

Bjarke Ingels Group A/S

Kløverbladsgade 56
2500 Valby
Denmark

CVR no. 29 30 93 96

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting

on 31st May 2017


chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016.


The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

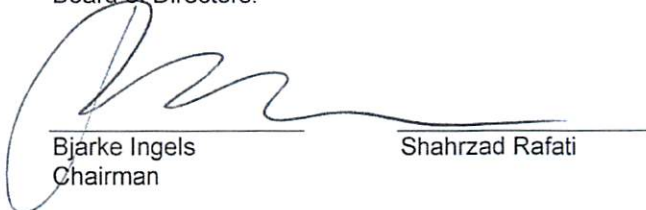
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 May 2017
Executive Board:

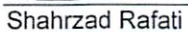


Sheela Maini Sogaard

Board of Directors:



Bjarke Ingels
Chairman



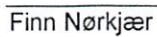
Shahrzad Rafati



Thomas
Christoffersen



Christian Madsbjerg



Finn Nørkjær

Statement by the Board of Directors and the Executive Board

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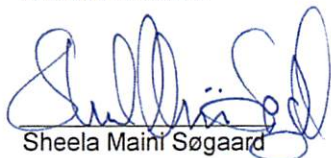
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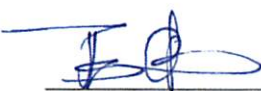


Sheela Maini Sogaard


Board of Directors:

Bjarke Ingels
Chairman

Shahrazad Rafati



Thomas
Christoffersen



Christian Madsbjerg

Finn Nørkjær

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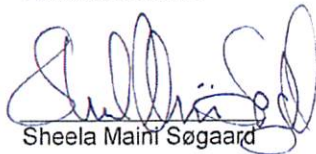
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Copenhagen, 31 May 2017
Executive Board:



Sheela Maini Søgaard

Board of Directors:


Bjarke Ingels
Chairman

Shahrazad Rafati



Thomas
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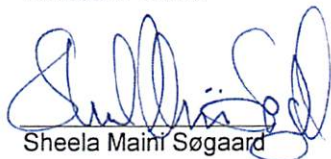
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Copenhagen, 31 May 2017
Executive Board:



Sheela Maini Sogaard

Board of Directors:

Bjarke Ingels
Chairman



Shahrzad Rafati



Thomas
Christoffersen

Christian Madsbjerg

Finn Nørkjær



Independent auditor's report

To the shareholders of Bjarke Ingels Group A/S

Opinion

We have audited the financial statements of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

We 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Henrik O. Larsen'.

Henrik O. Larsen
State Authorised
Public Accountant

Management's review

Financial highlights of Bjarke Ingels Group A/S

DKK'000	2016	2015	2014	2013	2012
Gross profit	164,190	79,291	112,254	87,575	71,407
Ordinary operating profit/loss	75,424	10,462	20,069	26,928	11,508
Profit from financial income and expenses	2,140	6,385	4,588	-815	-1,082
Profit for the year	62,850	38,115	16,340	19,752	6,529
Total assets	208,539	133,419	134,804	67,569	61,062
Investment in fixed assets	-4,703	-1,607	-240	-5,140	-s1,111
Equity	137,011	73,169	34,131	24,248	11,693
Return on assets	36.2%	7.4%	14.9%	39.9%	18.8%
Return on equity	59.8%	70.1%	56.0%	109.9%	88.3%
Solvency ratio	65.7%	55.0%	25.3%	35.9%	19.1%
Average number of full-time employees	152	109	108	113	101

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The comparative figures for 2015 have been restated to reflect the changed accounting policies. 2014 and prior years have not been adjusted.

Proforma financial highlights of BIG Brand Group's activities*

DKK'000	2016	2015	2014	2013
Gross profit	357,276	300,402	149,367	109,988
Ordinary operating profit/loss	119,748	78,369	24,089	21,670
Profit from financial income and expenses	-1,596	4,089	-544	-647
Profit for the year	82,011	57,255	14,806	14,562
Total assets	295,168	208,132	130,563	76,360
Equity	169,124	87,255	29,377	21,102
Return on assets	40.6%	37.7%	18.5%	28.4%
Return on equity	64.0%	65.9%	58.7%	69.0%
Solvency ratio	57.3%	41.9%	22.5%	27.6%

*Reference is made to Supplementary statement page 30-38.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Management's review

Operating review

Main activity

The main activity of Bjarke Ingels Group ("the Company") is customary architectural and related activities.

Group structure

Bjarke Ingels Group currently has affiliated offices in Copenhagen, New York and London.

BIG's structure is aligned with the rules and regulations for compliance in the jurisdictions where BIG practices. BIG A/S has an office in Copenhagen that practices architecture as its main activity and a subsidiary in New York that provides design services as well as performs administrative and operational services for B.I.G Architecture DPC. B.I.G Architecture DPC is a licensed architectural practice that operates under the BIG brand name although its ownership structure is separate from BIG A/S. Similarly, BIG London is held in a separate ownership structure. All entities operate under the BIG brand.

In order to provide a complete view of the financial activities of the BIG Brand Group, proforma financial statements have been included with the financial statements for Bjarke Ingels Group A/S. The proforma financial statements are included as a supplementary statement to the 2016 annual report.

In the below we provide brief comments to the BIG brand Group's activities as presented in the proforma financial statements followed by a focus on Bjarke Ingels Group A/S, i.e. the Danish held entity.

Development in the year and expectations for the BIG Brand Group's activities

The proforma income statement for 2016 shows a profit of DKK 82,011 thousand, and the proforma balance sheet at 31 December 2016 shows equity of DKK 169,124 thousand. This result exceeds Management's expectations as presented in 2015 financial report and is considered satisfactory.

In 2016, Management across offices focused on continuing profitable growth as well as strengthening operational procedures and sharing best practices. Headcount in BIG CPH grew by almost 100% mainly in production while staff number in BIG NYC stayed stable in 2016. Significant investments continue into disciplines and skills that can establish and maintain BIG as a world class full service consultant for project delivery.

2016 saw a positive development in the North American market, which led to a satisfactory result in BIG NYC. BIG CPH experienced an increased inflow of orders in 2016; the profit for the year was also satisfactory. Similarly, BIG LON performed above expectations despite focus on a single project during 2016.

Management's review

In CPH and NYC BIG is experiencing continued interest and requests for proposals from all over the world and for varying types of programs as well as a range of scales. As such BIG continues to deliver both one family villas as well as super high rises and buildings in the cultural, educational, commercial and hospitality sectors as well as large urban plans for city developments and a host of infrastructure projects.

Management considers the incoming project and the development in activity level as well as the overall result for the year to be satisfactory.

After a number of years with exponential growth the group will focus 2017 on consolidating its architectural projects and focusing on becoming a world class full service consultant. As such focus remains on quality control and skill acquisition, on software development and implementation of procedural controls. The BIG Brand Group will continue to expand its skills in all disciplines required to deliver the highest quality buildings that clients demand. Management expects to spend significant resources on effectively establishing and developing these skills and incorporating them into the group and as such expect lower margins in 2017 across the group.

While order intake continues to be positive, the group will be investing in new premises in NYC to allow for further expansion in the coming years and plans for expansions in CPH are also underway.

2017 will see increased focus in consolidating shared services and streamlining quality assurance and control processes across all offices.

Development in the year for BIG CPH

The income statement for 2016 shows a profit of DKK 60,653k, and the balance sheet at 31 December 2016 shows equity of DKK 103,465k. The result exceeds Management's expectations and is thus considered satisfactory.

In 2016, Management has had its focus on securing profitable growth as well as strengthening the operational procedures across the Group's offices. Attention has been particularly on adding strength and capacity to select administrative departments, i.e. HR and project controlling while further strengthening and streamlining internal quality assurance and control processes.

2016 saw a large growth in headcount and several key hires were made. Of note, BIG established BIG Engineering and BIG Landscape as in-house disciplines to be developed in 2017 as part of the overall strategy to meet our clients' requests for greater scope capacity on developing projects. BIG CPH experienced an inflow of orders in 2016; the profit for the year was also satisfactory.

Management considers the order intake and the development in activity level as well as the overall result for the year to be satisfactory.

Foreign branches

The Company has established temporary foreign branches when required by the activities performed in connection with specific projects, and to comply with tax requirements. Management assesses that the branch activities do not represent additional risks.

Management's review

Special risks – operating risks and financial risks

Foreign exchange risks

The Company has a significant amount of its activities in various international markets. Contracts are primarily entered in USD, EUR or DKK. The group is thus exposed to currency fluctuations in USD.

Development expectations

Management expects very slight growth in revenue while expecting lower EBIT for 2017 compared to 2016.

Intellectual capital resources

The Company's continuous development is dependent on the Company's ability to attract and withhold qualified architects, designers and engineers from domestically and abroad.

Corporate Social Responsibility

At BIG, architecture is not about building monuments, but about creating possibilities for human life.

BIG has since 2010 participated in the UN Global Compact initiative and has recently communicated on the progress made for the period October 2015 – October 2016, where the BIG Partners have reaffirmed their unwavering support of the Ten Principles of United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption. The progress report is accessible on the UN Global Compact website.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit		164,190	79,291
Staff costs	2	-84,818	-66,738
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3,948	-2,091
Profit before financial income and expenses		75,424	10,462
Income from equity investment in group entities		2,155	23,683
Financial income	3	2,261	6,388
Financial expenses	4	-121	-3
Profit before tax		79,719	40,530
Tax on profit for the year	5	-16,869	-2,415
Profit for the year	6	62,850	38,115

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets			
Software and licences	7	1,901	2,098
		<u>1,901</u>	<u>2,098</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment	8	6,799	3,561
Leasehold improvements		920	1,812
		<u>7,719</u>	<u>5,373</u>
Investments			
Equity investments in subsidiaries	9	33,546	30,399
Other investments		5,392	1,317
Deposits		213	207
		<u>39,151</u>	<u>31,923</u>
Total fixed assets		<u>48,771</u>	<u>39,394</u>
Current assets			
Receivables			
Trade receivables		30,552	20,520
Contract work in progress	10	13,976	7,598
Receivables from group entities		795	679
Other receivables		50,505	44,222
Prepayments		1,375	742
		<u>97,203</u>	<u>73,761</u>
Cash at bank and in hand		<u>62,565</u>	<u>20,264</u>
Total current assets		<u>159,768</u>	<u>94,025</u>
TOTAL ASSETS		<u>208,539</u>	<u>133,419</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		500	500
Reserve for net revaluation under equity method		33,546	30,399
Retained earnings		102,965	42,270
Total equity		<u>137,011</u>	<u>73,169</u>
Provisions			
Provisions for deferred tax	11	18,775	11,855
Other provisions		0	600
Total provisions		<u>18,775</u>	<u>12,455</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	12	731	553
		<u>731</u>	<u>553</u>
Current liabilities other than provisions			
Credit institutions		49	2
Lease obligations	12	463	577
Trade payables		7,482	6,964
Invoicing on account	10	12,852	12,524
Payables to group entities		4,728	0
Corporation tax		6,868	2,670
Other payables		19,535	23,503
Deferred income		45	1,002
		<u>52,022</u>	<u>47,242</u>
Total liabilities other than provisions		<u>52,753</u>	<u>47,795</u>
TOTAL EQUITY AND LIABILITIES		<u>208,539</u>	<u>133,419</u>
Related party disclosures	13		
Contingent assets, liabilities and other financial obligations	14		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total equity
Equity at 1 January 2016	500	30,399	42,270	73,169
Foreign exchange adjustment, foreign subsidiary	0	992	0	859
Transferred over the profit appropriation	0	2,155	60,695	62,850
Equity at 31 December 2016	<u>500</u>	<u>33,546</u>	<u>102,965</u>	<u>137,011</u>

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last five years.

Financial statements 1 January – 31 December

Cash flow statement

Comparative figures are, as explained in the accounting policies, unchanged.

DKK'000	Note	2016	2015
Profit for the year		62,850	38,115
Adjustments	15	16,278	-22,289
Cash generated from operations before changes in working capital		79,128	15,826
Changes in working capital	16	-23,262	-28,331
Cash generated from operations		55,866	-12,505
Interest income		1,632	1,656
Interest expense		-121	-83
Corporation tax paid		-5,762	-2,262
Cash flows from operating activities		51,615	-13,194
Acquisition of intangible assets		-1,021	-942
Acquisition of property, plant and equipment		-4,703	-1,607
Fixed asset investments made, etc.		-4,081	-1,318
Sale of intangible assets		681	228
Sale of property, plant and equipment		407	65
Sale of fixed asset investments, etc.		0	2
Cash flows from investing activities		-8,717	-3,571
Repayment of long-term debt		0	-31
Reduction of lease obligations		-597	-554
Cash flows from financing activities		-597	-585
Cash flows for the year		42,301	-17,350
Cash and cash equivalents at the beginning of the year		20,264	37,614
Cash and cash equivalents at year end		62,565	20,264
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		62,565	20,264
Cash and cash equivalents at year end		62,565	20,264

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Bjarke Ingels Group A/S for 2016 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Changes to the presentation of the Financial Statements

The activities in Bjarke Ingels Group are divided into the entities Bjarke Ingels Group A/S and Bjarke Ingels Group NYC LLC.

In 2016, Bjarke Ingels Group NYC LLC is no longer included in the annual report of Bjarke Ingels Group A/S, as Management has assessed that Bjarke Ingels Group NYC LLC does not meet the criteria for inclusion. Bjarke Ingels Group NYC LLC is wholly owned by Bjarke Ingels Group A/S and is recognised as an equity investment and measured at the proportionate share of the entities' net asset value in accordance with accounting policies. The change has no impact on profit or equity for 2016 or 2015.

The comparative figures have been restated to reflect the changed accounting policies. 2014 and prior years have not been adjusted as the impact is considered immaterial.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Bjarke Ingels Group A/S and group entities are included in the consolidated financial statements of B.I.G. Bjarke Ingels Group Holding ApS, Kløverbladsgade 56, 2500 Valby, CVR no. 29 24 00 51.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company, the revenue can be reliably measured and when the significant have passed to the buyer.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year end (percentage of completion method). This method is applied when total revenue and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliable, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services based on time spent are recognised in revenue as the work is performed.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external expenses

Other external expenses comprise fees to advisors, administrative expenses, office premises, office expenses, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

The Company is jointly taxed with B.I.G Bjarke Ingels Group Holding ApS' Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets

Software and licences

Software and licences are measured at cost less accumulated amortisation and impairment losses. Software and licenses are amortised on a straight-line basis over the contract period, however, not exceeding 5 years.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	5 years
Other fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Asset Investments

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method. The Group's goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is assessed as 5 years.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities and associates is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Deposits are recognised at amortised cost.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

When the selling price of a construction contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

When it is probable that total costs will exceed total income from a construction contract, the total projected loss on the work is recognised as a provision. The provision is recognised as production costs.

Liabilities other than provisions

The financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments and deferred income

Deferred income comprises payments received regarding income in subsequent years.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Financial highlights

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Solvency	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$

Financial statements 1 January – 31 December

Notes

DKK'000	2016	2015
2 Staff costs and incentive schemes		
Wages and salaries	76,178	60,401
Pensions	4,928	3,553
Other social security costs	975	709
Other staff costs	2,737	2,075
	<u>84,818</u>	<u>66,738</u>
Average number of full-time employees	<u>152</u>	<u>109</u>
<p>Pursuant to section 98 8(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.</p>		
3 Financial income		
Other financial income	1,632	1,656
Exchange gains	629	4,732
	<u>2,261</u>	<u>6,388</u>
4 Financial expenses		
Other financial expenses	121	3
	<u>121</u>	<u>3</u>

Financial statements 1 January – 31 December

Notes

DKK'000	2016	2015
5 Tax on profit for the year		
Current tax for the year	9,694	5,296
Deferred tax adjustment for the year	6,921	45
Adjustment of tax concerning previous years	254	-2,926
	<u>16,869</u>	<u>2,415</u>
6 Profit appropriation		
Net revaluation reserve according to the equity method	2,155	23,683
Retained earnings	60,695	14,432
	<u>62,850</u>	<u>38,115</u>
7 Intangible assets		
DKK'000		Software and licences
Cost at 1 January 2016		5,452
Additions		1,022
Disposals for the year		-681
Cost at 31 December 2016		<u>5,793</u>
Amortisation at 1 January 2016		-3,354
Amortisation		-1,121
Amortisation of sold assets for the year		583
Amortisation and impairment losses at 31 December 2016		<u>-3,892</u>
Carrying amount at 31 December 2016		<u>1,901</u>

Financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	6,650	4,691	11,341
Additions	5,816	65	5,881
Disposals	-1,625	-	-1,625
Cost at 31 December 2016	10,841	4,756	15,597
Depreciation at 1 January 2016	-3,090	-2,879	-5,969
Depreciation	-1,870	-957	-2,827
Depreciation on disposals	918	-	918
Depreciation at 31 December 2016	-4,042	-3,836	-7,878
Carrying amount at 31 December 2016	6,799	920	7,719
Assets held under finance leases	1,511	0	1,511

Financial statements 1 January – 31 December

Notes

9 Investments

DKK'000	Equity investments in subsidiaries
Cost at 1 January 2016	0
Additions	0
Disposals	0
Cost at 31 December 2016	0
Value adjustment at 1 January 2016	30,399
Foreign exchange adjustment	992
Profit for the year	2,155
Value adjustment at 31 December 2016	33,546
Carrying amount at 31 December 2016	33,546

Equity in group entities is specified as follows:

Name	Register ed office	Ownersh ip	Share capital	Equity	Profit for the year
Bjarke Ingels Group NYC LLC	New York	100,00%	0	33,546	2,155
			0	33,546	2,155

Financial statements 1 January – 31 December

Notes

DKK'000	2016	2015
10 Contract work in progress		
Selling price of production for the period	174,183	119,150
Work in progress, invoicing on account	-173,059	-124,076
	<u>1,124</u>	<u>-4,926</u>
that can be specified as follows:		
Contract work in progress (assets)	13,976	7,598
Invoicing on account (equity and liabilities)	-12,852	-12,524
	<u>1,124</u>	<u>-4,926</u>
11 Provision for deferred tax		
Intangible assets	418	462
Tangible assets	478	372
Other current assets	18,132	11,622
Provisions and alike	-253	-601
	<u>18,775</u>	<u>11,855</u>
12 Non-current liabilities other than provisions		
Lease obligations		
Between 1 and 5 years	<u>731</u>	<u>553</u>
Non-current liability	731	553
Within 1 year	<u>463</u>	<u>577</u>
	<u>1,194</u>	<u>1,130</u>

13 Related party disclosures

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

Financial statements 1 January – 31 December

Notes

13 Related party disclosures (continued)

Bjarke Ingels Group A/S' related parties comprise the following:

Control

Controlling interest	Basis
B.I.G. Bjarke Ingels Group Holding ApS	Ultimate parent company
BIG Partners ApS	Parent company

Other related parties

Bjarke Ingels	Chairman of the Board of Directors
Christian Madsbjerg	Member of the Board of Directors
Thomas Christoffersen	Member of the Board of Directors
Shahrzad Rafati	Member of the Board of Directors
Finn Nørkjær	Member of the Board of Directors
Bjarke Ingels Group NYC LLC	Group enterprise
BIG Architecture D.P.C.	Other
BIG Partners Limited	Other

14 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

DKK'000	2016	2015
Within 1 year	477	128
Between 1 and 5 years	0	191
	477	319
Rent obligations	1,008	893

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes.

Financial statements 1 January – 31 December

Notes

DKK'000	2016	2015
15 Cash flow statement – adjustments		
Profit / loss on sale of fixed assets	-809	-145
Profit from investments in group entities	-2,155	-23,683
Financial income	-2,163	-6,468
Financial expenses	23	83
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,948	2,090
Tax on profit for the year	16,869	2,415
Other adjustments	68	-1,373
Currency adjustments	497	4,792
	<u>16,278</u>	<u>-22,289</u>
16 Cash flow statement – change in working capital		
Change in receivables	-23,063	-25,260
Change in prepayments	0	948
Change in provisions	-600	0
Change in trade payables, etc.,	401	-4,019
	<u>-23,262</u>	<u>-28,331</u>

Supplementary statement of Bjarke Ingels Group A/S

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Supplementary statement of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016.

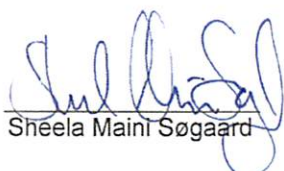
The supplementary statement has been prepared in accordance with the accounting policies.

In our opinion, the supplementary statement has been prepared in accordance with the accounting policies.

We recommend that the supplementary statement be approved at the annual general meeting.

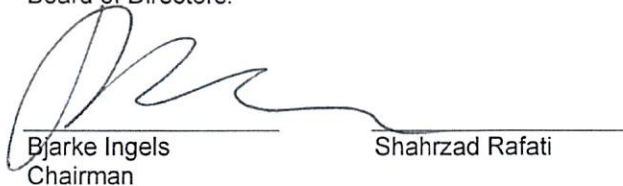
Copenhagen, 31 May 2017

Executive Board:



Sheela Maini Sogaard

Board of Directors:



Bjarke Ingels
Chairman

Shahrazad Rafati



Thomas
Christoffersen

Christian Madsbjerg

Finn Nørkjær

Supplementary statement of Bjarke Ingels Group A/S

Statement by the Board of Directors and the Executive Board

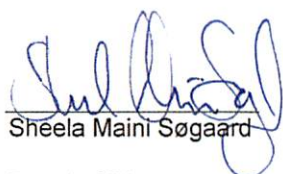
The Board of Directors and the Executive Board have today discussed and approved the Supplementary statement of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016.

The supplementary statement has been prepared in accordance with the accounting policies.

In our opinion, the supplementary statement has been prepared in accordance with the accounting policies.

We recommend that the supplementary statement be approved at the annual general meeting.

Copenhagen, 31 May 2017
Executive Board:



Sheela Maini Sogaard

Board of Directors:

Bjarke Ingels
Chairman



Christian Madsbjerg

Shahrazad Rafati

Finn Nørkjær



Thomas
Christoffersen

Bjarke Ingels Group A/S
Annual report 2016
CVR no. 29 30 93 96

Supplementary statement of Bjarke Ingels Group A/S

Statement by the Board of Directors and the Executive Board

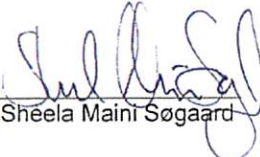
The Board of Directors and the Executive Board have today discussed and approved the Supplementary statement of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016.

The supplementary statement has been prepared in accordance with the accounting policies.

In our opinion, the supplementary statement has been prepared in accordance with the accounting policies.

We recommend that the supplementary statement be approved at the annual general meeting.

Copenhagen, 31 May 2017
Executive Board:



Sheela Maini Sogaard

Board of Directors:

Bjarke Ingels
Chairman

Shahrazad Rafati

Thomas
Christoffersen

Christian Madsbjerg

Finn Nørkjær

Supplementary statement of Bjarke Ingels Group A/S

Statement by the Board of Directors and the Executive Board

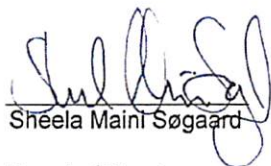
The Board of Directors and the Executive Board have today discussed and approved the Supplementary statement of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016.

The supplementary statement has been prepared in accordance with the accounting policies.

In our opinion, the supplementary statement has been prepared in accordance with the accounting policies.

We recommend that the supplementary statement be approved at the annual general meeting.

Copenhagen, 31 May 2017
Executive Board:


Sheela Maini Sogaard

Board of Directors:

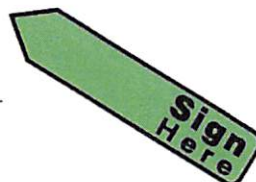
Bjarke Ingels
Chairman


Shahrzad Rafati


Thomas
Christoffersen

Christian Madsbjerg

Finn Nørkjær





Independent auditor's report

To the shareholders of Bjarke Ingels Group A/S

Opinion

We have audited the supplementary statement of Bjarke Ingels Group A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and accounting policies.

In our opinion, the supplementary statement give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark, Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the supplementary statement " section of our report, We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the supplementary statement

Management is responsible for the preparation of a supplementary statement that gives a true and fair view in accordance with the accounting policies described in the accounting policies and for such internal control that Management determines is necessary to enable the preparation of a supplementary statement that is free from material misstatement, whether due to fraud or error.

In preparing the supplementary statement, 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 in preparing the supplementary statement unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the supplementary statement

Our objectives are to obtain reasonable assurance as to whether the supplementary statement as a whole is free from material misstatement, whether due to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of this supplementary statement.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit, we also

- identify and assess the risks of material misstatement of the company supplementary statement, 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 a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control,
- 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management,
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the supplementary statement and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the supplementary statement 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and contents of the supplementary statement, including the disclosures, and whether the supplementary statement represent the underlying transactions and events in a manner that gives a true and fair view,



Independent auditor's report

We 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.

Copenhagen, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, which appears to read 'Henrik O. Larsen'.

Henrik O. Larsen
State Authorised
Public Accountant

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit		357,276	300,402
Staff costs		-228,789	-215,480
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-8,739	-6,313
Other operating expenses		0	-240
Profit before financial income and expenses		119,748	78,369
Financial income		319	4,842
Financial expenses		-1,915	-753
Profit before tax		118,152	82,458
Tax on profit for the year		-36,141	-24,944
Profit for the year		82,011	57,514
 Proposed distribution of profit			
Retained earnings		82,011	57,514
		82,011	57,514

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets			
Software and licences		5,422	3,557
		<u>5,422</u>	<u>3,557</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		15,099	10,527
Leasehold improvements		6,930	8,306
		<u>22,029</u>	<u>18,833</u>
Investments			
Other investments		5,351	1,318
Deposits		830	641
		<u>6,181</u>	<u>1,959</u>
Total fixed assets		<u>33,632</u>	<u>24,349</u>
Current assets			
Receivables			
Trade receivables		100,919	78,898
Contract work in progress		33,459	29,789
Receivables from group entities		1,337	839
Other receivables		6,454	2,900
Prepayments		8,370	5,264
		<u>150,539</u>	<u>117,690</u>
Cash at bank and in hand		<u>110,997</u>	<u>66,093</u>
Total current assets		<u>261,536</u>	<u>183,783</u>
TOTAL ASSETS		<u>295,168</u>	<u>208,132</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		502	501
Retained earnings		168,622	86,754
Total equity		<u>169,124</u>	<u>87,255</u>
Provisions			
Provisions for deferred tax		35,797	25,493
Other provisions		0	600
Total provisions		<u>35,797</u>	<u>26,093</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations		1,461	1,029
		<u>1,461</u>	<u>1,029</u>
Current liabilities other than provisions			
Credit institutions		995	3,802
Lease obligations		862	963
Trade Payables		18,744	14,412
Invoicing on account		18,245	39,482
Corporation tax		15,085	2,876
Other payables		34,810	31,218
Deferred income		45	1,002
		<u>88,786</u>	<u>93,755</u>
Total liabilities other than provisions		<u>90,247</u>	<u>94,784</u>
TOTAL EQUITY AND LIABILITIES		<u>295,168</u>	<u>208,132</u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total equity
Equity at 1 January 2016	501	86,754	87,255
Exchange adjustments	0	-143	-143
Acquisition of entities	1	0	1
Profit for the year	0	82,011	82,011
Equity at 31 December 2016	<u>502</u>	<u>168,622</u>	<u>169,124</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The supplementary statement of Bjarke Ingels Group A/S for 2016 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act excluding disclosure requirements.

The supplementary statement has been prepared in order to communicate the combined financial performance of the BIG Brand Group's activities.

The supplementary statement of Bjarke Ingels Group A/S consist of a proforma consolidated financial statements of Bjarke Ingels Group A/S, Bjarke Ingels Group NYC LLC, BIG Architecture D.P.C. and BIG Partners Limited. The supplementary statement departs from the Danish Financial Statement Act requirements for consolidation by controlling interest as Bjarke Ingels Group A/S does not hold controlling interests in BIG Architecture D.P.C. and BIG Partners Limited.

All other accounting policies are based on the accounting policies for the legal entity Bjarke Ingels Group A/S and is described at page 15-22.

On consolidation, intra-group income and expenses, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Upon recognition of foreign independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.