

Silo Wellness Enters LOI with Largest Creditor, Exchanging \$1.06M Debt for Interest-Free Note Convertible at 36% Premium

Springfield, Oregon--(Newsfile Corp. - February 20, 2023) - [Silo Wellness Inc.](#) (CSE: SILO) (OTCQB: SILFF) (FSE: 3K7A), announced that it has entered into a Letter of Intent with Alpha Blue Ocean's subsidiary Global Tech Opportunities 14 ("Creditor") for the exchange of its \$1.06M debt, including outstanding debentures and make-whole debt, for a new interest-free debt instrument with no prepayment penalty.

The debt can be converted into shares of the Company at a fixed conversion price of \$0.015 per share. The Company recently received price protection for the 20-day VWAP of 0.011, which expires March 20, 2023, and this agreement represents a 36% premium over that. This is a higher conversion price than other creditors who could convert at \$0.011 per share, which is a sign of Creditor's confidence in the Company's future prospects. This also decreases the risk for the other creditors to potentially convert at a discount over the largest creditor. Negotiations with other creditors is ongoing.

The nonbinding LOI includes a number of other material terms that the Company believes to be favorable for shareholders and other creditors, including:

- Non-enforceability/non-collectability: The new debt will not be enforceable or collectible for cash unless the Company is found to be insolvent.
- Forced conversion clause: The Company has the right to force the conversion of the new debt to shares if the share price trades above \$0.04 per share based on a five-day volume-weighted average price for five consecutive trading days.
- Volume Restrictions: For the life of the agreement, Alpha Blue Ocean agrees to a volume limit on the amount of shares that it can sell on any given trading day in order to better control downward pressure on the stock in the event Creditor converts and sells. The Creditor is not allowed to sell an amount of shares that is equal to more than fifty percent (50%) of the average daily volume over the previous five (5) trading days.
- Lockup periods:
 1. Month 1-2: The Investor agrees not to trade any shares for a period of 60 days following the issuance of the new debt, which is a concession considering there is no lockup period for where they are domiciled.
 2. Month 3-4: The Investor cannot sell shares for a price lower than \$0.015 per share for the next 60 days after the First Lockup Period ends.
 3. Month 5-6: For the following 60 days following the Second Lockup Period, the Investor cannot sell any shares at a rate below \$0.011 per share.
- Liquidated Damages Clause: After the Third Lockup Period, the Creditor must provide the Company with a spreadsheet of the trades made during this period, along with the average share price at which the shares were sold. If the average sale price falls below \$0.011 per share, the Creditor must subscribe for shares of twice the total volume gross dollar value sold at 1.5 times the twenty-day volume-weighted average price (VWAP) at the time of sale.

This LOI is subject to the execution of definitive agreements and approval from the exchange.

The Company will continue leveraging its early-mover status and Oregon founding to work diligently in advancing the Oregon psilocybin agenda while also attempting to restructure remaining debt now that

the major creditor has acquiesced. This agreement represents a significant milestone for Silo Wellness, and the Board is excited to continue building momentum towards a successful future for the Company and its shareholders.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION: This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates, and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Forward-looking information may relate to anticipated events or results including, but not limited to the ability of the Company to finalize definitive documents. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, regulatory, political and social uncertainties and the potential impact of COVID-19. Such risks and uncertainties include, among others, the risk factors included in Silo Wellness's continuous disclosure documents available on www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Readers should not place undue reliance on the forward-looking statements and information contained in this news release. Silo Wellness assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

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SILO WELLNESS

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