

SmileyCoin

Crypto-asset white paper for SmileyCoin (SMLY)

Version 1.2, 2026-10-28

This document is written and maintained in Markdown, and its versions are kept in git on GitHub. The current version is always available as a web page at https://smileyco.in/SMLY-description.html and as a PDF at https://smileyco.in/SMLY-description.pdf. Both are generated from the Markdown original, as is a version in Inline XBRL (iXBRL) following ESMA's MiCA white paper taxonomy. The Markdown original, the iXBRL version and earlier versions are available from SmileyCharity on request (education.in.a.suitcase@gmail.com).

General information

00. Table of content

01. Date of notification

Not applicable: this document has not been notified to any competent authority.

02. Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114

This document has not been notified to or approved by any competent authority in any Member State of the European Union. It is not a crypto-asset white paper notified under Regulation (EU) 2023/1114. SmileyCharity is solely responsible for its content.

This document is published by SmileyCharity for information. SmileyCharity is not the issuer of SMLY, does not offer SMLY to the public, does not seek its admission to trading and does not operate a trading platform for crypto-assets.

03. Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114

This document follows the structure of Annex I to Regulation (EU) 2023/1114 but is not submitted under Title II of that Regulation. To the best of the knowledge of the

management body, the information presented in this document is fair, clear and not misleading and the document makes no omission likely to affect its import.

04. Statement in accordance with Article 6(5), points (a), (b), (c), of Regulation (EU) 2023/1114

The crypto-asset referred to in this crypto-asset white paper may lose its value in part or in full, may not always be transferable and may not be liquid.

05. Statement in accordance with Article 6(5), point (d), of Regulation (EU) 2023/1114

FALSE; SMLY is not a utility token; see D.6

06. Statement in accordance with Article 6(5), points (e) and (f), of Regulation (EU) 2023/1114

The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council or the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

07. Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114

Warning: This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto- asset white paper as a whole and not on the summary alone. The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law. This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.

08. Characteristics of the crypto-asset

This white paper has been prepared by Styrktarfélagið Broskallar, using the registered foreign name SmileyCharity, to provide information about SmileyCoin and its use in the SmileyProject. SmileyCharity is responsible for the content of this document. It does not seek admission to trading. The following particulars identify SmileyCharity

as its preparer and as an organisation materially involved in the educational activities described.

SmileyCoin (SMLY) is the native crypto-asset of the SmileyCoin blockchain, introduced in 2014 through research and development at the University of Iceland to reward educational achievement in SmileyTutor, formerly tutor-web. Its founding purpose was to investigate and support educational incentives, rather than promise financial returns. SmileyTutor is an open-source learning environment grounded in a programme of peer-reviewed research. Studies support the educational value of the learning system and separately report that SMLY reward levels influenced exercise participation; they do not establish that cryptocurrency rewards alone caused improved learning outcomes.[D-1–3][D-2][D-3]

SmileyCharity, registered in Iceland as Styrktarfélagið Broskallar, uses SmileyTutor and SMLY to support educational access in disadvantaged communities. Through participating schools and community libraries, students receive access to learning devices and local assistance, earn SMLY through educational activities, and may spend their rewards through participating SmileyStores. Under the established virtual-store model, local purchases are facilitated by programme representatives and reimbursed by SmileyCharity in local currency. Research describing operations in Kenyan communities and refugee camps reported that the programme had reached 5,000 students by June 2024.[D-4]

The blockchain, the educational allocation administered by the SmileyCoinFund, and SmileyCharity's activities are distinct. The blockchain records transfers and applies protocol rules, while the Fund supports educational rewards and SmileyCharity administers its own programmes and funding. SMLY holdings and protocol-directed allocations do not replace the fiat funding needed to purchase goods and operate the charity. An independent evaluation reported in 2024 rated the charitable programme highly for relevance, coherence, efficiency and effectiveness, while identifying sustainability, governance, financing and outcome measurement as areas requiring further attention. Long-term impact was not rated.[D-5] Initiatives including SmileyTrees and SmileyKuku are testing approaches to greater financial sustainability; self-sufficiency has not been established.

Educational purpose and documented use do not eliminate crypto-asset risks. Access to programme goods and services depends on local arrangements, eligibility, funding and continued operation. Programme reference valuations are neither guaranteed market prices nor a general right to redeem SMLY for fiat currency. SMLY may lose some or all of its value, become illiquid or cease to be transferable. Neither the research nor the independent evaluation constitutes regulatory approval, a blockchain security audit or a promise of investment returns.

Through the EduChain R&D project, SmileyCoin were also made available on the BNB chain through a smart contract. These 1 bn BNB.SMLY correspond exactly to 1 bn SMLY on the original SMLY blockchain, held in cold storage. This whitepaper represents both SMLY and BNB.SMLY.

The 1bn BNB.SMLY are set up in token contract 0xe015f8C012e932F13184061F3ffd956E9000A6CD

and a 1-1 swap mechanism against SMLY is made available on Hybrix.io. There is no guarantee that this swap mechanism will operate indefinitely.

09. Information about the quality and quantity of goods or services to which the utility tokens give access and restrictions on the transferability

Not applicable (see D.6)

10. Key information about the offer to the public or admission to trading

This document is published by SmileyCharity for information. It has not been notified to any competent authority, and SmileyCharity does not seek admission to trading.

SmileyCoin (SMLY) is a decentralized, open-market digital currency. Currently there is no centralized entity conducting an offer to the public. The SmileyCharity does not issue or control the supply of SmileyCoin. This whitepaper should enhance transparency regarding the use of SmileyCoin, including listing and trading on platforms operated by other parties.

Given its central rôle in the SmileyProject, the SmileyCharity has large holdings of SmileyCoin.

SmileyCharity may sell part of its holdings to fund its charitable activities. Any such sales will be made only through crypto-asset service providers authorised under Regulation (EU) 2023/1114, at prevailing market prices, and the proceeds will be applied to the charitable purposes in A.13. SmileyCharity does not promote SMLY as an investment.

Total offer amount	Not applicable
Total number of tokens to be offered to the public	Not applicable
Subscription period	Not applicable
Minimum and maximum subscription amount	Not applicable
Issue price	Not applicable
Subscription fees (if any)	Not applicable
Target holders of tokens	Not applicable
Description of offer phases	Not applicable
CASP responsible for placing the token (if any)	Not applicable
Form of placement	Not applicable
Admission to trading	Not sought by SmileyCharity (see E.1 and E.33)

References for General Introduction

1. Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.
2. Stefansson, G. (2004). "The tutor-web: An educational system for classroom presentation, evaluation and self-study." *Computers & Education*, 43(4), 315–

343.
3. Jonsdottir, A. H., Bjornsdottir, A. and Stefansson, G. (2017). "Difference in Learning Among Students Doing Pen-and-Paper Homework Compared to Web-Based Homework in an Introductory Statistics Course." *Journal of Statistics Education*, 25(1), 12–20. DOI: 10.1080/10691898.2017.1291289.
4. Stefansson, G., Jonsdottir, A. H., Gunnarsson, B. and Lentin, J. (2024). "On-chain Services for Education in Slums and Refugee Camps." *International Journal of Learning and Teaching*, 10(6), 697–702.
5. Nielsen, K. D., Stefánsdóttir, S. L., Hussein, B. A., Birgisdóttir, V. L. and Ingvarsdóttir, A. (2024). *Final Evaluation Report: SmileyCharity in Kenya*. Independent evaluation commissioned by Iceland's Ministry for Foreign Affairs. **An evaluation report, not a peer-reviewed journal article.**

Part A – Information about the offeror or the person seeking admission to trading

SmileyCharity prepares this document for information, describing SmileyCoin and its educational use. It has not been notified to any competent authority, and SmileyCharity does not seek admission to trading. SmileyCharity's particulars are provided below in the form set out in Annex I to Regulation (EU) 2023/1114.

A.1 Name

Styrktarfélagið Broskallar (registered foreign name: SmileyCharity)

A.2 Legal form

Non-profit association with cross-border activities (Almannaheillafélag með starfsemi yfir landamæri), subject to Act No. 110/2021 on Public Benefit Associations and registered under Act No. 119/2019 on the Registration Obligation of Public Benefit Associations Operating Across Borders.

A.3 Registered address

Lundi 9, 200 Kópavogur, Iceland

A.4 Head office

Lundi 9, 200 Kópavogur, Iceland

A.5 Registration date

2015-10-13

A.6 Legal entity identifier

636700LQMUJ4E4WR0417

A.7 Another identifier required pursuant to applicable national law

Icelandic registration number (kennitala): 531015-0290

A.8 Contact telephone number

+354-695-8264

A.9 E-mail address

education.in.a.suitcase@gmail.com

A.10 Response time (Days)

030

A.11 Parent company

Not applicable.

A.12 Members of the management body

The Business Register certificate dated 20 May 2025 records the following board, elected on 28 March 2025:

Name	Business address	Function
Gunnar Stefánsson	c/o Styrktarfélagið Broskallar, Lundi 9, 200 Kópavogur, Iceland	Chair of the board; Executive Director; holder of procuration
Anna Helga Jónsdóttir	Department of Mathematics, University of Iceland, Reykjavík, Iceland	Board member

Name	Business address	Function
Guðrún Geirsdóttir	c/o Styrktarfélagið Broskallar, Lundi 9, 200 Kópavogur, Iceland	Board member
Sigríður Björk Gunnarsdóttir	c/o Styrktarfélagið Broskallar, Lundi 9, 200 Kópavogur, Iceland	Board member

The certificate also records Gunnar Bjarni Ragnarsson and Kristín Rafnar as alternate board members. It states that the association's signing authority rests with a majority of the board.

A.13 Business activity

Purpose and principal activities

SmileyCharity is an Icelandic non-profit association whose registered purpose is to support and empower students in impoverished areas through access to education, food and other necessities. Its principal activities include obtaining grants and donations, providing learning equipment, and supporting educational participation through partner schools and community libraries.

Through the SmileyProject, including activities known as Education in a Suitcase, participating students obtain access to SmileyTutor, formerly tutor-web, and local educational support. Students can earn SmileyCoin (SMLY) through educational activities and use their rewards under participating SmileyStore arrangements. These activities aim to reduce barriers to education and support progression towards further study, including university.

Research and operational basis

The educational platform and its use of cryptocurrency rewards have been described in peer-reviewed research. Stefansson and Lentin (2017) [A-1] document the introduction and early educational use of SMLY; Stefansson and colleagues (2024)[A-2] describe blockchain services supporting educational activities and participating stores in Kenyan communities and refugee camps. These publications document the development and use of the technologies; they do not establish guaranteed educational outcomes, financial returns or future programme availability.

Under the established virtual-store model, local programme representatives facilitate eligible purchases and SmileyCharity provides local-currency reimbursement under the programme's arrangements. Access depends on eligibility, local implementation, available funding and continued operation. This model is distinct from physical stores purchasing and reselling products directly for SMLY.

Relationship to other project participants

SmileyCharity's charitable activities are distinct from the operation of the SmileyCoin blockchain and the administration of the educational allocation by the SmileyCoinFund. SmileyTutor names the educational platform; SmileyTutor NGO is a separate non-profit association registered in Iceland (ID no. 570426-1330). SmileyInvest is a separate private limited company established to purchase SMLY on cryptocurrency markets in support of the broader project. Their activities and resources should not be treated as activities or assets of SmileyCharity merely because they support related objectives.

The technologies originated in research and development at the University of Iceland. That research relationship does not itself establish University responsibility for SmileyCharity's obligations or a guarantee of SMLY's value.

Further information about the project, participating organisations and funding arrangements is provided in D.4 and G.5. Relevant interests are disclosed in E.38.

SmileyCharity publishes this document for information. It is not the issuer, offeror or person seeking admission to trading of SMLY. SmileyCharity is not a crypto-asset service provider, does not provide any crypto-asset services as defined in Article 3(1)(16) of that Regulation, and does not intend to do so. SMLY is currently traded on three venues that are not operated by authorised crypto-asset service providers: Hybrix, DEXOMY and PancakeSwap (see I.3). SmileyCharity does not operate or control these venues and has no contractual agreements with them; see E.38 on occasional liquidity provision.

In a letter dated 11 May 2023 (ref. 2304061), the Financial Supervisory Authority of the Central Bank of Iceland assessed SMLY as a virtual asset under Act No. 140/2018. On the facts then described, it concluded that neither SmileyCharity nor Smiley Invest ehf. was a virtual asset service provider, noting in particular that neither entity issued or marketed the asset. The letter predates the application of Regulation (EU) 2023/1114. It did not address admission to trading, an offer to the public, or SmileyCharity's possible sales of its holdings, so it should not be read as covering the activities described in this document.

A.14 Parent company business activity

Not applicable.

A.15 Newly established

FALSE

A.16 Financial condition for the past three years

SmileyCharity's activities are funded principally through grants and donations. Its registered purpose identifies computer equipment, food and other necessities for students

as principal expenditure categories. Programme delivery, including local-currency reimbursements under virtual-store arrangements, depends on the availability and conditions of funding.

SMLY holdings and protocol-directed receipts are distinct from cash available to meet operating costs and programme commitments. Their capacity to finance expenditure depends on actual use or realisation and cannot be inferred solely from the quantity of tokens held or an internal programme reference valuation.

SmileyCharity holds SMLY and therefore has an economic interest in its usability, liquidity and market accessibility. The quantities and accounting treatment of its holdings should be read together with the financial information in this section. The educational allocation administered by the SmileyCoinFund is described separately in G.5 and should not be presented as an asset available to SmileyCharity without an established entitlement. Related conflicts of interest are addressed in E.38.

Styrktarfélagið Broskallar: three-year summary, 2023 to 2025 (ISK)

Item	2023	2024	2025
Income: grants and donations	29,985,377	40,532,580	14,756,802
Income: other material sources	None	None	None
Interest income and indexation (finance income)	152,827	129,243	116,384
Programme expenditure (grants awarded)	21,000,988	33,445,582	19,601,242
Administrative expenditure (other operating costs)	4,537,388	3,289,017	2,605,430
Total operating expenditure	25,538,376	36,734,599	22,206,672
Net finance items	+88,047	+86,754	+29,774
Surplus / (deficit)	**4,535,048**	**3,884,735**	**(7,420,096)**
Cash and bank balances	8,238,052	12,122,531	18,704,924
Total assets	8,239,724	12,124,459	18,704,924
Liabilities	0	0	14,000,561
Accumulated funds / net assets	8,239,724	12,124,459	4,704,363

Item	2023	2024	2025
Restricted funding	Not disclosed	Joyland nursery rebuild funds, amount not stated	Joyland nursery rebuild funds, amount not stated. The 14,000,561 of income received in advance is a Ministry for Foreign Affairs grant, recognised in proportion to eligible costs.
Outstanding programme commitments	None disclosed	None disclosed	None disclosed. The only liability is the income received in advance.
SMLY quantity	Not stated in the 2024 report	About 9.1 billion at year-end. 1 billion was returned to the SmileyTutor project.	About 9.7 billion at year-end. 1.5 billion was returned to the SmileyTutor project.
SMLY carrying value	Not stated	Not stated. No SMLY asset is on the balance sheet.	Not stated. No SMLY asset is on the balance sheet.
Accounting policy	Historical cost. Grants and donations are recognised as income when received.	Same as 2023	Historical cost. Grants and donations are recognised when received, but the Ministry grant is recognised in proportion to eligible costs.
Source of financial statements	Comparative column in the 2024 report	2024 annual report, signed by the board on 21 March 2025	2025 annual report, signed by the board on 13 April 2026

Item	2023	2024	2025
Audit / review status	The email notifications show the separate 2023 report was e-signed on 31 May 2024, including by the auditor. The audit opinion itself was not supplied.	Audited by Gæðaendurskoðun slf (Sveinbjörn Sveinbjörnsson). Unmodified opinion, dated 21 March 2025.	Audited by Gæðaendurskoðun slf (Sveinbjörn Sveinbjörnsson). Unmodified opinion, dated 13 April 2026.

Table A-1. SMLY balances of the main SmileyCharity addresses, 11 October 2026, 20:14 GMT

#	Address	Balance (M SMLY)	Cumulative (M SMLY)	Purpose
1	BPVuYwyeJiXExEmEXH…[illegible]…wPtRXDR…[illegible]…BxTNW	265	265	Address donated to AMI and UNICEF
2	BDwfNiAvpb4ipNfPkdAX…[illegible]…GExWHe…[illegible]…dRcK	89	354	Coinbase donations, unused
3	BEaZDZ8gCbbP1y3t2gPN…[illegible]…wqZa76rUI…[illegible]	89	443	Coinbase donations, unused
4	B4gB18iZWZ8nTuAvi9kq…[illegible]…WbavCj6x…[illegible]	89	532	Coinbase donations, unused
5	BGFEYswtWfo5nrKRT53…[illegible]…oGwZWyu…[illegible]	75	607	General grants to charities
6	B7WWgP1fnPDHTL2z9v…[illegible]…TpGqptP…[illegible]	89	696	Coinbase donations, unused
7	BEtL36SgjYuxHuU5dg8…[illegible]…UAyTXD…[illegible]	62	758	SmileyKuku
8	BQaNeMcSyrzGkeKknjw…[illegible]…CSSLUY…[illegible]	89	847	Coinbase donations, unused
9	BDLAaqqtBNoG9EjbJCe…[illegible]…LSmT5wkd…[illegible]	91	938	Universal basic income (UBI)
10	BQTar7kTE2hu4f4LrRm…[illegible]…2kbsqSW9…[illegible]	62	1,000	SmileyTree awards
11	BQSw6xtymFRXiKt5Hm…[illegible]…BYFLURwK…[illegible]	0	1,000	Aggregator for address 9
12	BPj18BBacYdvEnqgJqK…[illegible]…NFQrw5k…[illegible]	625	1,625	Primary donations address
13	BTARnErpE4BYuMDcQ…[illegible]…zAPnA4…[illegible]	275	1,900	Secondary donations address

#	Address	Balance (M SMLY)	Cumulative (M SMLY)	Purpose
14	BThD5Nh2NachLHCjPgXf74cRQf4ZtB[illegible]i	[illegible]	[illegible]	SmileyCharity wallet used for transfers to and from the Hybrix swap service (SmileyCharity's own funds; not a market-making account)
15	BHKfg78zmtgLvoM5x7td[illegible]78WxJC22q[illegible]E	[illegible]	[illegible]	SmileyCharity's contribution to the Hybrix pools
16	BDKdA9AkMvcQSHeMKy5[illegible]a6TJ4PnCK4vsQd	[illegible]	[illegible]	Cold storage (spendable)
17	BSWCvqnes2LBafFuB3cN[illegible]cQUVkcjt1z88	1,000	9,650	Reserve locked for BNB.SMLY (not spendable)
	Total, all addresses	**9,650**		
	Total excluding BNB.SMLY reserve	**8,648**		

Note that item 16 (BDKdA9AkMvcQSHeMKy5ua6TJ4PnCK4vsQd) is a classical cold storage for safety reasons, whereas item 17 (BSWCvqnes2LBafFuB3cNwucQUVkcjt1z88) is the 1 bn reserve to back BNB.SMLY, also in cold storage, but not considered spendable.

Balances were taken from the public block explorer (blocks.smileyco.in) using the script getBalances.sh and rounded to the nearest million SMLY. The SmileyCoinFund multisig address (3JT9LAzuMChCifVoQQK18BQV9z4BzpbQVH), which held about 7,500 M SMLY at the same time, is not controlled by SmileyCharity alone and is not included.

Continued programme delivery depends on funding, local partners and access to the necessary technical and organisational expertise. The independent evaluation reported in 2024 identified sustainability, governance, financing and outcome measurement as areas requiring further attention; see D.4. Initiatives such as SmileyKuku and SmileyTrees seek to improve sustainability, but anticipated income, unawarded grants and proposed activities are not established financial resources.

In addition, SmileyCharity has had smaller amounts of SmileyCoin on exchanges such as ismynt (now closed) and on Dexomy (currently about 44 M SMLY).

A.17 Financial condition since registration

Not applicable: SmileyCharity is not newly established. Financial information for the relevant three-year period is provided in A.16.

References for Part A

[A-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

[A-2]. Stefansson, G., Jonsdottir, A. H., Gunnarsson, B. and Lentin, J. (2024). "On-chain Services for Education in Slums and Refugee Camps." *International Journal of Learning and Teaching*, 10(6), 697–702.

Part B – Information about the issuer, if different from the offeror or person seeking admission to trading

Applicability and distinction between project participants

This white paper does not identify a person or undertaking as the issuer of native SmileyCoin (SMLY). SmileyCharity is identified in Part A as the preparer of this document and as an organisation conducting educational and charitable activities involving SMLY; that identification does not, by itself, establish issuer status.

The project history described in D.4 and G.5 distinguishes the original creation of SMLY and its initial educational allocation from subsequent generation of coins under the blockchain's consensus rules and transfers of already-created coins through grants, educational rewards and other transactions. Software development, administration of an educational allocation, receipt of protocol-directed allocations and distribution of existing SMLY are distinct activities and should not be treated as interchangeable.

The absence of an identifiable issuer reflects the origin of both the educational platform and the crypto-asset in open academic research rather than in a corporate project. The learning environment in which SMLY is earned was designed from the outset as a freely accessible, open-source and open-content system with no commercial components, developed by a consortium of academic contributors across several countries [B-1]. Its architecture, licensing and absence of institutional ownership were documented before the crypto-asset existed [B-2]. SmileyCoin was introduced in 2014 as a reward mechanism within that platform, as described by Stefansson and Lentin (2017), cited in D.4. These publications provide historical and technical context for why no single person or undertaking stands in the position of issuer; they do not by themselves determine issuer status under Regulation (EU) 2023/1114, and the project's origins before that Regulation do not establish the absence of an identifiable issuer.

The Financial Supervisory Authority's letter of 11 May 2023, reference 2304061, assessed the activities described to it under Icelandic Act No. 140/2018. Its conclusion concerning SmileyCharity and Smiley Invest ehf. was a historical assessment under that legislation, not a determination of issuer status under MiCA. See A.13.

SmileyCharity has assessed the applicability of Part B and concludes that no person or undertaking can be identified as the issuer of native SMLY. The genesis block was mined on 2014-11-13 as part of academic research at the University of Iceland. Since then, new SMLY has been generated only under the blockchain's consensus rules,

through blocks produced by independent miners, and no legal person controls issuance. B.1 is therefore reported as TRUE and fields B.2 to B.12 as not applicable.

BNB.SMLY was developed as an extension of SMLY, corresponding to moving existing SMLY, owned by the SmileyCharity, to run on an alternate chain (the BNB Smart Chain).

The contract was deployed by Hybrix, which holds the owner role (see B.1 and H.6). The full supply was minted directly to SmileyCharity. The tokens on the new chain therefore have an exact matching number of tokens held in cold storage on the native chain. Because the native reserve matches the BNB.SMLY supply, it is technically possible for the reserve holder to convert all outstanding BNB.SMLY back into native SMLY. However, no formal redemption mechanism exists, holders have no enforceable right to conversion, and conversion currently depends on third-party services and on the reserve holder (see G.1, G.14 and I.3). SmileyCharity treats BNB.SMLY as a representation of existing native SMLY rather than a new issuance. This is SmileyCharity's own assessment, not a regulatory determination. The reasons for this implementation lie in research and development for education: A research project (EduChain) was set up in part to investigate the feasibility of using a blockchain to host drills, allocate drill items and store grades, all using on-chain operations. As parts of this project, experiments were conducted on multiple chains, but BNB.SMLY was the final output of the project. The BNB.SMLY technical implementation is described in H.6.

B.1 Issuer different from offeror or person seeking admission to trading

TRUE; No identifiable issuer; native SMLY launched in 2014 without a controlling entity; the BNB.SMLY contract owner role is held by the deployer address of Hybrix, the contractor that designed the contract. Because the contract has a fixed supply, cannot be upgraded and cannot be minted or burned, this role gives no control over issuance, supply or holders' tokens. Hybrix is therefore not an issuer. SmileyCharity received the entire supply. It is not the issuer and does not seek admission to trading.

B.2 Name

N/A; The crypto-asset was originally created as a research project at the University of Iceland in 2014 and adapted to become a part of the SmileyProject run by the SmileyCharity. However, none of these entities are considered to be issuers of the crypto-asset in the sense of MiCA regulations.

B.3 Legal form

N/A; Due to the nature of the decentralized network, the crypto-asset does not have a management body as defined in Article 3(1), point (27), of Regulation (EU) 2023/1114.

B4. Registered address

N/A; Due to the explanation given in field B.3 the crypto-asset issuer does not have a registered address.

B.5 Head office

N/A; Due to the explanation given in field B.3 the crypto-asset issuer does not have a head office.

B.6 Registration date

N/A; The first block on the network was mined on 2014-11-13 but there is no official issuer in the sense of MiCA regulations.

B.7 Legal entity identifier

N/A

B.8 Another identifier required pursuant to applicable national law

N/A

B.9 Parent company

N/A; The crypto-asset and its decentralized network are not operated by a legal entity and thus do not have a parent company.

B.10 Members of the management body

N/A; Due to the nature of the decentralized network, the crypto-asset does not have a management body as defined in Article 3(1), point (27), of Regulation (EU) 2023/1114.

B.11 Business activity

N/A

B.12 Parent company business activity

N/A

References for Part B

[B-1] Constantinescu, D. and Stefansson, G. (2010). “On building a web-based university.” *US-China Education Review*, 7(12), 89–97.

[B-2] Stefansson, G. (2004). “The tutor-web: An educational system for classroom presentation, evaluation and self-study.” *Computers & Education*, 43(4), 315–343. DOI: 10.1016/j.compedu.2003.09.004.

Part C – Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper and information about other persons drawing the crypto-asset white paper pursuant to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Applicability and preparer

This document is published by SmileyCharity for information. It has not been notified to any competent authority, and SmileyCharity does not seek admission to trading.

It is prepared by Styrktarfélagið Broskallar, registered foreign name SmileyCharity, ans includes a description of native SmileyCoin (SMLY) and the BNB.SMLY representation described in General information subsection 08. SmileyCharity’s identifying particulars, management body and charitable activities are disclosed in Part A.

No trading-platform operator is identified as drawing up this version. The operator-specific fields C.1–C.12 are therefore treated as not applicable to this version. This treatment does not mean that SMLY or BNB.SMLY is unavailable for trading or that trading-platform obligations do not apply.

C.1 Name

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.2 Legal form

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.3 Registered address

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.4 Head office

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.5 Registration date

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.6 Legal entity identifier

Not applicable.

C.7 Another identifier required pursuant to applicable national law

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.8 Parent company

Not applicable to this version: no trading-platform operator is identified as drawing up the white paper. See the applicability statement at the beginning of Part C.

C.9 Reason for crypto-Asset white paper Preparation

Not applicable in relation to a trading-platform operator: no such operator is identified as drawing up this version. SmileyCharity's reasons for preparing the white paper are explained in the supplementary preparer information accompanying C.14.

SmileyCoin is used in the SmileyProject, operated by SmileyCharity. Both SmileyCharity and the SmileyCoinFund regularly donate SMLY to SmileyTutor for educational rewards, typically a combined 0.5–1.5 billion SMLY once or twice per year, in varying shares. SmileyCharity separately receives protocol-directed allocations (G.5).

The SmileyCoin is a part of the SmileyProject for education in slums and refugee camps. The SmileyProject is operated by the SmileyCharity and receives donations from the

SmileyCoinFund. The knowledge of this structure is important to potential offerors and trading platforms.

C.10 Members of the Management body

Not applicable in relation to a trading-platform operator. SmileyCharity's management body is disclosed separately in A.12.

C.11 Operator business activity

Not applicable: no trading-platform operator is identified as drawing up this version. SmileyCharity's charitable activities and its relationships with other project participants are described in A.13.

C.12 Parent company business activity

Not applicable in relation to a trading-platform operator. See the applicability statement at the beginning of Part C.

C.13 Other persons drawing up the crypto-asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

No person is identified in this white paper as drawing up the white paper under an arrangement of the kind referred to in Article 6(1), second subparagraph.

This document is published by SmileyCharity for information. It has not been notified to any competent authority, and SmileyCharity does not seek admission to trading. This white paper has been prepared by Styrktarfélagið Broskallar, registered foreign name SmileyCharity, Icelandic registration number 531015-0290, LEI 636700LQMUJ4E4WR0417, with registered address Lundi 9, 200 Kópavogur, Iceland. Its identification here does not, by itself, establish that it acts under such an arrangement.

C.14 Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable on the arrangements identified in this version. See C.13.

Supplementary information: reasons for preparation by SmileyCharity

SmileyCharity prepares this document to provide a structured account of SmileyCoin's characteristics, educational applications, participating organisations, funding arrangements and material risks. It is intended to support informed assessment by prospective holders, programme partners and trading platforms.

The document brings together the research background and operational context of SMLY while distinguishing the blockchain from the educational platform, the SmileyCoinFund and SmileyCharity's charitable activities. Stefansson and Lentin (2017) describe the introduction and early educational use of SmileyCoin.[C-1] This research helps explain why the educational context is material to understanding the project; it does not determine regulatory classification, establish an exemption from white-paper requirements or guarantee financial returns.

The relevant organisational and funding distinctions are described in A.13, A.16, D.4 and G.5. SmileyCharity holds SMLY and consequently has an economic interest in its usability, liquidity and market accessibility; related interests are addressed in E.38. Preparation by a charitable organisation should not be understood as an independent assessment of the crypto-asset.

References for Part C

[C-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." Ledger, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

Part D – Information about the crypto-asset project

This Part describes the SmileyCoin crypto-asset project, its documented educational applications and the persons and resources involved in implementation. It distinguishes native SMLY and the BNB.SMLY representation from SmileyProject, the educational and charitable programme operated by SmileyCharity. Participation in that programme does not constitute control over all transactions or uses of either crypto-asset.

Native SMLY and BNB.SMLY are not traded on any recognized Crypto-Asset Service Provider (CASP). Each is traded on two exchanges, native SMLY on Hybrix (hybrix.io) and DEXOMY (dexomy.com) whereas BNB.SMLY is traded on Hybrix (hybrix.io) and PancakeSwap (https://pancakeswap.finance/).

D.1 Crypto-asset project name

SmileyCoin

SmileyCoin is used within SmileyProject, SmileyCharity's educational and charitable programme. The crypto-asset project and the charitable programme are related but are not interchangeable.

D.2 Crypto-assets name

SmileyCoin, comprising native SmileyCoin on the SmileyCoin blockchain and the BNB-chain representation referred to in this document as BNB.SMLY. The actual ticker on the BNB-chain is simply **SMLY**.

D.3 Crypto-asset abbreviation (ticker)

SMLY - native SmileyCoin.

BNB.SMLY -the designation used in this document for the BNB-chain representation. The actual ticker on the BNB-chain is simply **SMLY**.

D.4 Crypto-asset project description

Background: educational purpose, research and operational context

SmileyCoin (SMLY) is the original native crypto-asset of the SmileyCoin blockchain. It was introduced in 2014 through research and development at the University of Iceland as a mechanism for rewarding educational achievement in **SmileyTutor**, formerly known as **tutor-web**. Its founding purpose was to investigate and support educational incentives, rather than to promise financial returns to purchasers. The development, initial classroom deployment, student adoption and early experiences with cryptocurrency rewards are described by Stefansson and Lentin (2017).[D-1]

SmileyTutor is an open-source learning environment, with particular emphasis on mathematics and statistics. It combines exercises, feedback and adaptive question allocation to support learning rather than merely assess existing knowledge. Its development rests on a research programme documented in peer-reviewed publications beginning with Stefansson (2004).[D-2] A repeated randomised crossover study conducted in an introductory statistics course between 2011 and 2014 found that students in the 2014 experiment achieved higher test scores after completing tutor-web homework than after completing pen-and-paper homework (Jonsdottir, Bjornsdottir and Stefansson, 2017).[D-3] This evidence concerns the educational system and should not be interpreted as showing that cryptocurrency rewards alone caused those learning gains. Research on SmileyCoin separately reports evidence that reward magnitude influenced the number of exercise attempts in the studied setting.[D-1]

The claim that the learning environment produces learning, rather than merely measuring it, rests on a sequence of peer-reviewed analyses that predate the crypto-asset. Analysis of responses to repeated drill items, including items containing randomly generated numbers that cannot be answered from memory, showed a statistically significant increase in the probability of a correct answer between a student's first and second encounter with an item; for the random-number items the proportion correct rose from 67 % to 82 % [D-9]. The same data were used to show that classical item-response models designed for testing do not fit a dynamic drilling environment because they omit a learning term, and a model including such a term estimated the first-to-second-attempt improvement at roughly 62 % to 86 % for a typical item [D-10, D-11]. These results concern the educational system in Icelandic university courses between 2003 and 2009. They indicate that improvement within the drilling system, the same system whose grades now trigger SMLY rewards, reflects learning and not only memorised answers. They do not establish that any particular level of reward is necessary or sufficient for that learning, and they are not evidence of any financial characteristic of SMLY.

SmileyCharity, legally registered in Iceland as **Styrktarfélagið Broskallar**, was established in 2015 to support educational access for students in disadvantaged communities. Through its **SmileyProject**, participating schools and community libraries—called **SmileyLibraries**—provide access to learning devices, SmileyTutor and local support. **SmileyGuides**, normally teachers or librarians, assist participating students. Students earn SMLY through educational activities and can withdraw earned rewards to their own wallets.

Participating **SmileyStores** provide opportunities to spend these rewards on items such as learning devices, food, school supplies, sanitary products and connectivity. Under the established virtual-store model, students transfer SMLY to a designated store address and a SmileyGuide facilitates the corresponding purchase. SmileyCharity provides local-currency reimbursement under the programme's arrangements. On-chain store registration and transaction records support payment verification and reconciliation; they do not, by themselves, prove that physical goods have been delivered. The technical implementation and its use in Kenyan communities and refugee camps are described by Stefansson and colleagues (2024), who reported that the programme had reached 5,000 students by June 2024.[D-4] By 11 October 2026, 9,496 users in African and Lebanese SmileyLibraries had used the system since first recorded use, and 3,670 had been active in the preceding twelve months (Tables D-1 and D-2).

SmileyCoin's blockchain and the charitable programme are distinct. The blockchain records transfers and applies its consensus and issuance rules. SmileyCharity administers its own educational activities, funding and participating-site arrangements; these activities do not constitute control over all uses of SMLY. The blockchain was initially derived from Litecoin source code and subsequently incorporated multiple proof-of-work algorithms and features supporting educational applications.[D-1][D-4]

The **SmileyCoinFund** administers the remaining educational allocation originating from the initial premine through a multisignature arrangement and a governing mandate. It has provided SMLY grants to support SmileyTutor rewards. Separately, SmileyCharity receives **protocol-directed allocations** of newly generated SMLY through designated addresses, referred to within the project as **income streams**. The protocol also allocates newly generated coins to miners and qualifying holder addresses. These mechanisms and their historical development are described in the SmileyCoin research publications.[D-1][D-4] Token holdings and protocol-generated allocations are distinct from the fiat funding needed to purchase goods and operate the charitable programme.

An independent evaluation conducted by **Verkís and a Kenyan evaluation specialist**, commissioned by Iceland's Ministry for Foreign Affairs and reported in 2024, assessed SmileyCharity's Education in a Suitcase activities over 2017–2023. It rated relevance, coherence, efficiency and effectiveness **Highly Satisfactory**, while rating sustainability **Adequate to Satisfactory**. It recommended stronger institutional governance, diversified financing and improved outcome measurement. Long-term impact was not rated because it was considered too early to assess.[5] This evaluation concerns the charitable programme, not regulatory approval of SMLY or an audit of blockchain security.

Work towards greater financial sustainability includes **SmileyTrees** and **SmileyKuku**, which combine supervised agricultural education with trials of local production and trade using SMLY. Proposed expansion of these activities and physical SmileyStores is intended to test whether they can reduce dependence on charitable reimbursement; financial self-sufficiency has not been established. Separate supporting initiatives include **SmileyInvest**, a private limited company established to purchase SMLY on exchanges, and **SmileyTutor NGO**, whose planned advertising-funded app model would use advertising income to purchase SMLY for educational rewards. These arrangements are described separately in the project, funding and conflict-of-interest disclosures.

Native SMLY and the BNB-chain representation

Native SMLY is recorded and transferred on the SmileyCoin blockchain. General information subsection 08 also identifies a BNB-chain representation, referred to as BNB.SMLY, at contract address `0xe015f8C012e932F13184061F3ffd956E9000A6CD`.

SmileyCharity holds 1,000,000,000 native SMLY in cold storage as a reserve corresponding to the 1,000,000,000 BNB.SMLY in existence (see G.5 and H.6). A 1:1 swap between the two is offered by Hybrix, a third party. These arrangements are separate from the native blockchain's mining and issuance rules. Transfers of BNB.SMLY depend on the BNB Smart Chain and the token contract. Conversion to native SMLY also depends on the Hybrix pool or, as a fallback, on SmileyCharity's own decisions about the reserve.

The stated conversion ratio does not establish a guaranteed market price or uninterrupted conversion availability. Educational uses documented for native SMLY should not be understood as demonstrating direct acceptance of BNB.SMLY by SmileyTutor or participating SmileyStores.

SmileyProject participants normally work solely with native SMLY. Use of BNB.SMLY is completely optional but allows for experiments with swaps using pools using newer technology, such as PancakeSwap.

Educational purpose and documented use do not eliminate crypto-asset risks. Availability of programme goods and services depends on eligibility, local arrangements, funding, stock and continued operation. Programme reference valuations are not guaranteed market prices or a general right to exchange SMLY for fiat currency. SMLY may lose some or all of its value, become illiquid or cease to be transferable. Neither the research findings nor the charitable purpose should be understood as a promise of investment returns.

Implementation and decision-making

SmileyCharity's board and executive management are responsible for the association's activities, not for all activity on the SmileyCoin network. The SmileyCoinFund administers its educational allocation under its separate mandate and signature arrangements. Software maintenance, network validation, educational-platform operation and local programme delivery are distinct implementation functions. The persons responsible for those functions, and separately for BNB.SMLY custody and conversion arrangements, are identified in D.5.

Third-party conversion and liquidity services. As of 11 October 2026, a 1:1 swap between native SMLY and BNB.SMLY is available through Hybrix (hybrix.io), and BNB.SMLY can be exchanged through liquidity pools on PancakeSwap. Both are independent third-party services. SmileyCharity does not operate them, cannot guarantee that they will remain available or liquid, and has not verified their regulatory status. Admission to trading is not sought on either service through this white paper.

Note on student and user counts

Figures for the number of students using the tutor-web/SmileyLibraries system appear in several places in this document and in the cited publications. They differ because they were tallied at different dates, over different windows (cumulative since first recorded use versus the trailing twelve months), and with different inclusion rules (some counts include Iceland and unattributed locations, others exclude them). None of the figures is a correction of another; each is a snapshot. The authoritative source for current numbers is the public statistics page at https://libraries.tutor-web.net/. The two tables below were taken from that page on 11 October 2026 at 09:43 GMT. Iceland and one row with an unassigned country code have been removed, so the row numbering in the source is not reproduced here. "MSMLY" denotes millions of SMLY paid out as learning rewards to users in that country.

Not every site that has used the system remains active: Ethiopia, Ghana and The Gambia appear in the cumulative table but recorded no activity in the trailing twelve months. Lebanon and Tanzania, by contrast, began use within the last year, so their cumulative and twelve-month figures are identical. Kenya accounts for the overwhelming majority of users, answers and rewards in both windows.

Table D-1. Usage by country since first recorded use (Iceland and unknown locations removed). Source: https://libraries.tutor-web.net/, retrieved 11 October 2026, 09:43 GMT.

Country	Users	SmileyLibraries	Answers	First use	Last use	MSMLY
BF	14	1	217	2022-02-07	2026-02-19	0.00
ET	167	7	128,604	2022-07-07	2025-08-19	32.17
GH	30	1	34,902	2023-07-07	2025-03-27	7.32
GM	18	1	2,579	2024-09-01	2025-01-10	0.25
KE	9,071	56	35,344,836	2020-12-09	2026-10-11	9,012.04
LB	56	1	200,322	2025-11-11	2026-10-10	42.45

Country	Users	SmileyLibraries	Answers	First use	Last use	MSMLY
TG	17	1	9,821	2024-09-14	2026-04-29	0.29
TZ	16	1	668	2026-03-05	2026-10-09	0.07
UG	107	4	166,321	2024-10-22	2026-10-07	6.75
Total	**9,496**	**73**	**35,888,270**	2020-12-09	2026-10-11	**9,101.34**

Table D-2. Usage by country in the twelve months to 11 October 2026 (Iceland and unknown locations removed). Same source and retrieval time.

Country	Users	SmileyLibraries	Answers	First use	Last use	MSMLY
BF	11	1	131	2026-02-03	2026-02-19	0.00
KE	3,515	50	8,312,021	2025-10-12	2026-10-11	2,000.32
LB	56	1	200,322	2025-11-11	2026-10-10	42.45
TG	7	1	4,144	2025-11-12	2026-04-29	0.22
TZ	16	1	668	2026-03-05	2026-10-09	0.07
UG	65	4	93,263	2025-10-19	2026-10-07	3.59
Total	**3,670**	**58**	**8,610,549**	2025-10-12	2026-10-11	**2,046.65**

D.5 Details of all persons involved in the implementation of the crypto-asset projects

Implementation responsibilities are distributed among the persons and organisations identified below. Their inclusion describes their respective activities and does not, by itself, determine issuer status or imply responsibility for other' obligations. Historical research affiliations are distinguished from current operational responsibilities.

Type of person	Full name	Business address	Domicile of company	Function
Other person involved in implementation	Gunnar Stefánsson	Lundi 9, 200 Kópavogur, Iceland	Iceland	Founder and CEO of Smiley-Charity
Other person involved in implementation	Professor Anna Helga Jónsdóttir	Department of Mathematics, University of Iceland	Iceland	Co-founder of Smiley-Charity
Development team	Hybrix	Utrecht, Netherlands	Netherlands	Holds contract ownership role (no power over supply or transfers)
Development team	Other contractors	N/A	Not available	Other international contractors who develop Smiley-Coin and SmileyTutor
Development team	Content developers and programmers	N/A	Not available	Various students participate in development projects through R&D grants

Type of person	Full name	Business address	Domicile of company	Function
Other person involved in implementation	SmileyGuides	At each of 58 sites across Africa (*)	Not available	Lead the local SmileyProject implementations
Other person involved in implementation	Node operators	Global	Not available	Maintain blockchain

(*) Taken from the second table on the dynamic stats site at https://libraries.tutorweb.net/

The native blockchain also depends on independent miners and node operators. These participants are not, solely by participating in the network, employees or representatives of SmileyCharity. The preparer does not maintain a complete register of permissionless network participants.

BNB.SMLY was one of multiple outputs from a research project, EduChain, operated by the University of Iceland but implemented by Hybrix as a contractor, generating BNB.SMLY for SmileyCharity which instead put up the reserve native SMLY coins. The BNB.SMLY initiation process is described in H.6.

The BNB.SMLY contract (0xe015f8C012e932F13184061F3ffd956E9000A6CD) was deployed by Hybrix on Jan-23-2025 at 09:08:36 AM UTC from a standard token-generator template. Its entire supply of 1,000,000,000 BNB.SMLY was minted once, at deployment. The contract has no minting function after deployment and no upgrade mechanism, and it cannot pause transfers, block addresses or charge transfer fees. The contract owner (0xd6b7EA5A3FA066D1a2f4bff166Dedef5aC315677) can only transfer or give up ownership. That role carries no power over balances, supply or contract logic.

D.6 Utility Token Classification

FALSE;

Native SMLY: proposed classification - not a utility token.

The native SMLY is not only intended to provide access to goods or services supplied by an issuer. Its described functions include transferable educational rewards and peer-to-peer payments, including transactions with participating third parties. Educational

applications are material uses of SMLY, but do not by themselves determine its legal classification.

BNB.SMLY: proposed classification – not a utility token. BNB.SMLY is a transferable token that corresponds to native SMLY held in reserve. It is not intended to provide access only to a good or service supplied by an issuer. No identifiable issuer supplies goods or services in exchange for it, and holding it does not give access to SmileyTutor or SmileyStore services. It also confers no profit-sharing, dividend, revenue or governance rights.

D.7 Key Features of Goods/Services for Utility Token Projects

Not applicable to native SMLY on the classification stated in D.6. Nevertheless, its documented educational reward and payment uses, the participating-store arrangements and their limitations are disclosed in D.4 and D.8. Those descriptions do not establish an unconditional entitlement for every holder to receive goods or services.

Not applicable to BNB.SMLY on the classification stated in D.6. BNB.SMLY does not give access to any goods or services.

D.8 Plans for the token

Past development

SmileyCoin was introduced in 2014 for educational reward applications. SmileyCharity was established in 2015. Research published in 2017 describes the introduction and early use of cryptocurrency rewards, while the 2024 publication describes on-chain services supporting educational activities and participating stores. See D.4, references D-1 and D-4.

These dates describe historical milestones and publications; they do not establish that every current functionality existed at launch.

Established applications

Native SMLY is used for educational rewards in SmileyTutor and for payments under participating SmileyStore arrangements. Under the established virtual-store model, local representatives facilitate eligible purchases and SmileyCharity provides local-currency reimbursement. Continued availability depends on programme funding, eligibility, local partners and technical operation.

Pilots and proposed development

SmileyKuku and SmileyTrees test supervised agricultural learning and local production and trade using SMLY. Proposed expansion of physical SmileyStores seeks to create additional opportunities to buy and sell locally produced goods. These activities are intended to test whether some programme transactions can become less dependent on charitable reimbursement; financial self-sufficiency has not been demonstrated.

SmileyTutor NGO, a separate non-profit association (ID no. 570426-1330), proposes an advertising-funded app model in which advertising income would fund purchases of SMLY for educational rewards. This is a proposed funding model, not an established source of revenue or a guarantee of continued token purchases.

Plans are subject to funding, technical capacity, participating-site agreements and evaluation of results. No guaranteed completion dates or investment returns are represented by these descriptions.

Implementation of each of the new initiatives is planned by the SmileyCharity. The timeline is completely dependent on grants and donations.

Development of the educational platform has continued alongside the crypto-asset. The 2018 release of the learning environment added exercises built on live data from national statistical offices and on data entered by students themselves, together with structured peer review of student-authored material; the same publication describes the SMLY reward as a two-step scheme (a small reward for a passing grade and a larger reward for an excellent grade) and notes preliminary evidence that the amount offered affects student behaviour in the expected direction [D-12]. Plans described in that publication for registering charities and coupon providers on the blockchain were subsequently implemented as the on-chain services described in reference [D-4]. Continued development of the platform is a research activity and is not a commitment regarding the crypto-asset.

D.9 Resource allocation

Implementation uses several distinct categories of resources:

Charitable operating resources. SmileyCharity obtains grants and donations and applies resources to educational equipment, programme support, eligible purchases and administration. Historical financial information, funding restrictions and liabilities are disclosed in A.16. That financial information is not a consolidated budget for every organisation or technical activity described in this white paper.

Educational SMLY allocation. The SmileyCoinFund administers the remaining educational allocation originating from the initial premine under its mandate and multisignature arrangements. Transfers supporting educational rewards are distinct from SmileyCharity's fiat operating expenditure. See G.5.

Protocol-directed allocations. Native SMLY issuance includes allocations to miners, designated SmileyCharity addresses and qualifying holder addresses under the protocol rules described in G.5. These are allocations of newly generated crypto-assets, not guaranteed fiat income or a consolidated project budget.

Personnel and infrastructure. Implementation depends on software development, educational-content development, platform hosting, learning devices, connectivity and local programme support. Responsibilities are identified in D.5. Separate organisations' staff, assets and resources should not be treated as available to SmileyCharity

without an established arrangement.

BNB.SMLY backing arrangements. Native 1 bn SMLY designated as backing for 1 bn BNB.SMLY are distinct from resources available for educational grants or operating expenditure. The reserve balance of 1 bn native SMLY is intended to support possible off-market conversion from BNB.SMLY to native SMLY, should this be required.

The present white paper does not provide a consolidated, costed allocation of future resources across these activities. Anticipated grants, advertising income and pilot revenues are not treated as committed funding.

D.10 Planned use of Collected funds or crypto-Assets

No funds or crypto-assets are being collected from purchasers through an offer described in this version of the white paper. Accordingly, no allocation of offer proceeds is presented.

This does not mean that the participating organisations receive no funding or crypto-assets. SmileyCharity's grants, donations and holdings are addressed in A.16, and the educational allocation, protocol-directed receipts and other implementation resources are described in D.9 and G.5.

References for Part D

[D-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

[D-2] Stefansson, G. (2004). "The tutor-web: An educational system for classroom presentation, evaluation and self-study." *Computers & Education*, 43(4), 315–343.

[D-3] Jonsdottir, A. H., Bjornsdottir, A. and Stefansson, G. (2017). "Difference in Learning Among Students Doing Pen-and-Paper Homework Compared to Web-Based Homework in an Introductory Statistics Course." *Journal of Statistics Education*, 25(1), 12–20. DOI: 10.1080/10691898.2017.1291289.

[D-4] Stefansson, G., Jonsdottir, A. H., Gunnarsson, B. and Lentin, J. (2024). "On-chain Services for Education in Slums and Refugee Camps." *International Journal of Learning and Teaching*, 10(6), 697–702.

[D-5] Nielsen, K. D., Stefánsdóttir, S. L., Hussein, B. A., Birgisdóttir, V. L. and Ingvarsdóttir, A. (2024). *Final Evaluation Report: SmileyCharity in Kenya*. Independent evaluation commissioned by Iceland's Ministry for Foreign Affairs. **An evaluation report, not a peer-reviewed journal article.**

[D-6] Taken from https://coinmarketcap.com/academy/glossary/coinbase viewed on October 9, 2026

[D-7] Described in subsection "The coinbase, difficulty and mining strategy" of cryptocurrency teaching material "Cryptocurrency and the Smileycoin", specifically https://tutor-web.net/comp/crypto251.0/lec01200/sl01220 viewed on October 9, 2026

[D-8] Antonopoulos, A.M. (2010). Mastering Bitcoin. O'Reilly, 282pp.

[D-9] Sigurdardottir, A. J. and Stefansson, G. (2009). "Greining á framförum nemenda innan vefkerfis sem býður upp á gagnvirk krossapróf" [Analysis of student progress within a web-based quiz system; in Icelandic with English summary]. *Tímarit um raunvísindi og stærðfræði*, 6(1), 23–32.

[D-10] Stefansson, G. and Sigurdardottir, A. J. (2009). "Interactive quizzes for continuous learning and evaluation." In *JSM Proceedings, Section on Statistical Education*. Alexandria, VA: American Statistical Association, 4577–4591.

[D-11] Stefansson, G. and Sigurdardottir, A. J. (2011). "Web-assisted education: From evaluation to learning." *Journal of Instructional Psychology*, 38(1), 47–60.

[D-12] Jonsdottir, A. H., Lentin, J., Calian, V., Hafsteinsson, E. K. and Stefansson, G. (2021). "Using real data for statistics education in an open-source learning environment." *Teaching Statistics*, 43(1), 5–12. DOI: 10.1111/test.12237.

Part E – Information about the offer to the public of crypto-assets or their admission to trading

Applicability of this Part

This document is prepared by SmileyCharity for information, concerning native SmileyCoin (SMLY) and the BNB-chain representation designated BNB.SMLY. As stated in Parts A and C, SmileyCharity is neither conducting an offer to the public nor seeking admission to trading.

No subscription process, offer price, purchaser allocation or placement arrangement is established by this document. References to "not applicable" in the offer-specific fields below relate to that scope; they do not imply that transactions involving either representation are outside applicable law.

Existing third-party trading, educational reward distributions, programme reimbursements and conversion between native SMLY and BNB.SMLY are distinct activities. They should not be treated as interchangeable with an offer or admission covered by this document.

SmileyCharity holds SMLY and may sell part of its holdings. Actual or proposed sales, associated communications and any listing or conversion arrangements must be assessed on their own facts. Existing circulation, decentralised operation and charitable objectives do not, by themselves, establish an exemption from applicable requirements.

E.1 Public offering or admission to trading

Not applicable: SmileyCharity neither offers SMLY to the public nor seeks its admission to trading through this document. See the applicability statement at the beginning of Part E.

E.2 Reasons for public offer or admission to trading

Not applicable: no offer to the public or admission to trading is sought through this document. SmileyCharity has large holdings of SmileyCoin. The coin is already traded on open markets. It is in SmileyCharity's general interest to make publicly available information about SmileyCoin and SmileyCharity may sell SmileyCoin through available market providers.

SmileyCharity's reasons for preparing the document are otherwise described in C.14.

Supplementary context. SmileyCoin's introduction and early use as an educational reward mechanism are described by Stefansson and Lentin (2017).[E-1] This historical purpose is distinguished from purchases and sales on secondary markets. The research does not establish current liquidity, regulatory approval or investment returns.

A secondary-market purchase does not, by itself, constitute a donation to SmileyCharity or establish that the proceeds will finance educational activities.

SmileyCharity does not operate a trading platform and cannot guarantee that any CASP will admit SMLY.

E.3–E.11

Field	Proposed replacement
E.3 Fundraising target	Not applicable: no fundraising through an offer is conducted under this version. Programme funding is described separately in A.16 and D.9–D.10.
E.4 Minimum subscription goals	Not applicable: no subscription process is established by this version.
E.5 Maximum subscription goals	Not applicable: no subscription process is established by this version.
E.6 Oversubscription acceptance	Not applicable: no subscriptions are accepted under this version.
E.7 Oversubscription allocation	Not applicable: no purchaser-allocation mechanism is established by this version.
E.8 Issue price	Not applicable: no issue or offer price is set by this version.
E.9 Currency or crypto-assets determining the issue price	Not applicable: no issue or offer price is set by this version.
E.10 Subscription fee	Not applicable: no subscription process is established by this version. Other transaction costs are addressed in E.36.

Field	Proposed replacement
E.11 Offer price determination method	Not applicable to an offer under this version. Third-party transaction prices depend on the relevant market or transaction arrangements. Programme reference valuations and the stated BNB.SMLY conversion ratio are not guaranteed secondary-market prices.

E.12 Total number of offered/traded crypto-asset

No specific quantity is designated for an offer or admission to trading under this version.

Supplementary supply information. Native SMLY's issuance schedule and stated maximum supply (48 bn SMLY) are further detailed in G.12. Total generated supply, circulating supply, educational allocations, reserve holdings and quantities available for trading are different measures.

D.4 describes a reported arrangement under which one billion BNB.SMLY correspond to one billion native SMLY held in cold storage. The reserve and represented tokens must be distinguished in any combined economic-supply presentation to avoid double counting. These quantities do not constitute an offer allocation under this document.

E.13 Targeted holders

ALL; No purchaser category is targeted. Educational beneficiaries are not, merely by participating in the programme, a target market for purchasing crypto-assets.

E.14 Holder restrictions

This version establishes no offer-specific eligibility conditions. Acquisition, holding, transfer and use remain subject to applicable law and relevant service-provider terms.

Educational-programme eligibility, trading-platform eligibility and technical transfer restrictions are separate matters. Participation in SmileyTutor or a SmileyStore programme does not establish eligibility to use a trading platform.

E.15 Reimbursement notice

Not applicable: no subscription funds are collected under this version. This does not exclude statutory or contractual remedies arising from an actual transaction.

E.16 Refund mechanism

Not applicable to a subscription under this version.

E.17 Refund timeline

Not applicable to a subscription under this version.

E.18 Offer phases

Not applicable: no phased offer is established by this version.

E.19 Early purchase discount

Not applicable: no early-purchase arrangement is established by this version.

E.20 Time-limited offer

Not applicable: no offer is established by this version.

E.21 Subscription period beginning

Not applicable: no subscription period is established.

E.22 Subscription period end

Not applicable: no subscription period is established.

E.23 Safeguarding arrangements for offered funds/crypto- Assets

Not applicable to subscription proceeds: none are collected under this version.

SmileyCharity holds the reserve in cold storage, nobody else controls it, and holders have no rights to it.

E.24 Payment methods for crypto-asset purchase

No purchase-payment method is established under this version. For third-party purchases or swaps, accepted payment assets, supported networks and settlement conditions depend on the relevant provider or arrangement.

E.25 Value transfer methods for reimbursement

Not applicable to a subscription under this version.

E.26 Right of withdrawal

No offer-specific withdrawal procedure is established by this version. The existence and scope of statutory withdrawal rights or other remedies depend on the actual transaction and applicable law. Nothing in this document waives or restricts mandatory rights.

E.27 Transfer of purchased crypto-assets

No purchaser-delivery arrangement is established under this version.

In third-party transactions, a credit to an account with a custodial provider is distinct from an on-chain transfer to a wallet controlled by the purchaser. Native SMLY and BNB.SMLY operate on different networks. The receiving wallet or service must support the relevant representation and network. Conversion between them is a separate operation.

E.28 Transfer time schedule

No purchaser-delivery schedule is established under this version. Third-party processing times depend on provider procedures, network conditions and confirmation requirements. No guaranteed transfer or conversion time is represented here.

E.29 Purchaser's technical requirements

No subscription-specific technical requirements are established under this version.

For self-custody of native SMLY, users require compatible SmileyCoin wallet software and secure management and backup of private keys. For BNB.SMLY, users require a wallet supporting the relevant BNB-chain token contract and access to the host network's transaction-fee asset.

Both representations use the symbol SMLY, as explained in D.2–D.3. Users must therefore verify the network and, for BNB.SMLY, the contract identity rather than rely on the ticker alone.

Third-party providers may impose additional account, identification and technical requirements. Loss of keys or use of an unsupported destination or network may cause permanent loss.

E.30 Crypto-asset service provider (CASP) name

No CASP is identified as appointed to place crypto-assets under this version.

E.31 CASP identifier

Not applicable to a placing CASP under this version; see E.30.

E.32 Placement form

NTAV; Not applicable: no placement arrangement is established by this version.

E.33 Trading platforms name

At the date of this document, SMLY is not admitted to trading on any trading platform for crypto-assets operated by a crypto-asset service provider authorised under Regulation (EU) 2023/1114. SmileyCharity does not seek admission to trading. Whether to admit SMLY is a decision for a platform operator, which makes its own assessment, including of whether SMLY has an identifiable issuer. A platform may use this document as a source of information for that assessment.

E.34 Trading platforms Market identifier code (MIC)

Not applicable (see E.33).

E.35 Trading platforms access

Access to third-party trading and swap services depends on current availability, supported representation, eligibility conditions and applicable law.

Centralised services may require registration and identity verification. Wallet-connected services require compatible software, network connectivity and interaction with the relevant contracts or liquidity pools.

Support for native SMLY does not establish support for BNB.SMLY, or vice versa. Continued listing, deposits, withdrawals, conversion and execution at a particular price are not guaranteed.

E.36 Involved costs

No subscription fee is established under this version. Third-party acquisition, transfer, custody, sale or conversion may nevertheless involve network fees, trading fees, withdrawal charges, custody charges, conversion charges, spreads and price slippage.

Native-network transaction fees are denominated in SMLY. BNB.SMLY transactions incur host-network fees, normally payable in BNB. Conversion between the representations may involve additional charges.

Actual costs depend on the provider, transaction and network conditions. No uniform fee schedule or maximum total cost is represented in this document.

E.37 Offer expenses

Not applicable: no offer is conducted under this version. Document-preparation and project operating expenditure are distinct from purchaser transaction charges and expenses associated with any future offer or admission.

E.38 Conflicts of interest

SmileyCharity

SmileyCharity prepares this document and holds substantial quantities of SMLY. A.16 reports approximately 9.65 billion SMLY, including approximately 1.0 bn locked as the BNB.SMLY reserve (Table A-1). SmileyCharity holds the reserve in cold storage, nobody else controls it, and holders have no rights to it.

SmileyCharity consequently has an economic interest in SMLY's usability, liquidity and market accessibility. Its charitable status does not make this document an independent assessment of the crypto-asset. Sales to finance activities may affect market prices and create tensions between programme-financing needs and the interests of other holders.

Overlapping roles: Gunnar Stefánsson is Chair and Executive Director of SmileyCharity, a co-developer of SmileyCoin and SmileyTutor, and a member of the SmileyCoinFund board. He founded SmileyInvest. He has traded SMLY in the past (Stefansson and Lentin, 2017 [E-1]) but does not currently hold SMLY personally. Anna Helga Jónsdóttir is a board member of SmileyCharity and a co-developer of SmileyTutor.

SmileyCoinFund

The SmileyCoinFund administers the remaining educational allocation originating from the initial premine under its mandate and multisignature arrangements. Decisions concerning grants and distributions can affect the quantities available to recipients and potentially to markets. Authority to administer or authorise transfers from the allocation should not be confused with personal beneficial ownership.

SmileyInvest

SmileyInvest is a separate private limited company established to purchase SMLY on cryptocurrency markets in support of the broader project. Its holdings and purchasing activity create economic exposure to SMLY. Purchases may influence demand and prices, but do not establish a guaranteed price floor, continuous liquidity or an obligation to purchase from a particular holder.

Since the founding of SmileyInvest its founder (Gunnar Stefánsson) has not made any SmileyCoin purchases or sales and no longer holds SmileyCoin personally.

SmileyTutor NGO

The planned advertising-funded app model described in D.8 would use advertising income to purchase SMLY for educational rewards. This is a proposed funding arrangement, not a guaranteed source of continuing market demand. Purchases and subsequent reward distributions may affect market conditions.

Liquidity provision

For a few years before 2020, automated trading bots provided liquidity for SMLY on certain exchanges. They used SMLY to narrow spreads and meet exchange liquidity requirements (Stefansson and Lentin, 2017 [E-1]). Such programs are no longer operated and the corresponding exchanges (C-CEX and Cryptopia) had closed by 2020. Reported trading volume during that period may therefore not reflect independent market demand. SmileyTutor NGO's planned conversion and liquidity role is described in D.8.

Different participant interests

Persons purchasing SMLY for educational rewards may benefit from lower acquisition prices, whereas persons selling holdings may benefit from higher prices. Students and programme operators may prioritise predictable access to goods and services rather than resale value. These interests need not remain aligned.

BNB.SMLY

SmileyCharity holds the BNB.SMLY reserve and received the entire BNB.SMLY supply, so it has an economic interest in BNB.SMLY as well as native SMLY. Hybrix holds the contract owner role, which gives no power over supply or transfers, and operates the 1:1 swap pool.

Holding SMLY or BNB.SMLY does not, by itself, confer shares in SmileyInvest or ownership of SmileyCharity's assets. A secondary-market purchase does not automatically transfer its proceeds to educational programmes.

BNB.SMLY was one of multiple outputs from a research project, EduChain, operated by the University of Iceland but implemented by Hybrix as a contractor, generating BNB.SMLY for SmileyCharity which instead put up the reserve native SMLY coins. The BNB.SMLY initiation process is described in H.6.

Pools

SMLY and BNB.SMLY are traded through liquidity pools on Hybrix and PancakeSwap (DEXOMY pools are currently closed). Each pool is run by its own smart contract or algorithm, which sets prices from the assets in the pool. DEXOMY also runs an order book. None of these venues are operated by a crypto-asset service provider authorised under Regulation (EU) 2023/1114, and SmileyCharity does not operate or control any of them.

From 2023 to 2025, SmileyCharity and Smiley Invest ehf. occasionally provided liquidity to these pools, usually after accepting one-off requests from the venue operators. These requests created no contract or obligation, and SmileyCharity receives no payment from any venue. Deposits were made at the pool's current ratio, so they did not move the pool price.

As of Oct 13, 2026 SmileyCharity has no orders on the DEXOMY order book.

As of Oct 13, 2026, SmileyCharity holds liquidity positions of 178 M SMLY in Hybrix pools and 40 M in BNB.SMLY PancakeSwap pools, and SmileyCharity holds the related tokens. This constitutes about 2.3% of the charity's total SmileyCoin holdings.

As of Oct 13, 2026, Smiley Invest ehf. holds no native SMLY liquidity positions.

From the date of this white paper, SmileyCharity will provide liquidity only under a written policy approved by its board. Under the policy, it acts passively, sets no price targets and does not trade against its own positions. The policy will set a maximum number of SMLY across all pools. SmileyCharity publishes any material change to its positions without delay (Art. 88), and insiders are not allowed to trade around such changes (Art. 89).

E.39 Applicable law

SmileyCharity is an Icelandic association subject to applicable Icelandic law.

The law applicable to particular purchases, sales, custody arrangements, conversions and claims concerning this document depends on the relevant facts, mandatory legal rules and any valid contractual terms. Decentralised network operation does not place transactions or participants outside the law.

E.40 Competent court

No offer-specific jurisdiction agreement is established by this version. Jurisdiction over a dispute depends on the parties, the nature of the claim, applicable jurisdiction rules and any valid contractual agreement.

SmileyCharity's establishment in Iceland may provide a basis for proceedings before Icelandic courts, subject to the applicable rules. This statement does not establish exclusive Icelandic jurisdiction or restrict mandatory rights to bring proceedings elsewhere.

Disputes involving the SmileyCoinFund, trading providers or BNB.SMLY arrangements require separate consideration of the responsible persons and applicable terms.

References for Part E

[E-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

Part F – Information about the crypto-assets

F.1 Crypto-asset type

Native SMLY: Proposed classification as a crypto-asset other than an asset-referenced token or an e-money token. Native SMLY is the transferable native asset of the SmileyCoin blockchain, used for payments, educational rewards and network transaction fees.

Native SMLY does not purport to maintain a stable value by reference to an official currency or another asset. Programme reference valuations used in educational activities are distinct from a general price-stabilisation or redemption commitment.

Its proposed treatment as not being a utility token is explained in D.6: its intended functions are not limited to access to goods or services supplied by an issuer.

BNB.SMLY: A token representation on a separate blockchain, described in D.4 as backed by native SMLY and associated with a stated 1:1 conversion arrangement.

F.2 Crypto-asset functionality

Native-network functionality

Native SmileyCoin (SMLY) can be held and transferred between compatible addresses on the SmileyCoin blockchain. It is used for peer-to-peer payments and payment of native-network transaction fees. Transfers depend on valid authorisation, network processing and the applicable protocol rules.

Educational rewards

SmileyTutor, formerly tutor-web, uses native SMLY to reward educational activities. Eligible users can earn rewards under the platform's rules and withdraw them to compatible wallets. Educational reward distributions transfer existing SMLY; they are distinct from the generation of new coins by the blockchain.

Stefansson and Lentin (2017) describe the introduction and early educational use of SmileyCoin.[F-1] This research supports the account of its educational reward function; it does not establish guaranteed learning outcomes, future availability or financial returns.

Whether a reward is triggered depends on the platform's internal grading scheme and item-allocation algorithm, not on any rule of the SmileyCoin protocol. The grading scheme determines when a drill set counts as completed to a given standard, and the allocation algorithm determines the difficulty of the items a student must answer to reach that standard; both are parameters of the learning environment that have been changed experimentally over time [F-3]. A change to either can therefore alter the quantity of SMLY earned per unit of study without any change to the blockchain. Holders should not infer from past reward levels that any particular quantity of SMLY will be distributed for a given educational achievement in the future.

Participating-store payments

Under the established virtual SmileyStore arrangements, eligible students transfer native SMLY to designated store addresses. Local programme representatives facilitate purchases, and SmileyCharity provides local-currency reimbursement under the programme's arrangements. Availability depends on eligibility, funding, participating providers and local implementation.

Service discovery and supporting records

The native blockchain supports registration of service information, including participating-store information that compatible wallet software can display. Blockchain transactions support payment verification and reconciliation. Registration and payment records do not, by themselves, ensure delivery of goods or performance of an off-chain service. These applications are described by Stefansson and colleagues (2024).[F-2]

BNB.SMLY functionality

BNB.SMLY provides a separately recorded token representation that can be transferred using compatible host-network wallets and applications. Conversion between BNB.SMLY and native SMLY is a separate process dependent on the backing and conversion arrangements described in D.4.

Native SMLY's educational integrations and protocol-directed allocations should not be assumed to apply directly to BNB.SMLY. In particular, this document does not establish direct acceptance of BNB.SMLY by SmileyTutor or participating SmileyStores.

Limitations

Holding either representation does not, by itself, establish eligibility for charitable assistance or an unconditional entitlement to programme goods or services. Educational purpose does not guarantee liquidity, preservation of value or investment returns.

F.3 Planned application of functionalities

Native-network transfers and educational reward applications are established functions. The SmileyTutor reward function has been in continuous use since 2014 and its integration with the current release of the learning environment, including exercises built

on real statistical data and student-authored content, is described in the peer-reviewed literature [F-4].

Participating virtual SmileyStore arrangements are operational applications described in D.4. Their availability is site-specific and depends on continued technical operation, funding and programme arrangements.

SmileyKuku and SmileyTrees are pilot activities combining supervised learning with trials of local production and trade using native SMLY. Expansion of physical SmileyStores is intended to support purchases and sales of locally produced goods. These initiatives extend the use of the payment system; they should not be presented as completed network-wide deployments or proof of financial self-sufficiency.

SmileyTutor NGO, a separate non-profit association, proposes an advertising-funded application under which advertising income would fund purchases of SMLY for educational rewards. This remains a proposed funding and application model.

BNB.SMLY is described in D.4 as an existing token deployment. Its deployment is distinct from the continuing availability of conversion services, trading pools and third-party integrations.

Future implementation depends on funding, development capacity, participating-site agreements and evaluation. No guaranteed completion dates are represented. Further project plans and resource constraints are described in D.8–D.9.

F.4 Type of crypto-asset white paper

OTHR

F.5 The type of submission

NEWT

F.6 Crypto-asset characteristics

Native SMLY

Native SMLY is the digital asset recorded on the public SmileyCoin blockchain, introduced in 2014. The blockchain was initially derived from Litecoin source code and subsequently developed to incorporate multiple proof-of-work algorithms and features supporting educational applications.[F-1, F-2]

Native SMLY transactions are recorded on a public ledger. Addresses are pseudonymous rather than inherently anonymous, and transaction information may be linked to persons through other information.

New native SMLY is generated under the blockchain's issuance rules. The issuance schedule and stated maximum supply are described in G.12. The initial educational allocation administered by the SmileyCoinFund is distinct from subsequent issuance and from SmileyCharity's holdings.

As described in G.5, protocol-directed allocations distribute newly generated coins among miners, designated SmileyCharity addresses and qualifying holder addresses. These allocations are not distributions of company profits. Eligibility for a holder allocation is determined by protocol conditions, not simply by whether a person supports the educational project.

Native transaction fees are denominated in SMLY. Holding or transferring SMLY does not guarantee future market value, market access or uninterrupted network operation.

Application-supporting features

Service information can be registered on the native blockchain and accessed through compatible software. The described applications include store discovery and coupon-related services. Coupon fulfilment and other service operations may depend on off-chain software and service providers. On-chain registration is not a guarantee of service quality, availability or delivery.

These features developed over time; this document does not represent that every current feature existed at launch.

BNB.SMLY

BNB.SMLY is the designation used in this document for the BNB-chain token at contract address `0xe015f8C012e932F13184061F3ffd956E9000A6CD`. Its actual ticker on the BNB-chain is SMLY.

One billion BNB.SMLY minted in this contract are associated with one billion native SMLY held in cold storage. The token contract, host network, reserve custody and conversion arrangements are distinct from the native blockchain's mining and issuance rules.

Transfers of BNB.SMLY require compatible host-network infrastructure and applicable network fees, normally payable in BNB. Its stated conversion ratio does not establish equal secondary-market prices or uninterrupted conversion availability.

Users must distinguish the network and contract identity, rather than rely on the SMLY ticker alone.

F.7 Commercial name or trading name

SmileyCoin (SMLY)

The BNB-chain representation also uses SMLY as its ticker and is designated BNB.SMLY in this document to distinguish it from native SMLY.

F.8 Website of the issuer

Not applicable: no identifiable issuer (see Part B).

Supplementary project information: https://smileycharity.is is SmileyCharity's website. Identifying it here does not, by itself, establish that SmileyCharity is the issuer of either representation.

F.9 Starting date of offer to the public or admission to trading

Not applicable: no offer to the public or admission to trading is sought.

F.10 Publication date

TBA

F.11 Any other services provided by the issuer

Not applicable: no identifiable issuer (see Part B).

F.12 Language or languages of the crypto-asset white paper

EN — English

F.13 Digital token identifier code (DTI) used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available

Digital Ledger Identifier: X7CDNC3WH

Digital Token Identifier: T3F45B3WV

DTI Type: Equivalent Digital Token Group

Equivalent Digital Token Identifiers List: NRHV9DD07

Equivalent digital token grouping reasons: Architectural;Organisational

Digital Asset External Identifiers Type + Value: ISIN:XTT3F45B3WV5

F.14 Functionally fungible group digital token identifier, where available

A functionally fungible group DTI has not yet been verified for the scope of this white paper.

F.15 Voluntary data flag

FALSE

F.16 Personal data flag

TRUE

F.17 LEI eligibility

TRUE; SmileyCharity has a LEI, 636700LQMUJ4E4WR0417.

F.18 Home Member State

Iceland

F.19 Host Member States

All EEA states other than the home Member State: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

References for Part F

[F-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

[F-2] Stefansson, G., Jonsdottir, A. H., Gunnarsson, B. and Lentin, J. (2024). "On-chain Services for Education in Slums and Refugee Camps." *International Journal of Learning and Teaching*, 10(6), 697–702.

[F-3] Jonsdottir, A. H. and Stefansson, G. (2014). "From evaluation to learning: Some aspects of designing a cyber-university." *Computers & Education*, 78, 344–351. DOI: 10.1016/j.compedu.2014.06.017.

[F-4] Jonsdottir, A. H., Lentin, J., Calian, V., Hafsteinsson, E. K. and Stefansson, G. (2021). "Using real data for statistics education in an open-source learning environment." *Teaching Statistics*, 43(1), 5–12. DOI: 10.1111/test.12237.

Part G – Information on the rights and obligations attached to the crypto-assets

G.1 Purchaser rights and obligations

Native SMLY

Native SMLY can be held and transferred using compatible software, subject to valid transaction authorisation, applicable protocol rules and network operation.

Holding native SMLY does not, by itself, confer membership or voting rights in SmileyCharity, shares in SmileyInvest, authority over the SmileyCoinFund, or an entitlement to those organisations' profits or assets.

Qualifying native addresses may receive newly generated SMLY under the protocol-directed allocation mechanism described in G.5. These allocations are not distributions of company profits and do not constitute a guaranteed rate of return.

Educational programme participation

Holding SMLY does not automatically establish eligibility for educational rewards, charitable assistance or participating-store purchases. These activities depend on the relevant programme conditions, local arrangements, funding and continued operation. Rights arising from a particular purchase or programme commitment are distinct from the mere holding of SMLY.

BNB.SMLY

BNB.SMLY can be held and transferred on its host network, subject to its token contract and the host network's rules. D.4 describes native SMLY backing and a stated 1:1 conversion arrangement. BNB.SMLY confers no enforceable right to conversion or to the reserve.

BNB.SMLY was one of multiple outputs from a research project, EduChain, operated by the University of Iceland but implemented by Hybrix as a contractor, generating BNB.SMLY for SmileyCharity which instead put up the reserve native SMLY coins. The BNB.SMLY initiation process is described in H.6.

The reported backing arrangement should not be interpreted, without supporting legal terms, as establishing direct ownership of particular reserve coins, an unconditional redemption claim, or priority in an insolvency.

Other rights and obligations

Purchases, sales, custody and conversion transactions may give rise to rights and obligations under applicable law and the relevant agreements. Users must comply with legal obligations applicable to their activities, including relevant tax and reporting requirements.

Self-custody requires secure management of the necessary private keys and backups. Use of a custodian introduces separate contractual arrangements and counterparty risks.

These operational responsibilities do not exclude any liability or duties imposed on another person by law.

G.2 Exercise of rights and obligations

Native-network use

Native transfers are initiated through compatible wallet software and authorised using the keys and other conditions required by the relevant transaction outputs. Transactions remain subject to network validation, applicable fees and any relevant maturity or spending conditions.

Protocol-directed holder allocations are determined by the protocol's eligibility and selection rules rather than by a request to SmileyCharity. Holding SMLY through a custodial service does not establish that the customer's individual balance qualifies independently or that the service passes any allocations to that customer.

Programme and service arrangements

Educational rewards and participating-store purchases follow the relevant platform and local programme procedures. Technical recording of a payment does not replace the supplier's obligations arising from the underlying transaction.

Rights arising from trading, custody or other services are exercised against the relevant provider through its applicable procedures and available legal remedies.

G.3 Conditions for modifications of rights and obligations

Native protocol

Native SMLY's technical functions and allocation rules depend on the software rules adopted and enforced by network participants. Publication of revised software does not, by itself, amend the rules enforced by every node.

Changes may affect issuance, allocation eligibility, transaction processing or other functionality. Disagreement over changes may result in incompatible network versions or a chain split. Holding SMLY does not provide a formal corporate vote or an individual veto over such developments.

Programme and contractual arrangements

Changes to educational programme rules or service terms are distinct from protocol changes. Their legal effect depends on the relevant agreement and applicable law, including any requirements concerning notice, consent and existing commitments.

BNB.SMLY

Changes affecting BNB.SMLY may arise from its host network, any powers incorporated into the token contract, and the reserve or conversion arrangements. Contract-administration is described in detail in H.6.

A technical change does not, by itself, extinguish an existing contractual or statutory obligation.

G.4 Future public offers

FALSE; No specific future offer to the public is described or scheduled in this version.

SmileyCharity holds SMLY and may sell part of its holdings, as disclosed in General information subsection 10 and E.38. This statement is not a commitment that future sales will occur.

G.5 Issuer retained crypto-assets

Applicability

Issuer identification remains subject to the assessment described in Part B. Accordingly, this white paper does not present a verified quantity of "issuer-retained crypto-assets." The following material holdings and allocation arrangements are disclosed independently of that assessment.

Educational allocation administered by the SmileyCoinFund

An initial premine (24 bn SMLY) was designated for educational purposes. This premine was set at 50% of the expected total from mining (estimated maximum supply) of approximately 48 bn SMLY. The SmileyCoinFund administers the remaining premine allocation under a signed mandate and a multisignature arrangement described as requiring two authorising signatures.

The educational allocation is distinct from SmileyCharity's own holdings. Authority to authorise a transfer does not, by itself, establish personal beneficial ownership of the coins. The Fund should not be assumed to be a separate legal entity.

This white paper identifies the Fund address as `3JT9LAzuMChCifVoQQK18BQV9z4BzpbQVH`.

Transfers from the allocation have supported SmileyTutor educational rewards. The educational origins and early use of SmileyCoin are described by Stefansson and Lentin (2017).[G-1] The mandate, current administration and on-chain balances provide separate evidence for present control and holdings.

SmileyCoinFund holdings

SmileyCoinFund holdings are stored in native SMLY address address 3JT9LAzuMChCifVoQQK18BQV9z4BzpbQVH which contains about 7.5 bn SMLY on 11 October 2026 (A.16)

SmileyCharity holdings

As of 11 October 2026, 20:14 GMT, native SMLY balances of the main SmileyCharity addresses come to a total of 8.6 bn SMLY, excluding the BNB.SMLY reserve (see A.16, Table A-1).

SmileyCharity holds the reserve in cold storage, nobody else controls it, and holders have no rights to it.

The reserve address qualifies for holder allocations as it holds over 25 M SMLY; reserve address allocations received above 1,000 M SMLY are held in the reserve address.

SmileyCharity may sell holdings in connection with its activities, subject to applicable requirements and restrictions.

Coinbase definition

The **coinbase** is defined as the the number of coins that are generated from scratch and (usually) awarded to miners for mining every new block, in which case it is often called the **block reward** or **miner's reward**.[D-6][D-7][D-8] The coinbase is sometimes also referred to as a **block subsidy** but that is often inappropriate and especially so when the coinbase is not the same as the block reward. For SmileyCoin, the coinbase is **not** all awarded to miners.

The coinbase, along with fees from transactions, are allocated in the **coinbase transaction**, which has only one input, called the coinbase, which creates bitcoin-based cryptocurrencies from nothing.[D-8]

Protocol-directed allocations

The allocation arrangement introduced in 2017 is described as distributing newly generated native SMLY (the coinbase) as follows:

- 10% to the miner;
- 45% to designated SmileyCharity income-stream addresses, selected in sequence;
- 45% to qualifying native holder addresses, selected under the protocol's rules.

The described holder threshold is at least 25 million SMLY. Eligibility, selection order and payment frequency depend on the implemented rules. The 45% allocation is a share of newly generated coins across qualifying recipients, not a return of 45% on an individual holder's balance.

These allocations are distinct from transaction fees, transfers from the educational allocation and distributions of company profits. They do not guarantee a fiat income or preservation of value.

BNB.SMLY reserve

SmileyCharity holds 1,000,000,000 native SMLY in cold storage at address `BSWCvqnes2LBafFuB3cNwucQUVkcjt1z88`, which corresponds to the 1,000,000,000 BNB.SMLY in existence. Holder allocations received above that amount are kept at the same address; its balance was about 1,002 M SMLY on 11 October 2026 (Table A-1). Nobody other than SmileyCharity controls the reserve, and it is not used for grants or operating expenditure. BNB.SMLY holders have no ownership of, claim to or priority over the reserve. The reserve is shown separately in Table A-1 and is excluded from the 8.6 bn SMLY of spendable holdings, so it is not counted twice.

G.6 Utility token classification

FALSE; proposed for both **Native SMLY** and **BNB.SMLY** (see D.6 and F.1 for both)

G.7 Key features of goods/services of utility tokens

Not applicable to native SMLY on the proposed classification stated in G.6.

Nevertheless, documented educational reward and participating-store uses are described in D.4 and F.2. These uses do not establish an unconditional entitlement for every holder to receive goods or services.

Stefansson and colleagues (2024) describe on-chain services supporting educational activities and store transactions.[G-2] The publication documents application functionality; it does not establish a general redemption obligation.

G.8 Utility tokens redemption

No issuer-operated utility-token redemption arrangement is identified for native SMLY on the proposed classification in G.6.

Payments for goods under participating SmileyStore arrangements are distinct from a general right to redeem native SMLY for fiat currency or other assets.

Conversion of BNB.SMLY into native SMLY is a separate arrangement and must be disclosed irrespective of utility-token classification. See G.1–G.2.

G.9 Non-trading request

FALSE. Admission to trading of SMLY is not sought through this document (see A and E.1).

G.10 Crypto-assets purchase or sale modalities

SmileyCharity does not sell SMLY under this document. SMLY can currently be bought and sold on third-party venues that are not operated by crypto-asset service providers authorised under Regulation (EU) 2023/1114: Hybrix, DEXOMY and PancakeSwap (see A.13, E.38 and I.3). Terms, fees and access are set by those venues.

Educational rewards are distributions under programme rules, not purchases under an offer described by this document.

G.11 Crypto-assets transfer restrictions

Native SMLY

Transfers depend on satisfaction of the relevant spending conditions and network validation rules. Particular outputs may be subject to multisignature, maturity or other implemented conditions. Permissionless network access does not guarantee immediate transferability or acceptance by a particular service provider.

BNB.SMLY

Transferability depends on the host network.

Legal and service-provider restrictions

Applicable law and provider arrangements may restrict transfers, deposits or withdrawals independently of the blockchain's technical capabilities. Educational-programme eligibility restrictions are separate from restrictions on transferring the asset itself.

G.12 Supply adjustment protocols

FALSE

Native SMLY

Native SMLY issuance is governed by the blockchain's consensus rules. The project describes a maximum supply of 48 billion SMLY and a declining coinbase schedule with halvings approximately every seven years. Calendar descriptions of halving intervals are approximate where activation is determined by block height.

See G.5 for distinction between coinbase (newly minted coins) and block subsidy (reward to miners for generating a block).

Nodes validate issuance against the rules they enforce. Changes to those rules require adoption of modified software by relevant network participants and may result in incompatible chains; the published schedule is not a contractual guarantee that no alternative rules will ever be proposed.

BNB.SMLY

BNB.SMLY has a separate token-contract supply. One billion BNB.SMLY tokens are associated with one billion native SMLY in reserve. This supply is fixed at 1,000,000,000 BNB.SMLY. The contract cannot mint further tokens.

G.13 Supply adjustment mechanisms

Native SMLY

The described issuance schedule is not adjusted in response to market price or demand. Similarly, protocol-directed allocation of the coinbase changes its distribution among recipients, not the total quantity permitted to be generated for that block.

See G.5 for distinction between coinbase (newly minted coins) and block subsidy (reward to miners for generating a block).

Sales, educational distributions and transfers from existing holdings do not create additional native SMLY. Loss of private keys may reduce the quantity practically accessible to holders without reducing recorded issued supply.

BNB.SMLY

There is no supply adjustment mechanism in place for BNB.SMLY and no plan to try to invent one.

G.14 Token value protection schemes

FALSE

Native SMLY: No scheme identified that guarantees a minimum price or protects against market loss.

BNB.SMLY: As of 11 October 2026 a simple swap market exists for swapping BNB.SMLY and native SMLY at a 1:1 exchange rate. The existence of a SMLY reserve further implies that it is **technically possible** to swap all existing BNB.SMLY for SMLY in this manner, should such a need arise. This, however, **only links** the price of BNB.SMLY to SMLY and does not protect the real value of BNB.SMLY *per se*. **A formal mechanism has not been set up for implementing such a process, nor have the criteria justifying such recall been defined.**

G.15 Token value protection schemes description

SmileyCharity's educational expenditure, participating-store reference valuations, SmileyInvest's market purchases and proposed advertising-funded purchases do not establish a guaranteed price floor or an obligation to purchase SMLY from holders.

The reported BNB.SMLY reserve is denominated in native SMLY, whose value may fluctuate or fall to zero. Even complete backing in native SMLY would not protect against a decline in native SMLY's market value. Conversion availability and enforceability are separate matters addressed in G.1–G.2.

No guarantee of equal secondary-market prices between the representations is provided.

G.16 Compensation schemes

FALSE

G.17 Compensation schemes description

No dedicated scheme compensating holders for market losses, lost keys, network failures or reserve shortfalls is identified in this white paper.

As stated in General information subsection 06, the crypto-assets are not covered by the investor compensation or deposit guarantee schemes specified there. This does not exclude claims that may arise against a responsible person under applicable law.

Educational reimbursement arrangements are not holder compensation schemes. Any insurance held by a service provider should not be described as holder protection without verifying its beneficiaries, covered events, limits and exclusions.

G.18 Applicable law

Native SMLY's protocol rules do not designate a single governing law for every holding, transfer or transaction. Applicable law depends on the relevant facts and legal rules, including the parties, transaction, property or contractual claim and any valid governing-law agreement.

SmileyCharity is an Icelandic association subject to applicable Icelandic law. That does not establish Icelandic law as the exclusive law governing all activity involving either representation.

SmileyCharity holds the reserve in cold storage, nobody else controls it, and holders have no rights to it.

Nothing in this document excludes mandatory legal protections. See also E.39.

G.19 Competent court

Jurisdiction over a dispute depends on the parties, the nature of the claim, applicable jurisdiction rules and any valid jurisdiction agreement.

SmileyCharity's establishment in Iceland may provide a basis for proceedings before Icelandic courts, subject to applicable rules. This does not establish exclusive Icelandic jurisdiction for all disputes involving SMLY or BNB.SMLY.

Claims relating to the educational allocation, custody, conversion or third-party services require identification of the relevant responsible persons. The SmileyCoinFund should not be assumed to possess separate legal personality or the capacity to be sued in its own name.

No statement in this Part restricts mandatory rights to bring proceedings before another competent court. See also E.40.

References for Part G

[G-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

[G-2] Stefansson, G., Jonsdottir, A. H., Gunnarsson, B. and Lentin, J. (2024). "On-chain Services for Education in Slums and Refugee Camps." *International Journal of Learning and Teaching*, 10(6), 697–702.

Part H – information on the underlying technology

H.1 Distributed ledger technology (DTL)

Native SmileyCoin blockchain

Native SmileyCoin (SMLY) operates on a public, permissionless blockchain initially derived from Litecoin source code. Transactions are propagated between participating nodes and recorded in cryptographically linked blocks. Full nodes independently check transactions and blocks against the consensus rules implemented by their software.

Native SMLY uses a transaction-output model in which transactions spend eligible previous outputs and create new outputs subject to specified spending conditions. Wallet balances are derived from the outputs that the wallet can identify and spend.

The project describes a target average interval of three minutes between blocks and five supported proof-of-work algorithms: SHA256d, Scrypt, Groestl, Qubit and Skein. The target interval is not a guaranteed transaction-confirmation time. Consensus operation is described further in H.4.

Transaction records are publicly inspectable through compatible nodes and blockchain explorers. Addresses are pseudonymous: transaction information may be linked to individuals through other information. Public accessibility does not establish that every explorer is accurate or continuously available.

SmileyCoin's development and early educational reward applications are described by Stefansson and Lentin (2017).[H-1] Subsequent applications include service registration and payment records supporting educational programmes, described by Stefansson and colleagues (2024).[H-2]

BNB.SMLY

BNB.SMLY is a separate token representation at contract address `0xe015f8C012e932F13184061F3ffd956E9000A6CD` on the BNB-chain network identified in D.4. It is not a native output on the SmileyCoin blockchain.

BNB.SMLY transfers depend on the host network and token contract. Conversion into native SMLY additionally depends on the reserve and conversion arrangements. The existence of records on two blockchains does not, by itself, establish an automatic or trustless connection between them.

H.2 Protocols and technical standards

Native-network protocols

SmileyCoin uses a peer-to-peer network protocol derived from its Litecoin code ancestry to exchange transactions, blocks and related network information. Consensus rules determine which transactions and blocks are valid. Node relay policies, miner transaction-selection policies and wallet defaults are separate from consensus validity.

Native transactions specify inputs, outputs and spending conditions. Digital signatures authorise relevant spending operations; cryptographic hashes support transaction identification and the linking and verification of blocks. The supported mining algorithms are listed in H.1.

Multisignature spending is used for the educational allocation described in G.5. The applicable signature threshold and responsible signatories belong to that allocation's control arrangements; they are not a governance mechanism for the entire blockchain.

Application data

The project describes the use of transaction data outputs, including OP_RETURN, for application messages. Compatible application software interprets those messages for functions such as service discovery and coupon-related communication.

OP_RETURN does not itself encrypt information or execute a general-purpose application. Where a message is encrypted, encryption and decryption occur through the relevant application's cryptographic implementation. Network validation of a transaction does not establish that an application message is accurate or that a related off-chain service has been performed.

BNB.SMLY

BNB.SMLY's technical interface and supported operations are determined by its deployed contract and host network: BEP-20 (ERC-20 compatible), 18 decimals, fixed supply, no mint/burn/pause/blacklist functions.

A shared ticker or compatible wallet interface does not make native SMLY and BNB.SMLY interchangeable at the transaction-protocol level.

H.3 Technology used

Native-network infrastructure

Native SMLY depends on node software that stores and validates ledger information, mining software and hardware that produce candidate blocks, and wallets that construct and authorise transactions.

Mining and full-node validation are distinct functions. A participant can validate ledger information without mining. The computational resources required for competitive mining are also distinct from those needed to operate a wallet or non-mining node.

Wallets and key management

Self-custody wallets require secure key generation, storage and backup using the recovery method supported by the particular wallet. Not every wallet necessarily uses a mnemonic recovery phrase. A custodial account instead depends on the provider's key management and account records.

The Fund's multisignature arrangement and the reported cold storage of native SMLY backing BNB.SMLY are separate custody arrangements. "Cold storage" describes aspects of key handling; it does not, by itself, establish effective recovery procedures, independent control or legal segregation.

Educational applications

SmileyTutor reward administration, participating-store interfaces and coupon services combine blockchain transactions with application software and off-chain operations. Blockchain records can support payment verification and reconciliation, but learning assessment, eligibility decisions, goods delivery and charitable reimbursement are not performed by blockchain consensus.

The on-chain service applications described by Stefansson and colleagues (2024) illustrate this division between ledger functionality and educational service delivery.[H-2]

BNB.SMLY and external infrastructure

BNB.SMLY additionally depends on its host-network (**BNB Smart Chain*) clients, token contract and compatible wallets. Conversion services introduce further software, operational and custody dependencies. Failure of an interface or conversion service may prevent access to that service even while one or both underlying blockchains remain operational.

H.4 Consensus mechanism

Native SMLY: multi-algorithm proof of work

Native SmileyCoin uses proof of work with the supported algorithms listed in H.1. Miners construct candidate blocks and search for a proof satisfying the applicable algorithm-specific difficulty target.

Receiving full nodes verify the proof and the remaining consensus conditions, including transaction validity and permitted issuance and allocation. A valid proof of work alone does not make an otherwise invalid block acceptable.

Difficulty adjustment is intended to regulate block production around the stated three-minute average target. Actual intervals vary with mining participation and network conditions.

Competing valid branches are evaluated using the chain-selection rules implemented by SmileyCoin nodes. S.4 describes selection by accumulated proof of work.

Native transaction finality is probabilistic. Additional confirmations generally increase confidence that a transaction will remain in the accepted history, but reorganisations remain possible. The appropriate confirmation policy depends on transaction value, network conditions and the recipient's risk assessment.

Supporting multiple mining algorithms does not guarantee independent miners, evenly distributed mining power or immunity to attacks. Security depends on the implemented rules, participating hash power, its distribution and the integrity of software and network communications.

BNB.SMLY

BNB.SMLY does not use native SmileyCoin mining to validate its token transfers. Their ordering, execution and finality depend on the host blockchain's consensus rules. Host-chain confirmation does not verify the native reserve balance or ensure completion of conversion into native SMLY.

H.5 Incentive mechanisms and applicable fees

Coinbase

The **coinbase** is defined as the "the number of coins that are generated from scratch and (usually) awarded to miners for mining every new block" (taken from https://coinmarketcap.com/academy/glossary/coinbase on October 9, 2026). The coinbase is sometimes also referred to as a **block subsidy** but this terminology is inappropriate for SmileyCoin. For SmileyCoin, the coinbase is **not** all awarded to miners.

See G.5 for the detailed distinction between coinbase (newly minted coins) and block subsidy (reward to miners for generating a block).

Native SMLY is generated through the coinbase permitted by the consensus rules. As described in G.5, the allocation arrangement introduced in 2017 distributes the coinbase as follows:

- 10% to the miner, as the reward for generating the block;
- 45% to designated SmileyCharity income-stream addresses;
- 45% to qualifying native holder addresses.

The detailed recipient-selection and eligibility rules are described in G.5. The holder allocation is not a 45% return on an individual balance. Receiving a holder allocation does not confer block-production or consensus-voting authority and should not be described as proof-of-stake validation.

The miner's share of the coinbase and applicable transaction fees provide incentives for mining. Allocations to SmileyCharity and qualifying holders are distinct from miner remuneration. None guarantees continued mining participation or a particular level of network security.

G.12 describes a declining coinbase schedule with halvings approximately every seven years. The operative block-height rules, rather than calendar estimates, determine the coinbase generation at a particular block.

See G.5 for distinction between coinbase (newly minted coins) and block subsidy (reward to miners for generating a block).

Native transaction fees

Native transaction fees are denominated in SMLY. For ordinary transactions, the fee is the difference between the value of the inputs spent and the outputs created. S.5 describes fees as paid to miners in addition to their share of the coinbase.

The fee needed for relay and inclusion depends on applicable policies, transaction characteristics and network conditions. Wallet defaults and service-provider charges should not be confused with consensus rules. Paying a higher fee does not guarantee confirmation within a specified time.

BNB.SMLY fees and incentives

BNB.SMLY transfers incur host-network execution fees, normally payable in BNB. These are distinct from native SMLY transaction fees and from any conversion or trading-service charges.

Native SmileyCoin's coinbase generation (newly minted coins) do not automatically migrate in any way to BNB.SMLY holders.

The native SMLY reserve address qualifies for holder allocations as it holds over 25 M SMLY; reserve address allocations received above 1,000 M SMLY are held in the reserve address.

H.6 Use of distributed ledger technology

H.6 Use of distributed ledger technology

FALSE

Neither the native SmileyCoin blockchain nor the BNB Smart Chain is operated by SmileyCharity or by a third party acting on its behalf.

The native SmileyCoin blockchain was launched in 2014, before SmileyCharity was established. It is a public, permissionless network maintained by independent miners and node operators, and no single party controls it. Developing software, using a blockchain and operating a blockchain are separate activities. Between 1 January and 30 June 2026, mining hosts operated by SmileyCharity produced 5,793 of approximately 86,880 blocks (about 6.7 %). Assuming an equal split of blocks across the five algorithms, the share per algorithm ranged from about 0.6 % (sha256d) to about 10.6 % (qubit); see S.8–S.9. This share is not enough to control block production or consensus. Its purpose is to keep blocks being produced if outside mining interest falls. The

same measurements are used in Part J to set an upper bound on the network's energy consumption.

BNB.SMLY is a token on the BNB Smart Chain, a third-party public blockchain that SmileyCharity does not operate. The token was created as one output of the EduChain research project. Hybrix, a contractor funded through a research grant administered by the University of Iceland, deployed the token contract `0xe015f8C012e932F13184061F3ffd956E9000A6CD` on 2025-01-23 at 09:08:36 UTC from a standard token-generator template. The University of Iceland has no ownership, control or ongoing role in the token.

The entire supply of 1,000,000,000 BNB.SMLY was minted once, at deployment, directly to SmileyCharity's BNB Smart Chain address `0x15D90F88833FaB7ce8D41727827fEd7FE9F46413` (Table H-1). On the same date, SmileyCharity moved 1,000,000,000 native SMLY to the reserve address `BSWCvqnes2LBafFuB3cNwucQUVkcjt1z88`, which it holds in cold storage. **From SmileyCharity's perspective, 1 billion native SMLY were set aside and 1 billion BNB.SMLY were created in their place.** Burning the native SMLY would have been an alternative. The reserve was chosen instead so that the step can be reversed.

The token has 18 decimals, and its total supply is fixed at 1,000,000,000 BNB.SMLY (10^27 base units). The contract has no minting function after deployment and no upgrade mechanism. It cannot burn, pause transfers, block addresses or charge transfer fees. Its mintable and burnable flags are both FALSE (verified on BscScan on 2026-10-12). The contract owner role is held by the deployer address `0xd6b7EA5A3FA066D1a2f4bff166Dedef5aC315677`, which Hybrix controls. This role can only transfer or give up ownership. It carries no power over balances, supply or contract logic. These facts can be checked at https://bscscan.com/address/0xe015f8C012e932F13184061F3ffd956E9000A6CD.

As of 11 October 2026, SMLY and BNB.SMLY can be swapped at a 1:1 rate through a pool operated by Hybrix, a third party. The reserve exists so that, if all pools and markets fail, it remains technically possible to restore native SMLY in place of outstanding BNB.SMLY. Any use of the reserve would be a decision of SmileyCharity alone. BNB.SMLY holders have no right to conversion or to the reserve. SmileyCharity does not operate a conversion service. Before offering any conversion to third parties, it would assess whether that activity requires authorisation under Regulation (EU) 2023/1114, and it would carry out such conversion only through an authorised crypto-asset service provider if required.

Table H-1: BNB.SMLY minting

Item	Value
Token contract	`0xe015f8C012e932F13184061F3ffd956E9000A6CD`
Contract creator and owner	`0xd6b7EA5A3FA066D1a2f4bff166Dedef5aC315677` (Hybrix)
Minted to (SmileyCharity BSC address)	`0x15D90F88833FaB7ce8D41727827fEd7FE9F46413`
Transaction	`0x7431a3a9d3a13b6c88c39ef2855368557626f2cabdffde5741e12af5`

Item	Value
Amount	1,000,000,000 BNB.SMLY
Native reserve address	`BSWCvqnes2LBafFuB3cNwucQUVkcjt1z88`

See also Part B, G.1 and I.3.

H.7 DLT functionality description

Not applicable, as H.6 is FALSE.

The native SmileyCoin ledger records transactions and supports validation of spending conditions, issuance and protocol-directed allocations.

H.8 Audit

FALSE

No documented technology-security audit report has been supplied for the native SmileyCoin implementation, the deployed BNB.SMLY contract or the associated conversion system. Audit status therefore remains unverified for these components.

The research publications cited in this Part describe development and applications; they are not presented as security audits. SmileyCharity's financial-statement audits and the independent programme evaluation concern different subjects.

H.9 Audit outcome

No verified technology-audit outcome is reported in this version.

Public availability of source code permits inspection but does not demonstrate the scope, independence or results of a completed security assessment. Reviews of upstream software or host-network components do not automatically cover SmileyCoin-specific modifications, BNB.SMLY's deployed contract or its reserve and conversion arrangements.

Any subsequently identified audit should be reported with its auditor, date, scope, software version or contract address, principal findings, unresolved issues and remediation status. An audit does not guarantee the absence of vulnerabilities.

References for Part H

[H-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

[H-2] Stefansson, G., Jonsdottir, A. H., Gunnarsson, B. and Lentin, J. (2024). "On-chain Services for Education in Slums and Refugee Camps." *International Journal of Learning and Teaching*, 10(6), 697–702.

Part I – Information on risks

I.1 Offer-related risks

This document is published for information. It has not been notified to any competent authority and does not constitute a public offer, a solicitation to purchase financial instruments or an application for admission to trading.

Prospective holders should be aware that the information presented does not constitute investment advice or a guarantee of future performance. There is a risk that readers may incorrectly interpret this white paper as a prospectus or as a regulatory approval of SmileyCoin's investment potential.

I.2 Issuer and preparer risks

Charitable Dependency

SmileyCharity's operations and the resources available to support the SmileyProject are primarily dependent on grants, donations, and protocol-directed allocations. Its financial sustainability is not guaranteed. A reduction in funding or a failure to secure future grants may adversely impact the charity's ability to maintain the educational programmes described in this white paper, which in turn could impact the demand for, and utility of, SMLY.

Governance and Conflict of Interest

The governance of SmileyCoin is distinct from the charitable operations of SmileyCharity. Potential conflicts of interest, as disclosed in Part E, arise from SmileyCharity's holdings of SMLY, its receipt of protocol-directed allocations, and the separate roles of related entities such as SmileyInvest and the SmileyTutor NGO. These governance structures and shared philanthropic goals do not eliminate the risk that actions taken by these entities may not align with the expectations of individual SMLY holders.

Key-person dependency. The independent evaluation (Nielsen et al., 2024) found that the project depends heavily on a small number of volunteer founders and lacks a governance structure able to function independently of them. It rated sustainability Adequate to Satisfactory. Loss of these individuals could disrupt operations, software maintenance and Fund administration.

I.3 Crypto-asset-related risks

Volatility and Liquidity

As with any crypto-asset, the value of SMLY and BNB.SMLY is subject to significant market volatility. There is no guarantee of liquidity or an active secondary market. Market price fluctuations may be influenced by speculative trading, external market

conditions, and changes in the perception of the project's charitable goals, independent of the actual operation of the educational programmes.

Historical trading volume before 2020 may include transactions between project-controlled accounts (see E.38).

Listing risk

SMLY is not admitted to trading on any platform operated by an authorised crypto-asset service provider, and no such platform may decide to admit it.

Representation and swap and reserve arrangements (BNB.SMLY)

BNB.SMLY is a token on the BNB Smart Chain. It corresponds to 1,000,000,000 native SMLY that SmileyCharity holds in cold storage at address `BSWCvqnes2LBafFuB3cNwucQUVkcjt1z88`. This structure creates risks that native SMLY does not have. These include outages or failures of the BNB Smart Chain, loss or compromise of the keys to the native reserve, and closure or failure of the third-party swap pool and liquidity pools. Holders depend on SmileyCharity's decisions about the reserve. No bridge or automatic link exists between the two blockchains. BNB.SMLY and native SMLY may trade at different prices, and BNB.SMLY is not equivalent to native SMLY in every legal and technical respect.

BNB.SMLY contract owner

Contract owner role held by a third party. The BNB.SMLY owner role is held by Hybrix, not SmileyCharity. It gives no power over supply or transfers. However, Hybrix could transfer it to another party, and SmileyCharity cannot control that.

BNB.SMLY back-swap risk

The Hybrix pool may close, using the reserve needs action by SmileyCharity, and holders have no formal right to it.

Liquidity provision risk.

Trading depth in SMLY and BNB.SMLY partly depends on liquidity occasionally provided by SmileyCharity and Smiley Invest ehf. (see E.38). That liquidity may be reduced or withdrawn, and SmileyCharity has no obligation to keep it in place. The venues are not authorised under Regulation (EU) 2023/1114, so investors lack the protections that regulated trading platforms provide.

I.4 Project implementation-related risks

Dependency on External Partners

The SmileyProject relies on collaborating with universities, schools, and community libraries in diverse regions. Disruptions to these partnerships, technical or infrastructure failures in local implementations, or political/economic instability in the areas of operation could limit the documented educational utility of SMLY.

Sustainability of Pilot Initiatives

Initiatives such as SmileyKuku and SmileyTrees are pilot projects designed to test sustainability models. They have not demonstrated financial self-sufficiency. There is a risk that these or similar initiatives may fail to yield the expected results, and the project may continue to depend on charitable reimbursement.

Reward-Gaming and Participant Behaviour

Because SMLY is distributed in response to performance in an open, freely accessible learning environment, the reward mechanism is exposed to behaviour that the educational system was not primarily designed to resist. Peer-reviewed studies of the platform show that students work towards a high internal grade and that their decision to stop or continue is strongly driven by the grading scheme; in a large calculus course, the probability of stopping rose sharply once a top grade was reached, and the choice of grading window materially altered behaviour [I-1].

A separate analysis of the same platform found that students who answer quickly and incorrectly, consistent with guessing, show the least improvement between a status exam and a final exam, and that improvement is a non-linear function of both the number of items attempted and the time spent per item [I-2].

Once a crypto-asset reward was attached to the grade, the platform experienced repeated attempts by non-students using many registrations to extract SMLY by answering easy items; these were addressed by separating reward parameters for class-registered students from those for self-registered users and by other measures described in the literature [I-3].

The risk remains that reward parameters set to encourage genuine study may be exploited, that countermeasures may reduce rewards for legitimate students, and that the quantity of SMLY entering circulation through rewards may differ from the amounts intended by the SmileyCoinFund's allocation. None of these studies measures the effect of reward value in fiat terms, and no inference should be drawn about the market behaviour of holders from the study behaviour of students.

I.5 Technology-related risks

Multi-algorithm PoW and Security

The native SmileyCoin blockchain employs a multi-algorithm proof-of-work consensus. While intended to provide security, the reliance on five separate algorithms requires that each maintains a sufficient hash rate. A failure or vulnerability in any one of these algorithms could potentially impact the network's security or ledger consistency.

As noted in H.6 and S.9, SmileyCharity operates a handful of miners for security reasons. These are also used to estimate the total energy consumed by the network.

Security Audit Status

As disclosed in Part H, no third-party technology-security audit has been supplied for the native SmileyCoin implementation, the BNB.SMLY contract, or the reserve conversion arrangements. Prospective holders must understand that the absence of a documented audit leaves unverified potential vulnerabilities.

I.6 Mitigation measures

To manage these risks, the project prioritises the following: * **Transparent Disclosure:** Clearly separating the philanthropic purpose of the SmileyProject from the technical operation of the blockchain, as documented in this white paper. * **Reserve Custody:** The native SMLY intended to back BNB.SMLY is held in cold storage arrangements, with the intent of facilitating off-market conversion, though this is not a guarantee of instant redemption. * **Research-Based Development:** Technical developments and educational applications are developed in alignment with the peer-reviewed research cited throughout this white paper. * **Ongoing Evaluation:** Independent programme evaluations, such as the 2024 Ministry of Foreign Affairs commission, are used to identify and address governance and sustainability weaknesses.

References for Part I

[I-1] Jonsdottir, A. H., Jakobsdottir, A. and Stefansson, G. (2015). "Development and use of an adaptive learning environment to research on-line study behaviour." *Educational Technology & Society*, 18(1), 132–144.

[I-2] Stefansson, G. and Jonsdottir, A. H. (2015). "Design and analysis of experiments linking on-line drilling methods to improvements in knowledge." *Journal of Statistical Science and Application*, 3(5–6), 63–73. DOI: 10.17265/2328-224X/2015.56.001.

[I-3] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.

Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

This Part is provided in accordance with Article 6(1), point (j) and Article 6(10) of Regulation (EU) 2023/1114 (MiCA) and Commission Delegated Regulation (EU) 2025/422. Fields S.1 to S.9 are mandatory. Because the annualised energy consumption disclosed in S.8 is below the 500,000 kWh/year threshold, fields S.10 to S.16 are not mandatory; they are nevertheless disclosed voluntarily for completeness.

Field	Content
S.1 Name	SmileyCharity
S.2 Relevant legal entity identifier	636700LQMUJ4E4WR0417

Field	Content
S.3 Name of the crypto-asset	SmileyCoin (SMLY)
S.4 Consensus mechanism	Proof-of-work. SmileyCoin uses a multi-algorithm proof-of-work consensus in which blocks may be mined with any one of five hashing algorithms: SHA256d, Scrypt, Groestl, Skein and Qubit [J-1]. Each algorithm has an independent difficulty adjustment so that no single algorithm dominates block production. The target block interval is 3 minutes, giving an average of approximately 480 blocks per day. Block validity is determined by the longest valid chain under the standard Nakamoto consensus rules inherited from the Bitcoin/Litecoin code base. No staking, delegation or validator set exists. SmileyCoin is also represented as BNB.SMLY on the BNB Smart Chain; the consensus mechanism of that chain (Proof of Staked Authority) is operated by third parties and is outside the scope of this Part.
S.5 Incentive mechanisms and applicable fees	Miners are incentivised through the coinbase transaction of each block. The coinbase (newly minted coins) is 5,000 SMLY per block (subject to the halving schedule described in Part G) and is divided by protocol rule into three outputs: 10 % to the miner of the block, 45 % to the SmileyCharity and 45 % to qualifying holder addresses (see G.5)[J-1]. Transaction fees included in a block are paid to the miner of that block. Fees are set by the transaction sender and are not fixed by the protocol; there is no minimum fee enforced at the consensus level beyond the standard relay policy of the reference client.
S.6 Beginning of the period to which the disclosure relates	2026-01-01
S.7 End of the period to which the disclosure relates	2026-06-30
S.8 Energy consumption (kWh/year)	≤ 257,000 kWh/year (network upper bound), based on project mining measurements annualised at 4,600 kWh/year. Measured period consumption (1 January – 30 June 2026): 2,300 kWh; see S.9.

Field	Content
S.9 Energy consumption sources and methodologies	**Scope of the figure.** The figure covers all mining infrastructure owned and operated by the project: five Dell OptiPlex 5050 Micro hosts (Intel Core i5-7500T, 4 cores each) located in Iceland and ten mining containers on five hosts. The project does not operate any other mining hardware. **Method.** A conservative upper-bound method was applied in preference to sampled measurement. (1) Each host's power draw is set equal to the rated output of its 90 W external power adapter, i.e. the maximum the hardware can draw, regardless of actual load. (2) An AC/DC conversion efficiency of 85 % is assumed, giving a wall-side ceiling of 90 W ÷ 0.85 = 105.9 W per host. (3) All five hosts are assumed to operate continuously for the full period: 181 days × 24 h = 4,344 h. (4) 100 % of host energy is attributed to mining; no deduction is made for idle time, operating-system overhead or non-mining containers co-located on two of the hosts. Period consumption: 5 × 105.9 W × 4,344 h = 2,300 kWh. Annualised: 2,300 kWh × 2 = 4,600 kWh/year. **Block count.** During the period the ten project-operated containers produced 5,793 blocks (verified against the SmileyCoin ledger via smileycoin-cli on 10 October 2026). **Network-wide upper bound.** SmileyCoin adjusts difficulty separately for each of its five algorithms, so a miner's share of an algorithm's blocks equals its share of that algorithm's hashrate. Project hosts (Intel Core i5-7500T CPUs) are among the least energy-efficient hardware per hash; any GPU or ASIC miner uses less energy per hash. Network energy for each algorithm is therefore bounded by project energy on that algorithm divided by the project's share of that algorithm's blocks. Project energy was split equally between the containers on each host, and each algorithm was assumed to produce one fifth of the approximately 86,880 blocks in the period. The bound is 128,700 kWh for the period (about 257,000 kWh/year), of which about 107,600 kWh comes from sha256d, where the project produced only 99 blocks. Actual consumption is expected to be far lower. Figures are not derived from other networks' published estimates.

Field	Content
S.10 Renewable energy consumption (%)	Project-operated hosts only: 100 %. All five project-operated mining hosts draw electricity from the Icelandic national grid, which is supplied from hydroelectric and geothermal generation. Source: Orkustofnun (National Energy Authority of Iceland), electricity generation statistics for 2025.
S.11 Energy intensity (kWh per transaction)	Project-operated hosts only: 0.397 kWh per block (397 Wh/block), calculated as 2,300 kWh ÷ 5,793 blocks. Each block contains at least one transaction (the coinbase transaction); the per-block figure is therefore an upper bound on energy per transaction for blocks produced by project-operated hosts.
S.12 Scope 1 DLT GHG emissions – Controlled (tCO2e/year)	Project-operated hosts only: 0 tCO2e/year. The project's mining hosts involve no on-site combustion.
S.13 Scope 2 DLT GHG emissions – Purchased (tCO2e/year)	Project-operated hosts only: 0.0506 tCO2e/year (50.6 kg CO2e/year annualised; 25.3 kg CO2e for 1 January–30 June 2026), from grid electricity purchased for project-operated mining hosts.
S.14 GHG intensity (kgCO2e per transaction)	Project-operated hosts only: 0.00437 kgCO2e per block (4.37 g CO2e/block), calculated as 25.3 kg CO2e ÷ 5,793 blocks. As with S.11, this is an upper bound per transaction.
S.15 Key energy sources and methodologies	Energy source: Icelandic national grid (hydroelectric and geothermal). Methodology: rated-adapter upper bound (90 W per host), 85 % conversion efficiency, 100 % uptime, 100 % attribution to mining, five hosts, as set out in S.9. No on-site generation, battery storage or energy purchase agreements are used. This **only holds for Icelandic hosts.** The Icelandic grid factor and renewable share can't be applied to outside miners, whose locations are unknown.

Field	Content
S.16 Key GHG sources and methodologies	Emission factor applied: 11 g CO2e/kWh, the location-based emission factor for electricity supplied by the Icelandic national grid, as reported by the Environment Agency of Iceland (Umhverfisstofnun) in the National Inventory Report 2025 (covering data up to 2023). Calculation: 2,300 kWh × 0.011 kg CO2e/kWh = 25.3 kg CO2e for the period; annualised × 2 = 50.6 kg CO2e/year. No embodied (life-cycle) emissions of hardware, cooling, network equipment or e-waste are included. Location-based method; no market-based instruments (guarantees of origin, offsets) are claimed.

Summary table 1

Data from the project-operated miners include the first two data columns in the following table. Those data were then used to estimate (bound) the network energy expenditure.

Algorithm	Our energy (kWh)	Our blocks	Our share	Upper bound for network (kWh, Jan–Jun)
qubit	460	1,844	10.6 %	4,330
groestl	383	1,406	8.1 %	4,740
scrypt	460	1,234	7.1 %	6,480
skein	383	1,210	7.0 %	5,500
sha256d	613	99	0.57 %	107,600
Total	**2,300**	**5,793**		**≈ 128,700**

Note that each algorithm was **assumed** to produce one fifth of the blocks in the period, as in the protocol's target.

Note also the very **low local value** (99) for sha256d, which indicates substantially greater external hash power, leading to a high difficulty. This is in accordance with the fact that sha256d equipment is much more common than specialised equipment for other algorithms.

Summary table 2, Project-operated hosts onlyxs

Indicator | Jan–Jun 2026 (measured period) | Annualised |
:——— | :———————— | :—-xs—— |
Energy consumption (S.8) | 2,300 kWh | 4,600 kWh |
Blocks mined by project hosts | 5,793 | – |
Energy intensity (S.11) | 397 Wh/block | – |
Scope 1 emissions (S.12) | 0 | 0 |
Scope 2 emissions (S.13) | 25.3 kg CO2e | 50.6 kg CO2e (0.0506 t) |
GHG intensity (S.14) | 4.37 g CO2e/block | – |
Emission factor applied | 11 g CO2e/kWh | – |

References for Part J

[J-1] Stefansson, G. and Lentin, J. (2017). "From Smileys to Smileycoins: Using a Cryptocurrency in Education." *Ledger*, 2, 38–54. DOI: 10.5915/LEDGER.2017.103.