



To our Shareholders;

This is our first annual letter to shareholders and I'm excited to tell you about the progress we've made this past year as well as our vision to create a long-lasting digital asset ecosystem that would reinvent how businesses use and benefit from the blockchain and tokens by unleashing its power and making it easy to use.

We've come a long way since I started with the Company a year ago, however, our work is really just beginning as we continue to build upon and innovate new technologies for the nascent global blockchain industry. Last year, we started with a share price of \$0.0009, saw a high of approximately \$0.059 and per today's closing price of \$.01617 achieved a solid 1,796% increase. In doing so, we have grown our market capitalization by over \$25,000,000 which directly correlates to shareholder wealth creation. Going forward, we will continue to work towards significant share appreciation at a similar rate, or better, for the foreseeable future, where our capitalization can be measured in the hundreds of millions of dollars.

Fernhill has over 6,500 shareholders and I'm very proud to be one of them as well as honored to be a steward of its growth and success, something I'm deeply committed to. More importantly, our vision is to build a global brand that businesses turn to as a trusted partner and a leading innovator for the mining, minting and trading of digital assets and the Web3.0 economy. The desired result of this would be to create wealth for our shareholders and improve their quality of life by being able to do things like pay for their kid's college, buy a new house, take that long overdue vacation, start a new business, or retire – whatever your passion leads you to.

Building A Foundation

A company's ability to build vertically or horizontally and scale is based upon the foundation that is established. This foundation acts as a force factor that comes from the ever-evolving balancing act of people, process, technology, vision and taking action. The key factor in all of this is our people.

Starting in the beginning of 2021 with just 1 person, Marc Lasky, we have grown our team 9-fold including our MainBloq acquisition, in addition to the various contractors we work with. I know this is rather small in the world of big business, however, it's the people on our team and the momentum that we're building that makes all the difference in the world and enables us to become the global brand and industry leader that we're striving to become. Thankfully, we have a brilliant team that operates at the highest of standards, are true leaders, and understands the importance of serving our clients while innovating in ways that really makes us special.

We're in an Incredible Industry in One of the Most Important Times in History

The advent of blockchain technology and its ability to track, manage and connect to data and every type of transaction, in addition to its ability to be integrated with practically every facet of business and our daily lives in and of itself, is incredible. Just as the Internet revolutionized communications and the connectivity of data and

systems in the early-mid 1990's, an industry I was very active in then, the world-wide blockchain and cryptocurrency industry is in a very similar place.

Global adoption of cryptocurrency has grown over 2,300% since Q3, 2019 and over 881% in the last year alone (1). Enhanced by new technologies to make the use of blockchain, tokens and cryptocurrencies easier to use and more acceptable on a mainstream basis, we believe that adoption levels will exceed those of the internet from 25 years ago in addition to this high rate of adoption continuing for several years. Some of the biggest growth is coming from third world nations that have never really had a strong financial and payments infrastructure that can now finally participate in global markets and commerce.

The digital asset economy is part of a new movement, a way of thinking, and breaks down many of the old guard processes and centralized way of doing business that have been considered "standard" for the past 4-6 decades (think banking and payments). The decentralized economy is here and just getting warmed up as it creates new freedoms for people and technologies to flourish and ushers in FinTech3.0, Web3.0 and "new money".

Digital assets, and this tokenized economy, provide power to the people by employing consensus methodologies, DAOs and easy access to transact business, become your own bank, and participate in new innovative projects and asset classes within mere minutes, all on a global scale. While nobody knows exactly where this is all headed over the next 10-20 years, I can assure you that Fernhill plans on being at the forefront of this burgeoning industry and will continue to add its own unique twist to rise above the noise and differentiate itself.

As we move forward, here are a few juicy industry statistics that I believe are meaningful and really show the enormity of what is in front of us (2):

- The global blockchain market will be worth \$1.43 trillion by 2030, growing at a compounded annual growth rate (CAGR) of approximately 85.9% between 2022 and 2030
- Blockchain could boost global GDP by \$1.76 trillion by 2030
- 96% of financial service experts believe blockchain has achieved mainstream adoption
- Provenance (the tracking of origin, ownership and transfer of an asset) is the number one factor driving the adoption of blockchain
- 52% of experts believe blockchain will be essential to verifying customer identity in the future

I think there is only one word to sum this up: Wow!

Growing a Tech Business has Challenges and Lessons Learned

While we would love to make this letter all about unicorns, rainbows and ice cream – I would be doing a disservice to you if I could not reflect upon some of the challenges we've experienced and the lessons learned.

When we made the PerfectMine technology tuck-in acquisition it was a fully baked platform that was operational, had some really unique tech and had a handful of clients. However, once we completed the MainBloq acquisition and began the process of building our NFT Marketplace, we realized a pivot in direction was necessary.

Instead of merely being a Crypto Mining OS, it became clear that PerfectMine should become an integral part of our overall Digital Asset Ecosystem, which incorporates Mining, Minting AND Trading, and no longer just Mining.

This is another reason that we are so excited about the MainBloq acquisition. Not only because it's a great product with a top-notch team, but we immediately saw the synergies with what we had, what we were building and our long-term vision of the future.

While we always intended to revamp parts of the Perfect Mine platform and complete the ASIC mining module, and add staking capabilities, to work with the large-scale mining operations, we now have a much clearer concept of how best to move forward to maximize the opportunity.

Standardizing processes and data is more important than you think: Good data in – good data out. Bad data in – bad data out.

Standardizing your operating processes, procedures and the data that comes with it will remove so many headaches and inefficiencies that its mind boggling. In fact, I truly believe that one of the biggest obstacles for companies to quickly grow and scale is their ability to standardize and automate a wide variety of processes and manage data properly. With high-tech companies, the requirement to do that is moreso important. In addition, fixing things always takes much longer than initially anticipated and planning for that will improve resource allocation and everyone's expectations.

As we expand our platforms, add new functionality and onboard new clients, the volume of software instances and level of communication touchpoints multiplies quickly. We quickly had to adapt and use more project management and progress tracking tools, cloud service and Kubernetes management platforms and open up clear channels of communication and having regular check-ins to get on page with eachother to run projects smoothly and meet goals. Its also made us really aware that with each new software iteration or client that comes on board we have to treat it like its Day 0 in the design phase and ask important questions like how can we automate this or remove a step or two? What new technology can we use to solve that problem? How can we improve the client experience?, and, are we putting good data in, so we can get good data out?

Shareholder Value and our Trajectory

At the beginning of 2021, we started with negative shareholder's equity of (\$412,593) and finished the year with approximately \$11,000,000 in positive shareholder's equity for a 27-fold increase or a 2,700% improvement. This was primarily accomplished with the acquisition of Qandlestick/Mainbloq, which we believe holds far more intrinsic value long term than what we paid for the company.

After three years of development and testing, listening to what clients were looking for and identifying large gaps in the digital asset trading sector, MainBloq finally got out of the gate in early 2021 and started generating sales. With the year's tally coming in at approximately \$250,000, its noteworthy to point out that it achieved market validation with a commercial scale platform, highlighted by the fact that it has one of the top 10 largest banks in the world as a client.

Since acquiring MainBloq, we've dramatically improved its infrastructure, standardized numerous processes, signed multiple new client contracts and have several dozen companies in our new business development pipeline. Going forward, we fully expect great things to come from MainBloq as it becomes globally recognized as one of the leading digital asset algorithmic trading and smart order routing platforms in the market where its revenue will be measured in the 10's of millions of dollars. We could not be more proud and thankful of Ryan, Marc D., Clay and Patrick leading the MainBloq charge!

NFT's are one of the largest growth opportunities in the tokenized economy and we expect to launch our marketplace platform during Q2 2022. With the long-standing experience and network of influencers, artists, actors, etc of our collective team, we're excited about the unique collections and talent that we plan to partner with to bring their works to market. We are also highly confident that we'll be able to quickly ramp up and scale

revenue and profitability in 2022 based upon the relatively short sales cycle of new NFT projects and the rising tide of the early growth stage that the industry is still in. Stay tuned for more.

There are two other growth initiatives for shareholder value that this letter would not be complete without mentioning – acquisitions and uplisting to a senior exchange. While our core focus is to grow Mainbloq and PerfectMine and launch our new NFT marketplace, we strongly believe significant shareholder equity growth and appreciation can be accelerated by making highly selective strategic acquisitions.

Acquisitions: The targets that we have identified are all closely aligned to our planned digital asset ecosystem and provide a catalyst for exponential growth by way of the tech, team and additive nature of the business and clientele each has. As future progress is made on this front, we'll be sure to provide an update.

Uplisting: Last but not least is our stated goal of uplisting to a senior exchange. We feel this move will help catapult Fernhill into an entirely new level on so many different fronts, the three main ones being a higher level of governance and reporting, being listed on a national exchange which is highly recognized on a global scale, and we'll be able to partner with institutional investors much more easily to help finance our accelerated growth. Given where we are on the calendar and as a company, we believe a Q4 2022 target is still very achievable.

2021 was indeed an incredible year. We feel great about what we've accomplished and are even more excited about 2022 and beyond. We at Fernhill are grateful to our customers for their business and trust, to each other for our hard work and commitment to something bigger than ourselves, and to our shareholders for your continued support and encouragement.

Sincerely,



Chris Kern
Chairman of the Board of Directors
Fernhill Corp.

References:

- (1) <https://blog.chainalysis.com/reports/2021-global-crypto-adoption-index/>
- (2) <https://findstack.com/blockchain-statistics/>