



# Grid Dynamics **Investor Presentation**

NASDAQ: GDYN | Q3 2023

# Disclaimer

## *Forward-Looking Statements*

This communication contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical facts, and involve risks and uncertainties that could cause actual results of Grid Dynamics to differ materially from those expected and projected. These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include, without limitation, statements concerning Grid Dynamics’ expectations with respect to future performance, market size and industry trends, particularly in light of the macroeconomic environment and the Russian invasion of Ukraine. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside Grid Dynamics’ control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (i) Grid Dynamics has a relatively short operating history and operates in a rapidly evolving industry, which makes it difficult to evaluate future prospects and may increase the risk that it will not continue to be successful and may adversely impact our stock price; (ii) Grid Dynamics may be unable to effectively manage its growth or achieve anticipated growth, particularly as it expands into new geographies, which could place significant strain on Grid Dynamics’ management personnel, systems and resources; (iii) Grid Dynamics’ revenues are highly dependent on a limited number of clients and industries that are affected by seasonal trends, and any decrease in demand for outsourced services in these industries may reduce Grid Dynamics’ revenues and adversely affect Grid Dynamics’ business, financial condition and results of operations; (iv) macroeconomic conditions, inflationary pressures, and the geopolitical climate, including the Russian invasion of Ukraine, have and may continue to materially adversely affect our stock price, business operations, overall financial performance and growth prospects; (v) Grid Dynamics’ revenues are highly dependent on clients primarily located in the United States, and any economic downturn in the United States or in other parts of the world, including Europe or disruptions in the credit markets may have a material adverse effect on Grid Dynamics’ business, financial condition and results of operations; (vi) Grid Dynamics faces intense and increasing competition; (vii) Grid Dynamics’ failure to successfully attract, hire, develop, motivate and retain highly skilled personnel could materially adversely affect Grid Dynamics’ business, financial condition and results of operations; (viii) failure to adapt to rapidly changing technologies, methodologies and evolving industry standards may have a material adverse effect on Grid Dynamics’ business, financial condition and results of operations; (ix) failure to successfully deliver contracted services or causing disruptions to clients’ businesses may have a material adverse effect on Grid Dynamics’ reputation, business, financial condition and results of operations; (x) risks and costs related to acquiring and integrating other companies; and (xi) other risks and uncertainties indicated in Grid Dynamics filings with the SEC. Grid Dynamics cautions that the foregoing list of factors is not exclusive. Grid Dynamics cautions readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Grid Dynamics does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

## *Use of Projections*

This presentation contains projections for Grid Dynamics, including with respect to its revenue. Grid Dynamics’ auditors have not audited, reviewed, compiled or performed any procedures with respect to the projections for the purpose of their inclusion in this presentation, and accordingly, have not expressed an opinion or provided any other form of assurance with respect thereto for the purpose of this presentation. These projections are for illustrative purposes only and should not be relied upon as necessarily indicative of future results. In this presentation, certain of the above-mentioned projection information has been repeated for purposes of providing comparisons with historical data. The assumptions and estimates underlying the projected information are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projected information. Accordingly, there can be no assurance that the projected results will be indicative of the future performance of Grid Dynamics or that actual results will not differ materially from those presented in the projected information.

## *Industry and Market Data*

This presentation includes market data and other statistical information for sources believed by Grid Dynamics to be reliable, including independent industry publications and other published independent sources. Some data are also based on the good faith estimates of Grid Dynamics, which are derived from their review of internal sources as well as the independent sources described above. Although Grid Dynamics believe these sources are reliable, they have not independently verified the information and cannot guarantee its accuracy and completeness.

## *Non-GAAP Financial Measures*

In this presentation, Grid Dynamics supplements results reported in accordance with United States generally accepted accounting principles, referred to as GAAP, with non-GAAP financial measures, including Adjusted EBITDA, non-GAAP Net Income, non-GAAP Gross Profit, and non-GAAP Earnings Per Share. Management believes these measures help illustrate underlying trends in Grid Dynamics’ business and uses the measures to establish budgets and operational goals, communicate internally and externally, for managing its business and evaluating its performance, including in comparison to prior periods. Adjusted EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization, and excludes transaction and transformation-related expenses, stock-based compensation expenses, retention bonuses, restructuring charges, and geographic reorganization expenses. Adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered as an alternative to, or more meaningful than, income from operations as a measure of operating performance or to cash flows from operating, investing or financing activities or as a measure of liquidity. Reconciliations of the differences between the non-GAAP measures to the comparable GAAP financial measures are included in this presentation. Grid Dynamics anticipates that it will continue to report certain non-GAAP financial measures in its financial results, including non-GAAP results that exclude stock-based compensation expense, acquisition-related charges, impairment of goodwill, amortization of certain intangible assets, retention bonuses, restructuring charges, geographic reorganization expenses, items related to one-time charges and benefits, gains and losses related to foreign exchange, potential loss contingencies, and the tax impact of any such pre-tax adjustments. Because these non-GAAP financial measures are not calculated in accordance with GAAP, these measures are not comparable to GAAP and may not be comparable to similarly described non-GAAP measures reported by other companies within Grid Dynamics’ industry. Consequently, Grid Dynamics’ non-GAAP financial measures should not be evaluated in isolation or supplant comparable GAAP measures, but should be considered together with the information in Grid Dynamics’ consolidated financial statements, which are prepared in accordance with GAAP.



## Who We Are

**Grid Dynamics is a leading provider of technology consulting, platform & product engineering, and advanced analytics services for Fortune 1000 corporations undergoing digital transformation.**



# Who We Are - Grid Dynamics at a Glance

We are a leading provider of technology consulting, product and platform engineering, and advanced analytics for global enterprises undergoing digital transformation.

## Market Leading Expertise

**AI  
CLOUD  
DATA  
ANALYTICS  
EXPERIENCE**

+ **Proprietary Accelerators**  
(e.g., Microservices Platform,  
Analytical Data Platform,  
AI Use Cases)

## Leading Fortune 1,000 Clients

**224**  
CUSTOMERS

Q3 2023 REVENUE (M)

**\$77.4M**

Q4 2023 REVENUE EXPECTATIONS/(M)

**\$76.0M to \$78.0M**

Q3 2023 GAAP/non-GAAP EPS

**\$0.01 / \$0.08**

## Strategic M&A

**DAXX**

DECEMBER 2020

**mutualmobile**

DECEMBER 2022

**TACIT**  
KNOWLEDGE

MAY 2021

**NextSphere**  
technologies

April 2023

## Global Scale

**18** Countries across  
North America, Europe and Asia

HEADQUARTER

**SAN RAMON** CA  
USA

## Partnership

**aws** partner  
network

**Google Cloud**  
Partner

**Microsoft**  
Partner

**commercetools**

**CONTENTSTACK**

**Lucidworks**

**dataiku**

**APOLLO**

## Skilled Technical Talent

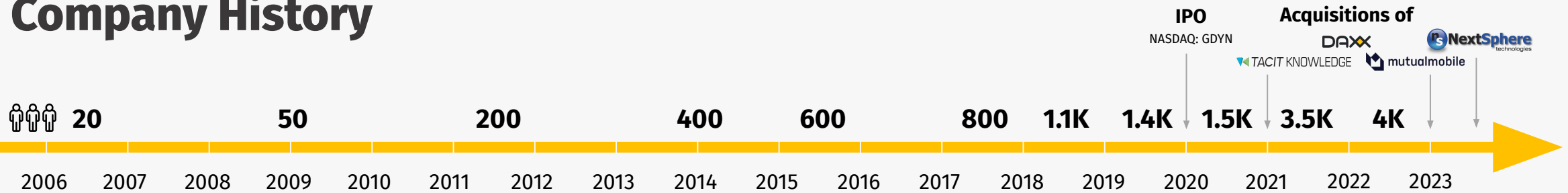
**3,823** Employees in  
Q3 2023

**+2.1%** YoY  
growth<sup>(1)</sup>

(1) Compared to 3,746 employees in Q3 2022



# Company History



## Inception

Grid Dynamics was founded in 2006 in the Bay Area to enable cloud computing for enterprises

- Established in 2006 with the reputation of solving clients' toughest algorithmic challenges utilizing distributed computing and fast data.
- Refine and expand its service portfolio with help from Silicon Valley technology leaders.
- Opened its first offices in Central and Eastern Europe.

## Traction

Grid Dynamics' growth was fueled by enterprises, as commerce shifted online / mobile

- Enabling consumer shifts to online / mobile spending accelerated Grid Dynamics' traction with enterprises.
- Grid Dynamics became widely known for its expertise in emerging cloud technology, big, and fast data.
- Grid Dynamics was selected as digital partner of choice for top U.S. retailers.

## Growth

Grid Dynamics is well-positioned for strong multi-year growth in digital transformation

- **Grid Dynamics' NASDAQ public listing on Mar. 5, 2020.**
- Broader traction across multiple industries, becoming a trusted tier-1 supplier.
- Presence in 18 countries and industry-leading per capita revenues.
- Global expansion fueled by 4 acquisitions

# Investment Highlights



1

**Large and Fast-Growing Digital Transformation Market**

2

**Deep Technology Expertise with 7+ Years of AI Experience**

3

**Impressive Blue-Chip Client Base with High Client Retention**

4

**Global Delivery Capabilities with Focus on Central Europe, India, Mexico, and US**

5

**High-Performance, Co-Innovation Culture that Values Predictability, Transparency and Collaboration**

6

**Strong Financial Profile with a Platform Built for Sustained Growth**

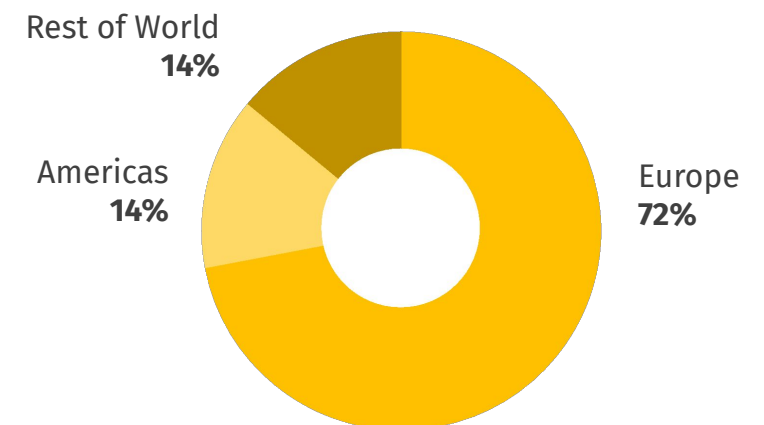
# Global Delivery: 'Follow-The-Sun'



## Global Delivery Capabilities with focus on Talents from Central Europe, India, Mexico, and US


- Top global engineering talent
- Ability to grow with the client using “follow-the-sun” model
- Majority of employees have advanced degrees and several years of tenure
- Partnered with top universities and established internship programs
- Continuous education at our Grid University for upskilling and cross-skilling

Headcount Distribution<sup>(1)</sup>




(1) Headcount as of Q3 2023

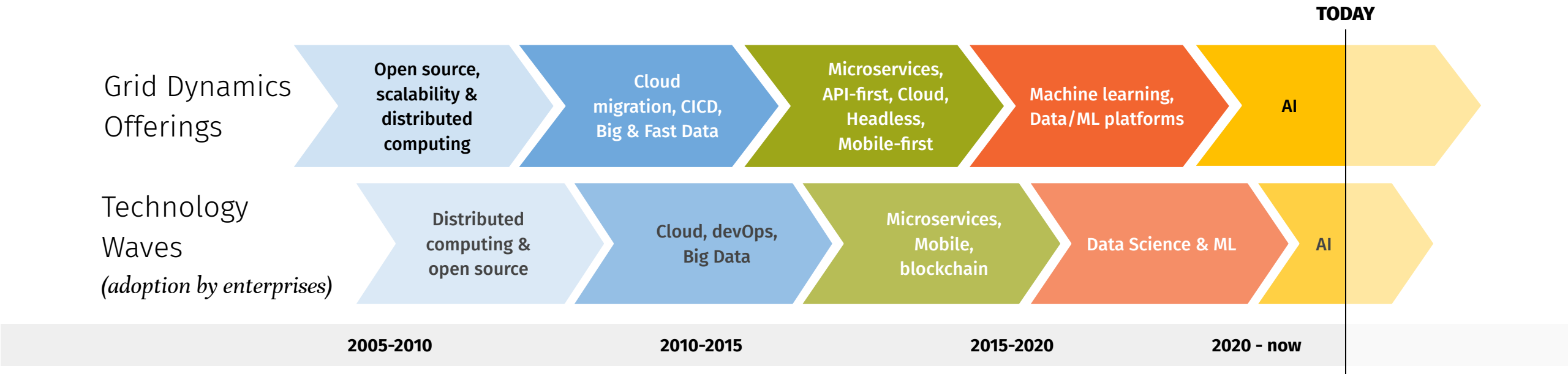
# Our DNA is Centered Around Technology and Innovation



Our unique DNA elevates **Grid Dynamics as a strategic partner** at Global Enterprises across industry verticals



**Always ahead** of the Technology Curve





# Digital Innovation Partner for Fortune 1000

Tech

CPG & Manufacturing



Google

exabeam

align

JABIL

VONTIER

Finance

Retail

Other

RAYMOND JAMES

fiserv.



★macy's

INSPIRE

MERCK

and many more...

# Recognition by market research companies and alliances

- Forrester named Grid Dynamics a **Leader among midsize agile development service providers**, Q2 2019<sup>(1)</sup>
- Forrester included GD into the list of **leading Computer Vision Consultancies**, Q4 2020<sup>(2)</sup>
- Forrester named Grid Dynamics **Strong Performer in Modern Application Development services**, Q2 2022<sup>(3)</sup>
- MACH alliance awarded Grid Dynamics for Best Health/Pharma project<sup>(4)</sup>, Q2 2022
- Forrester Included GD into the **list of leading AI Service Provides**, Q3 2022<sup>(5)</sup>.

(1) The Forrester Wave™ — Midsize Agile Software Development Service Providers, Q2 2019

(2) The Forrester New Wave™: Computer Vision Consultancies, Q4 2020

(3) The Forrester Wave™ — Modern Application Development Services, Q2 2022

(4) <https://machalliance.org/machalliance-awards>, selfologi

(5) Forrester - The AI Service Provider Landscape, Q3 2022



**Leader**  
*among mid-size agile developers*

**FORRESTER®**

# End-to-end capabilities to drive digital transformations at scale

**16+ years** of distributed collaboration culture

**over 1,000** digital transformation projects

## Engineering Capabilities



### Experience engineering

Web

Mobile

AR/VR



### Platform engineering

Microservices

MACH

Supply chain



### Data Science and AI

Search

Personalization

Supply chain

IoT



### Data engineering

Big data

Streaming

MLOps



### Cloud and DevOps

CICD

AIOps

SRE

QE

## Accelerators

Composable commerce



Retail search



Churn analytics



Price optimization



Visual quality control



Inventory allocation optimization



Analytics platform

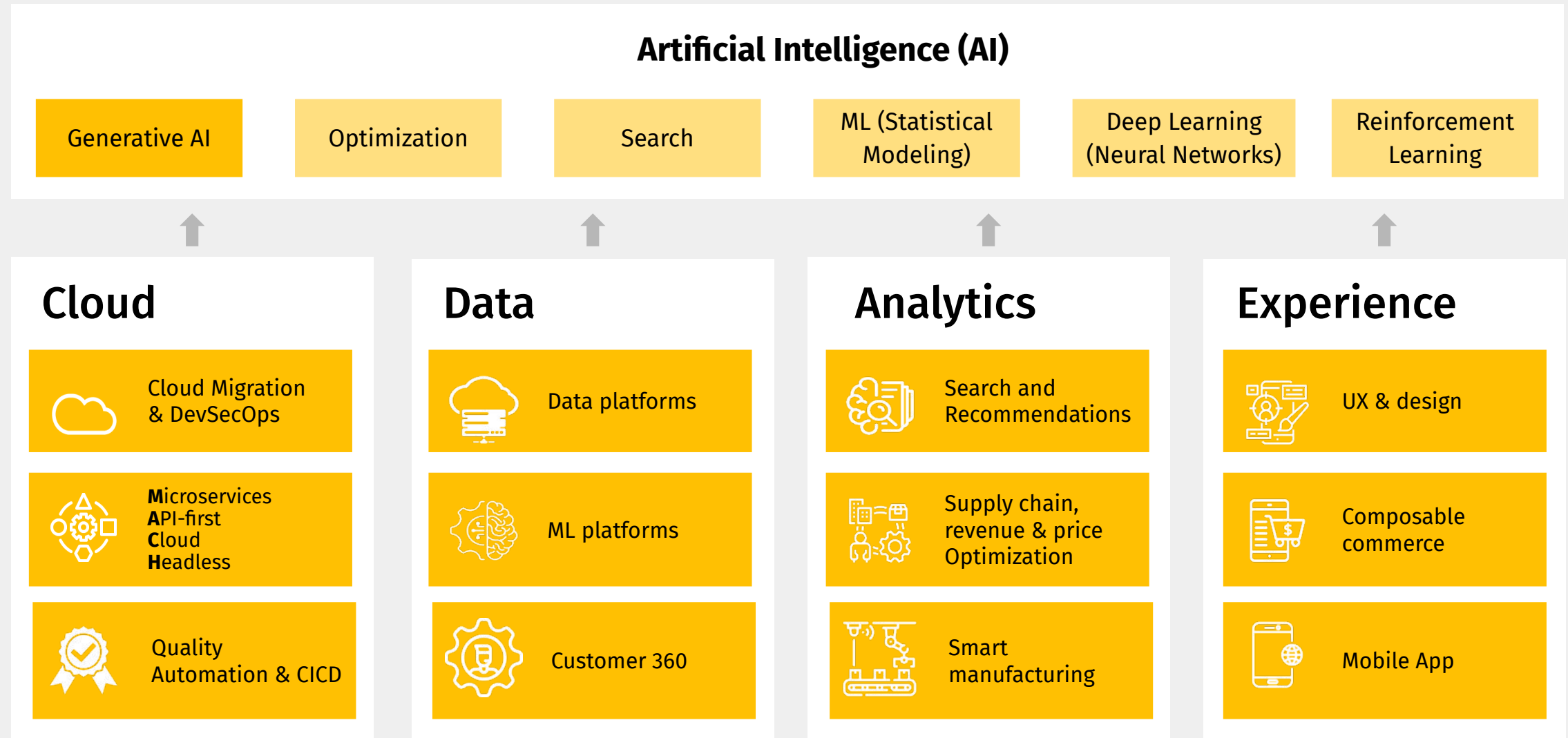


ML platform

Microservices platform



# Our Core Expertise and Key Practice Areas





# Enterprise AI in Grid Dynamics

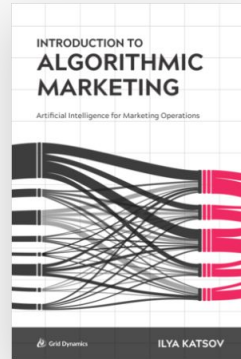
**7+ years in**  
*delivering AI  
solutions for  
World-Leading  
Enterprises*

## Recent GenAI articles on Grid Dynamics Tech blog:

[Applications of Generative AI in Digital Commerce](#)

[Revolutionizing product visualization with Generative AI](#)

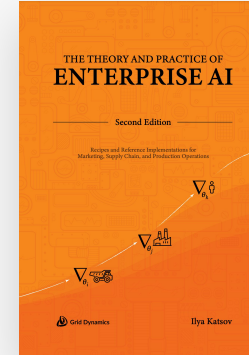
[Transform your product design processes and personalization services with generative AI](#)



**Introduction to Algorithmic Marketing** AI for Marketing OPS  
(2017)

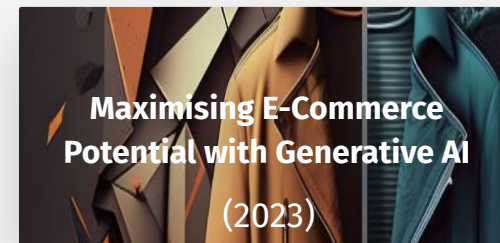


**Driving business success with generative AI**



**The Theory and Practice of Enterprise AI**  
(2022)

- <https://www.enterprise-ai-book.com/>
- <https://www.amazon.com/dp/B0C54H6C3R>



(2023)



## TensorHouse

An open sourced collection of reference ML and optimization models for enterprise operations

- [GitHub repo](#)
- 40+ models
- 900+ stars on GitHub



































## Generative AI Industry readiness framework

e-Book (2023)



# Our Enterprise AI Experiences Spans Across Industry Verticals

Proven successful implementations across core industries and practice areas - Some featured engagements

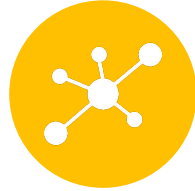
Customer Intelligence		Pricing and Supply Chain		IoT	Product Discovery	Risk Management
 Offer targeting platform	 Churn Prevention	 Promotion optimization	 Price & promo optimization	 Visual quality control	 Visual product search	 Ad fraud protection
 Next best action	 Complaint prevention	 Price Engine	 Inventory optimization	 Quality control	 Semantic vector search	 Fraud detection
 Offer targeting	 Product recommendations	 In-store replenishment	 Fuel distribution control	 Anomaly detection	 Semantic search & merchandising	 IT anomaly detection
 Recommendation, LTV models	 UI Personalization	 Inventory Management	 Manufacturing risk modeling	 Tire type recognition	 Fashion AI: recommendations & visual attribution	 Fraud detection
 Retail	 Manufacturing	 Fin Services		 TMT	 Pharma	 Hospitality

# Grid Dynamics' Proprietary Accelerators Enhance the Quality and Speed of Delivery



## Microservices Platform

Integrated microservices platform with continuous integration and delivery tooling.



## Analytical Data Platform

Integrated, cloud-native analytics platform that supports end-to-end data lifecycle.



## Semantic Search

Consumer tailored search by context / meaning powered by AI. Showed 20% conversion boost in Fortune 500 retailers.



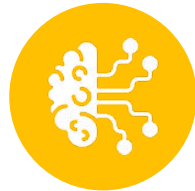
## Recommendations

Tailored product recommendations based on consumer clickstream, product descriptions and visuals.



## Data Quality

Increase trust in data with pre-defined business rules, comparison to systems of records, and anomaly detection.



## AI Use Cases

A set of AI / ML use cases including anomaly detection, price and promotion optimization, consumer intelligence, etc.



## Visual Search

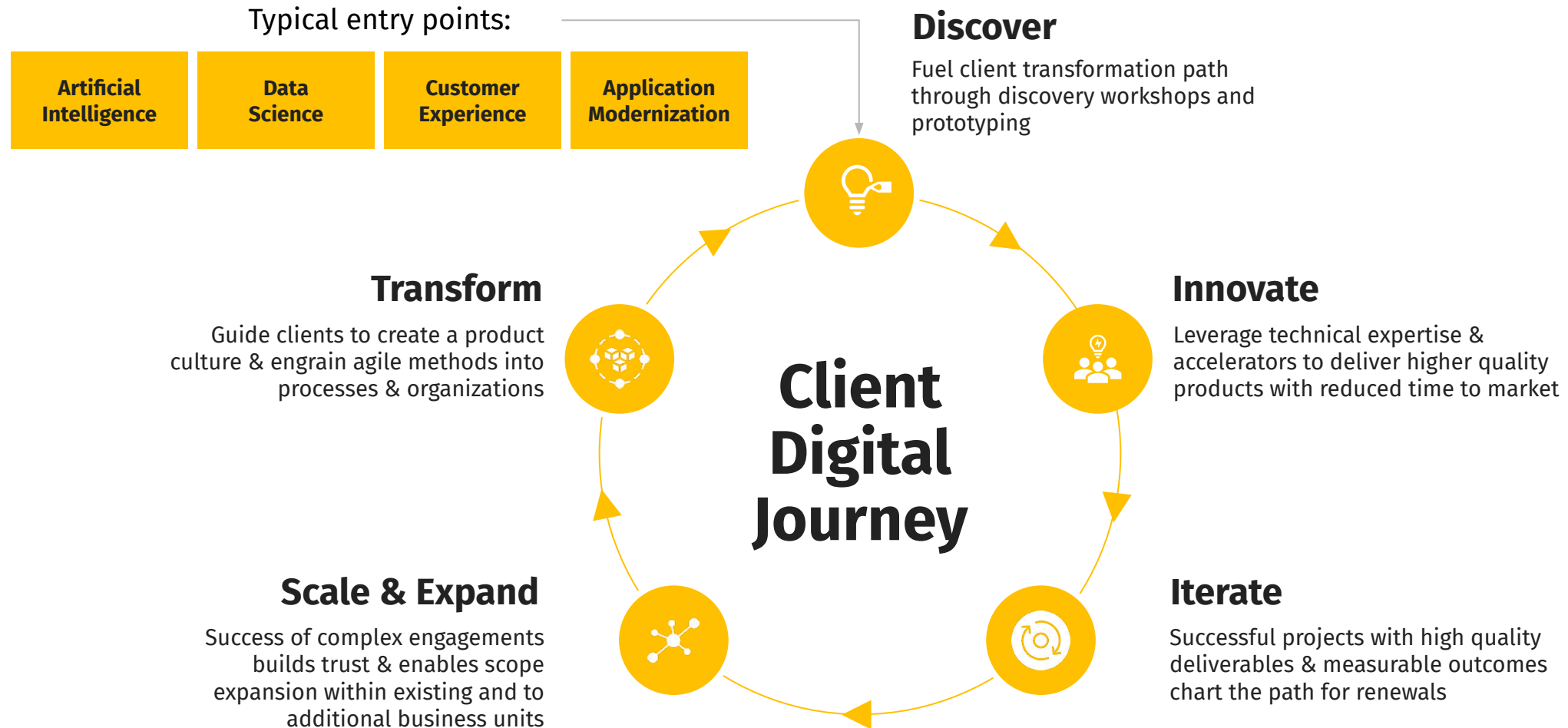
Ability to search products by images or find similar products on website by comparing images.



## Test Automation Kit

Test suite for common retail functions, designed to run continuously in staging and production environments.

# Proven Land and Expand Strategy That Enables Our Clients' Digital Journeys





# Platform built for sustained growth

Proven framework for organic growth...

## 85–10–5 approach to revenue growth

- 85%** Revenue growth attributable to mature Grid Dynamics clients (*relationship length >2 years*)
- 10%** Revenue growth attributable to emerging Grid Dynamics clients (*relationship length 1-2 years*)
- 5%** Revenue growth attributable to new logos (*relationship length <1 year*)

...bolstered by actionable M&A pipeline



Thoughtful “barbell” approach to acquisitions

Highly fragmented market provides a steady volume of high-quality targets at highly accretive valuations

Globally distributed delivery model provides expertise necessary to successfully execute transformational acquisitions at the right time

# Partnership is a Force Multiplier to Scale Our Business

- **Over the last 3 years, we have built a strong ecosystem of partners**
  - Hyperscalers and specialized SaaS companies
- This has accelerated the deal pipeline creation and business acquisition
- **Benefits:** New logos, Industry Penetration, Large deals

## Enablers

### Marketing

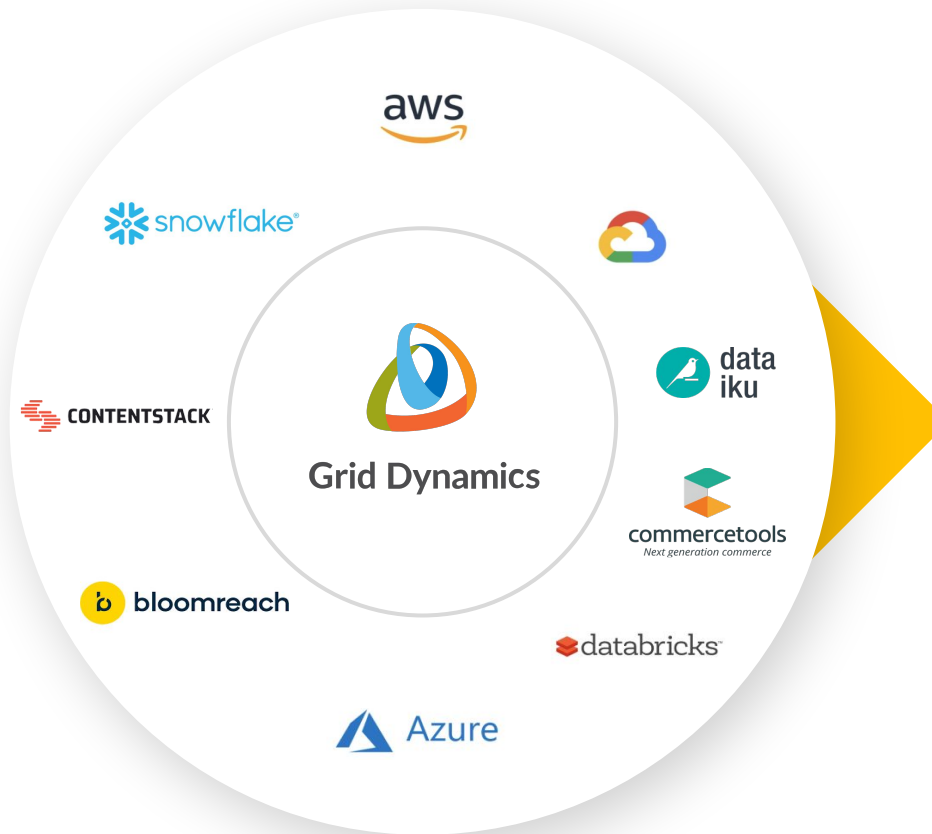
- Joint PR & marketing campaigns
- Market development funds

### Sales

- Lead sharing
- Joint pursuits
- Partner Sales funds
- Migration acceleration funds

### Technology

- Early access to new releases
- Joint development of accelerators
- Marketplace listings



## Industries

Life Sciences & Pharma

Manufacturing & CPG

Financial Services &  
Insurance

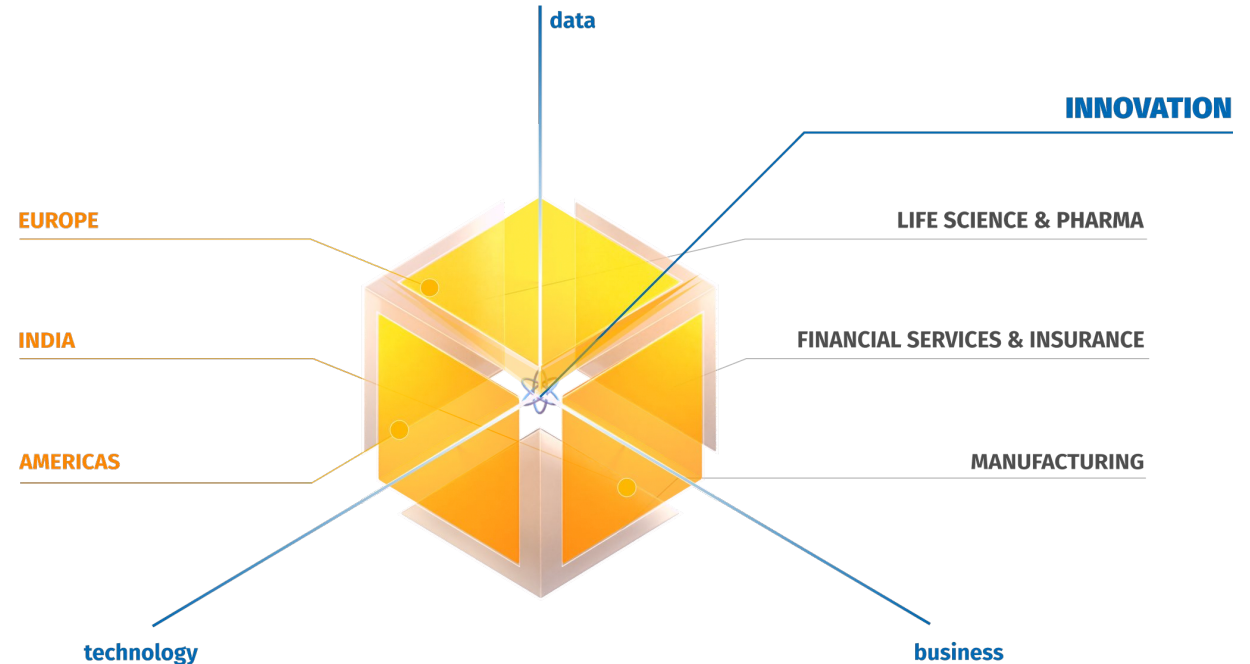
TMT

Retail

# GigaCube - Our Strategic Initiative to Reach \$1B in Annual Revenue

## GigaCube growth framework will enable us to:

- Institutionalize and scale our service offerings
- Expand our presence across Europe, India, and Americas
- Drive clients' growth and efficiency by leveraging our expertise across business, technology, and data
- Diversify and grow across new industry verticals such as lifesciences, financial services, and manufacturing
- Achieve a significant company milestone



## Three foundational pillars:

**Geo Scalability**

**Innovation**

**Industry Expansion**

# Spotlight on Recent Acquisitions



DECEMBER 2022

Design and digital platform engineering services company based in US & India



## Mobile and UI/UX Capabilities

Specialized in front-end mobile, experience design, augmented /virtual/mixed reality, and cloud edge practices



## Established experience with large logos

Decades of experiences bringing technical innovation to Fortune 500 clients



## Accelerated India Expansion

Highly skilled engineering team based in India immediately expanded our global delivery capabilities.



APRIL 2023

Full-service custom application development company based in the Tampa, FL and India



## Strategic Industry Focus

Strong capabilities in Healthcare, Fintech and CPG/Manufacturing, strategic alignment with our GigaCube Initiatives



## Strong US and India Engineering Team

Large group of talents in Chennai in addition to strong presence in Hyderabad



## Deep Relationship with Customers and Logos

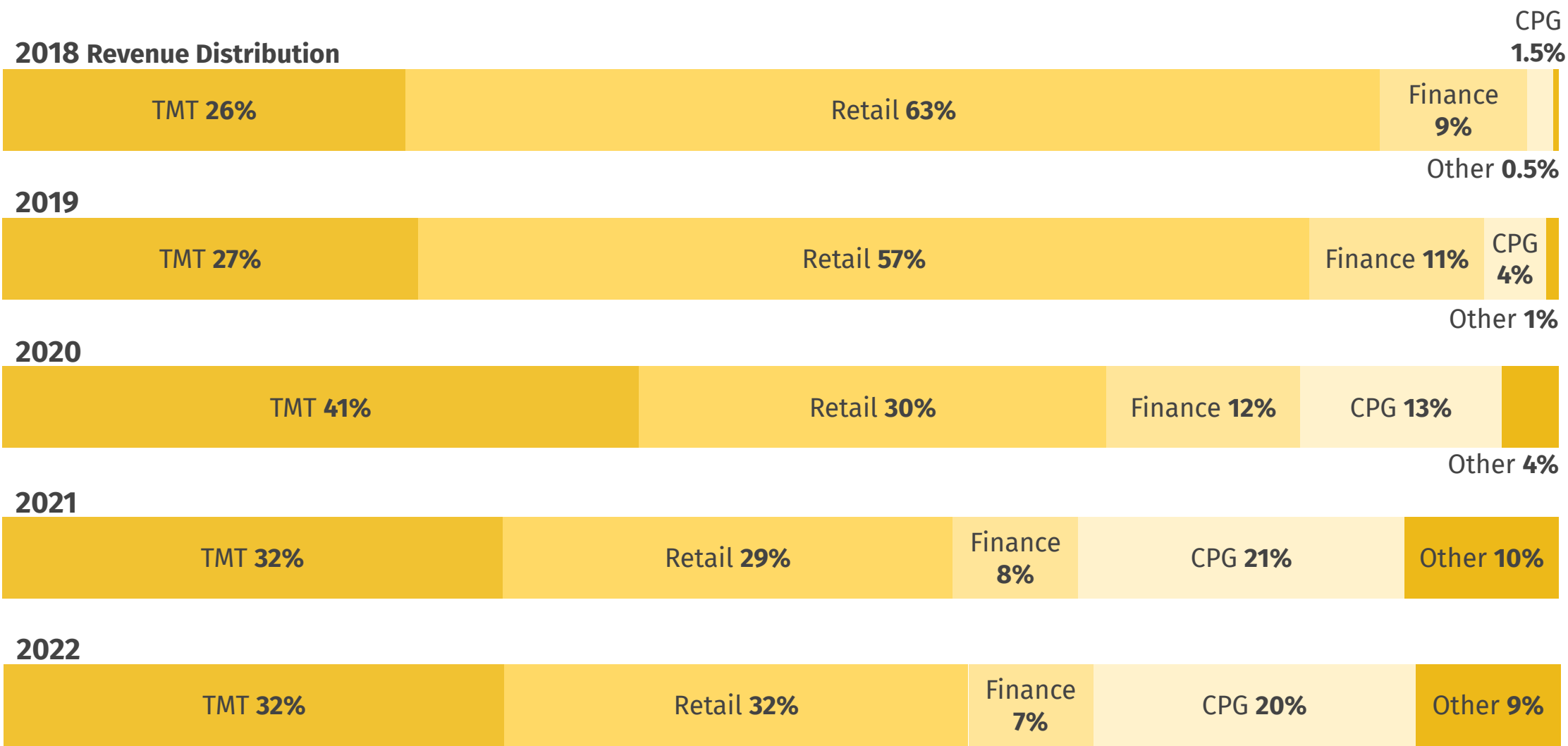
18 years of experience in serving clients across industries with good reputation and proven track record





# **Financial Overview**

# Grid Dynamics has Become Increasingly Diversified



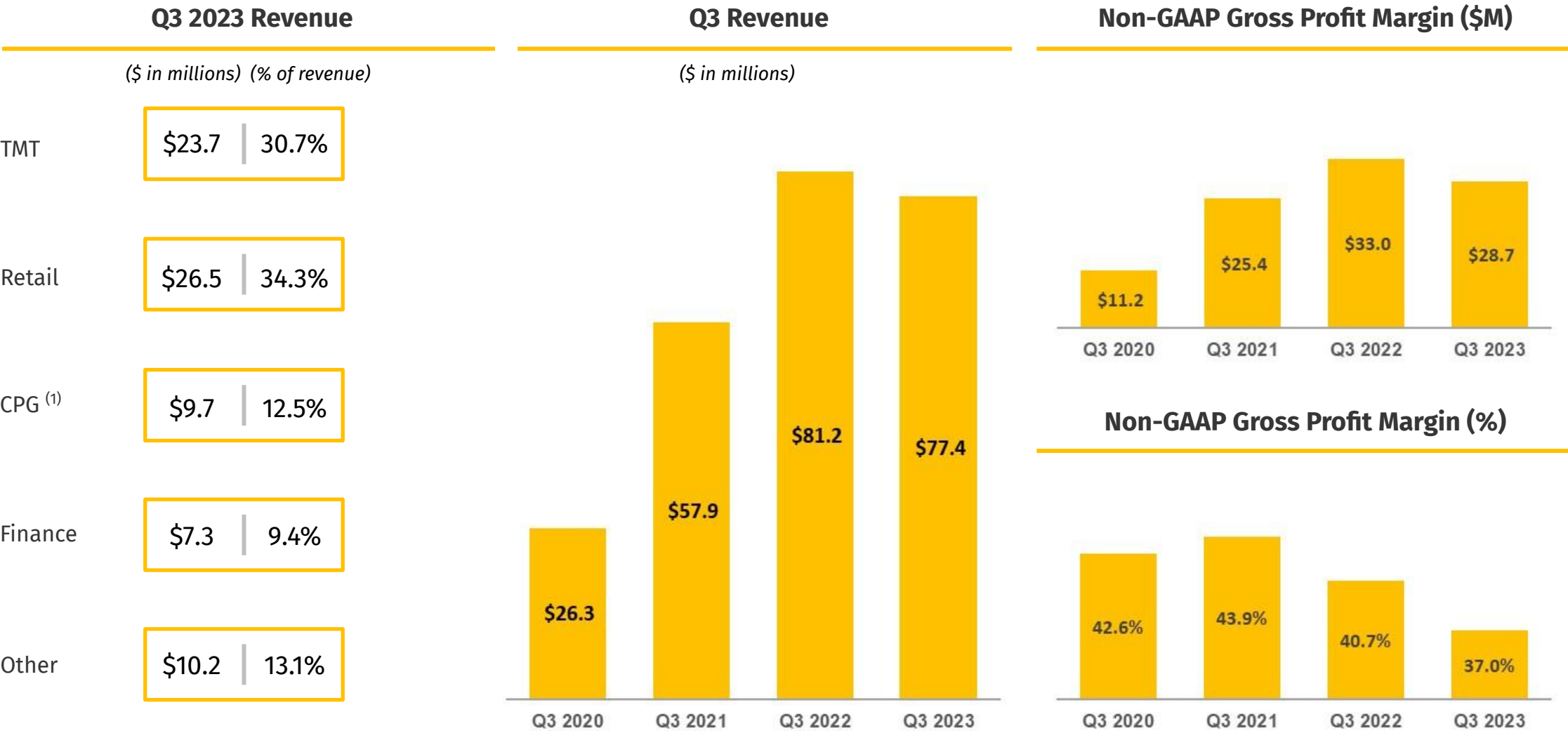
# Q3 2023 Key Financial Metrics

	GAAP Q3 2023	Non-GAAP Q3 2023
<b>Revenue</b>	<b>\$77.4M</b>	<b>\$77.4M</b>
<i>Q/Q Change</i>	<i>0.1%</i>	<i>0.1%</i>
<i>YoY Change</i>	<i>(4.6)%</i>	<i>(4.6)%</i>
<b>Gross Profit</b>	<b>\$28.2M</b>	<b>\$28.7M</b>
<i>Gross Margin</i>	<i>36.4%</i>	<i>37.0%</i>
<b>Net Income/(Loss)</b>	<b>\$0.7M</b>	<b>\$5.9M</b>
<i>% of Revenue</i>	<i>0.9%</i>	<i>7.6%</i>
<b>EPS</b>	<b>\$0.01</b>	<b>\$0.08</b>
<b>Diluted Share Count</b>	<b>77.3M</b>	<b>77.3M</b>
<b>Adj. EBITDA</b>	<b>n/a</b>	<b>\$10.7M</b>
<i>% of Revenue</i>		<i>13.9%</i>

## Q3 2023 Financial Highlights

- Total revenue was \$77.4 million, an increase of 0.1% sequentially and a decrease of (4.6)% on a year-over-year basis.
- GAAP gross profit was \$28.2 million or 36.4% of revenue, compared to GAAP gross profit of \$28.3 or 36.6% of revenue in the second quarter of 2023 and to GAAP gross profit of \$32.7 million or 40.3% of revenue in the third quarter of 2022.
- Non-GAAP gross profit was \$28.7 million or 37.0% of revenue, compared to non-GAAP gross profit of \$28.8 million or 37.3% of revenue in second quarter of 2023 and to Non-GAAP gross profit of \$33.0 million or 40.7% of revenue in the third quarter of 2022.
- Non-GAAP EBITDA, a non-GAAP metric, was \$10.7 million, compared to Non-GAAP EBITDA of \$12.0 million in the second quarter of 2023 and Non-GAAP EBITDA of \$17.1 million in the third quarter of 2022.

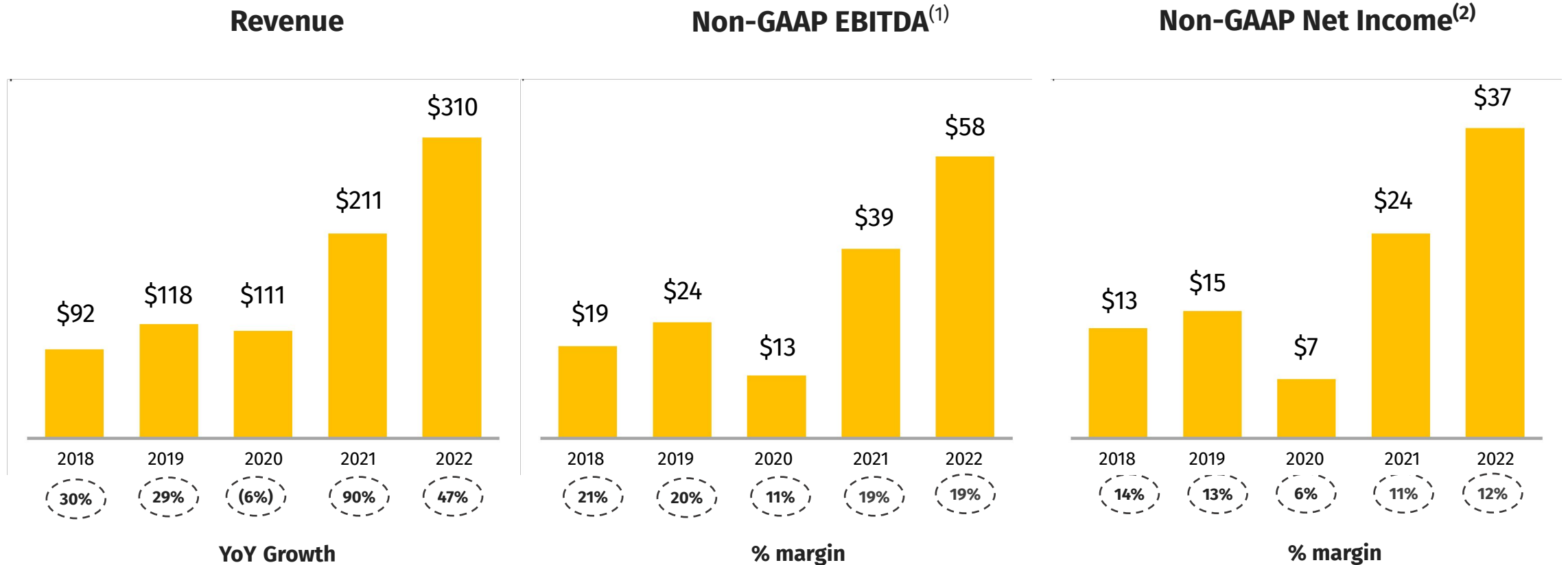
# Accelerating Business Momentum in Q3 2023





# Annual Key Metrics (Historical)

(\$ in millions)



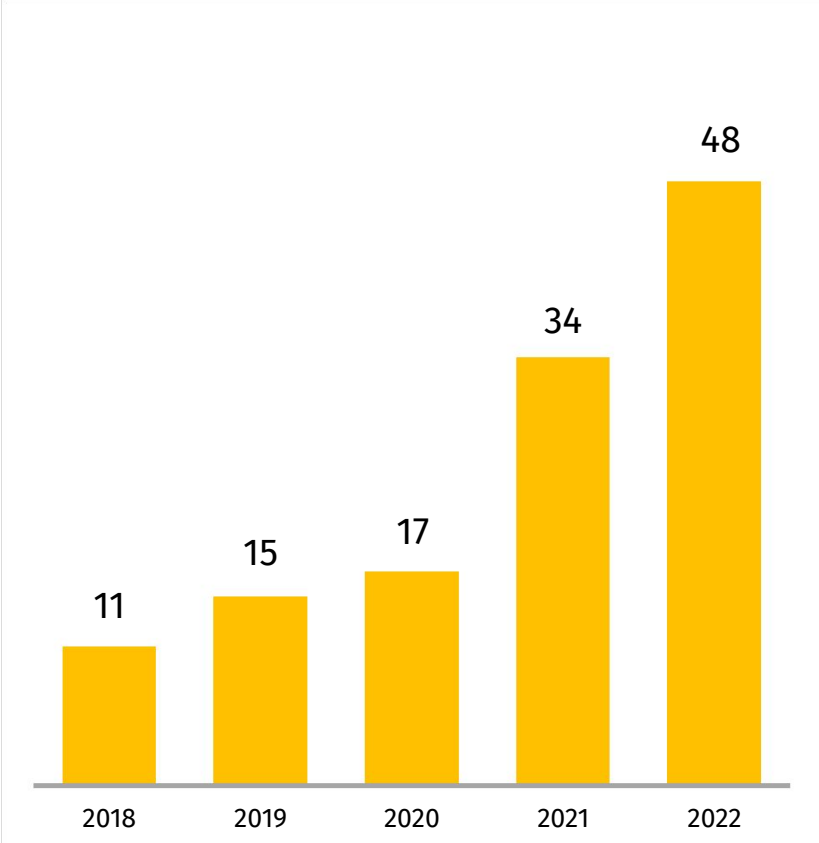
Note: See appendix for reconciliations of non-GAAP metrics.

- (1) **Non-GAAP EBITDA:** Net income/(loss) before interest income/expense, provision for income taxes and depreciation and amortization, and further adjusted for the impact of stock-based compensation expense, transaction-related costs (which include, when applicable, professional fees, retention bonuses, and consulting, legal and advisory costs related to Grid Dynamics' merger and acquisition and capital-raising activities), impairment of goodwill and other income/expenses, net (which includes mainly interest income and expense, foreign currency transaction losses and gains, fair value adjustments, potential loss contingencies, other miscellaneous expenses, and restructuring costs).
- (2) **Non-GAAP Net Income:** Net income/(loss) adjusted for the impact of stock-based compensation, impairment of goodwill, transaction-related costs, geographic reorganization expenses, other income/expenses, net, and the tax impacts of these adjustments.

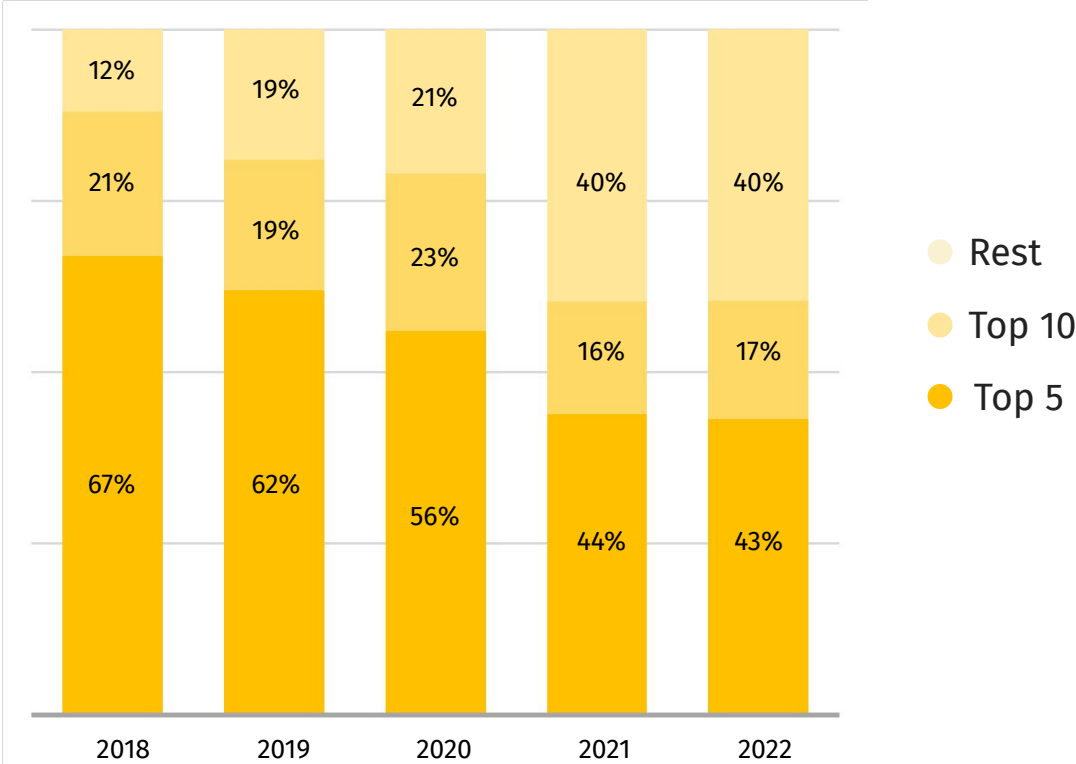
# Annual Key Metrics (Historical)

(\$ in millions)

#Clients > \$1M Revenue



Customer Concentration





# Grid Dynamics

Trusted engineering partner for digital transformation

# Thank you!

## **Grid Dynamics Holdings Inc.**

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