

# NBS Capital Inc. Announces Qualifying Transaction with Ubook Editorial S.A

Ottawa, Ontario--(Newsfile Corp. - November 27, 2019) - NBS Capital. (TSXV: NBS.P) ("**NBS**" or the "**Corporation**") is pleased to announce that it has entered into a binding letter of intent with Ubook Editora S.A. ("**Ubook**") and its shareholders dated November 22, 2019 (the "**Letter of Intent**"). NBS intends that the Proposed Transaction (as defined below) will constitute its Qualifying Transaction as such term is defined in Corporate Finance Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). It is currently anticipated that the Qualifying Transaction will occur as a share exchange whereby all the issued and outstanding shares of Ubook will be exchanged by their holders for shares of NBS, on the basis of fifty-three point nine (53.90) common shares of NBS, post-Consolidation (as defined below), for each issued and outstanding share of Ubook, resulting in Ubook becoming a wholly-owned subsidiary of NBS (the "**Proposed Transaction**"). The final structure of the Proposed Transaction is however subject to the parties' receipt of tax, corporate and securities law advice. Upon completion of the Proposed Transaction, the combined entity (the "**Resulting Issuer**") will continue to carry on the business of Ubook.

NBS is incorporated under the laws of Canada. The Corporation is a "capital pool company" under the policies of the Exchange and it is a reporting issuer in the provinces of Alberta, British Columbia, Ontario and Saskatchewan.

Ubook is a company existing under the laws of Brazil, and is Latin America's major audiotainment platform delivering culture, entertainment and education in audio format to millions of users. Launched in November 2014, Ubook is Latin America's leading subscription-based streaming service that distributes books, series & documentaries, magazines & newspapers, interviews, courses, podcasts and more in audio format. Besides producing original content, Ubook also distributes audio content from traditional audiobook publishers and thousands of audio content producers around the world.

Ubook has over 5,000 titles in Portuguese, a similar number in Spanish and distribution agreements for a large number of English titles. In addition to producing its own content (Ubook Originals), the Company has agreements and distributes audio and e-book content from more than 150 publishers and content producers around the globe including kids, novels, news, dramas, fiction, non-fiction, educational, etc.

The audiobook market is estimated to be a \$3.5B industry, with 51% concentrated in the US market (Kozlowski, 2016). With over 500 million mobile users in Latin America (International Data Group Inc., 2018), this market is currently under development and the Company is experiencing steady growth in Spanish-speaking users following a penetration strategy similar to the one that was successful in Brazil's smartphone market. By establishing direct partnerships with the main mobile carriers, Ubook can expand in an addressable Spanish-speaking market of more than 400 million mobile subscribers beyond Brazil (International Data Group Inc., 2018).

The Proposed Transaction will be carried out by parties dealing at arm's length to one another and therefore will not be considered a "Non-Arm's Length Qualifying Transaction", as such term is defined under the policies of the Exchange. Furthermore, no "Non-Arm's Length Party" to the Corporation, as such term is defined under the policies of the Exchange, has any direct or beneficial interest in Ubook, or is an insider of Ubook. As a result, a meeting of the shareholders of the Corporation to approve the Proposed Transaction is not a condition required to complete the Qualifying Transaction. In connection with the completion of the Proposed Transaction, it is expected that the Corporation will change its name to "Ubook Audiotainment Inc." (the "**Name Change**"). It is expected that upon completion of the Proposed Transaction, the Resulting Issuer will meet the Initial Listing Requirements for a Tier 2 industrial segment issuer under the policies of the Exchange.

## **Proposed Financing**

The Letter of Intent provides that NBS may complete a financing in an amount of up to \$2,000,000 (the "**Private Placement**"). The proceeds of the Private Placement will be used for general working capital and the Resulting Issuer's future growth plans. Further details of the Private Placement will be provided in a subsequent press release.

### **1. The Qualifying Transaction**

Under the terms of the Letter of Intent, NBS and Ubook will negotiate and enter into definitive agreements incorporating the principal terms of the contemplated Qualifying Transaction set forth herein and, in addition, such other terms of a more detailed nature as the parties may agree upon.

Subject to any Exchange, regulatory, shareholder, director or other approvals that may be required, the completion of satisfactory due diligence by NBS and Ubook, and the satisfaction of other conditions contained in the Letter of Intent, it is currently anticipated that the Proposed Transaction will occur, effectively, as a reverse takeover of NBS by Ubook.

In connection with the Proposed Transaction, the Corporation will be consolidating the common shares of the Corporation (the "**Common Shares**") on the basis of one (1) post-consolidation Common Share for every three (3) pre-consolidation Common Shares (the "**Consolidation**"). No fractional shares will be issued as a result of the Consolidation, and if any fractional share would otherwise result from the Consolidation, such fractional share will be rounded down to the nearest whole share.

Ubook's issued and outstanding securities consist in 926,605 common shares (the "**Ubook Shares**"). As part of the Proposed Transaction, the Corporation expects to issue 49,943,800 post-Consolidation Common Shares in exchange for the UBook Shares. The Resulting Issuer intends to issue new options to the new directors, officers and staff of the Resulting Issuer, the

details of which will be disclosed when finalized.

## **2. Sponsorship of Qualifying Transaction**

Sponsorship of the Qualifying Transaction is required by the Exchange unless an exemption from this requirement can be obtained in accordance with the policies of the Exchange. The Corporation intends to apply for an exemption to the sponsorship requirement. There is no assurance that an exemption from this requirement will be obtained.

## **3. Management of the Resulting Issuer**

It is currently contemplated that on completion of the Qualifying Transaction, the Resulting Issuer will have no more than seven directors of, one of whom will be Paul Barbeau, a current director and the CEO of NBS, with the remainder to be named prior to closing. It is also anticipated that the current officers of Ubook will be officers of the Resulting Issuer, with the details of the remaining officers and directors to be disclosed in a subsequent news release.

## **4. Trading Halt**

The NBS Shares are currently halted from trading, and the trading of the shares is expected to remain halted pending completion of the Proposed Transaction.

## **5. Additional Information**

The Corporation intends to issue a subsequent press release in compliance with the policies of the Exchange containing additional terms of the Proposed Transaction, including information relating to sponsorship, if required, summary financial information in respect of Ubook, information on controlling and other shareholders of Ubook, and to the extent not contained in this press release, information with respect to the Private Placement, the history of Ubook and the proposed directors, officers, and insiders of the Resulting Issuer.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, the satisfaction of the Corporation and Ubook in respect of the due diligence investigations to be undertaken by each party, the execution of definitive agreements in respect of the Proposed Transaction, closing conditions customary to transactions of the nature of the Proposed Transaction, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, Exchange acceptance and, if required by the Exchange policies, majority of the minority shareholder approval. Where applicable, the Proposed Transaction may not close until the required shareholder approvals are obtained and there can be no assurance that the Proposed Transaction will be completed as proposed or at all.

**For further information please contact:**

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### **Cautionary Statements**

*This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Qualifying Transaction and associated transactions, including statements regarding the terms and conditions of the Qualifying Transaction, the Private Placement, the use of proceeds of the Private Placement, the Consolidation and the Name Change. The information about Ubook contained in the press release has not been independently verified by the Corporation. Although the Corporation believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Corporation can give no assurance that they will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that the parties will not proceed with the Qualifying Transaction, the Private Placement, the Consolidation, the Name Change and associated transactions, that the ultimate terms of the Qualifying Transaction, the Private Placement, the Consolidation and the Name Change and associated transactions will differ from those that currently are contemplated, and that the Qualifying Transaction, the Private Placement, the Consolidation, the Name Change and associated transactions will not be successfully completed for any reason (including the failure to obtain the required approvals or clearances from regulatory authorities). The terms and conditions of the Qualifying Transaction may change based on the Corporation's due diligence and the receipt of tax, corporate and securities law advice for both NBS and Ubook. The statements in this press release are made as of the date of this release. The Corporation undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Corporation, Ubook, their securities, or their respective financial or operating results (as applicable).*

***Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.***

***Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.***

***The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.***

***The common shares have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.***

**NBS Capital Inc.**

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/50167>