



Dear Shareholders,

I wanted to take a moment to reach out and answer some recent common questions about the current recapitalization plans of the company, the steps being taken, how it will be executed, and the benefits for the company, shareholders, and others.

NanoTech has been experiencing massive growth in the past year and as such has needed to reach beyond our resources to secure finances to allow the growth to continue. We have succeeded in building the world's greatest 4K Ultra HD Streaming Television Network with UltraFlix. Beyond the technology, a substantial expense in building out the network is having the capital necessary to secure the rights to major studio properties. We have added some significant content partners in the past year substantially expanding our library with blockbuster hits. We are moving forward with a plan to add several more major studios in the coming quarters, and as such need to continue to use capital to secure such licenses.

Previous management negotiated the best deal terms available at the time based on the size of our company and our user base.

Our user base continues to expand with thousands of new users joining every week. We continue to add new movies and new channels to the network. Having now delivered hundreds of thousands of movies we continue to improve our position and ability to gain more content on more favorable terms.

I recently announced a plan to recapitalize the company, whereby we have negotiated a deal that includes several facets and will allow us to use a reverse split as part of the recapitalization plan, whereby we will reduce our outstanding convertible debt by 80%. This will allow our investors to secure their investment while we grow, and protect our shareholders by reducing the exposure to huge share increases.

The terms of the investments we took in 2015 require that we honor conversions into shares when requested by the investors for the outstanding notes that are due. In the past quarter I have negotiated a significant reduction in the amount of conversions taking place, and as soon as we have completed the recapitalization plan we will have reduced our outstanding obligations and exposure to further issuances by 80%.

I have been asked why our investors would agree to reduce their investments by this much. By performing the reverse split, and simultaneously reducing our authorized share count, the value of the resultant share conversion opportunity provides for the same level of security to the investors while limiting our exposure to the number of shares required to secure the debt. We will also end up with a much improved balance sheet allowing us to move forward with future funding options that do not require the same amount of exposure to share issuances as were required in the past. All of this is of great benefit to both the company and our shareholders.

With our recapitalization, we will also be reserving a block of restricted shares as incentive for our loyal employees who have built an incredible network. In addition we will use these for attracting new key management and technical staff in the highly competitive Silicon Valley environment as we continue to build our team. In addition, we plan to expand our facilities in both the Hollywood and Boston regions to support the continued growth of 4K Studios and the NanoTech Media development team.

With the continued expansion of major delivery platforms, additional blockbusters and day and date releases of new movies, combined with our award winning network, UltraFlix will continue to expand its share of the streaming market establishing itself as the premiere source for consumers to watch the best version of any movie available anywhere.

We appreciate our loyal shareholders and are excited as we continue to grow the company and increase shareholder value. We welcome your feedback and questions.

Sincerely,

Jeffrey A. Foley  
Chairman