

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 20, 2020

MASTECH DIGITAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania

(State or Other Jurisdiction of Incorporation)

001-34099

(Commission File Number)

26-2753540

(IRS Employer Identification No.)

1305 Cherrington Parkway,
Suite 400, Moon Township, PA
(Address of Principal Executive Offices)

15108
(Zip Code)

(412) 787-2100

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 \$.01 per share	MHH	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Amendment to Employment Agreement with Vivek Gupta, Chief Executive Officer and President.

On March 20, 2020, Mastech Digital, Inc. (the “Company”) amended its Fourth Amended and Restated Executive Employment Agreement, dated as of March 20, 2019 (the “Gupta Employment Agreement”), with Vivek Gupta, the Company’s Chief Executive Officer and President, by replacing the prior compensation schedule attached thereto with a revised compensation schedule (the “Revised Gupta Compensation Schedule”).

The Revised Gupta Compensation Schedule is effective April 1, 2020 and amends the Gupta Employment Agreement by providing that (i) Mr. Gupta’s base salary shall be \$540,000 per year, subject to review and modification annually by the Company; (ii) Mr. Gupta is eligible to earn an annual performance-based cash bonus of \$260,000 (the “Gupta Performance-Based Cash Bonus”) for the achievement of certain financial and operational targets, which targets, and the bonus dollars tied to such targets, will be determined by the Company’s Board of Directors on an annual basis; and (iii) Mr. Gupta is granted an award of a non-qualified stock option to purchase 250,000 shares of the Company’s common stock pursuant to the Company’s Stock Incentive Plan, vesting in three equal annual installments beginning on the second anniversary of the February 11, 2020 grant date.

Under the Revised Gupta Compensation Schedule, \$210,000 of the Gupta Performance-Based Cash Bonus for the 2020 calendar year will be based on (i) the Company’s Consolidated Revenue; (ii) the Company’s Non-GAAP Earnings Per Share – Diluted; and (iii) the Company’s Consolidated Gross Profit Dollars. The remaining \$50,000 of the Gupta Performance-Based Cash Bonus for the 2020 calendar year is subjective, based on the development of a significant value revenue stream.

Except as amended by the Revised Gupta Compensation Schedule, the terms of the Gupta Employment Agreement are unchanged and remain in full force and effect.

Amendment to Employment Agreement with John J. Cronin, Jr., Chief Financial Officer.

On March 20, 2020, the Company amended its Third Amended and Restated Executive Employment Agreement, dated as of March 20, 2019 (the “Cronin Employment Agreement”), with John J. Cronin, Jr., the Company’s Chief Financial Officer, by replacing the prior compensation schedule attached thereto with a revised compensation schedule (the “Revised Cronin Compensation Schedule”).

The Revised Cronin Compensation Schedule is effective April 1, 2020 and amends the Cronin Employment Agreement by providing that (i) Mr. Cronin’s base salary shall be \$385,000 per year, subject to review and modification annually by the Company; (ii) Mr. Cronin is eligible to earn an annual performance-based cash bonus of \$150,000 (the “Cronin Performance-Based Cash Bonus”) for the achievement of certain financial and operational targets, which targets, and the bonus dollars tied to such targets, will be determined by the Company’s Board of Directors on an annual basis; and (iii) Mr. Cronin is granted an award of a non-qualified stock option to purchase 100,000 shares of the Company’s common stock pursuant to the Company’s Stock Incentive Plan, vesting in four annual installments beginning on the first anniversary of the February 11, 2020 grant date.

Under the Revised Cronin Compensation Schedule, the Cronin Performance-Based Bonus for the 2020 calendar year will be based on (i) the Company’s Consolidated Revenue; (ii) the Company’s Non-GAAP Earnings Per Share – Diluted; and (iii) the Company’s Consolidated Gross Profit Dollars.

Except as amended by the Revised Cronin Compensation Schedule, the terms of the Cronin Employment Agreement are unchanged and remain in full force and effect.

The foregoing descriptions of the Revised Gupta Compensation Schedule and the Revised Cronin Compensation Schedule do not purport to be complete and are qualified in their entirety by the full text of the Revised Gupta Compensation Schedule and the Revised Cronin Compensation Schedule, copies of which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Schedule A-4, dated March 20, 2020, to Fourth Amended and Restated Executive Employment Agreement, dated as of March 20, 2019, between Mastech Digital Technologies, Inc., Mastech Digital, Inc. and Vivek Gupta.</u>
10.2	<u>Schedule A-9, dated March 20, 2020, to Third Amended and Restated Executive Employment Agreement, dated as of March 20, 2019, between Mastech Digital Technologies, Inc., Mastech Digital, Inc. and John J. Cronin, Jr.</u>

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 hereunto duly authorized.

MASTECH DIGITAL, INC.

By: /s/ John J. Cronin

Name: John J. Cronin

Title: Chief Financial Officer

Date: March 25, 2020

Schedule A-4

This Schedule A-4 dated March 20, 2020, is issued pursuant to the Fourth Amended and Restated Executive Employment Agreement by and among Company, Parent and Executive, dated March 20, 2019 (the “Agreement”), and shall be incorporated therein and governed by the terms and conditions of such Agreement. This Schedule A-4 is effective April 1, 2020, and is intended to replace any previously issued Schedule A.

1. **Position**: Chief Executive Officer and President. Executive shall report in such capacity to the Board.

2. **Base Salary**: \$540,000 per year.

3. **Bonus**: Executive will be entitled to an annual performance-based cash bonus of \$260,000, for the achievement of certain financial and operational targets. These targets, and the bonus dollars tied to such targets, will be determined and communicated to you by the Board on an annual basis. For the 2020 calendar year your bonus will be determined as follows:

Two Hundred Ten Thousand Dollars (\$210,000) of your bonus will be based on the following performance measures:

- a. Consolidated Revenue;
- b. Non-GAAP Earnings Per Share – Diluted; and
- c. Consolidated Gross Profit Dollars.

The remaining Fifty Thousand Dollars (\$50,000) of your bonus is subjective, based on the development of a significant value revenue stream.

The target amount for each measure for the 2020 calendar year is set forth on Appendix 1 to this schedule. Should Company fail to achieve the target amount for the above performance measures, Executive’s annual performance-based bonus, if any, shall be based upon Company’s evaluation of the percentage of the target amount achieved during the year. Conversely, should Company’s performance exceed the target amount for the above performance measures, Executive’s annual performance-based bonus may exceed the bonus amount stated above, based upon Company’s evaluation of the percentage of the over-achievement of such target amount(s). All bonuses will be paid by March 15, 2021, following the completion of Company’s year-end audit. If Executive leaves Company voluntarily, or is terminated with Cause, before December 31, 2020, Executive will not be eligible for a bonus. If Executive is terminated by Company during 2020 without Cause, Executive’s bonus calculation will be based on Company’s annual results (calculated as though Executive were still an employee) and a prorated bonus will be paid considering the days in 2020 in which Executive was employed by Company divided by 365.

4. **Benefits**: Executive is eligible for standard company benefits in the same manner as other executives of Company.

5. Expenses: Company will reimburse all properly documented expenses reasonably related to Executive's performance of Executive's duties hereunder.

6. Stock Options: Executive is granted an award of 250,000 non-qualified stock options pursuant to Company's Stock Incentive Plan, with the options vesting in three equal installments beginning on the second anniversary of the February 11, 2020, grant date.

BY: /s/ John J. Cronin, Jr. March 20, 2020
Company / Date

BY: /s/ Vivek Gupta March 20, 2020
Executive / Date

Schedule A-9

This Schedule A-9 dated March 20, 2020, is issued pursuant to the Third Amended and Restated Executive Employment Agreement by and among Company, Parent and Executive, dated March 20, 2019 (the “Agreement”), and shall be incorporated therein and governed by the terms and conditions of such Agreement. This Schedule A-9 is effective April 1, 2020, and is intended to replace any previously issued Schedule A.

1. Position: Chief Financial Officer. Executive shall report in such capacity to Company’s Chief Executive Officer.
2. Base Salary: \$385,000 per year.
3. Bonus: Executive will be entitled to an annual performance-based cash bonus of \$150,000, for the achievement of certain financial and operational targets. These targets, and the bonus dollars tied to such targets, will be determined and communicated to you by the Chief Executive Officer on an annual basis. For the 2020 calendar year, your bonus will be based on the following performance measures:
 - a. Consolidated Revenue;
 - b. Non-GAAP Earnings Per Share – Diluted; and
 - c. Consolidated Gross Profit Dollars.

The target amount for each measure for the 2020 calendar year is set forth on Appendix 1 to this schedule. Should Company fail to achieve the target amount for the above performance measures, Executive’s annual performance-based bonus, if any, shall be based upon Company’s evaluation of the percentage of the target amount achieved during the year. Conversely, should Company’s performance exceed the target amount for the above performance measures, Executive’s annual performance-based bonus may exceed the bonus amount stated above, based upon Company’s evaluation of the percentage of the over-achievement of such target amount(s). All bonuses will be paid by March 15, 2021, following the completion of Company’s year-end audit. If Executive leaves Company voluntarily, or is terminated with Cause, before December 31, 2020, Executive will not be eligible for a bonus. If Executive is terminated by Company during 2020 without Cause, Executive’s bonus calculation will be based on Company’s annual results (calculated as though Executive were still an employee) and a prorated bonus will be paid considering the days in 2020 in which Executive was employed by Company divided by 365.

4. Benefits: Executive is eligible for standard company benefits in the same manner as other executives of Company.
5. Expenses: Company will reimburse all properly documented expenses reasonably related to Executive’s performance of Executive’s duties hereunder.

6. **Stock Options:** Executive is granted an award of 100,000 non-qualified stock options pursuant to Company's Stock Incentive Plan, with the options vesting in four equal installments beginning on the first anniversary of the February 11, 2020, grant date.

BY: /s/ Vivek Gupta March 20, 2020
Company / Date

BY: /s/ John J. Cronin, Jr. March 20, 2020
Executive / Date