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Grid Dynamics

trusted engineering partner for digital transformation

Grid Dynamics Investor Presentation

NASDAQ: GDYN | Q2 2021

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. 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; (ii) Grid Dynamics may be unable to effectively manage its growth or achieve anticipated growth, 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) Grid Dynamics' revenues are highly dependent on clients primarily located in the United States, and any economic downturn in the United States or disruptions in the credit markets may have a material adverse effect on Grid Dynamics' business, financial condition and results of operations; (v) 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; (xi) the impact of the COVID-19 pandemic has and may continue to materially adversely affect our stock price, business operations, and overall financial performance; and (xii) other risks and uncertainties as specified in Grid Dynamics' filings with the SEC, including those under the sections entitled "Risk Factors." 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 any obligation to update 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 expenses, stock-based compensation expenses, retention bonuses, and restructuring charges. 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, items related to one-time charges and benefits, gains and losses related to foreign exchange, 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.

Grid Dynamics at a Glance

Digital-native technology services provider that accelerates growth and bolsters competitive advantage for Fortune 1000 companies.

Market Leading Expertise

CLOUD

DATA

EXPERIENCE

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

Leading Fortune 1,000 Clients

51

ORGANIC CUSTOMERS[1]

Q2 REVENUE (M)
$47.7M

Q3 2021 REVENUE EXPECTATIONS/(M)
$50.0 to **$51.5**

Q2 2021 GAAP/non-GAAP EPS
$(0.03) / **$0.10**

Strategic M&A

DAXX

DECEMBER 2020

TACIT KNOWLEDGE

MAY 2021

Global Scale

9 Countries across North America and Europe

HEADQUARTER
SAN RAMON CA USA

Partnership

aws partner network   Google Cloud Partner   Microsoft Partner

Skilled Technical Talent

2,510 Employees in Q2 2021

+103% YoY growth[2]

(1)   As of Q2 2021, excludes DAXX and Tacit Knowledge customers
(2)   Compared to 1,237 employees in Q2 2020

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

- Leading Silicon Valley technology brands helped Grid Dynamics refine and expand its services

- 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 and big data technologies

- Grid Dynamics 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 nine countries and industry-leading per capita revenues

- European expansion fueled by acquisition of Netherlands based DAXX on Dec. 14, 2020 and UK based Tacit Knowledge on May 29, 2021

Investment Highlights

Grid Dynamics

Large and Fast-Growing Digital Transformation Market

Deep Technology Expertise and Proprietary Accelerators

Impressive Blue-Chip Client Base with High Client Retention

Global Delivery Capabilities with Focus on Central and Eastern European and US talent

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

Strong Financial Profile with a Platform Built for Sustained Growth

Leader in Midsize Agile Development Service Providers

Forrester named Grid Dynamics a leader among midsize agile development service providers in The Forrester Wave™: Midsize Agile Software Development Service Providers, Q2 2019[1]
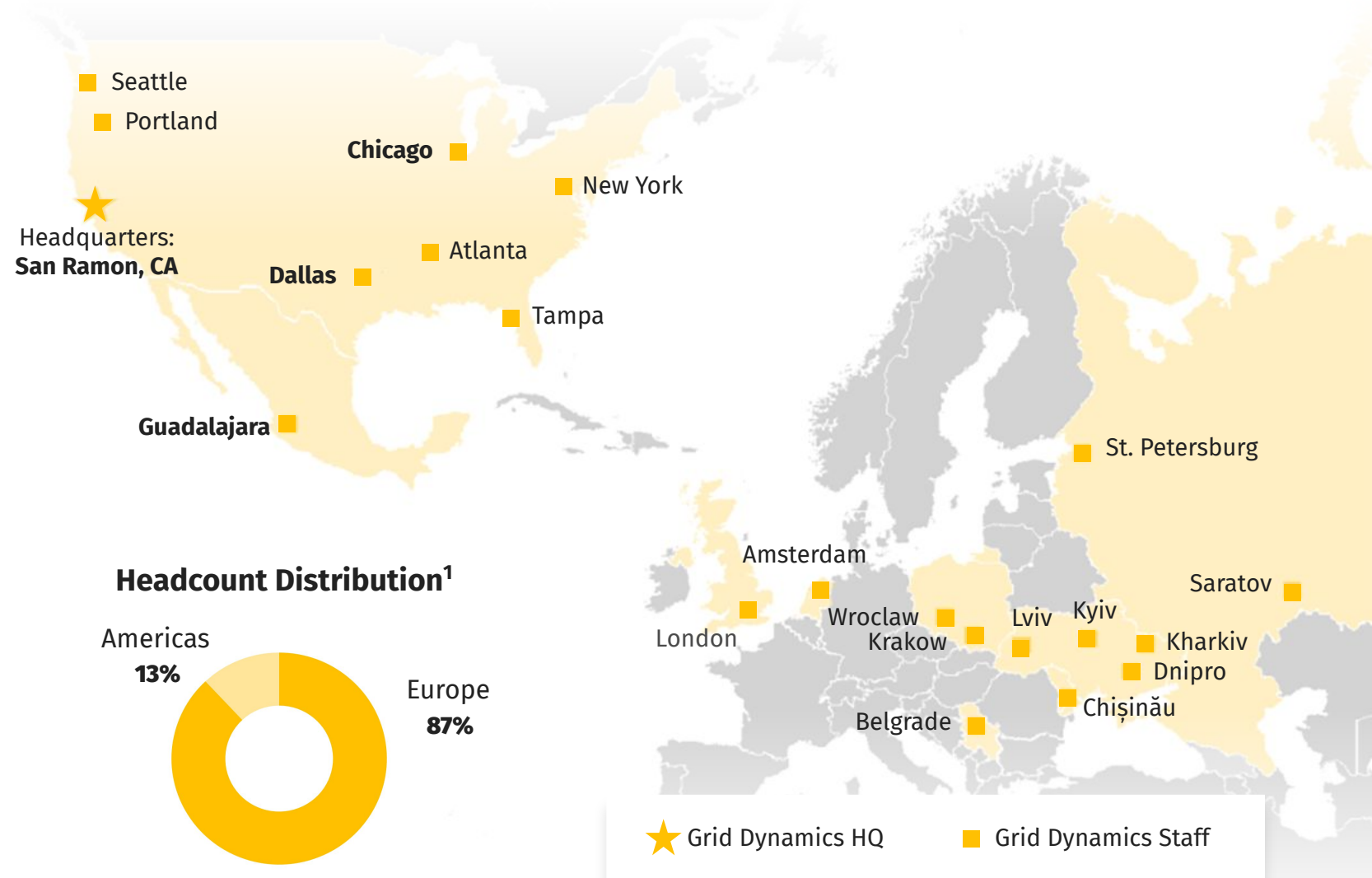
Leader
among mid-size agile developers

FORRESTER®

(1) The Forrester Wave™ — Midsize Agile Software Development Service Providers
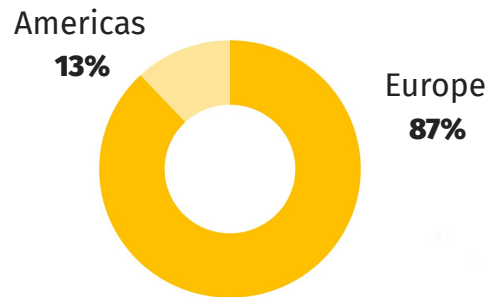
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Global Delivery Capabilities with focus on Central and Eastern European and US Talent

- Top global engineering talent

- Majority of employees have advanced degrees and several years of tenure

- Established presence in top global talent pools

- Ability to grow with the client using hybrid onshore / nearshore teams

- Globally distributed teams staffed by expertise

- Tried and tested internal recruiting processes

Seattle
Portland
Chicago
New York
Headquarters:
San Ramon, CA
Atlanta
Dallas
Tampa
Guadalajara

St. Petersburg

Amsterdam

Saratov

Wroclaw
Krakow
Lviv
Kyiv
Kharkiv
Dnipro
London

Chișinău

Belgrade

Headcount Distribution[1]

Americas
13%

Europe
87%

⭐ Grid Dynamics HQ   ■ Grid Dynamics Staff

Why Clients Choose Grid Dynamics

We make disruptive technologies accessible.

✓ Our ability to solve enterprises' most complex problems

✓ Technology consulting with a deep understanding of business practices

✓ Data science and agile software development practices are in our DNA

✓ Quality and speed of delivery are enhanced by proprietary accelerators

✓ High-performance culture that values predictability, transparency and collaboration

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Digital Innovation Partner for Fortune 1000

Tech

CPG

Finance

Retail

Other

and many more...

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

Typical entry points:

Artificial Intelligence	Data Science	Customer Experience	Application Modernization

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

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

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

Client Digital Journey

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)*

Organic Growth

Inorganic Growth
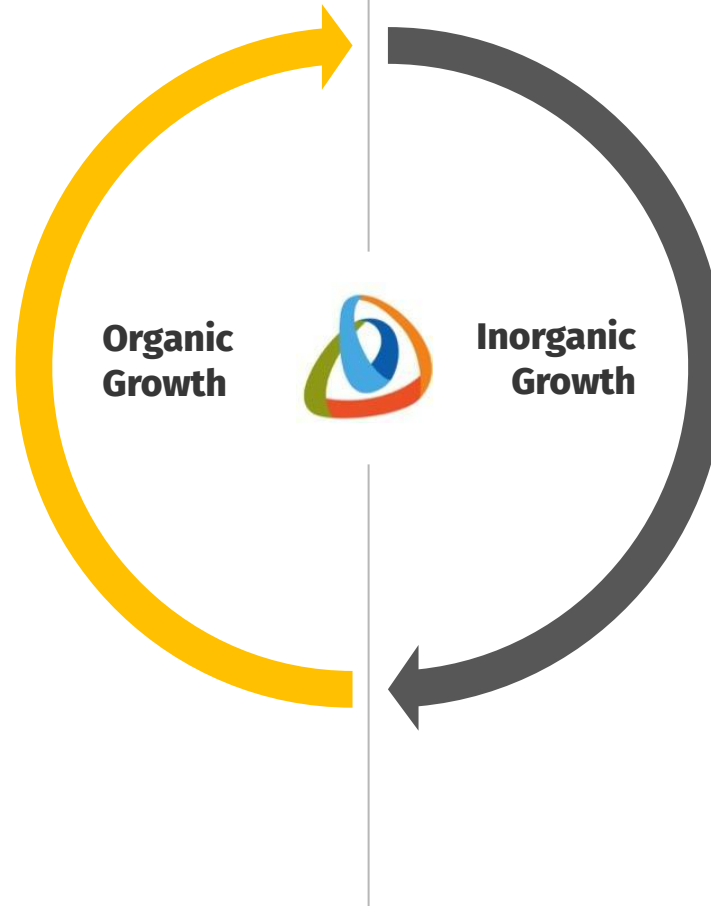
...Bolstered by Actionable M&A Pipeline

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

Spotlight on Recent acquisitions: DAXX and Tacit Knowledge

December 2020
Engineering services powerhouse based in the Netherlands and Ukraine

May 2021
Global provider of digital commerce solutions based in the U.K.

Beachhead of European Expansion

Provides an entry point to European markets through a key international city — Amsterdam.

Continued Global Expansion

Expands delivery footprint across the U.K., Mexico and Moldova.

Industry Diversification

Focus on technology and media customers further reduces industry concentration and strengthens Grid Dynamics' position in talent-hungry, growth-oriented markets.

Digital Commerce Capabilities

Global provider of digital commerce solutions enables Grid Dynamics to expand services to more customers from nearshore locations.

Brand Equity on Labor Markets

Strong position in Ukraine and deep university relationships improves hiring efficiency and access to talent.

Leading Global Clients

Provides additional leading global brands across technology, CPG, financial and retail markets.

Predictability. Transparency. Collaboration.

Culture

Grid Dynamics was born in 2006 in the age of agile, cloud, DevOps, mobile, and big data. Every engineer we've hired and trained has been immersed in DevOps culture and the Agile co-creation approach from Day 1 in the company and knows how to effectively use emerging technologies for digital transformation.

A high-performance co-innovation culture is in our DNA.

Grid Dynamics

Broad Core Competencies & Deep Expertise

We hire top talent and maintain a rigorous training program to enhance our technical skills. Our senior-to-junior ratio and relentless attention to quality result in better value for the client.

Broad Core Competencies

14+ years of distributed collaboration culture proven over 1,000 digital transformation projects.

- Customer experience
- Application modernization
- BigData & streaming
- Artificial intelligence
- Mobile & web
- Cloud migration
- Scalability & reliability

Deep Expertise in Key & Emerging Technologies

aws   Google Cloud   Azure

APACHE Spark   elastic   mongoDB

kubernetes   docker   cassandra

kafka   Java   redis

React   A   JS

TensorFlow   python   Microsoft .NET

and many more...

Our Core Expertise and Key Practice Areas

Cloud

Grid Dynamics enables enterprises to embrace cloud architectures & platforms.
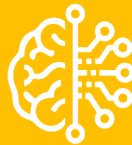
Cloud Migration & DevOps

Microservices & Modernization

Data

Grid Dynamics arms clients with actionable insights for business decision making.

Data Science & AI

Big Data

Experience

Grid Dynamics delivers quality consumer digital experiences through superior engineering.

Omnichannel Consumer Experience

Search Engineering

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Client Digital Innovation Driven through Agile Delivery

Cloud

Since its founding, Grid Dynamics experts have helped enterprises embrace, implement and optimize cloud architectures.

Cloud Migration & DevOps

Microservices & Modernization

Grid Dynamics Practice Areas

Analytical Data Platform	Cloud Migration	Continuous Delivery
Continuous Performance Testing	Machine Learning (ML) Platform	Machine Learning (ML) Ops
Quality Automation	Test Data Management	
Microservices Architecture	Microservices Platform	Service Virtualization

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Client Digital Innovation Driven through Agile Delivery (Cont'd)

Data

Grid Dynamics experts enable clients to digest petabytes of data into actionable insights through machine learning and state-of-the-art models.

Data Science & AI

Big Data

Grid Dynamics Practice Areas

Machine Learning (ML) Ops	Supply Chain Optimization	Revenue & Price Optimization
Trade Promotion Optimization	Fraud Detection & Prevention	Marketing Spend Optimization
Customer Intelligence & Personalization	Anomaly Detection & Predictive Maintenance	Conversational AI / Grid Genie
Visual Search	Semantic Vector Search	Augmented Reality
Analytical Data Platform	Stream Processing	Data Quality
Machine Learning (ML) Platform	Data Governance	

Client Digital Innovation Driven through Agile Delivery (Cont'd)

Experience

Grid Dynamics experts drive cutting-edge commerce with a deep understanding of the modern consumer and the help of artificial intelligence.

Omnichannel Consumer Experience

Search Engineering

Grid Dynamics Practice Areas

Web UI Development	Responsive UI	Augmented Reality
Mobile App Development	Mobile Testing	
Open Source Search Engines	Endeca Replatforming	Smart Autosuggest
Search Performance Engineering	Semantic Vector Search	Visual Search

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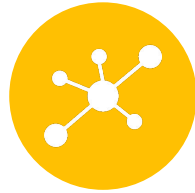
Grid Dynamics' Proprietary Accelerators Enhance the Quality and Speed of Delivery

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

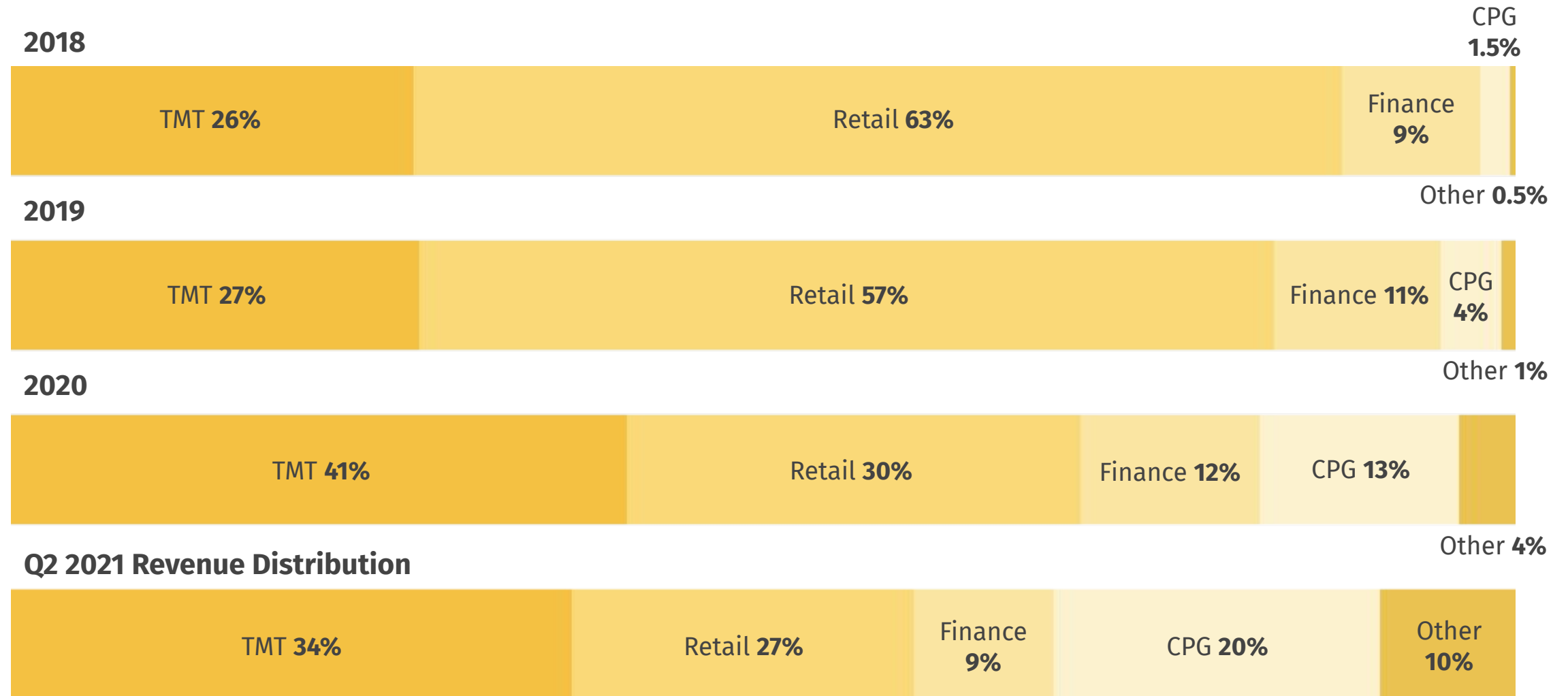Ability to search products by images or find similar products on website by comparing images.

Test Automation Kit

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

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Financial Overview

Grid Dynamics has Become Increasingly Diversified

2018

			CPG 1.5%
TMT **26%**	Retail **63%**	Finance **9%**	

2019

Other **0.5%**

			CPG 4%
TMT **27%**	Retail **57%**	Finance **11%**	

2020

Other **1%**

TMT **41%**	Retail **30%**	Finance **12%**	CPG **13%**

Q2 2021 Revenue Distribution

Other **4%**

TMT **34%**	Retail **27%**	Finance **9%**	CPG **20%**	Other **10%**

Q2 2021 Key Financial Metrics

	GAAP Q2 2021	Non-GAAP Q2 2021
Revenue	**$47.7M**	**$47.7M**
Q/Q Change	22%	22%
YoY Change	113%	113%
Gross Profit	$19.8M	$19.9M
Gross Margin	41.5%	41.8%
Net Income/(Loss)	$(1.5)M	$6.1M
% of Revenue	(3)%	13%
EPS	$(0.03)	$0.10
Diluted Share Count	54.4M	61M
Adj. EBITDA	n/a	$9.7M
% of Revenue		20.4%

Second Quarter 2021 Financial Highlights

- Total revenue was $47.7 million, an increase of 22% sequentially and 113% year-over-year.

- GAAP gross profit was $19.8 million or 42% of revenue, compared to GAAP gross profit of $15.3 or 39% of revenue in the first quarter of 2021 and to GAAP gross profit of $8.4 million or 38% of revenue in the second quarter of 2020.

- Non-GAAP gross profit was $19.9 million or 42% of revenue, compared to non-GAAP gross profit of $15.4 or 40% of revenue in the first quarter of 2021 and to Non-GAAP gross profit of $8.4 million or 38% of revenue in the second quarter of 2020.

- Non-GAAP EBITDA, a non-GAAP metric, was $9.7 million, compared with Non-GAAP EBITDA of $5.3 in the first quarter of 2021 and Non-GAAP EBITDA of $1.2 million in the second quarter of 2020.
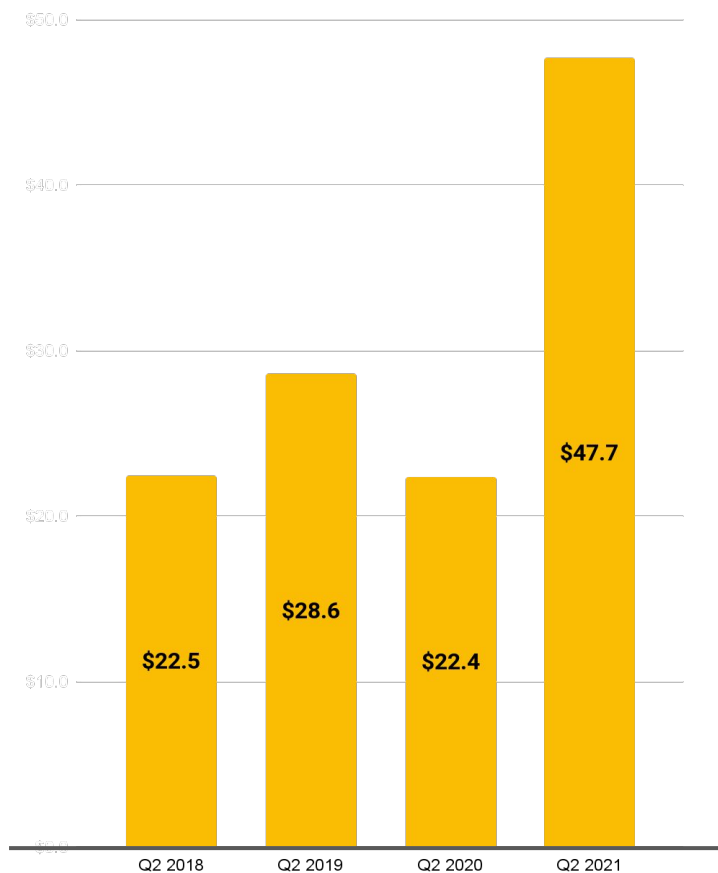
Accelerating Business Momentum in Q2 2021

Q2 2021 Revenue
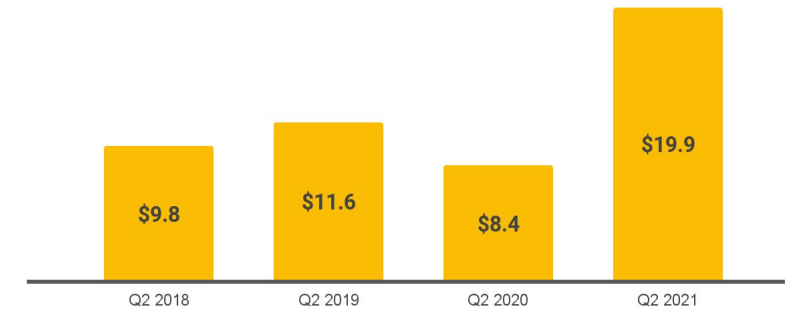
($ in millions) (% of revenue)

	($ in millions)	(% of revenue)
TMT	$16.1	34%
CPG [2]	$9.9	20%
Other [1]	$4.9	10%
Finance	$4.1	9%
Retail	$12.7	27%

Q2 YoY Revenue[1]

($ in millions)

Q2 2018	Q2 2019	Q2 2020	Q2 2021
$22.5	$28.6	$22.4	$47.7

Non-GAAP Gross Profit Margin ($M)

Q2 2018	Q2 2019	Q2 2020	Q2 2021
$9.8	$11.6	$8.4	$19.9

Non-GAAP Gross Profit Margin (%)

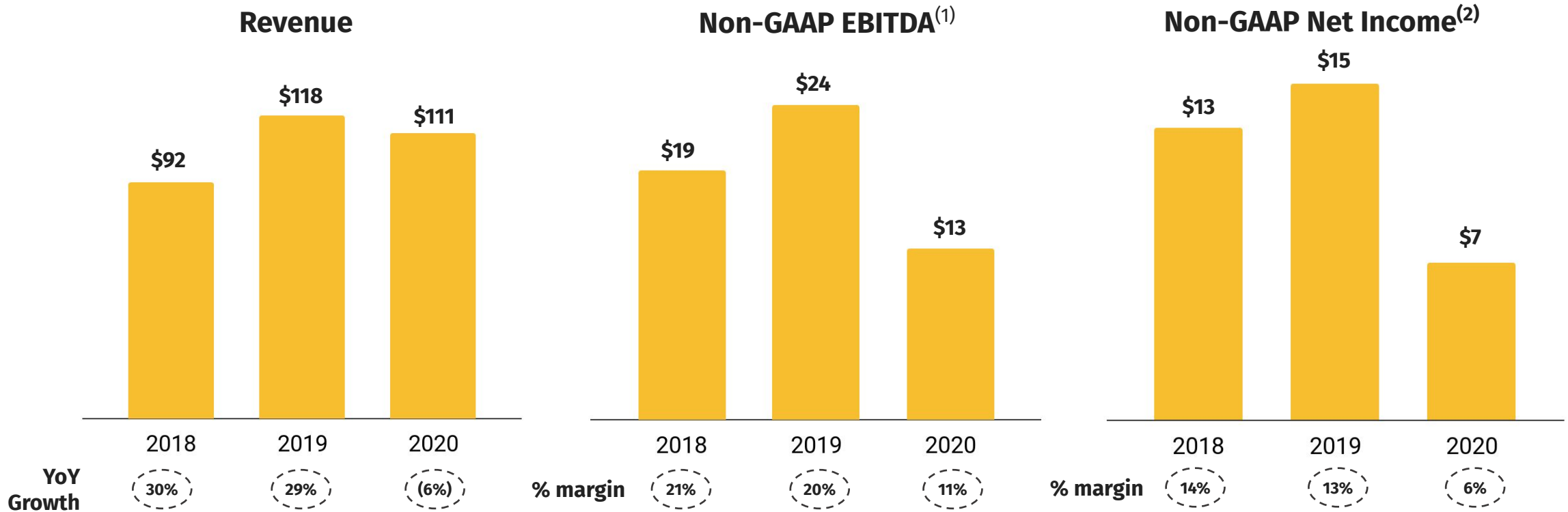| Q2 2018	Q2 2019	Q2 2020	Q2 2021
44%	41%	38%	42%
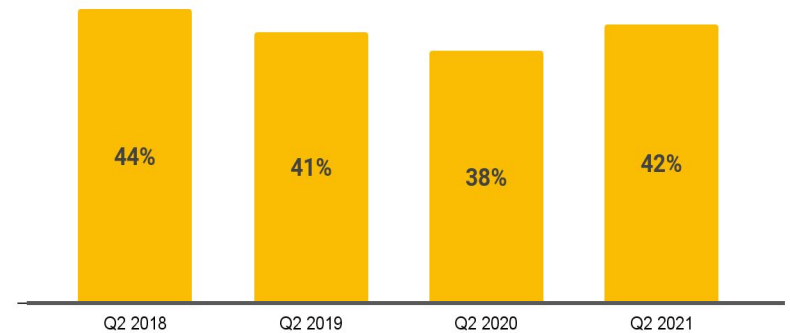
(1)   Financials include $1M from Daxx in 2020 only.
(2)   Includes CPG and Manufacturing clients.

Annual Key Metrics (Historical)

($ in millions)

Revenue

$92 — 2018
$118 — 2019
$111 — 2020

YoY Growth: 30% | 29% | (6%)

Non-GAAP EBITDA[1]

$19 — 2018
$24 — 2019
$13 — 2020

% margin: 21% | 20% | 11%

Non-GAAP Net Income[2]

$13 — 2018
$15 — 2019
$7 — 2020

% margin: 14% | 13% | 6%

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

(1) Adj. EBITDA: net income 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 and other miscellaneous expenses).

(2) Adj. Net Income: net income adjusted for the impact of stock-based compensation, impairment of goodwill, transaction-related costs, restructuring costs, other income/expenses, net, and the tax impacts of these adjustments.
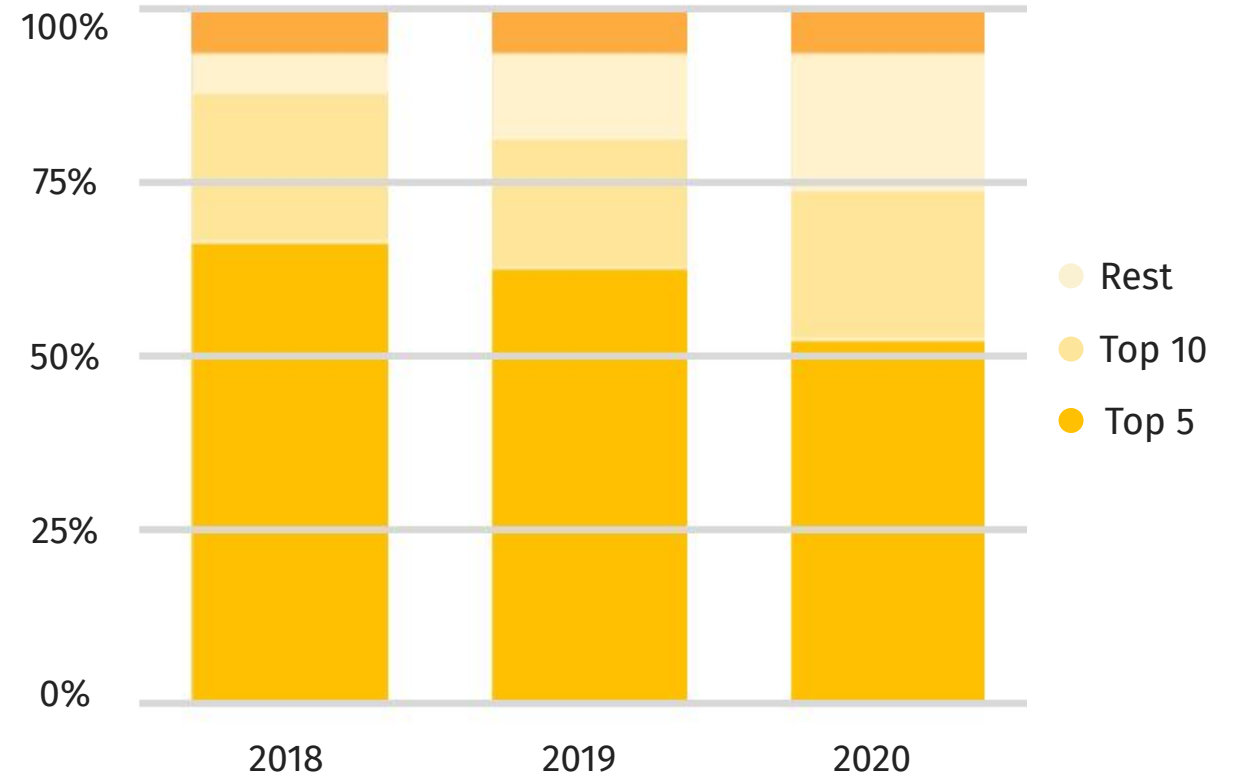
Annual Key Metrics (Historical)

($ in millions)

#Clients > $1M Revenue
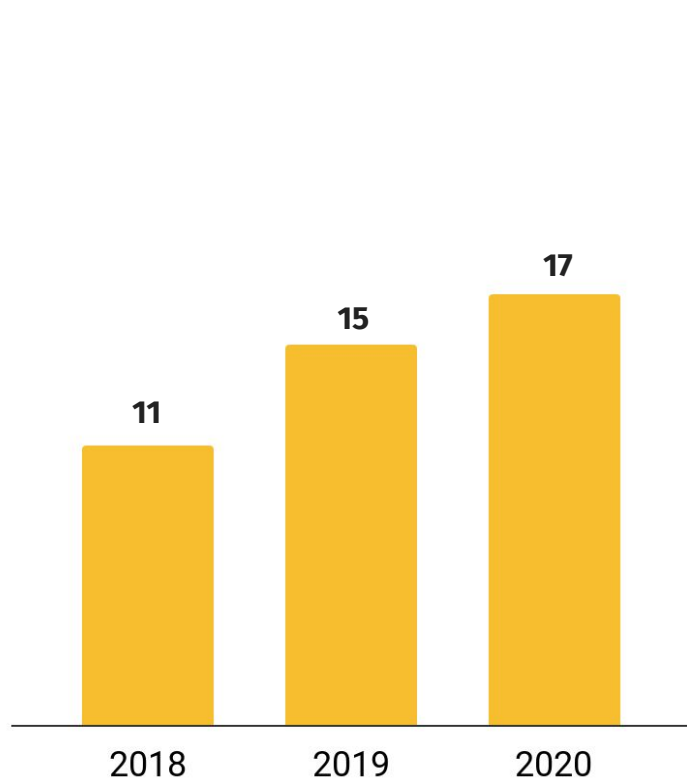
Customer Concentration

Legend:
- Rest
- Top 10
- Top 5

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Grid Dynamics

Trusted engineering partner for digital transformation

Thank you!

Grid Dynamics Holdings Inc.

5000 Executive Parkway,

Suite 520 / San Ramon, CA

1-646-277-1236

investorrelations@griddynamics.com

www.griddynamics.com

Footnotes

1. *The Forrester Wave™ — Midsize Agile Software Development Service Providers, Q2 2019*

2. 2015 and 2016 not audited under PCAOB standard

3. 2017, 2018, and 2019 audited and upgraded to PCAOB standard

4. Adj. EBITDA: net income 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 and other miscellaneous expenses).

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