

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
February 1, 2023
(Date of earliest event reported)

TELKONET, INC.
(Exact Name of Registrant as Specified in Its Charter)

Utah
(State or Other Jurisdiction of Incorporation)

000-31972
(Commission File No.)

87-0627421
(I.R.S. Employer Identification No.)

20800 Swenson Drive, Suite 175, Waukesha, WI 53186
(Address of Principal Executive Offices)

414.302.2299
(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 (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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.001 par value

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.

Employment Agreements

On February 1, 2023, Telkonet, Inc. (the "Company") entered into employment agreements with John M. Srouji, the Company's Chief Sales and Operating Officer ("Mr. Srouji"), Jeffrey J. Sobieski, the Company's Chief Technology Officer ("Mr. Sobieski") and Richard E. Mushrush, the Company's Chief Financial Officer ("Mr. Mushrush"). The material terms of the employment agreements are set forth below.

John M. Srouji

Effective February 1, 2023, Mr. Srouji entered into an Amended Employment Agreement pursuant to which Mr. Srouji will continue to serve as the Company's Chief Sales and Operating Officer.

Under the agreement, Mr. Srouji will receive a base salary of \$300,000, which may be increased, at any time, as determined by the board of directors of the Company (the "Board"). Mr. Srouji will also be eligible for a Retention Bonus Agreement (the "Bonus Agreement") pursuant to which he will be eligible to receive up to 30% of his base salary should targets set forth in the Bonus Plan be hit. The agreement provides that Mr. Srouji will have a guaranteed 2022 bonus of \$25,000, which Mr. Srouji received prior to January 1, 2023.

Mr. Srouji will also be paid a retention bonus of \$90,000 in January 2026 if he remains employed by the Company through the end of 2025. Finally, Mr. Srouji will be eligible to participate in the Company's 2023 Long-Term Cash Incentive Plan (the "Incentive Plan") for the 2023-2025 period.

The Incentive Plan, form of the Bonus Plan and descriptions thereof have previously been filed as Exhibits 10.1 and 10.3, respectively, to the Company's Form 8-K filed on February 3, 2023 and are incorporated herein by reference.

The term of Mr. Srouji's agreement runs through May 2026, and will automatically renew for an additional twelve months unless Mr. Srouji or the Company take action to not renew the Agreement. If Mr. Srouji's employment is terminated without cause, or if he resigns with Good Reason (as that term is defined in the Agreement), Mr. Srouji, upon

signing a release of employment-related claims, will be entitled to one year of base salary, and upon termination without cause, the Company will reimburse Mr. Srouji for health insurance costs in compliance with COBRA for the shorter of: one year or Mr. Srouji's securing new employment providing similar benefits.

The foregoing description of the agreement between the Company and Mr. Srouji is qualified in its entirety by reference to the actual terms of the agreement, which has been filed as Exhibit 10.1 to this Current Report on Form 8-K, and which is incorporated herein by reference.

Jeffrey J. Sobieski

Effective February 1, 2023, Mr. Sobieski entered into an Amended Employment Agreement pursuant to which Mr. Sobieski will continue to serve as the Company's Chief Technology Officer.

Under the agreement, Mr. Srouji will receive a base salary of \$250,000. Mr. Sobieski will also participate in the Bonus Plan, pursuant to which he will be eligible to receive up to 15% of his base salary should targets set forth in the Bonus Plan be hit. Mr. Sobieski will also be paid a retention bonus of \$75,000 in January 2026 if he remains employed by the Company through the end of 2025. Finally, Mr. Sobieski will be eligible to participate in the Incentive Plan for the 2023-2025 period.

The term of Mr. Sobieski's agreement runs through May 2026, and will automatically renew for an additional twelve months unless Mr. Srouji or the Company take action to not renew the agreement. If Mr. Sobieski's employment is terminated without cause, or if he resigns with Good Reason (as that term is defined in the agreement), Mr. Sobieski, upon signing a release of employment-related claims, will be entitled to one year of base salary, and upon termination without cause, the Company will reimburse Mr. Sobieski for health insurance costs in compliance with COBRA for the shorter of: one year or Mr. Sobieski's securing new employment providing similar benefits.

The foregoing description of the agreement between the Company and Mr. Sobieski is qualified in its entirety by reference to the actual terms of the agreement, which has been filed as Exhibit 10.2 to this Current Report on Form 8-K, and which is incorporated herein by reference.

Richard E. Mushrush

Effective February 1, 2023, Richard E. Mushrush entered into an Amended Employment Agreement pursuant to which Mr. Mushrush will continue to serve as the Company's Chief Financial Officer.

Under the agreement, Mr. Mushrush will receive a base salary of \$122,000. Mr. Mushrush will also participate in the Company's Bonus Plan, pursuant to which he will be eligible to receive up to 20% of his base salary should targets set forth in the Bonus Plan be hit. Mr. Mushrush will also be paid a retention bonus of \$36,600 in January 2026 if he remains employed by the Company through the end of 2025. Finally, Mr. Mushrush will be eligible to participate in the Incentive Plan for the 2023-2025 period.

The term of Mr. Mushrush's agreement runs through May 2026, and will automatically renew for an additional twelve months unless Mr. Srouji or the Company take action to not renew the Agreement. If Mr. Mushrush's employment is terminated without cause, or if he resigns with Good Reason (as that term is defined in the Agreement), Mr. Mushrush, upon signing a release of employment-related claims, will be entitled to one year of base salary, and upon termination without cause, the Company will reimburse Mr. Mushrush for health insurance costs in compliance with COBRA for the shorter of: one year or Mr. Mushrush's securing new employment providing similar benefits.

The foregoing description of the agreement between the Company and Mr. Mushrush is qualified in its entirety by reference to the actual terms of the agreement, which has been filed as Exhibit 10.3 to this Current Report on Form 8-K, and which is incorporated herein by reference.

Services Agreement

Effective February 1, 2023, the Company entered into a Services Agreement with VDA Group S.p.A., which is the Company's largest shareholder. Pursuant to the Services Agreement, the Company will provide VDA Group with outsourced services traditionally associated with the role of a Chief Technology Officer (the "Services"). The Services will primarily be provided by Mr. Sobieski and will require Mr. Sobieski to regularly travel to VDA Group's offices in Italy. Pursuant to the Services Agreement, VDA Group will pay to the Company 50% of the cost of labor and expenses associated with the provision of the services.

The Services Agreement can be terminated by either party upon at least 30 days' notice, and the Services Agreement will automatically terminate should the Mr. Sobieski's employment terminate. The Services Agreement explicitly states that no employment relationships are created thereby.

The foregoing description of the agreement between the Company and VDA Group S.p.A. is qualified in its entirety by reference to the actual terms of the agreement, which has been filed as Exhibit 10.4 to this Current Report on Form 8-K, and which is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement, dated February 1, 2023, by and between Telkonet, Inc. and John M. Srouji
10.2	Employment Agreement, dated February 1, 2023, by and between Telkonet, Inc. and Jeffrey J. Sobieski
10.3	Employment Agreement, dated February 1, 2023, by and between Telkonet, Inc. and Richard E. Mushrush
10.4	Services Agreement, dated February 1, 2023, by and between Telkonet, Inc. and VDA Group S.p.A.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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.

Dated: February 8, 2023

TELKONET, INC.

By: /s/ Piercarlo Gramaglia
Piercarlo Gramaglia
Chief Executive Officer

AMENDED EMPLOYMENT AGREEMENT

THIS AGREEMENT, dated 1st February 2023, is entered into by and between Telkonet, Inc., a Utah corporation, and its respective current and former parent companies, successors, predecessors, subsidiaries and other affiliated companies as well as any of their respective current and former directors, officers, agents, shareholders, and employees ("**Telkonet**" or "**Company**") and John M. Srouji ("**Executive**") and amends and supersedes the prior Employment Agreement entered into by the Parties in or around August 2022. The Company and Executive may be referred to as the "**Parties**" or the "**Party**."

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties, intending to be legally bound, agree as follows:

1. Duties and Scope of Employment.

Positions and Duties. The Company hereby employs Executive in the capacity of Chief Sales & Operation Officer (COO). In such capacity, Executive shall be responsible for the overall productivity and effectiveness of the sales & Operations of the Company's organization. In particular, Executive's responsibility shall include without limitations: (i) leading and overseeing the Company's sales team & Operations to meet revenue and sales growth targets; (ii) providing and running the Company's daily operations management to ensure that Company continues to retain existing customers, increase customers base and sale, and general / overall customers satisfaction; (iii) creating and implementing methodology and parameters to periodically assess the performance and effectiveness of the Company's sales & Operations team; (iv) aligning sales targets with the Company's profitability targets; (v) developing and implementing sales strategies, policies and Operation's procedures to meet Company's targets; and (vi) performing such other services and duties as the Company or its Board of Directors ("**Board**") may direct from time to time. Executive will report to the Telkonet CEO.

(a) **Location.** It is agreed and understood that Executive shall reside in and work primarily from Guilford, Connecticut. Executive's office and business address shall be 20800 Swenson Dr., Suite 175, Waukesha, WI 53186 ("**Executive's Business Address**"). The Company shall be entitled to require the Executive to travel to work at the Business Address or at such other places as business needs require. The Executive shall be reimbursed by Telkonet for travel expenses."

2. Term. The term of this Agreement shall commence as of the Signature of the employment agreement and run till May 2026, unless the Agreement is terminated pursuant to Section 6 below. The Initial Term will automatically renew for an additional twelve (12) months (the Initial Term and any renewal term will be referred to as the "Term"), unless (a) Executive provides written notice to the Company of his intent not to renew the Agreement at least 90 days prior to the end of the Term in accordance with the notice provision herein; or (b) the Company provides written notice to Executive of its intent not to renew the Agreement at least 30 days prior to the end of the Term, in accordance with the notice provision herein; or (c) the Agreement is terminated pursuant to Section 6 below.

3. Extent of Services. During the Term, Executive shall devote his full time, ability, attention and efforts to the performance, to the best of his abilities, of such duties and responsibilities, as described in Section 1 above, and as the Board of Directors shall determine, consistent therewith. Executive agrees to be bound by the provisions of the Company Handbook (the "**Handbook**"), as such document may be modified from time to time. To the extent the provisions of the Handbook conflict with the terms of this Agreement, the terms of this Agreement shall prevail. Employee acknowledges receiving a copy of the Handbook, and, by signing this Agreement, agrees to be bound by its terms.

4. Compensation.

(a) **Salary.** Executive shall be paid \$300,000 on an annualized basis in accordance with Telkonet's normal payroll practices and be subject to all lawfully required withholdings ("**Base Salary**"). The Base Salary may be increased, at any time, as determined by the Board.

1

(b) **Bonus.** Executive will also be eligible to participate in the Company-sponsored bonus plan (the "Bonus Plan"). Should the Company [and Executive] meet the targets set forth in the Bonus Plan, Executive will be eligible to receive up to 30 % of Executive's Base Salary. The Bonus Program will be presented to Executive at the beginning of the calendar year. Executive will have a guaranteed 2022 bonus of \$25,000 with the potential of an additional \$20,000 should the Company achieve both 2022 budgeted net revenues and EBITDA targets.

(c) **Retention Bonus.** Executive will receive \$90,000 in January 2026 as compensation for his performance as an executive of the Company for the entire period (January 2023 — December 2025). The retention bonus is part of executive's compensation plan and it will be presented to the Executive by the end of January 2026. If Executive separates from employment with the Company for any reason prior to the end of December 2025, Executive shall forfeit all rights to any portion of the Retention Bonus.

(d) **LTI.** Executive will also be eligible to participate in the Company-sponsored Long Term Incentive plan ("The LTI Plan") for the 2023-2025 period. Should the Company and Executive meet the targets set forth in the LTI Plan, Executive will be eligible to receive certain payments or other benefits provided for by the terms of the LTI Plan. The LTI Plan will be presented to the Executive by the end of January 2023.

(e) **Executive Participation in Telkonet Staff Benefits Plans.** During the Term, Executive shall be entitled to participate in any group health programs and other benefit plans, which may be instituted from time-to-time for Telkonet employees, and for which Executive qualifies under the terms of such plans. All such benefits shall be provided on the same terms and conditions as generally apply to all other Telkonet employees under these plans and may be modified by Telkonet from time-to-time.

(f) **Expenses.** Executive shall be reimbursed by Telkonet for all ordinary, reasonable, customary and necessary expenses incurred by him in the performance of his duties and responsibilities including, but not limited to all costs for travel necessitated by the Company. Executive agrees to prepare documentation for such expenses as may be necessary for Telkonet to comply with the applicable rules and regulations of the Internal Revenue Service and Telkonet's existing policy.

5. Vacation. At full pay and without any adverse effect to his compensation, provided that all other terms and conditions of this Agreement are satisfied, Executive shall be entitled to five (5) weeks of vacation for each full calendar year during the term of this Agreement. Executive agrees to schedule his vacation leave in advance upon written notice to the CEO. Carryover of vacation days shall be consistent with Company's existing policy.

6. Termination. This Agreement shall terminate in accordance with Section 2 of this Agreement, or upon the first to occur of any of the following events:

(a) **"Cause"** By the Company. For purposes of this Agreement, Cause shall mean the occurrence of any of the following: (1) theft, fraud, embezzlement, or any other act of intentional dishonesty by Executive; (2) any material breach by Executive of any provision of this Agreement which breach is not cured in the sole discretion of the Company within a reasonable time (but not to exceed fourteen (14) days) after written notification thereof to Executive by Telkonet; (3) any habitual neglect of duty or misconduct of Executive in discharging any of his duties and responsibilities under this Agreement after a written demand for performance was delivered to Executive that specifically identified the manner in which the [Board or the Company] believed Executive had failed to discharge his duties and responsibilities, and Executive failed to resume substantial performance of such duties and responsibilities on a continual basis in the sole discretion of the Company immediately following such demand; (4) conviction of Executive of a felony or any offense involving moral turpitude; or (5) provided notice is provided to Executive by Company of a material breach or failure or refusal of

Executive to comply with the policies, rules, and regulations of Telkonet, as set forth in the Company Handbook, and Executive fails to take action to cure such behavior as stated in the notice from Company within a reasonable time (not to exceed 14 days) Upon termination for Cause, Executive shall be entitled to no further compensation, except for (i) the unpaid portion of Executive's Base Salary, computed on a pro rata basis to the date of termination; payment of accrued, unused vacation days; (iii) unpaid expenses submitted in accordance with the Company's policy; and (iv) other payments, benefits or fringe benefits to which the Executive may be entitled under the terms of any applicable compensation arrangement or benefit plan provided under this Agreement ("Accrued Compensation.")

(b) "Good Reason" By Executive. For purposes of this Agreement, Good Reason" shall mean the occurrence of any of the following: (1) any material adverse reduction in the scope of Executive's authority or responsibilities; (2) any reduction in the amount of Executive's compensation or participation in any employee benefits. If Executive terminates his employment with Telkonet for Good Reason, then, upon notice to Telkonet by Executive of such termination, Telkonet shall continue to pay Executive's Base Salary and provide Executive with continued participation in each employee benefit plan, in accordance with the mandates of COBRA (see Section 6.(b)(ii), in which Executive participated immediately prior to Executive's resignation for Good Reason for the period starting on the first day after the resignation date and ending upon expiration of the Term, or if such period is less than twelve (12) months, for a period of twelve (12) months from notice.

(c) "Without Cause" By the Company. If Executive is terminated by Telkonet Without Cause, then Executive shall receive: (i) an amount equal to Executive's base salary for twelve (12) months of Executive's Base Salary as of the date of termination, payable in accordance with the Company's payroll schedule applicable to all employees (the "Severance Period"); and (ii) pay for any applicable health insurance premiums, in accordance with the mandates of COBRA during the Severance Period (collectively, the "Consideration"), subject to Executive complying with Paragraph 6(e) below; provided that if Executive finds other employment and/or becomes eligible for similar benefits from another employer, the non-compete clause be lifted at the same time the severance ends upon finding new employment, Telkonet will no longer be obligated to pay the Consideration to Executive.

(d) "Death or Disability". If Executive becomes incapacitated or disabled at any time during the Term so as to be unable (either mentally or physically) to substantially perform the services required of Executive pursuant to this Agreement for a period of ninety (90) or in any twelve (12) month period, unless otherwise required by law, the Company may, at its option, terminate Executive's employment hereunder effective immediately upon giving Executive written notice of such termination. If Executive's employment terminates by reason of death or disability, Executive will be entitled to receive only the Accrued Compensation.

(e) "Separation Agreement and Release of Claims". The receipt of any severance pursuant to this Agreement will be subject to Executive signing and not revoking a separation agreement and release of claims (the "Release") in a form reasonably acceptable to the Company, which becomes effective within thirty (30) days following Executive's separation from service. The Release will provide (among other things) that Executive will not disparage the Company, its directors, or its executive officers for 12 months following the date of termination and the Company will instruct its officers and directors not to disparage the Executive. No severance pursuant to this Agreement will be paid or provided until the Release becomes effective. All payments and benefits to which Executive otherwise may be entitled pursuant to this Section 6, if any, will cease immediately should Executive breach an provision of this Agreement.

7. "Surrender of Books and Papers". Upon termination of this Agreement (irrespective of the time, manner, or cause of termination, be it for cause or otherwise), Executive shall immediately surrender to Telkonet all books, records, or other written papers or documents entrusted to him or which he has otherwise acquired pertaining to Telkonet and all other Telkonet property in Executive's possession, custody or control.

8. "Inventions and Patents". Executive agrees that Executive will promptly, from time-to-time, fully inform and disclose to Telkonet any and all ideas, concepts, copyrights, copyrightable material, developments, inventions, designs, improvements and discoveries of whatever nature that Executive may have or produced during the term of Executive's employment under this Agreement that pertain or relate to the then current business of Telkonet (the "Creations"), whether conceived by Executive alone or with others and whether or not conceived during regular working hours. All Creations shall be the exclusive property of Telkonet and shall be "works made for hire" as defined in 17 U.S.C. §101, and Telkonet shall own all rights in and to the Creations throughout the world, without payment of royalty or other consideration to Executive or anyone claiming through Executive. Executive hereby transfers and assigns to Telkonet (or its designee) **all** right, title and interest in and to every Creation, except as excluded herein. Executive shall assist Telkonet in obtaining patents or copyrights on all such inventions, designs, improvements and discoveries being patentable or copyrightable by Executive or Telkonet and shall execute all documents and do all things reasonably necessary (at Telkonet's sole cost and expense) to obtain letters of patent or copyright, vest Telkonet with full and exclusive title thereto, and protect the same against infringement by third parties, and such assistance shall be given by Executive, if needed, after termination of this Agreement for whatever cause or reason. Executive hereby represents and warrants that Executive has no current or future obligation with respect to the assignment or disclosure of any or all developments, inventions, designs, improvements and discoveries of whatever nature to any previous Employer, entity or other person and that Executive does not claim any rights or interest in or to any previous unpatented or uncopyrighted developments, inventions, designs, improvements or discoveries.

9. "Confidential Information, Non-Competition and No-Inducement."

(a) "Confidential Information."

(1) Contemporaneous with the execution of this Agreement and during the term of employment under this Agreement, Telkonet shall deliver to Executive or permit Executive to have access to and become familiar with various confidential information and trade secrets of Telkonet, including without limitation, data, production methods, customer lists, product format or developments, other information concerning the business of Telkonet and other unique processes, procedures, services and products of Telkonet, which are regularly used in the operation of the business of Telkonet (collectively, the "Confidential Information").

(2) For purposes of the preceding sentence, information is not treated as being Confidential Information if it: (i) is or becomes generally available to the public other than by Executive in violation of this Agreement; (ii) is obtained by Executive in good faith from a third party who discloses such information to Executive on a non-confidential basis without violating any obligation of confidentiality or secrecy relating to the information disclosed; or (iii) is information published or disseminated by the Company in the ordinary course of business without restriction .

(3) Executive shall not disclose any Confidential Information that he receives from the Company or Telkonet's clients and customers, directly or indirectly, nor use it in any way at any time, except as required in the course of employment with Telkonet, including, without limitation, (i) to compete or assist in competing with the Company; (ii) to contact, either directly or indirectly, any existing or potential customers, clients, contractors or vendors of the Company; or (iii) to interfere with or attempt to interfere with, or change the business relationship between the Company and its existing or potential customers, clients, contractors or vendors. Executive further acknowledges and agrees that Executive owes Telkonet, a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or unauthorized use.

(4) All files, records, documents, drawings, graphics, processes, specifications, equipment and similar items relating to the business of Telkonet, whether prepared by Executive or otherwise coming into Executive's possession in the course of his employment with Telkonet, shall remain the exclusive property of Telkonet and shall

not be removed from the premises of Telkonet without the prior written consent of Telkonet unless removed in relation to the performance of Executive's duties under this Agreement. Any Confidential Information, including without limitation, files, records, documents, drawings, graphics, specifications, equipment and similar items, and any and all copies of such materials that have been removed from the premises of Telkonet, shall be immediately returned by Executive to Telkonet upon demand or separation from the Company. As defined above, "Telkonet" includes Telkonet, Inc. and its subsidiaries and affiliates and all successors and predecessors in interest to Telkonet.

(5) **Defend Trade Secrets Act of 2016.** Under the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) **Non-Competition.** In consideration for Telkonet's disclosure of Confidential Information to Executive, Executive's access to the Confidential Information, and the salary paid to Executive hereunder, Executive covenants and agrees as follows:

(1) Executive acknowledges that he will be provided with and have access to Confidential Information, the unauthorized use or disclosure of which would cause irreparable injury to Telkonet, that Telkonet's willingness to enter into this Agreement is based in material part on Executive's agreement to the provisions of this Section 9(b) and that Executive's breach of the provisions of this Section would materially and irreparably damage Telkonet.

(2) Executive covenants and agrees that during Executive's employment with the Company, and for a period of one year commencing on the date of Executive's separation from the Company for any reason, including termination with Cause, Employee shall not, directly or indirectly, be employed by, assist, own, manage, consult, operate or control, or participate in the ownership, management, operation or control of any business that is in competition in any manner whatsoever with the Restricted Business (as defined herein) in North America. "**Restricted Business**" means any business by Telkonet at the time of Executive's separation from Telkonet. The non-compete be invalid in the event of termination without cause.

4

(3) Executive further acknowledges that because of the nature of the business, the competitive market is not limited to a defined geographic area, and therefore, this non-compete provision is not and cannot be, restricted to a geographic area, but rather is restricted as set forth above

(c) **No-Inducement.** During Executive's employment with the Company and for a period of two years following Executive's separation from the Company for any reason, Executive agrees that Executive will not, directly or indirectly (including but not limited to, through the use of "headhunters", recruiters or employment agencies) (i) solicit, hire, entice, persuade, recruit, employ or induce any person who was (or is) an employee, independent contractor, consultant, vendor and/or agent of the Company during the one (1) year period prior to the end of Executive's employment with the Company to leave, modify or otherwise interfere with their employment or consulting relationship with the Company; or (ii) divert, solicit, interfere with, or attempt to take away business from, render services for, accept business from, or do business with any person or entity that is or was a customer or client (or prospective customer or client) of the Company: (a) with whom Executive had contact during Executive's employment with the Company; (b) to whom Executive was introduced while employed by the Company; or (c) whose identity or contact information Executive learned about as a result of Executive being employed by the Company (collectively, "**Client**.")

(d) **Reasonableness of Restrictions.** Executive acknowledges and expressly agrees that:

(1) the restrictions set forth in this Paragraph 9 of this Agreement are reasonable in scope and necessary for the protection of the business and goodwill of Telkonet;

(2) Executive's services are of a unique and extraordinary nature and that the restrictions contained herein are necessary to protect the Company;

(3) Executive's experience and capabilities are such that enforcement of Paragraph by injunction will not prevent Executive from earning a living;

(4) the Company takes significant steps to preserve and protect its business and competitive advantage and the loss of such advantage could cause severe and irreparable harm to the Company;

(5) should any portion of the covenants in Section 9 be unenforceable because of the scope thereof or the period covered thereby or otherwise, the covenant shall be deemed to be reduced and limited to enable it to be enforced to the maximum extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

(e) **Injunctive Relief; Extension of Restrictive Period.** In the event of a breach of any of the covenants by Executive or Telkonet contained in this Agreement, it is understood that damages will be difficult to ascertain, and either party may petition a court of law or equity for injunctive relief in addition to any other relief which Executive or Telkonet may have under the law, including but not limited to reasonable attorneys' fees.

10. Non-disparagement. Executive agrees not to make false or disparaging statements concerning the Company or current or former officers, directors, members, employees or agents during Executive's employment with the Company or anytime thereafter. Employee further agrees not to take any actions or conduct himself in any way that would reasonably be expected to adversely affect the reputation or goodwill of the Company or any of its affiliates or any of its current or former officers, directors, members, employees or agents during Executive's employment with the Company or anytime thereafter.

11. Resignations. As applicable, Executive agrees that he shall resign as a director and officer of the Company, and as a director and/or officer of each other direct and indirect subsidiary, division or affiliate of the Company for which Executive currently serves as a director or officer, effective as of the separation date, and further agrees to execute and deliver to the Company any instruments or documents reasonably requested by the Company to effect such resignations.

5

12. Indemnification and Insurance. Executive will be covered under the Company's insurance policies and, subject to applicable law, will be provided indemnification to the maximum extent permitted by the Company's bylaws, Certificate of Incorporation, and standard form of Indemnification Agreement, with such insurance coverage and indemnification to be in accordance with the Company's standard practices for senior executive officers but on terms no less favorable than provided to any other Company senior executive officer or director.

13. Mandatory and Confidential Mediation and Arbitration.

(a) Except as otherwise provided herein, in consideration of the mutual promises set forth herein, Executive and the Company agree any controversy or claim arising out of or relating to this Agreement, its enforcement, interpretation or arbitrability, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or arising out of or relating to the subject matter of this Agreement, shall be settled by confidential, final and binding arbitration in O, Wisconsin before a single arbitrator, selected in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA"), in accordance with the procedures required under Wisconsin law; provided, however, that the Company may seek injunctive relief in order to prevent irreparable harm or preserve the status quo. The parties understand and agree that this is an agreement to arbitrate under the Federal Arbitration Act ("FAA"). The parties further understand that this arbitration clause, and its enforcement, shall be governed by the laws of the State of Wisconsin, except where preempted by the FAA.

(b) Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award, including findings of fact and conclusions of law. The award rendered by the arbitrator shall be conclusive and binding upon the Parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. A court shall vacate, modify or correct any award: (i) where the arbitrator's findings of fact are not supported by substantial evidence, (ii) where the arbitrator's conclusions of law are erroneous; (iii) in accordance with Wisconsin law governing arbitration; or (iv) where the arbitrators knew of a governing legal principle yet refused to apply it or ignored it altogether. Executive understands and agrees that any demand for arbitration by either Executive or the Company shall be filed within the statute of limitation that is applicable to the claim(s) upon which arbitration is sought or required. Each Party shall pay its own expenses of arbitration and the expenses of the arbitrator (including compensation), unless otherwise provided by law.

(c) Prior to the commencement of arbitration, Executive and the Company (the "Parties") agree to mediate any dispute arising out of or in connection with Executive's employment, or termination of employment, with the Company before a neutral mediator appointed in accordance with the Employment Arbitration Rules and Mediation Procedures (the "Rules") of the American Arbitration Association (AAA) exclusively in Wisconsin. Such mediation will be non-binding, and the mediator's reasonable fee will be paid by the Company. Applicable Wisconsin law and the AAA Rules will govern the mediation.

(d) EXECUTIVE UNDERSTANDS THAT, ABSENT THIS AGREEMENT, EXECUTIVE AND THE COMPANY WOULD HAVE THE RIGHT TO SUE EACH OTHER IN COURT, AND THE RIGHT TO A JURY TRIAL, BUT, BY THIS AGREEMENT, EXCEPT AS OTHERWISE STATED ABOVE, BOTH PARTIES GIVE UP THAT RIGHT.

14. Miscellaneous.

(a) Executive shall not assign any part of his rights under this Agreement without the prior written consent of Telkonet. The Company may assign this Agreement (i) as part of the transfer of all or substantially all of its assets or stock (by way of sale, merger or otherwise) to another company; or (ii) to any affiliated or unaffiliated company or entity, and, upon such assignment, the burden and benefit hereof will be upon the assignee.

(b) This Agreement contains the entire agreement and understanding between the Parties and supersedes any and all prior understandings and agreements between the Parties regarding Executive's employment, whether written or oral, including without limitation, all prior employment agreements.

6

(c) No modification hereof shall be binding unless made in writing and signed by the Company. No waiver of any provisions of this Agreement shall be valid unless the same is in writing and signed by the Party against whom it is sought to be enforced.

(d) This Agreement is executed in, and it is the intention of the Parties hereto that it shall be governed by, the laws of the State of Wisconsin without giving effect to applicable conflict of laws and provisions.

(e) The provisions of this Agreement shall be deemed to be severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(f) Any notice or communication permitted or required by this Agreement shall be in writing and shall become effective upon personal service, or service by wire transmission, which has been acknowledged by the other party as being received, or two (2) days after its mailing by certified mail, return receipt requested, postage prepaid addressed as follows:

(1) If to Telkonet: Attn: General Counsel Telkonet, Inc. 20800, Suite 175, Swenson Dr. Waukesha, WI 53186.

(2) If to Executive, to: John Srouji at the last residential address known by the Company as provided by Executive in writing.

(g) **Acknowledgment.** Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement. This Agreement is drafted by counsel for the Company as an accommodation to the Parties and is the product of deliberation between all Parties. In the event of any dispute surrounding its interpretation, this Agreement shall not be construed against the drafter, and the Parties expressly waive any right to assert such rule of construction. It shall be deemed to be collectively drafted by the Parties, and shall not be construed more stringently against any one Party than another.

(h) **Counterparts.** This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned. Electronically executed or faxed signatures shall be deemed the equivalent of an original signature. The Agreement becomes effective upon receipt of the Parties' signatures, electronic or otherwise.

IN WITNESS WHEREOF, Telkonet and Executive have executed this Agreement as of the date first set forth above

/s/ Piercarlo Gramaglia
Compensation Committee

January 2023

/s/ John Srouji
John Srouji

January 2023

EMPLOYMENT AGREEMENT

THIS AGREEMENT, dated 1st of February 2023, is entered into by and between Telkonet, Inc., a Utah corporation, and its respective current and former parent companies, successors, predecessors, subsidiaries and other affiliated companies as well as any of their respective current and former directors, officers, agents, shareholders, and employees ("Telkonet" or "Company") and Jeff Sobieski ("Executive"). The Company and Executive may be referred to as the "Parties" or the "Party."

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties, intending to be legally bound, agree as follows:

1. Duties and Scope of Employment.

(a) Positions and Duties. Telkonet hereby employs Executive in the capacity of Chief Technology Officer (CTO) of Telkonet to perform such executive, management and administrative services and other customary duties consistent with Executive's position as a senior executive officer within the Company as set forth in the Telkonet by-laws and as Telkonet, by action of its Chief Executive Officer (CEO) and Board of Directors ("Board"), may request from time to time.

(b) Location. Executive's place of work shall be 20800 Swenson Dr., Suite 175, Waukesha, WI 53186. The Company shall be entitled to require the Executive to travel to work at such other places as business needs require, and as set forth in Section 3, below.

2. Term. The term of this Agreement shall commence as of the Signature of the employment agreement and run until the end of May 31, 2026, unless the Agreement is terminated pursuant to Section 6 below. The Initial Term will automatically renew for an additional twelve (12) months (the Initial Term and any renewal term will be referred to as the "Term"), unless (a) Executive provides written notice to the Company of his intent not to renew the Agreement at least 90 days prior to the end of the Term in accordance with the notice provision herein; or (b) the Company provides written notice to Executive of its intent not to renew the Agreement at least 30 days prior to the end of the Term, in accordance with the notice provision herein; or (c) the Agreement is terminated pursuant to Section 6 below.

3. Extent of Services. During the Term and any extension thereof, Executive shall devote his full time, ability, attention and efforts to the performance, to the best of his abilities, of such duties and responsibilities, as described in Section 1 above, and as the CEO and Board of Directors shall determine, consistent therewith. Executive agrees to be bound by the provisions of the Company Handbook (the "Handbook"), as such document may be modified from time to time. To the extent the provisions of the Handbook conflict with the terms of this Agreement, the terms of this Agreement shall prevail. Employee acknowledges receiving a copy of the Handbook, and, by signing this Agreement, agrees to be bound by its terms. Employee further understands that Telkonet intends to enter into a services agreement with VDA (the "Services Agreement"), through which Employee will be obligated, on behalf of Telkonet, to provide CTO services to VDA. Frequent travel by Executive the VDA headquarters, based in Italy, at viale Lino Zanussi, 3 — 33170 Pordenone- will be required as a part of this obligation. Employee acknowledges that his provision of services to VDA under the Services Agreement, including the aforementioned travel, is part of the consideration inducing Telkonet to enter into this Agreement.

4. Compensation.

(a) Salary. Executive shall be paid \$250,000 on an annualized basis in accordance with Telkonet's normal payroll practices, and be subject to all lawfully required withholdings (the "Base Salary"). The Base Salary may be increased, at any time, as determined by the CEO and the Board.

(b) Bonus. Executive will also be eligible to participate in the Company-sponsored bonus plan (the "Bonus Plan"). Should the Company [and Executive] meet the targets set forth in the Bonus Plan, Executive will be eligible to receive up to 15% of Executive's Base Salary. The Bonus Program will be presented to Executive at the beginning of the calendar year.

(c) Retention Bonus. Executive will receive \$75,000 in January 2026 as a compensation of his permanence of executive of the Company for the entire period (January 2023 — December 2025). The retention bonus is part of executive's compensation plan and it will be presented to the Executive by the end of January 2026. If Executive separates from employment with the Company for any reason prior to the end of December 2025, Executive shall forfeit all rights to any portion of the Retention Bonus.

(d) LTI. Executive will also be eligible to participate in the Company-sponsored Long Term Incentive plan ("The LTI Plan") for the 2023-2025 period. Should the Company and Executive meet the targets set forth in the LTI Plan, Executive will be eligible to receive certain payments or other benefits provided for by the terms of the LTI Plan. The LTI Plan will be presented to the Executive by the end of January 2023.

(e) Executive Participation in Telkonet Staff Benefits Plans. During the Term, Executive shall be entitled to participate in any group health programs and other benefit plans, which may be instituted from time-to-time for Telkonet employees, and for which Executive qualifies under the terms of such plans. All such benefits shall be provided on the same terms and conditions as generally apply to all other Telkonet employees under these plans and may be modified by Telkonet from time-to-time.

(f) Expenses. Executive shall be reimbursed by Telkonet for all ordinary, reasonable, customary and necessary expenses incurred by him in the performance of his duties and responsibilities. Executive agrees to prepare documentation for such expenses as may be necessary for Telkonet to comply with the applicable rules and regulations of the Internal Revenue Service and Telkonet's existing policy. Telkonet will provide a stipend equal to \$323 per pay period to Executive for the purpose of obtaining an auto for the Executive's business use.

5. Vacation. At full pay and without any adverse effect to his compensation, provided that all other terms and conditions of this Agreement are satisfied, Executive shall be entitled to five (5) weeks of vacation for each full calendar year during the term of this Agreement. Executive agrees to schedule his vacation leave in advance upon written notice to the CEO. Carryover of vacation days shall be consistent with Company's existing policy.

6. Termination. This Agreement shall terminate in accordance with Section 2 of this Agreement, or upon the first to occur of any of the following events:

(a) **"Cause" By the Company.** For purposes of this Agreement, Cause shall mean the occurrence of any of the following: (1) theft, fraud, embezzlement, or any other act of intentional dishonesty by Executive; (2) any material breach by Executive of any provision of this Agreement which breach is not cured in the sole discretion of the Company within a reasonable time (but not to exceed fourteen (14) days) after written notification thereof to Executive by Telkonet; (3) any habitual neglect of duty or misconduct of Executive in discharging any of his duties and responsibilities under this Agreement after a written demand for performance was delivered to Executive that specifically identified the manner in which the [Board or the Company] believed Executive had failed to discharge his duties and responsibilities, and Executive failed to resume substantial performance of such duties and responsibilities on a continual basis in the sole discretion of the Company immediately following such demand; (4) commission by Executive of a felony or any offense involving moral turpitude; or (5) any default of Executive's obligations hereunder, or any failure or refusal of Executive to comply with the policies, rules and regulations of Telkonet generally applicable to Telkonet employees, which default, failure or refusal is not cured within a reasonable time (but not to exceed fourteen (14) days) in the sole discretion of the Company after written notification thereof to Executive by Telkonet. Upon termination for Cause, Executive shall be entitled to no further compensation, except for (i) the unpaid portion of Executive's Base Salary, computed on a pro rata basis to the date of termination; payment of accrued, unused vacation days; (iii) unpaid expenses submitted in accordance with the Company's policy; and (iv) other payments, benefits or fringe benefits to which the Executive may be entitled under the terms of any applicable compensation arrangement or benefit plan provided under this Agreement ("Accrued Compensation"). Upon termination for Cause, Executive shall forfeit any unvested right to payments provided for in the Bonus Plan.

(b) **"Good Reason" By Executive.** For purposes of this Agreement, Good Reason" shall mean the occurrence of any of the following: (1) any material adverse reduction in the scope of Executive's authority or responsibilities; (2) any reduction in the amount of Executive's compensation or participation in any employee benefits; or (3) Executive's principal place of employment is actually or constructively moved to any office or other location 75 miles or more outside of the address referenced in Section 1(b). If Executive terminates his employment with Telkonet for Good Reason, then, upon notice to Telkonet by Executive of such termination, Telkonet shall continue to pay Executive's Base Salary and provide Executive with continued participation in each employee benefit plan, in accordance with the mandates of COBRA (see Section 6.(b)(ii), in which Executive participated immediately prior to Executive's resignation for Good Reason for the period starting on the first day after the resignation date and ending upon expiration of the Term, or if such period is less than twelve (12) months, for a period of twelve (12) months from notice.

(c) **"Without Cause" By the Company.** If Executive is terminated by Telkonet Without Cause, then Executive shall receive: (i) an amount equal to Executive's base salary for twelve (12) months of Executive's Base Salary as of the date of termination, payable in accordance with the Company's payroll schedule applicable to all employees (the "Severance Period"); and (ii) pay for any applicable health insurance premiums, in accordance with the mandates of COBRA during the Severance Period (collectively, the "Consideration"), subject to Executive complying with Paragraph 6(e) below; provided that if Executive finds other employment and/or becomes eligible for similar benefits from another employer, Telkonet will no longer be obligated to pay the Consideration to Executive.

(d) **LTI Benefits.** Upon termination for any reason, Executive shall forfeit all rights to any payments or other benefits under the LTI Plan.

(e) **Death or Disability.** If Executive becomes incapacitated or disabled at any time during the Term so as to be unable (either mentally or physically) to substantially perform the services required of Executive pursuant to this Agreement for a period of ninety (90) or in any twelve (12) month period, unless otherwise required by law, the Company may, at its option, terminate Executive's employment hereunder effective immediately upon giving Executive written notice of such termination. If Executive's employment terminates by reason of death or disability, Executive will be entitled to receive only the Accrued Compensation.

(f) **Separation Agreement and Release of Claims.** The receipt of any severance pursuant to this Agreement will be subject to Executive signing and not revoking a separation agreement and release of claims (the "Release") in a form reasonably acceptable to the Company, which becomes effective within thirty (30) days following Executive's separation from service. The Release will provide (among other things) that Executive will not disparage the Company, its directors, or its executive officers for 12 months following the date of termination and the Company will instruct its officers and directors not to disparage the Executive. No severance pursuant to this Agreement will be paid or provided until the Release becomes effective. All payments and benefits to which Executive otherwise may be entitled pursuant to this Section 6, if any, will cease immediately should Executive breach an provision of this Agreement.

7. **Surrender of Books and Papers.** Upon termination of this Agreement (irrespective of the time, manner, or cause of termination, be it for cause or otherwise), Executive shall immediately surrender to Telkonet all books, records, or other written papers or documents entrusted to him or which he has otherwise acquired pertaining to Telkonet and all other Telkonet property in Executive's possession, custody or control.

8. **Inventions and Patents.** Executive agrees that Executive will promptly, from time to time, fully inform and disclose to Telkonet any and all ideas, concepts, copyrights, copyrightable material, developments, inventions, designs, improvements and discoveries of whatever nature that Executive may have or produced during the term of Executive's employment under this Agreement that pertain or relate to the then current business of Telkonet (the "Creations"), whether conceived by Executive alone or with others and whether or not conceived during regular working hours. All Creations shall be the exclusive property of Telkonet and shall be "works made for hire" as defined in 17 U.S.C. §101, and Telkonet shall own all rights in and to the Creations throughout the world, without payment of royalty or other consideration to Executive or anyone claiming through Executive. Executive hereby transfers and assigns to Telkonet (or its designee) all right, title and interest in and to every Creation. Executive shall assist Telkonet in obtaining patents or copyrights on all such inventions, designs, improvements and discoveries being patentable or copyrightable by Executive or Telkonet and shall execute all documents and do all things reasonably necessary (at Telkonet's sole cost and expense) to obtain letters of patent or copyright, vest Telkonet with full and exclusive title thereto, and protect the same against infringement by third parties, and such assistance shall be given by Executive, if needed, after termination of this Agreement for whatever cause or reason. Executive hereby represents and warrants that Executive has no current or future obligation with respect to the assignment or disclosure of any or all developments, inventions, designs, improvements and discoveries of whatever nature to any previous Employer, entity or other person and that Executive does not claim any rights or interest in or to any previous unpatented or uncopyrighted developments, inventions, designs, improvements or discoveries.

9. **Confidential Information, Non-Competition and No-Inducement.**

(a) **Confidential Information.**

(1) Contemporaneous with the execution of this Agreement and during the term of employment under this Agreement, Telkonet shall deliver to Executive or permit Executive to have access to and become familiar with various confidential information and trade secrets of Telkonet, including without limitation, data, production methods, customer lists, product format or developments, other information concerning the business of Telkonet and other unique processes, procedures, services and products of Telkonet, which are regularly used in the operation of the business of Telkonet (collectively, the "Confidential Information").

(2) For purposes of the preceding sentence, information is not treated as being Confidential Information if it: (i) is or becomes generally available to the public other than by Executive in violation of this Agreement; (ii) is obtained by Executive in good faith from a third party who discloses such information to Executive on a non-confidential basis without violating any obligation of confidentiality or secrecy relating to the information disclosed; or (iii) is information published or disseminated by the Company in the ordinary course of business without restriction.

(3) Except as required in the course of employment with Telkonet, Executive shall not disclose any Confidential Information that he receives from the Company or Telkonet's clients and customers, directly or indirectly, nor use it in any way at any time, including, without limitation, (i) to compete or assist in competing with the Company; (ii) to contact, either directly or indirectly, any existing or potential customers, clients, contractors or vendors of the Company; or (iii) to interfere with or attempt to interfere with, or change the business relationship between the Company and its existing or potential customers, clients, contractors or vendors. Executive further acknowledges and agrees that Executive owes Telkonet, a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or unauthorized use. The confidentiality obligations set forth in this Section survive the termination of this Agreement.

(4) All files, records, documents, drawings, graphics, processes, specifications, equipment and similar items relating to the business of Telkonet, whether prepared by Executive or otherwise coming into Executive's possession in the course of his employment with Telkonet, shall remain the exclusive property of Telkonet and shall not be removed from the premises of Telkonet without the prior written consent of Telkonet unless removed in relation to the performance of Executive's duties under this Agreement. Any Confidential Information, including without limitation, files, records, documents, drawings, graphics, specifications, equipment and similar items, and any and all copies of such materials that have been removed from the premises of Telkonet, shall be immediately returned by Executive to Telkonet upon demand or separation from the Company. As defined above, "Telkonet" includes Telkonet, Inc. and its subsidiaries and affiliates and all successors and predecessors in interest to Telkonet.

(5) Defend Trade Secrets Act of 2016. Under the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) Non-Competition. In consideration for Telkonet's disclosure of Confidential Information to Executive, Executive's access to the Confidential Information, and the salary paid to Executive hereunder, Executive covenants and agrees as follows:

(1) Executive acknowledges that he will be provided with and have access to Confidential Information, the unauthorized use or disclosure of which would cause irreparable injury to Telkonet, that Telkonet's willingness to enter into this Agreement is based in material part on Executive's agreement to the provisions of this Section 9(b) and that Executive's breach of the provisions of this Section would materially and irreparably damage Telkonet.

4

(2) Executive covenants and agrees that during Executive's employment with the Company, and for a period of one year commencing on the date of Executive's separation from the Company for any reason, including termination with or Without Cause, Employee shall not, directly or indirectly, be employed by, assist, own, manage, consult, operate or control, or participate in the ownership, management, operation or control of any business that is in competition in any manner whatsoever with the Restricted Business (as defined herein) in North America. "Restricted Business" means any business or prospective business conducted or considered by Telkonet at the time of Executive's separation from Telkonet.

(3) Executive further acknowledges that because of the nature of the business, the competitive market is global, and as such the restriction to the geographic area of North America is reasonable in scope.

(c) No-Inducement. During Executive's employment with the Company and for a period of two years following Executive's separation from the Company for any reason, Executive agrees that Executive will not, directly or indirectly (including but not limited to, through the use of "headhunters", recruiters or employment agencies) (i) solicit, hire, entice, persuade, recruit, employ or induce any person who was (or is) an employee, independent contractor, consultant, vendor and/or agent of the Company during the one (1) year period prior to the end of Executive's employment with the Company to leave, modify or otherwise interfere with their employment or consulting relationship with the Company; or (ii) divert, solicit, or otherwise interfere with the Company's business or contractual relationships with any person or entity that is or was a customer or client (or prospective customer or client) of the Company: (a) with whom Executive had contact during Executive's employment with the Company; (b) to whom Executive was introduced while employed by the Company; or (c) whose identity or contact information Executive learned about as a result of Executive being employed by the Company (collectively, "Client").

(d) Reasonableness of Restrictions. Executive acknowledges and expressly agrees that:

(1) the restrictions set forth in this Paragraph 9 of this Agreement are reasonable in scope and necessary for the protection of the business and goodwill of Telkonet;

(2) Executive's services are of a unique and extraordinary nature and that the restrictions contained herein are necessary to protect the Company;

(3) Executive's experience and capabilities are such that enforcement of Paragraph by injunction will not prevent Executive from earning a living;

(4) the Company takes significant steps to preserve and protect its business and competitive advantage and the loss of such advantage could cause severe and irreparable harm to the Company;

(5) should any portion of the covenants in Section 9 be unenforceable because of the scope thereof or the period covered thereby or otherwise, the covenant shall be deemed to be reduced and limited to enable it to be enforced to the maximum extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

(e) Injunctive Relief; Extension of Restrictive Period. In the event of a breach of any of the covenants by Executive or Telkonet contained in this Agreement, it is understood that damages will be difficult to ascertain, and either party may petition a court of law or equity for injunctive relief in addition to any other relief which Executive or Telkonet may have under the law, including but not limited to reasonable attorneys' fees. Executive further acknowledges that any period of injunctive relief awarded by any court to enforce the provisions of this Section 9 shall be extended by an amount of time that Executive was found to be in breach of his obligations hereunder to ensure that Telkonet receives the full benefit of the protections bargained for herein.

5

10. **Non-disparagement.** Executive agrees not to make false or disparaging statements concerning the Company or current or former officers, directors, members, employees or agents during Executive's employment with the Company or anytime thereafter. Employee further agrees not to take any actions or conduct himself in any way that would reasonably be expected to adversely affect the reputation or goodwill of the Company or any of its affiliates or any of its current or former officers, directors, members, employees or agents during Executive's employment with the Company or anytime thereafter. Notwithstanding the foregoing, nothing in this agreement shall be construed to restrict Employee's ability to engage in any activity protected by federal, state, or local law.
11. **Resignations.** As applicable, Executive agrees that he shall resign as a director and officer of the Company, and as a director and/or officer of each other direct and indirect subsidiary, division or affiliate of the Company for which Executive currently serves as a director or officer, effective as of the separation date, and further agrees to execute and deliver to the Company any instruments or documents reasonably requested by the Company to effect such resignations.
12. **Indemnification and Insurance.** Executive will be covered under the Company's insurance policies and, subject to applicable law, will be provided indemnification to the maximum extent permitted by the Company's bylaws, Certificate of Incorporation, and standard form of Indemnification Agreement, with such insurance coverage and indemnification to be in accordance with the Company's standard practices for senior executive officers but on terms no less favorable than provided to any other Company senior executive officer or director.
13. **Mandatory and Confidential Mediation and Arbitration.**
- (a) Except as otherwise provided herein, in consideration of the mutual promises set forth herein, Executive and the Company agree any controversy or claim arising out of or relating to this Agreement, its enforcement, interpretation or arbitrability, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or arising out of or relating to the subject matter of this Agreement, shall be settled by confidential, final and binding arbitration in [], Wisconsin before a single arbitrator, selected in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA"), in accordance with the procedures required under Wisconsin law; provided, however, that the Company may seek injunctive relief in order to prevent irreparable harm or preserve the status quo. The parties understand and agree that this is an agreement to arbitrate under the Federal Arbitration Act ("FAA"). The parties further understand that this arbitration clause, and its enforcement, shall be governed by the laws of the State of Wisconsin, except where preempted by the FAA.
- (b) Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award, including findings of fact and conclusions of law. The award rendered by the arbitrator shall be conclusive and binding upon the Parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. A court shall vacate, modify or correct any award: (i) where the arbitrator's findings of fact are not supported by substantial evidence, (ii) where the arbitrator's conclusions of law are erroneous; (iii) in accordance with Wisconsin law governing arbitration; or (iv) where the arbitrators knew of a governing legal principle yet refused to apply it or ignored it altogether. Executive understands and agrees that any demand for arbitration by either Executive or the Company shall be filed within the statute of limitation that is applicable to the claim(s) upon which arbitration is sought or required. Each Party shall pay its own expenses of arbitration and the expenses of the arbitrator (including compensation), unless otherwise provided by law.
- (c) Prior to the commencement of arbitration, Executive and the Company (the "Parties") agree to mediate any dispute arising out of or in connection with Executive's employment, or termination of employment, with the Company before a neutral mediator appointed in accordance with the Employment Arbitration Rules and Mediation Procedures (the "Rules") of the American Arbitration Association (AAA) exclusively in [], Wisconsin. Such mediation will be non-binding, and the mediator's reasonable fee will be paid by the Company. Applicable Wisconsin law and the AAA Rules will govern the mediation.
- (d) EXECUTIVE UNDERSTANDS THAT, ABSENT THIS AGREEMENT, EXECUTIVE AND THE COMPANY WOULD HAVE THE RIGHT TO SUE EACH OTHER IN COURT, AND THE RIGHT TO A JURY TRIAL, BUT, BY THIS AGREEMENT, EXCEPT AS OTHERWISE STATED ABOVE, BOTH PARTIES GIVE UP THAT RIGHT.

14. **Miscellaneous.**
- (a) Executive shall not assign any part of his rights under this Agreement without the prior written consent of Telkonet. The Company may assign this Agreement (i) as part of the transfer of all or substantially all of its assets or stock (by way of sale, merger or otherwise) to another company; or (ii) to any affiliated or unaffiliated company or entity, and, upon such assignment, the burden and benefit hereof will be upon the assignee.
- (b) This Agreement contains the entire agreement and understanding between the Parties and supersedes any and all prior understandings and agreements between the Parties regarding Executive's employment, whether written or oral, including without limitation, all prior employment agreements.
- (c) No modification hereof shall be binding unless made in writing and signed by the party against whom enforcement is sought. No waiver of any provisions of this Agreement shall be valid unless the same is in writing and signed by the party against whom it is sought to be enforced, unless it can be shown through custom, usage or course of action.
- (d) No modification hereof shall be binding unless made in writing and signed by the Company. No waiver of any provisions of this Agreement shall be valid unless the same is in writing and signed by the Party against whom it is sought to be enforced.
- (e) The provisions of this Agreement shall be deemed to be severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.
- (f) Any notice or communication permitted or required by this Agreement shall be in writing and shall become effective upon personal service, or service by wire transmission, which has been acknowledged by the other party as being received, or two (2) days after its mailing by certified mail, return receipt requested, postage prepaid addressed as follows:
- (1) If to Telkonet: Attn: General Counsel Telkonet, Inc. 20800, Suite 175, Swenson Dr. Waukesha, WI 53186.
- (2) If to Executive, to: Jeffrey J. Sobieski at the last residential address known by the Company as provided by Executive in writing.

This notice provision does not provide for the exclusive means of giving notice under this Agreement, and a showing of actual notice will supersede any obligations created by this provision.

(g) **Acknowledgment.** Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement. This Agreement is drafted by counsel for the Company as an accommodation to the Parties and is the product of deliberation between all Parties. In the event of any dispute surrounding its interpretation, this Agreement shall not be construed against the drafter, and the Parties expressly waive any right to assert such rule of construction. It shall be deemed to be collectively drafted by the Parties, and shall not be construed more stringently against any one Party than another.

(h) **Counterparts.** This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned. Electronically executed or faxed signatures shall be deemed the equivalent of an original signature. The Agreement becomes effective upon receipt of the Parties' signatures, electronic or otherwise.

IN WITNESS THEREOF, Telkonet and Executive have executed this Agreement as of the date first set forth above.

/s/ Piercarlo Gramaglia
Compensation Committee

1/27/2023
Date

/s/ Jeffrey J. Sobieski
Jeffrey J. Sobieski

1/27/2023
Date

AMENDED EMPLOYMENT AGREEMENT

THIS AGREEMENT, dated 1st February, 2023, is entered into by and between Telkonet, Inc., a Utah corporation, and its respective current and former parent companies, successors, predecessors, subsidiaries and other affiliated companies as well as any of their respective current and former directors, officers, agents, shareholders, and employees ("Telkonet" or "Company") and Richard E. Mushrush ("Executive") and amends and supersedes the prior Employment Agreement entered into by the Parties in or around August 2021, and any subsequent agreements. The Company and Executive may be referred to as the "Parties" or the "Party."

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties, intending to be legally bound, agree as follows:

1. Duties and Scope of Employment.

- (a) Positions and Duties. Telkonet hereby employs Executive in the capacity of Chief Financial Officer (CFO) of Telkonet to perform such executive, management and administrative services and other customary duties consistent with Executive's position as a senior executive officer within the Company as set forth in the Telkonet by-laws and as Telkonet, by action of its Chief Executive Officer (CEO) and Board of Directors ("Board"), may request from time to time.
- (b) Location. Executive's place of work shall be 20800 Swenson Dr., Suite 175, Waukesha, WI 53186. The Company shall be entitled to require the Executive to travel to work at such other places as business needs require.

2. Term. The term of this Agreement shall commence as of the date first identified above and continue through the close of business on the last day of May 2026, unless the Agreement is terminated pursuant to Section 6, below (the "Initial Term"). The Initial Term will automatically renew for an additional twelve (12) months (the Initial Term and any renewal term will be referred to as the "Term"), unless (a) Executive provides written notice to the Company of his intent not to renew the Agreement at least 90 days prior to the end of the Term in accordance with the notice provision herein; or (b) the Company provides written notice to Executive of its intent not to renew the Agreement at least 30 days prior to the end of the Term, in accordance with the notice provision herein; or (c) the Agreement is terminated pursuant to Section 6 below.

3. Extent of Services. During the Term, Executive shall devote his full time, ability, attention and efforts to the performance, to the best of his abilities, of such duties and responsibilities, as described in Section 1 above, and as the CEO shall determine, consistent therewith. Executive agrees to be bound by the provisions of the Company Handbook (the "Handbook"), as such document may be modified from time to time. To the extent the provisions of the Handbook conflict with the terms of this Agreement, the terms of this Agreement shall prevail. Employee acknowledges receiving a copy of the Handbook, and, by signing this Agreement, agrees to be bound by its terms.

4. Compensation.

- (a) Salary. Executive shall be paid \$122,000 on an annualized basis in accordance with Telkonet's normal payroll practices, and be subject to all lawfully required withholdings ("Base Salary"). The Base Salary may be increased, at anytime, as determined by the CEO and the Board.
- (b) Bonus. Executive will also be eligible to participate in the Company-sponsored bonus plan (the "Bonus Plan"). Should the Company [and Executive] meet the targets set forth in the Bonus Plan, Executive will be eligible to receive up to 20% of Executive's Base Salary. The Bonus Program will be presented to Executive at the beginning of the calendar year.

1

(c) Retention Bonus. Executive will receive \$36,600 in January 2026 as compensation for his performance as an executive of the Company for the entire period (January 2023 — December 2025). The retention bonus is part of Executive's compensation plan and it will be presented to the Executive by the end of January 2026. If Executive separates from employment with the Company for any reason prior to the end of December 2025, Executive shall forfeit all rights to any portion of the Retention Bonus.

(d) LTI. Executive will also be eligible to participate in the Company-sponsored Long Term Incentive plan ("The LTI Plan") for the 2023-2025 period. Should the Company and Executive meet the targets set forth in the LTI Plan, Executive will be eligible to receive certain payments or other benefits provided for by the terms of the LTI Plan. The LTI Plan will be presented to the Executive by the end of January 2023.

(e) Executive Participation in Telkonet Staff Benefits Plans. During the Term, Executive shall be entitled to participate in any group health programs and other benefit plans, which may be instituted from time-to-time for Telkonet employees, and for which Executive qualifies under the terms of such plans. All such benefits shall be provided on the same terms and conditions as generally apply to all other Telkonet employees under these plans and may be modified by Telkonet from time-to-time.

(f) Expenses. Executive shall be reimbursed by Telkonet for all ordinary, reasonable, customary and necessary expenses incurred by him in the performance of his duties and responsibilities. Executive agrees to prepare documentation for such expenses as may be necessary for Telkonet to comply with the applicable rules and regulations of the Internal Revenue Service and Telkonet's existing policy.

(g) Equity. To the extent the Company implements an equity plan, Executive will be eligible to participate in such plan in accordance with the terms and conditions of the plan as determined by the Compensation Committee of the Company's Board.

5. Paid Time Off. At full pay and without any adverse effect to his compensation, provided that all other terms and conditions of this Agreement are satisfied, Executive shall be entitled to five (5) weeks of paid time off ("PTO") for each full calendar year during the term of this Agreement. Executive agrees to schedule his PTO leave in advance upon written notice to the CEO. Carryover of PTO days shall be consistent with Company's existing policy.

6. Termination. This Agreement shall terminate in accordance with Section 2 of this Agreement, or upon the first to occur of any of the following events:

- (a) "Cause." By the Company. For purposes of this Agreement, Cause shall mean the occurrence of any of the following: (1) theft, fraud, embezzlement, or any other act of intentional dishonesty by Executive; (2) any material breach by Executive of any provision of this Agreement which breach is not cured in the sole discretion of the Company within a reasonable time (but not to exceed fourteen (14) days) after written notification thereof to Executive by Telkonet; (3) any habitual neglect of duty or misconduct of Executive in discharging any of his duties and responsibilities under this Agreement after a written demand for performance was delivered to Executive that specifically identified the manner in which the [Board or the Company] believed Executive had failed to discharge his duties and responsibilities, and Executive failed to resume substantial performance of such duties and responsibilities on a continual basis in the sole discretion of the Company immediately following such demand; (4) commission by Executive of a felony or any offense involving moral turpitude; or (5) any default of Executive's obligations hereunder, or any failure or refusal of Executive to comply with the policies, rules and regulations of Telkonet generally applicable to Telkonet employees, which default, failure or refusal is not cured within a reasonable time (but not to exceed fourteen (14) days) in the sole discretion of the Company after written notification thereof to Executive by Telkonet. Upon termination for Cause, Executive shall be entitled to no further compensation, except for (i) the unpaid portion of Executive's Base Salary, computed on a pro rata

basis to the date of termination; payment of accrued, unused PTO days; (iii) unpaid expenses submitted in accordance with the Company's policy; and (iv) other payments, benefits or fringe benefits to which the Executive may be entitled under the terms of any applicable compensation arrangement or benefit plan provided under this Agreement ("Accrued Compensation").

(b) "Good Reason" By Executive. For purposes of this Agreement, Good Reason" shall mean the occurrence of any of the following: (1) any material adverse reduction in the scope of Executive's authority or responsibilities; (2) any reduction in the amount of Executive's compensation or participation in any employee benefits; or (3) Executive's principal place of employment is actually or constructively moved to any office or other location 75 miles or more outside of the address referenced in Section 1(b), **provided however** that Executive shall provide the Company with written notice of the Good Reason setting forth in detail Executive's belief that the Company has breached this Paragraph, and, if the claimed breach is pursuant to Paragraph 6(b)(1), the Company shall have thirty (30) days to cure. If Executive terminates his employment with Telkonet for Good Reason and the Company fails to cure, as applicable, Telkonet shall pay Executive, in addition to Accrued Compensation, Executive's Base Salary and COBRA (provided Executive elects COBRA) in which Executive participated immediately prior to Executive's resignation for Good Reason, for the period starting on the first day after the resignation date and ending upon expiration of the Term, or if such period is less than twelve (12) months, for a period of twelve (12) months from notice.

(c) "Without Cause" By the Company. If Executive is terminated by Telkonet Without Cause, then Executive shall receive: (i) an amount equal to Executive's base salary for twelve (12) months of Executive's Base Salary as of the date of termination, payable in accordance with the Company's payroll schedule applicable to all employees (the "Severance Period"); and (ii) pay for any applicable health insurance premiums, in accordance with the mandates of COBRA during the Severance Period (collectively, the "Consideration"), subject to Executive complying with Paragraph 6(e) below; provided that if Executive finds other employment and/or becomes eligible for similar benefits from another employer, Telkonet will no longer be obligated to pay the Consideration to Executive.

(d) Death or Disability. If Executive becomes incapacitated or disabled at any time during the Term so as to be unable (either mentally or physically) to substantially perform the services required of Executive pursuant to this Agreement for a period of ninety (90) or in any twelve (12) month period, unless otherwise required by law, the Company may, at its option, terminate Executive's employment hereunder effective immediately upon giving Executive written notice of such termination. If Executive's employment terminates by reason of death or disability, Executive will be entitled to receive only the Accrued Compensation.

(e) Separation Agreement and Release of Claims. The receipt of any severance pursuant to this Agreement will be subject to Executive signing and not revoking a separation agreement and release of claims (the "Release") in a form reasonably acceptable to the Company, which becomes effective within thirty (30) days following Executive's separation from service. The Release will provide (among other things) that Executive will not disparage the Company, its directors, or its executive officers for 12 months following the date of termination and the Company will instruct its officers and directors not to disparage the Executive. No severance pursuant to this Agreement will be paid or provided until the Release becomes effective. All payments and benefits to which Executive otherwise may be entitled pursuant to this Section 6, if any, will cease immediately should Executive breach a provision of this Agreement.

7. Surrender of Books and Papers. Upon termination of this Agreement (irrespective of the time, manner, or cause of termination, be it for cause or otherwise), Executive shall immediately surrender to Telkonet all books, records, or other written papers or documents entrusted to him or which he has otherwise acquired pertaining to Telkonet and all other Telkonet property in Executive's possession, custody or control.

8. Inventions and Patents. Executive agrees that Executive will promptly, from time-to-time, fully inform and disclose to Telkonet any and all ideas, concepts, copyrights, copyrightable material, developments, inventions, designs, improvements and discoveries of whatever nature that Executive may have or produced during the term of Executive's employment under this Agreement that pertain or relate to the then current business of Telkonet (the "Creations"), whether conceived by Executive alone or with others and whether or not conceived during regular working hours. All Creations shall be the exclusive property of Telkonet and shall be "works made for hire" as defined in 17 U.S.C. §101, and Telkonet shall own all rights in and to the Creations throughout the world, without payment of royalty or other consideration to Executive or anyone claiming through Executive. Executive hereby transfers and assigns to Telkonet (or its designee) all right, title and interest in and to every Creation. Executive shall assist Telkonet in obtaining patents or copyrights on all such inventions, designs, improvements and discoveries being patentable or copyrightable by Executive or Telkonet and shall execute all documents and do all things reasonably necessary (at Telkonet's sole cost and expense) to obtain letters of patent or copyright, vest Telkonet with full and exclusive title thereto, and protect the same against infringement by third parties, and such assistance shall be given by Executive, if needed, after termination of this Agreement for whatever cause or reason. Executive hereby represents and warrants that Executive has no current or future obligation with respect to the assignment or disclosure of any or all developments, inventions, designs, improvements and discoveries of whatever nature to any previous Employer, entity or other person and that Executive does not claim any rights or interest in or to any previous unpatented or uncopyrighted developments, inventions, designs, improvements or discoveries.

9. Confidential Information, Non-Competition and No-Inducement.

(a) Confidential Information.

(1) Contemporaneous with the execution of this Agreement and during the term of employment under this Agreement, Telkonet shall deliver to Executive or permit Executive to have access to and become familiar with various confidential information and trade secrets of Telkonet, including without limitation, data, production methods, customer lists, product format or developments, other information concerning the business of Telkonet and other unique processes, procedures, services and products of Telkonet, which are regularly used in the operation of the business of Telkonet (collectively, the "Confidential Information").

(2) For purposes of the preceding sentence, information is not treated as being Confidential Information if it: (i) is or becomes generally available to the public other than by Executive in violation of this Agreement; (ii) is obtained by Executive in good faith from a third party who discloses such information to Executive on a non-confidential basis without violating any obligation of confidentiality or secrecy relating to the information disclosed; or (iii) is information published or disseminated by the Company in the ordinary course of business without restriction.

(3) Executive shall not disclose any Confidential Information that he receives from the Company or Telkonet's clients and customers, directly or indirectly, nor use it in any way at any time, except as required in the course of employment with Telkonet, including, without limitation, (i) to compete or assist in competing with the Company; (ii) to contact, either directly or indirectly, any existing or potential customers, clients, contractors or vendors of the Company; or (iii) to interfere with or attempt to interfere with, or change the business relationship between the Company and its existing or potential customers, clients, contractors or vendors. Executive further acknowledges and agrees that Executive owes Telkonet, a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or unauthorized use.

(4) All files, records, documents, drawings, graphics, processes, specifications, equipment and similar items relating to the business of Telkonet, whether prepared by Executive or otherwise coming into Executive's possession in the course of his employment with Telkonet, shall remain the exclusive property of Telkonet and shall not be removed from the premises of Telkonet without the prior written consent of Telkonet unless removed in relation to the performance of Executive's duties under this Agreement. Any Confidential Information, including without limitation, files, records, documents, drawings, graphics, specifications, equipment and similar items, and any and all copies of such materials that have been removed from the premises of Telkonet, shall be immediately returned by Executive to Telkonet upon demand or separation from the Company. As defined above, "Telkonet" includes Telkonet, Inc. and its subsidiaries and affiliates and all successors and predecessors in interest to Telkonet.

(5) Defend Trade Secrets Act of 2016. Under the federal Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) Non-Competition. In consideration for Telkonet's disclosure of Confidential Information to Executive, Executive's access to the Confidential Information, and the salary paid to Executive hereunder, Executive covenants and agrees as follows:

(1) Executive acknowledges that he will be provided with and have access to Confidential Information, the unauthorized use or disclosure of which would cause irreparable injury to Telkonet, that Telkonet's willingness to enter into this Agreement is based in material part on Executive's agreement to the provisions of this Section 9(b) and that Executive's breach of the provisions of this Section would materially and irreparably damage Telkonet.

4

(2) Executive covenants and agrees that during Executive's employment with the Company, and for a period of one year commencing on the date of Executive's separation from the Company for any reason, including termination with or Without Cause, Employee shall not, directly or indirectly, be employed by, assist, own, manage, consult, operate or control, or participate in the ownership, management, operation or control of any business that is in competition in any manner whatsoever with the Restricted Business (as defined herein) in North America. "Restricted Business" means any business or prospective business conducted or considered by Telkonet at the time of Executive's separation from Telkonet.

(3) Executive further acknowledges that because of the nature of the business, the competitive market is not limited to a defined geographic area, and therefore, this non-compete provision is not and cannot be, restricted to a geographic area, but rather is restricted as set forth above.

(c) No-Inducement. During Executive's employment with the Company and for a period of two years following Executive's separation from the Company for any reason, Executive agrees that Executive will not, directly or indirectly (including but not limited to, through the use of "headhunters", recruiters or employment agencies) (i) solicit, hire, entice, persuade, recruit, employ or induce any person who was (or is) an employee, independent contractor, consultant, vendor and/or agent of the Company during the one (1) year period prior to the end of Executive's employment with the Company to leave, modify or otherwise interfere with their employment or consulting relationship with the Company; or (ii) divert, solicit, interfere with, or attempt to take away business from, render services for, accept business from, or do business with any person or entity that is or was a customer or client (or prospective customer or client) of the Company: (a) with whom Executive had contact during Executive's employment with the Company; (b) to whom Executive was introduced while employed by the Company; or (c) whose identity or contact information Executive learned about as a result of Executive being employed by the Company (collectively, "Client").

(d) Reasonableness of Restrictions. Executive acknowledges and expressly agrees that:

(1) the restrictions set forth in this Paragraph 9 of this Agreement are reasonable in scope and necessary for the protection of the business and goodwill of Telkonet;

(2) Executive's services are of a unique and extraordinary nature and that the restrictions contained herein are necessary to protect the Company;

(3) Executive's experience and capabilities are such that enforcement of Paragraph by injunction will not prevent Executive from earning a living;

(4) the Company takes significant steps to preserve and protect its business and competitive advantage and the loss of such advantage could cause severe and irreparable harm to the Company;

(5) should any portion of the covenants in Section 9 be unenforceable because of the scope thereof or the period covered thereby or otherwise, the covenant shall be deemed to be reduced and limited to enable it to be enforced to the maximum extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

(e) Injunctive Relief; Extension of Restrictive Period. In the event of a breach of any of the covenants by Executive or Telkonet contained in this Agreement, it is understood that damages will be difficult to ascertain, and either party may petition a court of law or equity for injunctive relief in addition to any other relief which Executive or Telkonet may have under the law, including but not limited to reasonable attorneys' fees.

5

10. Non-disparagement. Executive agrees not to make false or disparaging statements concerning the Company or current or former officers, directors, members, employees or agents during Executive's employment with the Company or anytime thereafter. Employee further agrees not to take any actions or conduct himself in any way that would reasonably be expected to adversely affect the reputation or goodwill of the Company or any of its affiliates or any of its current or former officers, directors, members, employees or agents during Executive's employment with the Company or anytime thereafter.

11. Resignations. As applicable, Executive agrees that he shall resign as a director and officer of the Company, and as a director and/or officer of each other direct and indirect subsidiary, division or affiliate of the Company for which Executive currently serves as a director or officer, effective as of the separation date, and further agrees to execute and deliver to the Company any instruments or documents reasonably requested by the Company to effect such resignations.

12. Indemnification and Insurance. Executive will be covered under the Company's insurance policies and, subject to applicable law, will be provided indemnification to the maximum extent permitted by the Company's bylaws, Certificate of Incorporation, and standard form of Indemnification Agreement, with such insurance coverage and indemnification to be in accordance with the Company's standard practices for senior executive officers but on terms no less favorable than provided to any other Company senior executive officer or director.

13. Mandatory and Confidential Mediation and Arbitration.

(a) Except as otherwise provided herein, in consideration of the mutual promises set forth herein, Executive and the Company agree any controversy or claim arising out of or relating to this Agreement, its enforcement, interpretation or arbitrability, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or arising out of or relating to the subject matter of this Agreement, shall be settled by confidential, final and binding arbitration in Waukesha County, Wisconsin before a single arbitrator, selected in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA"), in accordance with the procedures required under Wisconsin law; provided, however, that the Company may seek injunctive relief in order to prevent irreparable harm or preserve the status quo. The parties understand and agree that this is an agreement to arbitrate under the Federal Arbitration Act ("FAA"). The parties further understand that this arbitration clause, and its enforcement, shall be governed by the laws of the State of Wisconsin, except where preempted by the FAA.

(b) Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award, including findings of fact and conclusions of law. The award rendered by the arbitrator shall be conclusive and binding upon the Parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. A court shall vacate, modify or correct any award: (i) where the arbitrator's findings of fact are not supported by substantial evidence, (ii) where the arbitrator's conclusions of law are erroneous; (iii) in accordance with Wisconsin law governing arbitration; or (iv) where the arbitrators knew of a governing legal principle yet refused to apply it or ignored it altogether. Executive understands and agrees that any demand for arbitration by either Executive or the Company shall be filed within the statute of limitation that is applicable to the claim(s) upon which arbitration is sought or required. Each Party shall pay its own expenses of arbitration and the expenses of the arbitrator (including compensation), unless otherwise provided by law, provided however, if a Party is found to have breached this Agreement, the prevailing Party shall be entitled to attorneys' fees.

(c) Prior to the commencement of arbitration, Executive and the Company (the "Parties") agree to mediate any dispute arising out of or in connection with Executive's employment, or termination of employment, with the Company before a neutral mediator appointed in accordance with the Employment Arbitration Rules and Mediation Procedures (the "Rules") of the American Arbitration Association (AAA) exclusively at the Company's offices in Waukesha, Wisconsin or such other place agreed upon by the Parties. Such mediation will be non-binding, and the mediator's reasonable fee will be paid by the Company. Applicable Wisconsin law and the AAA Rules will govern the mediation.

(d) EXECUTIVE UNDERSTANDS THAT, ABSENT THIS AGREEMENT, EXECUTIVE AND THE COMPANY WOULD HAVE THE RIGHT TO SUE EACH OTHER IN COURT, AND THE RIGHT TO A JURY TRIAL, BUT, BY THIS AGREEMENT, EXCEPT AS OTHERWISE STATED ABOVE, BOTH PARTIES GIVE UP THAT RIGHT.

6

14. Miscellaneous.

(a) Executive shall not assign any part of his rights under this Agreement without the prior written consent of Telkonet. The Company may assign this Agreement (i) as part of the transfer of all or substantially all of its assets or stock (by way of sale, merger or otherwise) to another company; or (ii) to any affiliated or unaffiliated company or entity, and, upon such assignment, the burden and benefit hereof will be upon the assignee.

(b) This Agreement contains the entire agreement and understanding between the Parties and supersedes any and all prior understandings and agreements between the Parties regarding Executive's employment, whether written or oral, including without limitation, all prior employment agreements.

(c) No modification hereof shall be binding unless made in writing and signed by the Company. No waiver of any provisions of this Agreement shall be valid unless the same is in writing and signed by the Party against whom it is sought to be enforced.

(d) This Agreement is executed in, and it is the intention of the Parties hereto that it shall be governed by, the laws of the State of Wisconsin without giving effect to applicable conflict of laws and provisions.

(e) The provisions of this Agreement shall be deemed to be severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(f) Any notice or communication permitted or required by this Agreement shall be in writing and shall become effective upon personal service, or service by wire transmission, which has been acknowledged by the other party as being received, or two (2) days after its mailing by certified mail, return receipt requested, postage prepaid addressed as follows:

(1) If to Telkonet: Attn: General Counsel Telkonet, Inc. 20800, Suite 175, Swenson Dr. Waukesha, WI 53186.

(2) If to Executive, to: Richard E. Mushrush at the last residential address known by the Company as provided by Executive in writing.

(g) Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement. This Agreement is drafted by counsel for the Company as an accommodation to the Parties and is the product of deliberation between all Parties. In the event of any dispute surrounding its interpretation, this Agreement shall not be construed against the drafter, and the Parties expressly waive any right to assert such rule of construction. It shall be deemed to be collectively drafted by the Parties, and shall not be construed more stringently against any one Party than another.

(h) Counterparts. This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned. Electronically executed or faxed signatures shall be deemed the equivalent of an original signature. The Agreement becomes effective upon receipt of the Parties' signatures, electronic or otherwise.

(i) Effective Date. This Agreement is effective upon the Closing, as defined above. If the Closing does not occur for any reason, this Agreement will be void ab initio.

(j) Survival. The following Paragraphs of this Agreement shall survive Executive's separation from the Company: Paragraphs 6, 7, 8, 9, 10, 11 and 13.

7

IN WITNESS THEREOF, Telkonet and Executive have executed this Agreement as of the date set forth below subject to the Effective Date.

TELKONET, INC.

/s/ Piercarlo Gramaglia
By:

1/31/23
Date

/s/ Richard E. Mushrush
Richard E. Mushrush

1/31/23
Date

SERVICES AGREEMENT

This **SERVICES AGREEMENT** ("**Agreement**") is entered into effective as of 1st February 2023 ("**Effective Date**"), by and between **VDA Group, S.p.A.**, an Italian corporation, ("**Client**" or "**VDA**"), and **Telkonet, Inc.**, a Utah corporation ("**Vendor**") (each a "**Party**" and collectively the "**Parties**"). All references to this Agreement shall be deemed to include references to any Statements of Work or other exhibits hereto.

PURPOSE OF AGREEMENT

WHEREAS, Client is the parent company of Vendor;

WHEREAS, Client wishes to retain the service of Vendor to the extent that Vendor can provide Client with outsourced services traditionally associated with the role of a Chief Technology Officer ("CTO");

WHEREAS, Vendor wishes to provide those services to Client on a contractual basis;

THEREFORE, for and in consideration of the above purposes and the terms and conditions set forth herein, the Parties agree as follows:

ARTICLE 1 SERVICES

1.1 Description of Services.

(a) Vendor will provide client with the services of a CTO (the "Services") on an ongoing, as needed basis.

1.2 Personnel. Vendor shall direct its own CTO to provide the CTO services contemplated under this Agreement. It is understood that travel to Client's Italian headquarters on a regular basis to fulfill these duties may be required. Vendor's CTO shall have the discretion to delegate tasks, which may also include travel to Client's Italian headquarters, arising under or related to the provision of services hereunder among the employees and contractors of Vendor.

1.3 Time of the Essence. Vendor acknowledges that time is of the essence with respect to initiating the provision of Services hereunder.

1.4 Representations and Warranties. In addition to any express representations, warranties and covenants elsewhere in this Agreement, Vendor hereby represents, warrants and covenants the following:

(a) **Performance of Services.** All Services performed by Vendor hereunder shall: (i) be rendered in a professional and workmanlike manner that conforms to generally accepted standards and procedures for similar services provided under similar conditions; (ii) be performed in compliance with all applicable laws including without limitation the General Data Protection Regulation ("GDPR") and all laws and regulations promulgated pursuant thereto and with all laws or standards established by the rules and regulations of any federal, state or local agency, commission, association or other pertinent governing, accrediting, or advisory body having authority to set standards for businesses operating in the technology or data collection industries; and (iii) shall not infringe, violate or misappropriate any privacy, intellectual property, or other rights of any person or entity.

1.5 Client's Representations and Warranties. In addition to any express representations, warranties and covenants elsewhere in this Agreement, Client hereby represents, warrants and covenants to Vendor that Client has adequate financial resources to pay the Fees contemplated in this Agreement, and has no reasonable expectation of being unable to make the payments required by this Agreement on a timely basis. Client shall use good faith efforts to promptly notify Vendor if its financial situation jeopardizes its ability to make the payments required by this Agreement on a timely basis.

ARTICLE 2 FEES AND PAYMENT

2.1 Service Fees; Expenses.

(a) **Fees.** For the full performance of conforming Services, Client agrees to pay to Vendor the service fees in an amount equal to 50% of the cost of labor and related expenses incurred in providing the Services.

(b) **Expenses.** Unless otherwise provided in writing signed by the Parties, the Fees shall be inclusive of all expenses necessary for Vendor to perform the Services, and Client shall not be liable to pay separately for any expenses incurred or invoiced.

2.2 Invoicing. Vendor shall submit monthly invoices to Client in a form acceptable to Client.

2.3 Terms of Payment. Payment of invoices will be by ACH (Automatic Clearing House) transaction to the Vendor's account ten (10) calendar days after the date of Vendor's invoice. In no event shall Vendor charge Client late fees relating to any payments due under this Agreement. Vendor shall be solely responsible to compensate its employees, including Vendor's CTO, involved in the provision of the Services.

2.4 Continuation of Services. Vendor acknowledges that the timely and complete performance of its obligations pursuant to this Agreement is critical to the business and operations of Client. Accordingly, in the event of a dispute between Client and Vendor, including a payment dispute, each Party shall continue to so perform its obligations under this Agreement in good faith during the resolution of such dispute unless and until this Agreement is terminated in accordance with the provisions hereof.

ARTICLE 3 INDEMNIFICATION

3.1 Indemnification.

(a) **Vendor's Obligation.** Vendor shall defend, hold harmless and indemnify Client, its affiliates, and its and their employees, directors, officers, members, agents and assigns (each, a "**Client Indemnitee**") from any and all liability, loss, claim, lawsuit, injury, cost, damage or expense whatsoever (including without limitation settlement and arbitration negotiation costs and reasonable attorneys' fees) arising out of any of the following: (i) any breach of this Agreement by Vendor; or (ii) any willful misconduct or gross negligence committed by any of Vendor's directors, officers, employees, agents, or independent contractors in the course of the provision of the Services.

(b) **Client's Obligation.** Client shall defend, hold harmless and indemnify Vendor, its affiliates, and its and their employees, directors, officers, members,

agents and assigns (each, a "**Vendor Indemnitee**") from any and all liability, loss, claim, lawsuit, injury, cost, damage or expense whatsoever (including without limitation settlement and arbitration negotiation costs and reasonable attorneys' fees) arising out of any of the following: (i) the negligence or willful misconduct of Client, its employees, contractors and agents, including but not limited to personal injury (including death), property damage or misconduct in connection with this Agreement; and (ii) any and all claims arising out of or in any way related to international travel by any of Vendor's directors, officers, employees, agents, or independent contractors required for the fulfillment of Vendor's obligations hereunder.

(c) Procedures. Where a claim for indemnification is made, the Parties shall confer in good faith within thirty (30) days after receipt of written notice the claim for indemnification, unless an earlier conference is required to meet deadlines related to ongoing litigation or administrative proceeding. At the good faith conference the Parties will agree as to whether the indemnitor will assume both the cost and control over defense of the claims at issue, or just the cost, and the Parties will agree as to whether and to what extent approval both Parties is required to settle a claim. Absent agreement on these topics, the common and statutory law of Wisconsin will control.

ARTICLE 4

CONFIDENTIALITY

4.1 Confidentiality. During the Term and at all times thereafter, both Parties will maintain the confidentiality of any information of or relating to one another and any of their affiliates that is confidential or proprietary ("**Confidential Information**"). Should those employees of Vendor providing the Services be required to access information that Client must keep confidential from Vendor, appropriate confidentiality agreements will be put in place to protect that information.

ARTICLE 5

TERM AND TERMINATION

5.1 Term. This Agreement will commence on the Effective Date and will continue until terminated in accordance with the provisions of Section 5.2 below ("**Term**").

5.2 Termination. This Agreement be terminated as follows:

(a) Termination without Cause. Client or Vendor may terminate this Agreement at any time, without cause or penalty, upon no less than thirty (30) days' prior written notice to other Party.

(b) Termination for Breach. If either Party materially breaches this Agreement, the other Party may give the breaching Party notice thereof, specifying the breach or breaches, and the breaching Party will have ten (10) calendar days from the date notice is given to cure the breach. If breach is not cured within the 10 calendar-day period, the non-breaching Party will have the right to terminate this entire Agreement at any time thereafter upon written notice to the breaching Party. For the avoidance of doubt, Client will not be in breach for non-payment of amounts that are the subject of an active good faith dispute pursuant to Section 7.7, provided that amounts not in dispute are timely paid.

(c) Termination Upon Change of Vendor Personnel. This agreement will terminate upon any termination of Vendor's current CTO and the Services will be provided on an interim basis by those employees of Vendor capable of providing the Services pending installment by Vendor of a new CTO and negotiation of a new agreement to replace this Agreement.

5 . 3 Effect of Termination. Upon termination of this Agreement for any reason: (i) Vendor shall return or destroy (at Client's election) any Confidential Information in its possession; (ii) Client shall pay all outstanding, undisputed invoices due and owing to Vendor for conforming Services performed up to and including the date of termination; (iii) Vendor shall pay to Client a sum corresponding to the unused portion of all advance Service fees, prorated on a daily basis; and (iv) Vendor shall cooperate reasonably with Client at Client's request and at Client's expense to accomplish the smooth transition of all or any portion of the Services to any third party designated by Client.

5.4 Survival. Those terms of the Agreement that by their terms are intended to survive termination will survive termination of the Agreement for any reason.

ARTICLE 6

INDEPENDENT CONTRACTOR RELATIONSHIP

This Agreement evidences an independent contractor relationship, and nothing in this Agreement is intended nor shall be construed to: (a) create an employment relationship or a partnership or joint venture relationship between the Parties; or (b) allow Client to exercise control or direction over the manner or method by which Vendor and its CTO perform this Agreement; provided always that Vendor shall use good faith efforts to ensure that such performance is made in a manner consistent with Client Policies, applicable legal standards and the provisions of this Agreement. Vendor's CTO shall in no circumstance be considered an employee of Client.

ARTICLE 7

GENERAL PROVISIONS

7.1 Amendment. This Agreement may be amended only by a writing signed by both Parties.

7.2 Successors and Assigns. The terms of this Agreement will be binding on and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties.

7.3 Assignment. Vendor may not assign this Agreement or any right or duty hereunder without the prior written consent of Client which may be withheld in the non-assigning Party's reasonable discretion. Any attempt at assignment without such written consent is void. Notwithstanding the foregoing, each Party has the right to assign any duties, rights and benefits under this Agreement to its successors or affiliates without the written consent of the other Party.

7.4 Third Party Beneficiary. None of the provisions in this Agreement are intended by the Parties, nor will be deemed, to confer any benefit on any person not a party to this Agreement.

7 . 5 No Conflict. The performance of each Party's obligations under this Agreement do not (a) conflict with or violate any requirement of applicable laws or regulations of any governmental instrumentality, or (b) conflict with, or constitute a default or require any consent under, any contractual obligation of such Party.

7.6 Governing Law and Exclusive Jurisdiction. Any legal action pertaining to this Agreement must be brought in the state or federal courts located in (or closest to) Waukesha County, Wisconsin, and all such actions will be governed by and interpreted under Wisconsin law, excluding its choice of law provisions.

7.7 Dispute Resolution. In the event of any dispute or claim arising out of or related to this Agreement (each, a "**Dispute**"), the Parties shall, as soon as reasonably practicable after one Party gives written notice of a Dispute to the other Party (the "**Dispute Notice**"), meet and confer in good faith regarding such Dispute at such time and place as mutually agreed upon by the Parties. If any Dispute is not resolved to the mutual satisfaction of the Parties within ten (10) business days after delivery of the Dispute Notice (or such other period as may be agreed upon by the Parties in writing), the Parties shall submit such Dispute to arbitration conducted in or near as reasonably practicable to Waukesha County, Wisconsin by JAMS, Inc., or any other dispute resolution company upon which the parties may agree upon, in accordance with its commercial arbitration rules. Except as expressly provided herein, upon any determination by a court or by an arbitrator that a Party has breached this Agreement or improperly terminated this Agreement, the other Party shall accept monetary damages, if any, as full and complete relief and remedy, to the exclusion of any specific performance or injunctive or other equitable relief or remedy. This Section shall survive the expiration or termination of this Agreement.

7.8 Severability. The invalidity or unenforceability of any particular provision of this Agreement, or the application of the provision to any Party or circumstance, will not affect the other provisions hereof or the applicability of such provision to other persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, and this Agreement will be construed in all respects as if such invalid or unenforceable provision were omitted.

7.9 Waiver. No term, covenant or condition of this Agreement can be waived, except to the extent set forth in writing by the waiving Party. The subsequent acceptance of performance by a Party will not be deemed to be a waiver of any preceding breach by any other Party of any term, covenant or condition of this Agreement and the waiver of any term, covenant or condition will not be construed as a waiver of any other term, covenant or condition of this Agreement.

4

7.10 Notices. All notices that may be given under this Agreement will be in writing, addressed to the receiving Party's address set forth below or to such other address as the receiving Party may designate by notice hereunder. Notices will be given: (a) by delivery in person; (b) by traceable courier delivery (such as Federal Express); (c) by certified or registered U.S. mail, return receipt requested; or (d) by electronic mail, if applicable, in accordance with the terms set forth in this section.

Client: VDA Group S.p.A.
Viale L. Zanussi, 3
33170 Pordenone
Italy
Attn.: Piercarlo Gramaglia, CEO

Vendor: Telkonet, Inc.
20800 Swenson Dr #175,
Waukesha, WI 53186
Attn:

Notices will be deemed to have been given as follows: (x) if in person or traceable courier delivery, at the time of the delivery; (y) if sent by certified or registered mail, on the second business day after such mailing; and (z) if sent by electronic mail, upon confirmation of receipt by personal confirmation (i.e. electronic mail or verbal confirmation from recipient).

7.11 Headings. The section titles and other headings contained in this Agreement are for reference only and will not in any way affect the meaning or interpretation of this Agreement.

7.12 Gender, Number. Whenever the context of the Agreement so requires, the masculine gender will include the feminine or neuter, the singular number will include the plural and reference to one or more Parties will include all successors or assignees of the Party.

7.13 Entire Agreement. This Agreement, together with all addenda, attachments, schedules and exhibits hereto, constitutes the entire agreement between the Parties relating to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, regarding such subject matter.

7.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all such counterparts together will constitute one and the same instrument. Facsimile copies and copies delivered by electronic email in a ".pdf" format data file will be deemed to be originals.

7.15 Cooperation Between the Parties. The Parties recognize that, during the term of this Agreement and for a period thereafter, certain risk management issues, legal issues, claims or causes of action may arise that involved or could potentially involve the Parties and their respective employees and agents. The Parties further recognize the importance of cooperating with each other when such issues, claims or causes of action arise, to the extent such cooperation does not violate any applicable Laws, cause the breach of any duties created by any policies of insurance or programs of self-insurance, or otherwise compromise the confidentiality of communications or information regarding the issues, claims or causes of action. The Parties shall, therefore, use reasonable efforts to address such risk management claims or causes of action in a cooperative manner.

[Signatures on following page]

5

IN WITNESS WHEREOF, the Parties have executed this Agreement through their respective authorized officers, to be effective as of the Effective Date.

VDA Group S.p.A,

Signature: /s/ Piercarlo Gramaglia
By: Piercarlo Gramaglia
Title: CEO

Telkonet, Inc

/s/ Jeff Sobieski

By: Jeff Sobieski

Title: CTO