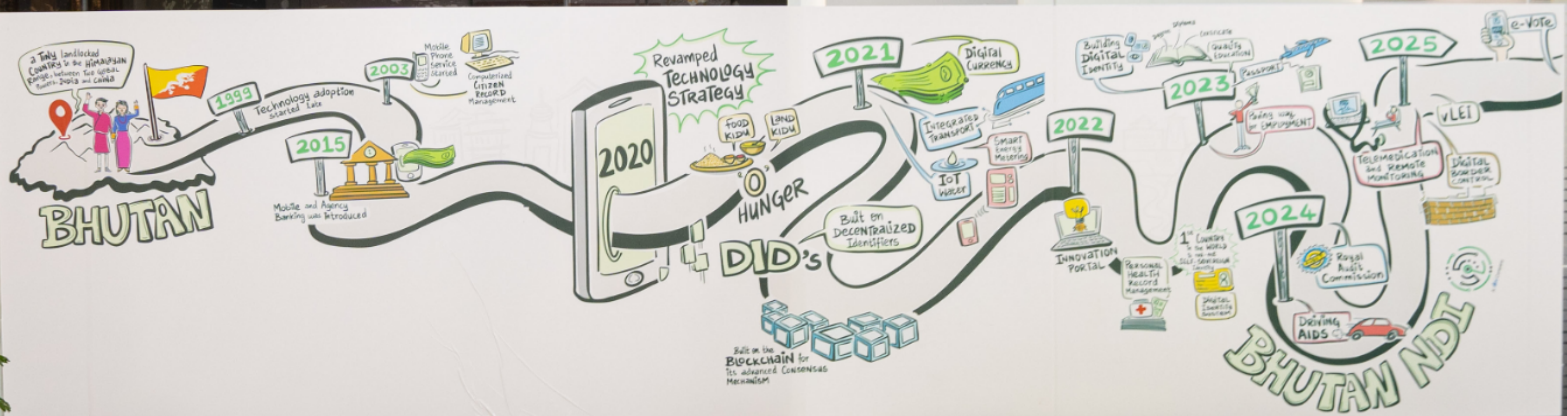




BHUTAN NDI

A **dhi** Company



ANNUAL REPORT 2025

The Year in Review

The year 2025 marked a transformative chapter for Bhutan NDI Limited.

Having successfully established one of the world's pioneer decentralized identity systems at a national scale, our focus in 2025 shifted toward ecosystem expansion, service innovation, and international commercialization.

Throughout the year, Bhutan NDI strengthened its position as a foundational pillar of Bhutan's Digital Public Infrastructure by expanding integrations across government services, financial institutions, telecommunications providers, healthcare systems, and emerging digital platforms.

A major milestone was the international recognition of Bhutan's digital identity model. Bhutan's NDI was showcased at the World Bank Global Digital Summit 2025 in Washington D.C. and Mosip Connect 2025 in the Philippines, and attracted growing interest from governments, development organizations, and technology providers seeking citizen-centric approaches to digital identity.

The year also witnessed significant advancements in the NDI Wallet, including enhanced security features, biometric liveness verification, in-app OTP, peer-to-peer chat, and digital signature to improve user experience, regulatory compliance capabilities, and expanded credential services. Additionally, Bhutan NDI designed commercialization models around these capabilities that will shape the organization's sustainability and future growth trajectory.

Most importantly, Bhutan NDI took decisive steps toward becoming a global provider of digital identity solutions through strategic partnership with iDen2, a Silicon Valley-based company to launch Phenix, an end-to-end digital identity solution aimed at supporting governments worldwide in deploying secure and scalable digital identity ecosystems.

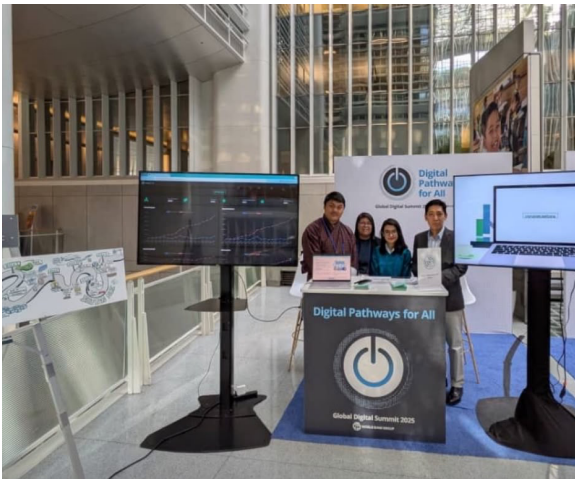
These achievements would not have been possible without the support of the Royal Government of Bhutan, Druk Holding and Investments, our Board of Directors, ecosystem partners, service providers, and the dedicated Bhutan NDI team.

As we move forward, we remain committed to building trust, empowering citizens, and enabling digital transformation through secure and inclusive digital identity systems.

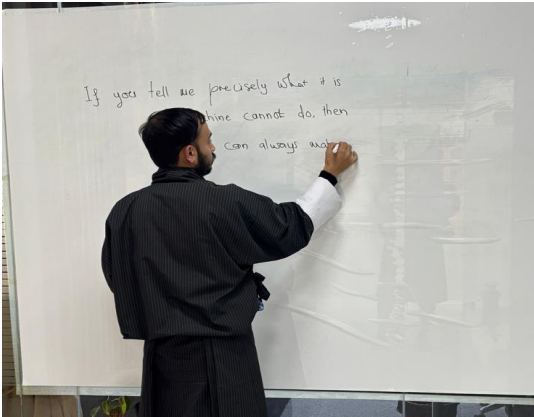
The Year in Picture



Appointment of Chief Executive Officer



Global Digital Summit 2025 at the World Bank Headquarters in Washington DC



Collaborative Brainstorming Session



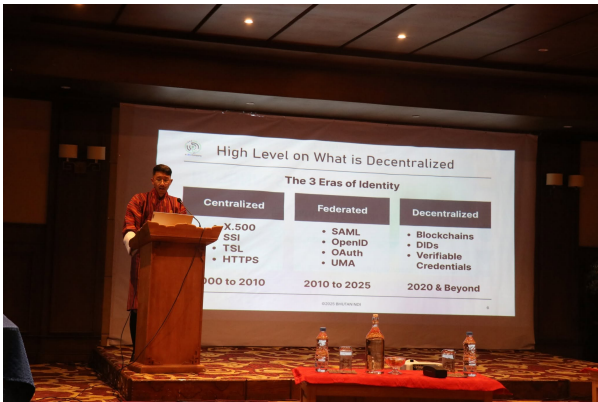
Launch of Bhutan NDI Xcelerator Program



Completion of NDI Xcelerator Program



Certificate Award Ceremony for Xcelerator Program Participants



Participation of Bhutan NDI as mentors at The Land Registry Hackathon



International Hackathon on Decentralized Applications powered by Bhutan NDI



Successful Integration of Bhutan NDI with the Ethereum Blockchain



Identity for All in Africa (ID4Africa) in Addis Ababa, Ethiopia



Panel Discussion at DevConnect Argentina 2025

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COMPANY PROFILE

About Bhutan NDI Limited

Bhutan NDI Limited (BNDIL) is a 100 percent owned subsidiary of Druk Holding and Investments (DHI), established to develop, operate, and commercialize Bhutan's National Digital Identity (NDI) platform.

Built on Self-Sovereign Identity (SSI) principles and globally recognized open standards, Bhutan's NDI empowers citizens with secure, privacy-preserving, and user-controlled digitally verifiable credentials. The platform enables individuals to authenticate themselves, share verifiable credentials, and access both public and private services through a trusted digital ecosystem.

Since its national launch in October 2023, Bhutan NDI has emerged as one of the world's first national implementations of decentralized digital identity. The platform serves as a foundational layer of Bhutan's Digital Public Infrastructure (DPI), supporting secure digital transactions, digital trust, financial inclusion, and citizen-centric service delivery.

Today, Bhutan NDI supports a growing ecosystem of government-to-citizen services, public agencies, financial institutions, telecommunications providers, educational institutions, and corporate enterprises through digital identity verification, electronic Know Your Customer (eKYC), credential issuance, digital signatures, and secure authentication services.

Our Evolution

Bhutan NDI was established with a vision to create a secure and trusted digital identity ecosystem for the Bhutanese society.

From a national digital identity initiative spearheaded by the GovTech Agency and DHI, the organization has evolved into a technology enterprise that:

- Operates Bhutan's National Digital Identity platform
- Supports digital transformation initiatives nationally
- Provides digital identity and trust services to public and private sectors

- Enables verifiable credential ecosystems
- Promotes sector interoperability and digital trust frameworks

Strategic Mandate

Bhutan's national digital identity, envisioned by His Majesty the King, has been conceptualized as the foundation for the country's digital economy and society, facilitating trusted digital interactions between individuals and organizations.

The project was initiated in 2021 with the aim to solve the existing and foreseeable problems of the Bhutanese digital economy, including:

- Integrated digital ecosystem: With most services and experiences moving online, Bhutan NDI aims to create an integrated and seamless digital experience and accelerate access to services.
- Privacy and security: Bhutan NDI also aims to establish a strong foundation for digital trust while keeping the privacy and security of citizen's personal data a priority. The products and features have been developed as "privacy by design", enabling minimal sharing of personally identifiable data.
- Regulatory compliance: Bhutan NDI also works to solve problems around cost and scalability of complex legal requirements around eKYC and customer identification by automating regulatory compliance through the platform.
- Inclusion: Bhutan NDI is mandated to improve digital inclusion, not just in terms of equitable accessibility to public and private services, but also to drive financial inclusion and economic participation of the citizens.

VISION, MISSION & VALUES

VISION

We enhance and improve digital services, keeping security, privacy, and consent at the heart of Bhutan NDI.

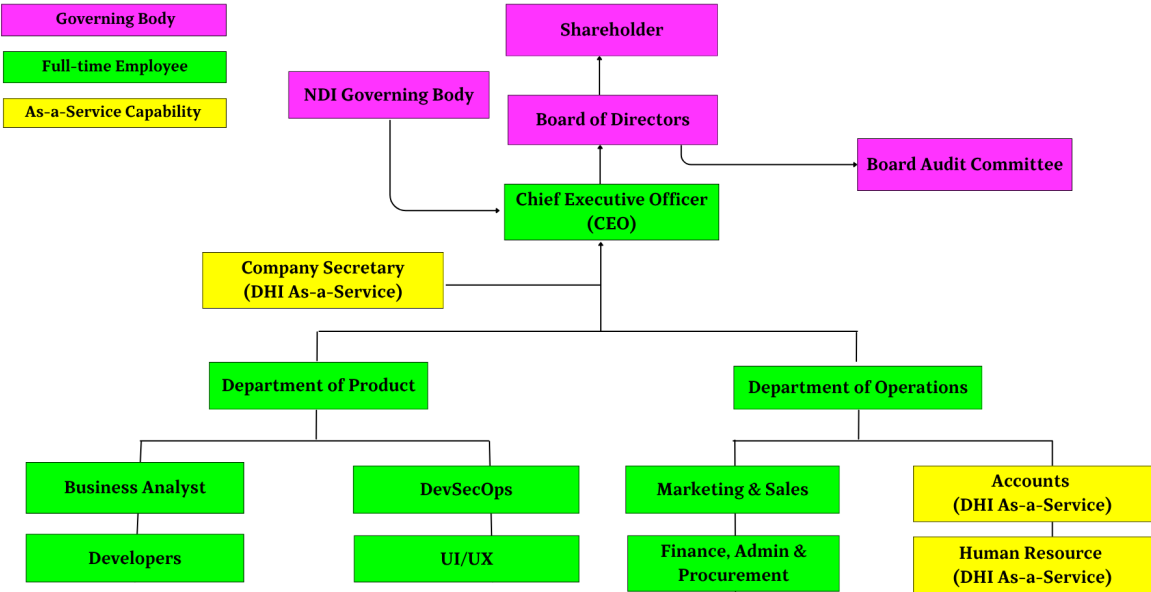
MISSION

We aim to foster a trust- driven digital ecosystem for seamless delivery of government & business services

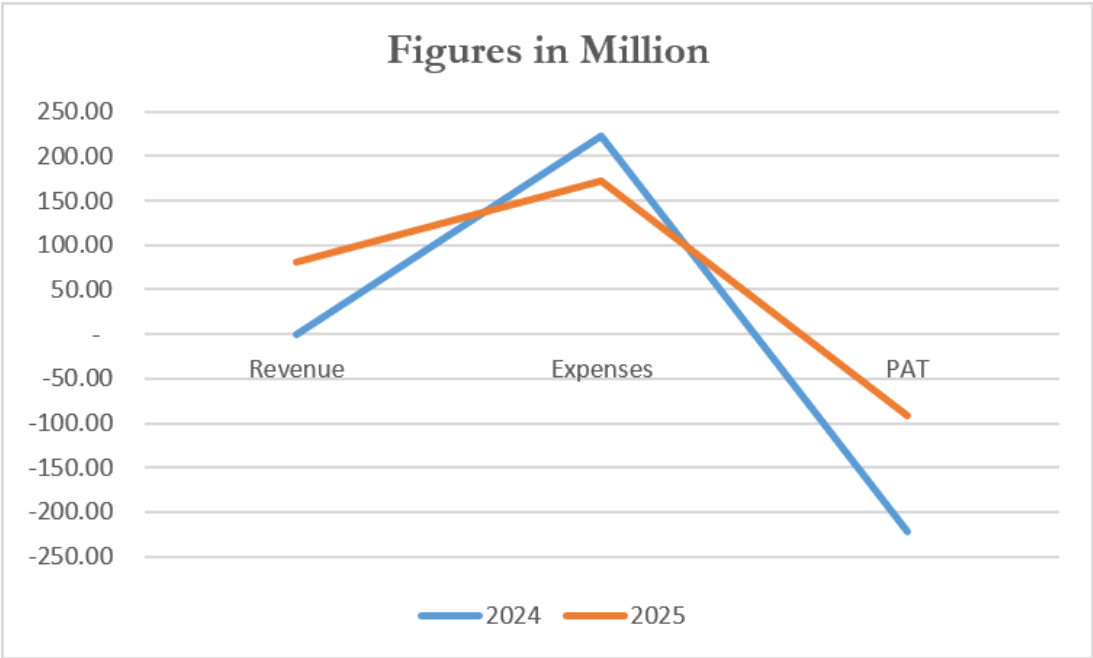
CORE VALUES

1. **User Sovereignty:** We champion the principle that individuals must have full control over their identities, with no intermediaries dictating access or usage, aligning with core SSI tenets of control and consent.
2. **Ethical Innovation:** Our pursuit of global leadership in decentralised identity is grounded in moral integrity, ensuring technologies advance human dignity, privacy, and equity without compromising ethical standards or exploiting users.
3. **Privacy by Design:** Drawing from GDPR and W3C standards, we embed data minimisation, transparency, and protection into every solution, ensuring identities are secure, portable, and revealed only with explicit user consent.
4. **Interoperability and Inclusivity:** We commit to open, standards-based approaches like ToIP and eIDAS to create seamless, accessible systems that bridge global divides, fostering inclusion for all regardless of geography or socioeconomic status.
5. **Sustainability and Persistence:** Identities must endure and evolve ethically; we design for long-term resilience, environmental responsibility, and adaptability, ensuring our technologies remain true to SSI principles amid technological shifts.
6. **Collaboration and Trust:** As aspiring global leaders, we build ecosystems through partnerships, knowledge-sharing, and community engagement, prioritising trust as the foundation of decentralised networks.

Organizational Chart



Financial Performance



BOARD OF DIRECTORS

Mr. Ngawang Norbu, CEO, GDL, Chairman since February 2024



Ngawang Norbu is the Chief Executive Officer (CEO) of Green Digital Pte Ltd. (GDL), a company engaged in digital asset mining, digital asset management, and the development of large-scale digital infrastructure. He has experience in corporate leadership, infrastructure development, project financing, strategic partnerships, and business development. In his role as CEO, he leads GDL's strategic growth, operations, and expansion into emerging opportunities in renewable energy, AI, and data center infrastructure, while fostering partnerships with financial institutions, technology companies, and global industry partners.

Mr. Phuntsho Namgay, Director, Innotech, DHI - February 2024



Phuntsho Namgay is the Director of the Department of Innovation and Technology at Druk Holdings and Investments. He leads the Department's efforts in developing Bhutan's Innovation Ecosystem for a tech-based economy by leveraging research and development for technology with values. He has MBA from the Australian Graduate School of Management, with experience ranging from Grass Root Innovations to Ecosystem building.

Ms. Kuenga Zam, Director GovTech Agency - June 2025



Ms. Kuenga Zam serves as the Director, Department of Digital Transformation under GovTech Agency Bhutan. She has completed Master of Information Systems from University of Melbourne.

Ms. Kinley Dem, Director, BPC - June 2025



Ms. Kinley Dem serves as the Director of Finance and Accounts Services at Bhutan Power Corporation at Bhutan Power Corporation (BPC). She oversees financial strategy, corporate services, and budgeting for BPC. Ms. Dem has a Master’s in professional accounting, Accounting, and Finance from Edith Cowan University in Australia.

Mr. Jacques von Benecke, CEO, BNDIL - June 2025



Mr. Jacques serves as the CEO at Bhutan NDI Ltd. and CTO at Druk Holding & Investments (DHI). He has over 30 years of experience in consulting in the areas of Digital Transformation, Strategy, Innovation, Culture, and Operational change design and implementation, Developing and coaching startup companies, Enterprise Architecture and Solution Architecture.

MANAGEMENT TEAM



Mr. Jacques von Benecke, CEO



Mr. Anand Acharya, CPO



Mrs. Pallavi Sharma, COO

DIRECTOR'S REPORT

Dear Shareholders,

On behalf of the Board and Management of Bhutan National Digital Identity (NDI) Limited, it is my pleasure to present the company's performance for the Financial Year ended on December 31st, 2025.

Performance Overview for FY 2025

While Bhutan NDI Limited, was incorporated on 19th February 2024 as a fully owned subsidiary of Druk Holding and Investments Ltd., BNDIL was operationalized as a full-fledged corporation in June 2025 with the appointment of the inaugural CEO, Jacques von Benecke.

With the operationalization of the company, BNDIL dedicated time to establish operational and administrative processes. A hybrid structure was established at BNDIL wherein Human Resources and Accounts were established as shared services with DHI, and Products and Services were developed in alignment with the milestones and compact targets set in agreement with both GovTech Agency and DHI.

With the budget allocated by GovTech, BNDIL carried out strategic cost optimization and the efficient utilization of available resources. As the funding from GovTech released on a milestone delivery-based structure, BNDIL focused on developing value-added services, features, and integrations agreed upon with GovTech Agency.

Looking ahead, BNDIL remains committed to enhancing its product design, increasing service delivery, and facilitating digital trust between organizations and individuals in the nation's economy. At the same time, BNDIL has laid out a strategic plan to generate revenue through domestic and international sales.

Products and Platform

The number of successfully onboarded users on the Bhutan NDI platform grew from 172,922 at the end of 2024 to 449,549 by the end of 2025, representing an increase of 276,627 users over the year. This growth reflects the increasing adoption of the platform as BNDIL expanded its focus from providing basic authentication services through passwordless login to include value-added services for digitalization of end-to-end business workflows for integration partners. In 2025, BNDIL launched eKYC (with image as a verifiable credential), digital signature (with hash function and cryptography), In-App OTP, biometric-based verification with liveness check, peer-to-peer chat, and mobile verifier for organizations as Value-Added Services.

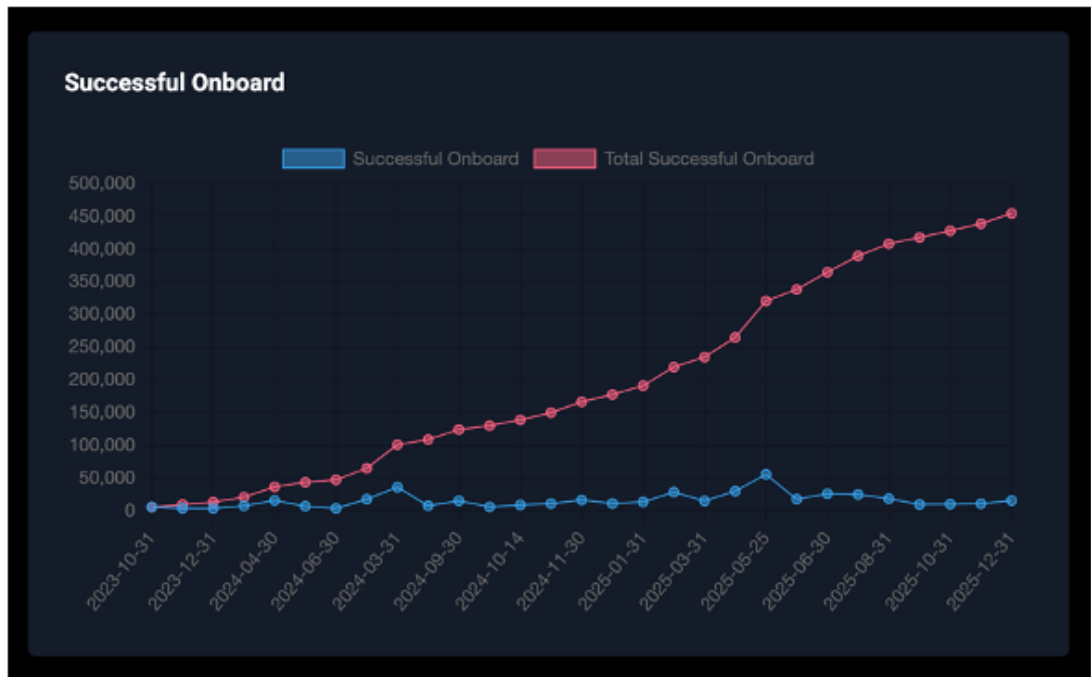
As Bhutan NDI focused on increasing use cases in partnership with government and business organizations, scalability and interoperability were identified as critical prerequisites for efficiency. To support these requirements, in 2025, BNDIL integrated with the Ethereum blockchain expanding its technological capabilities to support multiple blockchain networks. This breakthrough means that the platform can issue and verify credentials across multiple blockchains—enabling cross-ledger credential recognition and seamless interoperability between decentralized ecosystems.

Integrations and Use Cases

In 2025, the company worked with Government organizations, DHI-owned corporations, and other private sector firms to integrate BNDIL's digital identity system to deliver services online while meeting the trust and assurance requirements for digital interactions between organizations and individuals. BNDIL has now integrated with over 70 public services through the Government-to-Citizen portal, both operators in the Telecommunications sector, all five banks to meet eKYC requirements (endorsed by the Royal Monetary Authority), National Pension and Provident Fund (NPPF), Bhutan Power Corporation (BPC), Human Resources related services for employees of Royal Civil Service Commission and the DHI Group, Bhutan Construction and Transportation Authority (previously RSTA), State Mining Corporation Ltd., and DrukAir. The use cases implemented in these sectors include passwordless login and access management (availing verifier service alone), and issuance of verifiable credentials, customer identification for remote onboarding/service delivery, regulatory compliance, and digital signing.

Adoption Status

As of December 31, 2025, BNDIL had onboarded 449,549 users on to the NDI platform, an increase of approximately 137% from December 2024.



International Deployments

Bhutan NDI, along with successful domestic implementation, officially entered partnership with iDen2, a Silicon Valley based organization, to scale the deployment of the core (full or in-part) NDI technology. The partnership combines innovative technology with proven real-world deployment in Bhutan with commercial acumen of iDen2 to help governments implement privacy-first digital infrastructure. The partnership will target sales in developing and under-developed countries in Africa, Asia, and the Middle East.

Additionally, BNDIL completed the implementation of SevissPass, a digital identity system for the Papua New Guinea government in July 2025 and received a payment of Nu. 7.1 million. The revenue from this project, however, is not reflected in the audited accounts of BNDIL as the contract was signed between DHI and PNG since NDI was a project under DHI at the time of contract signing.

Human Resources Development

BNDIL conducted NDI Xcelerator Program in 2025 aimed to:

- Address Technical Skill Gaps: Build technical capacity in Bhutan by equipping participants with in-demand skills across critical IT domains to reduce dependency on foreign workers and consultants.
- Develop a Skilled Workforce: Create a robust talent pipeline by training participants in specialized technical skills specific for decentralized and Self Sovereign Identity (SSI).
- Enhance Practical Competence: Provide hands-on learning experience to enable participants to apply theoretical knowledge to solve real-world problems.
- Support Retention and Local Expertise: Mitigate attrition challenges by fostering local expertise, reducing the reliance on external talent, and promoting workforce stability in Bhutan's IT sector.
- Promote Industry Readiness: Prepare trainees for immediate entry into the workforce with job-ready emerging technical skills and practical project experience aligned with industry standards.

Participants of the program were also later hired at BNDIL with technical know-how around decentralized identity and demonstrated readiness for the workforce. BNDIL also signed an MOU with GovTech Agency to deploy public servants for a period of 6 months, trained through the Xcelerator Program, at BNDIL to meet the requirements of the Government vis-a-vis Bhutan NDI services.

FINANCIAL HIGHLIGHTS

GovTech Funding:

In 2025, the company received a total funding of Nu. 80.01 million to cover the OPEX and CAPEX at BNDIL from GovTech Agency.

Expenditure:

In 2025, the company's total expenditure decreased to Nu. 172.53 million, marking a 22.47% drop compared to Nu. 222.53 million in 2024. This decrease in total expenditure was primarily due to reductions in employee compensation and benefits (from Nu. 48.65 million in 2024 to Nu.

27.62 million in 2025) as well as decreases in consultancy expenses (from Nu. 68.24 million to Nu. 32.58 million). Partially offsetting these decreases was a significant rise in operational and maintenance expenses, which increased from Nu. 4.66 million in 2024 to Nu. 32.58 million in 2025, reflecting expanded project activities and associated costs.

AUDIT HIGHLIGHTS

Statutory Audit

As appointed by the Royal Audit Authority (RAA), Menuka Chhetri & Associates (Chartered Accountants), Thimphu, Bhutan, conducted the audit of the company's books for FY 2025. The management is pleased to inform you that there is no qualified report for FY 2025.

Corporate Governance

BNDIL has consistently adhered to established Corporate Governance principles, demonstrating a strong commitment to ethical business practices. Additionally, the company ensures full compliance with all relevant statutory requirements, reinforcing its dedication to legal obligations and maintaining a responsible and compliant operational framework.

In the year 2025, the Board convened five (5) meetings - once in each quarter, except for the third quarter where the board met twice - in accordance with all statutory and regulatory provisions. All meetings were duly constituted, with quorum requirements fully met.

As at the end of the financial year, the Board comprised seven (5) Directors, including the Chief Executive Officer.

Compliance

The company has diligently ensured compliance with all applicable laws and regulations within the country to the best of its knowledge.

Challenges

In 2025, BNDIL faced several challenges that impacted operations:

- **Attrition:** Bhutan NDI being a pioneering and complex project developed leveraging technologies like distributed ledger and blockchain, there is a steep learning curve for all employees. A significant amount of time is spent in training new hires on SSI and

decentralized identity protocols and frameworks. However, with a high attrition rate, product development plans were disrupted, impacting delivery.

- **Operational Challenges:** As BNDIL was in the transition phase, wherein operationalization of the company began only in June 2025, the company struggled due to the lack of defined standard operating processes. Effort in the initial few months of operationalization was spent in developing processes around delegation of power, human resources service rule, risk reporting and mitigation structures, business operating standards, including pricing of products. As a result, the decisions were sometimes slow to move or were dependent on longer approval cycles.
- **Commercialization of Products and Services:** As the company entered the market with entirely new product and service offerings, integration partners were skeptical to sign commercial contracts and requested free trial periods, leading to loss of opportunity for revenue generation in 2025.

Outlook for 2025

As BNDIL moves forward, the company looks to address the challenges that have been pointed out. The company will work to strengthen its internal governance structure and reporting line to remove operational inefficiency. In 2026, the company will focus extensively on revenue generation through increased direct sales in Bhutan and abroad. Additionally, BNDIL will be reducing dependency on foreign consultants and technical expertise to optimize its budget.

On the core technology side, BNDIL will be migrating all its services to the Ethereum blockchain in the first half of 2026. This strategic decision is driven by Ethereum's reliance on a globally distributed network of validator nodes, as against the currently used Polygon blockchain which has its nodes concentrated in India. By leveraging this globally distributed node network, Bhutan NDI benefits from greater decentralization, transparency, and resilience—core attributes critical for the long-term durability of national identity systems. Additionally, Ethereum's permissionless and open-source infrastructure will strengthen Bhutan's national digital identity system, making it both resilient and future-ready.

In 2026, BNDIL will continue providing technical upskilling programs to train Bhutanese citizens on emerging technologies leveraged at BNDIL, such as blockchain and decentralized technology, to expand the talent pool in the country.

Acknowledgement

On behalf of the Board of Directors and the management team of Bhutan National Digital Identity Limited (BNDIL), we wish to express our heartfelt gratitude to DHI, the GovTech Agency, and all our integration partners and organizations that have provided invaluable support and assistance to our operations and expansion.

We also acknowledge the significant contributions of DHI's Account and CSD Departments, with whom BNDIL shared services, and whose collaboration has been critical to our success.

In conclusion, we reaffirm our dedication to professionalism and ethical conduct in managing the company. We look forward to another successful and productive year ahead for all stakeholders involved.

For and on behalf of the Board



Ngawang Norbu

Chairman, Bhutan NDI Ltd.

CORPORATE GOVERNANCE REPORT

Bhutan NDI places strong emphasis on effective corporate governance and regulatory compliance, guided by the Companies Act of Bhutan, 2016, the Corporate Governance Code, DHI’s Ownership Policy, and other applicable laws and regulations.

Board of Directors

The Board of Directors plays an active role in the company’s operations and decision-making by contributing professional insights and participating actively in discussions. It serves as the company’s governing body. The TTPL Board comprises five members, including the Chief Executive Officer, all of whom are identified and appointed by DHI and subsequently endorsed at general meetings.

Sl.	Board Directors	Designation/ Address	Date of Appointment	Director type	Remarks
1	Mr. Ngawang Norbu	Chief Executive Officer, GDL	February 2024	Independent	1 st Term
2	Mr. Phuntsho Namgay	Director, InnoTech, DHI	February 2024	Non- Independent	1 st Term
3	Ms. Kuenga Zam	Director, GovTech Agency	June 2025	Independent	1 st Term
4	Ms. Kinley Dem	Director, Finance, BPC	June 2025	Independent	1 st Term
5	Mr. Jacques Von Benecke	CEO, BNDIL	Since 2 nd June 2025	Non- Independent	1 st Term

Board Meetings

A total of five (5) Board Meetings were conducted in the year 2025. The details of the Board Meetings are shown in the table below:

Meeting No.	Board Directors	Attendance
4th Board Meeting Date: 22 nd January 2025	Mr. Ngawang Norbu	Present
	Ms. Tashi Lhamo	Present
	Mr. Phuntsho Namgay	Present
	Mr. Suprit Pradhan	Present
5th Board Meeting Date: 30 th April 2025	Mr. Ngawang Norbu	Present
	Ms. Tashi Lhamo	Present
	Mr. Phuntsho Namgay	Present
6th Board Meeting Date: 14 th July 2025	Mr. Ngawang Norbu	Present
	Ms. Kuenga Zam	Present
	Mr. Phuntsho Namgay	Present
	Ms. Kinley Dem	Present
7th Board Meeting Date: 12 th September 2025	Mr. Ngawang Norbu	Present
	Ms. Kuenga Zam	Present

	Mr. Phuntsho Namgay	Present
	Ms. Kinley Dem	Present
	Mr. Jacques von Benecke	Present
8th Board Meeting Date: 27 th November 2025	Mr. Ngawang Norbu	Present
	Ms. Kuenga Zam	Present
	Mr. Phuntsho Namgay	Apologies
	Ms. Kinley Dem	Present
	Mr. Jacques von Benecke	Present

Board Committees

- 1. Board Audit Committee (BAC)
- 2. Board HR Committee (BHRC)

Board Remuneration

The Board and CEO’s remuneration paid during the financial year 2025 are provided in the following table:

a. Summary of compensation paid to the Chief Executive Officer:	
Particulars	Amount (Nu.)
Salary & Other Benefits	1,553,020
Sitting Fees	50,000
Total Amount [in Nu.]	16,03,020

b. Summary of compensation paid to Board of Directors (Inclusive of CEO)	
Particulars	Amount (Nu.)
Directors’ Sitting Fees (Board & Sub-Board)	296,500
Directors’ Training (incl. workshop, seminars, etc.) Expenditures during the year (e.g., Inception Fees, Travel, food/ Room & etc.)	-
Directors’ DSA	-
Total Amount [in Nu.]	296,500

Annual General Meeting

The 1st Annual General Meeting was held on June 12, 2025, at DHI Board Room and attended by the Shareholder, Board Directors, and the key members of the management team.

The Annual General Meeting transacted the following business items:

- a) Consideration of audited accounts for the financial year ended December 31, 2025 along with Auditor's Report and Director's Report
- b) Presentation of Director's Report
- c) Endorsement of Appointment of Chief Executive Officer
- d) Consideration of Appointment/Re-appointment/Retirement of Directors
- e) Declaration of remuneration for CEO and Directors
- f) Appointment and fixing remuneration of Auditors

Risk Management System

Bhutan NDI Limited adopts a comprehensive and structured approach to identifying and managing risks in alignment with the guidelines set by DHI. The Risk Management System serves as a strategic tool to enhance corporate governance and strengthen institutional capacity.

INDEPENDENT AUDITOR'S REPORT

TITLE SHEET		
Title	:	Audit Report on the Financial Statements of Bhutan National Digital Identity Limited , Thimphu.
AIN:	:	COAD-2026-203
Head of the Agency	:	Mr. Jacques von Benecke, Chief Executive Officer Passport No.: E4089670 Period: 1-June-2025 – 31-May-2027 Mail ID.: ceo@bhutanndi.bt
Drawing & Disbursing Officer:	:	1. Mrs. Sangay Bidha, Officiating Head of Accounts, 2. Mr. Sonam Tobgay, Director, Finance DHI
Finance Personnel	:	Ms. Deki, Sr. Accountant
Period Audited	:	1 January 2025 – 31 December 2025
Schedule of Audit	:	Planning: 4 February 2026 – 15 February 2026 Actual: 4 February 2026 – 15 February 2026 Reporting:
Composition of Audit Team	:	Team Leader: <u>Mr. Pema Dendup, Audit Manager</u> Team Members: 1. Sani Raj Limboo, Sr. Auditor 2. Dawa Dorji Tamang, Audit Associates 3. Nima Tshering, Audit Associates 4. Mamta Adhikari, Audit Associates
Supervising Officer	:	CA. Menuka Chhetri, Managing Partner
Overall Supervising Officer	:	CA. Menuka Chhetri, Managing Partner
Engagement Letter	:	Letter dated 9 February 2026
Focal Person	:	Mr. Pema Dendup Email: pemadendup91@gmail.com Contact No.: 17336523/77608720
Date of Exit Conference	:	13 March 2026



Independent Auditor's Report on the Financial Statements for year ended 31 December 2025

To

The Members of Bhutan National Digital Identity Limited

Opinion

We have audited the Financial Statements of **Bhutan National Digital Identity Limited** ("the Company"), which comprise the Statement of Financial Position as at 31 December 2025, the Statement of Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to Note No. 21 to the financial statements, the funds amounting to Nu. 83,617,202 received from GovTech during the financial year 2024 and previously recognized as Equity have been restated and reclassified from Share Capital to Grants Income. This restatement has been made to appropriately reflect the substance of the transaction in accordance with the applicable accounting framework, as the funds are in the nature of government support rather than equity contribution. Consequently, Share Capital has been reduced by the corresponding amount.

We also draw attention to the financial statements, which indicates that the Company has been receiving grants and equity injections from GovTech and other support from DHI to support its operations and maintain financial sustainability. Despite such support, the Company has incurred consecutive losses, resulting in a 54% erosion of its net worth as of December 31, 2025 compared to the previous year.

Management has prepared the financial statements on a going concern basis in accordance with Paragraph 25 of BAS 1, based on their assessment that continued financial support will be available.

Changangkha Residency, 2nd Floor, Room No. 2D Kawang Damisa, Thimphu. Mail: menukachhetriassociates19@gmail.com
Mobile No. 17588698/17336523/77608726 Fixed Line No. 02 330339

The Company's ability to continue as a going concern is dependent on ongoing financial assistance from the Government and DHI and on improving its revenue generation. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report under the KAM.

Other Matters:

The company's books of accounts are maintained in the Accounting System, "SAP." Management has confirmed that the data provided for audit purposes is accurate, complete, and reliable. Our audit procedures were conducted based on system-generated data, which we relied upon to obtain reasonable assurance regarding the completeness and accuracy of the transactions. We would like to highlight that the audit of the financial statements was carried out under these circumstances.

Our audit opinion is not modified in respect of this matter.

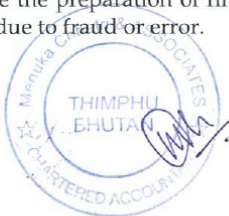
Information other than the Financial Statements and Auditor's Report thereon

The other information comprises the information included in the Director's Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS, and for such internal control as the management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance, whether the financial statements as a whole are free from material misstatement, fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control;
- iii. Evaluate the appropriateness of accounting policies used and also the reasonableness of the accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that the material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a Going concern; and
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as *Appendix-I* with statements on the matters specified therein to the extent applicable.

Further, as required by Section 265 of the Act, we report that:

- a) We have obtained all the information and explanation, which to the best of our knowledge and beliefs were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books.
- c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the company has complied with other legal and regulatory requirements.

For Menuka Chhetri & ASSOCIATES

Chartered Accountants
Firm Registration No.: 331825E
Address: Room No.: 2D, 2nd Floor, Changangkha Residency, Kawang Damisa, Lower Motithang, Thimphu

CA. Menuka Chhetri
Managing Partner
Membership No.: 534365

Place: Thimphu, Bhutan
Date: 12-05-2026



**REPORT ON MINIMUM AUDIT EXAMINATION
REQUIREMENTS**

Appendix - I

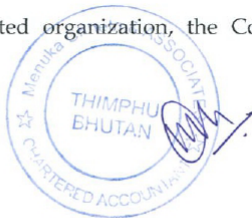
MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

Our audits was carried out by applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).

The statutory audit report was prepared under the Companies Act of Bhutan, 2016 and other relevant Acts and regulatory norms in examining the accounts of the company containing *inter alia*, the following:

General:

- a) To the extent applicable, the company adheres to the Corporate Governance Guidelines issued by Druk Holding and Investments Limited (DHI).
 - b) In our opinion those charged with governance and the management of the Company has pursued a prudent and sound financial management practice in managing the affairs of the Company as it revealed from our audit.
 - c) The financial statements of the Company are prepared to the extent applicable by applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
 - d) The Company has maintained proper books of accounts and the financial statements for the year ended 31 December 2025 are in agreement with the underlying accounting records.
 - e) The Company has maintained the applicable registers as specified under Section 228 of the Companies Act of Bhutan 2016.
 - f) The Company has fulfilled its obligation social and otherwise as entrusted to it.
 - g) The Company has computed the amount of tax correctly and the same has been reflected in the financial statements.
- 1. The Company has maintained Property, Plant & Equipment (PPE) register showing full particulars including quantitative details and situation of PPE. The Management had conducted physical verification of fixed assets during the year. Discrepancies noted were not material and the same have been properly dealt with in the books of accounts
 - 2. None of the fixed assets were revalued during the year under audit, since management has opted to apply cost model of accounting policy to entire class of property, plant and equipment;
 - 3. As Company is a service-oriented organization, the Company does not have any inventory;



- 4. In the absence of inventory, the clause relating to whether the process of physical verification of consumable stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business is not applicable.
- 5. In the absence of inventory, the clause relating to whether any material discrepancies were noticed during the physical verification of stocks as compared to the book records is not applicable.
- 6. In the absence of inventory, the clause relating to whether the Company maintains a reasonable system for recording receipts, issues, and consumption of materials and stores, and allocating materials consumed to the respective jobs, commensurate with the size and nature of its business, is not applicable.
- 7. In the absence of inventory, the clause relating to whether obsolete, damaged, slow-moving, or surplus goods/inventories have been identified in relation to consumable stocks based on the information, explanations, and records provided to us is not applicable.
- 8. In the absence of inventory, the clause relating to whether there are any surplus inventories identified for disposal, based on the information and explanations provided to us, is not applicable.
- 9. In the absence of inventory, the clause relating to whether proper Board approval was obtained for writing off assets due to material loss or discrepancies between physical and book balances of inventories, stores, and spares during the audit period is not applicable.
- 10. In the absence of inventory, the clause relating to whether the valuation of year-end stocks is fair and proper, in accordance with the nature of the stock and consistent with the basis adopted in the preceding year, is not applicable.
- 11. The Company has not borrowed any loans from the Financial Institutions and the rate of interest and the other terms and conditions of the of borrowing is prima facie not prejudicial to the interest of the company;
- 12. The Company has not granted loans to Subsidiary Companies during the year. The rate of interest and other terms and conditions of such a loan are prima facie not prejudicial to the interest of the Company.
- 13. Parties to whom the loans and advances have been given by the Company are generally regular in repaying the amounts as stipulated period except a few cases wherein the company has extended the repayment schedule. The loans/advances granted to officers/staff are generally in keeping with the provisions of its service rules and no excessive/frequent advances are granted and accumulation of large advances against particular individual is generally avoided;
- 14. The Company has established an adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records during the year, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company



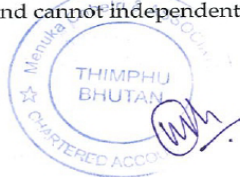
as well as to ensure adherence to the applicable rules/regulations and systems and procedure;

- 15. In the absence of inventory, the clause relating to whether there exists a reasonable system of authorization at appropriate levels and an adequate system of internal control, commensurate with the size of the Company and the nature of its business, for the issue of stores and allocation of materials and labour to jobs, based on the information and explanations provided to us, is not applicable.
- 16. There is a reasonable system of obtaining competitive biddings/quotations/agreed rate contracts from the parties in respect of purchase of fixed assets and commensurate with the size of the Company and the nature of its business. The Company is not engaged in manufacturing or trading activities or sale of services, hence the question of purchasing or selling goods or services does not arise;
- 17. a) The Company has a process of obtaining confirmation from all Directors with respect to transactions for purchases and sales of goods and services made in pursuance of contracts or arrangement entered into with the directors or any other parties related to the directors or with company or firms in which the directors are directly or indirectly interested have been made at prices, which are reasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties;

b) Based on our examination and the information and explanations provided to us, the Company has not entered into any transactions in which the directors are directly or indirectly interested that are prejudicial to the interests of the Company or its other shareholders. Accordingly, no such instances requiring reporting were noted during the audit.
- 18. No personal expenses of employees or directors have been charged to the account other than those payable under contractual obligation in accordance with generally accepted practice;
- 19. As per the explanation given to us no unserviceable or damaged stores have been determined during the period under audit;
- 20. As the Company operates as a service provider and is not engaged in manufacturing or trading activities, there is no requirement for a system to ascertain or identify the point of occurrence of breakages or damages of materials in transit.
- 21. The company is not required to maintain reasonable records for production of finished goods, & by-products as the company is not under manufacturing or trading company;
- 22. The corporation is having adequate physical safeguards to prevent unauthorized or irregular movement of materials from the Corporation;
- 23. According to the information and explanation given to us there are no realizable scraps



- 24. The Company is regular in depositing rates and taxes, duties, and statutory dues with the appropriate authorities. We believe that the provision for corporate tax is adequate;
- 25. There is no undisputed outstanding amount payable in respect of contractor taxes/health tax/ salary tax etc.
- 26. The Company maintains a reasonable system for allocating man-hours to the respective service engagements.
- 27. As the Company operates as a service provider and is not engaged in manufacturing or trading activities, a formal system for price fixation based on cost of production and market conditions is not applicable.
- 28. The company does not have a Credit Policy.
- 29. The Company does not make any sales through commission agents, and hence this clause is not applicable;
- 30. The system for follow-up with debtors and other parties for recovery of outstanding amounts are reasonable. Also, age-wise analysis of outstanding amount is carried out on a regular basis for management information and follow-up action;
- 31. The management of liquid resources particularly Bank balances are adequate as no excessive amounts were lying idle in non-interest-bearing accounts.
- 32. Activities carried out by the Company during the year are in our opinion lawful and intra vires the Articles of Incorporation of the Company;
- 33. Activities/investment decisions are made only upon prior approval of the Board and are made for new projects only after ascertaining the technical and economic feasibility of such new ventures;
- 34. The Company has established an effective budgetary control system;
- 35. The said clause is not applicable as per the nature of business;
- 36. The details of remuneration paid to Chief Executive Officer (CEO) and Sitting fees paid to the Directors are properly disclosed in Note No. 24 (ii a & b) in Notes to Financial Statements. As informed to us and according to information and explanations given, no payments have been made to any relatives of directors.
- 37. On the basis of our examination of minutes of the meetings of the Board of Directors, made available to us, directives of the Board appears to have been complied with;
- 38. Officials of the Company have not transmitted any price sensitive information, which are not made publicly available, unauthorized to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves. We have however relied on the management assertion and cannot independently verify the same;



- 39. Inter-unit transactions/services and arrangements for services made with other agencies engaged in similar activities were dealt with adequate record keeping;
- 40. Terms and conditions of leases or contract work agreements are reasonable.

COMPUTERISED ACCOUNTING ENVIRONMENT

- 1. In our opinion the organizational and system development controls and other internal controls are adequate relative to the size and nature of Computer installations.
- 2. The Company has adequate safeguard measures and back-up facilities.
- 3. As regards back-up facilities and disaster recovery measures, we are given to understand that the back-up files are kept at different locations.
- 4. Operational controls are found adequate to ensure correctness and validity of input data and output information.
- 5. Measures taken by the Company to prevent unauthorized access over the computer installation and files are generally adequate.

GENERAL

1. Going Concern Issues

The financial statements have been prepared on a going concern basis in accordance with Paragraph 25 of BAS 1, which assumes that the Company will be able to meet its obligations as they fall due for the foreseeable future.

The Company has incurred operating losses since inception and as at 31 December 2025, the accumulated losses have resulted in an erosion of 69% of the Company's net worth. Notwithstanding this, the Company has continued to receive equity injections from the Govtech via DHI which indicate the ongoing commitment to support the operations and objectives of the Company, particularly in relation to the National Digital Identity (NDI) platform which is a public service initiative.

Based on management's assessment and the assurances of continued support, there is no indication that the Company will be unable to continue as a going concern as of the balance sheet date. However, should the Company fail to achieve profitability or secure necessary support, it would need to reassess the appropriateness of the going concern assumption in subsequent financial reporting periods.

2. Ratio Analysis.

Financial and Operational Ratio Analysis in respect of the Company are given in Appendix - II.

3. Compliance with the Companies Act of the Kingdom of Bhutan: -

According to the information and explanations given to us by the management and based on a Compliance Checklist completed by the Company Officials, the Company has generally complied with the provisions of The Companies Act of Bhutan, 2016.



Our observations in this regard are given below: -

- a) The Company has filed annual return as required by Section 267 of the Act.
- b) The Company has held annual general meeting as required by Section 177 of the Act.
- c) The Company is following the accrual basis of accounting as required under Section 235(b) of the Act.
- d) Following statutory registers have been maintained by the Company depicting certain prescribed particulars as required to be disclosed under the Act.
 - i. Register of Directors
 - ii. Register of charges [Section 228(c)]

4. Adherence to Laws, Rules and Regulations:

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statement as produced to us by the management. In the course of audit, we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation relevant to the financial statements.

For Menuka Chhetri & ASSOCIATES

Chartered Accountants
Firm Registration No.: 331825E
Address: Room No.: 2D, 2nd Floor, Changangkha Residency,
Kawang Damisa, Lower Motithang, Thimphu

CA. Menuka Chhetri
Managing Partner
Membership No.: 534365

Place: Thimphu, Bhutan
Date: 12-05-2026



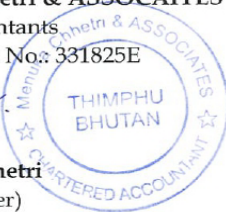
FINANCIAL STATEMENTS

BHUTAN NATIONAL DIGITAL IDENTITY LIMITED
THIMPHU: BHUTAN
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2025
(Amount in Nu.)

Particulars	Notes	31-Dec-25	(Restated) 31-Dec-24
ASSETS			
NON-CURRENT ASSETS			
Property Plant and Equipment		4,135,216	10,682,636
Intangible Assets	2	56,818,684	129,563,472
ROU Asset		1,823,020	2,414,008
Investment	3	2,719,853	-
Deferred Tax Asset	4	19,496,650	-
TOTAL NON-CURRENT ASSETS		84,993,423	142,660,116
CURRENT ASSETS			
Other Receivables and Advances	5	2,659,656	20,406,143
Cash and Bank	6	20,788,799	-
TOTAL CURRENT ASSETS		23,448,456	20,406,143
TOTAL ASSETS		108,441,879	163,066,259
EQUITY AND LIABILITIES			
Paid up Share Capital	7	400,953,788	400,953,788
Retained Earnings	8	(339,290,736)	(268,008,689)
TOTAL EQUITY		61,663,052	132,945,100
NON-CURRENT LIABILITIES			
Long Term Employee Benefits	9	2,796,157	2,736,426
Lease Liabilities	10	2,143,389	2,618,763
TOTAL NON- CURRENT LIABILITIES		4,939,546	5,355,189
CURRENT LIABILITIES			
Trade and Other Payables	11	8,539,281	24,765,970
Intercompany Loan DHI	12	33,300,000	-
TOTAL CURRENT LIABILITIES		41,839,281	24,765,970
TOTAL LIABILITIES		46,778,827	30,121,159
TOTAL EQUITY AND LIABILITIES		108,441,879	163,066,259
Notes on the Financial Statements forms integral parts of Accounts			

For Menuka Chhetri & ASSOCAITES
Chartered Accountants
Firm Registration No.: 331825E

CA. Menuka Chhetri
(Managing Partner)
Membership No.: 534365
Place: - Thimphu, Bhutan
Date: 12-05-2026



For Bhutan National Digital Identity Limited

Mr. Ngawang Norbu
Board Chairman

Jacques von Benecke
Chief Executive Officer

BHUTAN NATIONAL DIGITAL IDENTITY LIMITED
THIMPHU: BHUTAN
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER
2025

(Amount in Nu.)			
Particulars	Notes	31-Dec-25	(Restated) 31-Dec-24
REVENUE			
Revenue	13	480,000	-
Other Income	14	178,856	82,027
Grant Income	15	80,000,000	83,617,202
TOTAL REVENUE		80,658,856	83,699,229
EXPENDITURE			
Operational & Maintenance Expenses	16	243,711	4,661,555
Employee Compensation & Benefits Expenses	17	27,618,404	48,645,999
Human Resource Development (HRD)	18	2,572,736	209,755
Consultancy Expenses	19	32,578,423	68,235,858
Subscription Expenses	20	32,365,998	18,306,783
Other Expenses	21	2,005,816	7,045,103
Depreciation and Amortisation	1	74,656,196	75,156,510
Finance Cost	22	486,849	263,824
TOTAL EXPENDITURE		172,528,134	222,525,389
POFIT /(LOSS) BEFORE TAX		(91,869,278)	(138,826,160)
Income Tax Expenses		-	-
Deferred Tax	23	19,736,578	-
PROFIT AFTER TAX		(72,132,700)	(138,826,160)
OTHER COMPREHENSIVE INCOME			
Actuarial Gain/(Loss)		1,090,580	1,493,559
Less: Deferred Tax	23	(239,928)	-
TOTAL OTHER COMPREHENSIVE INCOME		850,652	1,493,559
TOTAL COMPREHENSIVE INCOME		(71,282,048)	(137,332,601)
Notes on the Financial Statements forms integral parts of Accounts			

For Menuma Chhetri & ASSOCAITES For Bhutan National Digital Identity Limited
Chartered Accountants
Firm Registration No.: 331825E

CA. Menuma Chhetri
(Managing Partner)
Membership No.: 534365
Place: - Thimphu, Bhutan
Date: 12-05-2026



Mr. Ngawang Norbu Jacques von Benecke)
Board Chairman Chief Executive Officer

BHUTAN NATIONAL DIGITAL IDENTITY LIMITED
THIMPHU, BHUTAN
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

Particulars	No. of Shares (Issued and Fully Paid up)	Par Value	Total Value of Shares	Retained Earnings	(Amount in Nu.)	
					Total Shareholder's Equity	
Balance as at 1 January 2024 (Restated)	4,009,538	100	400,953,788	(130,749,557)	270,204,231	
Additional Fund	820,037	100	82,003,669	-	82,003,669	
Rectification for prior year expenses	-	-	-	73,469	73,469	
Grant Adjustment	(820,037)	(100)	(82,003,669)	-	(82,003,669)	
Profit for the year	-	-	-	(138,826,160)	(138,826,160)	
Other Comprehensive Income	-	-	-	1,493,559	1,493,559	
Balance as at 31st December 2024	4,009,538	100	400,953,788	(268,008,689)	132,945,100	
Balance as at 1 January 2025	4,009,538	100	400,953,788	(268,008,689)	132,945,100	
Profit for the year	-	-	-	(72,132,700)	(72,132,700)	
Other Comprehensive Income	-	-	-	850,652	850,652	
Balance as at 31st December 2025	4,009,538	100	400,953,788	(339,290,736)	61,663,052	

Notes on the Financial Statements forms integral parts of Accounts

For Menuka Chhetri & ASSOCAITES

Chartered Accountants

Firm Registration No.: 331825E

C.A. Menuka Chhetri

(Managing Partner)

Membership No.: 534365

Place: - Thimphu, Bhutan

Date: 12-05-2026

For Bhutan National Digital Identity Limited


Mr. Ngawang Norbu
Board Chairman


Jacques von Benecke
Chief Executive Officer

BHUTAN NATIONAL DIGITAL IDENTITY LIMITED
THIMPHU: BHUTAN
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2025

(Amount in Nu.)

Particulars	31-Dec-25	(Restated) 31-Dec-24
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit Before Income Tax	(91,869,278)	(138,826,160)
Adjustments For:		
Depreciation And Amortization	74,656,196	75,156,510
Retained Earning Adjustment	-	(1,540,064)
Interest Expenses	486,849	263,824
Profit/Loss On Sale Of Asset	141,625	-
Adjustment Of Actuarial Gain/Loss	1,090,580	1,493,559
Operating Profit Before Working Capital Changes	(15,494,028)	(63,452,330)
Decrease / (Increase) In Non-Current Assets	(2,719,853)	-
Decrease / (Increase) In Trade And Other Receivables	17,746,487	43,784,868
Increase / (Decrease) In Trade And Other Payables	(16,226,689)	24,488,192
Increase/(Decrease) In Net Employee Benefit Obligation	59,731	(119,722)
Net Cash Generated From Operating Activities	(16,634,352)	4,701,008
Tax Paid	-	-
Net Cash Generated From Operating Activities	(16,634,352)	4,701,008
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchase Of Property, Plant And Equipment And Intangible Assets	(452,500)	(4,101,008)
Proceeds From Sale Of Property, Plant And Equipment	5,537,874	-
Net Cash Generated From Investing Activities	5,085,374	(4,101,008)
CASHFLOWS FROM FINANCING ACTIVITIES		
Issue Of Share Capital	-	-
Repayment Of Lease Liabilities	(475,375)	(336,176)
Interest Paid	(486,849)	(263,824)
Borrowing	33,300,000	-
Net Cash Used In Financing Activities	32,337,777	(600,000)
Net Increase In Cash And Cash Equivalents	20,788,799	-
Opening Cash And Bank Balances	-	-
Closing Cash And Bank Balances	20,788,799	-

Notes on the Financial Statements forms integral parts of Accounts

For Menuka Chhetri & ASSOCAITES
Chartered Accountants

Firm Registration No.: 331825E

CA. Menuka Chhetri

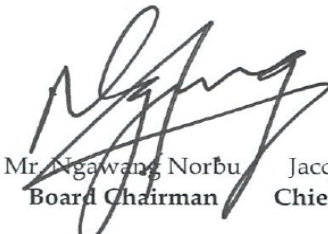
(Managing Partner)

Membership No.: 534365

Place: - Thimphu, Bhutan

Date: 12-05-2026

For Bhutan National Digital Identity Limited

 
Mr. Ngawang Norbu **Jacques von Benecke**
Board Chairman **Chief Executive Officer**

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Notes to Financial Statements

NOTE NO.: 1: Significant Accounting Policies to Financial Statements

1. GENERAL CORPORATE INFORMATION

Reporting Entity

Bhutan National Digital Identity (NDI), envisioned by His Majesty The King, has been conceptualized as the foundation for the country's digital economy, facilitating trusted digital interactions between individuals and organizations. Built on decentralized blockchain technology, Bhutan NDI accelerates seamless access to government, business, and financial services by building a digital ecosystem rooted in trust and security.

The company, in particular, aims to solve some of the existing and foreseeable problems of the Bhutanese society, including:

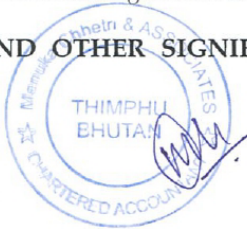
- **Integrated Digital Ecosystem:** With most services and experiences moving online, Bhutan NDI aims to create an integrated and seamless digital experience and accelerate access to services.
- **Privacy and Security:** Bhutan NDI also aims to establish a strong foundation for digital trust while keeping the privacy and security of citizen's personal data. The products and features have been developed as "privacy by design", enabling minimal sharing of personally identifiable data.
- **Regulatory Compliance:** Bhutan NDI also works to solve problems around cost and scalability of complex regulatory compliance requirements around eKYC and customer identification by automating regulatory compliance through the platform.
- **Inclusion:** Bhutan NDI is mandated to improve digital inclusion, not just in terms of equitable accessibility to public and private services, but also to drive financial inclusion and economic participation of the citizens.

In 2023, Bhutan became the first country in the world to roll out a self-sovereign identity (SSI)-based digital identity system at a national scale designed around a comprehensive decentralized identity framework. His Royal Highness, The Gyalsey became the first digital citizen of the nation in a significant milestone, representing a major step forward in the country's vision for a secure and trust-driven digital ecosystem.

Funded and overseen by the Government Technology (GovTech) Agency, Bhutan NDI was developed as an innovation project by DHI InnoTech and officially launched nationwide on October 13, 2023. It was subsequently incorporated on **19th February 2025** (Certificate of Incorporation Registration No. **L20250216BHU0746**) under the Companies Act of Bhutan, 2016 as a fully owned subsidiary of the Druk Holding and Investments Ltd.

2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation



The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Bhutan Accounting Standards (BAS 2020) as issued by Accounting and Auditing Standards Board of Bhutan and as prescribed by the Companies Act of Bhutan, 2016.

2.2. Basis of Measurement

The Financial Statements have been prepared under the accrual, historical cost basis and going concern convention except for the defined benefit liability (actuarial valuation of gratuity in the financial position for which the measurement basis is detailed in their respective accounting policies).

2.3. Critical Accounting Judgments, Estimates and Assumptions

The management made certain estimates and assumptions regarding the future estimates and judgments which are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

3. Property, Plant and Equipment:

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. As per the provision of BAS - 16, the management has chosen Cost Model as an accounting policy and applied the policy to entire class of property, plant and equipment.

4. Impairment of Assets:

The carrying amounts of assets are reviewed at each Statement of Financial Position date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

5. Depreciation:

As of the reporting date, the depreciation on Property, Plant and Equipment (PPE) is provided on straight-line method based on the useful life (taking Residual value to be Nil). The management has assessed the useful life which represents the expected utility of the assets to the company based on the vendor's recommendation and also aligning with the DHI Group



Accounting Policy 2022. However, the management will review the useful life, depreciation methods and residual values of depreciable assets at each reporting date as required by BAS - 16.

Assets Class	Useful Life (in years)
Office Equipment	7-10
Data Processing Equipment	4
Furniture & Fixtures	10
Electrical Equipment	10
Motor Vehicles	10
Arts & Portraits	10
Computer Software's	2

Gain and loss on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other Income' or 'Other Expenses' as the case may be, in the income statement.

6. Intangible Assets

For NDIL, Intangible Assets consists of acquired computer softwares and internally developed software such as the NDI App.

6.1 Softwares

All acquired softwares are categorized as Acquired Softwares. Acquired Softwares are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintain the computer software programmes are expensed when incurred.

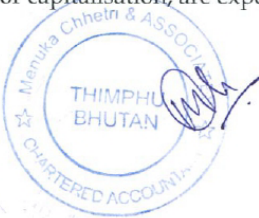
6.2 Internally Developed Intangible Assets(Software):

Internally generated intangible assets, including software and platform development costs, are recognised as assets if, and only if, all of the following criteria are met:

- The technical feasibility of completing the asset for use or sale;
- The intention to complete and use or sell the asset;
- The ability to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development;
- The ability to measure reliably the expenditure attributable to the asset during its development.

Costs that meet the above criteria are capitalised from the date on which the asset is deemed to meet the development criteria. Expenditures incurred during the research phase, as well as expenditures that do not qualify for capitalisation, are expensed as incurred.

Subsequent Measurement



Internally generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortization

Amortization is calculated on a straight-line basis over the asset's estimated useful life, which typically ranges between 3 to 5 years, depending on the nature and use of the asset. The useful life of internally generated software is considered as 3 years.

Amortization commences when the asset is available for use — i.e., when it is in the location and condition necessary to operate as intended.

The useful life is reviewed annually and adjusted if necessary, based on technological developments and business requirements."

The amortization expense is recognised in the statement of profit or loss under "Depreciation and Amortization".

Impairment

Internally generated intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised in profit or loss and are not reversed in subsequent periods.

7. Right of Use Assets and Lease Liabilities

a. Leases

A contract which conveys the right to control the use of an identified asset for a period of time in exchange for consideration are classified as lease.

b. Basis of Recognition

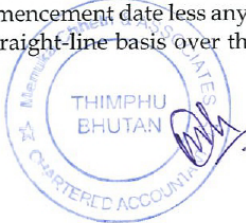
The company recognizes right-of-use assets and lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use)

c. Basis of Measurement.

i. Right-of-Use Assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease. Right of use assets are subject to impairment.

ii. Lease Liabilities



At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification due to a change in the lease term and or change in the lease payments.

Short-Term Leases and Leases of Low-Value Assets

The company applies the short-term lease recognition exemption to its short-term leases of building, vehicles, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

8. Financial Assets:

8.1. Initial Recognition and Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

8.2. Classification and Subsequent Measurement

For the purpose of subsequent measurement, financial assets of the Company are classified into following categories:

- Financial Assets Measurement at Amortized Cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI); and
- Financial assets measured at fair value through profit and Loss (FVTPL)

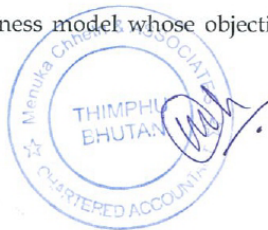
The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of its financial assets at initial recognition.

Financial Assets Measurement at Amortized Cost:

A financial asset is measured at amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and



Contractual terms of the asset give rise on specified dates to cash flow's that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables, bank deposits, security deposits, investment in Government Securities, bonds, cash and cash equivalents and employee loans, etc.

Financial Instruments Measured at Fair Value through Other Comprehensive Income:

A financial instrument shall be measured at fair value through other Comprehensive Income if both of the following conditions are met;

- The objective or the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flow represents SPPI.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI). Currently, the Company does not have any asset classified under this category.

Financial Instruments Measured at Fair Value through Profit & Loss:

Fair value through profit and loss is the residual category. Any financial instrument which does not meet the criteria for categorization as at amortized cost or fair value through Other Comprehensive Income is classified at FVTPL. Financial Instruments included within FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements are recorded in statement of profit and loss.

8.3 Trade and Other Receivables

Trade and Other Receivable are initially recognized at fair value of the amount to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current asset. Receivable are reviewed regularly for impairment.

8.4 Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables the company applies simplified approach permitted by BFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

8.5 Derecognition of Financial Assets



A financial asset (or, where applicable, a part of a financial asset or part of a group of a group of similar financial assets) is primarily derecognized only when:

The rights to receive cash flows from the asset have been transferred or,

The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not de recognized.

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the asset.

9. Financial Liabilities

9.1 Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade & other payables and borrowings.

i. Subsequent Measurement

The measurement of Financial Liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or Losses on Liabilities held for Trading are Recognized in the Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS - 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss with equity, all other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

9.2 Borrowings



After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) Method.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services anti amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity classify the liability as current, if the lender does not agreed not to demand payment as a consequence of the breach before reporting date.

9.3 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

9.4 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

10 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in



the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

11 Cash and Cash Equivalents

In the Statement of Cash Flows, Cash and Cash Equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

12 Provisions and Contingent Liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economics benefits is possible.

13 Current And Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items recognized in Other Comprehensive Income. In this case, the tax is also recognized in Other Comprehensive Income.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in Bhutan.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and law) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

14 Revenue Recognition

The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring promised goods or services (i.e. an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. An asset is assumed to be transferred to customer when (or as) the customer obtains control of that asset. Incremental cost incurred by the company for obtaining as contract with customer is recognized as assets if the recovery of



such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Bilateral contracts between two entities in the same line of business for non-monetary exchange of goods and services to facilitate sales to its customers or potential customers are not accounted for as sales (revenue) as per BFRS - 15. Any balance against such exchange contracts not settled during the same financial year are accounted for as payable/receivable and included under other current assets/liabilities in statement of financial position.

15 Employee Benefits

15.1 Under Defined Contribution Scheme

Employees are eligible for employees provident fund contributions. The defined contribution Benefit Plan is managed by a separate entity i.e The National Pension and Provident Fund (NPPF). The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

15.2 Under Defined Benefit Scheme

The company makes retirement payments based on the final salary and years of service. Gratuity is accrued based on actuarial valuation. The liability recognized in the statement of financial position is the present value of the defined benefit obligations as at the reporting date using the projected unit credit method. Changes in service and interest cost are charged to profit and loss under the Statement of Comprehensive Income. All actuarial gains and losses arising from the defined benefit plan are recognized in Other Comprehensive Income.

Other Benefits

Employee benefits are also including transfer grant, repatriation allowance and carriage charges which are actuarially determined and disclosed in **Note No. 22** of Notes to Financial Statements (Under Defined Benefit Plan).

Other short term employee benefits such as annual leave encashment and bonus are accrued at year-end.

16 Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the functional currency of that entity using the exchange rates prevailing at the date of each transaction as per BAS - 21. Foreign exchange gains or losses arising on the settlement of monetary items or on the translation of monetary items at rates different from those at which they were translated on initial recognition during the period are recognized as gain/loss on Foreign Exchange in the period in which they arise.

17 Event after Reporting Period

Material event occurring after the Statement of Financial Position date are taken into recognizance.



18 Functional Currency

The financial statements are presented in Bhutanese Currency Ngultrum (Nu.) which is the currency of the primary economic environment in which the company operates.

19 Comparative Information

Wherever necessary, certain comparative information has been reclassified in order to provide more appropriate basis for comparison.



BHUTAN NATIONAL DIGITAL IDENTITY LIMITED
THIMPHU, BHUTAN
NOTES FORMING PART OF THE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER, 2025

Note No.: 2: Property Plant & Equipments (PPE)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION		NET BLOCK	
	As on 01/01/2025	Addition/ Adjustment	Sales/ Adjustment	As on 31/12/2025	For the Period	Sales/ Adjustment	As on 31/12/2025	As on 31/12/2024
Tangible Assets								
Office Equipment	689,230	-	567,480	121,750	56,786	205,147	15,967	105,783
Data Processing Equipment	4,688,486	452,500	851,508	4,289,478	870,845	798,217	3,277,856	1,011,622
Furniture & Fixtures	3,369,041	-	447,562	2,921,479	306,341	118,913	517,734	2,403,745
Electrical Equipment	775,187	-	155,412	619,776	74,879	56,951	103,022	516,754
Motor Vehicles	5,792,059	-	5,792,059	-	-	955,293	-	-
Arts & Potraits	115,685	-	-	115,685	11,569	-	18,372	97,313
Total (A)	15,429,688	452,500	7,814,021	8,068,168	1,320,420	2,134,521	3,932,951	4,135,216
Intangible Assets								
Acquired Software	395,736	-	-	395,736	197,868	-	223,277	172,459
Internally developed software	217,640,761	-	-	217,640,761	72,546,920	-	160,994,536	56,646,226
Total (B)	218,036,497	-	-	218,036,497	72,744,788	-	161,217,813	56,818,684
ROU-Asset								
Lease TTPL Building	2,954,939	-	-	2,954,939	590,988	-	1,131,919	1,823,020
Total (C)	2,954,939	-	-	2,954,939	590,988	-	1,131,919	1,823,020
Grant Total (A+B+C)	236,421,124	452,500	7,814,021	229,059,604	74,656,196	2,134,521	166,282,684	62,776,920
				93,761,009				142,660,116



SCHEDULE FORMING PART OF STATEMENT OF FINANCIAL POSITION

Note No.: 3: Investment

Particulars	31-Dec-25	31-Dec-24
Gratuity Long Term Inv in RICBL -	2,719,853	-
Total	2,719,853	-

Note No.: 4: Deferred Tax Assets

Particulars	31-Dec-25	31-Dec-24
Deferred Tax Asset	19,496,650	-
Total	19,496,650	-

Note No.: 5: Other Receivables and Advances

Particulars	31-Dec-25	31-Dec-24
Advance to Suppliers/ Contractor	170,473	127,784
Employees Advance-Salary	-	62,420
Sundry Debtors	637,258	20,249,025
BIL - Gratuity Fund Investment Account	-	(33,086)
Permanent Imprest	6,110	-
TDS on Fixed Deposit & Others (Dr)	1,611,911	-
Prepaid Expenses-Others	233,904	-
Total	2,659,656	20,406,143

Note No.: 6: Cash and cash Equivalent

Particulars	31-Dec-25	31-Dec-24
Cash in hand	-	-
Cash at Bank	20,788,799	-
Total	20,788,799	-

Note No.: 7: Share Capital

Particulars	31-Dec-25	31-Dec-24
Share Capital	400,953,788	400,953,788
Total	400,953,788	400,953,788

Note No.: 8: Retained Earnings

Particulars	31-Dec-25	31-Dec-24
Retained Earnings	(268,008,689)	(130,676,088)
Profit for the Year	(71,282,048)	(137,332,601)
Total	(339,290,736)	(268,008,689)

Note No.: 9: Long Term Employee Benefits

Particulars	31-Dec-25	31-Dec-24
Gratuity Fund	1,375,920	1,348,709
Separation Benefit(CC/SA/TG)	1,420,237	1,387,717



Total	2,796,157	2,736,426
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Note No.: 10: Lease Liabilities

Particulars	31-Dec-25	31-Dec-24
Lease Liability	2,143,389	2,618,763
Total	2,143,389	2,618,763

Note No.: 11: Trade and Other Payables

Particulars	31-Dec-25	31-Dec-24
Sundry Creditors-Services	7,487,158	23,936,200
O/s Liability for Leave Encashment (AB)	106,638	189,657
O/s Liability for Leave Allowance	620,408	621,963
Sundry Creditors-Employees	8,349	4,149
NDI-Employee Welfare Scheme Fund	-	14,000
Sundry Creditors-Suppliers	316,727	-
Total	8,539,281	24,765,970

Note No.: 12: Current Borrowing

Particulars	31-Dec-25	31-Dec-24
Intercompany Loan DHI	33,300,000	-
Total	33,300,000	-

Note No.: 13: Revenue

Particulars	31-Dec-25	31-Dec-24
Revenue from Service	480,000	-
Total	480,000	-

Note No.: 14: Other Income

Particulars	31-Dec-25	31-Dec-24
Miscellaneous income	34,154	82,027
Interest on LTD	144,702	-
Total	178,856	82,027

Note No.: 15: Grant Income

Particulars	31-Dec-25	31-Dec-24
Grant Income	80,000,000	83,617,202
Total	80,000,000	83,617,202

Note No.: 16: Operational & Maintenance Expenses

Particulars	31-Dec-25	31-Dec-24
R&M - SAP System	125,421	122,421
Repairs & Maintenance - IT Equipment & Network	4,390	64,039
Repairs & Maintenance - IT Application	3,828	4,500
One time costs (low Value items)	11,027	82,370
R&M- Civil Structure-Services	-	4,375,245
R&M-Vehicle-Materials	-	12,980



R&M - Building & Civil Structure	35,000	-
IT Costs - AMC for Network/Software	52,845	-
R&M-Office Equipments/Furnitures-(M)	11,200	-
Total	243,711	4,661,555

Note No.: 17: Employee Compensation & Benefits Expenses

Particulars	31-Dec-25	31-Dec-24
Communication Allowance	328,866	189,000
Wages	255,000	88,000
GPF Contribution	735,216	444,911
Gratuity Contribution	781,324	709,947
Leave Allowance	641,668	833,225
Leave Encashment (Annual Benefit)	106,638	421,908
Performance Based Variable Pay	2,612,159	2,308,418
Total Fixed Monthly Remuneration	15,354,099	36,773,324
Corporate Allowance	1,457,229	585,463
Separation Allowance	409,598	552,269
Uniforms & PPE	-	180,887
Fixed Allowance	4,349,348	2,418,153
Housing Allowance-General Office	-	1,695,000
Internet Allowance	-	883,600
Electricity Charges	-	2,945
Carriage Charges	177,660	165,715
Transfer Grant	409,598	393,234
Total	27,618,404	48,645,999

Note No.: 18: Human Resource Development (HRD)

Particulars	31-Dec-25	31-Dec-24
ST Training In Country - Registration/course fees	645,200	28,000
Out-country Seminars / Workshops	1,022,314	181,755
Short term Training Out-Country - DSA	134,249	-
HRD - Short term Training Out-Country - Course fee	82,677	-
ST Training Out-Country - Airfare/ Transportation	80,983	-
ST Training Online - Course/registration fees	92,219	-
Short term Training In Country -DSA	212,000	-
ST Training In Country - Airfare/ Transportaion	69,513	-
Short term Training In Country - Hotel	108,582	-
Short term Training In Country - Venue expenses	125,000	-
Total	2,572,736	209,755

Note No.: 19: Consultancy Expenses

Particulars	31-Dec-25	31-Dec-24
Consultancy Charge	32,578,423	68,235,858
Total	32,578,423	68,235,858

Note No.: 20: Subscription Expenses

Particulars	31-Dec-25	31-Dec-24
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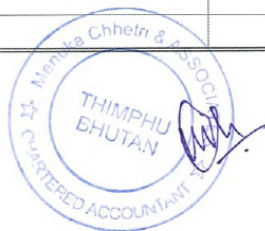
Subscription	25,200	18,306,783
IT-Fees & Subscription	32,340,798	-
Total	32,365,998	18,306,783

Note No.: 21: Other Expenses

Particulars	31-Dec-25	31-Dec-24
Advertisement	28,160	492,540
Board Sitting Fee	296,500	100,000
Electricity Charges	36,049	22,614
Hospitality and Entertainment	-	291,288
Insurance of vehicles	-	79,483
Internet	436,997	432,128
License Processing Fee	4,000	9,000
Office Rent	-	784,900
Office Supplies & Stationaries	43,852	89,111
Travel Expenses (In-Country) DSA	4,950	103,072
Travel Expenses (Out-Country)	443,928	1,930,468
Vehicle (Petroleum, Oil & Lubricants)	-	50,534
Business Meetings	44,490	2,268
Valuation Fee	17,500	35,000
Tendrel Ceremony Expenses	66,680	-
Staff Welfare - Tea Expenses/Pantry	35,907	130,194
Staff Welfare - Staff Farewell/gifts	29,958	3,850
Audit Expenses	12,810	170,801
Printing & Stationery- Printer Cartridge	-	7,392
Travelling - In Country - Airfare/ Trans	1,216	14,326
Travelling Expenses - In country - Hotel/accommodation	14,050	23,580
TE - Ex Country - Airfare/ Transport/Mileage	8,640	1,814,536
TE - Ex country - Hotel/accommodation/VISA	10,640	372,018
Consumption of general items	4,534	-
Audit Fees	86,000	86,000
Board Meeting Expenses	17,049	-
Board Expenses - Sub Comm Meeting Exp	4,392	-
Corporate Social Responsibility	79,000	-
Staff Welfare/Sports	10,830	-
Loss on Foreign Exchange	8,924	-
Sale of Fixed Asset (Asset Clearing acc)	141,625	-
Credit Card Related Expenses	3,498	-
Fines and Penalties	1,793	-
Annual Rimdo	111,843	-
Total	2,005,816	7,045,103

Note No.: 22: Finance Cost

Particulars	31-Dec-25	31-Dec-24
Interest on unwinding (Lease)	244,625	263,824
Interest Expense on DHI Loan	242,223	-
Total	486,849	263,824



Note No.: 23: Deferred Tax Income/(Expenses)

Particulars	31-Dec-25	31-Dec-24
Deferred Tax Income	19,736,578	-
Deferred Tax on OCI	(239,928)	-
Total	19,496,650	-

Notes to Financial Statements**24. Share Capital**

The Authorized Share Capital of the Company is Nu. 2,000,000,000 (20,000,000 Equity Shares @ Nu. 100 each). The Capital Structure is summarized as below:

Reconciliation of the number of shares outstanding:

Particulars	No. of Shares	Amount (Nu.)	No. of Shares	Amount (Nu.)
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Equity	4,009,538	400,953,788	4,009,538	400,953,788
At beginning of the year	-	-	-	-
Allotted during the year	-	-	-	-
At closing of the year	4,009,538	400,953,788	4,009,538	400,953,788

Note: The fund received from GoveTech in 2024 was recorded as equity, however the concerned was raised by the auditors and accordingly the management has decided to treat as grant and restated as shown in the SOCiE.

25. Grant

During the financial years 2024 and 2025, the Company received funds amounting to Nu. 83,617,202 and Nu. 80,000,000 respectively. Upon assessment of the nature and conditions attached to these funds, management determined that the amounts meet the definition of government grants rather than equity contributions.

Accordingly, the funds received in the financial year 2024 were restated and reclassified from share capital to government grants, resulting in a corresponding reduction in share capital in that year. A similar reclassification has been made for the funds received during the financial year 2025.

The government grants have been recognized in profit or loss in accordance with the Company's accounting policy for government grants.

26. Lease Liabilities**Lease Liability Movement for the Year Ended 31 December 2025**

The movement in lease liabilities arising from right-of-use assets during the period is as follows:

1. Lease Liability Movement for FY 2025

Particulars	31-Dec-25	31-Dec-24
Opening lease liability (1 January 2025)	2,618,763.5	-
Add: Interest expense on lease liabilities	264,134.0	2,954,939
Less: Lease payments made during the year	(720,000.0)	263,824



Add/(Less): Lease remeasurement / modifications	-	(600,000)
Closing Lease Liability (31 December 2025)	2,143,388.9	2,618,763

2. Maturity Analysis of Lease Liability

Undiscounted Cash Flows

Period	Lease Payments (Nu.)
Within 1 year	600,000
1-2 years	720,000
2-3 years	786,000
3-4 years	792,000
4-5 years	864,600
More than 5 years	72,600
Total undiscounted Lease Payments	3,835,200

27. Contractual Maturities of Financial Liabilities

The contractual maturities of the Company's financial liabilities as at 31 December 2025 are presented below. The amounts disclosed represent undiscounted contractual cash flows based on the earliest date on which the Company is required to settle the obligations.

Particulars	Less than 1 year	More than 1 year	Total
Balance at 31 December 2025	-	-	-
Short Term Borrowings	33,300,000	-	33,300,000
Trade payables	8,539,281	-	8,539,281
Total Financial Liabilities	41,839,281	-	41,839,281

All financial liabilities as at 31 December 2025 are contractually due within one year. The Company does not have any long-term borrowings or financial liabilities maturing beyond one year at the reporting date.

Short-term borrowings represent working capital facilities obtained from financial institutions, repayable on demand or within the next operating cycle. Trade payables arise in the normal course of business and are generally settled within agreed credit terms.

The Company manages liquidity risk by monitoring cash flow requirements and maintaining sufficient banking facilities to meet its short-term obligations.

28. Defined Contribution Plan

The admissibility of pension benefits to an employee shall be governed by the pension rules and regulations of the NPPF. On separation from his service, an employee shall be entitled to receive the full accumulation, including interest accrued of provident fund which is created through a monthly deduction from his/her salary and an equal contribution (15% of the basic pay) by the employer. Since the PF is managed by the NPPF, payment shall be governed by the rules and regulations of the NPPF.

29. Defined Benefit Plan



Valuation in respect of Gratuity as per BAS – 19 Employee Benefits for accounting and disclosure of employee benefits has been carried out by independent actuary, Consulting Infinity, Thimphu, Bhutan.

Nu in Million	31-Dec-25	31-Dec-24
Gratuity Liability	1,375,920	1,348,710
Separation Benefit	1,696,487	1,387,719
Employee Benefit Liability C= A-B	3,072,407	2,736,429

A. Actuarial valuation of Carriage Charge as on 31 December 2025

EXECUTIVE SUMMARY

The key valuation results as on 31 December 2025 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	1,375,920	1,348,710
Fair value of plan assets	2,719,853	-
Net defined benefit asset/(liability)	1,343,933	(1,348,710)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	678,318	709,947
(b) Other comprehensive income	(444,188)	(870,706)

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee’s contribution	Nil
Employer’s contribution	100%
Reference salary	Total Fixed Monthly Remuneration (TFMR)
Normal retirement age	56 58*
<i>Retirement age for contract employees depend on their contract term</i>	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x service years x 60%
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

% Change	31-Dec-2025	31-Dec-2024
Members considered for valuation	22	16



Average age (years)		-5.36%	27.68	29
Monthly salary, TFMR (Nu.)	Average	-9.11%	38,074.64	41,892
	Total	24.97%	837,642.00	670,278
Past service (years)	Average	-20.45%	1.59	2
	Total	9.38%	35	32

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	7.00%	7.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	10.00%	10.00%

RATIONALE FOR ACTUARIAL ASSUMPTIONS AND PROFESSIONAL OPINION

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, "actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits". Therefore, the ultimate responsibility for ensuring the appropriateness of the assumptions to the Plan is the responsibility of Bhutan NDI and has been duly informed to that effect.

We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19.

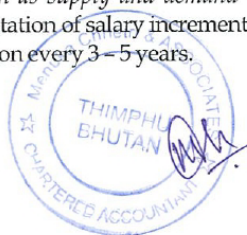
DISCOUNT RATE

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields as the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The currency and term of bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

As there is neither actively traded bonds in the market nor a long-term yield curve for the economy, the discount rate has been derived considering the bonds listed in the Royal Securities Exchange of Bhutan Ltd. and deposit rates for 7 - 10 years in the banks. In consultation with Bhutan NDI, the above discount rate has been used which is reasonable and consistent with that of other reporting entities.

SALARY GROWTH RATE

As per para 84 of BAS 19, "estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market." The assumed salary growth rate reflects expectation of salary increment over the long term inclusive of annual increment and major salary revision every 3-5 years.



MORTALITY RATE

As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2012-14 which is the best available proxy.

EMPLOYEE TURNOVER RATE

The employee turnover rate used in the valuation was prescribed by Bhutan NDI based on their past experience and future expectation.

VALUATION METHODOLOGY

As per para 64 of BAS 19, the defined benefit obligation, current service cost, and past service cost where applicable have been determined using the projected unit credit (PUC) method. Under this cost method, the benefit obligation is calculated based on projected future salary and accrued years of service and then discounted to the valuation date using the assumed discount rate. This method allocates the total benefit obligation over the entire service and accrues the benefit as service is rendered.

The valuation model is based on an annual cash flow projection model assuming that benefit obligations are settled at the end of the year. Similarly, salary increment is assumed to happen at the end of the period. The model calculates the obligation for each member individually using their age-service-salary statistics and then aggregates the data over entire membership to arrive at the Plan-level figure.

The model has been configured to allow retirement upon completing the retirement age as stipulated in the Plan provision communicated to us. Any member in the data exceeding the normal retirement age is treated as retired in the following year. The model allows for three decrements to trigger benefit namely, retirement, early retirement/resignation, and death while in service.

RISK EXPOSURES

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

Discount rate risk

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

Salary growth risk

As the Gratuity benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

Employee turnover risk

Employee turnover experience of Bhutan NDI will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.



Demographic risk

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Gratuity benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

Investment risk

As the Gratuity scheme is funded, there is a risk that the fund's investment is not able to earn the assumed rate of return. In such a situation, the ultimate cost of the plan will be affected.

Asset-liability mismatch risk

This risk arises from the unavailability of investments suitable and commensurate with the nature of liability, especially in the absence of well-developed capital market.

FINANCIAL EXHIBITS

DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	1,375,920	1,348,710
Fair value of plan assets	2,719,853	-
Funded status - surplus/(deficit)	1,343,933	(1,348,710)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	1,343,933	(1,348,710)

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	678,318	709,947
Expense recognised in other comprehensive income	(444,188)	(870,706)
Defined benefit cost	234,130	(160,759)

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	687,492	587,866
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	93,832	122,081
Less: Expected interest on plan asset	(103,006)	-
Expenses recognised in profit or loss	678,318	709,947

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(402,492)	(870,706)



Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	(41,696)	-
Expenses recognised as OCI	(444,188)	(870,706)

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

<i>Nu.</i>	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	1,348,709*	1,542,554
Add: Current service cost	687,492	587,866
Add: Past service cost	-	-
Add: Interest cost	93,832	122,081
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(351,621)	(33,086)
Actuarial (gain) or losses due to experience adjustment	(402,492)	(870,706)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	1,375,920	1,348,710

* Opening balance of DBO taken as per figure provided by Bhutan NDI.

COMPOSITION OF PLAN ASSET

<i>Nu.</i>	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	2,719,853	-
Equities	-	-
Total	2,719,853	-

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

<i>Nu.</i>	31-Dec-2025	31-Dec-2024
Fair value at the beginning of period	-	-
Contribution paid into the plan	2,575,151	-
Expected return on plan assets	103,006	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	41,696	-
Fair value at the end of period	2,719,853	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT GROSS LIABILITY

<i>Nu.</i>	31-Dec-2025	31-Dec-2024
Current liability	334,183	318,171
Non-current liability	1,041,737	1,030,538
Net Liability	1,375,920	1,348,709

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

<i>In.</i>	<i>Nu.</i>
December 31, 2026	360,917.0



December 31, 2027	199,895.0
December 31, 2028	286,436.0
December 31, 2029	680,387.0
December 31, 2030	434,881.0
December 2031 to December 2035	2,783,640.0
December 2036 to December 2045	7,357,302.0

ESTIMATED TERM OF LIABILITY (IN YEARS): 13.36

SENSITIVITY ANALYSES

The following table summarises the results of sensitivity tests performed on the present value of the defined benefit obligation by varying the assumption parameters as listed. The same model and valuation methodology as described in 4.4 was employed for this exercise.

Assumption / Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	1,325,903.0	(50,017.0)	-3.64%
	Base rate	1,375,920	-	0.00%
	- 0.5%	1,430,484.0	54,564.0	3.97%
Salary growth rate	+ 0.5%	1,435,134.0	59,214.0	4.30%
	Base rate	1,375,920	-	0.00%
	- 0.5%	1,321,086.0	(54,834.0)	-3.99%
Mortality rate	+ 10%	1,375,129.0	(791.0)	-0.06%
	Base rate	1,375,920	-	0.00%
	- 10%	1,376,714.0	794.0	0.06%
Employee turnover rate	+ 0.5%	1,349,989.0	(25,931.0)	-1.88%
	Base rate	1,375,920	-	0.00%
	- 0.5%	1,403,246.0	27,326.0	1.99%

B. Actuarial valuation of Carriage Charge as on 31 December 2025

EXECUTIVE SUMMARY

The key valuation results as on 31 December 2025 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	223,613	211,987
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(223,613)	(211,987)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	177,661	165,715



(b) Other comprehensive income	(116,827)	(59,841)
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BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Total Fixed Monthly Remuneration (TFMR)
Normal retirement age	56 58*
<i>Retirement age for contract employees depend on their contract term</i>	
Benefit payable on	Retirement/resignation/ death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Distance × Rate per km as per BCTA
Grade	Entitlement
PS5/CS5 and above	Two trucks up to Nu. 55,000/-
PS1/CS1 - PS4/CS4	One truck up to Nu. 30,000/-
Other employees	One truck up to Nu. 20,000/-

MEMBERSHIP DATA

% Change		31-Dec-2025	31-Dec-2024
Members considered for valuation	37.50%	22	16
Average age (years)	-5.36%	28	29
Monthly salary, TFMR (Nu.)	Average	38,074.64	41,892
	Total	837,642.00	670,278
Past service (years)	Average	1.59	2
	Total	35	32

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

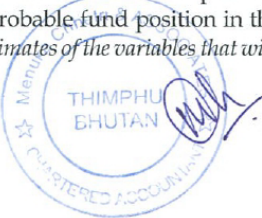
Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Increase in cost of transportation	5.00%	5.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	10.00%	10.00%

RATIONALE FOR ACTUARIAL ASSUMPTIONS AND PROFESSIONAL OPINION

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, "actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of



providing post-employment benefits". Therefore, the ultimate responsibility for ensuring the appropriateness of the assumptions to the Plan is the responsibility of Bhutan NDI and has been duly informed to that effect.

We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19.

DISCOUNT RATE

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The currency and term of bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

As there is neither actively traded bonds in the market nor a long-term yield curve for the economy, the discount rate has been derived considering the bonds listed in the Royal Securities Exchange of Bhutan Ltd. and deposit rates for 7 – 10 years in the banks. In consultation with Bhutan NDI, the above discount rate has been used which is reasonable and consistent with that of other reporting entities.

INCREASE IN COST OF TRANSPORTATION

As per paras 75 – 80 and para 88 of BAS 19, *"actuarial assumptions reflect future benefit changes that are set out in the formal terms of a plan (or a constructive obligation that goes beyond those terms) at the end of the reporting period."* The increase in cost of carriage charge in the future has been made consistent with the inflation expectation for Bhutan in the near future.

MORTALITY RATE

As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2012-14 which is the best available proxy.

EMPLOYEE TURNOVER RATE

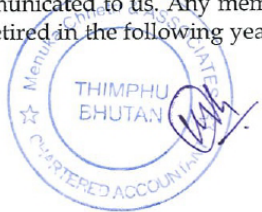
The employee turnover rate used in the valuation was prescribed by Bhutan NDI based on their past experience and future expectation.

VALUATION METHODOLOGY

As per para 64 of BAS 19, the defined benefit obligation, current service cost, and past service cost where applicable have been determined using the projected unit credit (PUC) method. Under this cost method, the benefit obligation is calculated based on projected future salary and accrued years of service and then discounted to the valuation date using the assumed discount rate. This method allocates the total benefit obligation over the entire service and accrues the benefit as service is rendered.

The valuation model is based on an annual cash flow projection model assuming that benefit obligations are settled at the end of the year. Similarly, salary increment is assumed to happen at the end of the period. The model calculates the obligation for each member individually using their age-service-salary statistics and then aggregates the data over entire membership to arrive at the Plan-level figure.

The model has been configured to allow retirement upon completing the retirement age as stipulated in the Plan provision communicated to us. Any member in the data exceeding the normal retirement age is treated as retired in the following year. The model allows for three



decrements to trigger benefit namely, retirement, early retirement/resignation and death while in service.

RISK EXPOSURES

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

Discount rate risk

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

Employee turnover risk

Employee turnover experience of Bhutan NDI will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

Demographic risk

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Carriage Charge benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

Liquidity risk

Finally, there is a risk that Bhutan NDI may not be able to honour the Carriage Charge payments in the short-run due to liquidity constraints.

FINANCIAL EXHIBITS

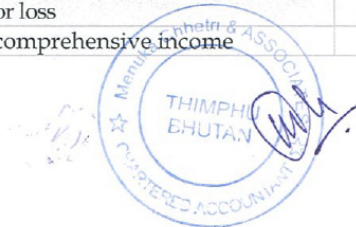
DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	223,613	211,987
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(223,613)	(211,987)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(223,613)	(211,987)

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	177,661	165,715
Expense recognised in other comprehensive income	(116,827)	(59,841)



Defined benefit cost	60,834	105,874
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EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	162,670	155,483
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	14,991	10,232
Less: Expected interest on plan asset	-	-
Expenses recognised in profit or loss	177,661	165,715

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2025	31-Dec-2024
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	19,698	130,486
Non-current liability	203,915	81,501
Net Liability	223,613	211,987

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	Nu.
December 31, 2026	21,274.0
December 31, 2027	17,220.0
December 31, 2028	21,395.0
December 31, 2029	37,121.0
December 31, 2030	23,595.0
December 2031 to December 2035	99,667.0
December 2036 to December 2045	131,194.0

ESTIMATED TERM OF LIABILITY (IN YEARS): 8.26

SENSITIVITY ANALYSES

The following table summarises the results of sensitivity tests performed on the present value of the defined benefit obligation by varying the assumption parameters as listed. The same model and valuation methodology as described in 4.4 was employed for this exercise.

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	219,633.0	(3,980.0)	-1.78%
	Base rate	223,613	-	0.00%
	- 0.5%	227,857.0	4,244.0	1.90%



Increase in cost of transportation	+ 0.5%	228,756.0	5,143.0	2.30%
	Base rate	223,613	-	0.00%
	- 0.5%	218,729.0	(4,884.0)	-2.18%
Mortality rate	+ 10%	223,630.0	17.0	0.01%
	Base rate	223,613	-	0.00%
	- 10%	223,596.0	(17.0)	-0.01%
Employee turnover rate	+ 0.5%	223,505.0	(108.0)	-0.05%
	Base rate	223,613	-	0.00%
	- 0.5%	223,655.0	42.0	0.02%

C. Actuarial valuation of Separation Allowance as on 31 December 2025

Introductions

Bhutan NDI Limited (Bhutan NDI) has engaged the service of Druk Infinity Consulting (Consultant) to assist in the preparation of its financial statements in accordance with Bhutanese Accounting Standard (BAS), specifically BAS 19 regarding its employee benefit plan, Separation Allowance (or the Plan).

The assignment has been carried out based on the requirements of BAS 19 and its application to the Plan. The valuation carried out herein is an accounting valuation and shall not be treated as a funding valuation. Consequently, this report makes no recommendation regarding contribution or funding status of the Plan.

The report is intended solely for the use of Bhutan NDI to meet its disclosure requirement as set out under BAS 19 in respect of their Separation Allowance plan. No part of this report may be used by a third party for any purpose not mentioned above and, in such case, the Consultant shall not be held liable for any consequence arising out of it.

The Consultant has relied on data, plan provision and actuarial assumptions provided by Bhutan NDI. As set out in the International Standard of Actuarial Practice (ISAP), the accuracy and completeness of data and responsibility for setting assumptions rests with Bhutan NDI. Whilst reasonableness checks have been performed, the Consultant shall not accept any liability in respect of errors due to inaccurate or incomplete data.

All figures reported are in Bhutanese Ngultrum (BTN) unless otherwise stated.

EXECUTIVE SUMMARY

The key valuation results as on 31 December 2025 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	598,312	587,866
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(598,312)	(587,866)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
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(a) Statement of profit or loss	409,598	393,234
(b) Other comprehensive income	(285,632)	(281,506)

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Total Fixed Monthly Remuneration (TFMR)
Normal retirement age	56 58*
<i>Retirement age for contract employees depend on their contract term</i>	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x 1
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

% Change		31-Dec-2025	31-Dec-2024
Members considered for valuation	37.50%	22	16
Average age (years)	-5.36%	28.0	29.0
Monthly salary (Nu.)	Average	38,074.64	41,892
	Total	837,642.00	670,278
Past service (years)	Average	1.59	2
	Total	35	32

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

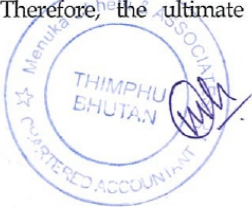
Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	7.00%	7.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	10.00%	10.00%

RATIONALE FOR ACTUARIAL ASSUMPTIONS AND PROFESSIONAL OPINION

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, "actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits". Therefore, the ultimate responsibility for ensuring the



appropriateness of the assumptions to the Plan is the responsibility of Bhutan NDI and has been duly informed to that effect.

We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19.

DISCOUNT RATE

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields as the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The currency and term of bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

As there is neither actively traded bonds in the market nor a long-term yield curve for the economy, the discount rate has been derived considering the bonds listed in the Royal Securities Exchange of Bhutan Ltd. and deposit rates for 7 – 10 years in the banks. In consultation with Bhutan NDI, the above discount rate has been used which is reasonable and consistent with that of other reporting entities.

SALARY GROWTH RATE

As per para 84 of BAS 19, *“estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.”* The assumed salary growth rate reflects expectation of salary increment over the long term inclusive of annual increment and major salary revision every 3 – 5 years.

MORTALITY RATE

As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2012-14 which is the best available proxy.

EMPLOYEE TURNOVER RATE

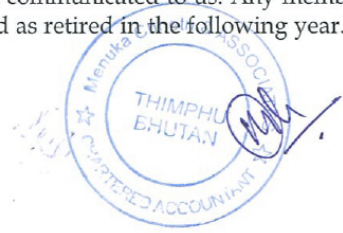
The employee turnover rate used in the valuation was prescribed by Bhutan NDI based on their past experience and future expectation.

VALUATION METHODOLOGY

As per para 64 of BAS 19, the defined benefit obligation, current service cost, and past service cost where applicable have been determined using the projected unit credit (PUC) method. Under this cost method, the benefit obligation is calculated based on projected future salary and accrued years of service and then discounted to the valuation date using the assumed discount rate. This method allocates the total benefit obligation over the entire service and accrues the benefit as service is rendered.

The valuation model is based on an annual cash flow projection model assuming that benefit obligations are settled at the end of the year. Similarly, salary increment is assumed to happen at the end of the period. The model calculates the obligation for each member individually using their age-service-salary statistics and then aggregates the data over entire membership to arrive at the Plan-level figure.

The model has been configured to allow retirement upon completing the retirement age as stipulated in the Plan provision communicated to us. Any member in the data exceeding the normal retirement age is treated as retired in the following year. The model allows for three



decrements to trigger benefit namely, retirement, early retirement/resignation, and death while in service.

RISK EXPOSURES

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

Discount rate risk

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

Salary growth risk

As the Separation Allowance benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

Employee turnover risk

Employee turnover experience of Bhutan NDI will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

Demographic risk

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Separation Allowance benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

Liquidity risk

Finally, there is a risk that Bhutan NDI may not be able to honour the Separation Allowance payments in the short-run due to liquidity constraints.

FINANCIAL EXHIBITS

DETAILED FINANCIAL EXHIBIT

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	598,312	587,866
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(598,312)	(587,866)
Effect of asset ceiling	-	-



Net defined benefit asset/(liability)	(598,312)	(587,866)
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COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	409,598	393,234
Expense recognised in other comprehensive income	(285,632)	(281,506)
Defined benefit cost	123,966	111,728

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	367,110	350,910
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	42,488	42,324
Less: Expected interest on plan asset	-	-
Expenses recognised in profit or loss	409,598	393,234

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(285,632)	(281,506)
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognised as OCI	(285,632)	(281,506)

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	587,866	581,960
Add: Current service cost	367,110	350,910
Add: Past service cost	-	-
Add: Interest cost	42,488	42,324
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(113,520)	(105,822)
Actuarial (gain) or losses due to experience adjustment	(285,632)	(281,506)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	598,312	587,866

COMPOSITION OF PLAN ASSET

Nu.	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-



RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2025	31-Dec-2024
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	82,930	230,841
Non-current liability	515,382	357,025
Net Liability	598,312	587,866

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	Nu.
December 31, 2026	89,564
December 31, 2027	42,250
December 31, 2028	54,014
December 31, 2029	126,300
December 31, 2030	64,639
December 2031 to December 2035	288,415
December 2036 to December 2045	434,950

ESTIMATED TERM OF LIABILITY (IN YEARS): 9.10

SENSITIVITY ANALYSES

The following table summarises the results of sensitivity tests performed on the present value of the defined benefit obligation by varying the assumption parameters as listed. The same model and valuation methodology as described in 4.4 was employed for this exercise.

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	589,167.0	(9,145.0)	-1.53%
	Base rate	598,312	-	0.00%
	- 0.5%	608,092.0	9,780.0	1.63%
Salary growth rate	+ 0.5%	610,342.0	12,030.0	2.01%
	Base rate	598,312	-	0.00%
	- 0.5%	586,883.0	(11,429.0)	-1.91%
Mortality rate	+ 10%	598,286.0	(26.0)	-0.00%
	Base rate	598,312	-	0.00%
	- 10%	598,337.0	25.0	0.00%
	+ 0.5%	595,938.0	(2,374.0)	-0.40%



Employee turnover rate	Base rate	598,312	-	0.00%
	- 0.5%	600,643.0	2,331.0	0.39%

D. Actuarial valuation of Transfer Grant as on 31 December 2025

EXECUTIVE SUMMARY

The key valuation results as on 31 December 2025 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	598,312	587,866
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(598,312)	(587,866)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	409,598	393,234
(b) Other comprehensive income	(285,632)	(281,506)

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Total Fixed Monthly Remuneration (TFMR)
Normal retirement age	56 58*
Retirement age for contract employees	depend on their contract term
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x 1
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

% Change		31-Dec-2025	31-Dec-2024
Members considered for valuation	37.50%	22	16
Average age (years)	-5.36%	28.0	29.0
Monthly salary (Nu.)	Average	38,074.64	41,892
	Total	837,642.00	670,278
Past service (years)	Average	1.59	2
	Total	35	32

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS



Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	7.00%	7.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	10.00%	10.00%

RATIONALE FOR ACTUARIAL ASSUMPTIONS AND PROFESSIONAL OPINION

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, “actuarial assumptions are an entity’s best estimates of the variables that will determine the ultimate cost of providing post-employment benefits”. Therefore, the ultimate responsibility for ensuring the appropriateness of the assumptions to the Plan is the responsibility of Bhutan NDI and has been duly informed to that effect. We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19.

DISCOUNT RATE

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields as the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The currency and term of bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

As there is neither actively traded bonds in the market nor a long-term yield curve for the economy, the discount rate has been derived considering the bonds listed in the Royal Securities Exchange of Bhutan Ltd. and deposit rates for 7 – 10 years in the banks. In consultation with Bhutan NDI, the above discount rate has been used which is reasonable and consistent with that of other reporting entities.

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As per para 84 of BAS 19, “estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.” The assumed salary growth rate reflects expectation of salary increment over the long term inclusive of annual increment and major salary revision every 3 – 5 years.

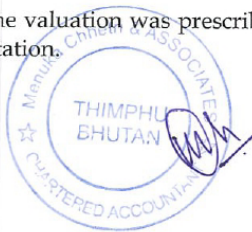
MORTALITY RATE

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EMPLOYEE TURNOVER RATE

The employee turnover rate used in the valuation was prescribed by Bhutan NDI based on their past experience and future expectation.

VALUATION METHODOLOGY



As per para 64 of BAS 19, the defined benefit obligation, current service cost, and past service cost where applicable have been determined using the projected unit credit (PUC) method. Under this cost method, the benefit obligation is calculated based on projected future salary and accrued years of service and then discounted to the valuation date using the assumed discount rate. This method allocates the total benefit obligation over the entire service and accrues the benefit as service is rendered.

The valuation model is based on an annual cash flow projection model assuming that benefit obligations are settled at the end of the year. Similarly, salary increment is assumed to happen at the end of the period. The model calculates the obligation for each member individually using their age-service-salary statistics and then aggregates the data over entire membership to arrive at the Plan-level figure.

The model has been configured to allow retirement upon completing the retirement age as stipulated in the Plan provision communicated to us. Any member in the data exceeding the normal retirement age is treated as retired in the following year. The model allows for three decrements to trigger benefit namely, retirement, early retirement/resignation, and death while in service.

RISK EXPOSURES

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The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

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As the Transfer Grant benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

Employee turnover risk

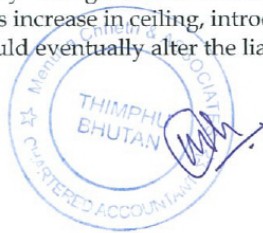
Employee turnover experience of Bhutan NDI will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

Demographic risk

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Transfer Grant benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.



Liquidity risk

Finally, there is a risk that Bhutan NDI may not be able to honour the Transfer Grant payments in the short-run due to liquidity constraints.

FINANCIAL EXHIBITS**DETAILED FINANCIAL EXHIBITS****LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION**

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	598,312	587,866
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(598,312)	(587,866)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(598,312)	(587,866)

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	409,598	393,234
Expense recognised in other comprehensive income	(285,632)	(281,506)
Defined benefit cost	123,966	111,728

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	367,110	350,910
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	42,488	42,324
Less: Expected interest on plan asset	-	-
Expenses recognised in profit or loss	409,598	393,234

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(285,632)	(281,506)
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognised as OCI	(285,632)	(281,506)

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	587,866	581,960
Add: Current service cost	367,110	350,910
Add: Past service cost	-	-
Add: Interest cost	42,488	42,324
Less: Benefits paid by the plan	-	-



Less: Benefits paid by the employer	(113,520)	(105,822)
Actuarial (gain) or losses due to experience adjustment	(285,632)	(281,506)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	598,312	587,866

COMPOSITION OF PLAN ASSET

Nu.	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/ deposit in banks/ insurance companies	-	-
Equities	-	-
Total	-	-

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2025	31-Dec-2024
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	82,930	230,841
Non-current liability	515,382	357,025
Net Liability	598,312	587,866

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	Nu.
December 31, 2026	89,564.0
December 31, 2027	42,250.0
December 31, 2028	54,014.0
December 31, 2029	126,300.0
December 31, 2030	64,639.0
December 2031 to December 2035	288,415.0
December 2036 to December 2045	434,950.0

ESTIMATED TERM OF LIABILITY (IN YEARS): 9.10

SENSITIVITY ANALYSES

The following table summarises the results of sensitivity tests performed on the present value of the defined benefit obligation by varying the assumption parameters as listed. The same model and valuation methodology as described in 4.4 was employed for this exercise.

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
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Discount rate	+ 0.5%	589,167.0	(9,145.0)	-1.53%
	Base rate	598,312	-	0.00%
	- 0.5%	608,092.0	9,780.0	1.63%
Salary growth rate	+ 0.5%	610,342.0	12,030.0	2.01%
	Base rate	598,312	-	0.00%
	- 0.5%	586,883.0	(11,429.0)	-1.91%
Mortality rate	+ 10%	598,286.0	(26.0)	-0.00%
	Base rate	598,312	-	0.00%
	- 10%	598,337.0	25.0	0.00%
Employee turnover rate	+ 0.5%	595,938.0	(2,374.0)	-0.40%
	Base rate	598,312	-	0.00%
	- 0.5%	600,643.0	2,331.0	0.39%

30. Related Party Transactions:

Related Parties transactions with them as identified by the Management are given below:

Key Management Personnel who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

1. Mr. Ngawang Norbu, CEO, GDL
2. Mr. Jacques Von Benecke, CEO, NDI
3. Ms. Kuenga Zam, Director, GovTech
4. Mr. Phuntsho Namgay, Offtg. Director, DHI
5. Ms. Kinley Dem, Director, Finance, BPC
6. Ms. Tashi Euden Dorji, Company Secretary, DHI

i. Inter Company Transactions:

Inter Company Transactions have been made during the year with the following subsidiaries-

- Bhutan Power Corporation Limited
- Bhutan Telecom Limited
- Druk Holding & Investments
- Thimphu Tech Park Limited
- Bank of Bhutan Limited
- Drukair Corporation Limited
- State Trading Corporation Limited
- State Mining Corporation Limited

Particulars	31-Dec-25	31-Dec-25
Druk Holding & Investments		
Sundry Debtors	412,300	18,635,492
Sundry Creditors-Services	36,202,504	23,730,200
Bhutan Power Corporation Limited		
Electricity	-	25,559



Thimphu TechPark Ltd		
R&M - SAP System	71,477	122,421
Consultancy Charge	3,884,563	3,426,810
Sundry Debtors	120,000	-
Sundry Creditors-Services	5,783	-
Lease Liabilities	2,143,389	
Interst on unwinding (Lease)	244,625	-
Bhutan Telecom Limited		
Internet	428,597	1,481,845
DC AMC	52,845	-
Sundry Creditors-Services	4,715	-
Wall Mount	4,390	-
Bank of Bhutan Limited		
Sundry Debtors	20,788,799	-
Credit Car Related Expenses	3,498	-
Drukair Corporation Limited		
Airticket	141,581	-
State Trading Corporation Limited		
Sundry Creditors-Services	10,806	-
HDMI Cable	4,049	-
State Mining Corporation Limited		
Service Revenue	471,900	-

ii. Remuneration paid to the Key Management Personnel

a) Chief Executive Officer

Particulars	31-Dec-25	31-Dec-25
Chief Executive Officer		
Sitting Fees	50,000	-
Salary	1,553,020	-
Total	1,603,020	-

b) Non-Executive Directors (Board Sitting Fees)

Name	TPN	31-Dec-25	31-Dec-24
Mr. Ngawang Norbu	NAP25115	78,500	24,000
Ms. Tashi Lhamo	TAP83306	26,000	24,000
Mr. Phuntsho Namgay	PAP34771	46,000	24,000
Mr. Suprit Pradhan	SAP85031	8,000	24,000
Mrs. Tashi Euden Dorji	TCP28661	28,000	12,000
Mr. Jacques Von Benecke	JAP72581	50,000	-
Mrs. Kuenga Zam	KAP51886	30,000	-
Mrs. Kinley Dem	KAP15631	30,000	-
Total		296,500	108,000

31. Auditors Remuneration & Audit Expenses:

Particulars	31-Dec-25	31-Dec-24
Audit Fees	86,000	86,000
Audit Expenses	12,810	-
Total	98,810	86,000



The Audit Expenses are accounted on the basis of expenses incurred during the year whereas the Audit Fees are accounted on accrual basis.

32. Income Tax Coputation

The company has not provided the provision for the Corporate Income Tax during the year due to the carried forward loss of Nu. 138,946,134 of the year 2024. The self-assessment Corporate Income Tax is tabulated below:

Corporate Income Tax 2025 Disallowed Expenses			
Expenses	Book base	Allowable	Disallowable
PBVA 2025	2,612,159	2,100,529	511,630
Donation & CSR	79,000		79,000
Depreciation	74,656,196	34,520,588	40,135,608
Advertisement	28,160	-	28,160
Total Expenses	77,375,515	36,621,117	40,754,398

Income	Book base	Allowable	Disallowable
Profit (loss) on sale of assets	141,625	103,389	245,015
Total Revenue	141,625	103,389	245,015
Net Income Added Back			40,999,412

Calculation of CIT for the year 2025		
Particulars	Adjustment	31-Dec-25
Profit Before Tax for the Period 2025 as per Statement of Financial Performance		(91,869,278)
Add : Expenses charged in excess of limits prescribed in the CIT Rules -		
PBVA (includes all incentives or productivity related payments) -	511,630	
Exceeding PBVA expenses is limited to 10% of assessed net profit or 3 months basic pay per employee whichever is lower		
Donation & CSR	79,000	
Donation to the institution not authorized by Ministry of Finance		
Depreciation -	40,135,608	
Not admissible beyond the prescribed rate in CIT rules		
Advertisement	28,160	
Advertisement not authorized by Ministry of Finance		
Profit on sale of assets	245,015	40,999,412
Difference Between Tax and Accounting Loss on Disposal of Assets -		
Taxable Comprehensive Income for the year 2025		(50,869,865)
CIT @ 30% on Taxable Comprehensive Income for the year 2025		(15,260,960)



Final CIT Payable	31-Dec-25
Total tax payable for 2025	(15,260,960)
Less: Advance tax to RRCO	-
Less: Tax Deducted at Source on Dividend & Other Income	1,611,911
Net CIT payable for 2025	(16,872,870)

33. Deferred Tax

Deferred tax has been recognized in accordance with BAS 12 *Income Taxes* on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases.

Deferred tax income amounting to Nu. 19,736,578 has been recognized in the statement of profit or loss for the year ended 31 December 2025. Additionally, deferred tax expense of Nu. 239,928 has been recognized in other comprehensive income (OCI).

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Note No.: 3: Deferred Tax Assets / (Liability)

Particulars	31-Dec-25	31-Dec-24
At the Beginning of the year		-
Charged and Release	19,736,578	-
At the end of the year	19,736,578	-
The closing Deferred Tax Asset and Liability balances relate to the following		
Accelerated depreciation for tax purposes	19,736,578	-
Net gain (loss) on fair value through OCI	(239,927.60)	
The closing Net Deferred Tax Assets / (Liability) balances	19,496,650	-

Deferred Tax Workings

Deferred Tax Assets / (Liability) for the year ended 31st December, 2025

Particulars	Tax Base	Book Base	31-Dec-25
Property, plant and equipment	152,564,941	62,776,920	19,753,364
Short Term Deposits	33,300,000	33,300,000	-
Trade receivables	1,051,556	1,051,556	-
Cash and cash equivalents	20,788,799	20,788,799	-
Trade payables	8,539,281	8,539,281	-
Long Term Employee Benefits	-	76,304	(16,787)
Total	216,244,577	126,532,861	19,736,578
Actuarial Gain/ (Loss) on Employee Benefits		1,090,580	(239,928)
Grand Total	216,244,577	127,623,441	19,496,650
Deferred Tax Assets / (Liability) 31 December, 2024			-
Deferred Tax Assets / (Liability) 2025			19,496,650



34. Capital Management

NDI manages its capital structure in line with its public mandate to develop a secure and inclusive digital identity infrastructure. As a fully owned subsidiary of Druk Holding and Investments Ltd. (DHI), capital is primarily funded through equity infusions from the parent company, grants from the Government of Bhutan, and strategic funding aligned with national digital transformation priorities.

The primary objective of capital management is to ensure long-term financial sustainability while maintaining sufficient flexibility to invest in secure, scalable, and privacy-preserving digital infrastructure. The company does not currently maintain external debt, reflecting its prudent financial policy and the early-stage, developmental nature of its operations.

Key aspects of the capital management strategy include:

Ensuring adequacy of funding to support product development, infrastructure, and innovation;

- Aligning capital allocation with national digital economy objectives;
- Maintaining financial discipline to ensure efficient use of public funds;
- Ensuring capacity to absorb potential operational and regulatory risks.
- No breaches of capital management policies or covenants were recorded during the reporting period.

Risk Management and Principal Risks

NDI operates in a dynamic environment shaped by rapid technological innovation, evolving regulatory requirements, and the demands of secure, decentralized identity services. Our risk management approach is embedded across our operations and aligned with international best practices, guided by principles of trust, privacy, and resilience.

1. Operational Risk

Risk Description: Service disruption due to system failures, process inefficiencies, or unforeseen events.

Mitigation: NDI employs high-availability and fault-tolerant system architectures based on decentralized technologies to reduce single points of failure. The company has implemented internal controls and business continuity protocols to ensure service resilience and uptime.

2. Technology and Cybersecurity Risk

Risk Description: Threats arising from cyberattacks, data breaches, or vulnerabilities in system architecture.

Mitigation: Given the sensitivity of digital identity systems, cybersecurity is managed through a layered security architecture, regular penetration testing, and adherence to international best practices. NDI follows a "privacy by design" approach, minimizing the collection and storage of personally identifiable information.



3. Regulatory and Compliance Risk

Risk Description: Risk of non-compliance with evolving regulatory standards and legal frameworks.

Mitigation: NDI works closely with the Royal Monetary Authority and other regulators to ensure that its digital identity and eKYC systems remain compliant with Bhutanese laws and international standards. Compliance workflows are automated and embedded into system design, enabling agile responses to regulatory changes.

4. Financial Risk

Risk Description: Exposure to liquidity shortfalls, funding gaps, or capital constraints.

Mitigation: Financial risks, including liquidity and funding risks, are mitigated through strong capital support from DHI/govtech and clear alignment with government priorities. The company monitors its cash flows and funding requirements to ensure adequate liquidity at all times. Alignment with government digital transformation priorities also enhances strategic funding assurance.

5. Reputational Risk

Risk Description: Loss of stakeholder trust due to service failure, data breaches, or governance issues.

Mitigation: As a national digital identity platform, trust is paramount. Transparency and active stakeholder engagement are core to our governance model. We maintain ongoing public communication initiatives and uphold high standards of ethics and accountability to reinforce public confidence in our services.



RATIO ANALYSIS

Appendix – II

BHUTAN NATIONAL DIGITAL IDENTITY LIMITED
THIMPHU, BHUTAN
RATIO ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025

Ratio	Formula	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Profitability Ratios					
Net Profit Margin	Net Profit	(71,036,687)	(138,946,134)	-88.06%	-169.27%
	Total Revenue	80,664,289	82,085,696		
Return on Equity (ROE)	Net Profit	(71,036,687)	(138,946,134)	-117.82%	-105.80%
	Equity	60,294,880	131,331,567		
Return on Assets (ROA)	Net Profit	(71,036,687)	(138,946,134)	-66.34%	-86.06%
	Total Assets	107,073,707	161,452,726		
Efficiency Ratios					
Asset Turnover Ratio	Total Revenue	80,664,289	82,085,696	75.34%	50.84%
	Total Assets	107,073,707	161,452,726		
Operating Expense Ratio	Total Expenses	172,528,134	222,525,389	213.88%	271.09%
	Total Revenue	80,664,289	82,085,696		
Depreciation to Total Assets	Depreciation & Amortization	74,656,196	75,156,510	69.72%	46.55%
	Total Assets	107,073,707	161,452,726		
Liquidity Ratios					
Current Ratio	Current Assets	21,840,356	18,792,610	52.20%	75.88%
	Current Liabilities	41,839,281	24,765,970		
Quick Ratio	(Current Assets - Inventories)	21,840,356	18,792,610	52.20%	75.88%
	Current Liabilities	41,839,281	24,765,970		
Solvency Ratios					
Debt to Equity Ratio	Total Liabilities	46,778,827	30,121,159	77.58%	22.94%
	Total Equity	60,294,880	131,331,567		
Equity Ratio	Equity	60,294,880	131,331,567	56.31%	81.34%
	Total Assets	107,073,707	161,452,726		
Other (Employee-Centric)					
Employee Cost to Total Expenses	Employee Benefits	27,618,404	48,645,999	16.01%	21.86%
	Total Expenses	172,528,134	222,525,389		
HRD to Total Expenses	HRD	2,572,736	209,755	1.49%	0.09%
	Total Expenses	172,528,134	222,525,389		

For Menuka Chhetri & ASSOCIATES
Chartered Accountants
Firm Registration No.: 334825E

CA. Menuka Chhetri
(Managing Partner)
Membership No.: 534365

Place: Thimphu, Bhutan
Date: 12-05-2026

COMPLIANCE CALENDAR & CHECKLIST

Appendix - III A & III B

COMPLIANCE CALANDAR

Sl. No	Activity	Sec	Remarks
1	Submission of Annual Return		
b	All unlisted companies include; i. Duly filled form as per Annual Return Form ii. Balance Sheet iii. Profit & Loss Account iv. Cash Flow Statement v. Auditor's Report vi. Directors' Report.	267	On or before 31 st July Submitted on August 19, 2025
2	Annual General Meeting	177	On or before 30 th June AGM was held on 12 th June, 2025
3	Notice Calling General Meetings	185	21 days before the AGM
4	Payment of Dividend	204	Within 30 days of declaration in AGM No dividend was declared
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244	Presented on 12 th June, 2025 during AGM.
6	Filing of Documents with Register	267	Filed on August 19, 2025
7	Appointment of auditor GCC & GC Reappointment Removal	251	Every AGM Notify the Registrar within 15 days from passing the resolution In accordance with Section 255 of the Companies Act of Bhutan 2016, Royal Audit Authority has appointed the auditor Menuka Chhetri & Associates as the statutory auditor for Financial Year ended 31 December 2025
	Resignation	260 - 262	Convene the EGM within 14 days to discuss resignation. Not Until RAA Reappoints Auditor
8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the Registrar Filed with ROC
9	Board Meetings 4 th Board Meeting 5 th Board Meeting 6 th Board Meeting 7 th Board Meeting 8 th Board Meeting	146 & 149	3 months after last BM 22 nd Jan, 2025 30 th April, 2025 14 th July, 2025 12 th Sept., 2025 27 th November, 2025
10	Appointment of CEO	210	Every 5 years Appointed on 1 st June, 2025.
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority Not Applicable
12	Appointment of Company Secretary	213	As per prescribed by MTI Yes, Shared Service with DHI



13	Statutory Inspection	Record and	228	All times	Records and Registers are updated yearly.
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COMPLIANCE CHECKLIST

Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

No.	Sec	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles/Approval		√		
2	47	Change of name/Approval		√		
3	123	Increase or consolidation of share capital		√		
4	124	Reduction of share capital		√		
5	82	License Copy and Share Certificate filing	√			
6	107	Public offer of shares & Debentures-ROC Approval			√	
MANAGEMENT & ADMINISTRATION						
7	217	Registered Office of Company (Postal Address & Contact Number)	√			Bhutan NDI Limited P.O. Box 1127 Wangchu Taba, TechPark, Babesa, Thimphu, Bhutan
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	√			As per certificate of incorporation
9	241	Financial Year of Companies as of 31st Dec	√			Financial year ended on December each year
	242	Extension up to 15 months - ROC approval			√	
	243	Extension up to 18 months - Authority's approval			√	
10	245	Financial Statements to follow BAS	√			Bhutanese Accounting Standards
11	267	Annual Return Submission On/before 31st May for listed; others 31st July	√			Submitted on August 19, 2025
12	177	Annual General Meeting (Minutes)	√			AGM was held on 12 th June, 2025
13	180	Extraordinary General Meeting (Minutes)	√			Complied - One EGM was held on 21 st July, 2025
14	185	Notice for calling general meeting	√			
15	187	listed Co. - written as well as in media			√	
		Public Co/Private Co. - Written Notice			√	
16	190	Chairman of meeting (CEO cannot chair)	√			Ngawang Nobu, CEO, GDL
17	192	Representation of corporations at meetings (appointed by Board Directors)	√			CEO is a representative of the Company
18	193	Ordinary and special resolutions (Minutes)		√		
19	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	√			All minutes of the Board are maintained.



						A total of five regular Board Meetings were held during the year as under: Regular Board Meetings: 4 th : 22 nd Jan, 2025 5 th : 30 th April, 2025 6 th : 14 th July, 2025 7 th : 12 th Sept., 2025 8 th : 27 th November, 2025
20	199	Declaration and payment of dividend (199-209)			√	No dividend has been declared
21	232	Books of account to be kept by company (location & time)	√			Books of accounts are generally maintained as required by the Companies Act of Bhutan, 2016 at Head Office
22		Board's report (signed by Chairman)	√			Boards Report contains CG & CSR practices report.
23	252	Appointment and removal of Auditors	√			Auditors are appointed or removed by RAA
		Need to re-appoint annually (251-259)				
24	260	Resignation of Auditors from office (Annual Resignation)			√	Appointment and resignation of auditors for SOEs are within the authority of Royal Audit Authority.
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	√			The audit was conducted as per the ISAs as per the terms of appointment issued by RAA.
26	133	Number of directors	√			The Company has 5 Board Directors in 2025, including the Chairman and CEO, as under: 1. Mr. Ngawang Norbu, CEO, GDL 2. Mr. Jacques Von Benecke, CEO, NDI 3. Ms. Kuenga Zam, Director, GovTech 4. Mr. Phuntsho Namgay, Offtg. Director, DHI 5. Ms. Kinley Dem, Director, Finance, BPC
27	134	One third of all Public Companies shall be independent	√			
28	138	(Minimum No. & retirement on rotation)	√			The directors were appointed only on 12 th June, 2025
29	139	Additional directors		√		Company has no additional director
30	140	Consent to act as directors	√			Consent form filed with ROC
31	141	Certain persons not to be appointed as Directors				
32	142	Resignation by a director				



33	143	Removal of directors		√		
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	√			5 Board meetings held in 2025
35	152	General powers of the board	√			
36	156	Restriction on powers of Board	√			
37	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	√			Appointed Mr. Jacques Von Benecke on 1 st June, 2025 for the period of 2 Years.
38	213	Company Secretary required in all Public Companies	√			Shared Service with DHI
39	414	Appointment of selling or buying agents (govt. Approval obtained or not)			√	
40	157	No loans to directors (only for Public Co.)		√		No loans to directors are given
41	53	Inter-corporate investments (investments to be disclosed) apply old rule			√	
42	158	Conflict of Interest Transactions by Board	√			The company practices a signing of Declaration of Col in the beginning of every Board Meeting
43	161	Standard of care required by directors (Reckless decision)	√			No Conflicting events were witnessed in the Company.
STATUTORY RECORD AND INSPECTION						
44	228	Statutory record and inspection	√			
	(a)	Register of buy-back of shares	√			The register has been maintained - no incident recorded.
	(b)	Register of transfers	√			
	(c)	Register of charges	√			The register has been maintained - no incident recorded.
	(d)	Register of inter-corporate loans	√			
	(e)	Register of inter-corporate investments	√			No investment recorded thus far.
	(f)	Register of contracts in which directors are interested	√			The register is maintained and so far, no incidents recorded.
	(g)	Register of directors	√			
	(h)	Register of directors' shareholding	√			Directors don't have any shareholding but the register have been maintained as required.

For Menuka Chhetri & ASSOCIATES
Chartered Accountants
(FRN No.: 331825E)
CA. Menuka Chhetri

Managing Partner
Membership No.: 534365
SIGNATURE/SEAL
NAME OF THE INSPECTOR/AUDITOR

For Bhutan National Digital Identity Limited

Name:
Company Secretary

NOTE: THIS COMPLIANCE CHECKLIST IS TO BE USED BY ALL CONCERNED UNTIL NEW ONE IS ADOPTED BY REGISTRAR OF COMPANIES

PRIOR YEAR AUDIT FOLLOW-UP REPORT

Summary Follow-up Report for the year ended 31 December 2024

Audit Period	Total No. of Recommendations Provided	No. of Recommendations Implemented	No. of Recommendations Partially Implemented	Balance Recommendations to be Implemented
2024	4	4	0	0
Total	3	4	0	0

Follow up on the Management Report for the year 2024

Para No.	Observations in Brief	Management Current Response	Auditors Latest Comment	Status of Compliance
1	Overstatement of Share Capital in the Books of Accounts Compared to Share Subscription under Article of Incorporation (1.2.85)	Management had previously approved the reclassification of post-incorporation funds as grant income based on guidance from the CFO of DHI, with approval obtained at the 8th Board Meeting, and the same was implemented in the financial statements. However, an error relating to pre-incorporation equity remained in the statement of share capital, necessitating an amendment to the Articles of Incorporation (AOI). As such amendments require shareholder approval, the matter was tabled at the 2nd Annual General Meeting (AGM) held on 31 March 2026, where approval was duly obtained. Subsequently, the required amendment to the AOI was formally completed on 9 April 2026. Accordingly, the observation is now considered fully implemented, as the inconsistency between statutory records and the financial statements has been resolved. The Revised AOI and Minutes of the 2nd AGM are submitted as supporting documents for reference.	Based on the explanations provided by Management and the supporting documentation reviewed, including the revised Articles of Incorporation and the Minutes of the 2nd Annual General Meeting held on 31 March 2026, we note that the necessary corrective actions have been duly undertaken. The amendment to the Articles of Incorporation, formally completed on 9 April 2026, has effectively addressed the previously identified inconsistency relating to pre-incorporation equity. Consequently, the alignment between statutory records and the financial statements has been achieved. In view of the above, the audit observation is considered resolved, and the matter is treated as settled.	Implemented
2	Non-Transfer of Motor Vehicle Ownership and its Implication on Asset Recognition (7.2.31)	The vehicle has been transferred as of 1st of January 2025	Upon review of the fixed assets register, it was noted that the vehicle has been fully transferred to DHI.	Implemented
3	Absence of Independent Internal Service Rules (ISR) (5.2.25)	The inaugural edition of NDI's ISR has received approval from the Ministry of Industry, Commerce and Employment and will come into effect on 1st January 2026	The ISR was officially endorsed and certified dated 29th December 2025.	Implemented



4	Non-Establishment of Independent Delegation of Power (DoP)	The BNDIL Delegation of Powers (DoP) was drafted and subsequently approved by the Board during the 7 th Board Meeting.	1 st Edition of Delegation of Power was adopted dated 1 st August 2025	Implemented
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