

NanoTech Entertainment Letter to Shareholders

Corporate Updates as of May 2, 2016

Dear Shareholders,

I wanted to take this opportunity to update you on the current recapitalization plan that we are implementing.

As was outlined in previous communications, I have stepped in as interim CEO and have put together a long term fiscal strategy to fuel growth in the company, provide capital to fund that growth, retain key employees, attract new top level executive staff, and provide a huge improvement to our balance sheet.

One of the previous methods of funding used by our prior management team for the expansion in 2015 of the UltraFlix platform was entering into financing agreements that allowed for conversion into shares. The company currently has over \$1.2M in convertible debt that it is servicing. As that debt is converted into shares, at the option of the debt holder we are contractually obligated to issue those shares. I have recently negotiated an agreement to reduce this convertible debt by 80%, thereby significantly reducing future conversion of shares, and thereby slowing the issuance of new shares, and providing the ability to reduce the total authorized shares substantially.

This program has taken longer than hoped for, and we have almost completed all of the steps to submit the reverse split. Unfortunately, we have some contractual obligations due in April requiring us to issue more shares before we can complete the recapitalization, requiring us to raise the AS one more time and issue some shares. We believe that the next move to the AS will be a reduction in conjunction with the reverse split, which will have a significant positive impact on the balance sheet, and in turn the value of the company.

With several new blockbuster films continuing to be released on UltraFlix, new platforms being added every month, proprietary new technological features, our network continues to expand. With completion of the recapitalization plan, and addition of more major studios and more exclusive content, including UHD/HDR content, the award winning UltraFlix network will continue to be the leader in streaming providing the best consumer experience available.

Thank you for your continued support. We look forward to an incredible 2016 and beyond.

Jeffrey A. Foley
Chairman