



Grid Dynamics

Grid Dynamics **Investor presentation**

NASDAQ: GDYN | Q4 and Full Year 2024

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’s 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.

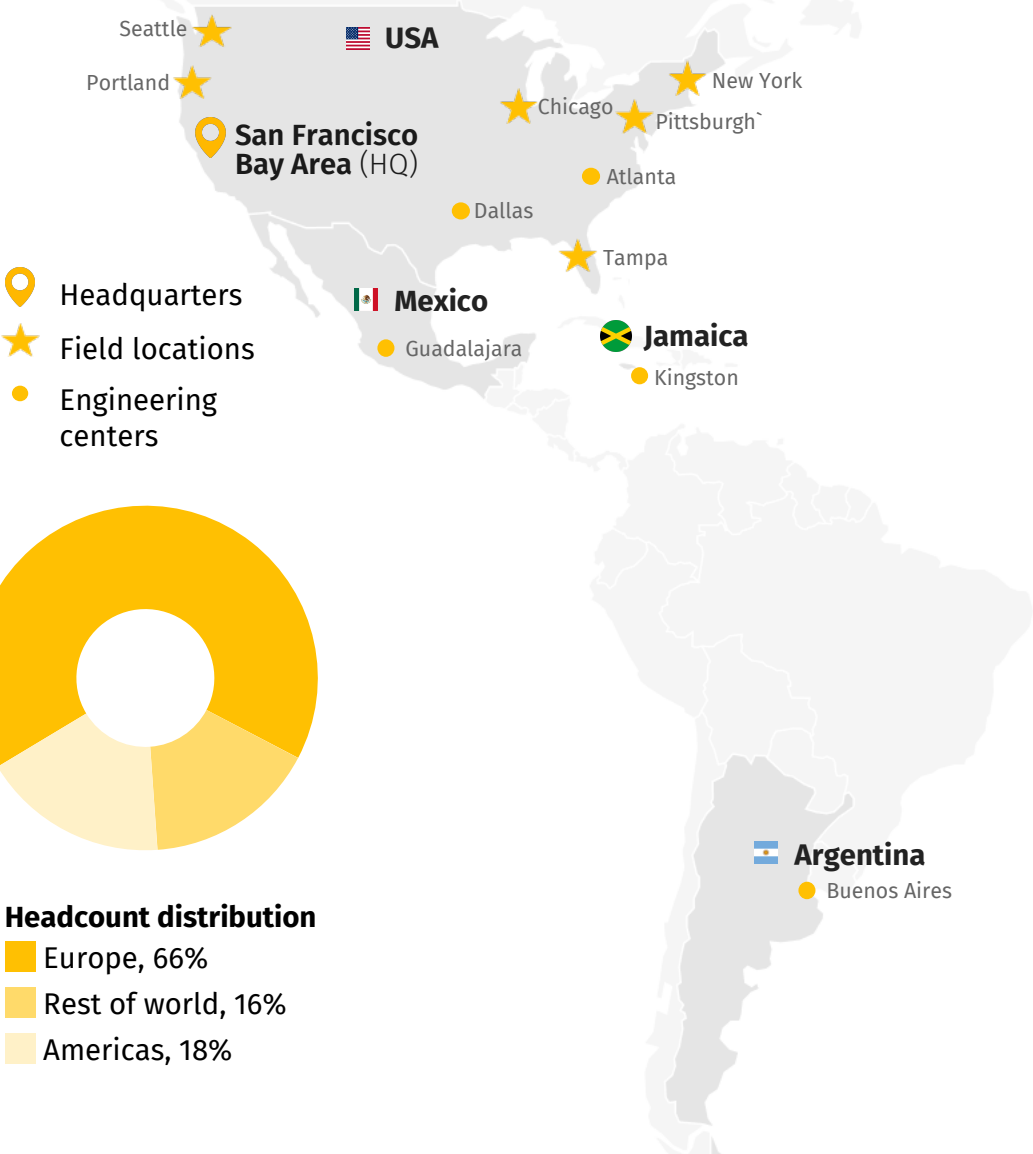
Industry and market data

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 the United States generally accepted accounting principles, referred to as GAAP, with non-GAAP financial measures, including non-GAAP 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. Non-GAAP 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. Non-GAAP 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 long-lived assets, 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, fair value adjustments, other miscellaneous expenses, 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.

Global delivery: follow-the-sun



- 📍 Headquarters
- ★ Field locations
- Engineering centers



Headcount distribution

- Europe, 66%
- Rest of world, 16%
- Americas, 18%



19
countries

4,500
engineers, architects and tech managers

Who we are

Grid Dynamics is a leading provider of technology consulting, platform & product engineering, AI, and digital engagement 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, AI, and advanced analytics for global enterprises undergoing digital transformation.

Market leading expertise

AI
CLOUD
DATA
ANALYTICS
USER EXPERIENCE

+ Proprietary accelerators
(e.g., microservices platform,
analytical data platform, AI use cases)

Leading Fortune 1,000 clients

211
CUSTOMERS

Global scale
HEADQUARTER
SAN RAMON CA, USA

Q4 2024 REVENUE
\$100.3M

Q4 2024 REVENUE EXPECTATIONS
\$98.0M to \$100.0

Q4 2024 GAAP/non-GAAP EPS
\$0.05/\$0.12

Strategic M&A

JUXT
September 2024

NextSphere technologies
April 2023

TACIT KNOWLEDGE
May 2021

mobile computing
October 2024

mutualmobile
December 2022

DAXX
December 2020

Skilled technical talent

4,730 Employees in Q4 2024

+20.7% YoY growth*

Partnership

aws partner network

nvidia

Google Cloud Partner

CONTENTSTACK

Microsoft Partner

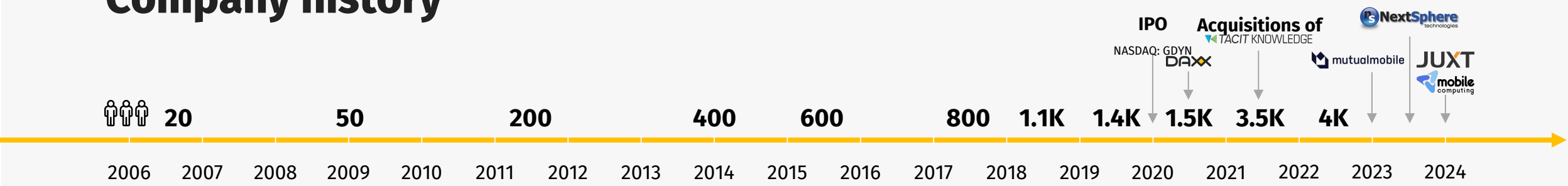
dataiku

commercetools

snowflake

* Compared to 3,920 employees in Q4 2023

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** March 2020.
- **Broader traction across multiple industries**, becoming a trusted tier-1 supplier.
- **Presence in 19 countries** and industry-leading per capita revenues.
- **Expansions fueled by acquisitions** of Netherlands-based Daxx in 2020, UK-based Tacit Knowledge in 2021, Austin-based Mutual Mobile in 2022, India-based NextSphere in 2023, UK-based JUXT and Argentina-based Mobile Computing in 2024.

* Compared to 3,823 employees in Q3 2023

Investment highlights



Grid Dynamics

1

Large and fast-growing digital transformation market

2

Deep technology expertise with 8 years of AI experience

3

Impressive blue-chip client base with high client retention

4

Global delivery capabilities with focus on Europe, India, and the Americas

5

High-performance, co-innovation culture that values predictability, transparency and collaboration

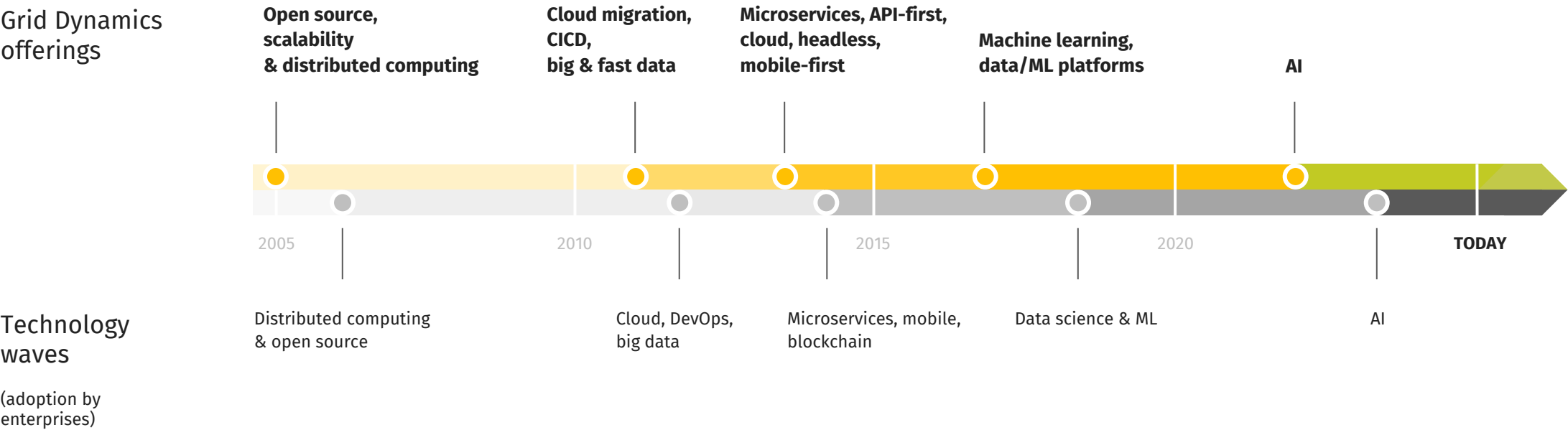
6

Strong financial profile with a platform built for sustained growth

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

TMT

Google

JABIL

/// exabeam

CPG & Manufacturing

align

 PEPSICO

VONTIER™

Finance

RAYMOND JAMES®

fiserv.

Retail

AMERICAN EAGLE

★ macy's

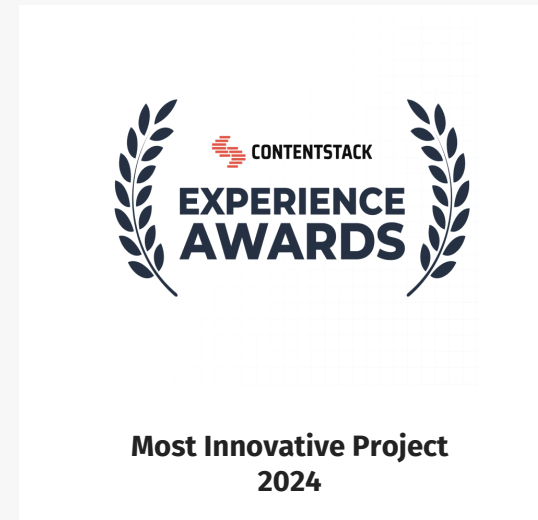
Healthcare & Pharma

Boston
Scientific

 MERCK

and many more...

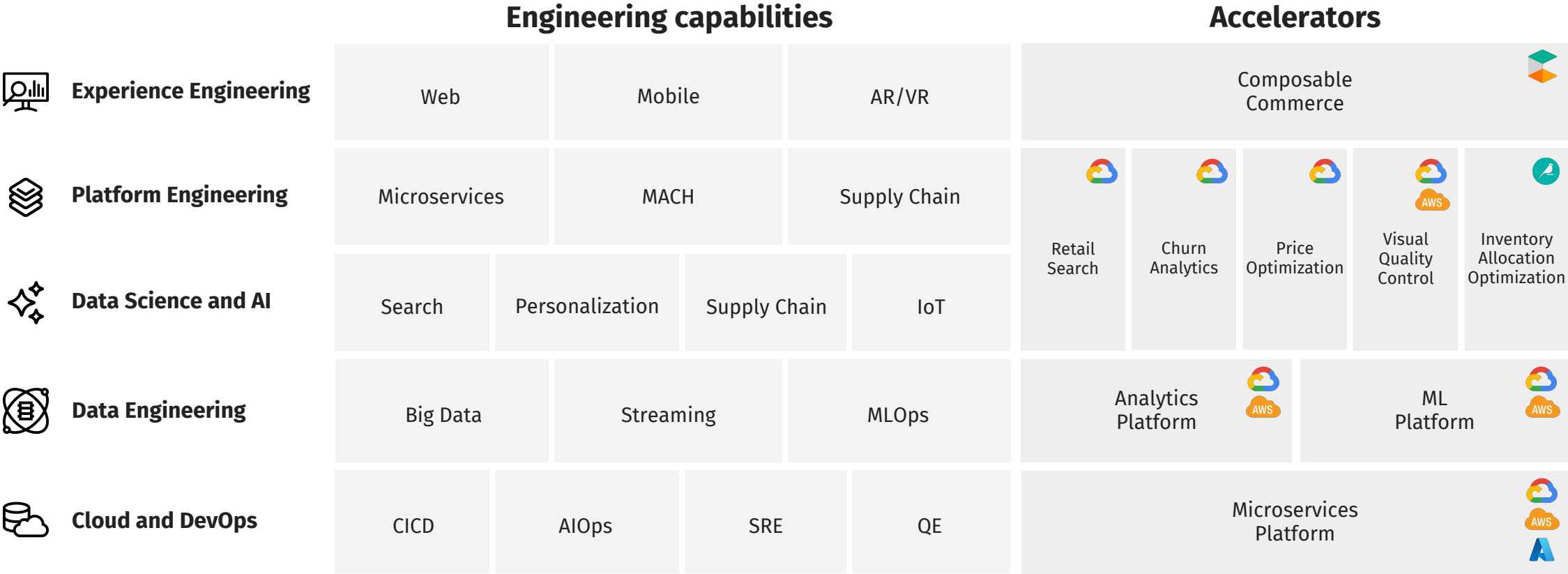
Recognition by market research companies and alliances



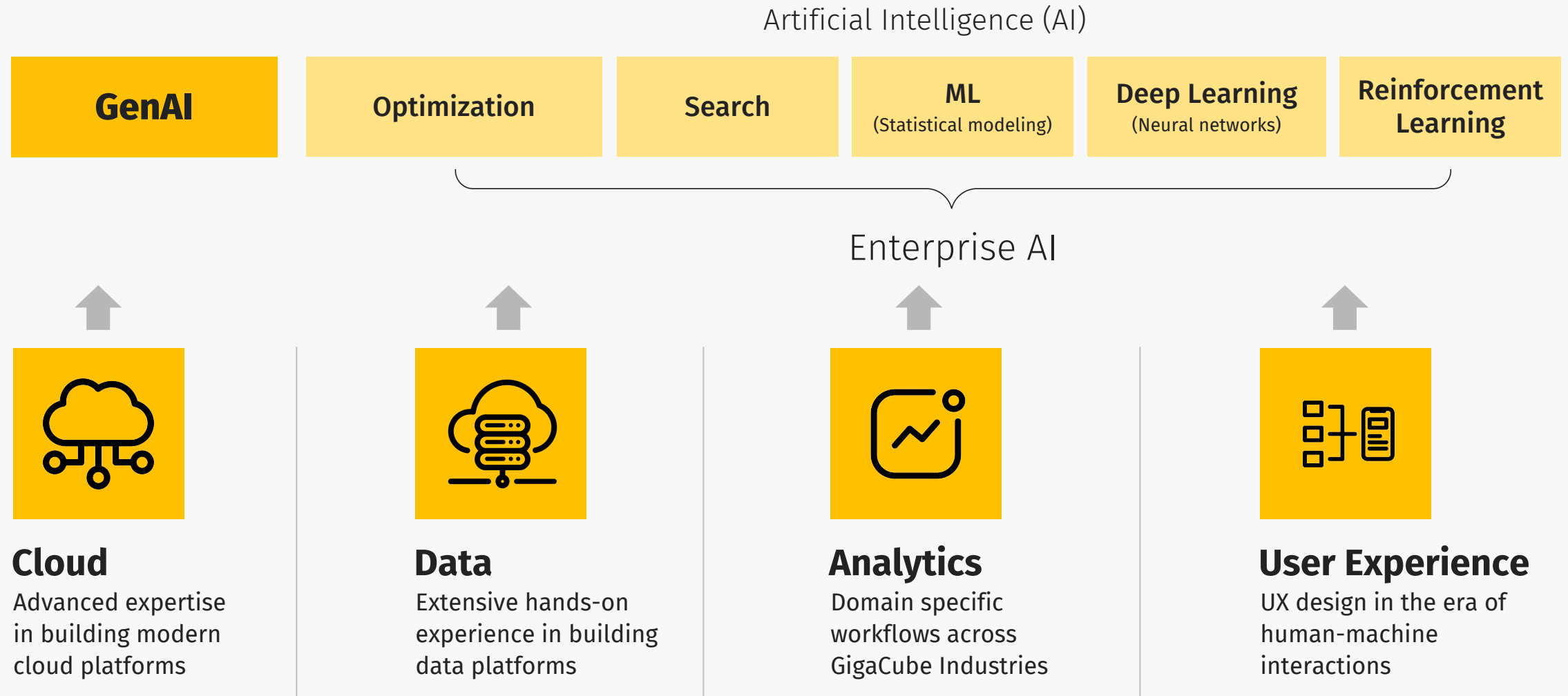
End-to-end capabilities to drive digital transformations at scale

18 years of distributed collaboration culture

over 1,000 digital transformation projects



Our core expertise and key practice areas



No data, no scalable infra - no Enterprise AI / GenAI

Enterprise AI in Grid Dynamics

8 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](#)

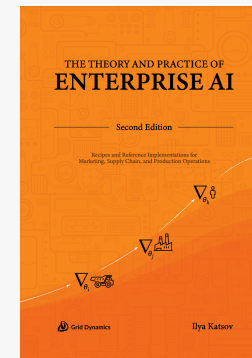
[Transform your product design processes and personalization services with generative AI](#)



Introduction to Algorithmic Marketing AI for Marketing OPS (2017)



Conversational AI white paper (2024)



The Theory and Practice of Enterprise AI (2022)

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



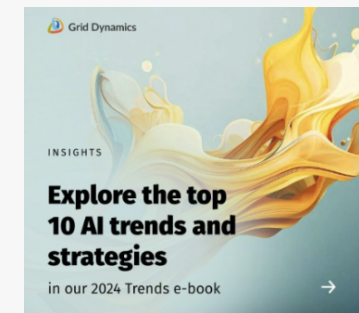
Demand sensing and forecasting blog (2024)



TensorHouse

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

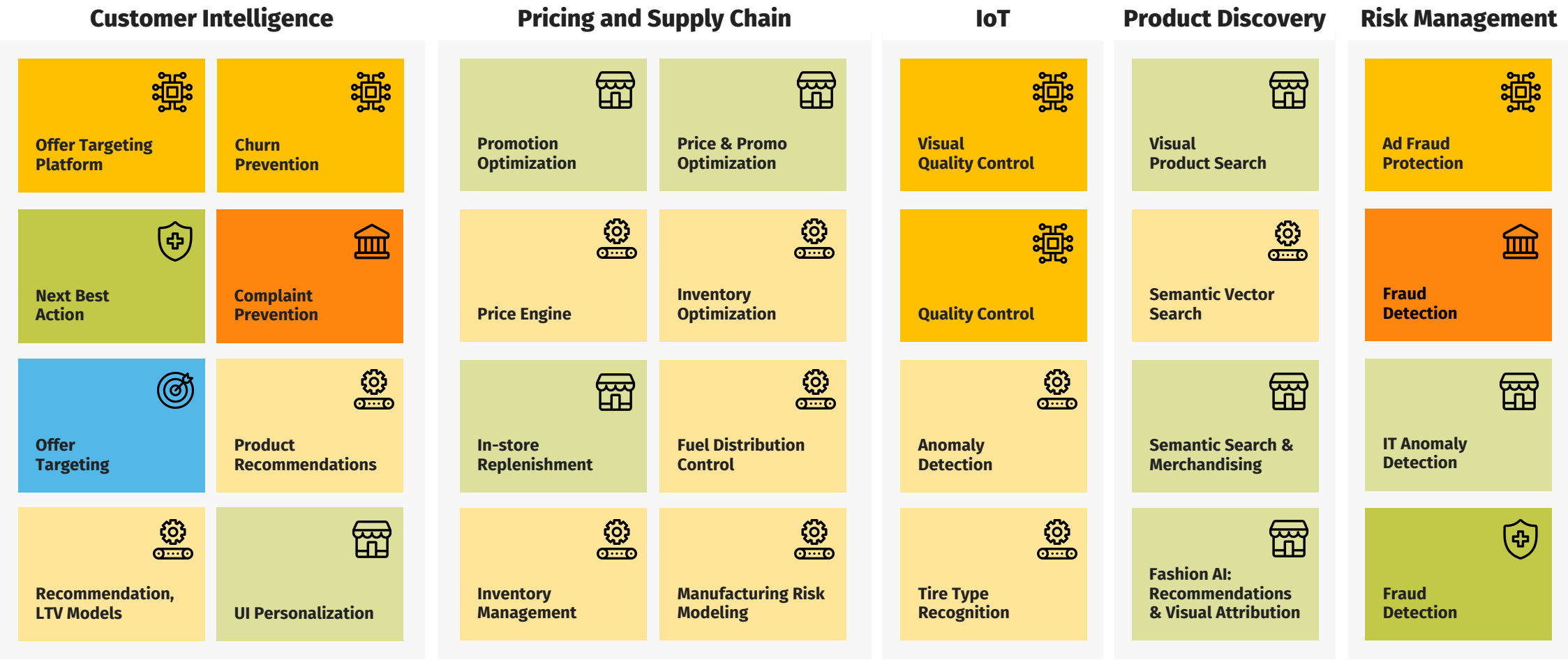
- [GitHub repo](#)
- 40+ models
- 900+ stars on GitHub



E-book (2024)

Our enterprise AI experiences spans across industry verticals

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



 Retail  CPG & Manufacturing  Finance  TMT  Healthcare & Pharma  Other

Grid Dynamics' proprietary accelerators enhance the quality and speed of delivery



Microservices Platform

Integrated microservices platform with continuous integration and delivery tooling.



Analytics 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/ML

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

Typical entry points:

Artificial Intelligence

Data Science

Customer Experience

Application Modernization

Transform
Guide clients to create a product culture & engrain agile methods into processes & organizations

Scale & expand
Success of complex engagements builds trust & enables scope expansion within existing and to additional business units

Client digital journey

Discover
Fuel client transformation path through discovery workshops and prototyping

Innovate
Leverage technical expertise & accelerators to deliver higher quality products with reduced time to market

Iterate

Successful projects with high quality deliverables & measurable outcomes chart the path for renewals

Platform built for sustained growth

Proven framework for organic growth...

85–10–5 approach to revenue growth

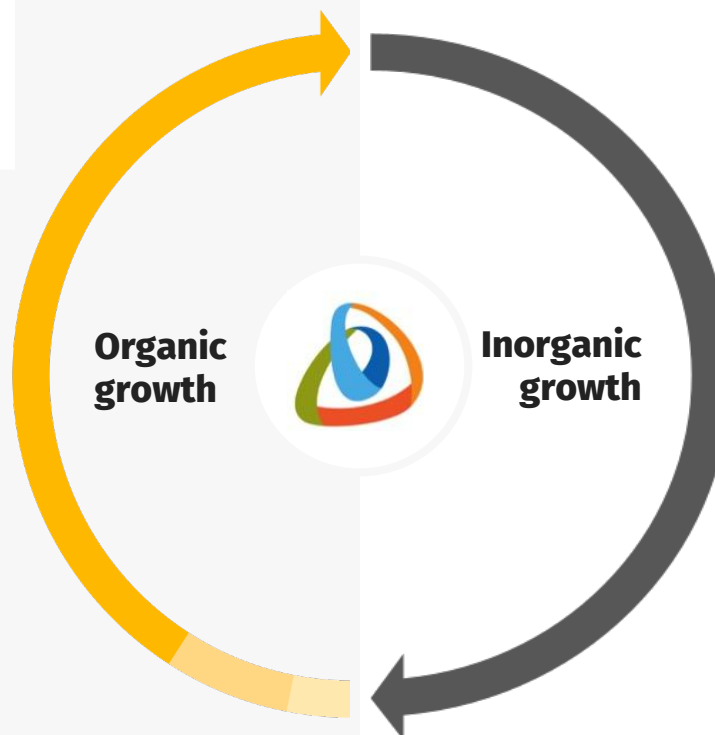
- 85%** Revenue growth attributable to mature Grid Dynamics clients (*relationship length >2 years*)
- 10%** Revenue growth attributable to emerging Grid Dynamics clients (*relationship length 1-2 years*)
- 5%** Revenue growth attributable to new logos (*relationship length <1 year*)

...bolstered by actionable M&A pipeline

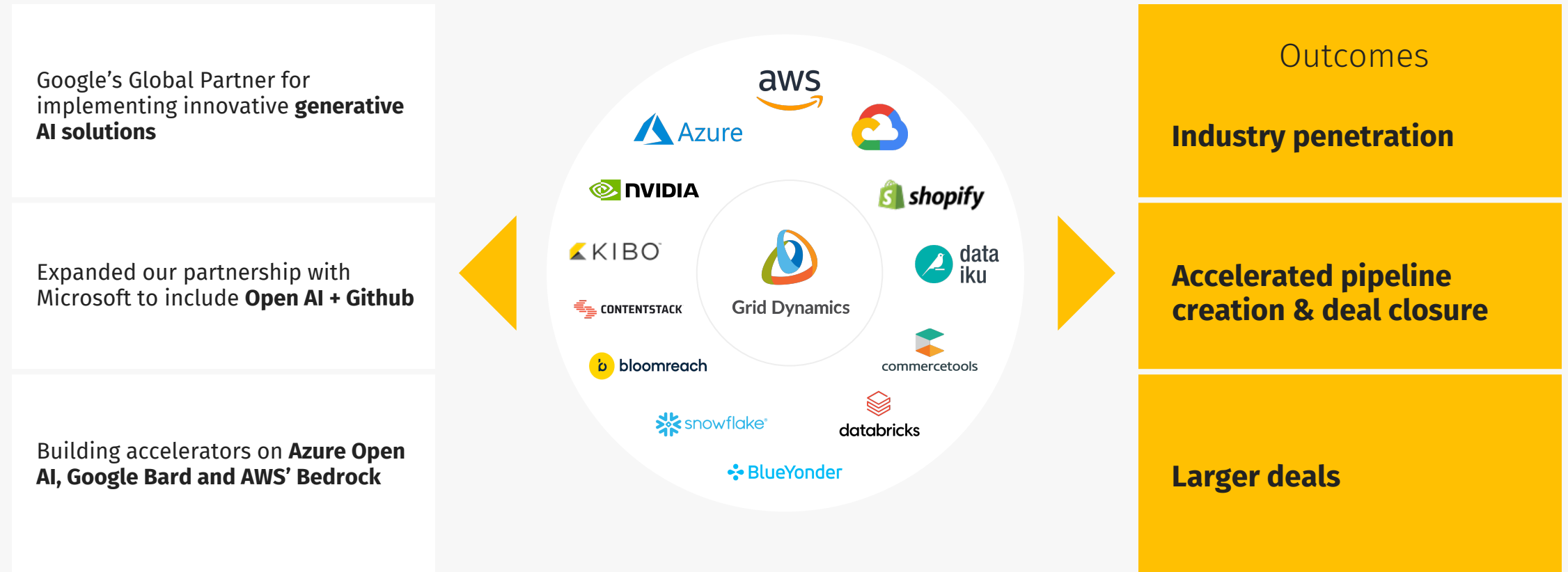
Thoughtful barbell approach to acquisitions

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



Partner influenced **revenues increased from less than 1% to 18%** over past 3 years

Number of partners increased from 4 to over a dozen in the past 3 years

GigaCube – our strategic initiative to reach \$1B in annual revenue

Geo scalability

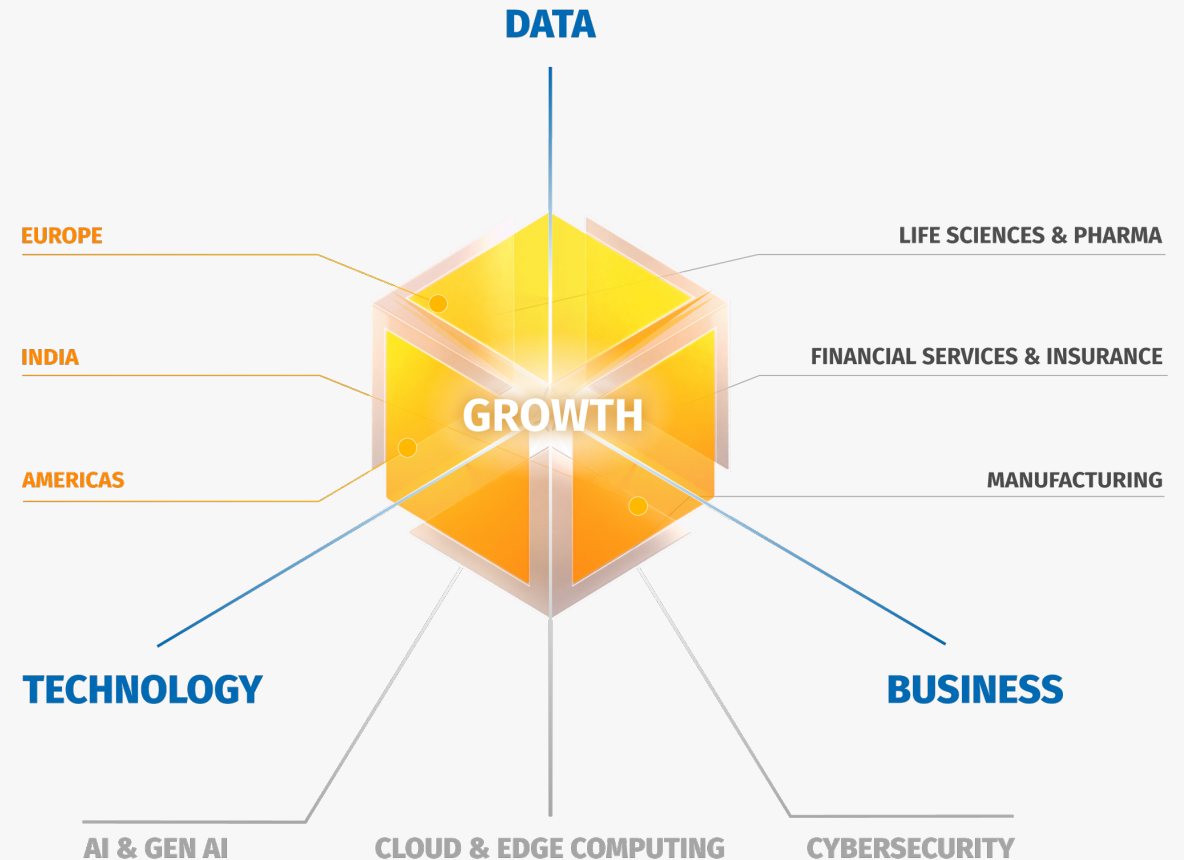
- Global footprint expansion
- Talent acquisition framework

Innovation

- Investing in our engineering DNA
- Create an inspiring engineering culture

Industry expansion

- Diversification and growth across new industry verticals
- Strategic M&A



Spotlight on recent acquisitions

The logo for Juxt, featuring the word "JUXT" in a bold, sans-serif font. The letter "X" is stylized with a blue and orange geometric design.

SEPTEMBER 2024

Delivers complex end-to-end solutions, specializing in mission-critical platforms and products for leading banks and financial institutions, based in London, UK.

Banking and financial services industries capabilities

Accelerated growth in the banking and financial services industries, particularly in Europe, through the acquisition of Juxt.

Enhanced go-to-market offering

Enhanced go-to-market offering in financial services by integrating expertise in full life cycle development and operation of mission-critical information systems.

Expanded portfolio of enterprise clients

Expanded portfolio of enterprise clients, strengthening Grid Dynamics' position as a leader in complex data solutions.



OCTOBER 2024

A leader in digital transformation, offering a comprehensive suite of solutions for manufacturing, CPG, and financial services, based in Buenos Aires, Argentina.

Empowering Americas delivery

Enhanced delivery capabilities across the Americas, improving client support.

Industry expertise expansion

Expansion of expertise in manufacturing, consumer packaged goods (CPG), and financial services.

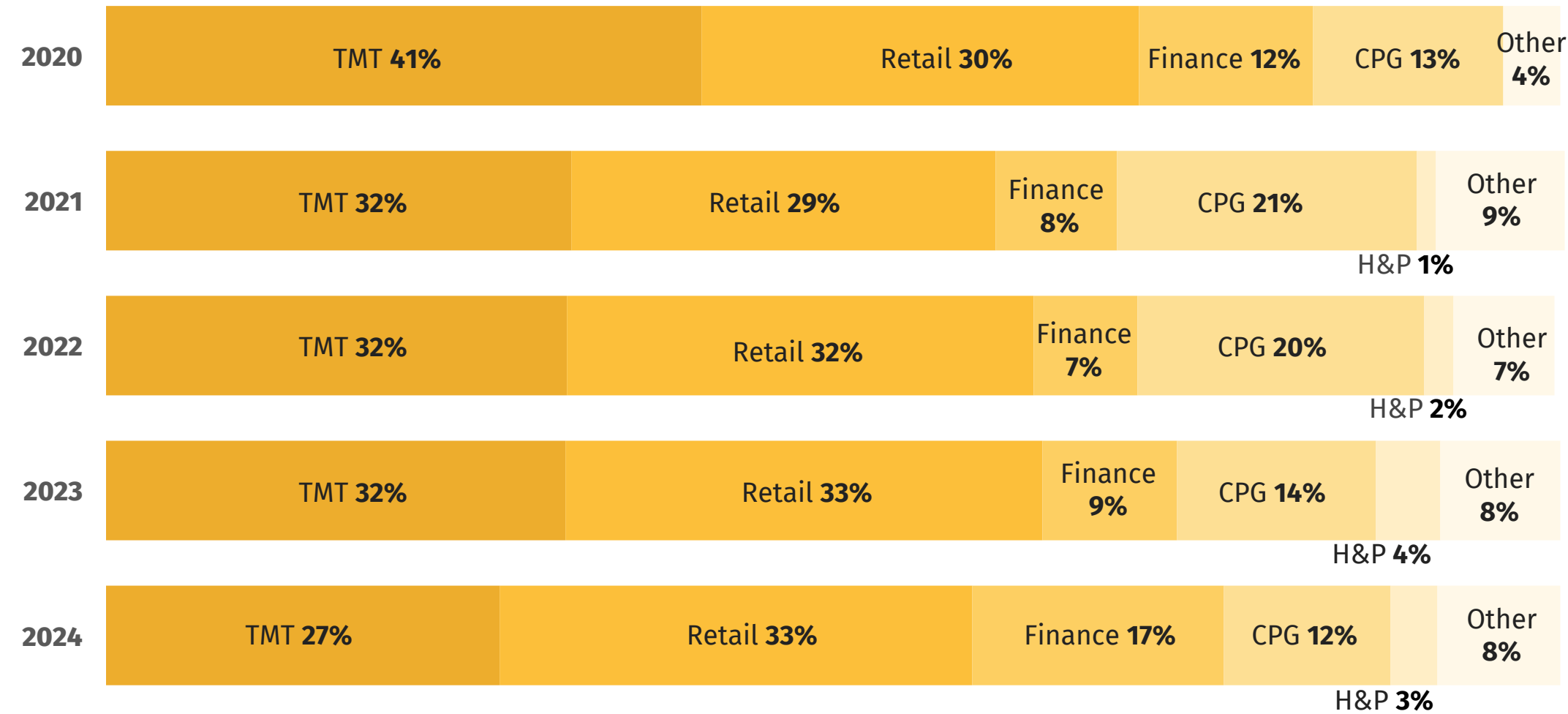
Boosted digital co-creation

Strengthening of Grid Dynamics' digital services and UI/UX co-creation capabilities.

The background features a complex, organic pattern of overlapping, wavy lines in shades of teal, yellow, and grey. A large, dark teal oval shape is prominent on the left side. In the upper right, there are large, rounded, golden-yellow shapes. At the bottom, there are more wavy, layered lines in light beige and cream, with a single golden-yellow sphere resting on them. A white rectangular box is positioned in the center-right, containing the text.

Financial overview

Grid Dynamics has become increasingly diversified



*H&P - Healthcare and Pharma

Q4 2024 key financial metrics

	GAAP Q4 2024	Non-GAAP Q4 2024
Revenues	\$100.3M	\$100.3M
Q/Q change	14.7%	14.7%
YoY change	28.5%	28.5%
Gross profit	\$37.0M	\$37.6M
Gross margin	36.9%	37.5%
Net income	\$4.5M	\$10.3M
% of revenue	4.5%	10.3%
EPS	\$0.05	\$0.12
Diluted share count	83.8M	83.8M
Non-GAAP EBITDA	n/a	\$15.6M
% of revenue		15.6%

Q4 2024 financial highlights

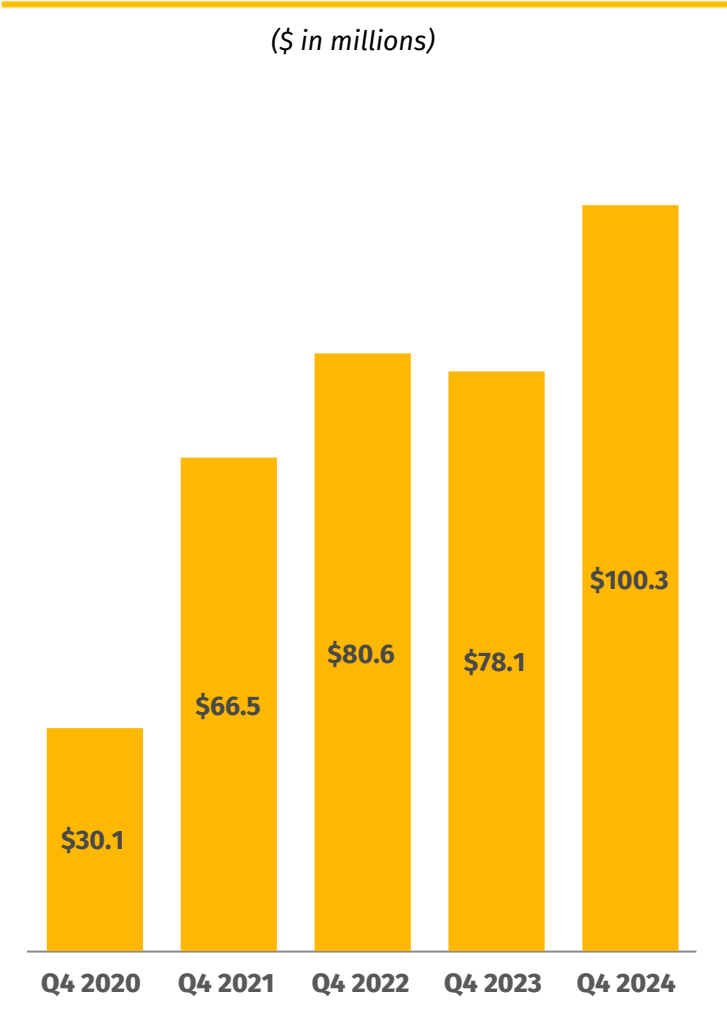
- Total revenues were **\$100.3M**, an **increase of 14.7% and 28.5%** sequentially and on a year-over-year basis, respectively.
- **GAAP gross profit was \$37.0M or 36.9%** of revenues, compared to GAAP gross profit of \$32.7M or 37.4% of revenues in the third quarter of 2024 and to GAAP gross profit of \$28.1M or 36.0% of revenues in the fourth quarter of 2023.
- **Non-GAAP gross profit was \$37.6M or 37.5%** of revenues, compared to Non-GAAP gross profit of \$33.3M or 38.0% of revenues in third quarter of 2024 and to Non-GAAP gross profit of \$28.6M or 36.6% of revenues in the fourth quarter of 2023.
- **Non-GAAP EBITDA was \$15.6M**, compared to Non-GAAP EBITDA of \$14.8M in the third quarter of 2024 and Non-GAAP EBITDA of \$10.7M in the fourth quarter of 2023.

Accelerating business momentum in Q4 2024

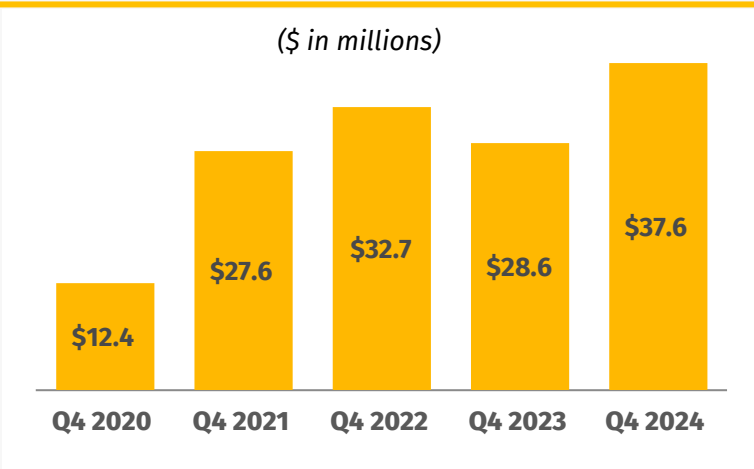
Q4 2024 revenue

	(\$ in millions) (% of revenue)	
Retail	\$32.7	32.6%
TMT	\$23.6	23.5%
Finance	\$23.2	23.1%
CPG	\$11.3	11.2%
Healthcare & Pharma	\$2.4	2.4%
Other	\$7.1	7.2%

Q4 revenue



Q4 Non-GAAP gross profit

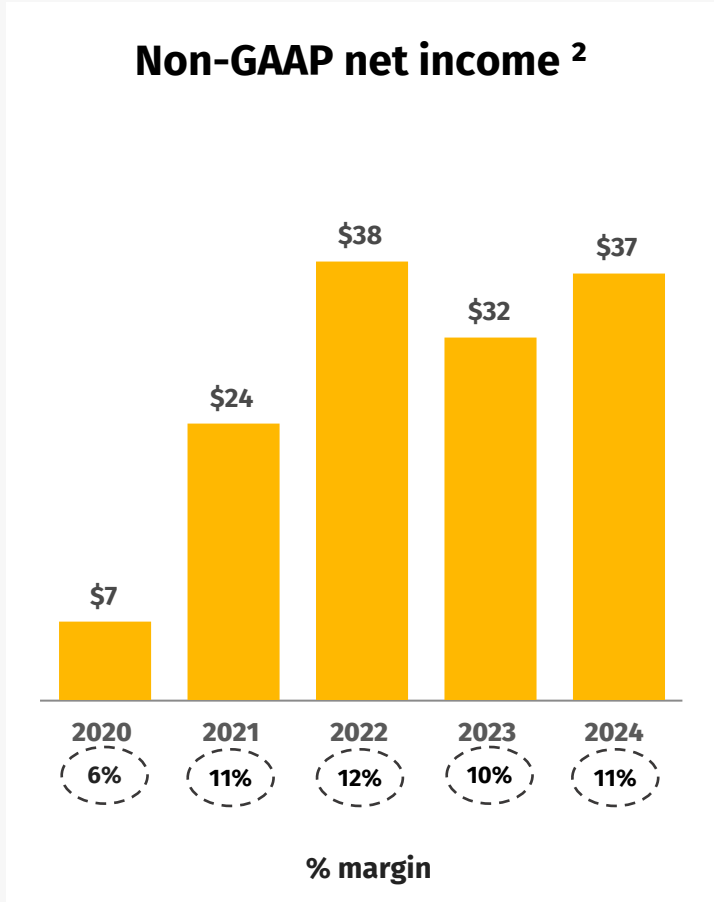
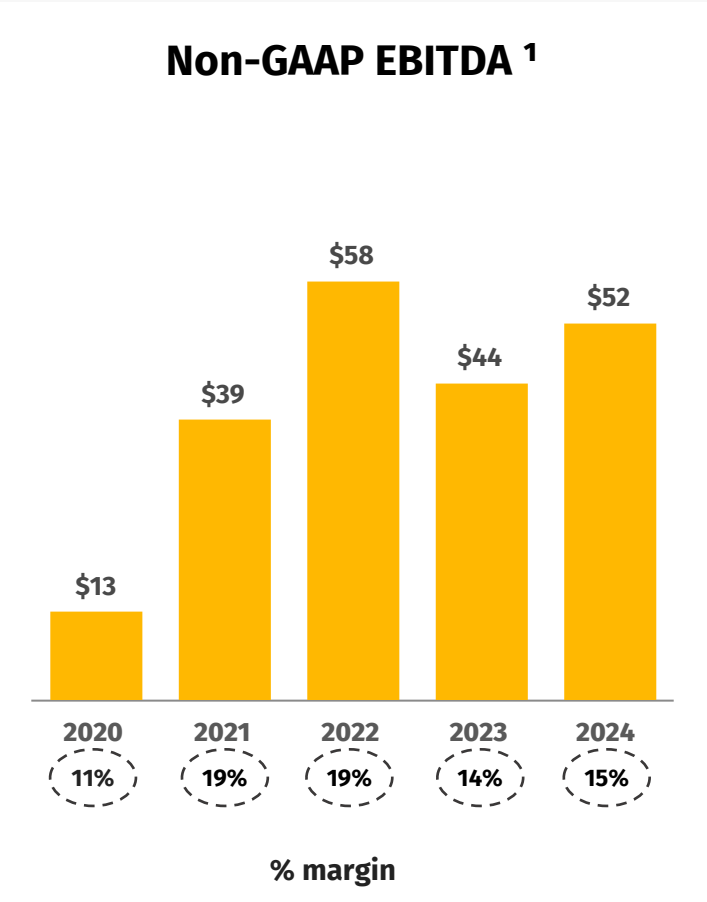
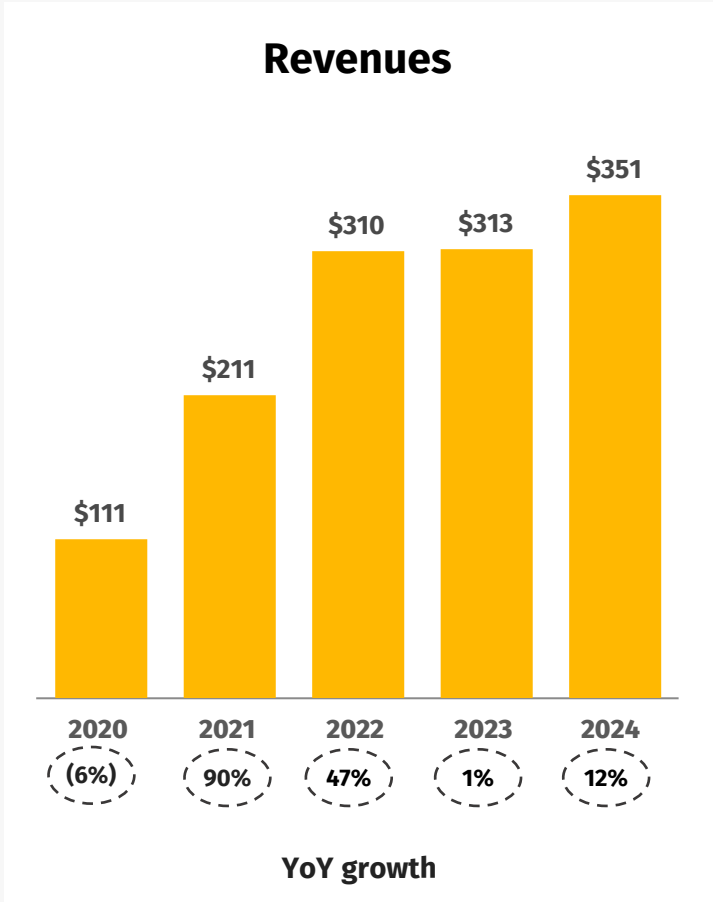


Non-GAAP gross profit margin (%)



Annual key metrics (historical)

(\$ in millions)

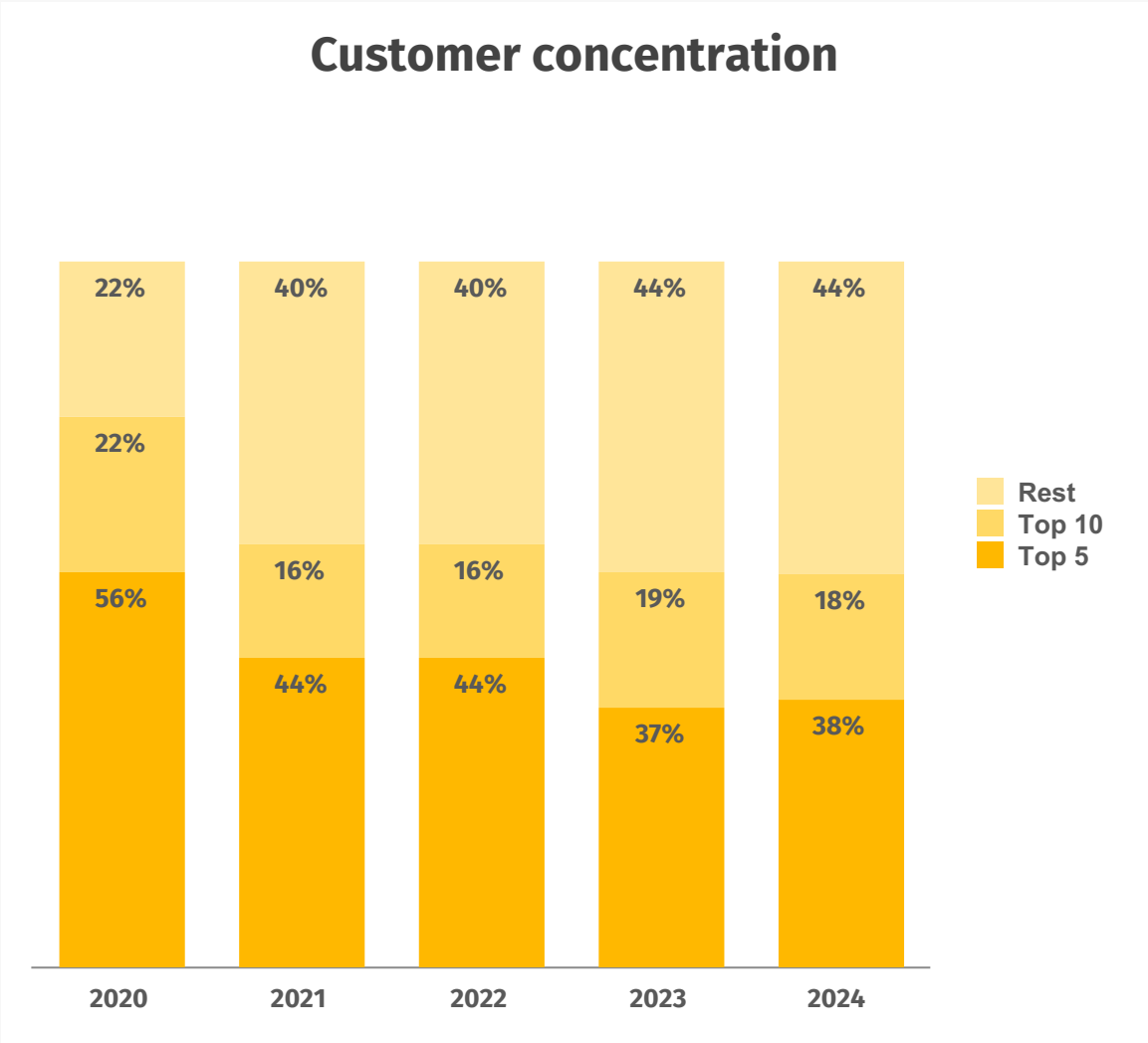
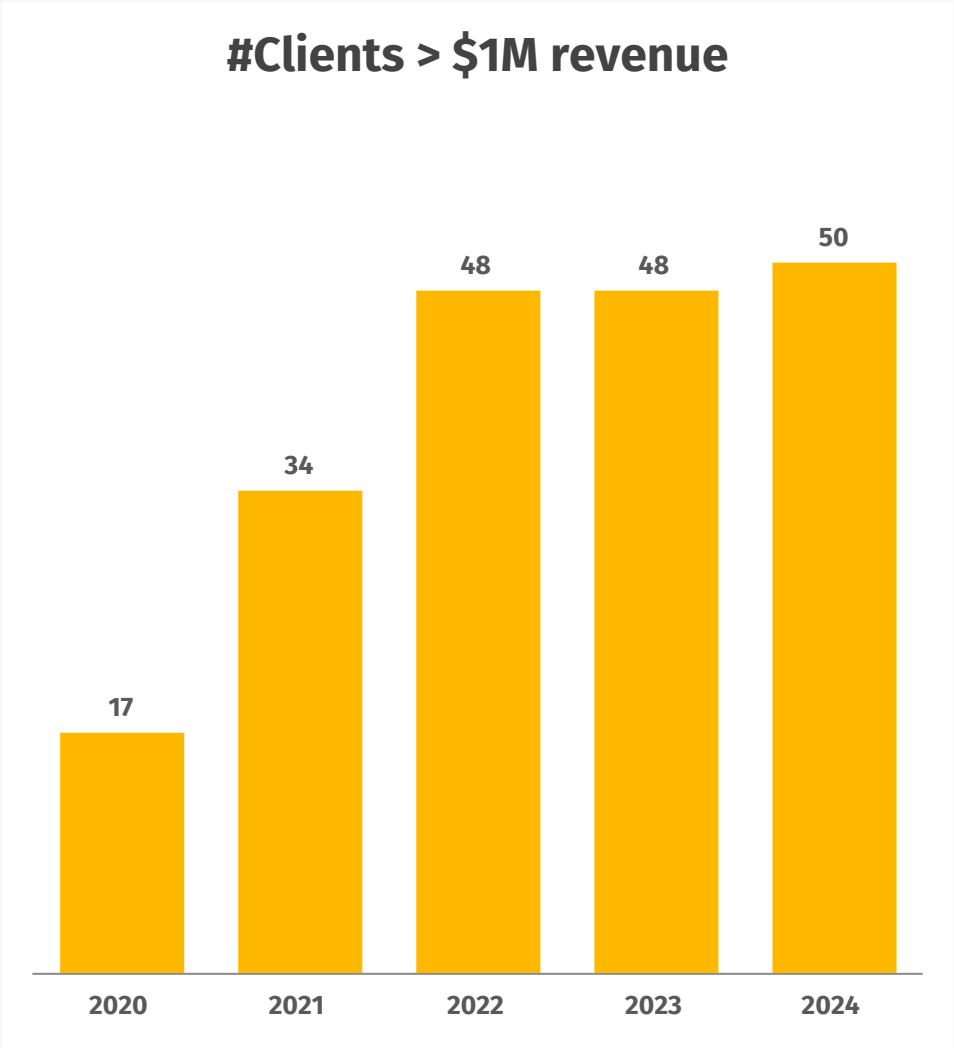


1. **Non-GAAP EBITDA:** net income/(loss) before interest income/expense, provision for income taxes and depreciation and amortization, and further adjusted for the impact of stock-based compensation expense, transaction-related costs (which include, when applicable, professional fees, retention bonuses, and consulting, legal and advisory costs related to Grid Dynamics' merger and acquisition and capital-raising activities), impairment of long-lived assets, restructuring costs, one-time charges, and non-operating income/(expenses), net (which includes mainly foreign currency transaction gains and losses, fair value adjustments, and other miscellaneous expenses).

2. **Non-GAAP net income:** net income/(loss) 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 long-lived assets, restructuring costs, one-time charges, and non-operating income/(expenses), net (which includes mainly foreign currency transaction gains and losses, fair value adjustments, and other miscellaneous expenses), and the tax impacts of these adjustments. During the year ended December 31, 2024, the Company started to include interest income/(expenses), net in its calculation of non-GAAP net income. As a result, the Company has adjusted previously reported Other (income)/expense, net adjustment to include interest income, net of \$9.3 million, \$2.1 million, \$0.1 million and \$0.1 million for the years ended December 31, 2023, 2022, 2021 and 2020 respectively.

Annual key metrics (historical)

(\$ in millions)





Grid Dynamics

trusted engineering partner for digital transformation

Thank you!

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