

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

PEIFA XU, Individually and On Behalf of
All Others Similarly Situated,

Plaintiff,

v.

GRIDSUM HOLDING INC., GUOSHENG
QI, RAVI SARATHY, MICHAEL PENG
ZHANG, and THOMAS ADAM
MELCHER

Defendants.

Civil Action No. 1:18-cv-03655 (GHW)

JUDGE GREGORY H. WOODS

**NOTICE OF PENDENCY OF CLASS ACTION
AND PROPOSED CLASS ACTION SETTLEMENT**

If you (i) purchased or otherwise acquired Gridsum Holding Inc. (“Gridsum” or the “Company”) securities (i) from September 22, 2016 through January 7, 2019, or (ii) pursuant and/or traceable to the Offering Documents issued and otherwise in connection with Gridsum’s September 2016 initial public offering, ((i) and (ii) together, the “Class Period”), inclusive (the “Settlement Class”), you may be entitled to a payment from a class action settlement.¹

A Federal Court authorized this notice. This is not a solicitation from a lawyer.

IF YOU ARE A SETTLEMENT CLASS MEMBER, YOUR LEGAL RIGHTS WILL BE AFFECTED BY THIS SETTLEMENT WHETHER YOU ACT OR DO NOT ACT. PLEASE READ THIS NOTICE CAREFULLY.

Additional information about the Settlement is available on the website,
www.gridsumsecuritiessettlement.com

¹ Eligible transactions may include purchases and acquisitions of Gridsum ADSs (defined below) and publicly traded call options, and also the sales (writings) of publicly traded Gridsum put options during the Class Period.

- **Purpose of Notice:** The purpose of this Notice² is to inform you of the pendency of this securities class action (the “Action”), the proposed settlement of the Action (the “Settlement”), and a hearing to be held by the Court to consider: (i) whether the Settlement should be approved; (ii) whether the proposed plan for allocating the proceeds of the Settlement (the “Plan of Allocation”) should be approved; and (iii) whether Lead Counsel’s application for attorneys’ fees and expenses and service awards to the class representatives should be approved. This Notice describes important rights you may have and what steps you must take if you wish to participate in the Settlement, wish to object, or wish to be excluded from the Settlement Class.
- **Summary of Claims Resolved:** The Settlement resolves claims by the Court-appointed Lead Plaintiff William Barth, and additional plaintiff Xuechen Li (collectively, “Plaintiffs”), that have been asserted on behalf of themselves and the Class against Gridsum, Guosheng Qi, Ravi Sarathy, Michael Peng Zhang, and Thomas Adam Melcher (collectively, “Defendants”, and together with the Plaintiffs, the “Parties”) for allegedly making misrepresentations and/or omissions of material fact in various filings with the U.S. Securities and Exchange Commission (“SEC”) and in other public statements made to investors in violation of the federal securities laws, thereby causing damages to Settlement Class Members. It releases the Released Defendant Parties (defined below) from liability.
- **Statement of Settlement Class Recovery:** Subject to Court approval, Plaintiffs, on behalf of the Settlement Class, have agreed to settle the Action in exchange for a payment of \$4,500,000 (the “Settlement Amount”), which will be deposited into an Escrow Account and may earn interest (the “Settlement Fund”). The Net Settlement Fund (as defined below) will be distributed to Settlement Class Members according to the Court-approved Plan of Allocation. The proposed Plan of Allocation is set forth on pages 14-22 below.
- **Estimate of Average Recovery Per Share:** Plaintiffs estimate there were approximately 11.9 million shares of Gridsum securities traded during the Class Period that may have been impacted. Pursuant to the Plan of Allocation (*see* pp. 14-22 below), if all affected shares of Gridsum securities elect to participate in the Settlement, the average recovery per share could be approximately \$0.38, before deduction of any fees, expenses, costs, and awards described herein. **Settlement Class Members should note, however, that the foregoing average recovery per eligible share is only an estimate.** Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, when and at what prices they purchased/acquired or sold their shares of Gridsum securities, the total number of valid Claim Forms submitted, and the value of those claims. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 14-22 below) or such other plan of allocation as may be ordered by the Court.

² All capitalized terms not otherwise defined in this notice shall have the same meaning provided in the Stipulation and Agreement of Settlement, dated December 1, 2023 (the “Stipulation”), which is available on the website www.gridsumsecuritiessettlement.com.

- **Statement of Potential Outcome of Case If the Action Continued to Be Litigated:** The Parties disagree about both liability and damages and do not agree on the damages that would be recoverable if Plaintiffs were to prevail on each claim asserted against the Defendants.
- **Reasons for Settlement:** Plaintiffs’ principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or no recovery at all – might be achieved after contested motions, a trial of the Action and the likely appeals that would follow a trial. This process could be expected to last several years. The Settlement was entered into after extended mediation efforts before a neutral third party. Without admitting any wrongdoing or liability on their part whatsoever, Defendants are willing to settle to avoid the cost, delay, and risk of continuing the Action provided that all of the claims of the Settlement Class are settled and compromised.
- **Attorneys’ Fees and Costs:** Plaintiffs’ Counsel have not received any payment for their services in conducting this litigation on behalf of Plaintiffs and the members of the Settlement Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys’ fees not to exceed 33 and 1/3% of the Settlement Amount, and reimbursement of litigation expenses not to exceed \$600,000, which may include an award for the time and expenses incurred by the Plaintiffs in representing the Settlement Class. If the amount requested by counsel is approved by the Court, the average total cost of fees and expenses would be approximately \$0.18 per share.
- **Identification of Attorneys’ Representatives:** Requests for further information regarding the Action, this Notice or the Settlement, can be directed to Lead Counsel: Lawrence P. Eigel, Bragar Eigel & Squire, P.C., 810 Seventh Avenue, Suite 620, New York, New York 10019, (212) 308-5858. **Please Do Not Contact the Court or the Defendants with Questions About the Settlement.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY MAY 15, 2024	The <i>only</i> way to get a payment. <i>See</i> Question 7 below for details.
EXCLUDE YOURSELF FROM THE CLASS BY MARCH 4, 2024	Get no payment. This is the only option that, assuming your claim is timely brought, might allow you to ever bring or be part of any other lawsuit against the Defendants or the other Released Defendant Parties concerning the Released Plaintiff Claims. <i>See</i> Question 10 below for details.

OBJECT BY MARCH 4, 2024	Write to the Court about why you do not like the Settlement, the Plan of Allocation, or the attorneys' fee and expense application. If you object, you will still be a member of the Settlement Class. <i>See</i> Question 15 below for details.
GO TO A HEARING ON APRIL 3, 2024 AND FILE A NOTICE OF INTENTION TO APPEAR BY MARCH 4, 2024	Ask to speak in Court at the Settlement Hearing about the Settlement. <i>See</i> Question 18 below for details.
DO NOTHING	Get no payment AND give up your rights to bring your own individual action.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made to all Settlement Class Members who timely submit valid Claim Forms, if the Court approves the Settlement and after any appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this Notice?

You or someone in your family, or an investment account for which you serve as a custodian, might have (i) purchased or otherwise acquired shares of Gridsum securities pursuant and/or traceable to the Offering Documents issued and otherwise in connection with Gridsum's September 2016 initial public offering and/or (ii) purchased or otherwise acquired Gridsum's securities from September 22, 2016 through January 7, 2019, both dates inclusive, and might be a Settlement Class Member. This Notice explains the Action, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them. Receipt of this Notice does not necessarily mean that you are a Settlement Class Member or that you will be entitled to receive a payment. **If you wish to be eligible for a payment, you must submit the Claim Form that is available on the Settlement website at www.gridsumsecuritiessettlement.com. *See* Question 7 below.**

The Court directed that this Notice be made publicly available on this website to inform Settlement Class Members of the terms of the proposed Settlement and about all of their options, before the Court decides whether to approve the Settlement at the upcoming hearing to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, Lead Counsel's application for attorneys' fees and expenses, and reimbursement awards for Plaintiffs (the "Settlement Hearing").

The Court in charge of the Action is the United States District Court for the Southern District of New York, and the case is captioned *Xu v. Gridsum Holding Inc. et al.*, No. 1:18-cv-03655 (GHW). The Action is assigned to the Honorable Gregory H. Woods, United States District Judge.

2. What is this case about and what has happened so far?

Gridsum is a web analytics holding company that designs and develops sophisticated data analysis software for online marketing and digital intelligence applications for multinational and domestic enterprises and government agencies in China. The Company offers software that allows customers to collect and analyze information that is collected, indexed, and stored in an organized manner. The Company was co-founded in 2005 by defendant Guosheng Qi (“Qi”) and was headquartered in Beijing, China during the Class Period. Gridsum conducted an initial public offering of American Depository Shares (“ADSs”) on September 2016 (the “IPO”). Gridsum’s ADSs began trading on the NASDAQ under the ticker symbol “GSUM” on September 23, 2016 following the IPO.

The Action alleges that in the Offering Documents for the IPO, and in public statements and documents following the IPO, Gridsum reported financial information for 2015 and 2016 that was purported to be in compliance with Generally Accepted Accounting Principles. On April 23, 2018, the Company issued a press release announcing, among other things, that the Company’s 2016 financial statements should no longer be relied upon. On January 7, 2019, Gridsum issued financial restatements for the Company’s financial statements for the years ended December 31, 2015 and 2016 showing overstatements of revenues and assets and understatements of certain expenses, losses from operations and net losses. The price of Gridsum’s ADSs decreased following these revelations.

Beginning in April 2018, a series of lawsuits alleging that Gridsum and the other Defendants had violated securities laws were filed in federal and state courts. On September 17, 2018, the Court entered an order consolidating the federal actions and appointing William Barth as Lead Plaintiff pursuant to the Private Securities Litigation Reform Act of 1995, and approving Lead Plaintiff’s selection of Bragar Eigel & Squire, P.C. as Lead Counsel.

Plaintiffs filed the Amended Class Action Complaint on December 4, 2018. Plaintiffs then filed the Second Amended Complaint on March 1, 2019, alleging violations of Sections 11 and 15 of the Securities Act of 1933 (the “Securities Act”) Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), and SEC Rule 10b-5 promulgated thereunder, expanding the putative class period through January 7, 2019, the date the Company issued its restatement of certain financial statements.

On May 28, 2019, defendants Gridsum, Thomas Adam Melcher, PricewaterhouseCoopers Zhong Tian LLP (Gridsum’s auditor), and the IPO underwriters filed motions to dismiss the Second Amended Class Action Complaint. Plaintiffs opposed each motion to dismiss.

On March 30, 2020, the Court granted in part and denied in part the motions to dismiss. Specifically, the Court denied dismissal of the Exchange Act claims relating to Gridsum’s 2016 financials and April 2018 press release but dismissed the claims relating to the Company’s 2015

financials and those brought under the Securities Act. The Court also granted Plaintiffs leave to amend the complaint.

On May 7, 2020, Plaintiffs filed the operative complaint in the Action—the Third Amended Class Action Complaint (“TAC”) alleging violations of Sections 11 and 15 of the Securities Act, Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5 promulgated thereunder, against Defendants, other Company directors, Gridsum’s auditor, and the underwriters for the IPO. The TAC alleges, among other things, that Defendants included material misstatements and omissions in the Offering Documents and other documents publicly filed during the putative class period. These allegedly material misstatements and omissions concerned, among other things, the following: (i) that Gridsum was recognizing sales revenue on consignment transactions that were not sales; (ii) that Gridsum failed to record accounts payable; (iii) that Gridsum failed to accrue certain expenses; (iv) that Gridsum failed to record certain costs; (v) that Gridsum misclassified certain financial statement items; (vi) the extent and magnitude of Gridsum’s lack of effective internal control over financial reporting; (vii) that Gridsum and certain Defendants were not appropriately addressing issues with the Company’s financial reporting raised by its auditor; and (viii) that consequently, Gridsum’s financial statements were inaccurate and misleading, and did not fairly present, in all material respects, the financial condition and results of operations of the Company.

On June 8, 2020, Defendants filed motions to dismiss the TAC. Plaintiffs filed an omnibus opposition to the motions to dismiss on July 24, 2020.

On February 23, 2021, the Court granted Defendants’ motion to dismiss the TAC, dismissing Plaintiffs’ claims relating to Gridsum’s 2015 financials and those brought pursuant to the Securities Act, and explicitly stating that the order did not alter the Court’s previous March 2020 decision regarding the Exchange Act claims relating to the 2016 financials and 2018 press release. Claims against certain individual Company officers and directors were either dismissed by the Court or voluntarily dismissed pursuant to stipulations by Plaintiffs and Defendants and orders of the Court.

Defendants Qi, Zhang and Sarathy, each of whom had not been served at the time of the prior motions to dismiss filed by the other defendants, then filed a partial motion to dismiss on June 3, 2021. Plaintiffs filed an opposition on June 17, 2021. The Court ruled on the motion to dismiss on August 29, 2022, granting the motion as to defendants Sarathy and Zhang, and denying it as to Qi.

After retaining and consulting with an expert in market efficiency, Lead Plaintiff filed a motion for class certification on February 17, 2023 supported by a declaration and expert report from Lead Plaintiff’s market-efficiency expert. Thereafter, Defendants opposed Lead Plaintiff’s motion for class certification on May 12, 2023, submitting an expert declaration contesting the opinions of Lead Plaintiff’s expert. On June 13, 2023, Lead Plaintiff filed a reply in further support of his motion supported by a rebuttal report from Lead Plaintiff’s expert in market efficiency. To date, the motion has not been ruled upon by the Court.

Since late 2022, Plaintiffs have also served and responded to written discovery, negotiated document discovery search terms, produced documents, reviewed the initial document productions

from Defendants, defended Lead Plaintiff's and Lead Plaintiff's expert depositions, and taken the deposition of Defendants' expert. Plaintiffs' Counsel have also consulted with experts on accounting, market efficiency, loss causation, and damages.

On September 21, 2023, the Parties participated in a full-day mediation session with Michelle Yoshida, Esq. of Phillips ADR (the "Mediator"), a well-respected and highly experienced mediator in the area of securities class action litigation. Prior to the mediation session, the Parties exchanged detailed mediation statements. Plaintiffs and Defendants did not reach a resolution of the Action at the September 21, 2023 mediation. The Parties continued negotiations over the next three weeks and agreed to the Mediator's proposal to resolve the Claims in the Action. Thereafter, the parties executed a term sheet memorializing their agreement.

After additional negotiations regarding the specific settlement agreement terms, the Parties entered into a Stipulation on December 1, 2023. The Stipulation sets forth ether specific terms and conditions of the Settlement, and it can be viewed on the Settlement Website, www.gridsumsecuritiessettlement.com.

By Order dated December 15, 2023, the Court preliminarily approved the Settlement, authorized notice of the Settlement be provided to potential Settlement Class Members and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement.

3. Why is there a Settlement?

Plaintiffs and Lead Counsel believe that the claims asserted in the Action have merit; however, Plaintiffs and Lead Counsel recognize the expense and length of continued proceedings necessary to pursue the claims through trial and appeals, as well as the difficulties in establishing liability and damages. Plaintiffs and Lead Counsel also recognize that Defendants have numerous defenses that could preclude a recovery. For example, Defendants have asserted that Plaintiffs cannot prove that the Defendants made the allegedly materially false and misleading statements and omissions with scienter.³ Even if Plaintiffs overcame such hurdles to establishing liability, Defendants would assert that the statements at issue did not cause a loss and would vigorously contest the existence and amount of any damages that could be attributed to the allegedly false and misleading statements. Indeed, for the claims relating to the 2015 financial statements, the Court has already decided in Defendants' favor and dismissed those claims.⁴ Additionally, Plaintiffs have considered the risks of litigation involving foreign entities and individuals, and the limited available insurance that might cover any losses. The Settlement provides a guaranteed and immediate cash recovery to the Settlement Class. In light of the risks, Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

³ Scienter means that a defendant knew or recklessly disregarded the truth in making the false statements or in omitting material information needed to make defendants' statements not misleading.

⁴ As further detailed below, because of the Court's dismissal of the Securities Act claims and claims relating to the 2015 financial statements, those Settlement Class claims will be reduced by 90%.

The Defendants have denied and continue to deny any allegations of wrongdoing contained in the Complaint and further deny that they did anything wrong, that Plaintiffs or the Settlement Class suffered damages or that the price of Gridsum securities was artificially inflated by reasons of alleged misrepresentations, nondisclosures, or otherwise. The Settlement should not be seen as an admission or concession on the part of the Defendants. The Defendants have considered the burden, expense, uncertainty, distraction, and risks inherent in any litigation and have concluded that it is desirable to settle upon the terms and conditions set forth in the Stipulation.

4. How do I know if I am part of the Settlement?

Everyone who fits the following description is a Settlement Class Member and subject to the Settlement unless they are an excluded person (*see* Question 5 below) or take steps to exclude themselves from the Settlement Class (*see* Question 10 below): all Persons and entities who purchased or otherwise acquired Gridsum securities (i) from September 22, 2016 through January 7, 2019, or (ii) pursuant and/or traceable to the Offering Documents issued and otherwise in connection with Gridsum’s September 2016 IPO, inclusive, and were damaged thereby. Eligible transactions may include purchases and acquisitions of Gridsum ADSs and publicly traded call options, and also the sales (writings) of publicly traded Gridsum put options during the Class Period.

Receipt of this Notice does not mean that you are a Settlement Class Member. The Parties do not have access to your transactions in Gridsum securities. Please check your records or contact your broker to see if you are a member of the Settlement Class. If one of your mutual funds purchased Gridsum securities during the Class Period, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you individually purchased or otherwise acquired Gridsum securities during the Class Period.

5. Are there exceptions to be included in the Settlement Class?

Yes. There are some individuals and entities who or which are excluded from the Settlement Class by definition. Excluded from the Settlement Class are Defendants, any previously named defendants in the Action, current and former officers and directors of the Company, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which any excluded party has or had a controlling interest. Also excluded from the Settlement Class will be any Person who or which timely and validly seeks exclusion from the Settlement Class in accordance with the procedures described in Question 10 below or whose request is otherwise allowed by the Court.

THE SETTLEMENT BENEFITS

6. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Plaintiff Claims against the Released Defendant Parties, the Defendants have agreed to pay \$4,500,000 in cash, which may accrue interest, to be distributed, after deduction of Court-awarded attorneys’ fees and litigation expenses, Notice and Administration Costs, Taxes and Tax Expenses, reimbursement awards to the class representatives, and any other fees or expenses approved by the Court (the “Net

Settlement Fund”), among all Settlement Class Members who submit valid Claim Forms and are found to be eligible to receive a distribution from the Net Settlement Fund (“Authorized Claimants”).

7. How can I receive a payment?

To qualify for a payment, you must submit a timely and valid Claim Form. You can obtain a Claim Form from the website dedicated to the Settlement: www.gridsumsecuritiessettlement.com or by calling the Claims Administrator toll-free at 1-866-742-4955. Please read the instructions contained in the Claim Form carefully, fill out the Claim Form, include all the documents the form requests, sign it, and mail it to the Claims Administrator so that it is **postmarked or received no later than May 15, 2024**.

8. When will I receive my payment?

The Court will hold a Settlement Hearing on **April 3, 2024** to decide, among other things, whether to finally approve the Settlement. Even if the Court approves the Settlement, there may be appeals which can take time to resolve, perhaps more than a year. It also takes a long time for all of the Claim Forms to be accurately reviewed and processed. Please be patient.

9. What am I giving up to receive a payment or stay in the Settlement Class?

If you are a member of the Settlement Class, unless you exclude yourself, you will remain in the Settlement Class, and that means that you will release all “Released Plaintiff Claims” against the “Released Defendant Parties” upon the “Effective Date” of the Settlement. Unless you exclude yourself, you will remain in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Plaintiff Claims. It also means that all of the Court’s orders will apply to you and legally bind you and you will release your claims against the Defendants.

“**Released Plaintiff Claims**” means any and all Claims and causes of action of every nature and description whatsoever, including both known Claims and Unknown Claims (defined below), known or unknown, contingent or absolute, mature or not mature, discoverable or undiscoverable, liquidated or not liquidated, accrued or not accrued, concealed or hidden, regardless of legal or equitable theory and whether arising under federal, state, common or foreign law, or any other law, rule, or regulation, that arise from or relate to in any way, and in the broadest sense, to the matters alleged in the Action and relate to the purchase or acquisition of Gridsum securities during the Class Period. For the avoidance of doubt, Released Plaintiff Claims include all prior claims and allegations that have been made against Defendants, including but not limited to claims brought under the Securities Act, Exchange Act, and any other statute or law, that have been alleged, dismissed and/or stayed in the Action or in any similar lawsuits filed in New York Supreme Court or any other jurisdiction. Released Plaintiff Claims do not include: (i) Claims relating to Proofs of Claims filed and/or the enforcement of the Settlement or (ii) any Claims of Persons who submit a request for exclusion that is accepted by the Court.

“**Released Defendant Parties**” means Defendants, Defendants’ Counsel, any previously named defendants in the Action, and each of their respective past, present, or future directors, officers and employees, and their families, heirs, executors, administrators, predecessors,

successors, assigns, representatives, principals, partners, attorneys, accountants, auditors, agents, insurers and reinsurers and each of Gridsum's current and former parents, affiliates, subsidiaries, successors, predecessors, officers, directors, employees, agents, servants, representatives, principals, partners, underwriters, assigns, assignees, advisors, attorneys, accountants, auditors, members, insurers and reinsurers.

“Unknown Claims” means any and all Released Plaintiff Claims that Plaintiffs or any other Settlement Class Member do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties and any and all Released Defendant Claims that any Settlement Class Member does not know or suspect to exist in his or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Settlement Class. With respect to any and all Released Plaintiff Claims and Released Defendant Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and the Defendants shall expressly, and each other Settlement Class Member shall be deemed to have, and by operation of the Judgment shall be deemed to have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or foreign law, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiffs, other Settlement Class Members, or the Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Released Plaintiff Claims and the Released Defendant Claims, but Plaintiffs and the Defendants shall expressly, fully, finally, and forever settle and release, and each Settlement Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment shall have settled and released, fully, finally, and forever, any and all Released Plaintiff Claims and Released Defendant Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Plaintiffs and the Defendants acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Plaintiff Claims and Released Defendant Claims was separately bargained for and was a material element of the Settlement.

The “Effective Date” will occur when an Order entered by the Court approving the Settlement becomes Final and is not subject to appeal. If you remain a member of the Settlement Class, all of the Court's orders, whether favorable or unfavorable, will apply to you and legally bind you. Upon the Effective Date, the Defendants will also provide a release of any claims against Plaintiffs and the Settlement Class arising out of or related to the institution, prosecution, or settlement of the claims in the Action.

10. How do I exclude myself from the Settlement Class?

To exclude yourself from the Settlement Class, you must mail a signed letter stating that you “request to be excluded from the Settlement Class in *Xu v. Gridsum Holding Inc. et al.*, No. 1:18-cv-03655 (GHW).” You cannot exclude yourself by telephone or e-mail. Each request for exclusion must also: (i) state the name, address, and telephone number of the person or entity requesting exclusion; (ii) state the number and type Gridsum securities purchased, acquired, and/or sold during the Class Period, as well as the dates and prices of each such purchase, acquisition, and sale; and (iii) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion must be mailed, so that it is **received no later than March 4, 2024**, to:

**Gridsum Securities Litigation
EXCLUSIONS**
c/o RG/2 Claims Administration LLC
P.O. Box 59479
Philadelphia, PA 19102-9479

Your exclusion request must comply with these requirements in order to be valid, unless it is otherwise accepted by the Court.

If you ask to be excluded, do not submit a Claim Form because you cannot receive any payment from the Net Settlement Fund. Also, you cannot object to the Settlement because you will not be a Settlement Class Member. However, if you submit a valid exclusion request, you will not be legally bound by anything that happens in the Action, and you may be able to sue (or continue to sue) the Defendants and the other Released Defendant Parties in the future, assuming your claims are timely. If you have a pending lawsuit against any of the Released Defendant Parties, **please speak to your lawyer in the case immediately.**

11. If I do not exclude myself, can I sue the Defendants and the other Released Defendant Parties for the same thing later?

No. Unless you properly exclude yourself, you will give up any rights to sue the Defendants and the other Released Defendant Parties for any and all Released Plaintiff Claims.

THE LAWYERS REPRESENTING YOU

12. Do I have a lawyer in this case?

The Court appointed the law firm Bragar Eigel & Squire, P.C. to represent all Settlement Class Members. These lawyers are called “Lead Counsel.” You will not be separately charged for these lawyers. The Court will determine the amount of Plaintiffs’ Counsel’s fees and expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

Plaintiffs' Counsel have not received any payment for their services in pursuing the claims against Defendants on behalf of the Class, nor have they been paid for their litigation expenses. Lead Counsel will ask the Court to award Plaintiffs' Counsel attorneys' fees of no more than one-third (33 and 1/3%) of the Settlement Fund, which will include any accrued interest. Lead Counsel will also seek payment of litigation expenses incurred by Plaintiffs' Counsel in the prosecution of the Action of no more than \$500,000, plus interest on such fees and expense at the same rate as earned by the Settlement Fund. In addition, Plaintiffs may seek up to \$30,000 in the aggregate for their time and expenses incurred in representing the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund.

**OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION,
OR THE FEE AND EXPENSE APPLICATION**

14. How do I tell the Court that I do not like something about the proposed Settlement?

If you are a Settlement Class Member, you may object to the Settlement or any of its terms, the proposed Plan of Allocation, or Lead Counsel's application for attorneys' fees and expenses. To object, you must send a signed letter stating that you object to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's application for attorneys' fees and expenses in *Xu v. Gridsum Holding Inc. et al.*, No. 1:18-cv-03655 (GHW). The objection must: (a) state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) include documents sufficient to prove membership in the Settlement Class, including the number and type of Gridsum securities that the objecting Settlement Class Member purchased/acquired and/or sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale. Unless otherwise ordered by the Court, any Settlement Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will be forever foreclosed from making any objection to the proposed Settlement, the Plan of Allocation, or Lead Counsel's application for attorneys' fees and expenses. Your objection must be filed with the Court at the address below, either by mail or in person, **no later than March 4, 2024 and** be mailed or delivered to each of the following counsel so that it is **received no later than March 4, 2024**:

<u>Court</u>	<u>Lead Counsel</u>	<u>Defendants' Counsel</u>
Clerk of the Court United States District Court Southern District of New York Daniel Patrick Moynihan U.S. Courthouse 500 Pearl St. New York, NY 10007	Bragar Egel & Squire, P.C Lawrence P. Egel 810 Seventh Ave., Suite 620 New York, NY 10019	Cooley LLP Michael C. Tu 355 South Grand Ave., Suite 900 Los Angeles, CA 90071

THE SETTLEMENT HEARING

15. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold the Settlement Hearing on **April 3, 2024 at 2:00 p.m.**, either telephonically and/or in Courtroom 12C of the United States District Court, Southern District of New York, Daniel Patrick Moynihan, United States Courthouse, 500 Pearl Street, New York, New York 10007. At this hearing, the Court will consider, whether: (i) the Settlement is fair, reasonable, and adequate, and should be finally approved; (ii) the Plan of Allocation has a rational basis and should be approved; and (iii) Lead Counsel's application for attorneys' fees and expenses and Plaintiffs' reimbursement awards are reasonable and should be approved.

You should be aware that the Court may change the date and time of the Settlement Hearing, or hold the hearing telephonically, without another notice being sent to Settlement Class Members. If you want to attend the hearing, you should periodically check the settlement website at www.gridsumsecuritiessettlement.com, or periodically check the Court's docket for the Action for updates about the Settlement Hearing through PACER, at <https://www.pacer.gov>.

16. Do I have to come to the Settlement Hearing?

No. Lead Counsel will answer any questions the Court may have. But you are welcome to attend at your own expense. If you submit a valid and timely objection, the Court will consider it and you do not have to come to Court to discuss it. You may have your own lawyer attend (at your own expense), but it is not required. If you do hire your own lawyer, he or she must file and serve a Notice of Appearance in the manner described in the answer to Question 17 below **no later than March 4, 2024**.

17. May I speak at the Settlement Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 14), **no later than March 4, 2024** a statement that you, or your attorney, intend to appear in *Xu v. Gridsum Holdings Inc. et al.*, Case No. 1:18-cv-03655-GHW. Persons who intend to present evidence at the Settlement Hearing must also include in their objections the identities of any witnesses that they may wish to call to testify and any exhibits they intend to introduce into evidence at the hearing. You may not speak at the Settlement Hearing if you exclude yourself or if you have not provided written notice in accordance with the procedures described in this Question 17 and Question 14 above.

IF YOU DO NOTHING

18. What happens if I do nothing at all?

If you do nothing and you are a member of the Settlement Class, you will receive no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the other Released Defendant Parties concerning the Released Plaintiff Claims. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 7 above). To start, continue or be part of any other lawsuit against the Defendants and the other Released Defendant Parties concerning the Released Plaintiff Claims

in this case, to the extent it is otherwise permissible to do so, you must exclude yourself from the Settlement Class (*see* Question 10 above).

GETTING MORE INFORMATION

19. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details can be found on the website dedicated to the Settlement, www.gridsumsecuritiessettlement.com, calling the Claims Administrator toll free at 1-866-742-4955 emailing the Claims Administrator at info@rg2claims.com or writing to the Claims Administrator at P.O. Box 59479, Philadelphia, PA 19102-9479.

Please do not contact the Court or the Defendants with questions about the Settlement.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND

20. How will my claim be calculated?

If the Settlement is approved by the Court, the Net Settlement Fund will be distributed to eligible Authorized Claimants—that is, Settlement Class Members who timely submit valid Claim Forms that are accepted for payment by the Court—in accordance with this proposed Plan of Allocation or such other plan of allocation as the Court may approve.

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses as a result of the alleged misstatements and omissions, as opposed to losses caused by market- or industry-wide factors, or company-specific factors unrelated to the alleged fraud. The Claims Administrator shall determine each Authorized Claimant’s share of the Net Settlement Fund based upon the recognized loss formulas described below (“Recognized Loss”).

A Recognized Loss will be calculated for each Gridsum ADS and each Gridsum call option purchased or otherwise acquired during the Class Period and each Gridsum put option sold (written) during the Class Period. The calculation of Recognized Loss will depend upon several factors, including when the Gridsum securities were purchased or otherwise acquired during the Class Period, and in what amounts, and whether those securities were sold, and if sold, when they were sold, and for what amounts. The Recognized Loss is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund equitably to the extent that it is economically feasible.

The Plan of Allocation was created with the assistance of a consulting damages expert engaged by Plaintiff and reflects Plaintiffs’ allegations that the price of the Gridsum ADSs was artificially inflated throughout the Class Period. Plaintiffs also allege that corrective disclosures removed the artificial inflation in the price of the Gridsum ADSs on the following dates: April 23,

2018; April 24, 2018; and January 8, 2019 (the “Corrective Disclosure Impact Dates”). The estimated alleged artificial inflation in the price of the Gridsum ADSs during the Class Period is reflected in Table 1 below and is based on the price change in the ADSs, net of market- and industry-wide factors, on the Corrective Disclosure Impact Dates. Defendants deny that they made any misleading statements or omissions and therefore also deny that corrective disclosures were required.

The U.S. securities laws allow investors to seek to recover losses caused by disclosures that correct allegedly misleading statements or omissions. Thus, in order for a Settlement Class Member to have a Recognized Loss under the Plan of Allocation, with respect to Gridsum ADSs and Gridsum call options, the stock or call options must have been purchased or acquired during the Class Period and still held at the opening of trading on at least one of the Corrective Disclosure Impact Dates; and, with respect to Gridsum put options, those options must have been sold (written) during the Class Period and still outstanding at the opening of trading on at least one of the Corrective Disclosure Impact Dates.

Table 1		
Artificial Inflation in Gridsum ADSs		
From	To	Price Inflation Per ADS
September 22, 2016	April 22, 2018	\$1.73
April 23, 2018	April 23, 2018	\$0.59
April 24, 2018	January 7, 2019	\$0.12
January 8, 2019	Thereafter	\$0.00

Additionally, the Recognized Loss for Gridsum ADSs and Gridsum call options purchased prior to March 15, 2017, and Gridsum put options sold (written) prior to March 15, 2017, shall be reduced by 90% by multiplying that Recognized Loss amount by 0.10. This adjustment to calculating Recognized Losses is intended to reflect the Court’s rulings on Defendants’ motions to dismiss the complaints, which ultimately dismissed, without prejudice, claims for purchases of Gridsum securities prior to March 15, 2017. *See* pages 5-6 above.

The “90-day look back” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss for Gridsum ADSs. The limitations on the calculation of the Recognized Loss imposed by the PSLRA are applied such that losses on Gridsum ADSs purchased during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for such ADSs and the average price of the ADSs during the 90-Day Lookback Period. The Recognized Loss on Gridsum ADSs purchased during the Class Period and sold during the 90-Day Lookback Period cannot exceed the difference between the purchase price paid for such ADSs and the rolling average price of the ADSs during the portion of the 90-Day Lookback Period elapsed as of the date of sale.

In the calculations below, all purchase and sale prices shall exclude any fees, taxes and commissions. If a Recognized Loss amount is calculated to be a negative number, that Recognized Loss shall be set to zero. Any transactions in Gridsum securities executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

A Recognized Loss will be calculated as set forth below for each purchase or acquisition of Gridsum ADSs and call options and for each writing of Gridsum put options during the Class Period that is listed in the Claim Form and for which adequate documentation is provided.

Gridsum ADS Recognized Loss Calculation

For each Gridsum ADS purchased or otherwise acquired during the Class Period, the Recognized Loss per ADS shall be calculated as follows:

- i. For each ADS that was sold prior to April 23, 2018, the Recognized Loss is \$0.00.
- ii. For each ADS that was sold during the period April 23, 2018 through January 7, 2019, inclusive, the Recognized Loss is *the lesser of*:
 - a. the amount of price inflation on the date of purchase as appears in Table 1 above *minus* the amount of price inflation on the date of sale as appears in Table 1 above; or
 - b. the purchase price *minus* the sale price.
- iii. For each ADS that was sold during the period January 8, 2019 through April 5, 2019, inclusive (*i.e.*, sold during the 90-Day Lookback Period), the Recognized Loss is *the least of*:
 - a. the amount of price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the sale price; or
 - c. the purchase price *minus* the “90-Day Lookback Value” on the date of sale as provided in Table 2 below.
- iv. For each ADS that was still held as of the close of trading on April 5, 2019, the Recognized Loss is *the lesser of*:
 - a. the amount of price inflation on the date of purchase as appears in Table 1 above; or
 - b. the purchase price *minus* the average closing price of the Gridsum ADSs during the 90-Day Lookback Period, which is \$2.96.

Table 2					
90-Day Lookback Values					
Sale/ Disposition Date	90-Day Lookback Value	Sale/ Disposition Date	90-Day Lookback Value	Sale/ Disposition Date	90-Day Lookback Value
1/8/2019	\$1.51	2/7/2019	\$1.98	3/11/2019	\$2.77
1/9/2019	\$1.56	2/8/2019	\$1.98	3/12/2019	\$2.79

1/10/2019	\$1.54	2/11/2019	\$1.99	3/13/2019	\$2.82
1/11/2019	\$1.53	2/12/2019	\$2.02	3/14/2019	\$2.84
1/14/2019	\$1.55	2/13/2019	\$2.06	3/15/2019	\$2.87
1/15/2019	\$1.57	2/14/2019	\$2.13	3/18/2019	\$2.89
1/16/2019	\$1.60	2/15/2019	\$2.21	3/19/2019	\$2.90
1/17/2019	\$1.65	2/19/2019	\$2.26	3/20/2019	\$2.92
1/18/2019	\$1.70	2/20/2019	\$2.30	3/21/2019	\$2.94
1/22/2019	\$1.74	2/21/2019	\$2.34	3/22/2019	\$2.94
1/23/2019	\$1.77	2/22/2019	\$2.39	3/25/2019	\$2.93
1/24/2019	\$1.80	2/25/2019	\$2.43	3/26/2019	\$2.93
1/25/2019	\$1.83	2/26/2019	\$2.47	3/27/2019	\$2.93
1/28/2019	\$1.87	2/27/2019	\$2.50	3/28/2019	\$2.93
1/29/2019	\$1.88	2/28/2019	\$2.54	3/29/2019	\$2.93
1/30/2019	\$1.90	3/1/2019	\$2.58	4/1/2019	\$2.93
1/31/2019	\$1.92	3/4/2019	\$2.61	4/2/2019	\$2.93
2/1/2019	\$1.93	3/5/2019	\$2.66	4/3/2019	\$2.94
2/4/2019	\$1.95	3/6/2019	\$2.69	4/4/2019	\$2.95
2/5/2019	\$1.96	3/7/2019	\$2.72	4/5/2019	\$2.96
2/6/2019	\$1.98	3/8/2019	\$2.74		

Gridsum Call Option Recognized Loss Calculation

For each Gridsum call option purchased or otherwise acquired during the Class Period, the Recognized Loss per option shall be calculated as follows:

- i. For each Gridsum call option not held at the opening of trading on at least one of the Corrective Disclosure Impact Dates as defined above, the Recognized Loss is \$0.00.
- ii. For each Gridsum call option purchased during the Class Period and held at the opening of trading on one or more of the Corrective Disclosure Impact Dates as defined above,
 - a. that was subsequently sold prior to the close of trading on January 8, 2019, the Recognized Loss is the purchase price *minus* the sale price.
 - b. that was subsequently exercised prior to the close of trading on January 8, 2019, the Recognized Loss is the purchase price *minus* the intrinsic value of the Gridsum call option on the date of exercise, where the intrinsic value shall be *the greater of*: (i) \$0.00 or (ii) the closing price of the Gridsum ADSs on the date of exercise *minus* the strike price of the option.
 - c. that expired unexercised prior to the close of trading on January 8, 2019, the Recognized Loss is equal to the purchase price.
 - d. that was still held as of the close of trading on January 8, 2019, the Recognized Loss is the purchase price *minus* the intrinsic value of the Gridsum call option as of the close of trading on January 8, 2019, where the

intrinsic value shall be *the greater of*: (i) \$0.00 or (ii) \$1.51⁵ *minus* the strike price of the option.

No Recognized Loss shall be calculated based upon the purchase or acquisition of any Gridsum call option that had been previously sold or written.

Gridsum Put Option Recognized Loss Calculation

For each Gridsum put option sold/written during the Class Period, the Recognized Loss per option shall be calculated as follows:

- i. For each Gridsum put option not open (i.e., not outstanding) at the opening of trading on at least one of the Corrective Disclosure Impact Dates as defined above, the Recognized Loss is \$0.00.
- ii. For each Gridsum put option sold during the Class Period and still outstanding at the opening of trading on one or more of the Corrective Disclosure Impact Dates as defined above,
 - a. that was subsequently purchased prior to the close of trading on January 8, 2019, the Recognized Loss is the purchase price *minus* the sale price.
 - b. that was subsequently exercised (*i.e.*, assigned) prior to the close of trading on January 8, 2019, the Recognized Loss is the intrinsic value of the Gridsum put option on the date of exercise *minus* the sale price, where the intrinsic value shall be *the greater of*: (i) \$0.00 or (ii) the strike price of the option *minus* the closing price of the Gridsum ADSs on the date of exercise.
 - c. that expired unexercised prior to the close of trading on January 8, 2019, the Recognized Loss is \$0.00.
 - d. that was still outstanding as of the close of trading on January 8, 2019, the Recognized Loss is the intrinsic value of the Gridsum put option as of the close of trading on January 8, 2019 *minus* the sale price, where the intrinsic value shall be *the greater of*: (i) \$0.00 or (ii) the strike price of the option *minus* \$1.51.

No Recognized Loss shall be calculated based upon the sale or writing of any Gridsum put option that had been previously purchased or acquired.

ADDITIONAL PROVISIONS

Calculation of Claimant’s “Recognized Claim”: A Claimant’s “Recognized Claim” under the Plan of Allocation will be the sum of his, her, or its Recognized Loss amounts as calculated above with respect to all Gridsum securities.

⁵ \$1.51 is the closing price of the Gridsum ADSs on January 8, 2019.

FIFO Matching: If a Settlement Class Member made more than one purchase/acquisition or sale of any Gridsum security during the Class Period, all purchases/acquisitions and sales of the like security shall be matched on a First In, First Out (“FIFO”) basis. With respect to Gridsum ADSs and call options, Class Period sales will be matched against previous purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. For Gridsum put options, Class Period purchases will be matched against Gridsum put options previously sold (written) during the Class Period in chronological order.

“Purchase/Sale” Dates: Purchases or acquisitions and sales of Gridsum securities shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance, or operation of law of Gridsum securities during the Class Period shall not be deemed a purchase, acquisition, or sale of these Gridsum securities for the calculation of a Claimant’s Recognized Loss, nor shall such receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Gridsum securities unless (i) the donor or decedent purchased or otherwise acquired such Gridsum securities during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Gridsum securities.

Short Sales: With respect to Gridsum ADSs, the date of covering a “short sale” is deemed to be the date of purchase or acquisition of the stock. The date of a “short sale” is deemed to be the date of sale of the Gridsum ADSs. In accordance with the Plan of Allocation, however, the Recognized Loss on “short sales” is zero. In the event that a Claimant had a short position in Gridsum ADSs, the earliest subsequent acquisitions of Gridsum ADSs during the Class Period shall be matched against such short position and shall not be entitled to a recovery until that short position is fully covered.

Maximum Recovery for Options: Settlement proceeds available for Gridsum call options purchased during the Class Period and Gridsum put options written during the Class Period shall be limited to a total amount equal to 1% of the Net Settlement Fund.⁶

ADSs Purchased/Sold Through the Exercise of Options: With respect to Gridsum ADSs purchased or sold through the exercise of an option, the purchase/sale date of the stock is the exercise date of the option and the purchase/sale price of the stock is the closing price of the Gridsum ADSs on the exercise date. Any Recognized Loss arising from purchases of Gridsum ADSs acquired during the Class Period through the exercise of an option on Gridsum ADSs shall be computed as provided for other purchases of Gridsum ADSs in the Plan of Allocation.

Market Gains and Losses: With respect to all Gridsum ADSs and Gridsum call options purchased or acquired or Gridsum put options sold (written) during the Class Period, the Claims Administrator will determine if the Claimant had a Market Gain or a Market Loss with respect to his, her or its overall transactions in those securities during the Class Period. For purposes of

⁶ Gridsum call and put option trading accounted for less than 1% of the total dollar trading volume for Gridsum ADSs and Gridsum call and put options during the Class Period.

making this calculation, with respect to Gridsum ADSs and call options, the Claims Administrator shall determine the difference between (i) the Claimant's Total Purchase Amount⁷ and (ii) the sum of the Claimant's Total Sales Proceeds⁸ and the Claimant's Total Holding Value.⁹ For Gridsum ADSs and call options, if the Claimant's Total Purchase Amount *minus* the sum of the Total Claimant's Sales Proceeds and the Total Holding Value is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain. With respect to Gridsum put options, the Claims Administrator shall determine the difference between (i) the sum of the Claimant's Total Purchase Amount¹⁰ and the Claimant's Total Holding Value¹¹ and (ii) the Claimant's Total Sale Proceeds.¹² For Gridsum put options, if the sum of the Claimant's Total Purchase Amount and the Claimant's Total Holding Value *minus* the Claimant's Total Sales Proceeds is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain.

If a Claimant had a Market Gain with respect to his, her, or its overall transactions in Gridsum securities during the Class Period, the value of the Claimant's Recognized Claim will be zero, and the Claimant will in any event be bound by the Settlement. If a Claimant suffered an overall Market Loss with respect to his, her, or its overall transactions in Gridsum securities during the Class Period but that Market Loss was less than the Claimant's Recognized Claim calculated above, then the Claimant's Recognized Claim will be limited to the amount of the Market Loss.

⁷ For Gridsum ADSs and call options, the "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes, and commissions) for all such Gridsum securities purchased or acquired during the Class Period.

⁸ For Gridsum ADSs and call options, the total amount received for sales during the Class Period is the "Total Sales Proceeds."

⁹ For each Gridsum ADSs purchased or acquired during the Class Period that was still held as of the close of trading on January 7, 2019, the Claims Administrator shall ascribe a "Holding Value" of \$1.51. For each Gridsum call option purchased or acquired during the Class Period that was still held as of the close of trading on January 7, 2019, the Claims Administrator shall ascribe a "Holding Value" for that option which shall be *the greater of*: (i) \$0.00 or (ii) \$1.51 *minus* the strike price of the option. The Claimant's total Holding Value for all Gridsum ADSs and call options held as of the close of trading January 7, 2019 shall be the Claimant's "Total Holding Value."

¹⁰ For Gridsum put options, the total amount paid for purchases during the Class Period to close out positions in put options is the "Total Purchase Amount."

¹¹ For each Gridsum put option sold (written) during the Class Period that was still outstanding as of the close of trading on January 7, 2019, the Claims Administrator shall ascribe a "Holding Value" for that option which shall be *the greater of*: (i) \$0.00 or (ii) the strike price of the option *minus* \$1.51. The Claimant's total Holding Value for all put options outstanding as of the close of trading January 7, 2019 shall be the Claimant's "Total Holding Value."

¹² For Gridsum put options, the total amount received for put options sold (written) during the Class Period is the "Total Sales Proceeds."

Determination of Distribution Amount: If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation (*i.e.*, the Recognized Claim will be deemed to be zero) and no distribution will be made to that Authorized Claimant. Any prorated amounts of less than \$10.00 will be included in the pool distributed to those whose prorated payments are \$10.00 or greater.

After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the Net Settlement Fund six (6) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determine that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants, and there shall be no appeal to any court, including the U.S. Court of Appeals for the Second Circuit. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be deemed to have knowingly and intentionally waived the right to appeal any decision of the Court with respect to the administration, processing, payment, and determination of Claims and the determination of all controversies relating thereto. No person shall have any claim against Plaintiffs, Plaintiffs' Counsel, Plaintiffs' damages expert, Defendants, Defendants' Counsel, or any of the other Released Plaintiff Parties or Released Defendant Parties, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or

further Orders of the Court. Plaintiffs, Defendants, and their respective counsel, and all other Released Defendant Parties, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the plan of allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection therewith.

The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. No Defendant, nor any other Released Defendant Parties, shall have any involvement with or liability, obligation, or responsibility whatsoever for the application of the Court-approved plan of allocation. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.gridsumsecuritiessettlement.com.

SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES

If you purchased or otherwise acquired Gridsum securities during the Class Period for the beneficial interest of a person or entity other than yourself, the Court has directed that **WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, YOU MUST EITHER:** (a) provide to the Claims Administrator the name and last known address of each such person or entity or (b) request additional copies of this Notice and the Claim Form from the Claims Administrator, which will be provided to you free of charge and mail the Notice and Claim Form directly to all such persons or entities **WITHIN SEVEN (7) DAYS** of receipt. If they are available, you must also provide the Claims Administrator with the e-mail addresses of the beneficial owners. If you choose to follow procedure (b), the Court has also directed that, upon making that mailing, **YOU MUST SEND A STATEMENT** to the Claims Administrator confirming that the mailing was made as directed and keep a record of the names and mailing addresses used. The Claims Administrator shall, if requested and if appropriate supporting documentation is provided, reimburse nominees or custodians out of the Settlement Fund solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners/purchasers, up to \$0.05 plus postage at the current pre-sort rate used by the Claims Administrator per Notice and Proof of Claim; \$0.05 per Notice and Claim Form transmitted by email; or \$0.05 per name, mailing address, and email address provided to the Claims Administrator, which expenses would not have been incurred except for the sending of such notice, and subject to further order of this Court with respect to any dispute concerning such reimbursement. All communications concerning the foregoing should be addressed to the Claims Administrator by telephone at 1-866-742-4955, by email at info@rg2claims.com, or through mail at P.O. Box 59479, Philadelphia, PA 19102-9479.

Dated: January 16, 2024

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK