



February 7, 2018

Dear Shareholders,

There seems to be some clarity on the closing of the asset purchase agreement with NTGL and the assets that were sold to them. Hopefully we can provide clear and concise details to put to rest any speculation or continued questions.

NanoTech Entertainment was founded as an out of home entertainment gaming company. The company produced two pinball products, the MultiPin pinball machine and the Pinball Wizard pinball controller for desktop use. In addition, there were several I/O cards and other gaming technologies developed for that space.

NanoTech Entertainment then developed a media division, and acquired ownership of several media companies. In that process, it was determined that the media space was a better space for the company to focus its efforts, and it was decided to sell off the gaming business. That transaction included the creation of NanoTech Gaming Labs, a separate company. NTGL purchased the gaming assets from NTEK originally valued at \$1.9M. The agreement was to compensate NTEK with NTGL shares. NTEK never received those shares, and has been unable to collect them. NTEK has carried that transaction on the books and the value has decreased year over year as the pledged NTGL stock price has eroded and the shares never delivered.

With the new management team focused on cleaning up the company, and putting together an achievable go forward strategy it was determined that the best course of action was to cancel out the purchase agreement originally executed with NTGL. That settlement includes the return of the gaming assets originally distributed to NTGL (including remaining inventory and IP rights) and a cash payment for the difference in value. This was determined to be of the most value to NTEK as we will have real assets back in our control and compensation for the items not returned. NTEK never developed any casino technology or IP.



It is our plan to find another home for those gaming assets as NTEK is focused solely on the media space and will not restart a gaming division. This transaction will bring value to NTEK and its shareholders and remove an asset that has been decaying in value for the past several years. We hope this answers your questions with regards to this transaction.

We look forward to your continued feedback and welcome any questions or comments.