

Oklahoma Firefighters Pension & Retirement System v. Fortinet, Inc. et al

COURT: United States District Court for the Northern District of California
CASE NUMBER: 25-cv-08037
CLASS PERIOD: 11/08/2024 - 08/06/2025
CASE LEADERS: Jeremy P. Robinson
CASE TEAM: Alec Coquin, Kelly Hogan

BLB&G represents plaintiff Union Asset Management Holding AG in this securities class action brought on behalf of investors that purchased Fortinet, Inc. (“Fortinet” or “the Company”) common stock during the Class Period. The action asserts claims against Fortinet and certain of its senior executives for violations of Section 10(b), and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Securities Exchange Act of 1934.

Fortinet’s Alleged Fraud

Fortinet is a cybersecurity company best known for its FortiGate firewalls. The Company has two main revenue streams, product revenue and service revenue. Product revenue accounts for roughly 30-35% of Fortinet’s total revenue and includes the sale of hardware like FortiGate units and software licenses. The Company’s service revenue includes the sale of subscriptions for intrusion prevention and antivirus protection, technical support, and cloud services.

At all relevant times a core component of Fortinet’s financial success and growth strategy involved selling FortiGate firewalls and accompanying software. FortiGates have a ten year life cycle. Once the life cycle ends, the Company stops providing firmware updates, security patches, and hardware support. This is referred to as “end-of-support” or “end-of-service” (“EOS”).

When hardware approaches EOS, customers are prompted by the company to “refresh” their hardware with newer models. Periodically, large swaths of older FortiGate models reach EOS at the same time and require a refresh. Fortinet calls this a “refresh cycle.” Refresh cycles typically boost Fortinet’s product revenue for a time as customers purchase new hardware. A refresh cycle also typically leads to an increase in service revenue as customers renew and expand their subscriptions when upgrading their hardware.

The claims at issue arise from Defendants’ false and misleading statements and omissions during the Class Period related to: (i) the amount of FortiGate units that would be purchased as part of the 2025-2026 refresh cycle, (ii) the amount of product and service revenue that would be generated from the purchase of FortiGate units in the 2025-2026 refresh cycle, (iii) the timing of FortiGate purchases in the 2025-2026 refresh cycle, (iv) Defendants’ visibility into the number of FortiGate units that could be upgraded and the timeline on which customers would upgrade, and (v) the risk that Fortinet would not be able to achieve the sales of FortiGate units, or the revenue increase, that Defendants touted to investors.

On August 6, 2025, Defendants revealed that (i) Fortinet had already pushed through roughly half of the refresh cycle by the end of Q2 2025 with no material increase in revenues, (ii) Defendants lacked visibility into the amount of FortiGate units that were due to be upgraded, and (iii) the FortiGate units that were reaching EOS made up such a small portion of Fortinet’s business that even if all units eligible for the refresh were upgraded, it would not have

provided much business impact. In response, Fortinet's common stock price dropped over 22%, from \$96.58 per share on August 6, 2025, to \$75.30 per share on August 7, 2025, on unusually high trading volume.

Case Documents

- November 21, 2025 - Notice of Motion and Motion of Union Asset Management Holding AG for Appointment as Lead Plaintiff
- September 22, 2025 - Initial Complaint