Bjarke Ingels Group A/S

Kløverbladsgade 56
2500 Valby

CVR no. 29 30 93 96

Annual report 2018

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

14 May 2019

chairman

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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 2018.

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 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations 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, 14 May 2019
Executive Board:

Sheela Maini Søgaard

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

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

Copenhagen, 14 May 2019
Executive Board:

Sheela Maini Søgaard

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 2018 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 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 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.

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 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

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 14 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen
State Authorised
Public Accountant
mne15839

Naja Bjørk Olsen
State Authorised
Public Accountant
mne41387

Management's review

Financial highlights of Bjarke Ingels Group A/S

DKK'000	2018	2017	2016	2015	2014
Gross profit	178,046	166,268	164,190	79,291	112,254
Ordinary operating profit/loss	43,973	45,404	75,424	10,462	20,069
Net financial income and expenses	1,345	-9,887	2,140	6,385	4,588
Profit for the year	58,912	62,533	62,850	38,115	16,340
Total assets	271,239	269,453	208,539	133,419	134,804
Investment in fixed assets	-4,695	-6,173	-4,703	-1,607	-240
Equity	192,955	193,567	137,011	73,169	34,131
Return on assets	16,2%	16.9%	36.2%	7.4%	14.9%
Return on equity	30,5%	37,8%	59.8%	70.1%	56.0%
Solvency ratio	72,1%	71,8%	65.7%	55.0%	25.3%
Average number of full-time employees	222	216	152	109	108

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

Proforma financial highlights of BIG Brand Group's activities*

DKK'000	2018	2017	2016	2015	2014
Gross profit	349,374	363,868	357,276	300,402	149,367
Ordinary operating profit/loss	44,447	96,450	119,748	78,369	24,089
Net financial income and expenses	-1,954	-10,609	-1,596	4,089	-544
Profit for the year	35,428	63,732	82,011	57,255	14,806
Total assets	304,301	365,196	295,168	208,132	130,563
Equity	183,732	229,422	169,124	87,255	29,377
Return on assets	14,6%	26.4%	40.6%	37.7%	18.5%
Return on equity	17,2%	32,0%	64.0%	65.9%	58.7%
Solvency ratio	60,4%	62,8%	57.3%	41.9%	22.5%

*Reference is made to Supplementary statement page 25-32.

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

Management's review

Operating review

Main activities

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

Group structure

BIG's structure is aligned with the rules and regulations for compliance in the jurisdictions where BIG practices.BIG 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. BIG also recently opened an office in Barcelona that practices architecture. 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. 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 BIG. The proforma financial statements are included as a supplementary statement to the 2018 annual report.

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

The income statement for 2018 shows a profit of DKK 58,912 thousand, and the balance sheet at 31 December 2018 shows equity of DKK 192,955 thousand.

The proforma income statement including all entities operating under the BIG brand name for 2018 shows a profit of DKK 35,428 thousand, and the proforma balance sheet at 31 December 2018 shows equity of DKK 183,732 thousand.

This result is lower than Management expectations and lower than presented in the 2017 financial report.

The lower than expected results are due to a few events with large impact. The cancellation of 2 large projects otherwise forecasted to have filled a significant portion of the group's capacity had a negative impact on the group's gross profit in 2018. Additionally the one time expense of a collective study trip across BIG's offices globally and a complex art installation surpassed expectations.

In spite of reduced revenue BIG managed to re-direct all staff to other projects, thus maintaining talent the pool built up over recent years and maintaining the group's ability to take on future projects of increased complexity.

The 2018 results are considered financially less than satisfactory while Management is pleased to have had the ability to retain staff even if at the cost of profit.

In 2018, Management continued to focus on consolidating disciplines and skills that allow scope expansion on future projects. Thus BIG Engineering and BIG Landscape were expanded in 2018. Headcount in BIG grew slightly in 2018.

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

Operating review

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

The Group expects to complete a large number of buildings in 2019. Additionally the Group expects to establish an office in Barcelona and management expects slight growth in both revenue and EBIT for 2019 compared to 2018.

Management does however expect to continue investment into building competencies in both BIG Engineering and BIG Landscape as well as BIG Products.

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, 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. In addition, BIG is deeply committed to sustainable construction having buildings certified or soon to be certified in 10 different sustainable certification systems: LEED (USA), BREEAM (UK), DGNB (DE), Estidama (UAE), Green Star (SP), Green Building Label (CN), Minergie (CH), Passive House (DE), WELL (USA), Living Building Challenge (USA).

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	2018	2017
Gross profit		178,046	166,268
Staff costs	2	-129,656	-115,818
Depreciation, amortisation and impairment		-4,417	-5,046
Operating profit		43,973	45,404
Income from equity investments in group entities		23,584	35,547
Financial income	3	1,444	1,062
Financial expenses		-99	-10,949
Profit before tax		68,902	71,064
Tax on profit/loss for the year	4	-9,990	-8,531
Profit for the year	5	58,912	62,533

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Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	6		
Acquired patents		708	299
Software		2,613	2,006
		3,321	2,305
Property, plant and equipment	7		
Property, plant and equipment in progress		760	1,155
Fixtures and fittings, tools and equipment		5,912	6,972
Leasehold improvements		1,477	344
		8,149	8,471
Investments	8		
Equity investments in group entities		93,106	62,984
Other securities and equity investments		4,205	6,630
Deposits		511	366
		97,822	69,980
Total fixed assets		109,292	80,756
Current assets			
Receivables			
Trade receivables		44,294	46,422
Receivables from group entities		49,970	72,502
Construction contracts	9	12,021	18,925
Other receivables		1,055	1,092
Prepayments	10	3,711	1,426
		111,051	140,367
Cash at bank and in hand		50,896	48,330
Total current assets		161,947	188,697
TOTAL ASSETS		271,239	269,453

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	500	500
Reserve for net revaluation under equity method		93,065	62,984
Retained earnings		99,390	130,083
Total equity		192,955	193,567
Provisions	12		
Provisions for deferred tax		17,960	13,748
Total provisions		17,960	13,748
Liabilities other than provisions			
Non-current liabilities other than provisions	13		
Lease obligations		859	495
Current liabilities other than provisions			
Current portion of non-current liabilities	13	161	368
Banks, current liabilities		19	14
Trade payables		11,524	9,067
Payables to group entities		7,081	10,941
Other payables		18,330	26,360
Deferred income		2,354	2,354
Prepayments received regarding work in progress	9	19,996	12,539
		59,465	61,643
Total liabilities other than provisions		60,324	62,138
TOTAL EQUITY AND LIABILITIES		271,239	269,453
Contractual obligations, contingencies, etc.	14		
Related party disclosures	15		

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Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 January 2018	500	62,984	130,083	193,567
Exchange adjustment	0	3,996	0	3,996
Transferred over the profit appropriation	0	26,085	32,827	58,912
Extraordinary dividends paid	0	0	-63,520	-63,520
Equity at 31 December 2018	500	93,065	99,390	192,955

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2018	2017
Profit for the year		58,912	62,533
Adjustments	16	-12,655	-22,853
Cash flows from operations before changes in working capital		46,257	39,680
Changes in working capital	17	27,145	-37,522
Cash flows from ordinary activities		73,402	2,158
Interest income		1,076	1,062
Interest expense		-99	-93
Corporation tax paid		-12,828	-9,484
Cash flows from operating activities		61,551	-6,357
Acquisition of intangible assets incl. patents		-2,064	-1,549
Acquisition of property, plant and equipment		-4,695	-4,624
Sale of property, plant and equipment		1,648	15
Acquisition of subsidiaries and activities		-41	0
Disposal of associates		2,425	0
Acquisition of financial assets		-145	-1,390
Cash flows from investing activities		-2,872	-7,548
Change in lease obligation		157	-330
Repayment of receivables from group entities		7,250	0
Dividends distributed		-63,520	0
Cash flows from financing activities		-56,113	-330
Cash flows for the year		2,566	-14,235
Cash and cash equivalents at the beginning of the year		48,330	62,565
Cash and cash equivalents at year end		50,896	48,330

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Bjarke Ingels Group A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reclassifications to comparative figures in the financial statements have been made.

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.

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

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff expenses

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

Other external expenses

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, 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 are measured at cost less accumulated amortisation and impairment losses. Software are amortised on a straight-line basis over the contract period, however, not exceeding 5 years.

Patents are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

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

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates 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 the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 calculating the net present value, 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 treated 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.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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 based 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.

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.

Financial statements 1 January – 31 December

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1 **Accounting policies (continued)**

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.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of 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 dividends 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 statements 1 January – 31 December

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1 Accounting policies (continued)

Financial ratios

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

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

Return on invested capital $\dfrac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on equity $\dfrac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\dfrac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

2 Staff costs

DKK'000	2018	2017
Wages and salaries	111,924	102,674
Pensions	7,743	7,291
Other social security costs	1,436	1,408
Other staff costs	8,553	4,445
	129,656	115,818
Average number of full-time employees	222	216

Pursuant to section 98 8(3) of the Danish Financial Statements Act, remuneration the Executive Board has not been disclosed.

3 Financial income

Interest income, intercompany receivables	1,064	1,011
Other interest income	12	51
Foreign exchange gains	368	0
	1,444	1,062

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4 Tax on profit/loss for the year

DKK'000	2018	2017
Current tax for the year	5,777	12,828
Deferred tax adjustment for the year	4,213	-5,028
Adjustment of tax concerning previous years	0	731
	9,990	8,531

5 Proposed profit appropriation

Reserve for net revaluation under equity method	26,085	35,547
Extraordinary dividends	63,520	0
Retained earnings	-30,693	26,986
	58,912	62,533

6 Intangible assets

DKK'000	Acquired patents	Software	Total
Cost at 1 January 2018	299	6,924	7,223
Additions for the year	409	1,655	2,064
Cost at 31 December 2018	708	8,579	9,287
Amortisation and impairment losses at 1 January 2018	0	-4,918	-4,918
Amortisation for the year	0	-1,048	-1,048
Amortisation and impairment losses at 31 December 2018	0	-5,966	-5,966
Carrying amount at 31 December 2018	708	2,613	3,321

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7 Property, plant and equipment

DKK'000	Property, plant and equipment in progress	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2018	1,155	13,576	5,064	19,795
Additions for the year	760	2,645	1,290	4,695
Disposals for the year	-1,155	-927	0	-2,082
Cost at 31 December 2018	760	15,294	6,354	22,408
Depreciation and impairment losses at 1 January 2018	0	-6,604	-4,720	-11,324
Depreciation for the year	0	-3,212	-157	-3,369
Reversed depreciation and impairment losses on assets sold	0	434	0	434
Depreciation and impairment losses at 31 December 2018	0	-9,382	-4,877	-14,259
Carrying amount at 31 December 2018	760	5,912	1,477	8,149
Assets held under finance leases	0	1,266	0	0

8 Investments

DKK'000	Equity investments in subsidiaries
Cost at 1 January 2018	0
Additions for the year	41
Cost at 31 December 2018	41
Value adjustment at 1 January 2018	62,984
Profit for the year	26,085
Exchange adjustment	3,996
Revaluations 31 December 2018	93,065
Carrying amount at 31 December 2018	93,106

Name/legal form	Registered office	Ownership	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Bjarke Ingels Group NYC LLC	New York	100%	93,065	26,085
Cusforum Spain SL	Spain	100%	41	0
			93,106	26,085

Financial statements 1 January – 31 December

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9 Contract work in progress

DKK'000	2018	2017
Selling price of production for the period	191,255	167,537
Work in progress, invoicing on account	-199,230	-161,151
	-7,975	6,386
that can be specified as follows:		
Contract work in progress (assets)	12,021	18,925
Invoicing on account (equity and liabilities)	-19,996	-12,539
	-7,975	6,386

10 Prepayments

Insurance	171	0
Rent	29	12
Software and licenses	3,216	915
Other prepayments	295	499
	3,711	1,426

11 Equity

The contributed capital consists of 500 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

12 Provisions for deferred tax

Intangible assets	607	451
Tangible assets	-187	176
Other current assets	18,283	13,830
Provisions and alike	-743	-709
	17,960	13,748

13 Lease obligations

Between 1 and 5 years	859	495
Within 1 year	161	368
	1,020	863

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14 Contractual obligations, contingencies, etc.

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.

The Company has payment guarantees in the bank at 31 December 2018, amounted to DKK 984 thousand.

DKK'000	2018	2017
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	26	78
Between 1 and 5 years	0	2
	26	80
Rent obligations	1,128	774

15 Related party disclosures

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

Control

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 og the Board of Directors)
Thomas Christoffersen (Member og the Board of Directors)
Shahrzad Rafati (Member og the Board of Directors)
Finn Nørkjær (Member og the Board of Directors)
Bjarke Ingels Group NYC LLC (Group enterprise)
Cusforum Spain SL (Group enterprise)
BIG Architecture D.P.C. (Other)
BIG Partners Limited (Other)

Related party transactions

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

16 Adjustments

DKK'000	2018	2017
Cash flow statement - adjustments		
Profit from investments in group entities	-26,085	-35,547
Financial income	-1,444	-1,062
Financial expenses	99	10,979
Depreciation, amortisation and impairment losses, includinglosses and gains on sales	4,417	5,046
Tax on profit for the year	9,990	8,531
Other adjustments	0	86
Currency adjustments	368	-10,886
	-12,655	-22,853

17 Change in working capital

Cash flow statement - change in working capital		
Change in receivables	6,784	-43,146
Change in payables to group entities, joint taxation	18,472	-4,073
Change in trade payables, etc.,	1,889	9,697
	27,145	-37,522

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 2018.

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, 14 May 2019
Executive Board:

Sheela Maini Søgaard

Board of Directors:

Bjarke Ingels Chairman	Shahrzad Rafati	Thomas Christoffersen
Christian Madsbjerg	Finn Nørkjær	

KPMG

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 2018 comprising income statement, balance sheet, statement of changes in equity and accounting policies.

In our opinion, the supplementary statement gives a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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.

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.

Independent auditor's report

Auditor's responsibilities for the audit of the 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 represents 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, 14 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen State Authorised Public Accountant mne15839	Naja Bjørk Olsen State Authorised Public Accountant mne41387

Financial statements 1 January – 31 December

Income statement

DKK'000	2018	2017
Gross profit	349,374	363,868
Staff costs	-288,066	-256,733
Depreciation, amortisation and impairment losses	-16,861	-10,685
Profit before financial income and expenses	44,447	96,450
Income from other equity investments and securities	-2,501	0
Financial income	2,315	0
Financial expenses	-361	-10,609
Profit before tax	43,900	85,841
Tax on profit for the year	-8,472	-22,109
Profit for the year	35,428	63,732

Proposed distribution of profit		
Retained earnings	35,428	63,732
	35,428	63,732

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Balance sheet

DKK'000	2018	2017
ASSETS		
Fixed assets		
Intangible assets		
Acquired patents	708	299
Software	4,184	3,328
	4,892	3,627
Property, plant and equipment		
Assets under construction	1,689	1,155
Fixtures and fittings, tools and equipment	15,603	17,002
Leasehold improvements	26,289	30,846
	43,581	49,003
Investments		
Other investments	4,205	6,538
Deposits	4,407	3,598
	8,612	10,136
Total fixed assets	57,085	62,766
Current assets		
Receivables		
Trade receivables	86,739	120,535
Contract work in progress	36,838	35,228
Receivables from group entities	17,299	14,372
Other receivables	4,096	3,086
Prepayments	10,744	6,238
	155,716	179,459
Cash at bank and in hand	91,500	122,971
Total current assets	247,216	302,430
TOTAL ASSETS	304,301	365,196

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Balance sheet

DKK'000	2018	2017
EQUITY AND LIABILITIES		
Equity		
Share capital	502	502
Retained earnings	183,230	228,920
Total equity	183,732	229,422
Provisions		
Provisions for deferred tax	17,330	15,976
Total provisions	17,330	15,976
Liabilities other than provisions		
Non-current liabilities other than provisions		
Lease obligations	1,380	825
	1,380	825
Current liabilities other than provisions		
Current portion of non-current liabilities	434	1,071
Banks, current liabilities	19	34
Trade payables	18,383	11,839
Other payables	38,460	48,098
Deferred income	2,354	263
Corporation tax	3,862	20,195
Prepayments received regarding work in progress	38,347	37,473
	101,859	118,973
Total liabilities other than provisions	103,239	119,798
TOTAL EQUITY AND LIABILITIES	304,301	365,196

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total equity
Equity at 1 January 2018	502	228,920	229,422
Exchange adjustments	0	3,245	3,245
Extraordinary dividends paid	0	-84,363	-84,363
Profit for the year	0	35,428	35,428
Equity at 31 December 2018	502	183,230	183,732

Financial statements 1 January – 31 December

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1 Accounting policies

The supplementary statement of Bjarke Ingels Group A/S for 2018 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, Cusforum Spain SL, 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 13-19.

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.