

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

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

**May 10, 2019**  
Date of report (date of earliest event reported)

**Digi International Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**1-34033**  
(Commission file number)

**41-1532464**  
(I.R.S. Employer Identification No.)

**9350 Excelsior Blvd., Suite 700**  
**Hopkins, Minnesota**  
(Address of principal executive offices)

**55343**  
(Zip Code)

**(952) 912-3444**  
(Registrant's telephone number, including area code)

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

| <u>Title of each class</u>               | <u>Trading Symbol</u> | <u>Name of each exchange on which registered</u> |
|--|-----------------------|--|
| Common Stock, par value \$0.01 per share | DGII                  | The Nasdaq Stock Market LLC                      |

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 (see General Instruction A.2. below):

- 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))

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.**

The Board of Directors of Digi International, Inc. has appointed James J. Loch to serve as Senior Vice President, Chief Financial Officer and Treasurer effective May 20, 2019. Mr. Loch, age 47, most recently served as Senior Vice President of Finance and Chief Financial officer of Nilfisk, Inc., a Denmark-owned company based in Minneapolis that manufactures professional cleaning equipment, from May 2016 to February 2019. From May 2015 to May 2016 he was an independent consultant focused on projects including due diligence, business planning, back office reorganization and product research. Previously, he served at Honeywell Building Solutions, a division of Honeywell International, as Chief Financial Officer (Americas) from 2008 to 2012 and then as Vice President — Sales from 2012 to May 2015.

Brian G. Ballenger, our Acting Principal Financial Officer, Acting Principal Accounting Officer and Interim Treasurer, will cease to serve in those positions upon the commencement of Mr. Loch's employment. He is expected to continue to serve as Vice President of Finance and Accounting.

Our Board of Directors has approved compensatory arrangements to be effective upon commencement of Mr. Loch's employment with Digi. Mr. Loch will receive an initial annual base salary equal to \$300,000 and an annual cash incentive target of \$150,000. Participation in the annual cash incentive program for fiscal 2019 will be on terms substantially similar to those described for our other executive officers in the definitive proxy statement for our most recent annual meeting of stockholders, and any resulting payments will be pro-rated based on the duration of his service in the applicable performance period.

The Board also has indicated that, following the commencement of Mr. Loch's employment with us, it will consider the approval of (i) an initial grant of options to purchase up to 100,000 shares of Digi common stock at an exercise price equal to the closing market price of our common stock on the grant date, and (ii) an initial grant of restricted stock units representing a right to acquire 40,000 shares of Digi common stock. The options would expire after seven years from the grant date and will vest 25% after one year and in 36 equal proportions each month thereafter for three years, resulting in a total vesting period of four years. The restricted stock units would vest 25% on each of the first, second, third and fourth anniversaries of the grant date.

If Mr. Loch's employment is terminated within one year following a change in control by Digi without cause or by Mr. Loch for good reason, then the unvested portion, if any, of the above-described stock options or restricted stock units would vest. In addition, if Digi terminates Mr. Loch's employment for reasons other than cause (as defined in his Offer Letter) and he agrees to execute a release of claims, then he will be entitled to receive (i) twelve months of base salary in effect at the time of termination, payable in a lump sum, and (ii) a pro-rata bonus based on the number of months worked in the fiscal year prior to termination and Digi's actual performance.

Mr. Loch will also be eligible to participate in other compensation and benefit programs generally available to our executive officers.

The foregoing description of the terms of Mr. Loch's employment does not purport to be complete and is qualified by the text of Mr. Loch's Offer Letter, which is set forth in Exhibit 10.1 to this report and is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

The text of Digi's press release announcing Mr. Loch's appointment is set forth in Exhibit 99.1 to this report and is incorporated by reference into this Item 7.01.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are provided herewith:

| <u>No.</u> | <u>Exhibit</u>  | <u>Manner of Filing</u>  |
|------------|---|--------------------------|
| 10.1       | <a href="#">Offer Letter with James J. Loch dated May 2, 2019</a> | Filed Electronically     |
| 99.1       | <a href="#">Press Release dated May 10, 2019</a>                  | Furnished Electronically |

SIGNATURES

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

Date: May 10, 2019

DIGI INTERNATIONAL INC.

By: /s/ David H. Sampsell  
David H. Sampsell  
Vice President, General Counsel & Corporate Secretary



DIGI INTERNATIONAL  
9350 Excelsior Blvd  
Hopkins, MN 55343  
952-912-3444 tel  
952-912-4991 central fax

May 1, 2019

James J. Loch  
St. Michael, MN 55376  
Jamie.loch@charter.net

Dear James,

On behalf of Digi International Inc., I am pleased to offer you employment as Sr. Vice President, Chief Financial Officer and Treasurer reporting to Ron Konezny. (Please see Contingent Offer section below.)

### **Compensation**

Your annualized total compensation target for this position is \$450,000. The annualized base salary is \$300,000 with an annualized incentive target of \$150,000.

You will participate in Digi International's Executive Incentive Plan. The FY19 Plan provides an annual incentive payment based on Revenue and Adjusted EBITDA performance provided threshold levels of both Revenue and Adjusted EBITDA performance for the fiscal year are achieved. The plan also provides for quarterly payment for the first, second and third quarter of the fiscal year if threshold levels of Revenue and Adjusted EBITDA targets are achieved. All payments are pro-rated based on length of service in the fiscal year.

### **Initial Equity Award**

We will recommend to the Board of Directors an initial grant of 100,000 stock options. The options will have a per share exercise price equal to the closing sale price of a share of common stock on the Grant Date. Options will vest over four years at a rate of 25% upon completion of one year, then proportionate monthly vesting thereafter. The stock option agreement will contain a change in control provision that provides for accelerated vesting if within one year following a change in control, your employment is terminated either by the Company without cause or by you for good reason. The Grant Date will be the first day that the Digi International trading window reopens in July.

In addition, we will recommend to the Board of Directors a Restricted Stock Unit award for 40,000 shares. This award will vest 25% annually on the anniversary of the Grant Date. Restricted Stock Unit Award Agreement will contain the same change in control provision.

### **Benefits**

Digi offers a comprehensive benefit program which includes Medical, Dental, Vision, Life and Disability Insurance, Medical and Dependent Care Reimbursement Plans, 401(K) Savings Plan, and an Employee Stock Purchase Plan and a Tuition Reimbursement Program.

You will be eligible for participation in Digi's health insurance programs on the first day of active employment with the company and will be eligible for participation in the 401(K) Savings Plan on the first day of the month following date of hire. You will be eligible to participate in the Digi International Stock Purchase Plan on the first of any January, April, July or October following your hire date.

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You will be eligible to participate in Digi's \$500,000 Executive Life Insurance program. If accepted by the carrier, Digi International will pay the full annual premium. This is in addition to the basic optional life insurance programs offered to all employees.

Vacation eligibility begins on the date of hire. Upon hire, you will receive four weeks of vacation. You will not accrue above or below this amount regardless of time take. Should you leave the company at any point in the future, you will be paid for four weeks of accrued vacation.

### **Severance Agreement**

If Digi International should terminate your employment at any time in the future for reasons other than Cause, you will be provided with the following severance package in exchange for a full release of claims against the Company:

- 1) Twelve months of base salary in effect at time of termination. This shall be paid in a lump sum as soon as administratively feasible after the later of the date of termination or the date the release of claims has become irrevocable.
- 2) A pro-rata bonus based on number of months worked in the fiscal year prior to a qualifying termination and the Company's actual performance against annual objectives. This pro-rata bonus shall be paid no later than 2.5 months after the close of fiscal year in which the qualifying termination occurs.

For purposes of this agreement, "Cause" shall mean only the following: (i) indictment or conviction of, or a plea of nolo contendere to, (A) any felony (other than any felony arising out of negligence), or any misdemeanor involving moral turpitude with respect to the Company, or (B) any crime or offense involving dishonesty with respect to the Company; (ii) theft or embezzlement of Company property or commission of similar acts involving dishonesty or moral turpitude; (iii) material negligence in the performance of your job duties after notice; (iv) failure to devote substantially all of his working time and efforts during normal business hours to the Company's business; of (v) knowing engagement in conduct which is materially injurious to the Company.

### **Contingent Offer**

This offer of employment is contingent upon the following:

1. Approval of the offer by the Compensation Committee of the Board of Directors and your election as an Officer by the Board of Directors.
  2. Your signature on the enclosed Digi International Employment, Confidential Information, and Arbitration Agreement. Your signature constitutes acceptance of the terms and conditions contained in the Agreement, so please read it thoroughly prior to signing. This agreement must be signed prior to your first day of employment.
  3. A finding of "no issue" with your background and reference check. Digi International has partnered with Verified Credentials, a background screening organization, to administer confidential background checks. Within 48 hours, we ask you to visit Verified Credentials website at <http://myvci.com/digiinternationalinc> to complete a personal questionnaire using your **full legal name**
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**including middle initial.** If you are unable to access the internet within this timeframe, please contact us directly to further assist you in the process. Delay in completion of the online personal questionnaire could delay in the start date of your employment.

4. Digi's determination that you are not subject to any agreement with any former employer or any other party that would prohibit you from working in the position of Sr. Vice President, Chief Financial Officer and Treasurer.
5. Your completion of a Director and Officer's questionnaire and a review of the same to the satisfaction of the company's legal department.

**Commencement Date and Offer Acceptance**

We would like you to start on May 20, 2019. Please inform me of your acceptance of this offer by May 6, 2019 and acknowledge your acceptance by signing one of the enclosed copies.

Sincerely,

***Digi International Inc.***

/s/ Ron Konezny

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Ron Konezny

CEO

***Offer accepted:***

/s/ James "Jamie" Loch

\_\_\_\_\_  
James "Jamie" Loch

May 2, 2019

\_\_\_\_\_  
Sign Date

May 20, 2019

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Start Date

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**Digi International Announces Appointment of New Chief Financial Officer**

*James Loch, Former Honeywell and Nilfisk Executive, Brings Focus on Continued Growth and Streamlined Operational Excellence*

HOPKINS, MN, May 10, 2019 — Digi International®, (NASDAQ: DGII, [www.digi.com](http://www.digi.com)), a leading global provider of Internet of Things (IoT) connectivity products and services, today announced the appointment of James “Jamie” J. Loch to the role of Senior Vice President, Chief Financial Officer (CFO) and Treasurer of the company, effective May 20, 2019.

Loch is the former Senior Vice President and CFO of Nilfisk, Inc., the Denmark-owned company based in Minneapolis which manufactures professional cleaning equipment across consumer, commercial and industrial markets. During his tenure, Loch played a pivotal role in revitalizing Nilfisk’s EBITA and revenue. Previously, Loch served as CFO (Americas) for Honeywell Building Solutions, a division of Honeywell International focusing on installation and maintenance of building controls and building management software, energy performance contracting and demand response programs.

“We are pleased to welcome Jamie to Digi,” said Digi President and CEO Ron Konezny. “Jamie’s experience in driving revenue and growth in his accomplished career makes him an ideal partner as Digi continues to evolve. His proven track record in streamlining procedures across multiple operational areas well-positions him as an agent of change, and we are fortunate to have his experience and expertise onboard.”

“This is an exciting time to join Minnesota’s largest Internet of Things company,” said Loch. “I look forward to working with our customers, partners, and team to further Digi’s continued growth and transformation.”

Loch replaces Brian Ballenger, Interim Treasurer and Acting Principal Financial Officer and Principal Accounting Officer, who will resume his role as Vice President of Finance and Accounting. “We thank Brian with deep gratitude for stepping into this interim role and appreciate his guidance and support during our search for a new CFO,” said Konezny.

#### About Digi International

Digi International (NASDAQ: DGII) is a leading global provider of business and mission-critical Internet of Things (IoT) connectivity products and solutions. We help our customers create next-generation connected products and solutions to deploy, monitor and manage critical communications infrastructures and compliance standards in demanding environments with high levels of security, relentless reliability and bulletproof performance. Founded in 1985, we’ve helped our customers connect over 100 million things, and growing. For more information, visit Digi’s website at [www.digi.com](http://www.digi.com), or call 877-912-3444 (U.S.) or 952-912-3444 (International).

#### Media Contact:

Melinda Ball

LEWIS

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[Digi@teamlewis.com](mailto:Digi@teamlewis.com)

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