Exhibit 10.5  
 Loan Agreement  
 LOAN AGREEMENT  
 This Loan Agreement (“Agreement”) is made and entered into in this 4th day of August 2022 (“Effective Date”), by and between Scripps Safe Inc., a Delaware corporation, its successors and assigns (the “Company”), and Greentree Financial Group, Inc., a Florida corporation (the “Lender”).  
 RECITALS  
 WHEREAS, the Company is in need of capital for Initial Public Offering related expenses and the Lender has agreed to provide up to $250,000.00 of such capital according to the terms hereof; and  
 WHEREAS, the Lender and Company are entering into this Agreement to establish terms by which the Lender, in their sole discretion, may fund Loans, as set forth herein and therein the related Note, described below.  
 AGREEMENT  
 NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the sufficiency of which is acknowledged by the Lender and Company (each “party” and, collectively, “parties”), the parties hereby agree as follows:  
 1. LOANS; PROMISSORY NOTE. The Lender shall loan the Company up to $250,000 (the “Principal Amount”) with a 10% original issuance discount, pursuant to the terms hereof; provided, nothing herein or otherwise shall obligate Lender to make any future loans to the Company. All sums advanced pursuant to the terms of this Agreement (a “Loan”) shall be evidenced by a separate 10% convertible promissory note (the “Note”), in substantially the form set forth as Exhibit A hereto. The Note shall be convertible into shares of the Company’s common stock (the “Common Stock”) pursuant to the terms contained in the Note. All covenants, conditions and agreements contained herein are made a part of the Note, unless modified therein.  
 a. Unless stated otherwise in the Note, the Note will automatically mature on February 15, 2023. However, the Parties acknowledge and agree that the Company may extend such maturity date by up to an additional six (6) months, to be in two extensions of three (3) months each, provided that at the time of each such extension, the Company is required, five (5) days prior to the applicable Extension deadline, to issue the Lender 10,000 shares of the Company’s common stock, and therefore a total of 20,000 shares of the Company’s common stock for both three (3) month Extensions.  
 b. At the Effective Date, the Lender agrees to a net deposit of $112,500 ($125,000 face value of the Loan less the applicable original issue discount) in the Company’s attorney’s escrow account which will be released to the Company to pay certain expenses related to the Company’s proposed Initial Public Offering. The balance of the Loan Amount will be paid to the Company upon presentment of invoices that need to be paid in connection with the Initial Public Offering. In the event that the Company requests an advance be made to cover an Initial Public Offering Expense and the Lender refuses to make such advance the amount of Warrants issued under section 2 shall be reduced pro rata based on the amount actually advanced at such time. All sums advanced pursuant to this Agreement shall bear simple interest from the date the Loan is made until paid in full at an interest rate of ten percent (10%) per annum. The accrued interest shall not compound and will be calculated on the basis of a 360-day year. Interest shall be paid by the Company quarterly. In the Event of a Default (as defined in the Note), the Note will bear simple interest at an annual rate of 18%, which shall become the new rate of interest on this Note.  
 2. WARRANTS. Upon signing this Agreement at the Effective Date, the Company shall simultaneously issue to the Lender at the Effective Date, a warrant in substantially the form annexed hereto as Exhibit B (the “Warrant”) to purchase an aggregate of 200,000 shares of Common Stock (the “Warrant Shares”) at an exercise price of $2.00 per share (the “Exercise Price”). The Warrant shall be cashless exercisable for a period of five (5) years from the issue date specified on the face of such Warrant until and unless the underlying common shares are registered by the Company in an effective registration statement as set forth in Section 5, and such registration statement stays effective, in which event the Warrants shall be exercisable only on a cash basis. The Warrants shall have Down Round Protection meaning that prior to exercise, if at any time the Company grants, issues or sells any Common Stock, options to purchase Common Stock, securities convertible into Common Stock or rights relating to Common Stock (the “Purchase Rights”) to any person, entity, association, or other organization other than the Lender, at a price per share less than the Exercise Price, then the Exercise Price hereof shall be proportionately reduced to match the price per share of the Purchase Rights. For purposes of clarification, if the Company sells Common Stock at $1.00 per share at any time after the date hereof but prior to exercise, then the Exercise Price of Lender’s Warrant Shares would be adjusted to $1.00. Notwithstanding, the Exercise Price may not exceed $2.00 per share except in the event of a reverse stock split after the Company’s Initial Public Offering in which event it would be adjusted pro-rata..  
 The issuance of Purchase Rights shall not constitute a Down Round for purposes of this Agreement in the event of: (i) the exercise or issuance of stock options or the conversion of convertible securities in each case issued to employees and directors of the Company pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Company; (ii) a dividend or distribution payable to holders of capital stock of the Company; (iii) a subdivision (by stock split, recapitalization or otherwise) of outstanding shares of the Company into a greater number of shares; or (iv) the issuance of shares pursuant to a currently outstanding security. Each of these events shall be an “Exempt Issuance”.  
 3. PREPAYMENT. The Company may, at its option, at any time and from time to time, prepay all or any part of the principal balance of this Note before the Maturity Date, without any penalty. In the event of prepayment, the Lender shall retain the Warrants  
 4. ALLOWANCE FOR LEGAL FEE. There will be a $5,000 allowance for Xxxxxx’s legal fees paid by the Company and deducted from Xxxxxx’s payment.  
 5. REGISTRATION RIGHTS. If, after the date hereof and the Company’s Initial Public Offering, the Company shall prepare and file with the United States Securities and Exchange Commission (the “Commission”) a registration statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the 0000 Xxx) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to the Warrant Holder written notice of such determination and, unless the Warrant Holder objects to the registration of the Warrant Shares or any part thereof in writing within ten (10) calendar days after receipt of such notice, the Company shall include in such registration statement all of the Warrant Shares, subject to customary cutbacks applicable to all holders of registration rights. To the extent not all of the Warrant Shares may be included for registration in the registration statement, as a result of the Commission’s application of Rule 415 under the 1933 Act, priority in such registration statement will be given to the other Common Stock included therein in preference to the Warrant Shares except no preference shall be given to shares held by affiliates. The obligations of the Company under this Section may be waived by the Warrant Holder. Notwithstanding anything to the contrary herein, the registration rights granted to the Warrant Holder shall not be applicable for such times as such Warrant Shares may be sold by the Holder thereof without restriction pursuant to Rule 144 of the 1933 Act.  
 6. REPRESENTATIONS AND WARRANTIES BY THE COMPANY. In order to induce Xxxxxx to enter into this Agreement and to make the Loans provided for herein, Company represents and warrants to Lender as follows:  
 a. Organization, Good Standing and Power. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power to own, lease and operate its properties and assets and to conduct its business as it is now being conducted. The Company has one wholly owned subsidiary incorporated in the state of Florida.  
 b. Non-Shell Status. The Company is not now or ever been a shell as that term is defined in Rule 405 of the Securities Act.  
 c. Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and perform this Agreement, the Note, and the Warrants (all such documents together with all amendments, schedules, exhibits, annexes, supplements and related items, to each such document shall hereinafter be collectively referred to as, the “Transaction Documents”). The execution, delivery and performance of the Transaction Documents by the Company, and the consummation by it of the transactions contemplated in, have been duly and validly authorized by all necessary corporate action. The Transaction Documents, when executed and delivered, will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor’s rights and remedies or by other equitable principles of general application.  
 d. Disclosure. None of the Transaction Documents nor any other document, certificate or instrument furnished to the Lender by or on behalf of the Company in connection with the transactions contemplated by the Transaction Documents contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made herein or therein, in the light of the circumstances under which they were made herein or therein, not misleading.  
 e. Adequate Shares. The Company will at all times have authorized and reserved a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by the respective Warrants and Note.  
 f. Periodic Filings. The Company at all times required will remain current in its reporting requirements with the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and maintain its continued listing of the Company’s common stock on NASDAQ Global Market.  
 g. Additional Issuances. Except for the transactions contemplated by the Transaction Documents, the Company, for a period of twelve (12) months from the date hereof, will not issue, grant or sell any security with a variable conversion or exercise rate.  
 7. REPRESENTATIONS AND WARRANTIES BY LENDER. Lender, by the acceptance of this Note, represents and warrants to Company as follows:  
 a. Xxxxxx is acquiring the Note with the intent to hold as an investment and not with a view of distribution.  
 b. Lender is an “accredited investor” within the definition contained in Rule 501(a) under the Securities Act of 1933, as amended (the “Securities Act”), and is acquiring the Note for its own account, for investment, and not with a view to, or for sale in connection with, the distribution thereof or of any interest therein. Lender has adequate net worth and means of providing for its current needs and contingencies and is able to sustain a complete loss of the investment in the Note, and has no need for liquidity in such investment. Lender, itself or through its officers, employees or agents, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment such as an investment in the Securities, and Lender, either alone or through its officers, employees or agents, has evaluated the merits and risks of the investment in the Note.  
 c. Xxxxxx acknowledges and agrees that it is purchasing the Note hereunder based upon its own inspection, examination and determination with respect thereto as to all matters, and without reliance upon any express or implied representations or warranties of any nature, whether in writing, orally or otherwise, made by or on behalf of or imputed to the Company.  
 8. LIQUIDATED DAMAGES.  
 a. Upon receipt by the Company of a written request from Lender to convert any amount due under any Note or to exercise any portion of any Warrant, subject to any limitations on conversion or exercise contained in any Note and/or Warrant, the Company shall have three (3) business days (“Delivery Date”) to issue the shares of Common Stock rightfully listed in such request. If the Company fails to timely deliver the shares, the Company shall pay to Lender in immediately available funds $1,000.00 per day past the Delivery Date that the shares are actually issued. Any amounts due under this Section shall be paid by the fifth (5th) day of the month following the month in which they accrued or, at the option of Lender, may be added to the principal under any Note. The Company agrees that the right to convert the Note or exercise its Warrants is a valuable right to Lender and a material consideration of it entering this Agreement. The parties agree that it would be impracticable and extremely difficult to ascertain the amount of actual damages caused by a failure of the Company to timely deliver shares as required hereby. Therefore, the parties agree that the foregoing liquidated damages provision represents reasonable compensation for the loss which would be incurred by the Lender due to any such breach. The parties agree that this Section is not intended to in any way limit Xxxxxx’s right to pursue other remedies, including actual damages and/or equitable relief.  
 b. The Company and Lender hereto acknowledge and agree that the sums payable as Liquidated Damages under subsection 8(a) above shall constitute liquidated damages and not penalties and are in addition to all other rights of the Lender, including the right to call a default under the Securities Purchase Agreement. The parties further acknowledge that (i) the amount of loss or damages likely to be incurred is incapable or is difficult to precisely estimate, (ii) the amounts specified in such subsections bear a reasonable relationship to, and are not plainly or grossly disproportionate to, the probable loss likely to be incurred in connection with any failure by the Company to obtain or maintain the effectiveness of a registration statement, (iii) one of the reasons for the Company and the Lender reaching an agreement as to such amounts was the uncertainty and cost of litigation regarding the question of actual damages, and (iv) the Company and the Lender are sophisticated business parties and have been represented by sophisticated and able legal counsel and negotiated this Agreement at arm’s length.  
 9. CONVERSION COSTS. The Company agrees to reimburse Lender’s certificate processing cost by adding $1,500 to the principal for each note conversion effected by Xxxxxx provided that each such conversion is for no less than $50,000.  
 10. EVENTS OF DEFAULT. An event of default will occur if any of the following circumstances occur (each an “Event of Default”):  
 a. Any representation or warranty made by Company in this Agreement or in connection with any Warrant or Note, or in any financial statement, or any other statement furnished by Company to Lender is untrue in any material respect at the time when made or becomes untrue.  
 b. Default by Company in the observance or performance of any other covenant or agreement contained in this Agreement.  
 c. Default by Company under the terms of any Note or Warrant or any other third party note or warrant that exceeds a value of $50,000.  
 d. Filing by Company of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing.  
 e. Filing of an involuntary petition against Company in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and the continuance thereof for sixty (60) days undismissed, unbonded or undischarged.  
 f. Company liquidates, transfers, sells or assigns substantially its assets or elects to wind down its operations or dissolve.  
 g. The Company fails to maintain irrevocable TA instruction or file with the Company’s transfer agent along with a reserve of common shares sufficient to satisfy the Note based on a then hypothetical conversion scenario per the terms of the Note.  
 h. The Company fails to maintain DTC or DWAC eligibility.  
 i. The Company fails to stay current in its SEC reporting obligations or maintain its continued listing of the Company’s common stock on NASDAQ Global Market.  
 j. The Company fails to deliver Lender the shares of Common Stock rightfully listed in any Conversion Notice or any Warrants Exercise Notice within three (3) business days.  
 k. The Company breaches any other agreement it has with Lender or his assigns.  
 l. The Company interferes with Xxxxxx’s or its assigns’ efforts to remove the restrictive legend from the Common Stock issued as a result of conversion of any Note when Lender or his assign has provided a reasoned attorney opinion letter opining that the shares are eligible to have the legend removed pursuant to Rule 144 or otherwise.  
 11. REMEDIES. There will be no cure period available for the Event of Default as defined in subsection 10(d) and 10(e); Upon the occurrence of any Event of Default, and provided such Event of Default as defined in subsection 10(a) through 10(c), and 10(f) through 10(l), has not been cured by the Company within five (5) business days after the occurrence of such Event of Default (except a payment default of any interest, principal and/or other amount when due, of which no cure period is available), the Holder, may, by written notice to the Company, declare all or any portion of the unpaid Principal Amount due to Holder, together with all accrued interest thereon, immediately due and payable (without advanced notice as may otherwise by required hereunder); provided that upon the occurrence of an Event of Default as set forth in paragraph (d) or paragraph (e) hereof, all or any portion of the unpaid Principal Amount due to Holder, together with all accrued interest thereon, shall immediately become due and payable without any such notice. Holder shall also have all other remedies available under law and equity. There shall be a late charge equal to 18% of the amount of any unpaid principal plus any interest accrued as of the due date.  
 12. NOTICE. Any and all notices, demands, advance requests or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if (i) personally served, (ii) sent by email on the date such email is sent (provided confirmation of such email being sent is provided upon request) (iii) deposited in the United States mail, postage prepaid, return receipt requested, or (iv) by facsimile with confirmation receipt. Notice hereunder is to be given as follows:  
 If to the Company:  
 Scripps Safe Inc.  
0000 Xxxxxxx Xxxxx X, Xxxxx 000  
Xxxxxx, XX 00000  
Attn: Xxxxxxxxxx Xxx  
 If to the Lender:  
 Greentree Financial Group, Inc.  
0000 X.X. 0xx Xxxxxx, Xxxxx 000  
Xxxxxxxxxx, Xxxxxxx 00000  
Attn: X. Xxxxx Xxxxxxx  
 13. GENERAL PROVISIONS. All representations and warranties made in the Transaction Documents shall survive the execution and delivery of this Agreement and the making of any Loans hereunder. This Agreement will be binding upon and inure to the benefit of Company and Xxxxxx, their respective successors and assigns.  
 14. ENTIRE AGREEMENT. The Transaction Documents contain the entire agreement of the parties and supersedes and replaces all prior discussions, negotiations and representations of the parties. No party shall rely upon any oral representations in entering into this agreement, such oral representations, if any, being expressly denied by the party to whom they are attributed and it being the intention of the parties to limit the terms of this Agreement to those matters contained herein in writing. However, incorporated Note shall be deemed controlling at all times with regards to any inconsistent or changed terms or amendments contained therein.  
 15. BINDING EFFECT. This agreement is binding upon and inures to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns. Xxxxxx may assign their rights hereunder without prior permission from the Company.  
 16. GOVERNING LAW AND CONSENT TO JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without regard to conflict of law provisions. All disputes arising out of or in connection with this Agreement, or in respect of any legal relationship associated with or derived from this Agreement, shall only be heard in any competent court residing in Broward County, Florida. The Company agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any manner provided by law. The Company further waives any objection to venue in any such action or proceeding on the basis of inconvenient forum. The Company agrees that any action on or proceeding brought against the Lender shall only be brought in such courts.  
 17. ATTORNEYS FEES. In the event the Lender hereof shall refer this Agreement to an attorney to enforce the terms hereof, the Company agrees to pay all the costs and expenses incurred in attempting or effecting the enforcement of the Lender’s rights, including reasonable attorney’s fees, whether or not suit is instituted.  
 18. AMENDMENT. The terms of this Agreement may not be amended, modified, or eliminated without written consent of the parties.  
 19. SEVERABILITY. Every provision of this Agreement is intended to be severable. If any term or provision thereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.  
 20. CONSTRUCTION. Section and paragraph headings are for convenience only and do not affect the meaning or interpretation of this Agreement. No rule of construction or interpretation that disfavors the party drafting this Agreement or any of its provisions will apply to the interpretation of this Agreement. Instead, this Agreement will be interpreted according to the fair meaning of its terms.  
 21. FURTHER ASSURANCES. Each party hereto agrees to do all things, including execute, acknowledge and/or deliver any documents which may be reasonably necessary, appropriate or desirable to effectuate the transactions contemplated herein pursuant to terms and conditions of this Agreement.  
 IN WITNESS WHEREOF, the parties hereto enter into this Loan Agreement which is effective as of the date first written.  
 Company: Lender:  
 Scripps Safe, Inc. Greentree Financial Group, Inc.  
 By: /s/ Xxxxxxxxxx Xxx By: /s/ X. Xxxxx Xxxxxxx  
Name: Xxxxxxxxxx Xxx Name: X. Xxxxx Xxxxxxx  
Title: Chief Executive Officer Title: Vice President  
 8/4/2022 8/5/2022  
 EXHIBIT A  
 NOTE FORM  
 EXHIBIT B  
 WARRANT FORM