**Justifications for the proposed distribution of net income,**

**the size of dividends, assessment of their compliance with the dividend policy adopted in the company, as well as, if necessary, explanations and economic justification of the volume of the direction of a certain part of the net profit for the needs of the development of society.**

The net profit of BIOKIMYO JSC according to the results of 2020 amounted to **23 373 708 226,70** UZS.

At the meeting of the Supervisory Board of the company No. 17 dated May 28, 2021, the agenda considered the issue " Distribution of net profit of JSC "BIOKIMYO" for 2020, approval of the amount of the dividend, the form and procedure for its payment" and adopted the relevant decisions.

At the 79th meeting of the Cabinet of Ministers of the Republic of Uzbekistan on April 30, 2021, dedicated to the issue of determining the amount of dividends and deductions from the net profit received by legal entities with a state share of 50 percent or more at the end of 2020, in order to timely complete the formation of state budget revenues by the Agency for State Asset Management, the Ministry of Finance, The Ministry of Economic Development and Poverty Reduction and the State Tax Agency of the Republic of Uzbekistan have approved a proposal to allocate 75 percent of the net profit to dividends.

In order to ensure the implementation of the decisions of the meeting, it was noted that it is necessary to allocate 75 percent of the net profit of legal entities with a state share of 50 percent or more to dividends based on the results of 2020, to pay dividends calculated on the state share within the established time frame, to ensure the adoption of appropriate decisions, taking into account that the dividends calculated on the state share will be paid within the established time frame.

It is noted that based on the actual financial condition and future plans of the company, the allocation of 75% of the net profit for the payment of dividends and taking into account the payment terms, the company will have a shortage of working capital for the purchase of raw materials, energy resources, and wages and will lead to non-implementation of modernization and reconstruction measures by the end of the year.

The general meeting of shareholders recommended two options for distributing the net profit of BIOKIMYO JSC following the results of 2020 in the amount of **23 373 708 226,70** UZS

first option:

- 17 539 769 600 UZS or 75.04% to pay dividends,

- 2 337 370 822,67 UZS or 10.0% to send for the formation of the “Fund for the support of innovative activities”;

- 467,474,164. 53 UZS or 2% for bonus payments to the company's executive body;

- 3 029 093 639,50 UZS or 12.96%, to direct to the development of production, with subsequent capitalization in the authorized capital of the company.

The recommended dividend per share is 6 140 UZS.

At the meeting of the Supervisory Board of the company No. 17 dated May 28, 2021, the agenda considered the issue " Distribution of net profit of JSC "BIOKIMYO" for 2020, approval of the amount of the dividend, the form and procedure for its payment" and adopted the relevant decisions.

Payment of dividends is made by transferring money to plastic cards and money transfers within the period established by law.

The amount of dividends accrued on the state share of 8,945,243,000 soums, the paid part of 8,497,981,040 UZS and taxes of 447,262,160 UZS were taken into account.

In order to ensure the stability of the company's financial position, it is recommended to transfer dividends on the state share in advance.

In the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 79 of May 2020, in particular:

the second point - the State Agency for Asset Management, the Ministry of Finance, the Ministry of Economic Development and Poverty Reduction and the State Tax Service of the Republic of Uzbekistan approved a proposal to allocate 75 percent of the net profit by the end of 2020 to the payment of dividends on the state share of state-owned enterprises and legal entities, with the state share of 50 percent in the authorized capital in accordance with Annex -1.

the third point is to ensure the submission to the state tax authorities of the decision of the general meeting of shareholders (founders) on the direction of dividends and deductions of 75 percent of net profit by July 1 of the current year. Take disciplinary and other punitive measures against managers through the management bodies of enterprises with state participation that have not fulfilled these tasks.

According to the Resolution of the Cabinet of Ministers No. 195 of March 12, 2018 "On Approval of the Model Regulations on the Fund for Support of Innovation Activities in Economic Management Bodies and Large State-owned Enterprises", 10 percent of the net profit goes to the "Fund for Support of Innovation Activities".

After this distribution of net profit, the accumulated profit of the previous years of the company will amount to 7 782 441.75 UZS.