IN THE SUPREME COURT OF THE STATE OF DELAWARE

FLEX LTD. and FLEXTRONICS INTERNATIONAL USA, INC., *Plaintiffs-Below/Appellants*, v. NEXTRACKER INC., NEXTRACKER LLC, YUMA ACQUISITION SUB LLC and YUMA SUBSIDIARY, INC., *Defendants-Below/Appellees.*	No. 72, 2026 Court Below: Court of Chancery of the State of Delaware C.A. No. 2025-0197-KSJM

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NATURE OF PROCEEDINGS

On January 2, 2024, Flex spun off Nextracker as an independent business. Flex itself, as Nextracker's then-controlling stockholder, unilaterally structured the transactions leading to the spin-off, controlled the timing of the spin-off, and drafted the agreements related thereto. Through this appeal, Flex asks this Court to rewrite the parties' integrated agreements to grant Flex an entitlement to a post-spin-off quarterly tax distribution from Nextracker (the "Q3 Distribution") that the contracts Flex drafted do not provide. But Flex cannot use contract claims—or fallback equitable theories—to obtain on appeal rights that it failed to grant itself in the operative agreements. The Court of Chancery properly rejected such a result.

The Chancellor held that even if Flex may have been entitled to receive a portion of the Q3 Distribution under the parties' Separation Agreement, which governed the separation of the two businesses, the parties' later-executed Tax Agreement altered that outcome. Specifically, the Chancellor held (at least for pleading stage purposes) that the Q3 Distribution related to a potential tax liability of the Flex Group and, therefore, would have been owed to Flex under the so-called "Wrong-Pockets Provision" in the Separation Agreement. But the Chancellor further held that the parties' Tax Matters Agreement (the "Tax Agreement"), which was executed at the time of Nextracker's actual spin-off from Flex and which must be read in conjunction with the Separation Agreement (as Plaintiffs concede), provided for a contrary outcome.

As the Court of Chancery explained, "[b]ecause this case concerns the Q3 Tax Distribution related to tax liabilities . . . , the tax-specific language of the Tax Agreement controls." (A983.) Under the plain language of the Tax Agreement, Flex expressly allocated to itself the responsibility for pre-spin-off tax liability of the Flex Group and provided for no corresponding right to payment. Under such circumstances, the Chancellor correctly held that the Tax Agreement controlled over the Separation Agreement and was fatal to Plaintiffs' breach of contract claim. The Chancellor further held that each of Plaintiffs' alternative claims likewise failed.

On appeal, Plaintiffs argue that the Chancellor failed to consider Plaintiffs' "reasonably conceivable" alternative interpretation of the Tax Agreement. But Plaintiffs' attempt to cast this appeal as a dispute over reasonable alternative interpretations of a contract is meritless. The Court of Chancery correctly applied settled Delaware law requiring courts to give effect to the plain meaning of unambiguous contractual language. Plaintiffs' mere disagreement with the Chancellor's reading of the contract does not render the contractual language ambiguous or provide a basis to disturb the Court of Chancery's decision.

Plaintiffs contend that the Tax Agreement does not "control" this dispute because that agreement is limited to the discrete issue of allocation of legal liability for paying and filing tax returns. Not so. Plaintiffs ignore the Tax Agreement's indemnity provision, which addresses inter-party allocation of tax responsibilities and provides that *Flex* would pay *Nextracker* should any circumstance arise in which Nextracker would otherwise bear any portion of the Flex Group's tax liability. The indemnity provision makes clear that the Tax Agreement is necessarily broader than the unduly narrow construction Plaintiffs now attempt to ascribe to it.

Alternatively, Plaintiffs argue that they are entitled to the Q3 Distribution through the Tax Agreement's "Refund" provision. But that argument likewise fails. For starters, that claim was not alleged in their Complaint. In any event, the plain language of that provision does not apply because the Q3 Distribution is not a "reimbursement" or "other similar benefit" that was received by the Nextracker Group from an outside party. The Court of Chancery thus properly concluded that Plaintiffs are not entitled to the Q3 Distribution in light of the Tax Agreement. This Court should therefore affirm the dismissal of Plaintiffs' breach of contract claim.

The Court of Chancery's dismissal of Plaintiffs' claims for mistake and unjust enrichment should likewise be affirmed. Plaintiffs expressly asserted their mistake claim in the alternative in the event that the Court of Chancery disagreed that the Q3 Distribution was a "payment or reimbursement" under the Separation Agreement. Yet, the opposite happened—the Chancellor *agreed* with Plaintiffs' arguments, and Plaintiffs do not appeal or disagree with the Chancellor's reasoning with respect to that issue. Plaintiffs' mistake claim thus necessarily fails. In any event, that claim suffers from the same fundamental infirmities as it did below. Plaintiffs fail to plead any definite prior understanding between the parties as to the Q3 Distribution that conflicts with the parties' contractual scheme or to identify any mistake in the Separation Agreement requiring reformation.

Plaintiffs' unjust enrichment claim fares no better. Plaintiffs agree that the parties' suite of agreements governs the question of whether they are entitled to the Q3 Distribution, thus defeating that claim. Plaintiffs likewise fail to identify anything "unjust" about Nextracker's payment of the Q3 Distribution to its Common Members in accordance with Nextracker LLC's operative LLC Agreement, including because Flex agreed to be responsible for all pre-spin-off tax liability of the Flex Group under the Tax Agreement. Nextracker thus had no obligation to pay any portion of the Q3 Distribution to Plaintiffs.

Accordingly, and for the reasons set forth below, the Court of Chancery's judgment should be affirmed.

SUMMARY OF ARGUMENT

1. **Denied**. The Court of Chancery properly dismissed Plaintiffs' breach of contract claim under the Separation Agreement in light of the Tax Agreement. Plaintiffs accuse the Court of Chancery of improperly choosing between reasonable interpretations of ambiguous language, but there is no ambiguity here. The Court of Chancery properly gave effect to the plain and unambiguous language of the Agreements. The Court of Chancery correctly concluded that the tax-specific Tax Agreement forecloses Plaintiffs' claim under the Separation Agreement because Flex allocated itself responsibility for all pre-spin-off tax liability of the Flex Group, agreed to indemnify Nextracker for such liabilities, and extinguished any prior tax sharing or allocation practices.

2. **Denied**. The Court of Chancery did not base its decision on an erroneous reading of the Tax Agreement. The Tax Agreement allocates responsibility for tax-related matters, and the Court of Chancery correctly determined that the Tax Agreement controls this dispute. Plaintiffs advance a narrow, cramped reading of the Tax Agreement's scope, ignoring plain language that belies their position.

3. **Denied**. The Court of Chancery's analysis does not misapply or otherwise violate canons of contract construction. Rather, the Court of Chancery properly applied core principles of contract interpretation in determining that Plaintiffs have failed to state a breach of contract claim in light of the plain, unambiguous

contractual language. Plaintiffs' apparent regrets about the results of the contracts Flex drafted do not render the result unreasonable or absurd.

4. **Denied**. The Court of Chancery did not err in rejecting Plaintiffs' arguments that Flex was entitled to the Q3 Distribution under the Tax Agreement's "Refund" provision. As a threshold matter, Plaintiffs made no such claim in their Complaint. Further, Plaintiffs' contentions center on the faulty premise that the Court chose between two reasonable interpretations of an ambiguous suite of agreements in resolving a motion to dismiss. But the Court of Chancery did not choose one reasonable reading of the relevant language over another. Rather, consistent with Delaware law, it correctly concluded that the language was unambiguous and foreclosed Plaintiffs' claims.

5. **Denied**. The Court of Chancery properly dismissed Plaintiffs' reformation claim for failure to allege a mistake with particularity. Plaintiffs failed to meet their burden of showing that the parties came to a specific prior understanding that was not reflected in the Separation Agreement. Plaintiffs' contrary argument—that they pled a prior agreement through their corporate practice of causing their subsidiaries to forward Nextracker LLC's quarterly distributions to Flex USA—does not establish a prior agreement between Plaintiffs and Nextracker. In addition, by adopting the Court of Chancery's interpretation of the Separation Agreement, Plaintiffs concede that there is no mistake in that agreement. Plaintiffs'

disagreement with the Court of Chancery's interpretation of the Tax Agreement does not establish a mistake claim and is not a basis for reversal.

6. **Denied**. The Court of Chancery properly dismissed Plaintiffs' unjust enrichment claim because Nextracker had a clear justification for paying the Q3 Distribution to the Yuma Entities under the LLCA and Tax Agreement. Regardless, Plaintiffs' claim for unjust enrichment cannot be maintained in the alternative because the parties' contractual scheme, including the Separation Agreement and the Tax Agreement, governs Plaintiffs' entitlement to the Q3 Distribution.

STATEMENT OF FACTS

A. The Parties

Flex Ltd. is a publicly traded Singaporean company. (A8 ¶ 11.)[1] Flextronics International USA, Inc. is a wholly owned subsidiary of Flex Ltd. (A8 ¶ 12.)

Nextracker Inc. (n/k/a Nextpower Inc.) is a publicly traded holding company incorporated in Delaware, whose principal asset is ownership of Common Units[2] of Nextracker LLC (n/k/a Nextpower LLC), a Delaware limited liability company. (A8 ¶¶ 13-14; A376-A377.) Nextracker Inc. is also the managing member of Nextracker LLC. (A13 ¶ 35.)

B. Flex's Acquisition of Nextracker and Subsequent Plans to Separate the Businesses

In 2015, Flex acquired the Nextracker business and, thereafter, controlled and operated Nextracker as a Flex subsidiary. (A10 ¶ 22.) In 2021, Flex began to plan for a separation of the Nextracker business, including, as a first step, an initial public offering of Nextracker's stock (the "IPO"). (*Id.* ¶¶ 23-24.)

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[1] Unless otherwise noted, all case and record citations herein omit internal citations, quotation marks, or alterations; all emphasis is added unless otherwise stated.

[2] Capitalized terms used herein shall have the same meaning as in the Separation Agreement and LLC Agreement (*see* A45-A309) unless otherwise defined.

In advance of the IPO and eventual spin-off of Nextracker, Flex engaged in certain internal reorganization transactions and entered into certain agreements to govern the planned transactions. (A11 ¶¶ 26-27.) Given Flex's control over Nextracker at the time—and as is fairly typical in the context of a spin-off—the plans for the relevant transactions and each of the relevant agreements were unilaterally decided upon and drafted by Flex, with assistance from its outside counsel.

On January 31, 2022, Nextracker (then operating as NEXTracker Inc.) converted into a limited liability company. (A10 ¶ 24.) Thereafter, Flex and Nextracker entered into a Separation Agreement, dated February 1, 2022 (as amended and restated on February 8, 2023, the "Separation Agreement") to govern the required internal reorganization and eventual separation of the businesses. (A10-11 ¶¶ 24, 26; A45-A245.)

Among other things, the Separation Agreement defined which assets and liabilities were to be retained by Flex and which were to be part of the go-forward Nextracker business as of the defined "Operative Time" (February 1, 2022) when the internal reorganization was to have been completed. (A74-A75 § 2.2.) As relevant to Flex's appeal, Section 2.4(b) of the Separation Agreement (the "Wrong-Pockets Provision") provided that "all payments and reimbursements received after the Operative Time by one Party (or member of its Group) that relate to a Business, Asset or Liability of the other Party (or member of its Group), shall be held by such

Party for the use and benefit of the Party entitled thereto . . . and, promptly upon receipt by such Party of any such payment or reimbursement, such Party shall pay or shall cause the applicable member of its Group to pay over to the Party entitled thereto the amount of such payment or reimbursement without right of set-off." (A77 § 2.4(b).)

The Separation Agreement also granted Flex sole and absolute discretion to decide whether and in what manner to dispose of its interests in Nextracker. (*See* A88-A89 §§ 3.7, 3.8.)

C. Nextracker's IPO and Entry into Certain Additional Agreements

In February 2023, Nextracker completed its IPO, at which time Nextracker became the managing member of the operating entity Nextracker LLC. (A11 ¶ 28, A12-A13 ¶¶ 34-35.) Following the IPO, Flex maintained an indirect controlling interest in Nextracker through two subsidiaries then wholly owned by Flex—Yuma Inc. ("Yuma") and Yuma's wholly owned subsidiary Yuma Subsidiary, Inc. ("Yuma Sub" and, together with Yuma and its successors, the "Yuma Entities"). (A11 ¶ 29.) Specifically, following a follow-on offering of Nextracker Inc. shares in July 2023, Flex owned 51% of Nextracker through the Yuma Entities. (A11-A12 ¶ 30.)

In connection with the IPO and Nextracker's corporate reorganization, Flex also executed and/or caused Nextracker to execute several additional agreements. (A11 ¶ 26; A12-A13 ¶ 34.) One such agreement is the Third Amended and Restated

Limited Liability Company Agreement of Nextracker LLC, dated February 13, 2023 (the "LLCA"), which governed the rights and obligations of the Common Members of Nextracker LLC following the IPO. (A12-A13 ¶ 34; A246-A309.) As relevant here, Section 5.01(b) of the LLCA allows for periodic, pro rata "Tax Distributions" to the Common Members of Nextracker LLC as of the time of any such distributions. (A278 § 5.01(b).) Specifically, Section 5.01(b) provides that "[t]o the extent (i) [Nextracker Inc.] reasonably determines that [Nextracker LLC] has Available Cash, and (ii) such distributions are permitted by any credit or financing agreements to which [Nextracker LLC] or any of its Subsidiaries is a party, [Nextracker Inc.] shall cause [Nextracker LLC] to make distributions for each Tax Year (or portion thereof) among the Common Members with respect to their Common Units pro rata." (*Id.*) The LLCA provides that distributions under Section 5.01(b) are to be paid by the 10th day following the end of each fiscal quarter. (*Id.*)[3]

Flex itself was never a Common Member of Nextracker LLC, was never a party to the LLCA, and never had any rights under the LLCA (*see* A301-A302 § 14.04). At all relevant times, the only Common Members of Nextracker LLC were

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[3] The calculation of the quarterly tax distributions is not tied to actual incurred tax liability; rather, it is calculated based on a set formula including an "Assumed Tax Rate." (*See id.*) As the Court of Chancery recognized, the LLCA "takes a conservative approach, ensuring members will not receive less than their actual tax liability by defining 'Assumed Tax Rate' as 'equal to the highest marginal income tax rate.'" (A977.)

Nextracker Inc., the Yuma Entities, and/or TPG Rise Flash, L.P. and its affiliates (together, "TPG"). (A256 § 1.01 (defining "Common Members" as those Members listed on Schedule A to the LLCA); A644 (Sched. A).) Accordingly, both prior to and after the spin-off, Nextracker LLC made distributions under Section 5.01(b) to Nextracker, the Yuma Entities, and TPG. (A17-A19 ¶¶ 48-49, 53; *see also* A310-A317; A644.) In turn, Flex, by virtue of its corporate structure, historically had a practice of causing the Yuma Entities to turn over the distributions to Flex USA. (A18 ¶ 50.) At no time did Nextracker LLC make any distributions under Section 5.01(b) to Plaintiffs.

Flex, Nextracker Inc., and the Yuma Entities also entered into an Agreement and Plan of Merger, dated February 7, 2023 (the "Merger Agreement"), which granted Flex the right, at any time and at its sole option, to effect the spin-off of the Nextracker business on terms, including as to timing, to be decided in the sole discretion of Flex. (*See* A11 ¶ 26; A656 § 1.2(a).)

D. January 2024 Spin-off

On January 2, 2024, pursuant to the terms of the Separation Agreement (which had been amended and restated nearly one year earlier), Flex completed a spin-off of its remaining interests in the Nextracker business to Flex shareholders. (A12 ¶ 31.) As a result, the Yuma Entities became subsidiaries of Nextracker, and Flex relinquished all economic interests in the Yuma Entities, including any indirect interest in their ownership of Nextracker LLC Common Units. (A11 ¶ 27; A12 ¶ 31.)

Immediately before the spin-off, Nextracker Inc., Yuma, and Flex entered into the Tax Agreement, dated January 2, 2024. (A726-A755.) Among other things, the Tax Agreement was intended "to (a) provide for the payment of Tax liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in, the filing of Tax Returns, and . . . (b) set forth certain covenants and indemnities relating to the preservation of the Tax-Free Status of the [spin-off]." (A730.)

The Tax Agreement provided that "Flex shall pay and be responsible for any and all Taxes due with respect to or required to be reported on any Joint Return . . . for all Pre-Distribution Tax Periods" (i.e., prior to the January 2, 2024 spin-off). (A738 § 2.1(a).) The Tax Agreement did not provide for any corresponding payment obligation by Nextracker to Flex to cover such liabilities, in the form of a distribution or otherwise. On the contrary, the Tax Agreement explicitly required Flex to "indemnify and hold harmless" Nextracker for "all liability for Taxes allocated to Flex pursuant to Article II." (A745 § 5.1(a).) Thus, if Nextracker ever had to bear any amount associated with tax liabilities allocated to Flex, Flex would have to reimburse Nextracker for such amounts—not the reverse.

The Tax Agreement explicitly superseded any earlier agreements as to "prior Tax sharing or allocation" and, more generally, as to the subject matter of the

Agreement. (*See* A739 § 2.6 ("Except as set forth in this Agreement . . . any and all prior Tax sharing or allocation agreements or practices between any member of the Flex Group and any member of the [Nextracker] Group shall be terminated with respect to each such Group as of the Distribution Date. No member of either the Flex Group or the [Nextracker] Group shall have any continuing rights or obligations under any such agreement."); A750 § 9.3 ("This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof.").)

The Tax Agreement provided that Flex had a limited right to receive "all Refunds related to Taxes the liability for which is allocated to Flex." (A738-A739 § 2.5.) The Tax Agreement defines "Taxes" as "all taxes, charges, fees, duties, levies, imposts, rates or other assessments or governmental charges of any kind in the nature of a tax imposed by any federal, state, local or non-United States Taxing Authority. . . ." (A736 § 1.1(75).) The "Refund[s]" related to these Taxes are, in turn, defined as "any refund, reimbursement, offset, credit, or other similar benefit in respect of Taxes . . . ." (A735 § 1.1(64).)

E. Q3 Distribution and the Ensuing Dispute

On December 31, 2023, Nextracker's third fiscal quarter of 2024 ended. (A6 ¶ 5.) In early 2024, after the spin-off and after finalization of Nextracker LLC's Q3 2024 results in the ordinary course, Nextracker LLC determined to make a distribution to its Common Members pursuant to Section 5.01(b) of the LLCA (the "Q3 Distribution"). (A278 § 5.01(b).) On February 6, 2024, Nextracker LLC paid the Q3 Distribution to each of its Common Members at that time, including $48.5 million to the Yuma Entities. (A7 ¶ 8; A21 ¶ 62.)[4]

F. Plaintiffs File Suit and Defendants Move to Dismiss

Plaintiffs filed their Complaint on February 21, 2025, asserting four claims—(1) breach of the Separation Agreement; (2) breach of the implied covenant of good faith and fair dealing; (3) mistake; and (4) unjust enrichment. (A5-A40.) Defendants moved to dismiss on March 25, 2025. (A320-A321.) Following briefing, the Court of Chancery held oral argument on October 20, 2025. (A894-A962.)

G. The Court of Chancery's Opinion

On January 21, 2026, the Chancellor issued a well-reasoned opinion granting Defendants' motion to dismiss. (A967-A988.) As the Chancellor correctly observed, in construing a breach of contract claim, courts must "give effect to the plain meaning" of unambiguous contract language and read contracts "evidencing

[4] The Q3 Distribution was paid after the January 10, 2024 deadline under the LLCA given ongoing discussions between Nextracker and Flex regarding Flex's purported entitlement to the Q3 Distribution, as set forth in a February 1, 2024 demand letter. Regardless, as the Court of Chancery explained, "Defendants' delay of the Q3 Tax Distribution until February 6, 2024 is irrelevant to Plaintiffs because it did not affect their rights." (A988.) Flex had already relinquished its economic interests in the Yuma Entities in the January 2, 2024 spin-off, before the distribution was due.

the same transaction" together. (A974; A981.) Applying this standard, the Chancellor determined that, although Flex was entitled to the Q3 Distribution under the Wrong-Pockets Provision of the Separation Agreement, the Tax Agreement defeated Plaintiffs' breach of contract claim. (A980; A984.)[5]

The Chancellor reasoned that the purpose, timing of, terms of, and parties to the Tax Agreement made it "evident that either the Tax Agreement modified the Separation Agreement or is intended to be read together with that agreement," thus requiring the Chancellor to "evaluat[e] the contractual scheme in a manner that harmonizes their provisions." (A982.) The Chancellor ultimately determined that the Tax Agreement controlled the parties' dispute and foreclosed Plaintiffs' claim. In reaching that conclusion, the Chancellor held that "Flex cannot claim a right to payment for a liability it expressly allocated to itself" under Section 2.1(a) of the Tax Agreement. (A983.) Moreover, the Chancellor held that the Yuma Entities' historical "practice" of forwarding Nextracker LLC's quarterly distributions to Flex USA as pled in the Complaint was terminated by Section 2.6 as a "prior Tax sharing or allocation agreement[] or practice[] between" the parties. (A983.) The Chancellor rejected Plaintiffs' argument that the Q3 Distribution constituted a

[5] Plaintiffs do not dispute the Chancellor's determination that the Court may consider the Tax Agreement because it is incorporated by reference in the Complaint. (A971 n.4.)

"Refund" under the Tax Agreement, explaining that the "Q3 Tax Distribution does not arise from a payment to a federal, state, local, or any other government agency" but from the "Yuma Members, which Flex no longer controls." (A984.)

After dispensing with Plaintiffs' contract claims, the Chancellor dismissed Plaintiffs' alternative claims for breach of the implied covenant, mistake, and unjust enrichment. First, the Chancellor determined that Plaintiffs' implied covenant claim failed "because there is no gap in the parties' contractual scheme for the covenant to fill." (A986.) Second, the Chancellor held that Plaintiffs failed to plead with particularity that the contractual scheme was the result of a mistake. (A987.) Third, the Chancellor determined that Plaintiffs failed to state a claim for unjust enrichment because the LLCA and Tax Agreement gave Defendants a "clear justification" for not paying the Q3 Distribution to Plaintiffs. (A988.)

H. This Appeal

On appeal, Plaintiffs argue that the Court of Chancery erred by holding that (1) the Tax Agreement precluded their breach of contract claim under the Separation Agreement (OB at 20-35); (2) Plaintiffs failed to plead any particularized allegations of mistake (*id.* at 36-41); and (3) Plaintiffs failed to plead a claim of unjust enrichment because the parties' contractual scheme provided Defendants with a clear justification to not pay Plaintiffs the Q3 Distribution (*id.* at 42-44). Plaintiffs do not challenge the Court of Chancery's dismissal of their implied covenant claim.

ARGUMENT

I. THE COURT OF CHANCERY PROPERLY DISMISSED PLAINTIFFS' BREACH OF CONTRACT CLAIM

A. Questions Presented

Whether the Court of Chancery properly dismissed Plaintiffs' breach of contract claim under the Wrong-Pockets Provision of the Separation Agreement in light of the plain language of the Tax Agreement. (A973-A984.)

B. Scope of Review

Contract interpretation and dismissal for failure to state a claim are reviewed *de novo*. *See Osborn ex rel. Osborn v. Kemp*, 991 A.2d 1153, 1158 (Del. 2010).

C. Merits of Argument

Although Plaintiffs now concede that the Separation Agreement must be read together with the Tax Agreement as part of the full suite of agreements governing the spin-off (OB at 21-22), Plaintiffs ignored the Tax Agreement in their Complaint—failing even to mention it. That is perhaps unsurprising, as it is devastating for their contract claims. To the extent the Q3 Distribution constituted a payment in respect of a tax-related liability of Flex, such that Nextracker would have been required under the Wrong-Pockets Provision of the Separation Agreement to pay that money over to Flex post-spin-off,[6] the Tax Agreement superseded any

[6] Nextracker argued below that the Q3 Distribution was not covered by the Wrong-Pockets Provision of the Separation Agreement (A975-A980), and
(….continued)

such agreement. As the Court of Chancery properly determined, Plaintiffs could not state a claim for breach of the Wrong-Pockets Provision in respect of the Q3 Distribution given the controlling language of the Tax Agreement, under which Flex allocated to itself all pre-spin-off tax liability of the Flex Group without providing for a corresponding payment from Nextracker. (A980-A984.) Plaintiffs assert a grab bag of arguments to try to obtain a different result, but none has merit.

1. The Tax Agreement Unambiguously Forecloses Flex's Breach of Contract Claim Under the Separation Agreement.

The Court of Chancery correctly concluded that "[i]n light of the Tax Agreement, Flex has failed to state a claim for breach of the Separation Agreement under the Wrong-Pockets Provision." (A984.) "Under Delaware law, the proper interpretation of language in a contract is a question of law. Accordingly, a motion to dismiss is a proper framework for determining the meaning of contract language." *Allied Cap. Corp. v. GC-Sun Holdings, L.P.*, 910 A.2d 1020, 1030 (Del. Ch. 2006). "When a contract is clear and unambiguous, the court will give effect to the plain meaning of the contract's terms and provisions. Language is ambiguous if it is

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respectfully disagrees with the Chancellor's pleadings-stage determination to the contrary. But Nextracker does not challenge that decision for purposes of this appeal given that, as the Chancellor correctly held, the Tax Agreement forecloses Plaintiffs' claims in any event. Accordingly, solely for purposes of this appeal, Nextracker assumes that the Wrong-Pockets Provision could be deemed applicable to the Q3 Distribution.

susceptible to more than one reasonable interpretation." *Manti Holdings, LLC v. Authentix Acquisition Co., Inc.*, 261 A.3d 1199, 1208 (Del. 2021). "Absent some ambiguity, Delaware courts will not distort or twist contract language under the guise of construing it." *Allied*, 910 A.2d at 1030. "The parties' steadfast disagreement over interpretation will not, alone, render the contract ambiguous." *Manti Holdings*, 261 A.3d at 1208.

Here, based on its reading of the Separation Agreement, the Court of Chancery determined that, under the meaning of the Wrong-Pockets Provision, the Q3 Distribution is "a payment that relates to a [Flex] Liability" based on the fact that the Separation Agreement defined "Liability" to includes "Taxes" and based on Plaintiffs' allegations that Flex was responsible for tax liability to which the Q3 Distribution purportedly corresponded. (A978-A980.)[7] But the Court of Chancery did not end its analysis there. Reading the Separation Agreement together with the Tax Agreement, as it was required to do, the Court of Chancery correctly applied standard principles of contract interpretation to determine that "[t]he provisions of the Tax Agreement control the parties' dispute" (A983) and foreclose Plaintiffs' contract claims under the Separation Agreement (A984).

[7] Notably, Plaintiffs do not allege that they actually incurred or paid any tax liability. (*See* A902; A959.)

In finding that the language of the Tax Agreement controlled over the Separation Agreement, the Chancellor noted that the former was more specific than the latter. As the Chancellor explained, Section 2.1(a) of the Tax Agreement specifically and "expressly allocates to Flex responsibility for 'any and all Taxes' before the January 2, 2024 spin-off, including Flex's Q3 2024 tax liabilities associated with its ownership of Nextracker." (A983; *see also* A738 § 2.1(a).) By contrast, the Wrong-Pockets Provision in the Separation Agreement speaks merely in general terms, such as "payment" and "Liability." (A983.) The Court of Chancery also noted that "Section 2.6 of the Tax Agreement further supports [its] primacy." (*Id.*) Section 2.6 terminates certain "prior Tax sharing or allocation agreements or practices," including, as the Court of Chancery determined, Flex's "practice" of causing the Yuma Entities to forward Nextracker LLC's prior quarterly tax distributions to Flex. (A739 § 2.6; A983.) In addition, the Tax Agreement includes a general integration clause explicitly providing that it "***supersedes all prior agreements and understandings***, both written and oral, among the Parties ***with respect to the subject matter hereof***"—i.e., the allocation of responsibility for tax-related matters. (A750 § 9.3 (emphases added).)

As the Chancellor correctly concluded: "Because this case concerns the Q3 Tax Distribution related to tax liabilities on $167 million of income, the tax-specific language of the Tax Agreement controls. And Flex cannot claim a right to payment for a liability it expressly allocated to itself under the Tax Agreement." (A983.)

2. Flex's Arguments to the Contrary Are Unavailing.

Plaintiffs' arguments in support of reversing the Court of Chancery's dismissal of their contract claim are unavailing.

First, Plaintiffs contend that the Court of Chancery erred by conflating "which entity shouldered the responsibility to *pay* particular tax obligations (which was governed by tax law pre-spinoff and the Tax Agreement post-spinoff)" with "the entitlement to the Q3 Distribution (which was governed by the Separation Agreement)." (OB at 22; *see also id.* at 22-25.) According to Plaintiffs, the Tax Agreement was limited in scope to "the question of formal, legal liability" to pay taxes, and nothing in the text of the Tax Agreement addressed the separate issue of "inter-entity remittances to defray that liability." (*Id.* at 23-24; *see also id.* at 27 (asserting that "there is no text in the TMA that addresses the existence, size, or process for remitting payments intended to cover various entities' tax liability").)

As an initial matter, Section 2.1(a) of the Tax Agreement prescribed not only that Flex would have the obligation to "pay" any taxes due for the pre-spin-off period, but also made clear, in even broader terms, that Flex "shall . . . be responsible for" all such taxes. (A738.) Plaintiffs simply ignore that language.

Plaintiffs likewise ignore Section 5.1(a) of the Tax Agreement, which provided that "Flex shall indemnify and hold harmless [Yuma, Inc.] and [Nextracker Inc.] from and against, and will reimburse [Yuma, Inc.] and [Nextracker Inc.] for . . . all liability for Taxes allocated to Flex pursuant to Article II." (A745.) That provision is irreconcilable with Plaintiffs' effort to compel Nextracker to turn over the Q3 Distribution to fund any pre-spin tax liability that Flex may have owed the government. It made clear that Nextracker itself would *never* bear any responsibility for any pre-spin-off tax liability; rather, if Nextracker were to incur any liability itself for such tax liabilities, Flex would have to indemnify Nextracker for such amounts.

Accordingly, contrary to Plaintiffs' core assertion on appeal, the Tax Agreement does not solely address the "assignment of the *legal liability* for the payment of a tax obligation" (OB at 22)—it speaks to "the *functional* question of how the party holding that liability will satisfy it" (*id.* at 22-23). That conclusion is further supported by Plaintiffs' concession that "the responsibility to *pay* the Q3 taxes and *file* the tax returns" were "twin obligations that had already been placed on Flex by virtue of the passthrough nature of tax law"—not by the Tax Agreement. (*Id.* at 4 (emphasis in original).) If Plaintiffs were correct that Section 2.1 of the Tax Agreement solely addressed "which entity is legally liable for particular taxes incurred on income earned during a particular period" (*id.* at 24), that portion of the Agreement would have been unnecessary.

Second, Plaintiffs incorrectly assert that the Court of Chancery misapplied various canons of contract interpretation, including the specific-over-the-general canon, the canon against surplusage, and the unreasonable-results canon. (*Id.* at 25.) Plaintiffs are wrong.

As to the specific-over-the-general canon, Plaintiffs acknowledge that it applies "when two provisions *address the same subject and conflict with one another*." (*Id.* (collecting cases) (emphasis in original).) The thrust of Plaintiffs' argument on appeal is that there is no conflict because the Tax Agreement covers only the discrete question of "liability for taxes" but does not address inter-company payments to defray the cost of such liability, which is purportedly addressed solely by the Separation Agreement. (*Id.* at 26-27.) For the reasons above, that argument fails because it is based on an incomplete and cramped reading of the Tax Agreement, which by its plain terms, is broader than Plaintiffs contend.

Indeed, as the Chancellor correctly found, Section 2.6 of the Tax Agreement, which provides that the Tax Agreement supersedes any prior tax sharing or allocation "practices," only further supports that conclusion. (A983.) Plaintiffs' arguments to the contrary (OB at 27) do not hold water. They concede that Flex's past practice of causing the Yuma Entities to forward Nextracker LLC's tax distributions can, in fact, constitute a "practice" but argue that that practice of "routing funds to *cover* a tax liability" is not a "sharing" or "allocation" of such liability under Section 2.6. (*Id.* at 27.) That contorted framing ignores that the transmittal of funds belonging to the Yuma Entities, i.e., the quarterly distributions, *to* Flex is itself a sharing or allocation of responsibility for tax liability between then-Flex affiliates. By entering into the Tax Agreement, Flex took responsibility for Flex Group taxes solely upon itself—superseding any prior practice relating to the allocation of responsibility for those taxes.[8]

Plaintiffs' contention that "the Court of Chancery's interpretation of the Tax Agreement would render the Wrong-Pockets Provision of the Separation Agreement superfluous as to Flex Liabilities" (OB at 28) is also misplaced. Indeed, Plaintiffs expressly argue that "the Wrong-Pockets Provision covers payments regardless of purpose or subject matter." (*Id.* at 26.) In other words, that provision has many potential applications to payments outside the superseding scope of the Tax Agreement. The mere fact that the Court of Chancery concluded that the Tax Agreement controls the Wrong-Pockets Provision as to the *Q3 Distribution* does not

[8] Plaintiffs contend that the definition of "Tax" supports their position (*id.* at 27-28), but fail to explain how limiting Section 2.6 to the apportionment of legal liability to the government makes sense. Again, as Plaintiffs concede, *tax law* determines which entity owes liability for taxes. The Tax Agreement, by contrast, apportions economic responsibility for that liability, which is precisely what Flex's prior "practice" did. Moreover, Flex ignores the broader belt-and-suspenders language of Section 9.3, which unambiguously states that the Tax Agreement "supersedes all prior agreements and understandings . . . among the Parties with respect to the subject matter hereof." (A750 § 9.3.)

render that provision superfluous. If anything, Flex's reading of the Tax Agreement to cover only which entity has the formal, legal liability to pay the government for taxes (but not the *economic* responsibility for that liability) would render that entire agreement superfluous in light of the tax law.

Nor does the Court of Chancery's interpretation produce an "unreasonable" or "absurd" result. Plaintiffs argue that Flex would not have "deliberately allocated to itself substantial tax liability while foregoing the corresponding tax distribution for the final quarter before the spin-off." (*Id.* at 30.) But the reality is that it did. Flex was a sophisticated party with unilateral control over the drafting process of the parties' suite of agreements, given its majority control of Nextracker, and over the timing of the spin-off (A656 § 1.2(a)). Flex may regret its failure to ensure that it would receive the Q3 Distribution in the agreements *it* drafted and/or in deciding when to effect the spin-off. But that does not make the result unreasonable or absurd, much less render the Chancellor's interpretation of the unambiguous language in the Tax Agreement erroneous.

Third, Plaintiffs argue that the Court of Chancery improperly chose between two "reasonably conceivable" contract interpretations at the pleading stage. (OB at 30-31.) That criticism misses the mark. The Court of Chancery did not identify two reasonable readings and then pick one. Rather, it concluded, correctly, that the relevant language of the Tax Agreement was unambiguous and applied the plain language thereof to dismiss Plaintiffs' claims, consistent with Delaware law. (A974 (explaining that "[w]here language is unambiguous, courts 'will give effect to the plain meaning of the contract's terms and provisions'" (quoting *Manti Holdings*, 261 A.3d at 1208)); *see also* A968 (granting the motion to dismiss "based on the plain language of the suite of agreements").)

Flex's disagreement with the Court of Chancery's interpretation does not create any ambiguity. *See Manti Holdings*, 261 A.3d at 1208. As such, Plaintiffs' authority, which addresses instances in which contracts were ambiguous and susceptible to multiple reasonable interpretations, is inapposite. *See, e.g.*, *VLIW Tech., LLC v. Hewlett-Packard Co.*, 840 A.2d 606, 615 (Del. 2003) (reversing dismissal where "the provisions at issue in the Agreement [were] susceptible to more than one reasonable interpretation"); *LGM Holdings, LLC v. Schurder*, 340 A.3d 1134, 1137 (Del. 2025) (reversing dismissal where "the relevant provision . . . [was] ambiguous"); *BitGo Holdings, Inc. v. Galaxy Digit. Holdings, Ltd.*, 319 A.3d 310, 314 (Del. 2024) (same); *Terrell v. Kiromic Biopharma, Inc.*, 338 A.3d 1272, 1278 (Del. 2025) (same); *Payscale Inc. v. Norman*, 2026 WL 774876, at *5, *7 (Del. Mar. 19, 2026) (same).

For these reasons, this Court should affirm the Court of Chancery's determination that the Tax Agreement controlled over the Wrong-Pockets Provision of the Separation Agreement with respect to the Q3 Distribution and foreclosed Plaintiffs' claim.

3. <u>Flex Is Not Entitled to the Q3 Distribution as a Refund Under the Tax Agreement</u>.

In the alternative, Flex argues that it is entitled to the Q3 Distribution as a "Refund" under Section 2.5 of the Tax Agreement. (OB at 32.) That argument fails.

As an initial matter, Plaintiffs first raised this argument in response to Defendants' motion to dismiss. But "Delaware law does not permit plaintiffs to amend their complaint through briefing." *Parseghian ex rel. Gregory J. Parseghian Revocable Tr. v. Frequency Therapeutics, Inc.*, 2022 WL 2208899, at *11 n.82 (Del. Ch. June 21, 2022) (collecting cases). That alone is fatal to Plaintiffs' effort to rely on Section 2.5.

In any event, Plaintiffs' argument that Nextracker was required to remit the Q3 Distribution to Flex as a "Refund" also fails on the merits, as the Court of Chancery properly held. (A984.) "Refund" is defined in the Tax Agreement as "any refund, reimbursement, offset, credit, or other similar benefit in respect of Taxes." (A735 § 1.1(64).) Section 2.5(a) provides that "Flex shall be entitled to all Refunds related to Taxes the liability for which is allocated to Flex pursuant to this Agreement." (A738 § 2.5(a).) Section 2.5(b), in turn, provides that "[Yuma, Inc.] shall pay to Flex ***any Refund received by*** any member of the [Yuma, Inc.] Group, [Nextracker Inc.] or any Subsidiary of [Nextracker Inc.] that is allocable to Flex."

(A739 § 2.5(b) (emphasis added).) Read together, these provisions make clear that a "Refund" is a "reimbursement . . . or other similar ***benefit*** in respect of Taxes" that was "***received by***" any member of the Nextracker Group from an external source—including a government entity such as the IRS, as the Court of Chancery explained. (A984.)

The Q3 Distribution does not meet that criteria. Among other things, it was not in any way a "benefit" that was "received by" a member of the Nextracker Group: Before the Q3 Distribution, the Yuma Entities held certain assets directly and also held, indirectly through their Units, a proportionate share of the net assets of Nextracker LLC, including its cash. After the distribution, the value of those Units was reduced by the amount of the Yuma Entities' share of the Q3 Distribution, and the value of the assets the Yuma Entities held directly increased by a commensurate amount. In other words, the Q3 Distribution merely moved value from one form of asset to another among members of the Nextracker Group, with no net "benefit" at all to the value of the Yuma Entities' assets.

Contrary to Plaintiffs' contention, this conclusion does not render the terms "reimbursement" or "other similar benefit" superfluous. (OB at 34.) The mere fact that the definition of "Refund" included those terms to expand its meaning to encompass more than a traditional "refund" or an "offset" or "credit" does not mean that those terms necessarily encompassed the Q3 Distribution or lacked meaning entirely. To the extent a member of the Nextracker Group received from some source outside the group a conveyance of value that provided an actual "benefit"—unlike the Q3 Distribution—but was not a "refund," "offset," or "credit," that might very well constitute a Refund. That does not mean the Q3 Distribution qualifies.

For the foregoing reasons, this Court should affirm the Court of Chancery's ruling that Plaintiffs have failed to state a claim for breach of contract.

II. THE COURT OF CHANCERY PROPERLY DISMISSED PLAINTIFFS' MISTAKE CLAIM

A. Questions Presented

Whether the Court of Chancery properly dismissed Plaintiffs' mistake claim for failure to plead any particularized allegations evidencing that the Separation Agreement was the result of a mistake. A842-A848; A945-A948.

B. Scope of Review

A lower court's granting of a motion to dismiss for failure to plead particularized allegations is reviewed *de novo*. *See Greenfield ex rel. Ford v. Miles*, 211 A.3d 1087, 1096 (Del. 2019).

C. Merits of Argument

The Court of Chancery properly dismissed Plaintiffs' mistake claim on the grounds that the Complaint failed to plead any particularized allegations reflecting that the Separation Agreement was the product of a mistake. For a mistake claim to be pleaded with "particularity" it must "allege the circumstances [of the mistake] with detail sufficient to apprise the defendant of the basis for the claim," including the "time, place, and contents of the [mistake]." *Murphy v. Spinoso*, 2026 WL 775310, at *11 (Del. Ch. Mar. 19, 2026). Plaintiffs advance two theories in support of their reformation claim—mutual mistake and unilateral mistake. Both fail.

To establish mutual mistake, Plaintiffs "must show that both parties were mistaken as to a material portion of the written agreement." *Cerberus Int'l, Ltd. v.*

Apollo Mgmt., L.P., 794 A.2d 1141, 1151 (Del. 2002). To succeed on this theory, the Court "would have to find that the parties agreed" to and "sought to capture" Plaintiffs' proposal, but then "utterly failed" to memorialize it in their final written agreement. *Valhalla P'rs II, L.P. v. Vistar Media, Inc.*, 2024 WL 5039563, at *21 (Del. Ch. Dec. 9, 2024), *aff'd*, 2025 WL 2814427 (Del. Oct. 3, 2025). In the case of unilateral mistake, "[t]he party asserting th[e] doctrine must show that it was mistaken and that the other party knew of the mistake but remained silent." *Cerberus*, 794 A.2d at 1151.

Regardless of which doctrine is invoked, "the plaintiff must show by clear and convincing evidence that the parties came to a specific prior understanding that differed materially from the written agreement." *Id.* at 1151-52. Plaintiffs attempt to lower their pleading burden by arguing they need only show that their mistake claim is "reasonably conceivable." (OB at 36.) That standard does not absolve Plaintiffs from complying with Court of Chancery Rule 9(b), which requires a plaintiff to "allege particularized facts concerning the circumstances of a mutual mistake from which it is reasonably conceivable that [the] plaintiff would be able to establish each of these elements by clear and convincing evidence." *Obsidian Fin. Grp., LLC v. Identity Theft Guard Sols., Inc.*, 2021 WL 1578201, at *10 n.91 (Del. Ch. Apr. 22, 2021) (internal quotations and citation omitted). "Unless there was a clear understanding with which the formal contract conflicts, there is . . . no comparative standard upon which to base a reformation, and the contract as executed must stand." *Hartfield, Titus & Donnelly, LLC v. MarketAxess Holdings, Inc.*, 2025 WL 2057976, at *12 (Del. Ch. July 23, 2025). Moreover, "[t]o prevent parties from abusing this path to contract reformation, a heavy presumption exists that a deliberately prepared and executed written instrument manifest[s] the true intention of the parties." *Newport Disc, Inc. v. Newport Elecs., Inc.*, 2013 WL 5797350, at *6 (Del. Super. Ct. Oct. 7, 2013). As a result, the mistake doctrine "must be applied narrowly so as to ensure to contracting parties that in only limited circumstances will the court look beyond the four corners of a negotiated contract." *Interactive Corp. v. Vivendi Universal, S.A.*, 2004 WL 1572932, at *15 (Del. Ch. June 30, 2004). Plaintiffs cannot overcome this heavy presumption.

First, Plaintiffs pled their mistake claim in the alternative in the event the Court of Chancery concluded that the Q3 Distribution was not a "payment or reimbursement" under the Wrong-Pockets Provision of the Separation Agreement. (A35 ¶ 121; *see also* A986.) Yet, the Court of Chancery *agreed* with Plaintiffs' pleading-stage interpretation of the Wrong-Pockets Provision and held that Plaintiffs *would have been* entitled to the Q3 Distribution under that provision but for the Tax Agreement. (A975-A980; A984; *see also* OB at 39 (stating that the Court of Chancery held that the "Wrong-Pockets Provision unambiguously applied to the Q3 Tax Distribution").) On that basis alone, Plaintiffs' "alternative" mistake claim necessarily fails by its terms. There can be no "mistake" in the *Separation Agreement* that requires reformation when the Court of Chancery adopted Plaintiffs' interpretation of that Agreement. (*See* A948 at 7-10 (Plaintiffs' counsel explaining that reformation would require "something like comma including cash distributions initial caps, into either the wrong pockets provision or the retained assets provision" of the Separation Agreement").)[9]

Second, the mistake claim fails for the independent reason that Plaintiffs fail to allege *at all*, much less with particularity, that the parties had any specific prior understanding about Plaintiffs' right to receive quarterly distributions after the spin-off. That is fatal to their claim—under either a mutual or unilateral mistake theory. *AECOM v. SCCI Nat'l Holdings, Inc.*, 2023 WL 6294985, at *7-8 (Del. Ch. Sept. 27, 2023). For this reason, Plaintiffs' assertion that the Court of Chancery failed to consider their unilateral mistake theory is meritless. (OB at 36, 41.)

Plaintiffs do not (and cannot) identify any prior agreement between the parties that is absent from the Separation Agreement. All Plaintiffs can muster is the parties' so-called "historical course of performance" through which "Nextracker LLC made tax distributions to the Yuma Entities" and "Flex caused the funds to transfer to Flex

[9] To the extent Plaintiffs now suggest that the mistake is in the Tax Agreement (*see* OB at 40), that claim is absent from the Complaint and was not raised below, and is thus waived. *See IAC Search, LLC v. Conversant LLC*, 2017 WL 3500244, at *1 (Del. Ch. Jan. 13, 2017).

USA" prior to the spin-off. (*Id.* at 38.) Even assuming such conduct could constitute a prior agreement (it does not), there was no course of performance *between* the relevant parties here. On the contrary, Nextracker acted in accordance with a separate agreement—the LLCA—by making quarterly distributions to the Yuma Entities as Common Members of Nextracker LLC. (A278 § 5.01(b).) Before the spin-off, Plaintiffs may have exercised their control of the Yuma Entities to cause them to send distributions up the corporate chain to Flex, but that does not evidence a prior understanding with *Nextracker* about what would happen if a distribution were paid after Flex effected the spin-off of the Yuma Entities to Nextracker.

Indeed, to the extent the supposed prior course of performance was at all relevant, Nextracker continued to act in accordance with it following the spin-off by paying the Q3 Distribution *to the Yuma Entities*. (A18-19 ¶ 53.) The only thing that changed was that Flex no longer owned any interest in the Yuma Entities and could no longer cause them to remit the Q3 Distribution to Flex. Tellingly, Plaintiffs point to no authority suggesting that Flex's intra-corporate actions can constitute a prior definite agreement between it and Nextracker, because there is none. *See BAE Sys. N. Am. Inc. v. Lockheed Martin Corp.*, 2004 WL 1739522, at *6 (Del. Ch. Aug. 3, 2004) (dismissing reformation claim where "there is a distinct shortfall in the allegations as to which individuals came to the specific prior agreement, the terms of the specific prior agreement, at what point the mistake was introduced, or any negotiating history”).

Contrary to Plaintiffs’ contention, Flex’s “belief” that it would have received the Q3 Distribution after the spin-off (OB at 39-40) is irrelevant. “Allegations about a party’s general understanding [are] insufficient” to plead a mistake claim. *Murphy*, 2026 WL 775310, at *10 (internal quotations omitted); *see also Frontline Techs. Parent, LLC v. Murphy*, 2023 WL 5424802, at *5 (Del. Ch. Aug. 23, 2023) (“The plaintiffs’ theory is that when entering into the Equity Agreements, they believed the defendants would be restricted from competing with Frontline. The problem for the plaintiffs is that they agreed to a contract stating otherwise.”), *judgment entered*, (Del. Ch. 2023).

Moreover, insofar as Plaintiffs argue that the parties had a previous understanding because Nextracker understood that there was a “link between the tax liability and the associated tax distribution” (OB at 38-39), that too fails.[10] Even if true, Nextracker’s understanding of the connection between the distribution and tax liability says nothing about whether there was an agreement between Nextracker and

[10] Defendants do not dispute that a party may rely on parol evidence to establish mistake (*id.* at 39 n.4); however, as Plaintiffs’ own authority makes clear, such evidence “may not be used to interpret clear and unambiguous contractual language to support enforcement of a contrary interpretation of a contract.” *James River-Pennington Inc. v. CRSS Cap., Inc.*, 1995 WL 106554, at *8 (Del. Ch. Mar. 6, 1995).

Flex to convey any distributions to Flex following the spin-off. *See Hartfield, Titus & Donnelly*, 2025 WL 2057976, at *14 ("Instead of showing that the parties reached a prior understanding about a particular deal term, HTD's arguments at most suggest that if the parties had thought to prorate the Cash Top-Up Threshold, they might have agreed to do so."); *see also Fortis Advisors LLC v. Johnson & Johnson*, 2021 WL 5893997, at *19 (Del. Ch. Dec. 13, 2021) (dismissal of reformation claim required when complaint did not allege "antecedent agreement, which the written instrument attempts to express").[11]

Finally, Plaintiffs argue that Nextracker's January 9, 2024 email to Flex explaining that it was not entitled to the Q3 Distribution is evidence of a "mistake." (OB at 40-41.) Not so. Based on their own say-so, Plaintiffs contend that there are only "two reasonable conclusions or inferences" from that email: that Nextracker was similarly mistaken about the Separation Agreement's Wrong-Pockets Provision, or that it was not mistaken but remained silent until after the spin-off. (*Id.*) Of

[11] For the same reasons, Plaintiffs' reliance on *Kingfishers L.P. v. Finesse US, Inc.*, 2024 WL 4625650 (Del. Ch. Oct. 30, 2024), and *James River-Pennington Inc. v. CRSS Cap., Inc.*, 1995 WL 106554 (Del. Ch. Mar. 6, 1995), is misplaced. In both cases, the plaintiff alleged particularized details regarding the prior understanding, including who entered into the agreement and what the agreement was. *See Kingfishers L.P.*, 2024 WL 4625650, at *5 (alleging that defendant's CEO made repeated representations that plaintiffs would receive a 70% discount and a valuation cap consistent with prior investments at a September 8, 2021 meeting); *James River-Pennington Inc.*, 1995 WL 106554, at *9 (alleging that counterclaim-defendant "affirmatively represent[ed] the Call valuation would be equal to fair market value and it would only exercise the Call in two limited circumstances").

course, Plaintiffs ignore the most plausible third option, which is that there was no mistake regarding the Separation Agreement *at all*. At most, Nextracker's email reflects the parties' disagreement over the interpretation of contractual language—nothing more.

Accordingly, this Court should affirm the Court of Chancery's ruling that Plaintiffs have failed to plead a claim of mistake.

III. THE COURT OF CHANCERY PROPERLY DISMISSED PLAINTIFFS' UNJUST ENRICHMENT CLAIM

A. Questions Presented

Whether the Court of Chancery properly dismissed Plaintiffs' unjust enrichment claim because Defendants had a clear justification to retain the Q3 Distribution under the LLCA and Tax Agreement. A848-A855; A948-A950.

B. Scope of Review

An order granting a motion to dismiss is reviewed *de novo* on appeal. *See Nemec v. Shrader*, 991 A.2d 1120, 1125 (Del. 2010).

C. Merits of Argument

The Court of Chancery properly dismissed Plaintiffs' unjust enrichment claim because Nextracker was clearly justified in paying the Q3 Distribution to the Yuma Entities under the LLCA and Tax Agreement. Plaintiffs claim that the Court of Chancery's holding constituted "error," but fail to provide any reasons supporting that assertion beyond simply rehashing their mistaken contractual arguments under the Tax Agreement. (OB at 43.) For the reasons discussed above and before the Court of Chancery, those arguments fail.

The Court of Chancery correctly held that the Section 5.01(b) of the LLCA provides that Nextracker LLC make tax distributions to its members—here, the Yuma Entities. (A988.) And Flex allocated pre-spin-off tax liabilities to itself under the Tax Agreement. (*Id.*; *see also* A983.) Nextracker had no obligation to (and indeed, could not) pay the Q3 Distribution to Plaintiffs. If Plaintiffs wanted a different outcome, the time to seek that was at the time of drafting, not years later when they are unhappy with the result. As this Court has made clear, "parties have a right to enter into good and bad contracts," and "the law enforces both." *Glaxo Gp. Ltd. v. DRIT LP*, 248 A.3d 911, 919 (Del. 2021) (cleaned up) (explaining that "[h]olding sophisticated contracting parties to their agreement promotes certainty and predictability in commercial transactions").

Regardless, Plaintiffs' claim in the alternative for unjust enrichment must be dismissed because Plaintiffs concede that the parties' contractual scheme governs their right to the Q3 Distribution. Although Plaintiffs challenge the Court of Chancery's conclusion that the Tax Agreement precludes their breach of contract claim under the Separation Agreement, they do not dispute that those agreements are "express, enforceable contract[s] that control[] the parties' relationship" on this issue. *Bakerman v. Sidney Frank Importing Co.*, 2006 WL 3927242, at *18 (Del. Ch. Oct. 10, 2006); *see also BAE Sys. Info. & Elec. Sys. Integration, Inc. v. Lockheed Martin Corp.*, 2009 WL 264088, at *8 (Del. Ch. Feb. 3, 2009) (plaintiffs cannot "use an unjust enrichment theory to rewrite a comprehensive contract governing the entirety of the parties' relevant relationship after finding disappointment in the resulting agreement"). Indeed, Plaintiffs specifically allege that the Separation Agreement "governed the separation of the Nextracker business from the Flex business," including the Yuma Entities' obtainment of ownership interest in Nextracker LLC. (A10 ¶ 24; A11 ¶ 26.)

Nor do Plaintiffs question the Chancellor's determination that, absent the Tax Agreement, the Separation Agreement *did* grant Plaintiffs entitlement to the Q3 Distribution. (A975-A980; *see also* OB at 39 (stating that the Court of Chancery held that the "Wrong-Pockets Provision unambiguously applied to the Q3 Tax Distribution"), 19 n.2 ("Because the Court of Chancery held that the Separation Agreement unambiguously applied to the Q3 Tax Distribution, Flex is not appealing the court's ruling on Flex's gap-filling implied covenant claim.").)[12] And Plaintiffs now argue in this appeal that Section 2.5 of the Tax Agreement also entitles them to the Q3 Distribution. (OB at 32-35.) Thus, this case is unlike *Narrowstep, Inc. v. Onstream Media Corp.*, 2010 WL 5422405, at *16 (Del. Ch. Dec. 22, 2010), where

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[12] Even if the Court of Chancery disagreed with Plaintiffs' interpretation of the Separation Agreement, their unjust enrichment claim would still fail because Plaintiffs have not "identified any factual basis for [their] unjust enrichment claim independent of the allegations relating to [their] breach of contract claim." *Doberstein v. G-P Indus., Inc.*, 2015 WL 6606484, at *6 (Del. Ch. Oct. 30, 2015). Plaintiffs "cannot seek recovery under a theory of unjust enrichment to circumvent an inadequate breach-of-contract claim." *Hassanein v. NTO Fund I, LLC*, 2026 WL 206873, at *6 (Del. Ch. Jan. 27, 2026) (internal quotations omitted).

it was "unclear" whether the contract "comprehensively govern[ed]" the parties' relationship with respect to ownership rights.[13]

Accordingly, this Court should affirm dismissal of Plaintiffs' unjust enrichment claim.

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[13] *Narrowstep* is distinguishable for the additional reason that the court found that dismissal of the unjust enrichment claim would be particularly inappropriate because the plaintiff's fraud and unjust enrichment claims were interrelated as to the court's determination of an appropriate remedy. *Id.* at *17. No such fraud claims are brought here.

CONCLUSION

For the foregoing reasons, the judgment of the Court of Chancery should be affirmed.

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