

# EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into on February 1, 2023 (the "Effective Date"), by and between:

**INNOVATECH SYSTEMS, INC.**, a Delaware corporation with its principal place of business at 567 Corporate Plaza, Seattle, WA 98101 (the "Company")

and

**JENNIFER MARTINEZ**, an individual residing at 123 Lakeview Drive, Bellevue, WA 98005 (the "Employee").

## 1. POSITION AND DUTIES

1.1 The Company hereby employs the Employee, and the Employee hereby accepts employment with the Company, as Chief Technology Officer.

1.2 The Employee shall report directly to the Chief Executive Officer of the Company.

1.3 The Employee shall be responsible for the overall technology strategy and implementation for the Company, including but not limited to: (a) Leading the development and execution of the Company's technology roadmap; (b) Managing the engineering and IT departments; (c) Ensuring the security, scalability, and reliability of the Company's technology platforms; (d) Collaborating with other executives to align technology initiatives with business objectives; and (e) Other duties as assigned by the Chief Executive Officer or Board of Directors.

1.4 The Employee agrees to devote Employee's full business time, attention, and best efforts to the performance of Employee's duties and the furtherance of the Company's interests.

## 2. TERM

2.1 The initial term of this Agreement shall be three (3) years, commencing on the Effective Date (the "Initial Term").

2.2 Following the Initial Term, this Agreement shall automatically renew for successive one-year periods (each, a "Renewal Term"), unless either party provides written notice of non-renewal at least sixty (60) days prior to the end of the Initial Term or any Renewal Term.

2.3 The Initial Term and all Renewal Terms are collectively referred to as the "Employment Period."

### **3. COMPENSATION AND BENEFITS**

3.1 Base Salary. During the Employment Period, the Company shall pay the Employee an annual base salary of \$275,000, payable in accordance with the Company's regular payroll practices. The Employee's base salary shall be reviewed annually and may be increased (but not decreased) at the discretion of the Board of Directors.

3.2 Annual Bonus. The Employee shall be eligible to receive an annual performance bonus with a target amount equal to 40% of the Employee's base salary, based on the achievement of individual and Company performance goals established by the Board of Directors. Any annual bonus shall be paid within ninety (90) days following the end of the fiscal year to which it relates.

3.3 Equity Compensation. Upon commencement of employment, the Employee shall be granted stock options to purchase 200,000 shares of the Company's common stock pursuant to the Company's 2022 Equity Incentive Plan. The stock options shall vest over a four-year period, with 25% vesting on the first anniversary of the Effective Date and the remainder vesting in equal monthly installments thereafter.

3.4 Benefits. The Employee shall be eligible to participate in all employee benefit plans, programs, and arrangements that the Company provides to its executive employees, in accordance with the terms of such plans, programs, and arrangements.

3.5 Vacation. The Employee shall be entitled to four (4) weeks of paid vacation per calendar year, to be taken at such times as mutually agreed upon by the Employee and the Company.

3.6 Business Expenses. The Company shall reimburse the Employee for all reasonable and necessary business expenses incurred in connection with the performance of Employee's duties, in accordance with the Company's expense reimbursement policies.

### **4. TERMINATION**

4.1 Termination by the Company for Cause. The Company may terminate the Employee's employment for Cause at any time, effective immediately upon written notice. For purposes of this Agreement, "Cause" shall mean: (a) The Employee's material breach of this Agreement; (b) The Employee's willful misconduct or gross negligence in the performance of Employee's duties; (c) The Employee's conviction of, or plea of guilty or nolo contendere to, a felony or any crime involving moral turpitude; or (d) The Employee's willful engagement in conduct that is materially injurious to the Company, monetarily or otherwise.

4.2 Termination by the Company without Cause. The Company may terminate the Employee's employment without Cause at any time, upon thirty (30) days' written notice to the Employee.

4.3 Termination by the Employee for Good Reason. The Employee may terminate Employee's employment for Good Reason by providing written notice to the Company specifying the

condition giving rise to Good Reason within thirty (30) days of the occurrence of such condition. The Company shall have thirty (30) days following receipt of such notice to remedy the condition. If the Company fails to remedy the condition within such period, the Employee may terminate Employee's employment effective within thirty (30) days following the expiration of the cure period. For purposes of this Agreement, "Good Reason" shall mean: (a) A material reduction in the Employee's base salary or target bonus opportunity; (b) A material diminution in the Employee's title, authority, duties, or responsibilities; (c) A relocation of the Employee's principal place of employment by more than fifty (50) miles; or (d) The Company's material breach of this Agreement.

4.4 Termination by the Employee without Good Reason. The Employee may terminate Employee's employment without Good Reason at any time, upon thirty (30) days' written notice to the Company.

4.5 Termination Due to Death or Disability. The Employee's employment shall terminate automatically upon the Employee's death or upon the Company's determination that the Employee has a Disability. For purposes of this Agreement, "Disability" shall mean the Employee's inability to perform the essential functions of Employee's position, with or without reasonable accommodation, for a period of ninety (90) consecutive days or one hundred twenty (120) days in any twelve (12) month period.

## **5. SEVERANCE**

5.1 Termination by the Company without Cause or by the Employee for Good Reason. If the Employee's employment is terminated by the Company without Cause or by the Employee for Good Reason, the Employee shall be entitled to receive: (a) Continued payment of the Employee's base salary for twelve (12) months following the termination date; (b) A pro-rata portion of the Employee's annual bonus for the fiscal year in which the termination occurs, based on actual performance and the number of days worked during such fiscal year; (c) Accelerated vesting of any unvested equity awards that would have vested within twelve (12) months following the termination date; and (d) Continuation of health insurance coverage for the Employee and Employee's eligible dependents for twelve (12) months following the termination date, subject to the Employee's timely election of COBRA.

5.2 Termination for Any Other Reason. If the Employee's employment is terminated for any reason other than those specified in Section 5.1, including but not limited to termination by the Company for Cause, termination by the Employee without Good Reason, or termination due to death or Disability, the Employee shall be entitled to receive only the Employee's accrued but unpaid base salary through the termination date and any benefits required to be paid or provided under applicable law.

5.3 Release Requirement. The payment of any severance benefits under Section 5.1 shall be conditioned upon the Employee's execution and non-revocation of a general release of claims in favor of the Company and its affiliates in a form provided by the Company.

## **6. RESTRICTIVE COVENANTS**

6.1 Confidentiality. The Employee acknowledges that during the Employment Period, the Employee will have access to and become acquainted with confidential and proprietary information of the Company. The Employee agrees to maintain the confidentiality of all such information, both during and after the Employment Period, and not to use or disclose such information except as necessary for the performance of Employee's duties or as required by law.

6.2 Non-Competition. During the Employment Period and for a period of twelve (12) months thereafter, the Employee shall not, directly or indirectly, engage in or have any interest in any business that competes with the business of the Company within the United States.

6.3 Non-Solicitation. During the Employment Period and for a period of twelve (12) months thereafter, the Employee shall not, directly or indirectly: (a) Solicit or induce any employee or independent contractor of the Company to terminate their employment or engagement with the Company; or (b) Solicit or induce any customer, client, supplier, or other business relation of the Company to cease doing business with the Company or to reduce the amount of business it conducts with the Company.

6.4 Inventions Assignment. The Employee agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Company's business, which are conceived, developed, or made by the Employee during the Employment Period, shall belong exclusively to the Company.

## **7. MISCELLANEOUS**

7.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without giving effect to any choice of law or conflict of law provisions.

7.2 Dispute Resolution. Any dispute arising out of or relating to this Agreement shall be resolved through binding arbitration conducted in Seattle, Washington, in accordance with the Employment Arbitration Rules of the American Arbitration Association.

7.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, and negotiations.

7.4 Amendment. This Agreement may only be amended or modified by a written instrument executed by both parties.

7.5 Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed effective upon personal delivery, upon deposit in the United States Post Office, by registered or certified mail, or upon deposit with a nationally recognized overnight courier.

7.6 Severability. If any provision of this Agreement is held to be invalid or unenforceable, such provision shall be struck, and the remaining provisions shall be enforced to the fullest extent possible.

7.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**INNOVATECH SYSTEMS, INC.**

By: \_\_\_\_\_ Name: Michael Reynolds Title: Chief Executive  
Officer Date: February 1, 2023

**EMPLOYEE**

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Jennifer Martinez Date: February 1, 2023