

SECURED PARTIAL RECOURSE PROMISSORY NOTE

\$22,113.66

June 2, 2023
San Francisco, California

FOR VALUE RECEIVED, the undersigned Borrower promises to pay to Lex, Inc. (the “*Company*”) at its principal executive offices the principal sum of \$22,113.66 (the “*Original Principal*”), together with interest from the date of this Note on the unpaid principal balance, upon the terms and conditions specified below. This Secured Partial Recourse Promissory Note (the “*Note*”) is being tendered by Borrower to the Company to pay for the purchase of the Shares (as defined below), pursuant to that certain Founder’s Restricted Stock Purchase Agreement, dated of even date herewith (the “*Purchase Agreement*”), by and between the Company and the undersigned Borrower.

1. **Term.** The principal balance of this Note, together with all interest accrued and unpaid to date, shall be due and payable in full at the close of business on June 1, 2028.

2. **Rate of Interest.** Interest shall accrue under this Note from the date of this Note on any unpaid Balance until all Principal has been paid in full at the rate of 3.60% per annum, compounded annually, on the basis of a year of 365 days. As used herein, the term “*Balance*” means at any measurement point, the sum of the accrued but unpaid Principal then outstanding and any accrued but unpaid expenses under this Note.

3. **Prepayment; Covenant to Use Sale Proceeds to Repay Loan.** Prepayment of principal and interest may be made at any time, without penalty. In the event that the Borrower sells, transfers or otherwise disposes of any shares of the Company’s capital stock or other securities of the Company, whether Pledged Shares (as defined below) or not, the after-tax sales proceeds from such sale shall be applied to the unpaid principal sum and accrued interest under this Note.

4. **Events of Acceleration.** The occurrence of any of the following events shall constitute an “*Event of Default*” under this Note:

(a) *Termination of Service.* Thirty (30) days after the date that Borrower’s service with the Company is terminated;

(b) *Securities Law Requirements.* The date that is (i) two business days prior to the filing of a registration statement by the Company with the Securities and Exchange Commission (the “*SEC*”) under the Securities Act of 1933, as amended (the “*Securities Act*”), or, if earlier, the date that the Company first becomes required to file reports with the SEC under Section 15(d) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), in each case provided that the Company provides reasonable notice to the Borrower of such event, as determined in its discretion in order to prevent a violation of Section 13(k) of the Exchange Act;

(c) *Liquidity or Disposition of Collateral.* The date that is the earliest of (i) the date that the Borrower sells, transfers or otherwise disposes of the shares of the Company’s capital stock or other property pledged by Borrower under the Stock Pledge Agreement securing this Note (such agreement, the “*Pledge Agreement*” and such shares, the “*Pledged Shares*” and such Pledged Shares together with any other pledged property, the “*Collateral*”), including (without limitation) a sale of Pledged Shares to the Company

or in a Change of Control (as defined in the Purchase Agreement); (ii) the date that the Borrower sells, transfers or otherwise disposes of any other shares of the Company's capital stock that are not Pledged Shares, if Borrower fails to remit the after-tax sales proceeds from any of such sales to be applied to the unpaid principal sum and accrued interest under this Note; or (iii) thirty (30) days following the expiration of the lock-up period following the consummation of the Company's first public offering of its shares of capital stock under the Securities Act.

(d) *Default; Failure to Perform.* The Borrower's (i) default in the payment of any portion of the Balance or any interest thereon when it becomes due and payable; or (ii) failure to perform any other obligation or agreement contained in this Note or the Pledge Agreement (the "**Obligations**");

(e) *Insolvency.* The occurrence of any of the following: (i) any filing of a petition for relief by or against the Borrower under any chapter of the United States Bankruptcy Code (Title 11 of the United States Code), as amended or recodified from time to time, or under any other law relating to bankruptcy, insolvency, reorganization or other relief for debtors (any of the foregoing, an "**Insolvency Proceeding**"); (ii) the appointment of a receiver, trustee, custodian or liquidator of or for any part of the assets or property of the Borrower; (iii) the Borrower's general assignment for the benefit of creditors; (iv) any attachment, levy or any other similar claim with respect to enforcement of a judgement against the Collateral; or (v) the general insolvency of the Borrower;

(f) *Accuracy of Representations.* The discovery that any warranty made by the Borrower in the Note or the Pledge Agreement is incorrect, false or misleading in any material respect.

Each such event is to be considered an "Event of Default" under the Note and Pledge Agreement. In the event that the Borrower only disposes of a portion of the Pledged Shares or Collateral, the sales proceeds shall be applied to the unpaid principal sum and accrued interest under this Note to the extent required by the Pledge Agreement. Upon the occurrence of any such Event of Default, the Company may, at its election, declare the Note and all other indebtedness secured hereunder to be immediately due and payable and may exercise any or all of the rights and remedies granted to a secured party under the provisions of the Uniform Commercial Code (as now or hereafter in effect), including (without limitation) the power to dispose of the Collateral by public or private sale or to accept the Collateral in full or partial payment of the Note and all other indebtedness secured hereunder. In the event that the Company accepts the Collateral in full or partial payment of the Note and all other indebtedness secured hereunder, then the fair market value of the Collateral shall be determined by the Board of Directors of the Company in good faith.

Any proceeds realized from the disposition of the Collateral pursuant to the foregoing power of sale shall be applied first to the payment of reasonable expenses incurred by the Company in connection with the disposition, then to the payment of the Note and finally to any other indebtedness secured hereunder. Any surplus proceeds shall be paid over to the Borrower. However, in the event such proceeds prove insufficient to satisfy all Obligations of the Borrower under the Note or Pledge Agreement, then no amount shall be paid over to the Borrower.

5. **Security and Recourse.** The Borrower's Obligations under this Note and the Pledge Agreement shall be secured by a first-priority security interest in all of the Pledged Shares and/or Collateral. The Pledged Shares and/or Collateral shall be pledged pursuant to the Pledge Agreement, all terms of which are incorporated herein by this reference. Regardless of any collateral that may secure the

Borrower's Obligations under this Note and/or the Pledge Agreement, the Borrower shall remain personally liable for the payment in full of any indebtedness owing under this Note to the extent of the sum of (a) 51% of the Original Principal under this Note, plus (b) any unpaid interest due or compounded under this Note (the immediately preceding subparts (a) and (b) collectively referred to as, the "**Recourse Portion**"), and the Company will have, in addition to its rights and remedies under this Note and the Pledge Agreement, full recourse against any real, personal, tangible or intangible assets of Borrower to the extent of the Recourse Portion, and may pursue any legal or equitable remedies that are available to it. However, as to any additional indebtedness owing under this Note that exceeds the Recourse Portion, including any principal amount in excess of the Recourse Portion under this Note, the Company's recourse shall be limited only to the Collateral (as defined in the Pledge Agreement) pursuant to the terms of this Note and the Pledge Agreement, and the Company shall have no further recourse against Borrower or any real, personal, tangible or intangible assets of Borrower. For the avoidance of doubt, any repayment under this Note shall first offset the portion of the Note that is not the Recourse Portion, such that the Recourse Portion is always the last amount remaining to be paid.

6. **Collection and Attorneys' Fees.** If any action is instituted to collect on this Note, the Borrower promises to pay all reasonable costs and expenses (including reasonable attorney's fees) incurred by the Company in connection with such action.

7. **Waiver.** No previous waiver and no failure or delay by the Company or the Borrower in acting with respect to the terms of this Note or the Pledge Agreement shall constitute a waiver of any breach, default or failure of condition under this Note, the Pledge Agreement or the Obligations secured thereby. A waiver of any term of this Note, the Pledge Agreement or of any of the Obligations secured thereby must be made in writing and signed by a duly authorized officer of the Company and shall be limited to the express terms of such waiver. The Borrower hereby expressly waives presentment and demand for payment when any payments are due under this Note.

8. **Conflicting Agreements.** In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

9. **Governing Law.** This Note shall be construed in accordance with the laws of the State of California (without regard to its choice-of-law provisions).



Signature of Borrower: Nathan Baschez

Address: _____
22041 velicata Street
woodland Hills, CA

STOCK PLEDGE AGREEMENT

In order to secure payment of all agreements and obligations of Nathan Baschez (the “**Borrower**”) to Lex, Inc., a Delaware corporation (the “**Company**”), under the Secured Partial Recourse Promissory Note dated June 2, 2023, in the original principal amount of \$22,113.66 (the “**Note**”) and this Stock Pledge Agreement (the “**Pledge Agreement**”), the Borrower hereby grants to the Company a security interest in, and assigns, transfers and pledges to the Company, the following securities and other property:

The 7,897,735 shares of the Company’s Common Stock delivered to and deposited with the Company as collateral for the Note (the “**Pledged Shares**”); and

- a. Any and all new, additional or different securities or other property subsequently distributed with respect to the Pledged Shares that are to be delivered to and deposited with the Company pursuant to the requirements of Section 3 of this Agreement; and
- b. Any and all other property and money that is delivered to or comes into the possession of the Company pursuant to the terms and provisions of this Agreement; and
- c. The proceeds of any sale, exchange or disposition of the property and securities described in Subsection (a) or (b) above.

All of the foregoing securities, property and money are referred to herein as the “**Collateral**” and shall be accompanied by one or more stock power assignments properly endorsed to the Company by the Borrower upon the Company’s request. The Company shall hold the Collateral in accordance with the following terms and provisions:

1. **Warranties.** The Borrower hereby warrants to the Company that the Borrower is the owner of the Collateral and has the right to pledge the Collateral and that the Collateral is free from all liens, advance claims and other security interests (other than those created hereby).

2. **Rights and Powers.** The Company may, without obligation to do so, exercise one or more of the following rights and powers with respect to the Collateral:

- (a) Accept in its discretion, but subject to the applicable limitations of Section 7, other property of the Borrower in exchange for all or part of the Collateral and release Collateral to the Borrower to the extent necessary to effect such exchange, and in such event the money, property or securities received in the exchange shall be held by the Company as substitute Collateral for the Obligations;
- (b) Perform such acts as are necessary to preserve and protect the Collateral and the rights, powers and remedies granted with respect to such Collateral by this Agreement; and
- (c) Transfer record ownership of the Collateral to the Company or its nominee and receive, endorse and give receipt for, or collect by legal proceedings or otherwise, dividends or other distributions made or paid with respect to the Collateral, but only if there exists at the time an outstanding Event of Default (as defined in the Note).

Any action by the Company pursuant to the provisions of this Section 2 may be taken without notice to the Borrower. Any costs or expenses (including attorneys' fees) reasonably incurred in connection with any such action shall be payable by the Borrower and form part of the indebtedness secured hereunder, as provided in Section 10.

As long as no Event of Default has occurred and is continuing, the Borrower may exercise all stockholder voting rights with respect to the Pledged Shares and shall be entitled to receive any and all regular cash dividends paid on the Collateral. Accordingly, until such time as an Event of Default occurs, all proxy statements and other stockholder materials pertaining to the Collateral shall be delivered to the Borrower in accordance with applicable law. Upon the occurrence and during the continuance of an Event of Default, any or all Collateral may be registered, without notice, in the name of the Company or its nominee, and thereafter the Company or its nominee may exercise, without notice, all voting and corporate rights at any meeting of the stockholders of the Company, any and all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to the Collateral, all as if the Company were the absolute owner thereof.

3. **Duty to Deliver; Perfection.** Any new, additional or different securities that may now or hereafter become distributable with respect to the Collateral by reason of (i) any stock dividend, stock split or reclassification of the capital stock of the Company or (ii) any merger, consolidation or other reorganization affecting the capital structure of the Company shall, upon receipt by the Borrower, be promptly delivered to and deposited with the Company as part of the Collateral hereunder. Such securities shall be accompanied by one or more properly endorsed stock power assignments.

4. **Care of Collateral.** The Company shall exercise reasonable care in the custody and preservation of the Collateral but shall have no obligation to initiate any action with respect to, or otherwise inform the Borrower of, any conversion, call, exchange right, preemptive right, subscription right, purchase offer or other right or privilege relating to or affecting the Collateral; provided, however, that the Company will notify the Borrower of any such rights of the Borrower to protect against adverse claims. The Company shall not be obligated to take any action with respect to the Collateral requested by the Borrower unless the request is made in writing and the Company determines that the requested action will not unreasonably jeopardize the value of the Collateral as security for the Obligations.

The Company may at any time release and deliver all or part of the Collateral to the Borrower, and the receipt thereof by the Borrower shall constitute a complete and full acquittance for the Collateral so released and delivered. The Company shall accordingly be discharged from any further liability or responsibility for the Collateral, and the released Collateral shall no longer be subject to the provisions of this Agreement. However, any and all releases of the Collateral shall be effected in compliance with the applicable limitations of Section 7.

5. **Payment of Taxes and Other Charges.** The Borrower shall pay, prior to the delinquency date, all taxes, liens, assessments and other charges against the Collateral, and in the event of the Borrower's failure to do so, the Company may at its election pay any or all of such taxes and charges without contesting the validity or legality thereof. The payments so made shall become part of the indebtedness secured hereunder and part of the Obligations and, until paid, shall bear interest at the minimum per annum rate, compounded annually, required to avoid the imputation of interest income to the Company and compensation income to the Borrower under the federal tax laws.

6. **Transfer of Collateral.** In connection with the transfer or assignment of all or part of the indebtedness evidenced by the Note (whether by negotiation, discount or otherwise), the Company may transfer all or any part of the Collateral, and the transferee shall thereupon succeed to all the rights, powers and remedies granted the Company hereunder with respect to the Collateral so transferred.

Upon such transfer, the Company shall be fully discharged from all liability and responsibility for the transferred Collateral. With respect to any Collateral not transferred, the Company shall retain all rights, powers, privileges and remedies provided herein.

7. **Release of Collateral.** Provided that all obligations and indebtedness secured hereunder (other than payments not yet due and payable under the Note) has at the time been paid in full or cancelled the Pledged Shares, together with any additional Collateral that may hereafter be pledged and deposited hereunder, shall be released from pledge and returned to the Borrower in accordance with the following provisions:

(a) Upon full payment or prepayment of principal under the Note, together with payment of all accrued interest and fees to date, the Pledged Shares shall (subject to the applicable limitations of Subsection (e) below) be released to the Borrower within three business days after such payment or prepayment.

(b) One or more of the Pledged Shares shall (subject to the applicable limitations of Subsections (d) and (e) below) be delivered to a stockbroker designated in writing by the Borrower and satisfactory to the Company for the sole purpose of effecting an immediate sale of the released Pledged Shares for cash, provided that such stockbroker agrees to forward the sales proceeds (up to the balance of the Obligations) directly to the Company to be used to satisfy the Note.

(c) Any additional Collateral that may hereafter be pledged and deposited with the Company (pursuant to the requirements of Section 3) with respect to the Pledged Shares shall be released at the same time as the particular Pledged Shares to which the additional Collateral relates are to be released in accordance with the applicable provisions of Subsection (a) or (b) above. Under no circumstances, however, shall any Pledged Shares or any other Collateral be released if previously applied to the payment of any indebtedness secured hereunder.

(d) In no event shall any Pledged Shares be released pursuant to Subsection (b) or (c) above if, and to the extent that, the fair market value of the Pledged Shares and all other Collateral (in each case, as determined by the Board of Directors of the Company in good faith) that would otherwise remain subject to the security interest granted hereunder immediately after the release would be less than the unpaid balance of the Obligations.

(e) To the extent required by regulations of the Federal Reserve Board pertaining to margin securities, the number of Pledged Shares to be released pursuant to Subsection (a), (b) or (c) above shall be reduced.

8. **Certain Waivers.** The Borrower waives, to the fullest extent permitted by law:

(a) Any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral or other collateral or security for the Borrower's Obligations under the Note or this Pledge Agreement;

(b) Any right to require the Company (i) to proceed against any other person or entity, (ii) to exhaust any other collateral or security for any of the Borrower's obligations under the Note or this Pledge Agreement, (iii) to pursue any remedy in the

Company's power, (iv) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral or (v) to direct the application of payments or security for any Obligations of the Borrower under the Note or this Pledge Agreement; and

(c) All claims, damages and demands against the Company arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral.

9. **Other Remedies.** The rights, powers and remedies granted to the Company and the Borrower pursuant to the provisions of this Agreement shall be in addition to all rights, powers and remedies granted to the Company and the Borrower under any statute or rule of law. Any forbearance, failure or delay by the Company or the Borrower in exercising any right, power or remedy under this Agreement shall not be deemed to be a waiver of such right, power or remedy. Any single or partial exercise of any right, power or remedy under this Agreement shall not preclude the further exercise thereof, and every right, power and remedy of the Company and the Borrower under this Agreement shall continue in full force and effect, unless such right, power or remedy is specifically waived by an instrument executed by the Company or the Borrower, as the case may be.

10. **Costs and Expenses.** All reasonable costs and expenses (including reasonable attorneys' fees) incurred by the Company in the exercise or enforcement of any right, power or remedy granted it under this Agreement shall become part of the indebtedness secured hereunder and shall constitute a liability of the Borrower and 51% shall be added to the Recourse Portion (as defined in the Note) payable immediately upon demand and bearing interest until paid at the Company's bank interest rate then being earned by the Company on its deposits.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California (except their choice-of-law provisions) and shall be binding upon the executors, administrators, heirs and assigns of the Borrower.

12. **Severability.** If any provision of this Agreement is held to be invalid under applicable law, then such provision shall be ineffective only to the extent of such invalidity, and neither the remainder of such provision nor any other provisions of this Agreement shall be affected thereby.

IN WITNESS WHEREOF, this Agreement has been executed by the Borrower as of the date set forth above.




Signature of Borrower: Nathan Baschez

Address: 22041 Velicata St, Woodland Hills, CA 91364

Agreed to and Accepted by:

LEX, INC.


By: _____
Name: Nathan Baschez
Title: Chief Executive Officer