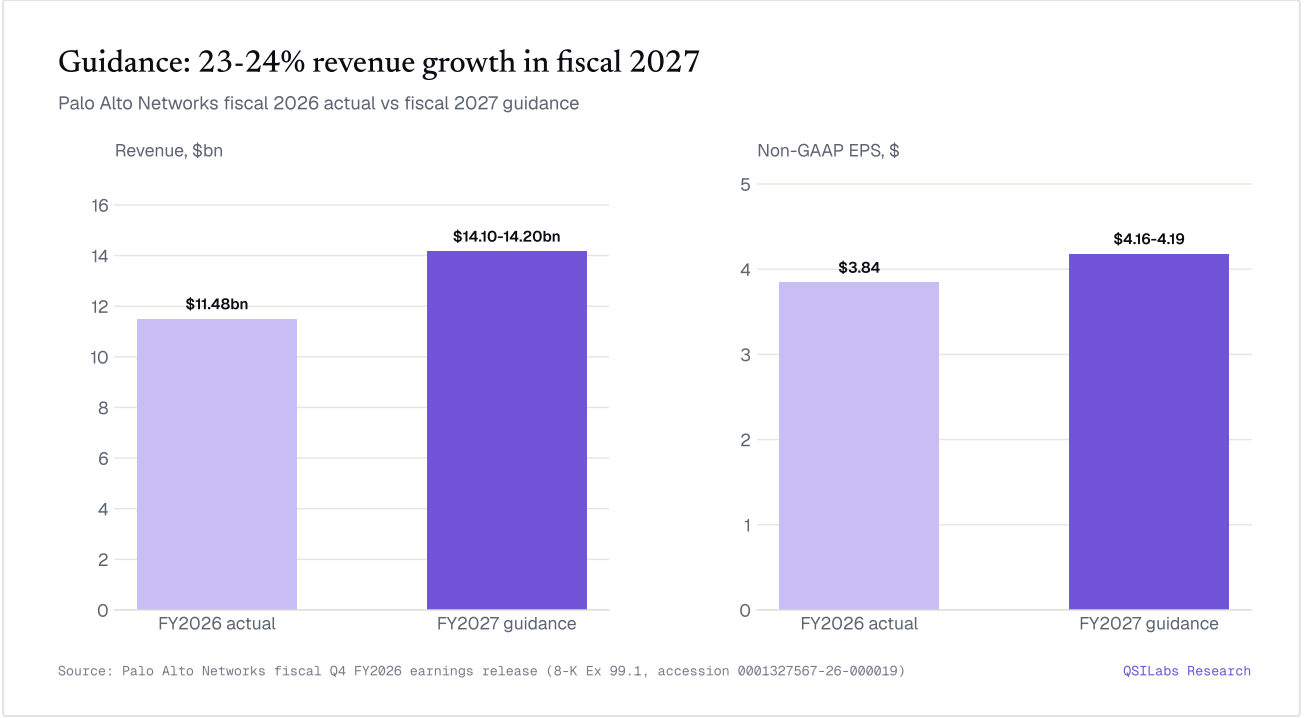


FIGURE 7 Palo Alto Networks guided fiscal 2027 revenue to $14.10-14.20bn against $11.48bn in fiscal 2026, and non-GAAP EPS to $4.16-4.19 against $3.84.

GUIDANCE	FISCAL Q1 FY2027	FISCAL 2027
Revenue	$3.300-3.310bn (+33-34%)	$14.10-14.20bn (+23-24%)
NGS ARR	$9.54-9.56bn (+63%)	$11.075-11.175bn (+22-23%)
Remaining performance obligations	$20.8-20.9bn (+34-35%)	$25.2-25.4bn (+19-20%)
Non-GAAP operating margin		29.5%
Non-GAAP EPS	$0.96-0.98	$4.16-4.19
Diluted shares	837-844m	844-847m
Adjusted free cash flow margin		38.0%

Non-GAAP EPS guidance of $4.16-4.19 implies growth of 8-9%, well below revenue growth, because the share count rises by about 11% with the CyberArk shares in the full year. Analysts sit close to the guidance: the S&P Global consensus compiled by StockAnalysis has

fiscal 2027 revenue of $14.17bn, up 23.5%, and fiscal 2028 revenue of $16.23bn, up 14.5%, with EPS of $4.18 and $4.88. The same consensus has fiscal 2027 free cash flow of $5.35bn.

What did Palo Alto Networks launch in October 2026?

Palo Alto Networks spent October pushing its AI security products. On 15 October it announced that Prisma AIRS, its AI runtime security product, integrates directly with Claude Enterprise, applying security policies before a model sees a prompt, along with new AI Gateway features for tool security and routing. On 16 October it added new fifth-generation PA-Series hardware firewalls, with more processing capacity and support for quantum-resistant encrypted connections. On 19 October it released Cortex XDR 6.0 and Cortex XDR One, which combines its endpoint detection with the agentic endpoint security acquired with Koi to discover and control AI agents on employees' devices.

None of these will move fiscal Q1 FY2027 results much. They matter because the company's growth story now leans on AI: on the idea that AI agents create a new class of identities and attack surfaces that customers will pay to secure, and that Palo Alto Networks can sell that protection across all of its platforms.

Palo Alto Networks stock Q3 2026: is PANW overvalued?

On our numbers, yes, by a wide margin. Our discounted cash flow model values Palo Alto Networks at $84.44 a share, against a $365.87 close on 30 October 2026, about 77% lower. At that price the company's equity was worth about $299.6bn, on 818.8m shares, and its enterprise value, after $7.9bn of cash and investments and $1.8bn of convertible notes, about $293.4bn. That is 20.7 times the midpoint of fiscal 2027 revenue guidance, 88 times the midpoint of non-GAAP EPS guidance and 56 times the consensus forecast of fiscal 2027 free cash flow.

The shares have risen 67% in a year, from $219.23 on 3 November 2025. They hit a 52-week closing low of $141.67 on 24 February 2026, shortly after the CyberArk deal closed, and a high of $419.91 on 6 October 2026. They closed at $362.09 on the day of the fiscal Q4 results, fell 9.3% the next day, to $328.48, and closed at $351.72 on 2 November.

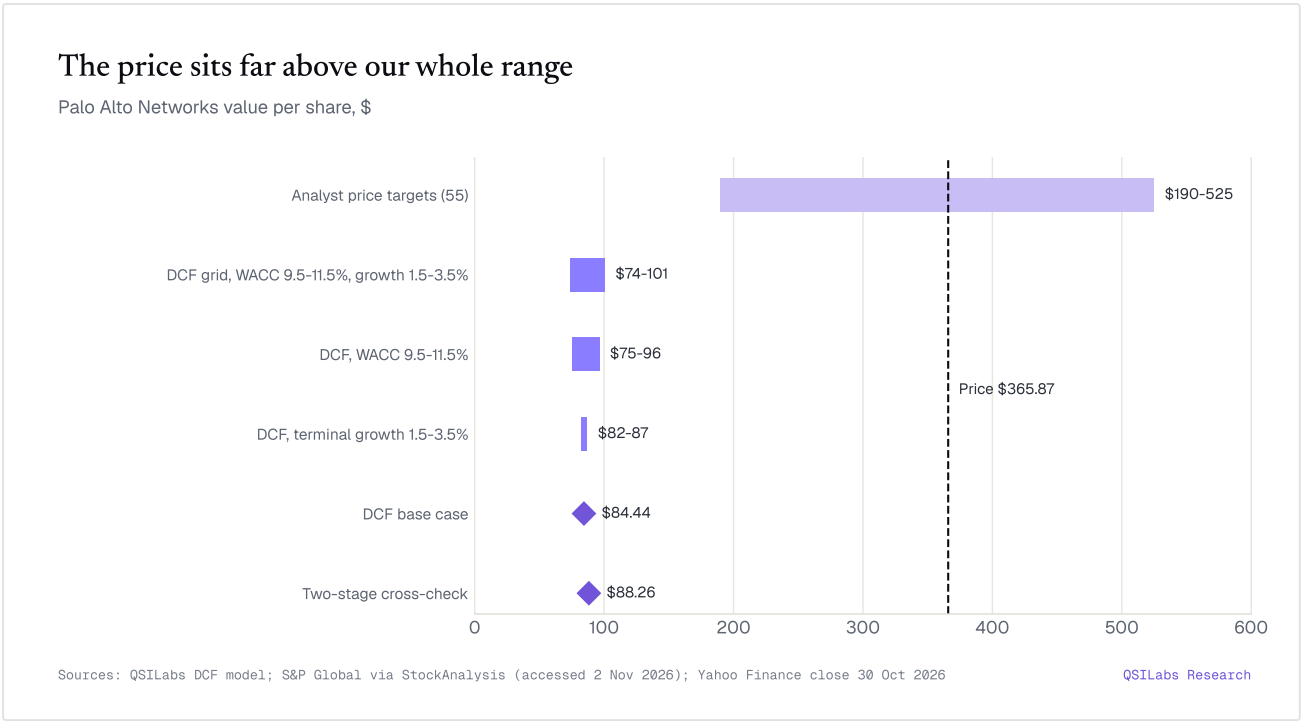


FIGURE 8 Our base case is $84.44 a share against a $365.87 close. Our sensitivity range runs from $74.00 to $100.56; analyst targets run from $190 to $525.

We are not saying the business is weak. Palo Alto Networks is growing revenue at more than 20%, has $21.2bn of contracted revenue and turns more than a third of its revenue into free cash flow. We are saying the price assumes far more than our forecast: that growth stays above 20% for many years, that the GAAP operating margin rises much faster than the roughly 30% we reach by fiscal 2034, or that share-based pay should be ignored. Our enterprise value of $63.1bn is about 22% of the market's.

Analysts are much more optimistic. The 55 analysts tracked by StockAnalysis rate Palo Alto Networks a Buy on average, with an average price target of $398.52, a median of $415 and a range from $190 to $525.

Method

We forecast revenue and GAAP operating margin year by year to fiscal 2036, apply a 21% tax rate, capital spending and working capital, and discount the cash flows at a 10.5% weighted average cost of capital. The cost of capital comes from Damodaran's January 2026 data for US system and application software companies: a beta of 1.28 and a cost of equity of 10.8%. After fiscal 2036 we assume growth of 2.5% a year; that terminal value is 52% of our enterprise value of $63.1bn. Adding $7.9bn of cash and investments and deducting the $1.8bn of convertible notes and other small items gives equity value of $69.1bn, or $84.44 a share on 818.8m shares.

For fiscal 2027 we use the consensus revenue of $14.17bn (+23.5%), inside the company's guidance range, and for fiscal 2028 the consensus growth rate of 14.5%, to $16.2bn. Growth then slows from 13% in fiscal 2029 to 5% by fiscal 2036, when revenue reaches $32.3bn. Our GAAP operating margin starts at 5.6% in fiscal 2027, below fiscal 2026's 6.1% because a full year of amortisation of acquired intangibles and of share-based pay at the acquired companies is charged, and widens to 18.4% by fiscal 2031 and 29.8% from fiscal 2034, converging towards the margins of mature security software peers.

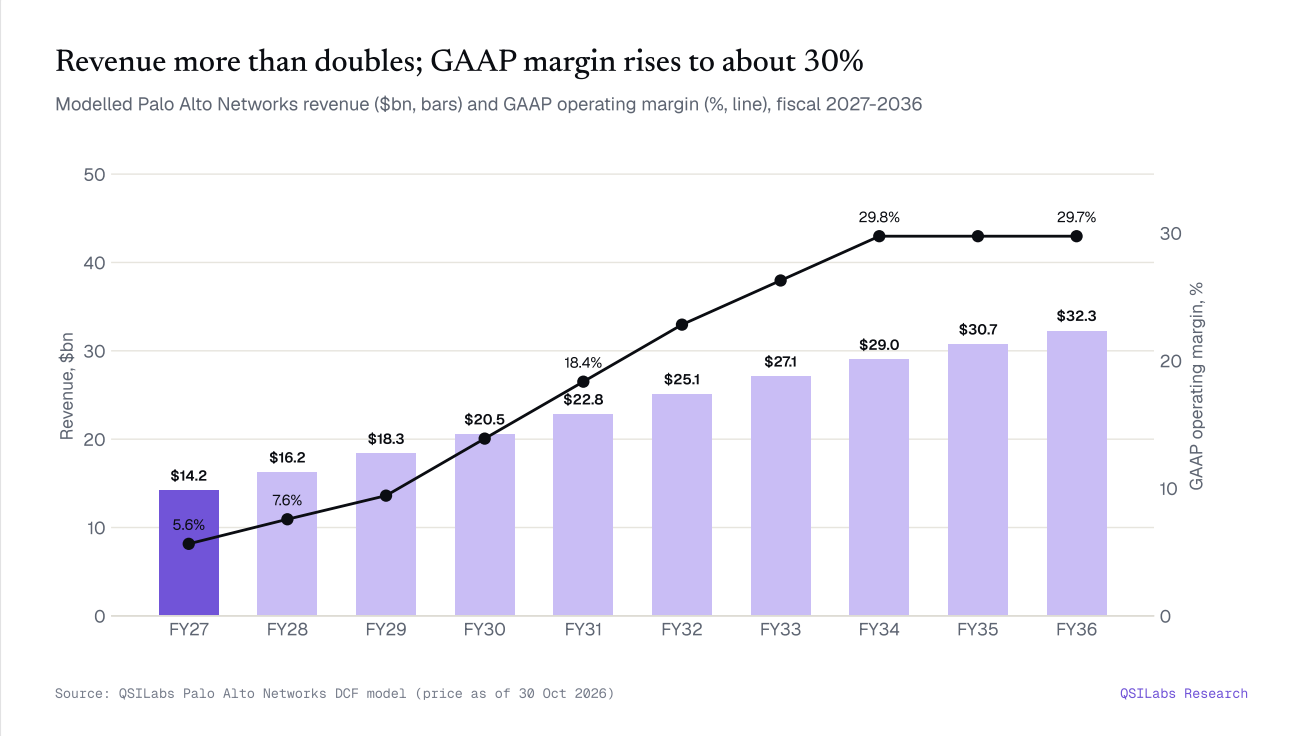


FIGURE 9 We forecast revenue rising from $14.2bn in fiscal 2027 to $32.3bn in fiscal 2036, with GAAP operating margin rising from 5.6% to 29.8%.

Our free cash flow forecast is lower than the company's measure because we deduct share-based pay. We forecast unlevered free cash flow of $2.55bn in fiscal 2027, against a consensus free cash flow of $5.35bn, rising to $4.67bn in fiscal 2031 and $8.49bn in fiscal 2036. The difference is mostly share-based pay, which the company's free cash flow does not deduct and our model does.

How the number moves if you argue with us

The table shows our value per share at different costs of capital and terminal growth rates. Even at a 9.5% cost of capital and 3.5% terminal growth, the model reaches $100.56, less than a third of the share price.

COST OF CAPITAL	GROWTH 1.5%	GROWTH 2.0%	GROWTH 2.5%	GROWTH 3.0%	GROWTH 3.5%
9.5%	$93.08	$94.60	$96.32	$98.29	$100.56
10.0%	$87.44	$88.64	$89.98	$91.50	$93.22
10.5%	$82.45	$83.39	**$84.44**	$85.62	$86.94
11.0%	$77.99	$78.74	$79.56	$80.47	$81.49
11.5%	$74.00	$74.59	$75.23	$75.93	$76.71

The bigger levers are the treatment of share-based pay and the speed of margin expansion. If share-based pay were excluded as a cost, as the company's non-GAAP measures do, our cash flows and value would be materially higher. If NGS ARR reaches $20bn by fiscal 2030 and revenue follows it, growth would also run well above our path after fiscal 2028.

Risks to the Palo Alto Networks investment case

- **Valuation risk.** At about 21 times guided fiscal 2027 revenue and 88 times guided non-GAAP EPS, the shares price in strong growth for many years. The 9.3% fall after the fiscal Q4 results showed how sharply they can react.
- **Integration risk.** Six acquisitions in about seven months, including the $21.1bn CyberArk deal, must be integrated while sales teams sell a combined platform. Goodwill and intangibles of $29.0bn could be impaired if the deals disappoint.
- **Slowing growth as acquisitions annualise.** Guidance already shows NGS ARR growth slowing from 63% to 22-23% by July 2027. Pro forma revenue growth in fiscal 2026 was 17.4%, not 24.5%.
- **Dilution and share-based pay.** Share-based compensation was 15.5% of fiscal 2026 revenue, and the proxy statement asks shareholders to approve more shares for the equity plan. The share count is guided to rise to 844-847m in fiscal 2027.
- **Accounting volatility.** The convertible notes and capped calls are marked to market, so GAAP net income will swing with the share price; the fiscal Q4 charge was $524m.
- **Competition.** CrowdStrike, Zscaler, Fortinet, Microsoft, Cisco and others compete in every one of the company's platforms, and AI security is a new market that many vendors are

entering.

- **Upside risk.** If AI drives a lasting rise in security spending and the platform strategy wins more of each customer's budget, growth and margins could beat our forecast, and our value would rise.

FAQ

What value does QSILabs put on Palo Alto Networks stock?

QSILabs values Palo Alto Networks at $84.44 a share, based on a discounted cash flow model updated with fiscal Q4 FY2026 results and the fiscal 2026 10-K. That is about 77% below the $365.87 close on 30 October 2026. A two-stage cross-check gives $88.26; analysts' average price target is $398.52.

Is Palo Alto Networks stock a buy in Q3 2026?

Our model says PANW trades far above what its cash flows justify once share-based pay is counted as a cost, because the price assumes faster growth and margin expansion than we forecast. The business is strong: revenue up 34% in fiscal Q4, NGS ARR up 63% and a 38.4% adjusted free cash flow margin in fiscal 2026. This is not investment advice.

Why does a Q3 2026 article cover Palo Alto Networks' fiscal fourth quarter?

Palo Alto Networks' fiscal year ends on 31 July, so its fiscal Q4 FY2026 covers May to July 2026 and was reported on 1 September 2026. That is the company's latest reported quarter at the time of our Q3 2026 earnings series; its fiscal Q1 FY2027, the quarter to 31 October 2026, is expected to be reported in November.

How much revenue did Palo Alto Networks make in its latest quarter?

Palo Alto Networks' revenue for fiscal Q4 FY2026, the quarter to 31 July 2026, was $3,410m, up 34% from $2,536m a year earlier. Subscription and support revenue was $2,672m (+36%) and product revenue $738m (+29%). Fiscal 2026 revenue was $11,480m, up 24.5%.

What is NGS ARR at Palo Alto Networks?

NGS ARR, Next-Generation Security annualised recurring revenue, measures annualised recurring revenue from the company's next-generation security products, which now include CyberArk's identity security. It is an operating metric, not revenue. It was $9.10bn at 31 July 2026, up 63%, and is guided to $11.075-11.175bn at 31 July 2027. The company targets $20bn in fiscal 2030.

Why did Palo Alto Networks report a net loss?

Palo Alto Networks reported a GAAP net loss of $282m, or $0.35 a share, in fiscal Q4 FY2026, mainly because of a $524m non-cash charge as the fair value of convertible notes it inherited from CyberArk rose with its share price. Higher amortisation and share-based pay also cut GAAP operating income to $172m. Non-GAAP net income was $853m.

How much revenue does Palo Alto Networks expect in fiscal 2027?

Palo Alto Networks expects fiscal 2027 revenue of $14.10-14.20bn, growth of 23-24%, with a non-GAAP operating margin of 29.5%, non-GAAP EPS of $4.16-4.19 and an adjusted free cash flow margin of 38%. For fiscal Q1 FY2027 it guided revenue to $3.300-3.310bn.

When does Palo Alto Networks report its next earnings?

Palo Alto Networks' fiscal Q1 FY2027 quarter ended on 31 October 2026, and the results are expected in November 2026; the company had not confirmed a date when we published. It has guided revenue of $3.300-3.310bn and NGS ARR of $9.54-9.56bn for the quarter.

Does Palo Alto Networks pay a dividend?

No. Palo Alto Networks has never declared or paid a dividend and says it does not expect to. It returns cash through buybacks instead: $1.0bn in fiscal 2026, with $1.0bn of its authorisation remaining at 31 July 2026.

Sources

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3. Palo Alto Networks, Inc., 2026 proxy statement (Schedule 14A, filed 27 Oct 2026; accession 0001308179-26-000432) www.sec.gov

4. SEC XBRL company facts for Palo Alto Networks (CIK 1327567): quarterly revenue and operating income from Forms 10-Q, accessions 0001327567-25-000035, 0001327567-26-000005 and 0001327567-26-000015 data.sec.gov
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About this analysis

Written by QSI Labs Research. We read Palo Alto Networks' filings (the fiscal Q4 FY2026 earnings release filed with the SEC on Form 8-K, the fiscal 2026 Form 10-K, the 2026 proxy statement and the quarterly Form 10-Q data in SEC XBRL) and value the company with a discounted cash flow model: revenue, GAAP operating margin, tax, capital spending and working capital are forecast year by year to fiscal 2036 and discounted at the cost of capital, with a terminal value after that. Forecasts are QSILabs estimates; every reported figure is cited to its source. Figures as of fiscal Q4 FY2026 results; price as of the 30 October 2026 close.

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