

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-38685

Grid Dynamics Holdings, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

83-0632724

(I.R.S. Employer
Identification No.)

5000 Executive Parkway, Suite 520
San Ramon, CA 94583
(Address of principal executive offices)

(619) 736-6855
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	GDYN	The NASDAQ Stock Market LLC
Redeemable warrants, exercisable for shares of common stock at an exercise price of \$11.50 per share	GDYNW	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2020, there were 50,822,423 shares of Common Stock issued and outstanding.

EXPLANATORY NOTE

Grid Dynamics Holdings, Inc. (the “Company”) is filing this Amendment No. 1 on Form 10-Q/A (the “Amendment”) to amend its Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “Quarterly Report”), which was originally filed with the United States Securities and Exchange Commission (the “SEC”) on May 11, 2020.

The purpose of this Amendment is to revise the discussion of our disclosure controls and procedures included in Part I, Item 4, “Disclosure Controls and Procedures,” in response to comments from the staff of the SEC.

This Amendment speaks as of the original filing date and does not reflect events occurring after the filing of the Quarterly Report or modify or update disclosures that may be affected by subsequent events. No revisions are being made to the Company’s financial statements or any other disclosure contained in the Quarterly Report.

PART I — FINANCIAL INFORMATION

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We previously disclosed a material weakness in our internal control over financial reporting that remains unremediated. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Grid Dynamics' financial statements will not be prevented or detected on a timely basis. Subsequent to the original issuance of the private company financial statements for the year ended December 31, 2018, we identified balances that were accounted for or presented incorrectly under GAAP relating to stock-based compensation, and the presentation of retention bonuses and depreciation on the consolidated statement of income and comprehensive income.

The material weakness identified was a lack of sufficient resources with appropriate depth and experience to interpret complex accounting guidance and prepare financial statements and related disclosures in accordance with GAAP.

Grid Dynamics was not required to perform an evaluation of internal control over financial reporting as of December 31, 2019, 2018, and 2017 in accordance with the provisions of the Sarbanes-Oxley Act as it was then a private company. Had such an evaluation been performed, additional control deficiencies may have been identified by Grid Dynamics' management, and those control deficiencies could have also represented one or more material weaknesses.

An evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and Exchange Act Rules 15d-15(e)) as of March 31, 2020. Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of such date because of the material weakness.

Grid Dynamics has taken steps to enhance its internal control environment, including hiring a new Chief Financial Officer in December 2019, hiring a Global Controller, and initiating a search to hire additional qualified accounting and financial reporting personnel. Additionally, Grid Dynamics is implementing a new ERP system, which it believes will enhance its internal control over financial reporting. Once all key hires in the finance function are in place, Grid Dynamics also plans to take additional steps to remediate the material weakness by integrating them into its process of implementing and enhancing key controls over financial reporting and conducting technical accounting training of key financial and accounting staff members involved in preparation and review of financial reporting and interpretation of technical accounting guidance. Although Grid Dynamics plans to complete this remediation process as quickly as possible, Grid Dynamics cannot at this time estimate how long it will take.

Grid Dynamics has discussed the matters above with its Audit Committee, including the evaluation of disclosure controls and procedures, the material weakness, and the steps it is taking to remediate the material weakness.

Internal Control Over Financial Reporting

Our management, including the CEO and CFO, confirmed there were no changes in our internal control over financial reporting during the three months ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II — OTHER INFORMATION

Item 6. Exhibits.

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
3.1	<u>Amended and Restated Certificate of Incorporation of Grid Dynamics Holdings, Inc.</u>	Form 8-K	3.1	3/9/2020
3.2	<u>Amended and Restated Bylaws of Grid Dynamics Holdings, Inc.</u>	Form 8-K	3.1	5/6/2020
10.1#	<u>Grid Dynamics Holdings, Inc. 2020 Equity Incentive Plan</u>			
10.2	<u>Grid Dynamics Holdings, Inc. 2020 Equity Incentive Plan—Form of Stock Option Agreement</u>	Form 8-K	10.2	3/9/2020
10.3	<u>Grid Dynamics Holdings, Inc. 2020 Equity Incentive Plan—Form of Restricted Stock Unit Agreement</u>	Form 8-K	10.3	3/9/2020
10.4	<u>Grid Dynamics Holdings, Inc. 2020 Equity Incentive Plan—Form of Restricted Stock Agreement</u>	Form 8-K	10.4	3/9/2020
10.5	<u>Grid Dynamics Holdings, Inc. 2020 Equity Incentive Plan—Form of Performance Share Agreement</u>	Form 8-K	10.5	3/9/2020
10.6	<u>Form of Director and Officer Indemnification Agreement</u>	Form 8-K	10.6	3/9/2020
10.7	<u>Outside Director Compensation Policy</u>	Form 8-K	10.7	3/9/2020
10.8	<u>Employment Agreement between Grid Dynamics International, Inc. and Leonard Livschitz</u>	Form 8-K	10.8	3/9/2020
10.9	<u>Employment Agreement between Grid Dynamics International, Inc. and Anil Doradla</u>	Form 8-K	10.9	3/9/2020
10.10	<u>Employment Agreement between Grid Dynamics International, Inc. and Victoria Livschitz</u>	Form 8-K	10.10	3/9/2020
10.11	<u>Employment Agreement between Grid Dynamics International, Inc. and Max Martynov</u>	Form 8-K	10.11	3/9/2020
10.12	<u>Employment Agreement between Grid Dynamics International, Inc. and Yury Gryzlov</u>	Form 8-K	10.12	3/9/2020
10.13	<u>Employment Agreement between Grid Dynamics International, Inc. and Vadim Kozyrkov</u>	Form 8-K	10.13	3/9/2020
10.14	<u>Employment Agreement between Grid Dynamics International, Inc. and Stan Klimoff</u>	Form 8-K	10.14	3/9/2020
10.15	<u>Form of Tax Indemnification Agreement of Grid Dynamics International, Inc.</u>	Form 8-K	10.15	3/9/2020

10.16#	Grid Dynamics International, Inc. 2018 Stock Plan and Forms of Agreement	
10.17#	Amended and Restated Registration Rights Agreement dated as of March 5, 2020, by and among Grid Dynamics Holdings, Inc. and certain security holders.	
10.18#	Stockholders' Agreement, dated as of November 13, 2019, by and among Grid Dynamics Holdings, Inc. and certain security holders.	
31.1#	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	
31.2#	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	
31.3	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	Filed herewith
31.4	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	Filed herewith
32.1*#	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	
32.2*#	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	
101.INS#	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
101.SCH#	XBRL Taxonomy Extension Schema Document	
101.CAL#	XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF#	XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB#	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE#	XBRL Taxonomy Extension Presentation Linkbase Document	
104#	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

Previously filed or furnished with the Quarterly Report filed on May 11, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Grid Dynamics Holdings, Inc.

Date: June 1, 2020

By: /s/ Leonard Livschitz
Leonard Livschitz
Chief Executive Officer and Director
(Principal Executive Officer)

Date: June 1, 2020

By: /s/ Anil Doradla
Anil Doradla
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Leonard Livschitz, certify that:

1. I have reviewed this Amendment No. 1 to the quarterly report on Form 10-Q of Grid Dynamics Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2020

By: /s/ Leonard Livschitz

Name: **Leonard Livschitz**

Title: **Chief Executive Officer and Director
(Principal Executive Officer)**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Anil Doradla, certify that:

1. I have reviewed this Amendment No. 1 to the quarterly report on Form 10-Q of Grid Dynamics Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2020

By: /s/ Anil Doradla
Name: **Anil Doradla**
Title: **Chief Financial Officer**
(Principal Financial and Accounting Officer)