



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

BENJAMIN SEREBRIN and JOSHUA)
RUBIN, individually and on behalf of all other)
similarly situated former holders of capital)
stock of Groq, Inc.,)

Plaintiffs,)

v.)

JONATHAN ROSS, ALEXANDER J. DAVIS,)
JOHN YETIMOGLU, STEVEN TRIEU,)
SAMIR MENON, ANDREW RAPPAPORT,)
YOUNGME MOON, SUNDEEP MADRA,)
and GROQ, LLC (as successor by conversion)
to Groq, Inc.),)

Defendants.)

C.A. No. 2026-1291-LWW

**PUBLIC [REDACTED]
VERSION AS FILED
ON OCTOBER 2, 2026**

**VERIFIED STOCKHOLDER
CLASS ACTION AND DERIVATIVE COMPLAINT**

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INTRODUCTION

1. This action challenges the “reverse acqui-hire” of Groq, Inc. (“Groq” or the “Company”) by NVIDIA Corporation (“NVIDIA”).

2. Groq’s board of directors (the “Board”) sold the Company to NVIDIA without the stockholder vote Delaware law requires and without any process designed to test or maximize the value of what NVIDIA bought. A majority of the Board was conflicted. It handed NVIDIA Groq’s valuable technology and the engineers who built Groq, took billions of dollars in benefits for itself, senior management, and affiliated funds that it did not share with Groq’s other stockholders, and then squeezed out those stockholders at a lowball price it set itself. Eight weeks later, those same fiduciaries priced the same enterprise at more than █ times that price. These actions are flagrant breaches of fiduciary duty.

3. In a reverse acqui-hire, the buyer avoids a merger and stockholder vote, and instead pays for employees and licenses. The reverse acqui-hire strips the company’s most valuable assets, and leaves the target with stub assets and debt, a nominally intact corporate shell with potential tax, antitrust, and other regulatory problems.¹ The stub entity either reinvents itself or becomes a corporate zombie.

¹ In a forward “acqui-hire,” a technology company uses a merger or other established acquisition structure to hire all or most of a startup’s employees and take control of the startup’s technology so the hired employees can develop it for the buyer. But that approach requires process, votes, and potentially antitrust and regulatory clearance. Most important, it is governed by merger statutes and developed case law.

4. The reverse acqui-hire structure has the potential to solve a buyer's legitimate business concerns. But that did not happen here. Instead, a conflicted target board abused the reverse acqui-hire structure, failed to satisfy its fiduciary duties, and engaged in a multi-part transaction that blatantly violated Delaware law.

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5. By fall 2025, NVIDIA dominated the market for the graphics processing unit chips ("GPUs") used for AI inference (defined in detail below). NVIDIA suddenly faced a material competitive threat from Groq, which released a word-by-word language processing unit chip ("LPU") that allowed AI platforms to process information as much as ten times faster than NVIDIA's GPUs. Several of NVIDIA's customers, including AI-platform behemoth OpenAI, considered switching their AI-inference chip partnerships to Groq. Market observers recognized Groq's rapid rise, and described Groq's LPU as the "answer" to NVIDIA's GPU, a challenger that could even "depose NVIDIA from its AI throne."²

6. NVIDIA chose to eliminate that threat, not by formally acquiring Groq, but by "acquiring" Groq in substance with a reverse acqui-hire. A stock or asset acquisition was unattractive because, given NVIDIA's market share, a Groq merger

² Erik van Klinken, *Will Groq depose Nvidia from its AI throne with the LPU?*, TECHZINE, (Mar. 5, 2024), <https://www.techzine.eu/blogs/infrastructure/117260/will-groq-depose-nvidia-from-its-ai-throne-with-the-lpu/>.

would have faced serious antitrust scrutiny.³ Instead, NVIDIA licensed Groq’s LPU technology and hired nearly all of Groq’s engineers, so that NVIDIA, not Groq, could develop the technology.

7. As detailed below, between December 2025 and August 2026 NVIDIA committed approximately \$20 billion to acquire Groq in everything but name, without the stockholder vote required by 8 *Del. C.* § 271 and without any process designed to test or maximize the value of what it bought.

8. The fiduciary duties that require value maximization in a formal change of control stock acquisition apply equally to this asset stripping. NVIDIA took

³ Reverse acqui-hires have drawn criticism from a wide range of commentators, principally as potential “killer acquisitions” with anticompetitive effects. *See, e.g.*, Colleen Cunningham, Florian Ederer & Song Ma, *Killer Acquisitions*, 129 J. POL. ECON. 649, 649 (2021) (incumbents “may acquire innovative targets solely to discontinue the target’s innovation projects and preempt future competition,” and such deals “disproportionately occur just below thresholds for antitrust scrutiny”); Brian J. Broughman, Matthew T. Wansley & Samuel N. Weinstein, *No Exit*, 100 N.Y.U. L. REV. 1481, 1486, 1543 (2025) (“A reverse acquihire is an acquisition in substance but not form.”); *id.* at 1546 (the structure was used “as an end run around the antitrust laws”); Nina Fridman, Comment, *When a Mass Resignation Becomes a Merger: Rethinking Asset Acquisitions for the AI Era*, 93 U. CHI. L. REV. 999, 1002, 1012-13 (2026) (the license fee is “really a means to pay off” the target’s venture capitalists, and “[t]he deals have all targeted successful companies, not failing ones”); *id.* at 1030 (AI licenses “range from \$500,000 to \$50 million annually”); David T. Wong, Comment, *An Acquisition by Another Name: Reverse Acqui-hires Under the Clayton Act*, 135 YALE L.J. 3175, 3181, 3185 (2026) (the structure “skirt[s] existing merger and acquisition restrictions”; cataloguing NVIDIA’s December 2025 \$20 billion agreement with Groq); Heski Bar-Isaac, Justin P. Johnson & Volker Nocke, *Acquihiring for Monopsony Power*, 71 Mgmt. Sci. 3485 (2024) (modeling monopsony power over technical talent); Cyrus P. Olsen, *Reverse Acqui-hire as Governance Failure in AI M&A* (working paper 2026) (a “governance-structure failure” producing “stranded startups”).

Groq’s most valuable assets — its intellectual property, technology talent, and business opportunities — left Groq’s stockholders with unfair value, and then coercively squeezed them out entirely.

9. The \$20 billion cost of Groq’s technology and engineering organization sets a floor on the value of the business, because that price did not reflect the additional antitrust risk, indemnity exposure, and reputational cost of NVIDIA dismantling a company it could not lawfully buy. In other words, a buyer acquiring Groq by merger would have delivered at least the same consideration to every stockholder, without an entity-level tax. A process led by a non-conflicted board and designed to find such a buyer would have produced at least as much for the Class. But the Board here never ran a process.

10. NVIDIA allocated \$17 billion to a license it labeled “non-exclusive,” set aside an additional \$3 billion of NVIDIA restricted stock units (“RSUs”) for the Groq employees who moved with the technology, and positioned the investment funds that designated Groq Board members to enjoy windfall returns from the later squeeze-out. A Board majority was conflicted as a result.

11. The Board’s conflicted choice cost Groq’s stockholders billions of dollars. The Board directed to itself, to senior management, and to its affiliated funds benefits far exceeding the [REDACTED] per share (about [REDACTED] in the aggregate) paid out to everyone else. Importantly, because the consideration was

license income, it was taxed at the corporate level and taxed again when distributed, a double-tax burden the stockholders would not have borne had NVIDIA simply merged with Groq.

12. Each of: (i) the license NVIDIA received on December 24, 2025 (the “License”), (ii) the release of claims permitting NVIDIA to solicit Groq’s employees (the “Release”), (iii) the December 31, 2025 cancellation of all outstanding options, (iv) the four cash distributions that followed (the “Redemptions”), (v) the June 22, 2026 conversion of Groq into Groq, LLC (the “Conversion”), (vi) the \$650 million financing of the converted entity (the “June Financing”), and (vii) the \$350 million financing that closed in August 2026 (the “August Financing”) (together, the “Transaction”) were steps of one integrated plan the Board and NVIDIA set in motion on Christmas Eve 2025 and the Board formally adopted on February 2, 2026, and must be evaluated as a whole.

13. NVIDIA received a [REDACTED]
[REDACTED]
[REDACTED] and a release permitting it to solicit substantially all of Groq’s employees. The transaction left Groq with cash, liabilities, and no semiconductor business. The Transaction thus transferred both control of Groq and substantially all of its assets, nearly all of the Company’s value, and practically all of its revenue-generating capacity to NVIDIA, without a stockholder vote.

14. The Class received [REDACTED] per as-converted share, but that figure was not a price any buyer paid for the Class's equity. Instead, it was a liquidating distribution of the Company's after-tax License proceeds. Groq's own disclosure treated the Conversion as a complete liquidation for federal income tax purposes.

15. The Board valued everything that remained at [REDACTED] for purposes of the liquidation and Conversion. It reached that wildly understated figure by a net-cash calculation that assigned [REDACTED]

[REDACTED]

[REDACTED]

16. The same fiduciaries who effected the Conversion then invested \$650 million of new money just eight weeks later followed by another capital infusion (including direct cash from NVIDIA) that valued Groq, LLC at \$3.5 billion. In other words, Groq's fiduciaries not only handed NVIDIA nearly all of the Company's value in a transaction in which a majority of the Board was conflicted, and made no attempt to test the market for that value, but they coercively fixed the price at which the stockholders left behind were cashed out.

17. No Delaware decision has directly addressed the question this case raises: whether a board may use a reverse acqui-hire to disregard its statutory and fiduciary duties and permit the buyer to co-opt a majority of the board through side

benefits. Applying “well-worn fiduciary principles” to one of the corporate world’s latest transactional frontiers, the answer is no.

18. Although the factual setting of this question is new, its legal substance is not. For decades, this Court has considered disputes about sales of significant business lines or divisions, and has applied well-established doctrines in such cases, including statutes and case law such as Section 271 of the Delaware General Corporation Law (“DGCL”) and the teachings of *Revlon* and its progeny. The “reverse acqui-hire” is innovative, as were the de-SPAC structures in *MultiPlan*. But new, innovative transactions are still governed by Delaware law. New structures must comply with the law, just like old ones. Fortunately, drawing the line is easy in this case.

19. Plaintiffs bring this action on behalf of all holders of Groq capital stock, other than those who received NVIDIA employment in connection with the reverse acqui-hire and the funds that rolled their holdings into Groq’s subsequent financings. The Class includes former employee stockholders, employee stockholders NVIDIA did not hire, and outside investors holding directly or through special purpose vehicles, each of whom received only the inadequate [REDACTED] per original as-converted share consideration.

20. Plaintiffs seek damages measured by the difference between the fair value of the Class’s equity and what the Class actually received; disgorgement of

the differential benefits Defendants and the Conflicted Funds (as defined below) retained; a constructive trust over the undistributed portion of the [REDACTED] percent Unit reserve and the penny warrants (also discussed below); and a declaration that entire fairness governs, with the burden on Defendants. Because Defendants sold control of Groq, and sold substantially all of Groq's assets, without a vote or adequate process, Plaintiffs are entitled at minimum to a determination as to whether [REDACTED] per original as-converted share was fair.

PARTIES

A. Plaintiffs

21. Plaintiff Benjamin Serebrin ("Serebrin") was a Principal Software Engineer at Groq. Serebrin held Groq capital stock of record continuously from before the transactions challenged herein through the effective time of the Conversion on June 22, 2026. He did not consent to, vote in favor of, or approve the Conversion, made no Investment Election, received no NVIDIA employment offer and no NVIDIA compensation in connection with the Transaction, and has accepted no post-conversion consideration in any manner that waives his rights. Like all other stockholders, he never voted to approve the sale, lease or exchange of all or substantially all Groq's assets.

22. Serebrin served a sworn demand for inspection of books and records under 8 *Del. C.* § 220 on June 8, 2026, and no books and records have been produced in response to that demand.

23. Plaintiff Joshua Rubin (“Rubin”) was a member of Groq’s engineering staff. Rubin held Groq capital stock of record continuously from before the transactions challenged herein through the effective time of the Conversion on June 22, 2026. He did not consent to, vote in favor of, or approve the Conversion, made no Investment Election, received no NVIDIA employment offer and no NVIDIA compensation in connection with the Transaction, and has accepted no post-conversion consideration in any manner that waives his rights. Like all other stockholders, he never voted to approve the sale, lease or exchange of all or substantially all Groq’s assets.

B. The Director Defendants

24. Groq’s Board had eight authorized director seats at the times of the challenged decisions, seven of which were filled. Every director identified below was interested in the challenged transactions. Groq itself has admitted as much: Groq’s notice to stockholders under 8 *Del. C.* §§ 228(e) and 262(d)(2) (the “Notice”) attached as Exhibit B a written consent (the “Written Consent”) containing a section captioned “FINANCIAL INTERESTS OF DIRECTORS AND

OFFICERS,” which discloses the financial interest of each director and officer identified in this Complaint, and there are many.

25. Jonathan Ross (“Ross”) was Groq’s founder and, through December 24, 2025, its Chief Executive Officer and a member of the Board. Ross conducted the negotiations with NVIDIA and participated in the Board’s approval of the License and the Release. While he was negotiating on Groq’s behalf, NVIDIA had offered him employment, and he was eligible to receive NVIDIA compensation in connection with the License. He left Groq for NVIDIA, became its Chief Software Architect, and received NVIDIA equity compensation out of the \$3 billion restricted stock unit commitment.

26. Alexander J. Davis (“Davis”) was Chairman of the Board at all relevant times. Davis participated in the Board’s approval of the License, the Release, the option cancellation, the Plan, the Conversion, and the June Financing. Davis is the principal of Disruptive Technology Solutions LVII, LLC (“Disruptive”), which designated him to the Board and which holds a manager seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the Amended and Restated Limited Liability Company Agreement of Groq, LLC (the “LLC Operating Agreement”). He was financially interested in Disruptive, and Disruptive was financially interested in the Conversion, the Financing, and the NVIDIA Transaction. Disruptive led Groq’s approximately \$750 million September 2025

financing round, backstopped fifty percent of the June Financing and received a warrant exercisable at [REDACTED] per Unit for [REDACTED] percent of the Units it purchased, and led the August Financing at the implied \$3.5 billion post-money valuation.

27. John Yetimoglu (“Yetimoglu”) was a member of the Board at all relevant times. Yetimoglu participated in the Board’s approval of the License, the Release, the option cancellation, the Plan, the Conversion, and the June Financing. He was designated to the Board by Infinitum Cayman Master, Ltd. (“Infinitum”), which holds a manager seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement. He was financially interested in Infinitum, and Infinitum was financially interested in the Conversion, the Financing, and the NVIDIA Transaction. Infinitum backstopped fifty percent of the June Financing and received a warrant exercisable at [REDACTED] per Unit for [REDACTED] percent of the Units it purchased.

28. Steven Trieu (“Trieu”) was a member of the Board at all relevant times. Trieu participated in the Board’s approval of the License, the Release, the option cancellation, the Plan, the Conversion, and the June Financing. He was designated to the Board by The Social+Capital Partnership III, L.P. (“Social Capital”), which holds a manager seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement. He was an officer, director, or partner of Social Capital and had a financial interest in it, and Social Capital had a financial

interest in the NVIDIA Transaction. Social Capital took cash in the Redemptions at the transaction valuation and obtained a guaranteed manager seat in the surviving entity.

29. Samir Menon (“Menon”) was a member of the Board at all relevant times. Menon participated in the Board’s approval of the License, the Release, the option cancellation, the Plan, the Conversion, and the June Financing. He was designated to the Board by BlackRock Private Investments Fund (“BlackRock”), which holds a manager seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement. He was an officer, director, or partner of BlackRock and had a financial interest in it, and BlackRock had a financial interest in the Conversion, the Financing, and the NVIDIA Transaction. BlackRock took cash in the Redemptions at the transaction valuation and obtained a guaranteed manager seat in the surviving entity.

30. Andrew Rappaport (“Rappaport”) was a member of the Board at all relevant times. Rappaport participated in the Board’s approval of the License, the Release, the option cancellation, the Plan, the Conversion, and the June Financing. He was financially interested in the NVIDIA Transaction, as were Ross, Madra, and Groq officers Simon Edwards, Claire Hart, and Allison Hopkins.

31. Youngme Moon (“Moon”) was a member of the Board at all relevant times. Moon participated in the Board’s approval of the License, the Release, the

option cancellation, the Plan, the Conversion, and the June Financing. She was financially interested in the NVIDIA Transaction.

32. No presumption of independence is available to these directors. Groq was private, so there is no exchange-independence determination to fall back upon, and the disabling interests are apparent on the face of Groq's own disclosures.

33. Four of the seven filled seats were held by designees of the four investment funds described below, each of whom owed a competing duty of loyalty to a fund that stood to benefit from the challenged transactions in ways the Class did not. A majority of the directors actually serving was therefore conflicted.

34. Directors whose own unvested equity was accelerated on December 31, 2025 were interested in that decision as well. As described below, one week after the License closed, the Board cancelled all outstanding options under Groq's 2016 Equity Incentive Plan. In the same action, the Board accelerated approximately [REDACTED] shares of double-trigger vesting for "certain officers and directors" and waived the one-year vesting cliff on approximately [REDACTED] more. The directors who received those benefits thus voted to cancel every other holder's options at the [REDACTED] basis while accelerating their own.

35. No disclosed document shows that any Director Defendant recused himself or herself from any challenged decision, that a disinterested committee

negotiated in his or her place, or that separate counsel or financial advisors protected the stockholders who received no NVIDIA employment.

C. The Officer Defendant

36. Sundeep (“Sunny”) Madra (“Madra”) was Groq’s President and Chief Operating Officer through December 24, 2025. Madra conducted the negotiations with NVIDIA on Groq’s behalf, and Ross has credited him with executing the NVIDIA Transaction. Madra had a financial interest in the NVIDIA Transaction. Madra obtained NVIDIA employment as a Vice President of Hardware in connection with the License and was eligible for NVIDIA compensation.

D. Non-Party NVIDIA and the Conflicted Funds

37. NVIDIA is a Delaware corporation that describes itself as a “data center scale AI infrastructure company reshaping all industries.” NVIDIA is known for the technology stack that runs on its proprietary GPUs, which are used for artificial intelligence model training and inference. NVIDIA’s GPUs train the major large language models. NVIDIA enjoys a near monopoly over AI training chips, a market dominance which has made it the most valuable corporation in the world. NVIDIA is the counterparty to the License Agreement and the Transition Services Agreement and is not named as a defendant in this action.

38. Disruptive is a Delaware limited liability company. It held Groq capital stock at all relevant times. Its designee on the Board was Davis. It was financially

interested in the Conversion, the Financing, and the NVIDIA Transaction. Disruptive led Groq's approximately \$750 million September 2025 financing round, took cash in the Redemptions at the transaction valuation, backstopped fifty percent of any shortfall in the June Financing and received a warrant exercisable at [REDACTED] per Unit for [REDACTED] percent of the Units it purchased, holds a contractually guaranteed seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement, and led the August Financing.

39. Infinitum is a Cayman Islands exempted company. It held Groq capital stock at all relevant times. Its designee on the Board was Yetimoglu. It was financially interested in the Conversion, the Financing, and the NVIDIA Transaction. Infinitum took cash in the Redemptions at the transaction valuation, backstopped fifty percent of any shortfall in the June Financing and received a warrant exercisable at [REDACTED] per Unit for [REDACTED] percent of the Units it purchased, and holds a contractually guaranteed seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement.

40. Social Capital is a Cayman Islands limited partnership. It held Groq capital stock at all relevant times. Its designee on the Board was Trieu. It was financially interested in the Conversion, the Financing, and the NVIDIA Transaction. Social Capital took cash in the Redemptions at the transaction

valuation and holds a contractually guaranteed seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement.

41. BlackRock is a Delaware statutory trust. It held Groq capital stock at all relevant times. Its designee on the Board was Menon. It was financially interested in the Conversion, the Financing, and the NVIDIA Transaction. BlackRock took cash in the Redemptions at the transaction valuation and holds a contractually guaranteed seat on the Board of Managers of Groq, LLC under Section 6.1(a)(ii) of the LLC Operating Agreement.

42. Disruptive, Infinitum, Social Capital, and BlackRock are referred to collectively as the “Conflicted Funds.” The Conflicted Funds are not named as defendants in this action.

43. Plaintiffs reserve the right to add additional parties, including the Conflicted Funds, following discovery.

E. Successor Defendant

44. Defendant Groq, LLC is a Delaware limited liability company and is, “for all purposes of the laws of the State of Delaware, ... deemed to be the same entity as the corporation” Groq, Inc., pursuant to 8 *Del. C.* § 266(h).

45. By operation of law and by the express terms of the Plan of Conversion, Groq, LLC succeeded to all obligations and liabilities of Groq, Inc., and the Conversion “will not affect any obligations or liabilities of the Company incurred

prior to the Conversion or the personal liability of any person incurred prior to the Conversion.” Groq, LLC is named as the party liable for all pre-conversion obligations and as the entity to which recovery is paid to the extent any claims are characterized as derivative.

JURISDICTION AND VENUE

46. This Court has subject matter jurisdiction pursuant to 10 *Del. C.* § 341 because Plaintiffs seek equitable relief, and pursuant to 8 *Del. C.* § 111.

47. Groq, Inc. was a Delaware corporation. Groq, LLC is a Delaware limited liability company. The claims asserted here concern the internal affairs of a Delaware entity — the fiduciary duties owed by Delaware directors and officers to the holders of Delaware capital stock in connection with a transaction that extinguished that stock.

48. This Court has personal jurisdiction over each Defendant, on the grounds set forth below.

49. The Director Defendants — Ross, Davis, Yetimoglu, Trieu, Menon, Rappaport, and Moon — are subject to the jurisdiction of this Court under 10 *Del. C.* § 3114(a). Each served as a director of Groq, Inc., a Delaware corporation, at the time of the conduct challenged here, and by accepting election or appointment to that office consented to service of process in any action brought in this Court for

breach of a duty in that capacity. Every claim asserted against them arises from acts taken as Groq directors.

50. Defendant Madra is subject to the jurisdiction of this Court under 10 *Del. C.* § 3114(b). He served as President and Chief Operating Officer of Groq, Inc., a Delaware corporation, and the claims asserted against him arise from acts taken in that capacity, including his conduct of the negotiations with NVIDIA.

51. Groq, LLC is subject to the jurisdiction of this Court as a Delaware limited liability company that, under 8 *Del. C.* § 266(h), is deemed for all purposes of Delaware law to be the same entity as Groq, Inc., and that therefore carries all of Groq, Inc.’s pre-conversion obligations and liabilities.

FACTUAL ALLEGATIONS

52. The allegations that follow rest on Groq’s own public and stockholder-facing documents. Groq produced no books and records in response to Serebrin’s demand, asserting that its employment agreements and related stock purchase and option issuance agreements required holders to waive their rights under 8 *Del. C.* § 220.

A. What a Reverse Acqui-Hire Is, and Why Buyers Use One

53. While each transaction has its own facts and circumstances, the phrase “acqui-hire” in the corporate context typically connotes a transaction in which a company buys a startup or small business mainly to hire its team, rather than for its

products, services, or revenue. NVIDIA had the option to acquire Groq in its entirety, but it wanted both Groq's employees and Groq's core AI-inference products.

54. Although nothing about the form of the transaction forced NVIDIA to co-opt the Groq Board, or the Board to short-change so many Groq stockholders, the structure NVIDIA used to effect its Groq acquisition has a name, a history, and a common playbook.

55. The mechanics are simple. A buyer that wants a target's people and technology, but not the target's debt or the corporate entity, takes a license to the target's intellectual property; obtains a release permitting it to solicit the target's employees; hires those employees through individual offer letters, so that no one is "transferred"; and leaves the corporate shell and residual stockholders in place.

56. The buyer acquires no stock and no assets beyond incidental equipment or technology licenses. When it is finished, the buyer has the technology and the team that will continue developing it, while the target is left with residual rights frozen for want of engineers to improve them, rights that inevitably lose market relevance, along with cash, liabilities, and either no operating business or a fundamentally different one.

57. Buyers favor that structure because it is faster and cheaper than an acquisition. There is no assumption of the target's liabilities and no stockholder

vote to solicit. Most importantly, because the buyer acquires neither voting securities nor assets, the transaction falls outside the federal antitrust regulators' premerger notification regime described below. The structure has become increasingly common in recent years, promoted by venture investors and savvy transactional attorneys.

58. Yet the numbers show that a reverse acqui-hire is materially different from a license. Publicly reported AI licensing transactions since 2020 run between \$500,000 and \$50 million a year and carry no large up-front payment, yet NVIDIA paid \$17 billion for the License.⁴

59. As described below, NVIDIA generally followed the reverse acqui-hire playbook for the Groq transaction. NVIDIA hired substantially all of Groq's employees, including the engineers who worked on Groq's LPUs and related technologies, and it licensed Groq's LPU technology.

⁴ See Freeman Lewin, *Market Report: AI Data Licensing Deals (2020-Present)*, Émet, <https://perma.cc/9PA4-XHG6> (publicly available data from 2020 onward showing AI licensing deals ranging from \$500,000 to \$50 million annually and not typically including large up-front payments); Jorge L. Contreras, *Intellectual Property Licensing and Transactions: Theory and Practice* 197 (2022) (as of 2018, the highest up-front fee paid for a blockbuster biopharmaceutical license was approximately \$240 million); see also Nina Fridman, Comment, *When a Mass Resignation Becomes a Merger: Rethinking Asset Acquisitions for the AI Era*, 93 U. CHI. L. REV. 999, 1030-31 & nn.190-91 (2026) (collecting both benchmarks and concluding that the payments made in these transactions are "difficult to explain as compensation for access rather than control").

60. NVIDIA's motives in pursuing this form of transaction are consistent with those of other dominant technology companies pursuing reverse acqui-hires. NVIDIA wanted to prevent an increasingly threatening competitor from profitably scaling intellectual property that could have eroded NVIDIA's strong but still vulnerable position in AI inference.

61. By not purchasing Groq's equity or assets outright, NVIDIA and Groq avoided a pre-closing Hart-Scott-Rodino filing and the ordinary Department of Justice and/or Federal Trade Commission review that a conventional acquisition of an AI-inference competitor would have invited.

62. Had NVIDIA instead purchased Groq's stock or assets, the required Hart-Scott-Rodino notification would have placed before the agencies a transaction they had every reason to examine closely: the dominant supplier of AI chips acquiring an emerging competitor in inference, the one segment in which NVIDIA's position was strong but genuinely contestable.

63. The regulatory avoidance motive and structure did not escape notice. Senators Elizabeth Warren, Richard Blumenthal, and Ron Wyden wrote formally to NVIDIA's Chief Executive Officer, Jensen Huang, seeking information about

the transaction’s structure and questioning whether it had been executed specifically to circumvent the antitrust laws.⁵

64. NVIDIA had reason to prize that avoidance. A prior attempt to acquire Arm Holdings from SoftBank drew sustained multi-jurisdictional antitrust scrutiny and NVIDIA ultimately abandoned the transaction without closing. An acquirer that has watched a headline acquisition of a semiconductor licensor collapse under regulatory pressure has a powerful institutional incentive to design its next acquisition so that no filing is required. Plaintiffs allege on information and belief that this incentive shaped the structure NVIDIA proposed to Groq’s Board.

65. When a bidder like NVIDIA needs to structure an acquisition as a reverse acqui-hire to avoid antitrust review, it needs to ensure the target board’s

⁵ See Letter from Sens. Elizabeth Warren, Richard Blumenthal & Ron Wyden to Gail Slater, Assistant Att’y Gen., Antitrust Div., U.S. Dep’t of Justice, & Andrew N. Ferguson, Chair, Fed. Trade Comm’n (Feb. 4, 2026) (describing “reverse acqui-hiring” as “a tactic to evade antitrust scrutiny,” identifying the NVIDIA-Groq transaction by name, concluding that deals of this kind “allow[] the companies to consolidate talent, information, and resources, all while apparently attempting to bypass the scrutiny typically applied to mergers and acquisitions,” and asking the agencies to “block or reverse them should they violate antitrust law”); Letter from Sens. Ron Wyden, Elizabeth Warren & Peter Welch to Lina Khan, Chair, Fed. Trade Comm’n, & Jonathan Kanter, Assistant Att’y Gen., U.S. Dep’t of Justice (July 11, 2024) (first flagging the practice to the agencies). The criticism is not confined to Congress. The Chair of the Federal Trade Commission announced on January 16, 2026 that the Commission would review acqui-hires; the Commission has investigated whether the Microsoft-Inflection transaction was structured to avoid antitrust review and opened an inquiry into Amazon-Adept; and the Department of Justice has probed whether the Google-Character.AI transaction was structured to avoid government scrutiny.

assistance. This stands in contrast to stock acquisition scenarios, where the prospect of a hostile tender offer or proxy fight gives the bidder the implicit threat to sidestep or pressure the target board.

66. While the buyer's regulatory avoidance objective makes the target board's cooperation indispensable, the target's board must use that leverage solely to maximize value for the target stockholders and not to line its own pockets.

67. As applied to the Transaction detailed below, NVIDIA could not obtain the license of Groq's LPU and related technology assets without Groq's consent, because Groq itself owned the intellectual property. NVIDIA could not solicit substantially all Groq's employees without crippling exposure to legal claims, because those employees were Groq's. The Release Groq's Board granted eliminated that exposure. And NVIDIA could not preserve the legal assertion that no reportable acquisition had occurred unless Groq continued to exist as a nominally independent enterprise.

68. For their part, Groq's fiduciaries were free to permit a license-and-hire form of end-stage transaction. What they could not do is abandon their duties by transferring the Company's value to the effective acquirer, in a transaction in which a majority of them were conflicted, without any attempt to maximize value for all stockholders and while leaving the remaining stockholders with an unfair price.

69. As detailed below, however, the Groq Board treated NVIDIA's structural preference and regulatory need as an opportunity for itself, its funds and senior management to profit at the expense of Groq's other stockholders.

B. Groq's Business

70. Two different things happen on an AI chip, and the difference drives everything that follows. Training is the process of building a model by running enormous volumes of data through it until the model learns, which is a one-time, capital-intensive exercise. Inference is what happens every time a user afterward asks the model a question and the model produces an answer. Inference is therefore the recurring, high-volume workload, and it scales with how much a model is used.

71. The distinction has commercial consequences. Training and inference reward different chip designs. Inference is judged on how fast a single answer comes back (latency), how many answers a chip produces for a given amount of electricity (throughput per watt), and what each answer costs (cost per token). Training is judged principally on raw aggregate compute.

72. As AI systems moved out of development and into everyday commercial use, inference was poised to become the larger and faster-growing share of total demand for AI computing. NVIDIA's comparative weakness in inference was therefore strategically significant.

73. Groq designed and commercialized specialized semiconductors used for AI inference. Its core technology was the LPU — a deterministic, low-latency inference architecture — together with an associated software stack.

74. Groq's LPUs, purpose-built for inference, were noted for their inference speed and latency consistency. In February 2024, Groq's LPUs achieved record-breaking inference speeds, reported at the time as approximately ten times the speed of large language models run on traditional GPU setups, with the multiple varying by model and parameter count.

75. The LPU's speed depended on software Groq wrote itself, which translated each AI model into instructions the chip could run. Putting a new model onto the hardware required the hands-on work of the engineers who had written that software, and after the Transaction those engineers were at NVIDIA. The code standing alone was of limited use to anyone who did not also employ that team.

76. Groq also operated a business called "GroqCloud," which delivered inference capacity to developers over the internet. GroqCloud was not built to compete for general cloud workloads against the established providers that dominate that industry, such as Amazon, and it generated *de minimis* revenue. Its function was to demonstrate the LPU. It was the environment in which a developer could run an open-source model on Groq's chips and see the latency advantage

firsthand, and it was how Groq established its reputation in the market. GroqCloud mattered commercially because of the chip it showcased.

77. Groq's LPU was thus the Company's most valuable intellectual property and the asset that singularly defined its business to outside observers.

78. Groq's founder, Jonathan Ross, previously architected Google's Tensor Processing Unit ("TPU") technology, which was Google's effort to compete with NVIDIA's GPU platform.

79. Groq raised over \$3 billion in private capital. Its valuation progression, per secondary sources, ran from approximately \$2.8 billion in August 2024 to approximately \$6.9 billion in September 2025 following a round of approximately \$750 million of new capital. Alexander Davis, Groq's Chairman, led the September 2025 round through his fund, Disruptive.

C. Groq Was a Critical Competitive Threat to NVIDIA

80. Groq's LPU mattered because it struck at the one part of NVIDIA's business that was genuinely contestable. At the time of the NVIDIA-Groq transaction detailed below, NVIDIA was strategically vulnerable to competition in the market for inference chips, as its customers looked to diversify supply chain dependence and purchase lower-latency products in that space.

81. Despite the dominance of NVIDIA's GPUs for training purposes, NVIDIA was far behind start-up competitors offering faster, more efficient, and

more scalable chips purpose-built for inference. The remarkable performance of Groq's LPUs put NVIDIA on notice that a critical competitive threat had emerged in the fast-growing AI-inference market.

82. The last three months of 2025 were the best Groq would ever enjoy. Amid intensifying competition among AI platforms to improve the speed of their inference models, Groq expanded internationally, announced a new relationship with the Department of Energy, and drew positive attention from the Trump Administration because of its focus on American dominance in advanced inference chips.

83. Most importantly, OpenAI, one of NVIDIA's most important GPU customers, considered shifting its relationship in favor of Groq's inference platform, as contemporaneous public reporting described.

D. Inference Was the Segment of NVIDIA's Market Most Exposed to Competition

84. These developments intensified NVIDIA's concern about threats to its inference products, where it was exposed. NVIDIA dominates the market for the semiconductors used to train and run artificial intelligence models, but that dominance is not uniform across the two functions. In training, its position is by common assessment unassailable. In inference it is not, and that asymmetry is what made Groq dangerous.

85. Inference workloads are the arena in which NVIDIA’s general-purpose GPUs are most vulnerable to application-specific integrated circuits — chips built to do one job rather than any job. Those single-purpose chips excel on the performance metrics customers actually pay for: latency, throughput per unit of power, and cost per token.

86. Market analysts recognized this exposure at the time and identified it as the reason for the Transaction. Bernstein Research emphasized that NVIDIA is “the clear leader in AI training, but inference workloads are more diversified and (it could be argued) may open up new areas for competition,” and observed that “denying it to others might of course be useful as well.”⁶ CFRA Research described the transaction as “eliminating a competitive threat while securing elite talent.”⁷

E. Technical Summary of the Threat: Latency, On-Chip Memory, and Cost Per Token

87. Groq’s LPU, which stored its data directly on the chip itself, functioned in the opposite way from NVIDIA’s GPUs, which relied on external High Bandwidth Memory (“HBM”) or dynamic random-access memory — memory that

⁶ Patrick Seitz, *Nvidia Deal With Groq Called ‘Strategic’ Amid Rise Of Custom AI Chips*, INVESTOR BUS. DAILY (Dec. 26, 2025), <https://www.investors.com/news/technology/nvidia-stock-groq-ai-tech-licensing-deal/>.

⁷ CFRA Research, NVIDIA Corporation (Equity Research Report), by Angelo Zino, CFA (Jan. 3, 2026), section “NVIDIA Acquires Talent and Complementary Assets in a Groq Deal that Makes Sense.”

sits beside the chip rather than on it. Groq's LPUs also operated differently in that they programmed all computational steps ahead of actually running, unlike GPUs, which schedule their hardware at runtime.

88. Holding the data on the chip removed the bottleneck that governs inference performance. A chip that already has the data it needs on board is like a person who has the document in hand; a chip that must reach out to external memory has to send for it and wait.

89. The result was materially faster token generation and a materially lower cost per token than NVIDIA's GPUs could achieve, which is why Groq's architecture was differentiated on the metrics inference customers actually pay for: speed, energy efficiency, and cost.

F. The Groq Threat Rapidly Became Existential to NVIDIA

90. Groq's proprietary semiconductor technology was the foundation on which the Company competed, on which it raised capital, and on which investors valued it. Three months before the License, sophisticated investors put \$750 million of new capital into Groq at approximately \$6.9 billion, on the strength of an LPU architecture positioned as the leading alternative to NVIDIA's GPU-based approach to inference.

91. Notably, upon signing the License, NVIDIA moved instantly to fold Groq's technology into its own products. At the GTC conference in March 2026,

NVIDIA's chief executive presented the Groq LPU and its associated LPX rack system as a strategic addition to NVIDIA's inference infrastructure, integrated alongside NVIDIA's flagship GPU platform.

92. The growth NVIDIA is enjoying from the licensed technology explains why it moved so aggressively to absorb the threat Groq posed. That same urgency provided leverage the Board could have used for the benefit of all of Groq's investors. Instead of requiring NVIDIA to pay the best available price to every holder equally, the Board let NVIDIA allocate the consideration selectively and squeeze out the disfavored stockholders, who comprise the Class.

93. A dominant supplier of AI accelerators cannot buy an emerging competitor in the one segment where its position is contestable without inviting exactly the regulatory scrutiny described above.

94. So, NVIDIA structured around the problem: it licensed the technology, hired the engineers, obtained a release covering the hiring, and left behind a corporate shell that would become a dependent customer of NVIDIA.

G. The NVIDIA-Groq Reverse Acqui-Hire and Asset-Stripping Transaction

1. NVIDIA's Approach and the Negotiation of the Transaction

95. NVIDIA and Groq's board executed the transaction that followed with a speed that left no room for any competing process. NVIDIA and Groq announced

and closed the transaction on the same day — Christmas Eve, December 24, 2025. Groq gave no prior notice to stockholders, other than those who negotiated their NVIDIA RSU windfalls concurrent with or in advance of any negotiations about payouts to the rest of the stockholders.

96. Groq’s Confidential Information Statement dated May 27, 2026 (the “Information Statement”) contains no reference to any pre-signing auction, go-shop, market canvass, fiduciary-out, matching right, banker engagement, or fairness opinion predating December 24, 2025.

97. Plaintiffs allege on information and belief that Ross and Madra conducted the substantive negotiations with NVIDIA on Groq’s behalf while simultaneously negotiating their own employment and compensation arrangements with NVIDIA, and that no disinterested Groq fiduciary or independent negotiating agent intervened between them and NVIDIA.

98. That inference rests on facts Groq itself has disclosed. Groq’s Information Statement discloses Ross’s interest in the License Agreement as an officer and director, that he had been offered employment with NVIDIA, and that he was eligible to receive compensation from NVIDIA in connection with the License.

99. The Information Statement does not identify which directors were treated as disinterested, does not recite the formation of any committee, does not

recite any determination of disinterestedness, does not describe any negotiation, and does not describe any valuation performed before signing. Ross became NVIDIA's Chief Software Architect and Madra became a Vice President of Hardware. Ross credited Madra with getting the NVIDIA deal done. No document disclosed by Groq identifies any person who negotiated against NVIDIA on behalf of the stockholders who received no NVIDIA employment.

100. The Information Statement's own description of the approval is notably thin. It recites only that the Board approved the License "(including all of the disinterested Board members) with disclosure provided regarding Jonathan Ross's interest in the License Agreement as an officer and director ... and the fact that he has been offered employment with NVIDIA and is eligible to receive compensation from NVIDIA in connection with the License."

2. Terms of the December 24, 2025 License Agreement

101. On December 24, 2025, Groq executed the Release, Waiver and License Agreement with NVIDIA, along with a Transition Services Agreement.

102. NVIDIA agreed to pay an aggregate of \$17 billion in cash, payable as follows: \$13 billion at closing on December 24, 2025; \$3 billion upon the earliest of delivery of the licensed intellectual property materials, the initial commercial release of the first NVIDIA product containing a processor incorporating those materials, or June 30, 2026; and \$1 billion on the one-year anniversary of closing,

December 24, 2026. Together, the License, the Release, and the departure of Groq’s workforce transferred substantially all of the Company's assets and revenue-generating capacity to NVIDIA.

103. As of the May 27, 2026 Information Statement, Groq had received \$16 billion and expected the final \$1 billion on December 24, 2026, subject to potential offset for NVIDIA indemnification claims.

104. The supposedly “non-exclusive” license grant was substantively an asset transfer. Groq granted NVIDIA [REDACTED]

[REDACTED]

[REDACTED] to (i) [REDACTED]

[REDACTED]

[REDACTED] and (ii) [REDACTED]

[REDACTED]

[REDACTED]

105. The Release of claims freed NVIDIA to ensure that the License grant left nothing for Groq to continue to develop, and therefore nothing that could be provided to the market. Groq, “for itself and on behalf of other parties, irrevocably, unconditionally and forever acquitted, released, waived and discharged the NVIDIA parties from certain released matters, including relating to the hiring of Company’s employees and matters related to the License Agreement.”

106. The Release opened the door for NVIDIA to monopolize the workforce without completing a formal corporate acquisition, which is the lynchpin of the conventional acqui-hire. Groq “permitted NVIDIA to make offers to substantially all the employees of the Company, including each of the key employees listed in the License Agreement.”

107. Separately, “NVIDIA committed to grant certain employees restricted stock units with respect to NVIDIA stock with an aggregate grant date value of \$3 billion, including and subject to their commencement of employment with NVIDIA.”

108. Groq also agreed to indemnify NVIDIA, including as to the licensed intellectual property and the matters covered by the Release, and the final \$1 billion installment is subject to offset for indemnification claims.

109. Critically, the choice to transfer the technology by license rather than by a sale of stock had a tax consequence that fell on Groq’s stockholders. Groq recognized license-driven other income of [REDACTED] in fiscal 2025 and recorded a provision for income taxes of [REDACTED]. Because NVIDIA and Groq’s Board structured the transaction as a license to the corporation rather than a purchase of stock from stockholders, the proceeds were taxed at the corporate level and, when distributed, were taxed again at the stockholder level under the plan of liquidation.

110. That double taxation consumed approximately \$3.5 billion of value that a stock purchase for cash would have delivered to holders directly (putting aside that a stock-for-stock deal may have avoided taxes entirely). Thus, the conflicted Groq Board's willingness to accommodate NVIDIA's desire to avoid regulatory review literally destroyed billions of dollars of stockholder value.

3. The December 31, 2025 Option Accelerations and Cancellations

111. Effective December 31, 2025 — one week after the License closed — the Board cancelled all outstanding options under Groq's 2016 Equity Incentive Plan. The Board settled approximately [REDACTED] vested options for cash in an aggregate amount of approximately [REDACTED] using a fair market value of [REDACTED] per share, less the exercise price. It cancelled all unvested options outright.

112. Groq confirmed as much in later employee correspondence, stating that "[a]ll Groq options (whether vested or unvested) were cancelled on December 31, 2025," and that "[f]or vested, unexercised, options, the per share cash consideration was equal to [REDACTED] . . . minus the applicable exercise price."

113. Simultaneously with wiping out the unvested awards employees held, the Board by discretionary action accelerated approximately [REDACTED] shares of double-trigger vesting for "certain officers and directors" and waived the one-year vesting cliff on approximately [REDACTED] additional shares. Rank-and-file

unvested options received nothing but cancellation. Favored option holders enjoyed an immediate windfall.

114. The Board owed Groq’s stockholders a fiduciary duty to maximize the value available to them. To holders of options it owed the implied duty of good faith and fair dealing under the 2016 Equity Incentive Plan and the related award agreements, which at a minimum required that the Board not cancel outstanding awards arbitrarily. The Board honored neither. It directed the accelerated equity to the executives whose cooperation the Transaction required, and every other holder — stockholder and option holder alike — absorbed the cost.

115. The cancellation was elective, and Groq’s own tax position on the License drove both its timing and its terms. The Information Statement recites that “the option cancellation payments and the accelerated vesting were advisable and in the best interests of the Company and the Stockholders in order to reduce the Company’s tax burden by approximately [REDACTED] due to a compensation deduction the Company could take in 2025 to offset the proceeds received in connection with the License that had to be recognized as income in 2025.”

116. The Board notably did not explain why the windfall had to be allocated to select executives while other option holders had to suffer option cancellation.

117. The Board selected the December 31 effective date to harvest a [REDACTED] deduction in the tax year in which the License income landed. The

consequence was that option holders were fixed at a [REDACTED] per share basis before the Board had determined what the total distribution to capital stock would be, and before the post-closing canvass the Board commissioned on December 29, 2025 (and described below) had produced any result.

118. The Board arguably could not have taken these actions absent a change of control. The only provision of the 2016 Equity Incentive Plan permitting cancellation of outstanding awards for cash operates solely “in the event of a Change of Control,” and the per-share figure the Board used is the Plan’s “Acquisition Price,” a term the Plan defines by reference to consideration receivable upon a Change of Control. The Board thus determined that the License was a change of control and acted on that determination. It was correct.

4. The Departure of Employees and the Transfer of Control to NVIDIA

119. In connection with the transaction, Ross, Madra, and “certain members of the team” resigned from Groq and joined NVIDIA. At the request of Ross and the Board, Chief Financial Officer Simon Edwards stepped into the role of Chief Executive Officer. By the time of the June 2026 financing, Adam Winter was serving as Chief Executive Officer.

120. Upon information and belief, approximately 150 to 200 Groq engineers became NVIDIA employees, including compiler and systems software engineers as

well as chip engineers, and most of them shared in the \$3 billion of RSUs NVIDIA set aside to ensure the Board's cooperation in the reverse acqui-hire.

121. What remained at Groq were general corporate functions — human resources, legal, finance, and administration — none of which could design, build, or improve a semiconductor.

5. The Post-Closing Sale Process

122. On December 29, 2025 — five days after the License closed — the Board engaged Morgan Stanley “to explore other potential strategic transactions to further maximize stockholder value.” On the most charitable reading, the Board first delivered NVIDIA the reverse acqui-hire it wanted and then tried to salvage what was left by finding a buyer for it. Whatever the Board's intent (and one reasonable inference is that it was to create a retroactive paper trail to construct a legal defense), the assets were gone before the process began.

123. If NVIDIA had paid \$17 billion for a merely non-exclusive license and left a viable business behind, that business would have attracted real bidders. Morgan Stanley found no compelling bid.

124. On December 31, 2025, the Board established a Transaction Committee “to review and discuss various strategic alternatives available to the Company following the NVIDIA Transaction.”

125. From December 29, 2025 to February 9, 2026, Morgan Stanley engaged with 36 potential bidders “for the Company and/or its assets and other potential licensors of its intellectual property.”

126. The Committee received three indications of interest, “but ultimately, no bidder submitted a proposal that was compelling based on the value it would deliver to the Stockholders.”

127. The Information Statement identifies the reason why no realistic bidders emerged: “the quantum of liabilities on the Company’s balance sheet relative to potential purchase price, the additional corporate level taxes associated with subsequent license transactions and the low value ascribed by bidders to subsequent license transactions.” NVIDIA had paid \$17 billion for a supposedly non-exclusive license, yet no bidder found meaningful value left.

128. The Board terminated the *ex post* strategic alternatives process and disbanded the Committee on February 9, 2026.

129. The post-closing canvass was not a real sale process. The Board conducted the “sale process” after the Company’s entire intellectual property portfolio had been irrevocably licensed on a [REDACTED] [REDACTED] and after the Company agreed to contractually release its workforce to NVIDIA. By then the only thing left to canvass was the shell, which

is precisely what the Information Statement's own explanation reflects when it attributes the failure to the low value bidders ascribed to subsequent licenses.

130. A canvass conducted before the License would have reached a real market. Groq competed in AI inference, the segment in which the largest semiconductor companies were actively acquiring capability and talent. Nothing prevented the Board from testing the market for the intellectual property and the engineering organization while it still had both to sell. It chose instead to commit them to a single counterparty on a single day and to look for buyers only after there was nothing left to buy.

131. Nor did the Committee that ran this process participate in the critical decisions that followed. The Board disbanded it on February 9, 2026, three and a half months before the full Board, including every interested director, approved the Conversion on May 22, 2026. No committee was in place when the Board fixed the Conversion Price, structured the \$650 million financing, or issued the penny warrants.

132. The reverse acqui-hire transaction triggered the Board's *Revlon* duties. *Revlon* enhanced scrutiny asks both whether the decision-making process was reasonable, "including the information on which the directors based their decision," and whether the directors' action was reasonable "in light of the circumstances then existing."

133. A board that transfers nearly all of a company's entire value through a single-bidder, unshopped transaction process negotiated by a chief executive who was, as Groq's own Information Statement discloses, simultaneously being offered employment and compensation by the buyer — and then shops the shell in a promptly failed process — has not satisfied either element, much less shown entire fairness in the face of material conflicts.

6. The February 2, 2026 Plan of Redemption and Value Realization

134. Having stripped the Company of its operating business, the Board turned to the next step: distributing what the License had produced. On February 2, 2026, the Board adopted a single plan, which it titled the "Plan of Redemption and Value Realization" (the "Plan").

135. Plaintiffs use the Board's title for identification only and do not adopt its characterization of what the Plan realized or for whom. The Plan provided that Groq would distribute the License proceeds to stockholders "by way of a *pro rata* redemptions of Company capital stock," and would "pursue opportunities to maximize stockholder value; provided that if a sale of all of the outstanding equity of the Company by merger or otherwise (a 'WholeCo Sale') has not occurred on or before December 15, 2026, then the Company shall, effective December 31, 2026, either (i) wind up, dissolve, and liquidate the Company ('Dissolution') or (ii) convert the Company into a Delaware limited liability company."

136. By its own terms, the Plan gave the Board until December 15, 2026 to pursue a WholeCo Sale and until December 31, 2026 to elect between Dissolution and conversion.

137. The Board thus wrote itself a value-maximization mandate with a ten-and-a-half-month runway. It then cashed out the Class on June 22, 2026, less than five months into that period, without ever running the WholeCo Sale process the Plan contemplated and with more than five months remaining on its own deadline. No disclosed document explains why the Board abandoned the sale window it had just given itself or identifies any development between February and June 2026 that made a WholeCo Sale less attainable than when the Plan was adopted.

138. The Plan's inclusion of Dissolution as an available alternative is significant for two reasons.

139. First, it forecloses any argument that a *pro rata* liquidation was impracticable: the Board itself identified Dissolution as one of the two routes it would take if no WholeCo Sale occurred.

140. Second, it supplies a benchmark against which the route the Board actually chose can be measured. In a Dissolution, the Company's remaining assets, including the retained intellectual property, the fixed assets, and the Company's claims against the fiduciaries who structured the Transaction, would have been reduced to value and distributed to stockholders *pro rata*. By converting instead,

the Board delivered those same assets to a limited liability company that the Conflicted Funds control, and cashed out the Class at a price that assigned them

141. Having transferred nearly all of the Company's value to NVIDIA while holding the cash the Transaction produced, the Board set about reducing the number of remaining stockholders through sequential cash distributions. As explained below, Groq allowed favored investors (principally the Conflicted Funds, whose designees had approved the Transaction) to profit by holding or acquiring shares ahead of the later NVIDIA installments.

142. In connection with the Plan, the Board and the Requisite Stockholders adopted an amendment to Groq's certificate of incorporation (the "Charter Amendment") creating a Special Mandatory Redemption mechanism in Article Fourth, Part B, Section 9, permitting Groq "to mechanically effect a distribution of License proceeds to the Stockholders in a tax efficient manner by effecting one or more pro-rata redemptions." That recited purpose shows that the Board attended to tax efficiency when it distributed the License proceeds, but never when it chose the structure that generated them.

143. The Charter Amendment also added a stockholder consent right. It provides that "the consent or affirmative vote of the holders of at least a majority of the outstanding shares of the Company's preferred stock and common stock,

consenting or voting together as a single class on an as converted basis, is required for the Company to effect (i) a sale or sales of assets of the Company or any of its subsidiaries in single or series of transactions that represent more than 30% of the assets of the Company and its subsidiaries on a consolidated basis, (ii) any exclusive license or material non-exclusive license of the Company's or any of its subsidiaries' intellectual property, or (iii) a sale of all or a majority of the outstanding equity of the Company by merger or otherwise" — collectively, a "Specified Transaction."

144. Thus, six weeks *after* granting NVIDIA a material non-exclusive license to all of its intellectual property and releasing any objection or claim arising from NVIDIA soliciting the Company's employee-base, all without any stockholder vote, Groq's Board amended its charter to require a majority stockholder vote for exactly that kind of transaction.

145. The new consent right operated only prospectively. No one sought or obtained stockholder approval before the License was granted on December 24, 2025. The Board did not present the License to stockholders until February 4, 2026, when the Requisite Stockholders purported to ratify it by written consent — after the business had been transferred to NVIDIA and at a time when the transaction could no longer be undone.

146. From February 2, 2026 forward, the License, the distributions, and the eventual dissolution-or-conversion were expressly steps of one plan. By then the stockholders' capital was tied up in a business that was a fraction of what they had invested in, and all they were waiting for was their share of the billions of dollars of cash sitting on the balance sheet. They approved the Plan on February 4, 2026 and ratified the NVIDIA License Agreement the same day, by less-than-unanimous written consent under Section 228, on a February 2, 2026 record date.

7. The Sequential Cash Distributions and Their Pricing

147. The Board distributed the License proceeds in four tranches. The first three were *pro rata* redemptions effected under the Special Mandatory Redemption mechanism the Charter Amendment created. Each of those three paid cash to every holder and, at the same time, cancelled a portion of that holder's shares. The fourth was paid at the Conversion. After the [REDACTED] provision for income taxes, the cash the Board made available across all four tranches was approximately [REDACTED]. Measured on the as-converted share base that existed before the first redemption, that came to [REDACTED] per share.

148. Groq's own disclosures state each tranche on that same original as-converted basis. The Initial Distribution was [REDACTED] per share. The Second Distribution, approved March 2, 2026, was [REDACTED] per share, aggregating [REDACTED]. The Third Distribution, approved May 15, 2026, was [REDACTED] per

share, aggregating [REDACTED] The Conversion tranche was [REDACTED] per share. Those four amounts sum to [REDACTED] per original as-converted share, as both the Information Statement and the Plan of Conversion recite.

149. Because each redemption cancelled shares as well as paying cash, the number of outstanding shares collapsed from approximately [REDACTED] before the Initial Distribution to only [REDACTED] at the Conversion, a reduction of approximately 96%. A per-share figure therefore means different things depending on which share count it is measured against. Unless stated otherwise, this Complaint states per-share amounts on the as-converted share base that existed before the first redemption (the “Original Share Basis”), and the [REDACTED] the Class received is stated on that basis. The [REDACTED] Conversion Price recited in Groq’s own documents is the final tranche alone, measured on the reduced share count, which is the same [REDACTED] on the Original Share Basis and does not represent any increase in what the Class received.

150. Groq represents that it applied each redemption uniformly, so that every holder’s proportionate interest in the Company was the same before and after the share-count reductions. Plaintiffs cannot confirm that representation, because Groq caused all or substantially all outside Groq stockholders to execute waivers of their Section 220 rights. Plaintiffs reserve the right to challenge the redemption

mechanics following production, including whether any holder or group of holders was reduced on a different basis.

151. The [REDACTED] has not been paid in full. The final installment of the Conversion Price remains outstanding, is expected only after Groq receives NVIDIA's last \$1 billion License payment on or about December 24, 2026, and is subject to offset for NVIDIA's indemnification claims. To that extent, [REDACTED] is what the Board promised the Class rather than what the Class has been paid.

8. Summary of How the Reverse Acqui-Hire Is an Acquisition from Stockholders' Perspective

152. What NVIDIA obtained, measured by substance rather than form, was an acquisition. The label affixed to a transaction does not determine its character; under Delaware law, courts look to economic reality to determine whether a transaction constitutes a sale of substantially all assets or a change of control triggering enhanced fiduciary scrutiny.

153. NVIDIA obtained: (a) [REDACTED]
license to all of Groq's intellectual property, [REDACTED]
[REDACTED] (b) the departure of substantially all of Groq's workforce, including its founder, its cloud division head, and its core engineering talent, released from any non-compete, non-solicit, or other restriction by the corporate release Groq granted; (c) the cessation of Groq as a competitive force in

inference semiconductors, confirmed by the Morgan Stanley canvass; and (d) a commercial relationship in which the residual entity operates as an NVIDIA Cloud Partner deploying NVIDIA reference architectures.

154. What NVIDIA did not obtain is the corporate shell, its liabilities, and its remaining cash — *i.e.*, the things that would force NVIDIA to concede that a reportable acquisition for antitrust purposes had occurred. The shell retained nominal ownership of the intellectual property, but that ownership was economically hollow: the property had been licensed on terms so broad that no third party found meaningful residual value in it. Moreover, without the departed engineering talent, the shell could not apply or innovate the technology it nominally still possessed. The complicated licensed technology and the workforce required to understand it — namely, the teams that built it — went hand in hand.

9. The Non-Exclusive License Label Does Not Alter Economic Reality

155. In press releases about the Transaction, NVIDIA and others continually use the word “non-exclusive.” Consistent with the transaction’s stated form, Groq’s outside counsel and Board characterized the License as “non-exclusive,” emphasizing that Groq retained ownership of the intellectual property and the theoretical right to license it to others.

156. A license that is [REDACTED]

[REDACTED] — covering [REDACTED]

[REDACTED]

— leaves the licensor with bare legal title and no practical exclusivity. No rational third-party licensee will pay significant value for a non-exclusive right to technology that the world’s dominant AI chip company already holds on the same or broader terms, [REDACTED] and that it is updating daily with the very workforce that created the underlying intellectual property. The canvass of 36 parties produced no compelling bid for that reason: once Groq’s Board agreed to let NVIDIA develop the assets, whatever interest Groq retained in them ceased to have independent market value.

157. The “non-exclusive” label thus functioned as a regulatory artifact. It preserved the formal legal position that NVIDIA had not acquired Groq, and it preserved nothing else: not competitive independence, not a realistic licensing revenue stream, nor any going-concern value independent of the NVIDIA relationship. The label permitted the structure to proceed without altering what NVIDIA had actually obtained.

10. Differential Treatment: Who Was Paid, and How They Were Paid

158. Nearly all of Groq’s engineering staff joined NVIDIA, along with select executives and other staff, including founder and Chief Executive Officer Jonathan Ross, who became NVIDIA’s Chief Software Architect, and President Sunny Madra, who became a Vice President of Hardware. Groq’s outside counsel was

careful to state that these employees “were not ‘transferred’; rather, their employment with Groq was terminated and they received offer letters from Nvidia.” Although each employee received an individual offer letter, the result was the movement of an intact technical organization into competing work for the acquirer.

159. The hired group received three categories of value, only one of which the Class received at all. First, employment on the technology they had built, inside the dominant firm in the industry. Second, cash for their vested Groq shares at the transaction valuation. Third, participation in NVIDIA’s future equity appreciation through restricted stock units with an aggregate grant-date value of \$3 billion, committed “including and subject to their commencement of employment with NVIDIA.” Groq cancelled every unvested option under the 2016 Equity Incentive Plan, hired and non-hired employees alike, but only the hired group received NVIDIA restricted stock units.

160. The commitment can be quantified in the aggregate even though the allocation among recipients has never been disclosed. None of the \$3 billion flowed through Groq’s treasury, was distributed *pro rata* to stockholders, or passed through the corporate payment waterfall. It went to the people whose cooperation NVIDIA needed to complete the functional acquisition.

161. The size of that commitment confirms that it was not ordinary compensation. Plaintiffs allege upon information and belief that approximately 150

to 200 Groq employees moved to NVIDIA, including compiler and systems software engineers as well as the chip engineers who worked on Groq's LPUs and related technologies, and that certain of those employees received allocations from the \$3 billion pool.

162. If the \$3 billion pool had been distributed across every employee who moved to NVIDIA, it would have averaged between approximately \$15 million and \$20 million per employee, a large multiple of what NVIDIA pays its own comparable employees and far beyond any retention package Groq's own equity plan contemplated.

163. The excess over any defensible retention package was payment for the business NVIDIA was taking, and it belonged to Groq and to all of its stockholders *pro rata* rather than to the individuals NVIDIA selected. That \$3 billion alone exceeds [REDACTED] the Board assigned to everything left in the Company at the time of the Conversion.

164. The diversion was not confined to NVIDIA's hires. Ross and Madra negotiated the Transaction and took NVIDIA employment and NVIDIA equity out of the same pool. The directors and officers who approved it accelerated approximately [REDACTED] shares of their own unvested equity and waived the cliff on approximately [REDACTED] more in the same resolution that cancelled every rank-and-file unvested option for nothing.

165. The Conflicted Funds, whose designees held half the Board, took cash in the Redemptions at the transaction valuation, took warrants at [REDACTED] per Unit, absorbed the allocations other holders could not fund, secured guaranteed manager seats in the surviving entity, and reinvested at the [REDACTED] valuation weeks before the same enterprise was priced at approximately \$3.5 billion. Each of those benefits was funded by value that originated in the Company and should have reached every holder in proportion to its shares.

166. Ross's position illustrates the conflict. He was simultaneously a Groq stockholder, Groq's Chief Executive Officer, a Groq director, the principal negotiator of the Company's side of the License, and the individual NVIDIA most wanted to hire. He received NVIDIA equity compensation from the \$3 billion pool on top of the proceeds of his Groq ownership. An ordinary common stockholder could monetize the value surrendered to NVIDIA only through the consideration allocated to her shares; she could not take a discount on those shares and be paid separately for following the technology to NVIDIA. Ross could, and did.

167. The Conflicted Funds occupied a structurally different position from every other stockholder, and they used it for their benefit. Each held Groq capital stock, each designated a member of the Board, and each was financially interested in the Conversion, the Financing, and the NVIDIA Transaction. They monetized

first, taking cash distributions through the Redemptions at the premium transaction valuation and recovering their cost bases.

168. The Conflicted Funds then reinvested at the bottom. Disruptive and Infinitum backstopped the June Financing (described below), took warrants exercisable at [REDACTED] per Unit for [REDACTED] percent of the Units they purchased, received the lapsed allocations of holders who could not participate, obtained contractually guaranteed manager seats, and then led the August Financing (also detailed below) at the reset \$3.5 billion valuation.

169. By leading both rounds they reset the capitalization table at the lower valuation and, with approximately \$1.0 billion of fresh cash, converted the hollowed-out hardware shell into a heavily capitalized inference cloud operator that they control, to the exclusion of other Groq investors.

170. Individual Groq investors were structurally discouraged from participating. The Investment Election capped each holder at its *pro rata* Portion of the \$650 million round, required the use of new cash, was open only to accredited investors, and had to be funded within five days following the Conversion Date.

171. Those limits were immaterial to the Conflicted Funds, which had committed capital available, but they made participation impracticable for the employee and former-employee holders whose Groq equity had just been converted

to cash. The allocations those holders could not take for themselves passed to the Conflicted Funds.

172. The same designees who sat on the Board when the Conversion Price was fixed at a net-cash [REDACTED] sat on the Board when the Conflicted Funds committed to invest \$650 million into that same enterprise at \$1.00 per Unit, and they or their successors sat on the Board of Managers when the enterprise was repriced at \$3.5 billion. Fiduciaries who fix the price at which the minority is extinguished and then buy the enterprise at that price have not acted loyally.

173. The Class received nothing comparable. No member received NVIDIA employment, NVIDIA compensation, or any share of NVIDIA's equity appreciation. No member could participate in the June Financing or the August Financing on the terms available to the Conflicted Funds, and no member could participate in the June Financing at all without executing the consent that forfeited appraisal rights. The Class received no vote on the Transaction.

174. For any member who did buy into the post-conversion entity, what it holds is Units in a limited liability company that the Conflicted Funds control, whose managers and officers owe no fiduciary duty by the terms of the operating agreement, and whose Unit count is subject to dilution from the roughly [REDACTED] percent of the LLC's post-money capitalization the Board reserved to issue at its sole discretion.

175. The Class received cash: [REDACTED] per original as-converted share, paid across four tranches, aggregating approximately [REDACTED] and the final installment of that amount remains unpaid.

176. The non-hired employees fared worse still. Groq cash-settled their vested options at a [REDACTED] basis less exercise price, a figure fixed in December against the cash the Company then held, although capital stock ultimately realized [REDACTED] per original as-converted share once all four distribution tranches were paid. Further, the Board cancelled their unvested options outright for no consideration at the same moment it accelerated approximately [REDACTED] shares for “certain officers and directors” and waived the one-year cliff on approximately [REDACTED] more.

177. Employees whose rights arose from the same equity compensation plan were thus treated in opposite ways depending on whether NVIDIA wanted them. Groq cancelled the unvested options of hired and non-hired employees alike. Only the employees NVIDIA hired received NVIDIA restricted stock units.

178. Investors who held their Groq shares through special purpose vehicles — pooled entities formed to hold blocks of Groq stock on behalf of groups of outside investors — fared poorly as well. Some of those vehicles were removed from the capitalization table before the recapitalization began, without any election at all.

179. A conflicted fiduciary who confers on itself or its affiliate a benefit not shared with the minority must prove that the transaction was entirely fair in both process and price. The differential treatment pleaded here, against a Board on which no disinterested majority approved any material step, compels that standard with the burden on Defendants.

180. Taken together, the steps described above amount to a controlled dismantling of the Company. The buyer obtained Groq's technology, workforce, and competitive position, while Groq's own fiduciaries, who stood on both sides of the transaction, directed the residual value in ways that benefited themselves and their affiliated funds at the expense of unaffiliated stockholders.

H. The Company Contractually Barred the Class from Inspecting the Company's Books and Records

181. Consistent with the way the Transaction itself was completed — without full disclosure and without any vote of the minority — Groq left its outside stockholders unable to see what was being done with their investment. The Company obtained waivers of Section 220 inspection rights from the holders with the least bargaining power: employees, former employees, and the outside investors who took their shares.

182. Section 9.12 of the Stock Purchase Agreement accompanying Groq's standard Stock Option Exercise Notice provided that, until the initial registration of

the Company's common stock under Section 12(b) or 12(g) of the Securities Exchange Act of 1934 first becomes effective, "you will be deemed to have waived any rights you (or a transferee of the Shares) might otherwise have had under Section 220 of the Delaware General Corporation Law."

183. The waiver applies to the holder's capacity as a stockholder and extends to transferees of the shares, including any special purpose vehicles or other outside investors that may have received their Groq shares from current or former Groq employees. By taking the position that these waivers were effective, Groq reinforced the information asymmetry that is patent throughout this Transaction.

184. The employee and former-employee members of the Class acquired their shares by exercising options under the 2016 Equity Incentive Plan, and Groq contends that the waiver therefore applied to them. The Board required holders to make an irrevocable Investment Election by June 17, 2026 against a Conversion Price the Board expressly reserved the right to adjust downward, while contractually disabled from inspecting the valuation on which that price purportedly relied.

185. As a result, the only holders able to inspect the Company's books were the Conflicted Funds and the insiders who sat on the Board. Nevertheless, the known facts more than suffice to support any inferences necessary to allege viable

breaches of fiduciary duty, and Plaintiffs reserve all rights with respect to the enforceability of the waivers.

I. The \$650 Million June Financing, the Conversion to LLC Form, and the Coercive Mechanics of the Squeeze-Out

1. Approval and Mechanics of the Conversion

186. By June 2026 the License proceeds had been distributed, the workforce was at NVIDIA, and what remained of Groq was a cash balance, a set of liabilities, and a business the Board was about to value at nothing.

187. The last step was to decide who would own the residual. NVIDIA and Groq contemplated from the outset that Groq would cease its corporate existence. What became clear only later was that the conversion to LLC form was structured to be coercive, to squeeze out the Class, and to deliver the enterprise to NVIDIA itself and to the same fiduciaries who had fixed its squeeze-out price.

188. The Board approved the Conversion, the LLC Operating Agreement, the Plan of Conversion, the related June Financing, the backstop commitments, the NVIDIA License Agreement ratification, and related matters at a special meeting held May 22, 2026. Every interested director participated; no committee was interposed.

189. At the effective time for the Conversion to LLC status, “all outstanding shares of Capital Stock were converted for the right to [receive] the Conversion

Price”; “the Certificate of Incorporation of the Corporation and the bylaws of the Corporation ... are replaced and superseded in their entirety by this Agreement”; and “all certificates evidencing shares of capital stock ... shall be canceled.”

190. The former stockholders of Groq thus became entitled to a final payment of [REDACTED] per then-outstanding share, or [REDACTED] on the Original Share Basis, and ceased to be stockholders, while the directors of Groq, Inc. automatically became managers of Groq, LLC and its officers became officers of the LLC.

191. Groq distributed the Information Statement for the Conversion on May 27, 2026. The stockholder solicitation period closed at midnight Eastern on June 17, 2026. On June 18, 2026, the “Requisite Stockholders” — holders of (i) a majority of outstanding capital stock consenting together on an as-converted basis, (ii) a majority of outstanding Preferred Stock consenting separately as a single class, and (iii) a majority of outstanding Series D and Series D-3 Preferred Stock consenting together as a separate series — approved the Conversion by written consent under Section 228.

192. On June 22, 2026, the Certificate of Conversion and Certificate of Formation were filed with the Delaware Secretary of State.

193. No stockholder meeting took place, no minority investors voted, and no one solicited disinterested stockholders. The approving bloc consisted of the same interested funds — Disruptive, Infinitum, Social Capital, and BlackRock — that

held a Board seat and a disclosed financial interest in the transactions being approved.

194. What the Requisite Stockholders approved, moreover, was the Conversion ***and nothing else***. The transfer of all or substantially all of Groq’s assets had occurred six months ***earlier***, when the License and the Release closed on December 24, 2025, and no vote was ever taken under Section 271 to authorize that transfer. Neither the June 18, 2026 written consent nor the Information Statement that solicited it asked stockholders to authorize the License, and a consent approving a change of entity form months after the assets were gone cannot supply the authorization the statute required before they were transferred.

195. After the Conversion, the Class held Units in a limited liability company whose operating agreement provides that “no Manager or Officer, in his or her capacity as such, shall have any duty (including fiduciary duty), or any liability for a breach of duty (including fiduciary duty), to the Company or its Subsidiaries, any Member or any other Manager or Officer or any other Person bound by this Agreement,” subject only to bad-faith violation of the implied contractual covenant of good faith and fair dealing — and any claimant bears the burden of overcoming a presumption of good faith “by clear and convincing evidence.” Members separately “waive and eliminate any and all fiduciary duties that, absent such waiver and elimination, may be implied by Law.”

196. The Conversion extinguished, at a stroke, every protection the DGCL and Groq's own contracts had provided. Before the Conversion, the Class held shares of a Delaware corporation governed by fiduciary duties that cannot be waived, the right to bring derivative actions under Court of Chancery Rule 23.1, voting rights under the Charter, preemptive rights under Section 4.1 of the July 25, 2025 Amended and Restated Investors' Rights Agreement, anti-dilution protections under Article FOURTH Part B Section 4.4 of the Charter, and the protections of the Amended and Restated Voting Agreement, the Amended and Restated Right of First Refusal and Co-Sale Agreement, the Rights Agreement, and various side letters.

197. The Class was not paid for the pro rata interest in the Company that its shares represented. Instead, it received back its own company's cash, net of a tax the structure created, and nothing for what was left behind.

2. The Conversion Price

198. The Conversion Price was unfair and the way the Board derived the Conversion Price reflects an absence of good faith. Each outstanding share was converted into "the right to receive an amount in cash equal to [REDACTED] per outstanding share, at the times described herein, subject to further adjustment as described herein."

199. According to the Information Statement, that price “represents the Board’s good faith determination of the equity value of the Corporation as of the Effective Time,” made in reliance on an independent third-party valuation by Deloitte, the Corporation’s actual and potential liabilities determined in accordance with GAAP, the value of the remaining License proceeds, and the value of the Corporation’s assets determined in accordance with GAAP.

200. The arithmetic is as follows:

Conversion Price Calculation	Amount
██████████	██████████
██	██████████
██████████	██████████
████████████████████████████████████	██████████
██████████	██████████
██████████	██████████
██████████	██████████
██████████	██████████
██████████	██████████
████████████████████████████████████	██████████
████████████████████████████████	██████████

201. The ██████████ share divisor is the share count left after the redemptions had cancelled approximately 96% of Groq’s shares, so the ██████████ result does not measure value on the Original Share Basis.

202. Every line in that arithmetic is cash, a cash receivable, or a cash liability. The methodology assigns [REDACTED]

[REDACTED]

203. The [REDACTED] figure cannot be a good-faith determination of the Company's equity value. The single License payment from NVIDIA that was not due until December 2026 accounts for \$1.0 billion of it, roughly [REDACTED] of the whole, so the Board's own arithmetic values everything else at negative [REDACTED]. That the Board also carried the payment at full face, despite disclosing in the same package that it is subject to offset for NVIDIA's indemnification claims, only understates the problem.

204. A board performing a good-faith determination of equity value does not carry a contingent receivable at full face while disclosing, in the same package, that it may be reduced or eliminated — particularly while assigning [REDACTED]

[REDACTED]

205. A methodology that reduces the equity value of an operating enterprise to its net cash position necessarily assigns [REDACTED]

[REDACTED]

Here that meant [REDACTED]

[REDACTED]

[REDACTED]

inventory, [REDACTED]

[REDACTED] who had structured the Transaction.

206. As explained below, tying the Conversion Price to the entity's cash position squeezed out every former Groq investor not entitled to side benefits. That price cannot be reconciled with the \$650 million that the same fiduciaries who recommended the Conversion invested as new money into that enterprise weeks later, or with the \$3.5 billion valuation at which the market priced the LLC's Units eight weeks after that.

3. The Investment Election and the June Financing

207. The Investment Election was irrevocable, personal, and non-transferable, required funding within five days following the Conversion Date, and could be rejected by the Company in its sole discretion. Exercising it required executing the Stockholder Consent — the instrument that approved the Conversion and thereby forfeited appraisal rights. Stockholders were therefore required to choose between preserving their right to challenge the price at which they were squeezed out and participating *pro rata* in the go-forward enterprise. They could not do both.

208. Contemporaneously with the Conversion, the Board determined to raise \$650 million into the post-conversion entity. Stockholders could invest new cash equal to their "*Pro rata Portion*" — their percentage of outstanding Capital Stock

immediately prior to the Conversion, applied to \$650,000,000 — at \$1.00 per Unit. Only accredited investors could participate, even though many Groq shares were held by current and former employees, whose principal path to accredited status was the Groq equity the Transaction extinguished. Because the Investment Election required new cash, proceeds received from the Transaction could not be recycled into it.

209. Consistent with its pattern of enriching select investors at the expense of “ordinary” stockholders, the Board reserved for itself [REDACTED] of the LLC’s equity value to reward favored constituencies. The LLC reserved a number of Units equal to approximately [REDACTED] of its post-money capitalization for equity issuances to “service providers, individuals, employees, current and former equity holders, partners, directors, officers, members, managers, advisors and other parties as determined by the Board in its sole discretion.” In other words, the Board created a slush fund for itself and its allies.

210. The Information Statement adds that the reserve “may be allocated for any number of reasons, including ... retention and incentivization, reward for exceptional performance or milestone achievement, strategic advisory services, alignment with long-term enterprise value creation, or exchange of current or potential claims.”

211. The Board's unlimited discretion to allocate the Units to whom it sees fit, at prices and on terms it alone determines, after the Class's shares had been cashed out, is itself evidence of unfair dealing.

212. Disruptive and Infinitum each agreed to backstop fifty percent of any shortfall, and each was to receive "a warrant at [REDACTED]/unit for [REDACTED] of units purchased," covering both its *pro rata* investment and its portion of the backstop. Groq's own Shareholder FAQ, in the section captioned "Adversarial / Worst-Case Scenarios," flags this arrangement as a conflict of interest, stating plainly that the financing "is being backstopped by two existing investors already represented on the Board (Disruptive and Infinitum)."

213. A warrant exercisable at [REDACTED] per Unit for [REDACTED] percent of Units purchased is economically a [REDACTED] percent free equity kicker, well beyond a market-rate standby fee.

4. The Effect on the Class

214. Plaintiffs and the Class were harmed directly. Their shares were cashed out at an unfair price, determined by the same conflicted fiduciaries who stood on both sides of the Transaction, without a vote of disinterested stockholders and without any independent process to test or maximize value.

215. Together, the steps constitute a coordinated process by which interested fiduciaries extracted the Company's value for a counterparty that was

simultaneously compensating them, fixed the price at which the minority would be extinguished, foreclosed any challenge to that price except at the cost of the minority's participation in the residual value, and captured that residual value for themselves through preferential reinvestment.

216. The coercive structure of the Investment Election independently supports the conclusion that the Transaction was not entirely fair, because a fair process does not condition the minority's access to value on its agreement not to challenge the price.

217. Plaintiffs allege on information and belief that the Board designed the structure to foreclose challenges: the appraisal-forfeiture condition has no business justification independent of its litigation-avoidance function, and the five-day funding window and non-transferability restrictions ensured that the practical option was taking cash and losing rights rather than funding new cash.

J. The August 2026 \$350 Million Series A: NVIDIA Invests in the Company It Hollowed Out

218. Eight weeks after the Class's shares were cashed out, the market priced the same enterprise at five times the Board's own figure. Having squeezed out the former Groq investors who built the business that once posed an existential threat to NVIDIA, Defendants turned back to creating value for themselves alone.

219. Groq shifted its focus to operating GroqCloud. It raised \$650 million of new capital at \$1.00 per Unit on the strength of the “Groq 2.0” business plan attached as Exhibit G, which projects “█████ revenue expansion” and a ramp from █████ to █████ over six years, with follow-on █████ rounds contemplated in the second quarter of 2027 and the first quarter of 2028. Those projections are pleaded not for their accuracy but because the same Board that certified a █████ residual equity value for purposes of the coercive Conversion solicited \$650 million against that ambitious plan.

220. On or about August 17, 2026, Groq, LLC closed a \$350 million Series A financing at an implied post-money valuation of \$3.5 billion. The round was led by Disruptive, with participation by NVIDIA.

221. The financing closed approximately eight weeks after the Conversion — *i.e.*, eight weeks after the Board determined that the “equity value” of the same enterprise was █████

222. The \$3.5 billion post-money valuation represents approximately █████ times the Board’s own █████ equity-value determination. The implied enterprise value increased by approximately █████ in eight weeks, during which period no material change occurred in the Company’s technology, customer base, or operations that was not already known or knowable at the time of the Conversion.

223. NVIDIA's own participation in the round is the most telling feature of it. The entity that paid \$17 billion for a [REDACTED] license to all of Groq's intellectual property, hired substantially all of its workforce, and committed \$3 billion in restricted stock units then invested fresh capital in the residual shell it had supposedly left behind.

224. A rational acquirer does not invest in the remnants of its own acquisition target post-closing unless it views the residual entity as an extension of its own operations. That is precisely what the NVIDIA Cloud Partnership, the deployment of NVIDIA reference architectures, and the Groq 3 LPX systems incorporating Samsung-manufactured SRAM-dominant chips licensed from Groq confirm. Groq, LLC's main customer and commercial partner was NVIDIA, and NVIDIA made a new investment in it as part of the August Financing. Groq was an NVIDIA subsidiary in all but name.

225. The August Financing round establishes the magnitude of the value the Class was denied — approximately [REDACTED] captured by the interested fiduciaries and their funds, who invested at the Conversion valuation and repriced at the Series A.

226. The Board fixed the Conversion Price with knowledge of the valuation at which fresh capital was about to be raised into the same enterprise. The "Groq 2.0" business plan, projecting [REDACTED] revenue expansion and a ramp from [REDACTED]

██████████ was attached as Exhibit G to the Information Statement and was in active use to raise capital at the time the Conversion Price was set.

227. The same Board solicited \$650 million at \$1.00 per Unit in the same window in which it certified a ██████████ residual equity value for purposes of the Conversion. Disruptive led the June Financing backstop and then led the August Financing. The Series A closed approximately eight weeks after the Conversion at ██████ times the Board's own equity-value figure. Plaintiffs allege on information and belief that the Board fixed the price at which the minority was extinguished while knowing, or having every reason to know, the valuation at which fresh capital was about to be raised into the same enterprise.

228. Pledged in the alternative to the preceding paragraph: even if the Board was not yet aware of the Series A terms when it fixed the Conversion Price, the speed of the repricing — from ██████████ to \$3.5 billion in eight weeks — demonstrates that the Conversion Price did not reflect fair value, because fair value must incorporate known or knowable elements of future value, and the “Groq 2.0” business plan attached as Exhibit G to the Information Statement was both known and in active use for fundraising at the time the Conversion Price was set.

229. In sum, the integrated Transaction diverted value from the Class at every step:

- a) The License structure produced an entity-level tax provision of [REDACTED] that a stock acquisition would not have imposed;
- b) The Release permitted NVIDIA to commit \$3 billion in restricted stock units to certain employees hired by NVIDIA, none of which flowed through Groq's treasury or was distributed *pro rata* to stockholders;
- c) The option cancellation fixed holders at a [REDACTED] basis — [REDACTED] per share below the [REDACTED] capital stock ultimately realized — while accelerating approximately [REDACTED] shares for certain officers and directors and cancelling rank-and-file employees' unvested options for no consideration;
- d) The Conversion Price methodology assigned [REDACTED]
[REDACTED] into which the same fiduciaries injected \$650 million of new money weeks later, and [REDACTED]
[REDACTED]
- e) The June Financing awarded [REDACTED] warrants to the two board-affiliated backstop funds and routed lapsed allocations from holders who could not participate to the Conflicted Funds;
- f) The August Financing repriced the same enterprise at approximately \$3.5 billion, roughly [REDACTED] times the Board's own [REDACTED] equity-value determination, eight weeks after the Class was cashed out, capturing approximately [REDACTED] of implied value for the interested fiduciaries and their funds.

CLASS ACTION ALLEGATIONS

230. Plaintiffs bring this action pursuant to Court of Chancery Rule 23, individually and on behalf of a class consisting of all record holders and beneficial owners of Groq, Inc. capital stock as of December 24, 2025 who continued to hold

such stock through and including the effective time of the Conversion on June 22, 2026, and who did not receive NVIDIA employment offers or NVIDIA compensation in connection with the Transaction (the “Class”). The Class includes holders whose share counts were reduced by the *pro rata* Redemptions and holders who held through special purpose vehicles, including any such vehicle removed from the capitalization table before the Redemptions began.

231. Excluded from the Class are Defendants and their affiliates; any person who received NVIDIA employment or NVIDIA compensation in connection with the Transaction; the Conflicted Funds and their affiliates; and any officer or director of Groq who participated in approving any of the challenged transactions, whose equity awards were accelerated, or whose one-year vesting cliff was waived effective December 31, 2025.

232. The Class is so numerous that joinder of all members is impracticable. Groq had approximately [REDACTED] as-converted shares outstanding before the redemptions, held by institutional funds, venture investors, employees, former employees, and other holders.

233. Common questions predominate, including: (a) whether enhanced scrutiny or entire fairness governs; (b) whether the Board was disinterested and independent; (c) whether the process was fair; (d) whether [REDACTED] per original as-converted share represented fair value; (e) whether the Conversion Price

methodology's assignment of [REDACTED]

[REDACTED] was a good-faith determination of equity value; (f) whether the disclosures were materially complete; (g) whether the Section 220 waiver in the Company's equity documentation bears on the fairness of the process and on the materiality of the omissions; (h) whether the License and the Release effected a sale of all or substantially all of Groq's assets under 8 *Del. C.* § 271; (i) whether the Conversion and the June Financing were coercive; (j) whether the terms of the August Financing bear on the fair value of the Class's cashed-out equity; and (k) the measure of damages.

234. Plaintiffs' claims are typical. Each held capital stock through the Conversion, was subject to the same *pro rata* redemption mechanics and the same Investment Election terms as every other holder, and was subject to the same Conversion Price.

235. Plaintiffs have no interests antagonistic to the Class and have retained counsel competent and experienced in Delaware stockholder litigation.

236. A class action is superior. Individual actions would be economically irrational for most holders and would risk inconsistent adjudications of the fair value of a single security in a single transaction.

237. Defendants acted and refused to act on grounds generally applicable to the Class, and the relief sought is appropriate with respect to the Class as a whole.

CLAIMS FOR RELIEF

COUNT I

DIRECT CLASS CLAIM: VIOLATION OF 8 DEL. C. § 271 **(AGAINST THE DIRECTOR DEFENDANTS AND GROQ, LLC)**

238. Plaintiffs incorporate each preceding paragraph.

239. Section 271(a) of the DGCL required the authorization of the holders of a majority of Groq's outstanding stock entitled to vote before Groq could sell, lease or exchange all or substantially all of its property and assets.

240. The quantum is not in doubt. The licensed intellectual property was the asset on which Groq competed, on which it raised over \$3 billion in private capital, and on which investors valued the Company at approximately \$6.9 billion three months before the License. Groq recognized approximately \$16.9 billion of license income from its single license to NVIDIA, as compared to a residual enterprise the Board's own calculation credited with \$25 million of expected customer receipts. Essentially all of Groq's revenue-generating capacity traveled with the technology and the engineers who alone could apply it, and GroqCloud, the only other business Groq operated, generated *de minimis* revenue and existed to demonstrate the LPU. After the License, no bidder among those canvassed ascribed meaningful value to what remained.

241. The Board's own contemporaneous valuation confirms as much. On February 2, 2026, the Board determined in good faith that the fair market value of all outstanding capital stock was [REDACTED] — exactly [REDACTED] per share, consisting of nothing but the cash queued for distribution. By then there was no operating enterprise left to value.

242. That cash cannot be counted among the assets remaining to the corporation, for it was the proceeds of the disposition, not a retained operating asset. A seller does not escape Section 271 by observing that it still holds the purchase price.

243. Qualitatively, what NVIDIA took was the Company's reason for existing: the LPU architecture, the engineering organization that designed it, and Groq's standing as an independent competitor in AI inference. What NVIDIA declined to take was Groq's balance sheet: its liabilities, its inventory and vendor commitments, and its corporate shell. A buyer that acquires a seller's entire operating business while leaving the seller's debts behind has acquired substantially all of the assets, whatever the instruments are called.

244. The License, the Release, and the resulting cessation of Groq's semiconductor business together effected a transfer of all or substantially all of Groq's property and assets within the meaning of Section 271.

245. Section 271(a) requires that stockholder authorization precede the transaction: a corporation may sell, lease or exchange all or substantially all of its property and assets only when the holders of a majority of its outstanding stock have first authorized it to do so. Stockholders gave no such authorization before the License closed. The written consent executed on February 4, 2026 therefore was not the authorization the statute requires, and it could not become one after the assets had been transferred and the transaction could no longer be undone. That consent was in any event executed by the same interested funds whose designees had approved the License, was not a vote of disinterested shares, and was not preceded by disclosure of the material facts bearing on the value transferred.

246. No later disclosure cured the defect. The May 27, 2026 Information Statement solicited approval of the Conversion and the related Investment Elections, and neither it nor the June 18, 2026 written consent sought or gave authorization of the License under Section 271. Groq's Board confirmed the equivalence six weeks after closing by amending the Charter to require a majority stockholder vote for any material non-exclusive license of the Company's intellectual property.

247. Groq, LLC is named on this Count as successor to Groq, Inc. under 8 *Del. C.* § 266(h). Plaintiffs seek a declaration that the License and the Release effected a sale of all or substantially all of Groq's property and assets without the

required authorization and, to the extent the Court concludes the License was not validly authorized, such further relief as equity permits, including, without limitation or waiver, rescission, rescissory damages, disgorgement, or any other remedy available at law or in equity.

248. The harm alleged in this Count was suffered by the stockholders, whose statutory right to authorize the disposition was denied, and any relief would run to the Class. This Count is direct.

COUNT II

DIRECT CLASS CLAIM: BREACH OF FIDUCIARY DUTY UNDER REVLON (AGAINST THE DIRECTOR DEFENDANTS AND DEFENDANT MADRA)

249. Plaintiffs incorporate each preceding paragraph.

250. The integrated Plan culminated in the terminal cash liquidation of the enterprise. Every outstanding share was converted into the right to receive cash, and Groq's own Plan of Conversion was adopted as a plan of liquidation intended to be treated as distributions of all of the Corporation's assets in complete liquidation. The Plan itself identified Dissolution as one of the two endpoints the Board would take if no WholeCo Sale occurred. In the alternative, the License and the Release effected a change of control by transferring Groq's operating business, workforce, and competitive position to NVIDIA. On either theory, enhanced

scrutiny applies, and Defendants' duties became the maximization of value at a sale for the stockholders' benefit.

251. Defendants failed to satisfy those duties. They conducted no pre-signing sale process, obtained no pre-signing valuation or fairness opinion, formed no committee, and granted no fiduciary out or matching right. They instead granted a [REDACTED] license to all licensed intellectual property, together with a release permitting the solicitation of substantially all employees, to a single counterparty on a single day — announced and closed the same day it was agreed. The Board engaged a financial advisor only on December 29, 2025, five days after the License closed. Having then committed themselves in the Plan to pursue a WholeCo Sale through December 15, 2026, they abandoned that process and cashed out the Class on June 22, 2026 with more than five months remaining.

252. The canvass that followed cannot serve as a market check. It ran from December 29, 2025 to February 9, 2026, entirely after the irrevocable license and the workforce release, and produced no compelling proposal from any of the 36 potential bidders — an outcome the Information Statement attributes to the liabilities on the balance sheet, the corporate-level taxes on subsequent license transactions, and the low value bidders ascribed to subsequent licenses. A canvass of the shell is not a market check on the business.

253. Ross and Madra tilted the process toward NVIDIA for personal reasons: employment, compensation, and participation in a \$3 billion equity pool available only to those who commenced NVIDIA employment. The Board failed to manage that conflict.

254. Nor were the remaining directors merely inattentive. The four fund designees took cash in the Redemptions at the transaction valuation and obtained contractually guaranteed manager seats in the surviving entity, two of their funds took warrants exercisable at [REDACTED] per Unit, and the directors and officers who approved the Transaction accelerated approximately [REDACTED] shares of their own unvested equity and waived the cliff on approximately [REDACTED] more in the same resolution that cancelled every rank-and-file unvested option for no consideration.

255. Defendants also acted in bad faith. A board that surrenders a company's entire operating business to a single bidder on one day, without a valuation, a fairness opinion, or any market test, has consciously disregarded its obligation to seek the best transaction reasonably available.

256. Defendants' actions fell outside the range of reasonableness and the Class was damaged thereby, even if the Court concludes that no disabling conflict infected the Board's approval. Defendants bear the burden of proving both the reasonableness of their decision-making process, including the information on

which they based their decision, and the reasonableness of their action in light of the circumstances then existing, and they cannot carry it on this record.

257. The harm alleged in this Count was suffered by the stockholders, who received an unfair price for equity that was extinguished, and any recovery would run to the Class rather than to the enterprise. This Count is direct.

258. Defendants' breaches were breaches of the duty of loyalty and are not exculpated by any provision adopted under 8 *Del. C.* § 102(b)(7). The Class was injured and has no adequate remedy at law.

COUNT III

DIRECT CLASS CLAIM: BREACH OF THE DUTY OF LOYALTY AND ENTIRE FAIRNESS IN CONNECTION WITH THE TRANSACTION AS A WHOLE (AGAINST THE DIRECTOR DEFENDANTS AND DEFENDANT MADRA)

259. Plaintiffs incorporate each preceding paragraph.

260. The License, the Release, the option cancellation, the Redemptions, the Conversion, the June Financing, and the August Financing were steps of a single integrated plan that NVIDIA and the Board set in motion on December 24, 2025 and that the Board formally adopted on February 2, 2026. They must be evaluated as a whole. Entire fairness governs the Transaction in its entirety, not merely the final step by which the Class was cashed out.

261. Each individual Defendant owed Groq's stockholders fiduciary duties of care and loyalty. Madra owed those duties as Groq's President and Chief Operating Officer, and the claims against him arise from acts taken in that capacity, including his negotiation of the License with NVIDIA while simultaneously negotiating his own NVIDIA employment and compensation. No exculpation provision reaches disloyalty, bad faith, or an improper personal benefit.

262. A majority of the Board was interested in the NVIDIA Transaction and in the Conversion. Groq's own documents disclose that four directors were financially interested through their affiliated funds in both, that Ross was offered NVIDIA employment and was eligible for NVIDIA compensation in connection with the License, and that Rappaport, Moon, and Madra were interested as to the NVIDIA Transaction. The business judgment rule is therefore rebutted and entire fairness governs.

263. Groq forfeited any § 144 safe harbor. It employed no fully disinterested committee, and the holders who executed the February 4, 2026 and June 18, 2026 written consents were not disinterested stockholders within the meaning of § 144. Each of Disruptive, Infinitum, Social Capital, and BlackRock held Groq capital stock, designated a member of the Board, and held a disclosed financial interest in the very matters being approved — through cash taken in the Redemptions at the transaction valuation, guaranteed manager seats in the surviving entity, backstop

commitments, or penny warrants. The Written Consent's resolutions purporting to determine that the Conversion, the Financing, the Backstop Investment, the Backstop Warrants, and the NVIDIA Transaction were fair to and in the best interests of the Company and its Stockholders were adopted by that same interested bloc. Not one signatory to either consent was a disinterested stockholder. Groq never asked for, and never obtained, the approval of a single disinterested share. The burden of proving entire fairness rests on Defendants.

264. The process was not fair. Defendants (a) committed Groq's entire enterprise value in a single-bidder transaction negotiated in part by fiduciaries bargaining for their own employment and compensation with the counterparty; (b) executed and closed that transaction on the day it was announced, without the stockholder authorization Section 271 requires, and engaged a financial advisor only afterward; (c) formed no disinterested committee for the License or the Conversion, and disbanded the one committee they formed months before the Conversion was priced; (d) cancelled every unvested option for no consideration at all, fixed the holders of vested options at a [REDACTED] per share basis, and in the same resolution accelerated approximately [REDACTED] shares of their own unvested equity and waived the one-year cliff on approximately [REDACTED] more; (e) approved the Conversion by insider written consent with no minority vote, and conditioned participation in the go-forward enterprise on execution of an appraisal-

forfeiting consent; (f) awarded penny warrants to the two board-affiliated backstop funds; (g) converted the enterprise into a form in which fiduciary duties were waived and eliminated by contract; and (h) fixed a net-cash liquidation price for an AI-inference enterprise, then permitted those same funds to reinvest at that valuation eight weeks before the enterprise was repriced at approximately \$3.5 billion.

265. The price was not fair. The Conversion Price rested on a net-cash calculation of [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] into which the same fiduciaries injected \$650 million weeks later and which the market priced at approximately \$3.5 billion post-money on or about August 17, 2026; [REDACTED]

[REDACTED] Entire fairness is a unitary test, and the unfair price here is what the unfair process produced.

266. Defendants also solicited stockholder approval of the Conversion and irrevocable Investment Elections while omitting or misstating material information, which Plaintiffs plead as facts establishing unfair dealing. The omissions include: (a) that the Conversion Price methodology [REDACTED]

[REDACTED]

████████████████████ and no reconciliation of the ██████████ residual valuation with the contemporaneous decision to raise \$650 million at \$1.00 per Unit on a business plan projecting ██████ revenue expansion; (b) that Defendants approved and paid the first three Distributions before disclosing any supporting valuation methodology, and that the Board asked stockholders to make irrevocable elections against a price it expressly reserved the right to adjust downward; (c) the scope, mandate, methodology, and value range of the Deloitte valuation, and whether anyone asked Deloitte to value the retained intellectual property, the fixed assets, or the going concern at all; (d) the acceleration benefits by recipient, the quantum of the penny warrants, and what portion of the ██████ Unit reserve the Board expected to issue to which fiduciaries, at what price, and on what terms; and (e) that the Company was positioned to raise capital at a materially higher valuation within weeks of the solicitation. Plaintiffs allege upon information and belief that discussions concerning the August Financing, including NVIDIA's participation, were underway before the solicitation period closed on June 17, 2026.

267. These omissions and misstatements were material, deprived the Class of the ability to make an informed decision, and independently preclude any cleansing effect of the Section 228 consents. The Section 220 waiver in the Company's equity documentation aggravated these deficiencies rather than

excusing them, because a holder who cannot inspect must rely entirely on what the Company chose to disclose.

268. Defendants' breaches were breaches of the duty of loyalty and are not exculpated by any provision adopted under 8 *Del. C.* § 102(b)(7). The Class was injured and has no adequate remedy at law.

269. The harm alleged in this Count was suffered by the holders of Groq capital stock, whose equity was extinguished at an unfair price and who were denied benefits that fiduciaries directed to themselves and their affiliated funds. Any recovery would run to the Class. This Count is direct.

270. As to the benefits that never passed through the corporation — the restricted stock unit allocations conditioned on commencement of NVIDIA employment, the [REDACTED] warrants, the June Financing allocations that lapsed from holders who could not fund them, and the undistributed portion of the approximately [REDACTED] percent post-conversion Unit reserve — Plaintiffs seek restitution, disgorgement, rescission, rescissory damages, and the imposition of a constructive trust. None of those benefits flowed through Groq's treasury, was distributed *pro rata*, or passed through the corporate payment waterfall, and to that extent Plaintiffs and the Class have no adequate remedy at law.

COUNT IV

**DERIVATIVE CLAIM: BREACH OF THE DUTY OF LOYALTY (IN THE
ALTERNATIVE; DEMAND EXCUSED)**
**(AGAINST THE DIRECTOR DEFENDANTS AND DEFENDANT MADRA, DERIVATIVELY
ON BEHALF OF GROQ, INC./GROQ, LLC)**

271. Plaintiffs incorporate each preceding paragraph and plead this Count in the alternative, solely to the extent any claim asserted above is characterized as derivative rather than direct.

272. The facts alleged in the foregoing paragraphs state direct statutory and common law claims. To the extent any claim is otherwise characterized, however, demand would be excused and Plaintiffs' standing preserved.

273. First, Groq received less for the licensed intellectual property, the workforce release, and the going-concern value that traveled with them than those assets were worth.

274. Second, NVIDIA committed restricted stock units with an aggregate grant date value of \$3 billion to individuals whose cooperation it needed, conditioned on their commencement of NVIDIA employment; none of that consideration entered Groq's treasury or passed through the corporate payment waterfall, and to the extent it was payment for the business NVIDIA was taking rather than compensation for services, it belonged to Groq.

275. Third, the transaction structure that the conflicted Defendants chose imposed an entity-level tax that a sale of stock or similar tax-efficient transaction would not have imposed.

276. Demand is excused as futile. Ross received a material personal benefit in NVIDIA employment and eligibility for NVIDIA compensation in connection with the License, as Groq itself disclosed. Davis and Yetimoglu received material personal benefits through their funds' penny warrants and backstop positions. Trieu and Menon received material personal benefits through their funds' disclosed financial interests in the NVIDIA Transaction, the Conversion, and the Financing. That is five of the seven directors then serving, and Groq's own documents supply the predicate.

277. Each of those directors also faces a substantial likelihood of liability on non-exculpated duty-of-loyalty claims, and each fund designee lacks independence from the fund that designated him and to which he owes a competing duty. Applying the inquiry claim by claim and director by director: as to the License and the Release, Ross was interested through his NVIDIA employment and compensation and Davis, Yetimoglu, Trieu, and Menon were interested through their funds; as to the option cancellation and acceleration, each director whose own unvested equity was accelerated or whose cliff was waived benefited from the same resolution that cancelled every other holder's unvested options; and as to the

Conversion and the June Financing, Davis and Yetimoglu were interested through their funds' backstop commitments and penny warrants, and Trieu and Menon through their funds' cash in the Redemptions and their guaranteed manager seats. At least half of the demand board was disabled on each of those claims.

278. Demand is equally futile as to the body that would consider a demand today. Since the Conversion, the managing body has been the Board of Managers of Groq, LLC, and Section 6.1(a)(ii) of the LLC Operating Agreement allocates four manager seats to the Conflicted Funds by name. A demand would require them to cause the enterprise they control to sue themselves and their own designees.

279. Plaintiffs' standing is not extinguished. The Conversion was itself an integral step in the challenged Transaction, and Plaintiffs' injuries predated it: the License closed December 24, 2025, and three of the four distributions were paid before June 22, 2026. Under 8 *Del. C.* § 266(h), Groq, LLC is deemed to be the same entity as Groq, Inc., and the Plan of Conversion preserves all pre-conversion obligations, liabilities, and personal liability.

280. Thus, the Conversion was structured with the intent and the effect of eliminating standing to pursue these claims. Equity does not permit fiduciaries to extinguish claims against themselves by the same act complained of, and any contrary rule would allow a conflicted board to immunize a transaction by converting the entity it had just stripped.

281. Plaintiffs reserve all rights with respect to claims arising from the cancellation of options under Groq's 2016 Equity Incentive Plan and from Groq's rejection, on January 11, 2026, of exercise notices submitted before that cancellation. That reservation extends to any such claims that may be subject to arbitration provisions in individual employment or option agreements. To the extent any such claims are determined to be subject to arbitration, Plaintiffs do not waive any argument that the arbitration provision is unenforceable, unconscionable, or inapplicable to the class-wide fiduciary duty claims asserted herein. No claim arising from the option cancellation or the rejection of those exercises is asserted in this action.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment:

- A. Certifying this action as a class action pursuant to Court of Chancery Rule 23, certifying Plaintiffs as class representatives, and appointing Plaintiffs' counsel as class counsel;
- B. Declaring that the Transaction is subject to review under the entire fairness standard, with the burden of proof on Defendants, and that Defendants breached their fiduciary duties to Plaintiffs and the Class;
- C. Declaring that the License and the related workforce release effected a sale of all or substantially all of Groq's property and assets within the

meaning of 8 *Del. C.* § 271 without the stockholder authorization the statute requires;

- D. Rescinding the License, the Release, and the other components of the Transaction, and ordering the return to Groq, LLC and the Class of the property, rights, and consideration transferred, or, to the extent rescission is impracticable in whole or in part, awarding rescissory damages in lieu of rescission;
- E. Awarding damages, including rescissory damages, in an amount to be determined at trial, together with pre- and post-judgment interest;
- F. Ordering Defendants to disgorge, and imposing a constructive trust for the benefit of the Class upon, the benefits Defendants and their affiliated funds obtained in connection with the Transaction that were not shared with the Class, including the penny warrants, any Units issued or issuable upon their exercise, and any portion of the post-conversion Unit reserve issued or issuable to fiduciaries;
- G. Enjoining Defendants, pending final judgment, from distributing, dissipating, or encumbering the consideration Groq received from NVIDIA, and from issuing to any fiduciary any portion of the post-conversion Unit reserve, and granting such further equitable relief as

may be appropriate, including an accounting and an equitable adjustment of the Class's interests in Groq, LLC;

- H. Awarding Plaintiffs' reasonable attorneys' fees, expert fees, and expenses;
- I. Granting all relief available in equity, including, without limitation and without waiver of any remedy, rescission, rescissory damages, disgorgement, restitution, the imposition of a constructive trust, an accounting, and an equitable adjustment of the Class's interests in Groq, LLC; and
- J. Granting such other and further relief as this Court deems just and proper.

DATED: September 29, 2026

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