

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 21, 2024**

Commission File Number: **0-23153**

Track Group, Inc.

(Exact name of registrant as specified in its charter.)

Delaware

(State or other jurisdiction
of incorporation or organization)

87-0543981

(IRS Employer
Identification No.)

200 E 5th Ave, Suite 100, Naperville, Illinois 60563

(Address of principal executive offices)

(877) 260-2010

(Registrant's Telephone number)

Not Applicable

(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: None.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2)

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 1.01 Entry into a Material Definitive Agreement.

See Item 5.02 below.

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

Peter Poli Resignation as CFO; Appointment to Board of Directors

Peter Poli, Chief Financial Officer of Track Group, Inc. (the “*Company*”), has informed the Company of his intention to resign from his position as Chief Financial Officer of the Company, effective March 31, 2024. Mr. Poli’s decision to resign was not the result of any dispute or disagreements with the Company on any matter relating to the Company’s operations, policies or practices as evidenced by his upcoming appointment to the Board of Directors.

Pursuant to a Separation Agreement and General Release of Claims (the “*Separation Agreement*”) entered into by the Company and Mr. Poli on March 21, 2024, Mr. Poli will be appointed as a member of the Board of Directors of the Company, effective April 1, 2024, and will serve as a director until his successor is duly elected and qualified, or until the next annual meeting of stockholders.

Other than as disclosed above, there are no arrangements or understandings between Mr. Poli and any other person pursuant to which he was selected as a director, and Mr. Poli is not a participant in any related party transaction required to be reported pursuant to Item 404(a) of Regulation S-K.

Appointment of James Berg as CFO

On March 21, 2024, James Berg, current Controller of the Company, was appointed to serve as the Chief Financial Officer of the Company beginning April 1, 2024.

Mr. Berg has served as the Company’s Controller since November 2022. Prior to joining the Company, Mr. Berg served as the Controller for ABC Plumbing, Sewer, Heating, Cooling and Electric from January 2022 to November 2022; as a Finance and Accounting Consultant for DLC from January 2020 to August 2021; in Interim Controller and Accounting Director roles for Tatum and Harmer Financial Solutions from February 2018 to October 2019; and as the Senior Director of Finance for Arjo from June 2014 to January 2018, among other positions. Mr. Berg holds an MBA from the Quinlan School of Business at Loyola University in Chicago, Illinois and is also a Certified Public Accountant.

In connection with Mr. Berg’s appointment, on March 21, 2024, the Company entered into an employment agreement (the “*Employment Agreement*”) with Mr. Berg setting forth the terms and conditions of Mr. Berg’s employment as the Company’s Chief Financial Officer. Pursuant to the Employment Agreement, Mr. Berg will serve as the Chief Financial Officer of the Company for a two-year term commencing on April 1, 2024, renewable thereafter in one-year terms or until terminated by either party in accordance with the terms of the Employment Agreement.

The Employment Agreement provides that Mr. Berg will be entitled to receive an annual base salary of \$190,000 (“*Base Salary*”) payable in equal installments pursuant to the Company’s customary payroll practices. Mr. Berg is also eligible to participate in any Omnibus Equity Incentive Plan instituted by the Company; and an annual bonus based on the achievement of certain financial results as set forth in the Employment Agreement, and individual performance as determined by the Board in its sole discretion. The Employment Agreement also entitles Mr. Berg to receive customary benefits and reimbursement for reasonable out-of-pocket business expenses.

The Company may terminate Mr. Berg’s employment due to death or disability, for cause (as defined in the Employment Agreement) at any time, and without cause at any time upon written notice. Mr. Berg may terminate his employment without good reason (as defined in the Employment Agreement) at any time upon sixty days’ written notice to the Chief Executive Officer of the Company unless such voluntary termination is in connection with an involuntary termination other than for cause, as defined in the Employment Agreement, or in connection with a Disability.

If Mr. Berg's employment is terminated by either the Company or Mr. Berg for any reason, Mr. Berg shall receive any earned but unpaid Base Salary and expenses required to be reimbursed pursuant to the Employment Agreement and any employee benefits Mr. Berg is entitled to under the Company's employee benefit plans or programs in which Mr. Berg participates. In addition, if Mr. Berg's employment is terminated by the Company without cause (as defined in the Employment Agreement) or by Mr. Berg for good reason (as defined in the Employment Agreement), then, subject to compliance with the restrictive covenants set forth in the Employment Agreement and the execution of a release of claims in favor of the Company, the Company will pay the following severance payments and benefits: (i) an amount equal to six months' Base Salary, payable in 13 equal bi-weekly installments over a 26-week severance period; (ii) an amount equal to any earned, but unpaid, Annual Bonus for services rendered during the year preceding the date of termination; and (iii) a lump sum payment in an amount equal to the cost of COBRA continuation for a period of six (6) months.

The Employment Agreement also contains customary provisions relating to, among other things, confidentiality, non-competition, non-solicitation, and non-disparagement.

Except as disclosed herein, there are no arrangements or understandings between Mr. Berg and any other person pursuant to which he was appointed as the Company's Chief Financial Officer, and Mr. Berg is not a participant in any related party transaction required to be reported pursuant to Item 404(a) of Regulation S-K.

The foregoing descriptions of the Separation Agreement and the Employment Agreement are not complete and are qualified in their entirety by reference to the full text of the Separation Agreement and the full text of the Employment Agreement, which are attached as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K, and each of which are incorporated into this Item 5.02 by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Separation Agreement and General Release of Claims by and between Peter Poli and Track Group, Inc.</u>
10.2	<u>Employment Agreement by and between James Berg and Track Group, Inc.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

TRACK GROUP, INC.

Date: March 22, 2024

By: /s/ Derek Cassell
Derek Cassell
Chief Executive Officer

**SEPARATION AGREEMENT
AND GENERAL RELEASE OF CLAIMS**

This SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS (this “*Agreement*”) is entered into by and among Peter Poli (“*Executive*”) and Track Group, Inc., a Delaware corporation (the “*Company*”). The Company and Executive are each referred to herein individually as a “*Party*” and collectively as the “*Parties*.”

WHEREAS, reference is made to that certain Executive Employment Agreement between the Parties made and entered into on December 12, 2016, as amended on December 13, 2017 (together, the “*Employment Agreement*”); and

WHEREAS, the Parties agree and acknowledge that Executive’s employment with the Company shall end effective as of March 31, 2024 (the “*Separation Date*”) as the result of the Parties’ mutually agreed upon separation, and appointment to the Board of Directors effective on the day following the Separation Date, each as more particularly set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and benefits set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Separation from Employment. Executive’s employment with the Company shall end as of the Separation Date. As a result, as of the Separation Date, Executive will no longer be employed by the Company, each of its subsidiaries and affiliates, or any other Released Party, as such term is defined below (collectively, “*Subsidiaries*”). Executive acknowledges and agrees that, effective as of the Separation Date, Executive’s employment as an employee and/or officer of the Company and each of its Subsidiaries shall terminate.

2. Separation Benefits. Provided that Executive (x) executes this Agreement on or before the Separation Date and returns a copy of this Agreement that has been executed by Executive to the Company so that it is received by Derek Cassell at the Company no later than April 1, 2024; (y) does not revoke his acceptance of this Agreement pursuant to Section 8 below; and (z) complies with all terms and conditions set forth in this Agreement, then Executive shall receive the following:

(a) *COBRA Payments.* If Executive timely and properly elects to continue coverage for Executive and Executive’s spouse and eligible dependents, if any, under the Company’s group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (“*COBRA*”) similar in the amounts and types of coverage provided by the Company to Executive prior to the Separation Date, then for a period of 12 months following the Separation Date, the Company shall promptly reimburse Executive on a monthly basis for the entire amount Executive pays to effect and continue such coverage ; *provided, however*, that Executive’s rights to such reimbursements under this Section 2(a) shall terminate at the time Executive becomes eligible to be covered under a group health plan sponsored by another employer (and Executive shall immediately notify the Company in the event that Executive becomes so eligible) and such coverage becomes effective (so long as Executive elects such coverage upon his first opportunity to do so). Notwithstanding anything in the preceding provisions of this Section 2(a) to the contrary, the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage will remain Executive’s sole responsibility, and the Company will assume no obligation for payment of any such premiums relating to such COBRA continuation coverage;

(b) *Appointment to the Board.* Executive shall be appointed to the Board of Directors of the Company (“*Board*”), filling an existing vacancy, and such service as a director on the Board shall continue until his successor is duly elected and qualified, or until the next annual meeting of stockholders. As a director on the Board, Executive shall be entitled to receive compensation as a director on the Board pursuant to the Company’s Board compensation policy currently or then in effect. Executive agrees and acknowledges that he shall assist his successor as the Chief Financial Officer with the drafting and timely filing of the Company’s Quarterly Report on Form 10-Q for the period ending on the Separation Date.

Executive acknowledges and agrees that the consideration described in this Section 2 represents the entirety of the consideration Executive is eligible to receive as separation pay and benefits from the Company and any other Subsidiary, and that Executive was not entitled to such pay, benefits or appointment but for his timely entry into (and non-revocation of his acceptance of) this Agreement and compliance with the terms herein. Executive further acknowledges and agrees that, other than with respect to the benefits set forth in this Section 2, Executive has forfeited his entitlement to any severance or other benefits or consideration described in the Employment Agreement or otherwise held by Executive but unvested as of the time immediately before the Separation Date.

3. Satisfaction of All Leaves and Payment Amounts; Prior Rights and Obligations. Executive expressly acknowledges and agrees that Executive has received all leaves (paid and unpaid) to which Executive has been entitled during Executive’s employment with the Company or any other Subsidiary, and Executive has received all wages, bonuses and other compensation, been provided all benefits and been afforded all rights and been paid all sums that Executive is owed or has been owed by the Company or any other Subsidiary, including all payments arising out of all incentive plans and any other bonus arrangements (including as set forth in the Employment Agreement). Notwithstanding the foregoing, Executive remains entitled to receive (if still unpaid as of the date that Executive signs this Agreement) Executive’s base salary for services performed in the pay period in which the Separation Date occurred. For the avoidance of doubt, Executive acknowledges that: (i) Executive had no right to the consideration described in Section 2 above (or any portion thereof) but for Executive’s entry into this Agreement and satisfaction of the terms herein; and (ii) Executive has no further or future right to any severance pay or benefits from the Company or any other Subsidiary, and the Company and the other Subsidiaries have no further or future obligations with respect to (and Executive has no further rights with respect to) any annual bonus or severance payment.

4. Release of Liability for Claims.

(a) For good and valuable consideration, including the consideration set forth in Section 2 (and any portion thereof), Executive hereby forever releases, discharges and acquits the Company, each Subsidiary and other Company affiliate, and each of the foregoing entities' respective predecessors, successors, equityholders, officers, directors, managers, members, partners, employees, agents, representatives, and other affiliated persons, and the Company's and its affiliates' benefit plans (and the fiduciaries and trustees of such plans) (each a "*Released Party*" and, collectively, the "*Released Parties*"), from liability for, and Executive hereby waives, any and all claims, damages, or causes of action of any kind related to or arising from Executive's ownership of any interest in the Company or any other Released Party, Executive's employment or engagement with any Released Party, the termination of such employment or engagement, and any other acts or omissions related to any matter occurring on or prior to the date that Executive executes this Agreement, including (i) any alleged violation through such time of: (A) any federal, state or local anti-discrimination or anti-retaliation law, regulation or ordinance, including the Age Discrimination in Employment Act of 1967 (including as amended by the Older Workers Benefit Protection Act), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Sections 1981 through 1988 of Title 42 of the United States Code and the Americans with Disabilities Act of 1990, as amended; (B) the Employee Retirement Income Security Act of 1974 ("*ERISA*"); (C) the Immigration Reform Control Act; (D) the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act; (E) the Occupational Safety and Health Act; (F) the Family and Medical Leave Act of 1993; (G) any federal, state or local wage and hour law; (H) any other local, state or federal law, regulation or ordinance; or (I) any public policy, contract, tort, or common law claim, including any claim for defamation, emotional distress, fraud or misrepresentation of any kind, promissory estoppel, breach of any implied duty of good faith and fair dealing, breach of implied or express contract, breach of fiduciary duty or wrongful discharge; (ii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in or with respect to a Released Claim; (iii) any awards under any incentive compensation plan or equity-based plan with any Released Party or to any ownership interest in any Released Party (other than the 187,241 shares registered under the Executive's name with AST); (iv) any claim, whether direct or derivative, arising from, or relating to, Executive's status as a holder of any shares or interests in any Released Party; and (v) any claim for compensation or benefits of any kind not expressly set forth in this Agreement (collectively, the "*Released Claims*"). This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, Executive is simply agreeing that, in exchange for any consideration received by Executive pursuant to Section 2, any and all potential claims of this nature that Executive may have against the Released Parties, regardless of whether they actually exist, are expressly settled, compromised and waived. **THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE RELEASED PARTIES.**

(b) For the avoidance of doubt, nothing in this Agreement releases Executive's rights to receive payments or benefits pursuant to Section 2 of this Agreement. Further, in no event shall the Released Claims include (i) any claim that arises after the date that Executive signs this Agreement; (ii) rights to indemnification or expense advancement from the Company pursuant to the Company bylaws or similar governing documents, and rights under directors' and officers' insurance policies maintained by the Company; or (iii) any claim to vested benefits under an employee benefit plan that is subject to ERISA and that cannot be released pursuant to ERISA. Further notwithstanding this release of liability, nothing in this Agreement prevents Executive from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission ("*EEOC*") or comparable state or local agency or participating in (or cooperating with) any investigation or proceeding conducted by the EEOC or comparable state or local agency or cooperating in any such investigation or proceeding; *however*, Executive understands and agrees that Executive is waiving any and all rights to recover any monetary or personal relief from a Released Party as a result of such EEOC or comparable state or local agency or proceeding or subsequent legal actions. Further, nothing in this Agreement or the Employment Agreement prohibits or restricts Executive from filing a charge or complaint with, or cooperating in any investigation with, or making disclosures to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other securities regulatory agency or authority (each, a "*Government Agency*"), and nothing herein will require Executive to inform any Released Party that he has made such a charge, complaint or disclosure or that he is engaging in such cooperation. This Agreement does not limit Executive's right to receive an award for information provided to a Government Agency. Further, this Agreement does not release Executive's right to seek unemployment insurance or workers' compensation benefits. Nothing in this Agreement is intended to forfeit Executive's ownership of (or waive Executive's future rights with respect to) any vested shares of Common Stock owned by the Executive as of the date prior to the Separation Date.

(c) In entering into this Agreement, Executive expressly represents and warrants that Executive has not committed any criminal or other unlawful act toward, or in the course of performing duties for, the Company or any of its affiliates. In express reliance upon, and conditioned upon the accuracy of, Executive's representation and warranty in the immediately preceding sentence, the Company hereby waives any and all claims, damages, or causes of action of any kind related to or arising from Executive's employment or engagement with any Released Party, the termination of such employment or engagement, and any other acts or omissions related to any matter occurring on or prior to the date that the Company executes this Agreement, including (i) any alleged violation through such time of any local, state or federal law, regulation or ordinance or any public policy, contract, tort, or common law claim, including any claim for defamation, emotional distress, fraud or misrepresentation of any kind, promissory estoppel, breach of any implied duty of good faith and fair dealing, breach of implied or express contract, breach of fiduciary duty or wrongful discharge; (ii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in or with respect to a Company Released Claim; (iii) any breach of employment contract or other agreement (including the Employment Agreement) incentive compensation plan or equity-based plan with any Released Party; or (iv) any claim not expressly set forth in this Agreement (collectively, the "*Company Released Claims*"). This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, the Company is simply agreeing that, in exchange for any consideration received by the Company hereunder, any and all potential claims of this nature that the Company may have against Executive, regardless of whether they actually exist, are expressly settled, compromised and waived. **SUBJECT TO THE FIRST SENTENCE OF THIS PARAGRAPH, THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF EXECUTIVE.**

5. **Representations and Warranties Regarding Claims.** Executive represents and warrants that, as of the time he signs this Agreement, he has not made any assignment, sale, delivery, transfer or conveyance of any rights Executive has asserted or may have against any of the Released Parties with respect to any Released Claim. The Company represents and warrants that, as of the time it signs this Agreement, it has not made any assignment, sale, delivery, transfer or conveyance of any rights it has asserted or may have against Executive with respect to any Company Released Claim.

6. **Affirmation of Restrictive Covenants.** Executive acknowledges and agrees that in connection with Executive's employment with the Company, Executive has obtained Confidential Information, as defined in Exhibit C to the Employment Agreement ("*Confidentiality Agreement*") and that Executive has continuing obligations under the terms of the Confidentiality Agreement. In addition, Executive has agreed not to compete with the Company for a period of 12 months following Executive's termination of employment ("*Non-Compete Agreement*"). In entering into this Agreement, Executive acknowledges the validity, binding effect and enforceability of the Confidentiality Agreement and Non-Compete Agreement and expressly reaffirms Executive's commitment to abide by such provisions of the Confidentiality Agreement and Non-Compete Agreement, and promises to do so; *provided, however*, the obligation to comply with the Non-Compete Agreement shall terminate 12 months after Executive is no longer serving on the Board.

7. **Advice to Consult with Counsel; Executive's Acknowledgments.** This is an important legal document, and Executive is advised to consult with a lawyer of his choosing before entering into this Agreement. By executing and delivering this Agreement, Executive expressly acknowledges that:

- (a) Executive has carefully read this Agreement;
- (b) Executive has been given at least 21 days to review and consider this Agreement. If Executive signs this Agreement before the expiration of 21 days after Executive's receipt of this Agreement, Executive has knowingly and voluntarily waived any longer consideration period than the one provided to Executive. No changes (whether material or immaterial) to this Agreement shall restart the running of this 21-day period.
- (c) Executive is receiving, pursuant to this Agreement, consideration in addition to anything of value to which he is already entitled;
- (d) Executive has been advised, and hereby is advised in writing, to discuss this Agreement with an attorney of Executive's choice before signing this Agreement, and Executive represents that he has had an adequate opportunity to do so prior to executing this Agreement;
- (e) Executive fully understands the final and binding effect of this Agreement; the only promises made to Executive to sign this Agreement are those stated herein; and Executive is signing this Agreement knowingly, voluntarily and of his own free will, and that Executive understands and agrees to each of the terms of this Agreement;
- (f) The only matters relied upon by Executive and causing Executive to sign this Agreement are the provisions set forth in writing within the four corners of this Agreement; and
- (g) No Released Party has provided any tax or legal advice regarding this Agreement and he has had an adequate opportunity to receive sufficient tax and legal advice from advisors of his own choosing such that he enters into this Agreement with full understanding of the tax and legal implications thereof.

8. **Revocation Right.** Notwithstanding the initial effectiveness of this Agreement, Executive may revoke the delivery (and therefore the effectiveness) of this Agreement within the seven-day period beginning on the date Executive executes this Agreement (such seven-day period being referred to herein as the “*Release Revocation Period*”). To be effective, such revocation must be in writing signed by Executive and must be delivered personally or by courier to the Company so that it is received by Derek Cassell at derek.cassell@trackgrp.com on or before the end of the Release Revocation Period. If an effective revocation is delivered in the foregoing manner and timeframe, the release of claims set forth in Section 4 will be of no force or effect, Executive will not receive the payments, benefits or consideration set forth in Section 2, and the remainder of this Agreement will remain in full force and effect.

9. **Governing Law.** This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware without regard to the principles of conflicts of law thereof.

10. **Counterparts.** This Agreement may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

11. **Amendment; Entire Agreement.** This Agreement may not be changed orally but only by an agreement in writing agreed to and signed by the Party to be charged. This Agreement constitutes the entire agreement of the Parties with regard to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral or written, between Executive and any Released Party with regard to the subject matter hereof.

12. **Dispute Resolution.** Any dispute, controversy or claim between Executive, on the one hand, and the Company or any other Released Party, on the other hand, arising out of or relating to this Agreement shall be subject to the dispute resolution provisions set forth in Sections 12 and 16 of the Employment Agreement, which provisions are hereby incorporated by reference. IN ENTERING INTO THIS AGREEMENT, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO JURY TRIAL.

13. **Third-Party Beneficiaries.** Executive expressly acknowledges and agrees that each Released Party that is not a party to this Agreement shall be a third-party beneficiary of Sections 3, 4, 5, 6, 12, and 14 (to the extent such Sections reference such Released Party), and entitled to enforce such provisions as if it were a party hereto.

14. **Return of Property.** Executive represents and warrants that he will, upon the request of the Chief Executive Officer, but in no event later than 60 days following the Separation Date, return to the Company all property belonging to the Company or any of its affiliates, including all computer files, electronically stored information, computers and other materials and items provided to him by the Company or any of its affiliates in the course of his employment, and Executive further represents and warrants that upon return, he shall not maintain a copy of any such materials or items in any form.

15. **Severability.** Any term or provision of this Agreement (or part thereof) that renders such term or provision (or part thereof) or any other term or provision (or part thereof) hereof invalid or unenforceable in any respect shall be severable and shall be modified or severed to the extent necessary to avoid rendering such term or provision (or part thereof) invalid or unenforceable, and such modification or severance shall be accomplished in the manner that most nearly preserves the benefit of the Parties' bargain hereunder.

16. **Headings; References; Interpretation.** The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes. The words "hereof," "herein" and "hereunder" and other compounds of the word "here" shall refer to the entire Agreement and not to any particular provision hereof. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." Unless the context requires otherwise, all references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any Party, whether under any rule of construction or otherwise. This Agreement has been reviewed by each of the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the Parties.

17. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Executive.

*[Remainder of Page Intentionally Blank;
Signature Page Follows]*

IN WITNESS WHEREOF, Executive has executed this Agreement and the Company, has caused this Agreement to be executed by its duly authorized officer as of the dates set forth below, effective for all purposes as provided above.

EXECUTIVE

/s/ Peter Poli

Peter Poli

Date: March 21, 2024

TRACK GROUP, INC.

By: /s/ Derek Cassell

Name: Derek Cassell

Title: Chief Executive Officer

Date: March 21, 2024

SIGNATURE PAGE TO SEPARATION AGREEMENT
AND GENERAL RELEASE OF CLAIMS

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement") is made and effective this date of April 1, 2024, by and between TRACK GROUP, INC., a Delaware corporation (the "Company" and, together with its subsidiaries, the "Company Group") and JAMES BERG, an individual resident of the State of Illinois ("Employee").

NOW, THEREFORE, the parties hereto agree as follows:

1. **Employment.** Company hereby agrees to employ Employee as its Chief Financial Officer, and Employee hereby accepts such employment in accordance with the terms of this Agreement and the terms of employment applicable to regular employees of Company. In the event of any conflict or ambiguity between the terms of this Agreement and terms of employment applicable to regular employees, the terms of this Agreement shall be definitive. Employee's duties shall be performed at the Company's offices in Illinois. The parties acknowledge that Employee will be required to travel in connection with the performance of his duties.
2. **Duties of Employee.** During the Employment Term as defined in Paragraph 5, Employee will perform his duties faithfully and to the best of his ability and will devote his full business efforts and time during normal working hours to the Company. Employee will report to the Chief Executive Officer ("CEO") and Board of Directors (the "Board") of the Company. Employee shall be responsible for duties typical of the office held by the Employee as set out in Article V. Section 28(f) of the Company's Bylaws. Furthermore, Employee shall perform such other duties and projects as may be assigned by the CEO and the Board that are consistent with his position. Notwithstanding the foregoing, Employee shall be permitted to (i) be involved in not-for-profit or charitable activities, and (ii) with the advance consent of the CEO or Board (which consent shall not be unreasonably delayed or withheld), serve on the board of directors (or similar boards or committees) of no more than two other organizations that do not compete with the business of the Company Group provided that such activities do not materially interfere with Employee's responsibilities hereunder.
3. **Compensation.** Employee shall be paid compensation during the Employment Term (as defined in Section 5) as follows:
 - A. A base salary of \$190,000 per calendar year, payable in installments according to the Company's regular payroll schedule.
 - B. Employee shall be a full participant in any Employee Bonus Plan and any Omnibus Equity Incentive Plan instituted by the Company ("the Plans"). Such Plans shall allow Employee to earn: (i) a variable cash bonus based on individual and Company Group performance and achieving specific Company Group milestones, and (ii) restricted shares/units of the Company Common Stock based on individual performance and achieving specific Company Group milestones. Equity grants vest over a three (3) year period, with one-third of the grant vesting immediately, one-third vesting on the first anniversary of the equity grant, and one-third vesting on the second anniversary of the equity grant. Details of the Plans are set forth on Exhibit "A" attached hereto. Any such bonus shall be paid in accordance with Company policy, based on the achievement of objectives set forth in Exhibit "A" attached hereto, including the individual performance of Employee as determined in the sole discretion of the Board. Any such bonus shall be paid no later than March 15 in the year following the year to which the bonus was earned.

Executive Employment Agreement

4. Benefits.

A. Holidays and Personal Time. Employee shall be entitled to paid holidays and personal time off in accordance with the Company's holiday and personal time off during the Employment Term (as prorated for partial years), with the time and duration of any specific personal time off mutually and reasonably agreed to by the parties hereto.

B. Medical, Dental and Group Life Insurance and other Employee Benefit Arrangements. Company agrees to include Employee (and if desired Employee's family) in the group medical, dental and hospital plan of the Company Group and provide group life insurance for Employee. In addition, Employee shall be eligible for all other employee benefit plans, including retirement plans, maintained by the Company Group and all other fringe benefit and perquisites provided to similarly situated employees of the Company Group. These practices and procedures are subject to change upon mutual agreement. Employee will be subject to all applicable fees and rules of such plans.

C. Expense Reimbursement. Employee shall be entitled to reimbursement for all reasonable expenses, including travel, temporary housing, and entertainment, incurred by Employee in the performance of Employee's duties. Employee will maintain records and written receipts and shall follow all Company policies and procedures for reimbursement of expenses.

5. Term, Termination and Severance.

A. Employment Term of Agreement. The "Employment Term" of this Agreement shall commence on April 1, 2024 and shall continue in effect for a period of twenty-four (24) months or until terminated by one of the parties pursuant to the terms of this Section 5. Following such twenty-four (24) month period (and each twelve (12) month period thereafter), the Employment Term shall automatically renew for successive twelve (12) month periods unless either party hereto notifies the other party at least 60 days in advance of the applicable period of its intent to not renew the Agreement.

B. Termination and Severance:

(I) Definitions:

(i) Cause. For purposes of this Agreement, "Cause" shall mean (a) Employee's continued violations of Employee's material obligations hereunder which are demonstrably willful or deliberate on Employee's part and which are materially injurious to the Company Group, but only after there has been delivered to Employee a written demand for performance from the Company which describes the basis for the Company's belief that Employee has not substantially performed his/her duties, (b) Employee's engagement in willful misconduct related to his position with the Company which is materially injurious to the Company Group, (c) Employee's conviction of a felony, an act of fraud against or the misappropriation of property belonging to the Company Group, (d) Employee's breaching in any material respect, the terms of any confidentiality or proprietary information agreement between Employee and the Company, or (e) Employee's commission of a material violation of the Company's standards of employee conduct.

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(ii) Involuntary Termination Other than for Cause. "Involuntary Termination Other than for Cause" shall mean (a) without the Employee's express written consent, a reduction in Employee's job title or reporting relationships, (b) without the Employee's express written consent, a substantial reduction in Employee's duties, authority and responsibilities, as determined immediately prior to such reduction or removal of the Employee from such position and responsibilities, unless the Employee is provided with a position of greater organization level, title, reporting relationship, duties, authority, compensation and status; (c) without the Employee's express written consent, a reduction in the Employee's base salary, bonus or equity compensation, or benefits, of greater than ten percent (10%) compared to Employee's base salary, bonus or equity compensation, or benefits, in effect immediately prior to such reduction; or (d) any termination of the Employee's employment by the Company without Cause or any purported termination for which the grounds relied upon by the Company do not in fact constitute Cause or otherwise are not valid.

(iii) Change of Control. For purposes of this Agreement, a "Change of Control" shall mean, and be deemed to have occurred upon: (i) a sale or transfer of substantially all of the Common Stock of the Company in any transaction or series of related transactions (other than sales in the ordinary course of business); and (ii) any merger, consolidation or reorganization to which the Company is a party, except for a merger, consolidation or reorganization in which the Company is the surviving corporation and, after giving effect to such merger, consolidation or reorganization, the holders of the Company's outstanding Common Stock (on a fully-diluted basis) immediately prior to the merger, consolidation or reorganization, hold a majority of the voting power of the Company after such merger, consolidation or reorganization.

(II) If Employee's employment with the Company terminates as a result of an Involuntary Termination Other than for Cause, in addition to Accrued Obligations as defined below, the Employee shall be entitled to receive the following severance and other benefits.

(i) Restricted Stock, Warrants and Option Vesting. All Restricted Stock, Warrants and Options and other equity or equity-based compensation, if awarded, shall become one hundred percent (100%) vested and fully exercisable and the Company Group shall have no repurchase right. All Restricted Stock, Warrants and Options and other equity or equity-based compensation shall, to the extent applicable, contain a cashless exercise provision for Employee's acquisition of the Stock, Warrants and/or Options, and piggyback registrations rights.

(ii) Severance Payment. Employee shall receive an amount equal to (i) six (6) months of Employee's base salary (at the Employee's highest base salary during the Employment Term) plus (ii) if, following the Board's approval of such annual bonus, Employee has not received payment of his annual bonus with respect to any performance period that ended prior to such termination of employment, the annual bonus for such performance period. The portion of the Severance Payment described in clause (i) shall be payable over 13 equal bi-weekly installments over a 26-week period in accordance with the Company's regular pay-roll schedule, and the portion of the Severance Payment described in clause (ii) shall be payable at the time such bonus would have been paid absent such termination of employment.

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(iii) COBRA Benefits. "COBRA" as used herein shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended. Employee shall receive a lump sum payment in an amount equal to the cost of COBRA continuation for a period of six (6) months.

Accrued Obligations means (i) any base salary earned but not paid through the date of termination; (ii) any compensation deferred by Employee prior to his termination of employment and not paid by the Company (all of which will be paid in accordance with the terms of and at the time provided in the underlying deferral arrangement); (iii) any amounts or benefits owing to Employee under the then applicable benefit plans of the Company; (iv) any bonus compensation earned, but not yet paid; and (v) any amounts owing to Employee for reimbursement of expenses properly incurred by Employee prior to the date of termination and which are reimbursable in accordance with Paragraph 4.C.

- (III) In the event that, at any time during the Employee's employment under this Agreement, the Company experiences a Change of Control (as herein defined), and the Employee's employment with the Company is involuntarily terminated other than for cause (as herein defined) within 6 months of the date of consummation of such Change in Control, the Employee shall be entitled to receive a cash payment equal to twelve (12) months of Employee's Base Annual Salary (at the Employee's highest Base Annual Salary), plus all Restricted Stock, Warrant and Options, if awarded, shall become one hundred percent (100%) vested and fully exercisable and the Company shall have no repurchase right; *provided, however*, any cash payment paid hereunder shall be in lieu of, and not in addition to, the severance otherwise due and payable Employee under the terms of Section 5 B II (ii) above.

6. **Voluntary Termination; Termination for Cause.** If Employee's employment with the Company terminates voluntarily by Employee (other than in connection with an "Involuntary Termination Other than for Cause" or in connection with a "Disability" (as defined below)) or for Cause by the Company, then Employee is not eligible for any benefits under this Agreement (except as to Accrued Obligations and amounts already earned and/or stock options, warrants and/or restricted stock already vested at that time). If Employee voluntarily terminates his employment with the Company, he shall provide written notice to the CEO of the Company at least sixty (60) days prior to terminating such employment unless such termination is in connection with an Involuntary Termination Other than for Cause or in connection with a Disability.

7. **Disability; Death.** If Employee's employment terminates by reason of the Employee's death, or by reason of Employee's Disability, then Employee's estate or heirs shall be entitled to receive the Accrued Obligations and Severance Payment and other benefits set forth in paragraph 5 herein. "Disability" shall mean a physical or mental health condition that causes Employee to be unable to perform Employee's essential job functions with or without an reasonable accommodation for more than 120 consecutive days or for 180 days in any 12-month period.

8. **Proprietary Information.** During the term of this Agreement and thereafter, Employee shall not, without the prior written consent of the Board, disclose or use for any purpose (except in the course of his/her employment under this Agreement and in furtherance of the business of the Company Group) any confidential information or proprietary data of the Company Group. As an express condition of the Employee's employment with the Company, the Employee agrees to execute the confidentiality agreement attached hereto as Exhibit "B".

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9. **Non-Competition.** Employee acknowledges that the nature of the Company's business is such that if Employee were to become employed by, or substantially involved in, the business of a competitor the Company during the six (6) months following the termination of Employee's employment, would cause substantial and irreparable harm to the Company. Thus, to protect the Company's goodwill, trade secrets and confidential information, Employee agrees and acknowledges that Employee will not directly or indirectly engage in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), nor have any ownership interest in or participation in the financing, operation, management or control of, consulting with, any firm, corporation or business that competes with the Company in the electronic, GPS or alcohol monitoring of people within the corrections or law enforcement sectors (the "Restricted Business"), such competitors include but are not limited to, the following entities and their respective subsidiaries: The Geo Group, Inc., Allied Universal, Sentinel, SCRAM Systems and Securus Technologies. For this purpose, ownership of no more than one-half of one percent (.5%) of the outstanding voting stock of a publicly traded corporation shall not constitute a violation of this provision.

10. **Right to Advice of Counsel/Compliance with Code Section 409A.** The Employee acknowledges that he has consulted with counsel and/or tax advisors and is fully aware of his/her rights and obligations under this Agreement. Notwithstanding any provision in this Agreement to the contrary: (i) the relevant provisions of this Agreement shall be construed in a manner so as to be exempt from or to comply with Section 409A of the Internal Revenue Code of 1986, as amended from time to time, and regulations and other interpretative guidance issued thereunder, including without limitation any regulations or other guidance that may be issued after the date of this Agreement ("Section 409A"). To the extent required to carry out such intent:

(a) The terms used herein will be interpreted to comply with the requirements of Section 409A, including (without limitation) that a termination of employment must constitute a "separation from service," as such term is defined in Section 409A.

(b) Neither the Company nor Employee shall have the right to accelerate or defer the delivery of payments except in accordance with Section 409A.

(c) Employee's right to receive installment payments will be treated as a right to receive a series of separate and distinct payments.

(d) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (iii) such payments shall be made on or before the last day of the taxable year following the taxable year in which the expense was incurred.

(e) No payment shall be subject to offset by any other payment unless otherwise permitted by Section 409A.

(f) Notwithstanding any other payment schedule provided herein, if Employee is identified on the date of termination as a "specified employee" within the meaning of Section 409A(a)(2)(B), then any payment that is considered nonqualified deferred compensation subject to Section 409A, and payable on account of a "separation from service," will be made on the date that is the earlier of (A) the expiration of the six (6)-month period beginning on the date of Employee's "separation from service", and (B) Employee's death (the "Delay Period") to the extent required under Section 409A. Upon the expiration of the Delay Period, all payments delayed pursuant to this subsection (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) will be paid to Employee in a lump sum, and all remaining payments due under this Agreement will be paid or provided in accordance with the normal payment dates specified for them herein.

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11. **Assignment.** This Agreement and all rights under this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective personal or legal representatives, executors, administrators, heirs, distributes, devisees, legatees, successors and assigns. This Agreement is personal in nature, and neither of the parties to this Agreement shall, without consent of the other (which consent will not be unreasonably withheld), assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. If the Employee should die while any amounts are still payable to the Employee hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to Employee's devisee, legatee, or other designee or, if there be no such designee, to the Employee's estate.

12. **Notices.** All notices, requests, demands and other communications called for hereunder shall be in writing and shall be deemed given (i) on the date of delivery, or if earlier (ii) one (1) day after being sent by a well-established commercial overnight service, or (iii) three (3) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Employee: James Berg
 {at Employee's most recent address on file with the Company}

If to the Company: Attn: CEO
 Track Group, Inc.
 200 E. 5th Avenue, Suite 100
 Naperville, IL 60563

Or such other addresses or to the attention of such other person as the recipient party has previously furnished to the other party in writing in accordance with this paragraph.

13. **Notice of Termination by the Company.** Any termination by the Company of Employee's employment with the Company shall be communicated by a notice of termination to Employee at least thirty (30) days prior to the date of such termination; provided, however, that the Company may, in its discretion, direct Employee to not provide services to the Company during such period (but, in such case, the Company shall continue providing Employee with compensation and benefits during such period). Such notice shall indicate the specific termination provision or provision in this Agreement relied upon (if any), shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the indicated provisions, and shall specify the termination date, and shall specify the amounts and type of compensation and benefits to be provided to Employee as a result of the termination.

14. **Waiver.** Failure or delay on the part of either party hereto to enforce any right, power, or privilege hereunder shall not be deemed to constitute a waiver thereof. Additionally, a waiver by either party or a breach of any promise hereof by the other party shall not operate as or be construed to constitute a waiver of any subsequent waiver by such other party.

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15. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

16. Integration. This Agreement, together with any attached exhibits, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any provision of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto. In no way limiting the foregoing, the parties acknowledge and agree that the Emerge Agreement is null and void and this Agreement supersedes the Emerge Agreement.

17. Headings. The headings of the paragraphs contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this Agreement.

18. Applicable Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the internal and substantive laws, and not the choice of law rules, of the State of Illinois. Any controversy or claim arising out of relating to this Agreement which cannot be settled by good faith negotiation between the parties shall be settled by binding arbitration administered by the American Arbitration Association (“AAA”) under its Employment Arbitration Rules and Procedures (such rules and procedures being incorporated herein by reference). Such arbitration shall be submitted to a single arbitrator appointed by the AAA. Such arbitrator must be an attorney with a minimum of 10 years of experience in employment matters. The prevailing party in the arbitration shall be entitled to recover its reasonable costs, attorney fees and out of pocket expenses relating to the arbitration. Both parties agree that the procedures outlined in this paragraph are the exclusive methods of dispute resolution. Unless otherwise agreed by the parties any arbitration shall be held in the Chicago, Illinois metro area.

19. Counterparts. This Agreement may be executed in one or more counterparts, none of which need contain the signature of more than one party hereto, and each of which shall be deemed to be an original, and all of which together shall constitute a single agreement.

20. Tax Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes so long as such withholding is reasonable and consistent with the Company’s and tax authorities’ normal practices.

[Signatures on Following Page]

Executive Employment Agreement

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by their duly authorized officers, as of the day and year first above written.

Track Group, Inc.

Employee

By: /s/ Derek Cassell
 Derek Cassell
 Chief Executive Officer

By: /s/ James Berg
 James Berg

Date: March 21, 2024

Date: March 21, 2024

EXHIBIT "A"
Employee Bonus Formula

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EXHIBIT "B"
Confidentiality Agreement

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