

Forestry Innovation Investment

2022/23

Annual Service Plan Report

August 2023



For more information on Forestry Innovation Investment, please contact us at:

Suite 1200, 1130 West Pender Street, Vancouver, B.C., V6E 4A4

604-685-7507

Or visit our website at: bcfii.ca

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Board Chair's Accountability Statement



The Forestry Innovation Investment 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 - 2024/25 Service Plan published in 2022. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink that reads "R. Manwaring". The signature is written in a cursive, flowing style.

Rick Manwaring
Board Chair, Forestry Innovation Investment
August 2, 2023

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Letter from the Board Chair

In 2022/23, the operations of Forestry Innovation Investment (FII), including its goals, strategies, performance measures and targets, fully aligned with the Government's strategic direction to FII, as set out in the 2021 Mandate Letter from the Minister of Jobs, Economic Recovery and Innovation.

B.C.'s forest sector has faced volatility over the past year with the global economic downturn and geopolitical tensions impacting forest product exports. Alongside global dynamics, the Province has been working to support the sector in its transition to a smaller, higher-value industry to ensure healthy forests and long-term fibre supply with Indigenous Reconciliation at the forefront of discussions.

Throughout the year, FII and its Board met to discuss global and domestic market dynamics impacting the forest sector and FII's role in broader strategic initiatives to advance wood use in British Columbia. We have prioritized positioning the Province as a global leader in low-carbon wood products and building solutions.

FII worked with staff in both the Ministry of Jobs, Economic Development and Innovation (JEDI) and the Ministry of Forests (FOR) to ensure continued alignment in meeting the priorities established by Government. This included ongoing work with B.C.'s Office of Mass Timber Implementation (OMTI) to advance the mass timber and engineered wood products sector, and to deliver the Mass Timber Demonstration Program.

We are pleased to report that in all operations during the year, FII demonstrated efficiency, accountability and integrity in the delivery of its programs. The company concluded the year having met all of its targets related to the 2021 Mandate Letter, and its core objectives established in the company's 2022/23-2024/25 Service Plan.



Rick Manwaring
Board Chair, Forestry Innovation Investment
August 2, 2023

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's 2021/22 [Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the Forestry Innovation Investment 2022/23 – 2024/25 Service Plan and the actual results reported on in this annual report.

Purpose of the Organization

Forestry Innovation Investment (FII) is the Government of British Columbia's market development agency for forest products. FII works with the forest industry to maintain, create and diversify demand for B.C. forest products in Canada and in key world markets; promote B.C.'s forest products and forest management to the global marketplace; and help ensure that the forest sector, through innovation and strong international sales, continues to be a leading contributor to the B.C. economy.

In pursuing its mandate, and to provide the best value to taxpayers and stakeholders, FII uses a collaborative model for developing, funding and delivering its programs. Under this model, FII works with the B.C. forest industry, the federal and provincial governments and leading research institutions to grow exports to existing markets, such as the U.S., Japan, China and South Korea, while promoting the use of B.C. products in high-potential, emerging markets, such as India and Vietnam. This approach takes advantage of partner expertise and marketing networks and ensures program costs are shared with industry. By leveraging these partnerships, FII is able to lead a comprehensive effort to expand B.C.'s exports to major markets in Asia and North America and to foster greater capacity and innovation in the domestic manufacturing sector.

FII receives its mandate letter direction from the Ministry of Jobs, Economic Development and Innovation (JEDI) and supports the Government's strategic direction to JEDI, the Ministry of Forests (FOR), and the Minister of State for Trade in developing markets for B.C.'s forest products, including mass timber.

FII's mandate is closely aligned with a range of government priorities, with FII actively collaborating with and supporting other agencies and partners in areas of common interest. Collaboration with the Office of Mass Timber Implementation (part of JEDI), FOR and agencies across government are helping to advance the use of engineered wood products and mass

timber wood building solutions. Expanding the use of mass timber products at home in B.C., and in export markets, contributes to the Province's green building objectives and to securing greater value from B.C.'s forest resource. Work with BC Housing, the Office of Construction of Housing Standards and the Ministry of Housing supports the expansion of building codes and the development of taller mass timber building solutions to enhance affordability objectives and the availability of rental housing in the Province. FII also has shared objectives with CleanBC, and initiatives aimed to enhance the performance of the built environment in B.C.

Details on FII's mandate, governance, goals and values, locations, and organizational structure are available at www.bcfii.ca, as are previous Service Plans and Annual Service Plan Reports. Details on FII's subsidiaries can be found in [Appendix B](#).

Operating Environment

During 2022/23, B.C.'s forest industry experienced a retraction in forest product exports following record high demand and prices in 2021. Increasing interest rates, a slowing global economy, the Ukraine-Russia conflict, geopolitical relations, resulting protectionist measures, and falling global prices combined with low-cost competition all influenced global wood product demand. Despite the slight retraction, the forest sector continued to play a critical role in supporting B.C.'s economy with forest product exports totalling \$15.5 billion in 2022, representing 24 percent of B.C.'s total commodity exports¹.

In B.C., forest policies are being modernized to support the sector in its transition to a smaller, higher-value industry—with Indigenous Reconciliation, community engagement and sustainable forest management and conservation values at the forefront of discussions. During the year, programs aimed at supporting value-added production, expanding innovation to create employment opportunities, supporting workers in transition, and enhancing fibre access and utilization were all introduced by Government to help businesses and communities impacted by the downturn. Government and industry partners continue to work together to expand mass timber use and act as a global showcase for how wood design can help reduce the carbon footprint of the built environment.

In the U.S., B.C. wood products continued to play a prominent role in the construction market with 77 percent² of B.C. lumber and 96 percent of value-added products shipped south of the border. Alongside the growing recognition of the environmental benefits of building with wood, the adoption of mass timber and taller wood buildings continued to expand in the U.S. market with opportunities for B.C. wood products in the multi-family/multi-storey residential and non-residential construction segments. The softwood lumber trade dispute with the United States continued with duties on Canadian lumber shipments at 8.24 percent³.

In 2022, Japan remained B.C.'s largest offshore lumber market by value and second largest global market for B.C.'s value-added wood sector. While B.C. is a leading global supplier of softwood lumber products to Japan, competition remains fierce from both domestic production and other exporting nations, particularly European suppliers. Trends favouring green building solutions, as well as recent government policy encouraging wood use in public buildings, is presenting opportunities for B.C. wood products in hybrid, multi-family/multi-storey and non-residential construction. B.C. remains Japan's second largest supplier of wood pellets, helping to support the country's efforts to replace nuclear energy.

China remains a valuable market for B.C. forest products with opportunities for B.C. softwoods in construction and manufacturing applications. China's overall imports of softwood lumber (from all markets) were down six percent⁴ by volume in 2022 due to ongoing COVID-19 trade

¹ B.C. Stats, 2023.

² Trade statistics from Global Trade Atlas unless otherwise noted.

³ "All Others" combined rate - U.S. Department of Commerce 3rd Administrative Review.

⁴ FEA China Bulletin, February 2023.

disruptions and a general slowdown of the Chinese economy and construction activity. Canadian pine products continue to be impacted by stringent [phytosanitary requirements](#) and reduced port access into China⁵. Despite these constraints, increasing urbanization and carbon reduction targets are escalating the emphasis on prefabrication and green building solutions/materials, creating new higher-value market opportunities for B.C. wood products and wood building technologies. China remains B.C.'s most important market for pulp and paper exports, with 50 percent of exports going to the market. Over the past five years U.S. supply to China has declined steeply, with Brazil and Indonesia coming to the forefront as Canada's main pulp competitors.

India's demand for wood products continued to expand alongside an overall economic growth of 6.8 percent in 2022⁶. While from a modest base, this included an increase in B.C. exports with lumber values up 63 percent and the value of coastal species up 84 percent. A diminishing supply of global hardwoods is creating opportunity to introduce B.C. softwood species for use in manufacturing applications, such as furniture, doors, windows and interior finishings. While market barriers such as distance and price sensitivity exist, the longer-term potential remains promising.

As the second largest exporter of wooden furniture in the world, and facing similar hardwood supply constraints as India, Vietnam presents significant opportunity for B.C. As exports of value-added products to the U.S. and Europe are subject to laws with respect to traceable, sustainable, legal fibre, B.C. softwoods are well positioned to meet this demand. However, like India, targeted efforts are required to create awareness of B.C. species and their potential in manufacturing applications.

In B.C. and North America, advancements of new construction technologies and mass timber products are allowing wood to be used in larger, taller and more complex buildings. A focus on economic recovery, low-carbon innovation and generating greater value from the forest resource has driven further collaboration between government and industry partners across 2022 to advance the mass timber and engineered wood products sector.

⁵ The restrictions impact pinewood log and lumber imports from seven countries, including Canada, Japan, South Korea, Mexico, Portugal, Spain and the United States.

⁶ IMF, 2023.

Report on Performance: Goals, Objectives, and Results

Goal 1: Forest products are viewed as an environmentally friendly, preferred material, and B.C. is viewed as a reliable global supplier of quality products from sustainably managed forests

Objective 1.1: Opportunities for B.C. forest products are expanded by positioning wood, and wood-based products from B.C., as the first choice for environmentally friendly building materials

This objective focuses on two significant market trends: the increasing recognition of wood products as renewable and sustainable, and growing consumer demand for forest products that are produced in an environmentally responsible manner. With these factors in mind, FII aims to articulate:

- The benefits of wood as a sustainable, renewable building material;
- The advantages of wood in creating a significantly smaller environmental footprint than other building materials; and
- The fact that wood, pulp and paper and pellet products from B.C. are sourced from sustainably managed forests backed by stringent regulations and public consultation.

Key results

- Over the past year, [naturally:wood](#)⁷ has seen a 30 percent increase in visits and a 37 percent increase in PDF downloads, video views, podcast listens and virtual tours resulting from amplification of content across digital channels.
- During the year, FII published and promoted content related to embodied carbon⁸ to expand the understanding of the benefits of wood, and the environmental impacts of materials throughout a building's full life cycle, resulting in 7,664 total visits across all content.

Summary of progress made in 2022/23

In 2022/23, FII continued to develop and deliver forest, wood, carbon and B.C.-related messaging and content through its [naturally:wood](#) platform—providing factual, consistent and credible information about the environmental benefits of B.C.'s forest products and the [sustainable practices](#) that underlie their production.

⁷ FII's [naturallywood.com](#) website is a comprehensive information resource detailing the environmental benefits of wood products from B.C.'s sustainably managed forests.

⁸ Embodied carbon refers to the emissions from extracting, manufacturing and transporting building materials.

Throughout the year, FII continued its active participation in the Canadian Council of Forest Ministers' (CCFM) Forest in Mind (FMP) program, promoting Canada's sustainable forest management leadership to international audiences and addressing market access issues for Canadian forest products. FII also collaborated with the FOR, JEDI and other provincial and federal partners to support advocacy outreach regarding non-tariff trade barriers in the United States and Europe.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1 Percent of customers who perceive that forest products from B.C. are a good choice for the environment ^{1,2}	92%	N/A	N/A

Data source: Leger—The Research Intelligence Group. Analysis of Market Acceptance Issues.

¹PM 1.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 90 percent and N/A, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²Surveys are conducted biennially.

This measure provides an indication over time of the effectiveness of FII's international advocacy and communications initiatives to influence customer perceptions of B.C. and its forest management practices. Performance data are gathered by an independent research firm through a biennial survey of international customers (e.g., large institutional pulp and paper buyers, wood importers and distributors and carbon market stakeholders).

The survey of international customers is conducted on a biennial basis as a cooperative undertaking between FII and other partners such as the Canadian Council of Forest Ministers and the Forest Products Association of Canada with data gathered by an independent research firm. The survey, which is focused on environmental perspectives, identifies the percentage of target international customers who agree that B.C.'s environmental reputation is as good as, or better than, the average of competing forest product jurisdictions. The 2022/23 target was set at 'N/A' as the performance data is gathered biennially. For future targets, FII and its partners consider that maintaining a 90 percent rating represents optimal performance given there will always be some who have varying degrees of concern about the environmental impact of timber harvesting practices in different jurisdictions.

The 2021/22 actual exceeded the 90 percent forecast as reported in the 2022/23 Service Plan.

Objective 1.2: B.C. is positioned as a reliable global supplier of quality products from sustainably managed forests

The growing awareness of the benefits of wood products is increasing consumer demand for forest products that are produced in an environmentally responsible manner. To help position B.C. to meet this demand, FII delivers a suite of programming that showcases B.C. as a reliable supplier of quality forest products and a global leader in sustaining forest resources and environmental values.

Key results

- FII continued to promote the [naturally:wood B.C. Supplier Directory](#), which contains approximately 380 suppliers of high-quality, eco-friendly wood products, helping potential buyers find wood products.
- FII has profiled nearly 200 wood and mass timber projects on the [naturallywood.com project gallery](#), showcasing wood use and innovation in the Province.
- The combined pageviews on naturallywood.com related to B.C.'s forest products and practices across all content for the fiscal year was just over 98,400.

Summary of progress made in 2022/23

During 2022/23, FII shared content utilizing owned and paid digital marketing channels to engage key audiences and foster the awareness of, and demand for, B.C. value-added wood products. FII disseminated learnings from research and projects funded under the Wood First program (see Goal 3) and Mass Timber Demonstration Program, as well as projects funded through Natural Resource Canada's Green Construction through Wood Program. FII also exhibited at four major partner events under the naturally:wood brand to share information on B.C.'s sustainable forest practices and products, the B.C. Wood Supplier Directory, mass timber innovation and advanced wood building systems. With over 10,000 attendees across the events, target audiences reached included international forest product buyers, local building and design professionals, and building industry specifiers.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.2 Number of prospects connecting with B.C. manufacturers from the naturallywood.com Supplier Directory, an online platform developed by FII ¹	30,000	33,000	33,731

Data source: Forestry Innovation Investment Ltd/Google Analytics.

¹PM 1.2 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 36,300 and 38,200, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

Collecting data on connections made to suppliers tracks the effectiveness of FII's online product and supplier sourcing tool in increasing awareness of, and interest in, B.C.'s forest products by advancing connections with B.C. manufacturers for potential commercial opportunities. The performance metric tracks the number of visitors who search for B.C. products and suppliers and the number of visitors that engage with a supplier email, phone number or website address.

FII continues to build and optimize content and resources to attract visitors to the naturallywood.com website and Supplier Directory. From April 1, 2022, to March 31, 2023, a total of 33,731 supplier interactions were made, representing 102 percent of the annual target.

Goal 2: Optimize value for B.C.'s forest products in traditional and emerging markets

Objective 2.1: B.C.'s sales of higher-value B.C. wood products to China are increased

Recognizing the size of the Chinese market, FII, in cooperation with government and industry partners, continues efforts to advance wood use in China in both construction and manufacturing segments, and to position exports from B.C. in high-potential growth and high-value segments. This includes leveraging Chinese government construction initiatives around low-carbon, energy efficiency and green building, and positioning B.C. wood products for use in hybrid construction applications; culture, tourism, wellness and elderly care sector construction; mid-rise and taller construction; and in China's manufacturing sector.

Key results

- FII advanced collaboration with the Chinese Real Estate Association, supporting the establishment of a new [joint committee](#) with five national-level associations.
- FII China hosted a [China-Canada Green Low Carbon Construction Exchange](#) roundtable alongside China's World Cities Day.
- A wood exhibition centre featuring B.C. Douglas-fir in the Yangtze River Delta was completed in July 2022 with Canada Wood China supplying technical support during the design and construction.
- Led by Canada Wood China and supported by FII, Wood in Manufacturing programs promoting Canadian hemlock for furniture manufacturing in higher-value products were expanded with the launch of the [Sino-Canadian Solid Wood Furniture Design competition](#).

Summary of progress made in 2022/23

Across 2022/23, FII China continued to collaborate with key Chinese stakeholders on low-carbon, energy-efficiency and green construction with expanded efforts to promote B.C. wood products and construction technology across [regional governments](#) and provincial authorities. This included engagement on building codes and standards to expand approvals for the height and span of wood projects, and grow demand for mass timber using high-value Canadian lumber. FII China also helped address market access issues raised, working with forestry and customs authorities on clearance requirements and advocating on policies such as [Pinewood Nematode regulations](#) to reduce barriers to access for B.C. wood products.

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1 Average value (CAD) per cubic metre generated by softwood lumber sales to China ¹	\$261	\$205	\$240

Data source: BC Stats.

¹PM 2.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as CAD \$210 and \$215, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

Performance Measure 2.1 tracks the extent to which the B.C. forest industry is successful in diversifying markets and moving into higher-value segments. The target emphasizes sales to China, where FII investments are leveraging a significant joint industry and government market development effort to position Canada as the leading global expert in wood construction technology and innovation, and a leading exporter of high-quality softwood lumber to China.

The average export value per cubic metre from January to December 2022 was \$240, exceeding the 2022/23 target. This average value can be attributed to strong global prices in the first two quarters of the year. Global lumber markets slowed considerably in the second half of 2022 and into 2023 which will likely pull this measure down next year.

Objective 2.2: Open markets for B.C. wood products in India

FII's market development program in India is focused on augmenting the country's dwindling supply of tropical and domestic hardwoods with Canadian softwood. The program targets applications for B.C. wood species, with a focus on coastal species, in the manufacturing of doors, windows, architectural millwork, furniture for domestic and export markets, and interior finishing product applications.

Key results

- With 36 product trials completed with Indian manufacturers in 2022/23, FII India has now conducted trials with 189 Indian manufacturers across 65 cities since 2015 to introduce B.C. wood species.
- FII India worked with local manufacturer, Gayatri Doors, to produce [hemlock finger jointed and edge glued panels](#), resulting in an initial commercial order of 3,500 door jambs.
- To showcase the benefits of B.C. wood in structural and non-structural applications, FII India worked with premier local developer, MAK projects, on the [Canadian Wood Villa](#).
- India's prestigious Cricket Club of India (CCI) utilized 2,000 cubic feet of B.C. wood species in the interior renovation of its library following technical support provided to the design team by FII India.

Summary of progress made in 2022/23

During 2022/23, FII India's Try Canadian Wood product trials program continued to motivate Indian manufacturers to test B.C. softwood species in their manufacturing applications and strengthen technical skills in working with B.C. species. Following the pandemic-related pause on in-person events, FII India resumed participation in major trade shows, including [IndiaWood 2022](#) and [DelhiWood 2023](#). The Canadian Wood-branded booth space featured furniture, interior and outdoor applications crafted by Indian manufacturers from B.C.'s certified, sustainable wood species. To showcase how Canadian wood products and construction technologies can help create beautiful, innovative and sustainable residential and commercial structures, FII worked with leading Indian builders and designers during the year to support a select number of high-profile wood construction demonstration projects. The new structures add to the more than 150 demonstration projects that have been completed in India either with direct support from FII India or, more frequently, undertaken on a strictly commercial basis by Indian developers and builders since 2015.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.2 Total number of product trials of B.C. species undertaken in India ^{1,2}	36	34	36

Data source: Forestry Innovation Investment Ltd.

¹PM 2.2 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 20 and 22, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²Product trial targets and actuals are reported per fiscal year and are not cumulative.

Market development in India is led by FII through its India-based subsidiary. FII's Try Canadian Wood program continues to provide qualified Indian manufacturers with small test volumes of B.C. wood, as well as technical support for trying B.C. wood in new or existing product lines. Product trials completed to date have resulted in a range of furniture and interior finishing products being produced on a test basis, with a number of trials leading to commercial orders for products made with B.C. species.

FII exceeded its 2022/23 target, conducting 36 product trials across the year. FII's success in expanding the number of product trials across India is key to opening the market for B.C. wood species and helping B.C. firms advance commercial sales to India.

Objective 2.3: Wood products secure greater market penetration in U.S. non-residential and multi-family construction

The U.S. housing sector, particularly single-family home construction, remains the leading consumer of B.C. lumber, panels, cedar products and value-added wood products. However, with the market moving toward multi-family living, FII is focusing its funding support on work that expands wood beyond the single-family residential segment and into growth opportunity sectors in multi-family/multi-storey construction and non-residential (commercial, institutional

and recreational) construction, as these segments have significant potential to increase wood’s market share and to expand opportunities to use wood both structurally and architecturally.

Key results⁹

- FII supported U.S. WoodWorks to develop the Mass Timber Installer Curriculum including 10 modules downloaded over 4,500 times by more than 400 construction and framing professionals.
- WoodWorks delivered over 79,750 practitioner hours through a series of in-person events and national webinars on a range of wood design and construction topics.
- BC Wood facilitated the participation of 56 value-added manufacturers in virtual and in-market events focused on the United States, resulting in an estimated \$35 million in sales generated.
- Despite volatile market conditions in 2022, realcedar.com experienced a 42.2 percent increase in “Find a Cedar Retailer” visits over 2021, a result of improved demographic and geographic ad targeting and messaging.

Summary of progress made in 2022/23

Through its recipient funding programs, FII continued to work with partners to provide promotion, technical support and education aimed at the U.S. construction and design community with the goal of expanding wood use in these segments. For 2022/23, FII directly supported the activities of BC Wood, the Cedar Shake and Shingle Association, the Western Red Cedar Lumber Association and the Wood Products Council (U.S. WoodWorks program). Priorities in the U.S. market focused on expanding business for B.C.’s value-added sector and pursuing emerging opportunities for wood-frame and mass timber systems in mid-rise residential and non-residential markets.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.3 Total sales (USD, millions) of wood attributable to directly influenced and converted projects—U.S. non-residential and multi-storey/multi-family residential construction markets ¹	\$319	\$275	\$349

Data source: U.S. WoodWorks program.

¹PM 2.3 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as USD \$321 million and \$336 million, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the BC Budget website.

This measure tracks success in increasing wood usage in the U.S. in the commercial, institutional and multi-family residential/mid-rise segments. Most single-family housing in

⁹ FII’s activities in the U.S. market are delivered through and with industry partners. Key results reflect the activities of those partners that have been supported by FII in 2022/23.

North America uses wood-frame construction as the primary building method; however, wood has a smaller share of non-residential structures and of multi-storey, multi-family residences. The forest industries in B.C., the rest of Canada and the U.S. have a strong interest in seeing wood products secure a much higher market penetration in this segment. To this end, FII supports the U.S. WoodWorks program to deliver education and technical advisory activities that assist architects, builders and developers to incorporate more wood into projects, as well as convert projects from other materials to wood. Efforts focus on a range of building types (i.e., multi-storey/multi-family, non-residential, taller buildings) and systems (wood-frame, mass timber, hybrid). This diversification strategy helps expand the influence of the program across the construction sector while protecting suppliers against market fluctuations in any one segment of the building sector.

The ability to achieve Performance Measure 2.3 is contingent upon the performance of FII's funding recipient in its delivery of Market Initiatives programming and on other external factors impacting construction activity in the U.S., such as the level of real estate investment and the process for approving and implementing building code changes. The target is based on the incremental increase in the value of wood sales that are generated in the year through projects converted and/or influenced by the program activities tracked by FII's funding partners.

For 2022/23, US WoodWorks reported 471 projects converted to wood, resulting in an incremental \$349 million of wood use. This exceeds the Performance Measure 2.3 target for 2022/23 and can be partially attributed to the larger size of the projects and growth of mass timber projects. Of note, the share of projects involving mass timber jumped to 28 percent of all projects supported by WoodWorks in 2022/23, an increase of 33 percent over 2021/22.

Goal 3: B.C. is a leader in using innovative forest products and building systems

Objective 3.1: Wood is positioned as a preferred building material and B.C. as a leader in wood innovation

FII is focused on expanding and advancing opportunities across B.C.'s forest product value chain, from lumber suppliers and engineered wood manufacturers to skilled labour, engineers, designers and architects. By introducing new and advanced wood technologies and building systems here in B.C., wood is positioned as a preferred building material and B.C. as a leader in wood innovation. As a result, B.C.'s forest products can be more effectively marketed for construction, interior design and daily living at home and abroad.

Key results

- Developed by the Construction Foundation of BC and launched in 2022, [Build United](#) delivered workshops to 850 youth and 400 educators on building tool literacy and wood design skills while recognizing the diversity of B.C.'s youth.

- FII supported JEDI in the delivery of the Mass Timber Demonstration program, as part of the Stronger B.C. Economic Recovery Plan. Eight demonstration projects and four research projects were selected for funding through 2022/23 Intake 3.
- To build knowledge and capacity within B.C. as a hub for low-carbon wood projects, FII supported BCIT’s development of two micro credential courses. As a result of these two courses, there is now confirmed approval for the Whole Building Life Cycle Assessment Professional micro credential within BCIT (4 courses, 90 hours of learning) which will be offered regularly for industry professionals in design, estimation, and policy.
- Findings from the [Wood Use in British Columbia Schools](#) report¹⁰ were disseminated via FII’s naturally:wood channels, including a [blog](#), [fact sheet](#), [podcast](#) and [infographic](#) with stakeholders amplifying the content through articles by [Archdaily](#), the [Journal of Commerce](#), and [Construction Business](#).

Summary of progress made in 2022/23

FII’s efforts in this area are developed and delivered through its Wood First program. Across 2022/23, FII continued to work with industry and government partners to strengthen capacity of B.C. professionals in advanced wood building design and construction and on the specialized wood products required for these projects. FII’s efforts include funding research to assist with regulatory changes, delivering education programs and networking events to grow the profession and optimizing supply chains and overcoming specific barriers to greater wood use.

FII supported several initiatives and projects in 2022/23 to address barriers to greater use of mass timber and engineered wood products in construction. These included research on specific technical issues as well as preparing guides, tools, market reports and white papers for practitioners and policymakers.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1 Total sales (CAD, millions) of wood attributable to directly influenced and converted projects—B.C.’s non-residential and multi-storey/multi-family residential construction markets ¹	\$73.9	\$70	\$78.5

Data source: Canadian Council’s [Wood WORKS! BC](#) program.

¹PM 3.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as CAD \$74 million and \$76 million, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

¹⁰ FII commissioned a report in 2021/22 on [Wood Use in British Columbia Schools](#) to provide a practical guide for school districts, administrators, and design professionals on the use of wood and wood products in the construction of K-12 schools in British Columbia.

This measure tracks success in increasing wood usage in B.C. in the commercial, institutional and multi-family residential/mid-rise segment. To this end, FII supports the Wood *WORKS!* BC program to deliver education and technical advisory activities that assist architects, builders and developers to incorporate more wood into projects, as well as convert their projects to wood. Activities also focus on expanding the use of mass timber building systems in B.C. Efforts focus on a range of building types (i.e., multi-storey/multi-family, non-residential and taller buildings). This diversification strategy will help expand the influence of the program across the construction sector while protecting suppliers against market fluctuations in any one particular segment of the building sector.

The ability to achieve Performance Measure 3.1 is contingent upon the performance of FII's funding recipients in their delivery of Wood First programming and on other external factors impacting construction activity in B.C., such as the level of real estate investment and the process for approving and implementing building code changes. The target is based on the incremental increase in the value of wood sales that are generated in the year through projects converted and/or influenced by program activities funded by FII and its funded partners.

In 2022/23, Wood *WORKS!* BC converted 61 projects to wood during the year, resulting in an incremental \$78.5 million of wood use and exceeding the Performance Measure 3.1 target for 2022/23. Projects included a mix of mass timber and light wood frame construction across residential, institutional and commercial building types. Of note, the share of projects involving mass timber reached 39 percent of all projects supported by Wood *WORKS!* BC in 2022/23.

Goal 4: FII is a highly effective, innovative and proactive organization

Objective 4.1: FII's market development programming is strategic, focused and provides the highest value for the forest sector and the taxpayers of B.C.

To deliver the highest value for the forest sector and taxpayers of B.C., FII delivers its primary programs and services in collaboration with the forest industry, the federal government, the research community and other provincial agencies, including JEDI and FOR. By partnering with forest sector organizations from Canada and abroad, FII is able to leverage its expertise and financial resources to maximize the effectiveness and efficiency of its programs.

Key results

- FII's \$8.30 million investment in cost-shared programming was leveraged with partner contributions to deliver a total market diversification program of \$28.44 million.
- FII delivered two Wood Best Practice Forums in 2022/23, focused on sharing expertise and exchanging ideas between industry partners.

Summary of progress made in 2022/23

For 2022/23, FII funded 23 recipient organizations through its Market Initiatives and Wood First funding programs. This funding supported market development, research and promotional activities to foster growth and strengthen B.C.'s global competitiveness. FII also worked with federal and provincial government counterparts to ensure that forest sector messaging and programming was aligned and collaborative efforts undertaken as applicable to maximize resources and program reach.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
4.1 Other organizations' aggregate contribution to recipient funding program ¹	70%	65%	71%

Data source: Forestry Innovation Investment Ltd.

¹Goal 4 and associated program targets were removed from the 2023/24 projection onward. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

This measure tracks the effectiveness of FII in securing external resources to deliver market development programs at the lowest possible cost to the B.C. public. The willingness of industry, the federal government and other provincial governments to contribute to market development activities is a direct indicator of the value they place on these activities, particularly at a time of severe resource constraints.

The 65 percent target figure reflects the share of funding provided by others (industry and the federal government) to FII's cost-shared recipient funding program across the suite of investments in all programs and markets. While the proportion of funds received from industry and the federal government varies by market and type of activity, FII's goal is to maintain an average of 65 percent "other" funding in the program. Given this is an average across a suite of investments, where some fluctuation is expected year-to-year, 65 percent is viewed as an optimal target. Data to support this measure are sourced from the online recipient funding system.

During the year, FII allocated a total of \$8.30 million to third-party organizations to deliver market development activities in China, Japan, Korea, India and Vietnam in Asia, and the U.S. and Canada in North America. This funding from FII leveraged an additional \$20.14 million in federal and industry contributions, or 71 percent of the total delivered recipient program. This exceeded the target set for the year.

In addition to the contributions of others to the ongoing recipient program, FII also draws other leveraged funding for its market development programming. For 2022/23, other funding included:

- \$1.906 million from Natural Resources Canada for India and Vietnam market development initiatives and other co-funded programs; and

- \$0.413 million from other sources, including contributions from industry associations, other governments, interest and deferred revenue arising out of restricted capital contributions.

Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on the Forestry Innovation Investment website.

Discussion of Results

In 2022/23, FII received an additional \$3.50 million for the Mass Timber Demonstration Program (MTDP) as part of the Stronger BC investments, raising FII's funding from the B.C. government for the year.

Throughout the year, FII continued to leverage substantial funds from the Government of Canada. NRCan provided \$1.13 million to support FII India, \$0.57 million for the Vietnam initiative, and another \$0.20 million to support other market development initiatives.

During the year, FII managed the risks associated with funding and monitoring activities developed and delivered by third parties, and with initiatives delivered by FII in foreign and domestic markets. FII ended the year with a surplus of \$0.29 million, resulting mainly from recipients returning funds in the last quarter that were not able to be reprofiled into other projects.

Financial Summary

(\$000s)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenues				
Contributions from Province ⁽²⁾	21,595	21,550	23,065	1,565
Contributions from the Federal Government	1,941	1,980	1,906	(74)
Other Revenue	76	250	413	163
Total Revenue	23,612	23,780	25,384	1,604
Expenses				
Funding Recipient Initiatives ⁽³⁾	11,419	10,750	13,673	2,923
Market Outreach and Initiatives				
Government Initiatives and Outreach	4,172	5,030	4,133	(897)
China Market Development	2,130	2,500	2,199	(301)
India Market Development	2,760	2,600	2,328	(272)
Vietnam Market Development	869	1,250	1,152	(98)
Corporate Services	1,519	1,650	1,613	(37)
Total Expenses	22,869	23,780	25,098	1,318
Net Income from Operations	743	0,000	286	286
Total Liabilities	2,211	2,510	2,554	44
Capital Expenditures	198	250	112	(138)
Accumulated Surplus	5,784	5,784	6,070	286

¹ The above financial information was prepared based on current Generally Accepted Accounting Principles.

² 2021/22 includes \$2.0 million for the continuation of the Mass Timber Demonstration Program. 2022/23 includes base budget of \$19.55 million plus \$3.5 million for the Mass Timber Demonstration Program.

³ 2022/2023 includes an additional \$1.5 million from the Ministry for the Mass Timber Demonstration Program as well as reprofiled funds from other FII programs to enhance mass timber research.

Variance and Trend Analysis

Contributions from the Province included an additional \$1.5 million provided later in the 2022/23 fiscal year by the Ministry for the Mass Timber Demonstration Program to enhance mass timber demonstration construction projects and associated research.

Additional spending under Funding Recipient Initiatives relates to the increase in funding for the Mass Timber Demonstration Program from the Province as well as reprofiled funds from other FII programs.

Risks and Uncertainties

FII funds extensive market development programming in offshore markets, particularly in Asia. As a result, FII is subject to foreign exchange risk through its program payables and advances, and through a portion of FII's program costs, which are denominated in Chinese Renminbi, the Indian Rupee, Vietnamese Dong, U.S. dollars and other foreign currencies. While FII manages exposure to currency risk by monitoring assets and liabilities denominated in foreign currencies and by purchasing foreign denominated currency when market conditions are favourable, volatility in the value of the Canadian dollar against foreign currencies has increased exchange rate risk.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Promote wood’s environmental merits as a preferred, sustainable and renewable building material.</p>	<ul style="list-style-type: none"> • FII’s naturallywood.com hosts information on the environmental benefits of wood products from B.C.’s sustainably managed forests. • FII undertakes research to ensure that science-based information is available to support key messages. For example, an inventory of B.C. wood product environmental product declarations and product and building life cycle assessments (LCAs) on key institutional, mid-rise residential and taller wood buildings in B.C., demonstrates the benefits of building with wood. • FII continues to work with provincial and national partners through Natural Resources Canada, the Canadian Council of Forest Ministers and the Forest Products Association of Canada to ensure refreshed and consistent messaging regarding Canada’s sustainable forest management practices.
<p>Expand international market diversification for B.C. wood products by opening new opportunities in existing and new markets, with a strong focus on high-potential markets in Asia, including China, Japan, South Korea, India and Vietnam.</p>	<ul style="list-style-type: none"> • FII supports market diversification strategies in Japan, South Korea, India, Vietnam, China and North America. • Each year, FII conducts an annual call for proposals, making available \$6.5 million to co-fund market diversification programs in priority markets. Led by industry trade associations and research institutes, these cost-shared initiatives reflect the priorities outlined in FII’s Market

2021/22 Mandate Letter Priority	Status as of March 31, 2023
	<p>Initiatives Investment Strategy for the year ahead.</p> <ul style="list-style-type: none"> • Through this collection of efforts, achievements in 2022-23 include: <ul style="list-style-type: none"> ○ In Japan, the largest hospital to be designed and built using 2x4 construction and roof trusses was opened in November 2022 with support from Canada Wood. ○ In South Korea—thanks to technical work led by Canada Wood— new sound regulations were passed in August 2022 that removed barriers for lighter wood-frame floor assemblies to meet performance requirements. ○ In India, 36 product trials were conducted with Indian manufacturers to introduce B.C. wood species. FII India continues to work with 40 importers and distributors of B.C. wood species in India to enable the timely delivery of B.C. supply. ○ In Vietnam, 31 product trials were undertaken with Vietnamese manufacturers. Taking learnings from the India market development program, early-stage trials in Vietnam have resulted in positive signs for uptake of B.C. wood species in furniture and door applications. ○ In China, 15 codes and standards were influenced/ supported through work with Chinese regulators to address barriers and advance wood use in China. 13 non-residential projects were converted to wood totalling 41,102 square meters of wood use.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Showcase B.C.'s leadership in manufacturing and using wood by profiling innovative projects and leverage that experience to expand the use of wood at home and abroad.</p>	<ul style="list-style-type: none"> • FII continues to work with partners to identify barriers to the use of wood and is investing in technical research and communications activities to overcome these challenges and misconceptions. • Each year, FII conducts an annual call for proposals, making available \$2.0 million to co-fund wood innovation and capacity building programs in B.C. Led by industry trade associations, post-secondary institutions and training programs, these cost-shared initiatives reflect the priorities outlined in FII's Wood First Strategy for the year ahead. • FII has developed a mass timber research library, with nearly 2,500 academic and technical research studies available to support adopters of wood technology. • FII has profiled over 200 wood buildings on the naturallywood.com project gallery, promoting leading wood projects in B.C. and providing inspiration for design professionals. • As mass timber construction gains momentum throughout B.C., FII has been disseminating a steady cadence of content, including blogs, contributed articles and podcasts via owned and paid channels to help profile B.C.'s leadership in manufacturing and wood use.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Collaborate with B.C. Provincial Government partners to jointly deliver on the Province’s objective to expand our mass timber and engineered wood products sector in B.C.</p>	<ul style="list-style-type: none"> • Alongside government initiatives to remove regulatory hurdles, FII is leading and supporting several initiatives to address technical barriers, build capacity in the design and construction community, and identify project opportunities for the use of engineered wood products, including mass timber. • FII is collaborating with JEDI and the Office of Mass Timber Implementation to support strategic planning efforts and to help further the establishment of the overall mass timber initiative through providing FII’s experience, research, information and advice on mass timber. • FII is supporting JEDI in the design and delivery of the Mass Timber Demonstration Program (MTDP), including three EOI processes (Intake 1 in 2020/21, Intake 2 in 2021/22 and Intake 3 in 2022/23), which resulted in the selection of 20 approved demonstration projects and eight research projects for funding. • FII is working with the Ministry of Forests, the Ministry of Jobs, Economic Development and Innovation, the Ministry of Municipal Affairs, and BC Housing on a range of projects to support this mandate item.

Appendix B: Subsidiaries

Active Subsidiaries

FII Consulting (Shanghai) Co. Ltd.

Primary business: Supporting the B.C. forest industry by directing market research and leading government relations and business development, particularly with state-owned enterprises.

Objective: To grow the market for B.C. wood products in China, primarily by creating new demand for structural lumber and related building products.

Strategic direction and operating environment: The business activities and priorities of FII Consulting (Shanghai) Co. Ltd. are fully consistent with the mandate, strategic priorities and fiscal plan of FII Ltd.

Financial Summary

(\$000)	2021/22 Actual	2022/23 Budget	2022/23 Actual
Revenues	2,130	2,500	2,199
Expenses	2,130	2,500	2,199
Net Income	0,000	0,000	0,000

Discussion of Variance

In 2022/23, China was still enforcing pandemic-related restrictions and implementing regional lock-downs. This resulted in a slight underspend on travel and in-person events/engagements.

FII Consulting India Private Limited

Primary business: Supporting the development of the Indian market for B.C. forest products through market research, promoting B.C. wood products and related technologies, undertaking product trials and demonstration work, and leading communication and education outreach efforts to enhance awareness of B.C. and Canadian softwood species in India.

Objective: To establish a new market for B.C. wood products in India by creating demand for lumber suitable for the manufacture of furniture, doors and windows, interior millwork and other products.

Strategic direction and operating environment: The business activities and priorities of FII Consulting India Private Limited are fully consistent with the mandate, strategic priorities and fiscal plan of FII Ltd.

Financial Summary

(\$000)	2021/22 Actual	2022/23 Budget	2022/23 Actual
Revenues	2,760	2,600	2,328
Expenses	2,760	2,600	2,328
Net Income	0,000	0,000	0,000

Discussion of Variance

In 2022/23, FII India entered its second phase of market development, which builds off of past successes—showcasing demonstration projects and product trials already completed and advancing established relationships with manufacturers. With the shift in focus, technical staff and budgets were adjusted down slightly during the fiscal year with savings reprofiled into other programs.

Forestry Innovation Consulting (Vietnam) Ltd.

Primary business: Supporting the development of the Vietnam market for B.C. forest products through market research, promoting B.C. wood products, undertaking product trials, and leading communication and education outreach efforts to enhance awareness of B.C. and Canadian softwood species in Vietnam.

Objective: To establish a new market for B.C. wood products in Vietnam by creating demand for lumber suitable for the manufacturing of furniture, doors and windows, interior millwork and other non-structural products.

Strategic direction and operating environment: The business activities and priorities of Forestry Innovation Consulting (Vietnam) Ltd. are fully consistent with the mandate, strategic priorities and fiscal plan of FII Ltd.

Financial Summary

(\$000)	2021/22 Actual	2022/23 Budget	2022/23 Actual
Revenues	869	1,250	1,152
Expenses	869	1,250	1,152
Net Income	0,000	0,000	0,000

¹ 2021/22 was the first year of formal operations.

Discussion of Variance

In 2022/23, FII Vietnam budgeted to hire an additional Business Development Manager. This was deferred for a year due to changes in Federal funding support, and will be re-evaluated in 2023/24; the savings relate to salary and recruitment fees for the position.

Inactive Subsidiaries

FII maintains a non-operating subsidiary company, 0939031 B.C. Ltd. (wholly owned by Forestry Innovation Investment Ltd.) whose sole purpose is to function as the second shareholder of FII Consulting India Private Limited (reflecting India legislation that requires foreign-owned companies to have at least two shareholders).

Appendix C: Auditor's Report and Audited Financial Statements



**Forestry Innovation
Investment[®]**

Consolidated Financial Statements

Forestry Innovation Investment Ltd.

March 31, 2023

Forestry Innovation Investment Ltd.

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Statement of Management Responsibility

Scope of Responsibility

Management has supervised preparation of the accompanying consolidated financial statements and related note disclosures and is responsible for their integrity and objectivity. The consolidated financial statements of Forestry Innovation Investment Ltd. (FII) have been prepared by management in accordance with the financial reporting provisions prescribed by the Province of British Columbia pursuant to Section 23.1 of the Budget Transparency and Accountability Act (see Note 2(a)).

We believe that these consolidated financial statements present fairly FII's financial position as at March 31, 2023 and the consolidated statement of operations, change in net assets, and cash flow for the year ending March 31, 2023 and that the other information contained in the Company's annual report is consistent with the consolidated financial statements as presented.

Internal Controls

Management is responsible for the integrity of the financial statements and has established systems of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to facilitate the preparation of the financial statements in a timely manner. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. We believe our system of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the consolidated financial statements are prevented or detected in the normal course of business.

Board of Directors and Audit Committee

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's discharge of its financial reporting responsibilities. An Audit Committee is appointed by the Board. The Audit Committee reviews the consolidated financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit Committee has reviewed these consolidated statements prior to recommending approval by the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

Independent Auditors

Grant Thornton has performed an independent audit of the consolidated financial statements of Forestry Innovation Investment Ltd. The Auditor's Report, as attached, outlines the scope of this independent audit and expresses an opinion on the financial statements of Forestry Innovation Investment Ltd.



Michael Loseth
Chief Executive Officer



Douglas Greig
Vice President & CFO

Vancouver, British Columbia
May 29, 2023



Independent Auditor's Report

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569

To the Board of Directors of Forestry Innovation Investment Ltd.

To the Minister of Jobs, Economic Development and Innovation, Province of British Columbia

Opinion

We have audited the consolidated financial statements of Forestry Innovation Investment Ltd. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

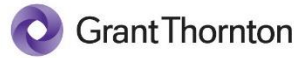
In our opinion, the accompanying consolidated financial statements are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

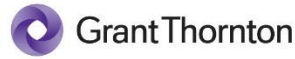
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Vancouver, Canada
May 29, 2023

Grant Thornton LLP

Chartered Professional Accountants

Forestry Innovation Investment Ltd.			
Consolidated Statement of Financial Position			
(In thousands of dollars)			
March 31		2023	2022
	<u>Note</u>		
Financial assets			
Cash and cash equivalents		\$ 6,029	\$ 5,154
Short term investments		-	1,009
Accounts receivable		355	164
Recipient advances	4	113	81
Due from Province of British Columbia		-	13
Due from other governments		<u>1,294</u>	<u>553</u>
Total financial assets		<u>7,791</u>	<u>6,974</u>
Liabilities			
Accounts payable and accrued liabilities	3	979	973
Recipient payables	4	532	151
Due to Province of British Columbia		15	54
Due to other governments		417	430
Deferred contributions	6	<u>611</u>	<u>603</u>
Total liabilities		<u>2,554</u>	<u>2,211</u>
Net financial assets		<u>5,237</u>	<u>4,763</u>
Non-financial assets			
Tangible capital assets	7	326	470
Prepaid expenses		<u>507</u>	<u>551</u>
Total non-financial assets		<u>833</u>	<u>1,021</u>
Accumulated surplus		<u>\$ 6,070</u>	<u>\$ 5,784</u>

Commitments (Note 8)

Approved by the Board

 _____ Director	 _____ Director
---	--

See accompanying notes to the consolidated financial statements.

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Forestry Innovation Investment Ltd.
Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)

Year ended March 31	Budget	2023	2022
	<u>Note</u>		
Revenue	10		
Government contributions			
Provincial	\$ 21,550	\$ 23,065	\$ 21,595
Federal	1,980	1,906	1,941
Other revenue	250	78	19
Investment income	-	335	57
		<u>23,780</u>	<u>23,612</u>
Expenses	10		
Funding recipient initiatives	8,756	13,673	11,419
Market initiatives and outreach			
FII Vancouver	6,653	4,133	4,172
FII China	2,400	2,199	2,130
FII India	3,400	2,328	2,760
FII Vietnam	1,077	1,152	869
Corporate services	1,494	1,613	1,519
		<u>23,780</u>	<u>22,869</u>
Annual surplus		-	743
Accumulated surplus, beginning of year		<u>5,784</u>	<u>5,041</u>
Accumulated surplus, end of year		<u>\$ 5,784</u>	<u>\$ 5,784</u>

See accompanying notes to the consolidated financial statements.

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Forestry Innovation Investment Ltd.			
Consolidated Statement of Changes in Net Financial Assets			
(in thousands of dollars)			
Year ended March 31	Budget	2023	2022
Annual surplus	\$ -	\$ 286	\$ 743
Acquisition of tangible capital assets	(250)	(112)	(198)
Amortization of tangible capital assets	180	196	175
Disposal of tangible capital assets	-	60	-
Acquisition of prepaid expenses	<u>(20)</u>	<u>44</u>	<u>(54)</u>
Increase in net financial assets	(90)	474	666
Net financial assets, beginning of year	<u>4,763</u>	<u>4,763</u>	<u>4,097</u>
Net financial assets, end of year	<u>\$ 4,673</u>	<u>\$ 5,237</u>	<u>\$ 4,763</u>

See accompanying notes to the consolidated financial statements.

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Forestry Innovation Investment Ltd.
Consolidated Statement of Cash Flows

(in thousands of dollars)

Year ended March 31 2023 2022

Cash provided by (used in):

	2023	2022
Operating		
Annual surplus	\$ 286	\$ 743
Items not involving cash		
Amortization of tangible capital assets	196	175
Amortization of deferred contributions	(264)	(195)
Loss on disposal of assets	60	-
Change in accounts receivable	(191)	(1)
Change in recipient advances	(32)	(37)
Change in due from Province of British Columbia	13	4
Change in due from other governments	(741)	719
Change in accounts payable and accrued liabilities	6	(398)
Change in recipient payables	381	(83)
Change in due to Province of British Columbia	(39)	38
Change in due to other governments	(13)	14
Change in prepaid expenses	44	(54)
	(294)	925
Investing		
Acquisition of tangible capital assets	(112)	(198)
Disposition (acquisition) of short-term investments	1,009	(1,009)
	897	(1,207)
Financing		
Receipt of deferred contributions	272	205
Net increase (decrease) in cash	875	(77)
Cash, beginning of year	5,154	5,231
Cash, end of year	\$ 6,029	\$ 5,154

See accompanying notes to the consolidated financial statements.

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Forestry Innovation Investment Ltd. **Notes to the Consolidated Financial Statements**

(in thousands of dollars)

March 31, 2023

1. General

Forestry Innovation Investment Ltd. (the "Company" or "FII Vancouver") was incorporated on March 31, 2003 under the laws of the Province of British Columbia (the "Province"). The Company has authorized capital of 100 common shares without par value of which 10 shares are issued and outstanding. Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Ministry of Jobs, Economic Development and Innovation, holds the shares issued. A board of directors governs the Company, and all directors are appointed by the Province. The Company's principal activities are to fund forest industry associations and research institutions and to deliver market development and market initiatives and outreach programs.

2. Summary of significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which requires accounting policies which are consistent with Canadian public sector accounting standards except in regard to the accounting for restricted capital contributions.

Under Section 23.1 of the Budget Transparency and Accountability Act and its related regulations, the Company is required to recognize restricted capital contributions as a liability and recognize them into revenue on the same basis as the related amortization expense.

Under Canadian public sector accounting standards, those transfers with stipulations that have been met or that do not contain stipulations that create a liability, are fully recognized into revenue.

The impact of this difference on the consolidated financial statements of the Company would be a decrease in deferred capital contributions as at March 31, 2023, and increases in revenues and annual surplus for the year then ended.

(b) Reporting Company and basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting Company. The reporting Company is comprised of the Company consolidated with FII Consulting (Shanghai) Co., Ltd. ("FII China"), a wholly-owned subsidiary registered under the laws of the People's Republic of China; 0939031 B.C. Ltd., a wholly-owned subsidiary registered under the laws of British Columbia; Forestry Innovation Consulting India Pvt. Ltd. ("FII India"), a wholly-owned subsidiary of the Company and 0939031 B.C. Ltd., registered under the laws of the Republic of India; and Forestry Innovation Consulting (Vietnam) Ltd., a wholly-owned subsidiary registered under the laws of Vietnam.

FII China is based in Shanghai, China, FII India is based in Mumbai, India, and FII Vietnam is based in Thu Dau Mot City, Vietnam with all subsidiaries delivering market development programs on behalf of the Company. The subsidiaries are consolidated on a line-by-line basis after inter-organizational transactions and balances between these entities have been eliminated.

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Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

2. Summary of significant accounting policies (continued)

(c) Revenue recognition

Unrestricted contributions, donations and grants are recorded as revenue when receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Restricted contributions include amounts received from the Province and the Canadian Federal Government for specific purposes. Restricted contributions are recorded as deferred contributions when received or receivable. The deferred contribution and associated revenue are recognized based upon the nature of the restriction, as follows:

(i) Restricted capital contributions

Capital contributions for the purpose of acquiring or developing a depreciable tangible capital asset are recorded and referred to as deferred capital contributions. Deferred capital contributions are reduced and the associated revenue recognized at the same rate and in the same fiscal period that amortization is recognized in respect of acquired depreciable tangible capital asset used to provide services.

(ii) Other restricted contributions

Deferred contributions are reduced and the associated revenue recognized in the period during which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis.

(d) Program expenses

Program expenses include amounts transferred to recipient organizations based on recipient funding contracts to carry out specific program activities. Amounts transferred are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met by the recipient, and reasonable estimates of the amounts can be made.

(e) Pension plans

The Company and its employees contribute to the Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. As the assets and liabilities of the plan are not segregated by employer, the plan is accounted for as a defined contribution plan and any Company contributions to the plan are expensed as incurred.

(f) Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, recipient advances, short term investments, amounts due from the Province, amounts due from other governments, accounts payable and accrued liabilities, amounts due to the Province, amounts due to other governments, and recipient payables.

The Company measures its financial instruments at cost or amortized cost.

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Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

For financial instruments measured at cost or amortized cost, transaction costs are added to the cost of the financial instruments.

Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

There are no financial instruments measured at fair value; therefore, the consolidated financial statements do not include a consolidated statement of remeasurement gains and losses.

(g) Non-financial assets

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

<u>Asset</u>	<u>Useful life</u>
Computer equipment	3 years
Computer software	2 years
Furniture and equipment	5 years
Leasehold improvements	lesser of the lease term and its useful life
Tradeshow booths	3 years

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(iii) Interest capitalization

The Company does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(iv) Intangible assets

Intangible assets are not recognized in these consolidated financial statements.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

2. Summary of significant accounting policies (continued)

(h) Foreign currency translation

These consolidated financial statements are stated in Canadian dollars. The Company's foreign operations, conducted through FII China, FII India, and FII Vietnam are considered financially interdependent with the Company, and are translated from Chinese renminbi ("RMB"), Indian rupee ("INR"), and Vietnamese dong ("VND") using the temporal method of translation. Accordingly, monetary assets and liabilities are translated at the spot exchange rates in effect at the date of the statement of financial position; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenue and expense items are translated at monthly average exchange rates in effect during the month in which the transaction occurred, except for amortization which is translated at the historical exchange rate of the corresponding non-monetary item. Realized exchange gains and losses are included in the consolidated statement of operations.

(i) Budget

Budget data presented in these consolidated financial statements are based on the Company's Service Plans. The budget was approved by the Board of Directors on January 30, 2022.

(j) Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets. Actual results could differ from those estimates.

(k) Segment disclosures

A segment is defined as a distinguishable activity or group of activities of an Company for which it is appropriate to separately report financial information. The Company has provided definitions of segments used by the Company as well as presented financial information of the segments in Note 10.

(l) Financial assets

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and deposits with financial institutions.

(ii) Short term investments

Short term investments include term deposits measured at cost.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)
 March 31, 2023

3. Accounts payable and accrued liabilities	2023	2022
Trade payables	\$ 281	\$ 306
Accrued liabilities	698	667
	\$ 979	\$ 973

4. Recipient advances and payables

The Company's policy on recipient funding contracts stipulates that unspent advances are repaid to the Company. Historically, unspent advances have been repaid to the Company prior to the end of the first quarter of the new fiscal year after final reconciliation reports have been submitted.

In addition, the Company withholds a percentage of earnable administration costs from their interim advances. Recipients would qualify for this final funding amount withheld based on meeting eligible reporting criteria in the recipient reporting process.

As at March 31, 2023, the Company has identified \$532 (2022 - \$151) as payable to the recipient organizations and \$113 (2022 - \$81) as receivable from the recipient organizations.

5. Pension plans

The Company and its employees contribute to the Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age of retirement, length of service and highest earnings averaged over five years. The board of trustees of the plan represents plan members and employers and is responsible for the management of the plan including investment of the assets and administration of the plan.

The most recent actuarial valuation for the Public Service Pension Plan as at March 31, 2020 indicated a \$2,667 funding surplus for basic pension benefits on a going concern basis.

As described in Note 2(e), the plan is accounted for as a defined contribution plan. During the year ended March 31, 2023, the Company paid \$261 (2022 - \$261) for employer contributions to the plan.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)
 March 31, 2023

6. Deferred contributions

Deferred contributions consist of contributions received from the Province for tangible capital assets and other capital and operating contributions for which goods and services remain outstanding. Deferred contributions are comprised of the following:

	Provincial	Other	2023	2022
Balance, beginning of year	\$ 585	\$ 18	\$ 603	\$ 593
Contributions received during the year	254	18	272	205
Amounts amortized to revenue	(253)	(11)	(264)	(195)
Balance, end of year	\$ 586	\$ 25	\$ 611	\$ 603

Included in Provincial deferred contributions is \$145 (2022 - \$7) that is unspent.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

7. Tangible capital assets

(a) Assets in use

Cost

	2022	Additions	Disposals	2023
Computer equipment	\$ 639	\$ 40	\$ (161)	\$ 518
Computer software	13	-	-	13
Furniture and equipment	528	39	(190)	377
Leasehold improvements	1,284	7	(800)	491
Tradeshow booths	347	26	(98)	275
	<u>\$ 2,811</u>	<u>\$ 112</u>	<u>\$ (1,249)</u>	<u>\$ 1,674</u>

Accumulated amortization

	2022	Amortization	Disposals	2023
Computer equipment	\$ 535	\$ 77	\$ (160)	\$ 452
Computer software	13	-	-	13
Furniture and equipment	382	41	(142)	281
Leasehold improvements	1,108	53	(788)	373
Tradeshow booths	303	25	(98)	230
	<u>\$ 2,341</u>	<u>\$ 196</u>	<u>\$ (1,188)</u>	<u>\$ 1,349</u>

Net book value

	2022	2023
Computer equipment	\$ 104	\$ 66
Computer software	-	-
Furniture and equipment	146	96
Leasehold improvements	176	118
Tradeshow booths	44	45
	<u>\$ 470</u>	<u>\$ 326</u>

(b) Assets disclosed at nominal values

The cost of tangible capital assets includes the fair market value of certain assets transferred to the Company from the Province effective April 1, 2003 for one dollar. These assets are now fully amortized.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

8. Commitments

(a) The Company has lease commitments for its premises it occupies.

2024	\$	862
2025		453
2026		11
2027		-
Thereafter		-
	\$	1,326

(b) The Company also has an obligation to pay \$543 (2022 - \$378) for contracts entered into and not yet completed at March 31, 2023.

(c) The Company has an operating line of credit with HSBC Bank of Canada with maximum available credit of \$2,000 which incurs interest at prime plus 1.5% per annum. As of March 31, 2023, no amounts have been withdrawn through the utilization of the credit line.

9. Financial instruments risk management

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk that the Company's counterparties default or become insolvent.

The Company is potentially exposed to credit risk through cash and cash equivalents, accounts receivable, short term investments, recipient advances, amounts due from the Province, and amounts due from other governments. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Accounts receivable consist mainly of cost share agreements which are monitored on a regular basis. Amounts due from the Province and amounts due from other governments consist of reimbursement claims. It is the Company's opinion that its exposure to credit risk is subject to normal industry risks and is considered minimal.

As at March 31, 2023, accounts receivable, recipient advances, amounts due from the Province, and amounts due from other governments are comprised of:

	Under 90 days	Over 90 days	Total
Accounts receivable	\$ 355	\$ -	\$ 355
Recipient advances	113	-	113
Due from other governments	1,294	-	1,294
Due from Province of British Columbia	-	-	-
	\$ 1,762	\$ -	\$ 1,762

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

9. Financial instruments risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages its exposure to liquidity risk by maintaining sufficient cash balances throughout the year to meet its short-term obligations. It is the Company's opinion that its exposure to liquidity risk is subject to normal industry risks and is considered minimal.

Market risk

Market risk is the risk that fluctuations in market prices will affect the Company's net financial assets. Market risk comprises two types of risk:

Currency risk and foreign denominated cash

Currency risk is the risk that fluctuations in foreign currencies will affect the Company's net financial assets denominated in foreign currencies.

The Company is subject to foreign exchange risk through its program payables and program advances and a portion of the Company's program and tradeshow costs, which are denominated in Chinese renminbi, Indian rupee, Vietnamese dong and United States dollars. The Company manages its exposure to currency risk by monitoring its assets and liabilities denominated in foreign currencies and purchasing foreign denominated currency to pay upcoming commitments when the market conditions are favourable. The Company does not use derivatives instruments to reduce its exposure to foreign currency risk. Included in office costs is \$177 (2022 – \$13) of foreign exchange gains.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

9. Financial instruments risk management (continued)

Market risk (continued)

Currency risk and foreign denominated cash (continued)

The amounts shown are translated to Canadian dollars at the closing rate:

	2023				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash	\$ 728	\$ 358	\$ 2,120	\$ 16	\$ 3,222
Accounts receivable and due from other governments	-	162	482	44	688
Accounts payable	-	162	281	133	576
	2022				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash	\$ 774	\$ 536	\$ 1,746	\$ 57	\$ 3,113
Accounts receivable and due from other governments	-	-	552	-	552
Accounts payable	-	172	520	15	707

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates will affect the Company's net financial assets that bear interest at variable rates. The Company manages its exposure to interest rate risk by investing in interest bearing cash accounts and short-term investments.

10. Segmented information

Segmented information has been identified based upon programs provided by the Company. Company programs and their activities are reported by functional area in the body of the consolidated financial statements. Programs that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Funding Recipient Initiatives

Uses project funding delivered through an annual "Call for Proposals" in partnership with the Government of Canada to fund non-profit organizations, universities, forest industry associations and research institutions to:

- Maintain and create opportunities for B.C. wood products in existing and emerging markets;
- Ensure that customers, consumers, designers, builders, developers and architects know about BC wood products and the many positive features they bring to wood construction and interior finishing;
- Support the development of innovative new forest products and building systems; and
- Provide interested parties around the world with information on the properties and qualities of BC's forest products and the BC companies that supply them.

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Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2023

10. Segmented information (continued)

(b) Market Initiatives and Outreach Program

(i) *FII Vancouver Initiatives*

Internally directs delivered programs that:

- Promote the benefits of wood as a green building material;
- Position B.C. as a global supplier of world-class environmentally friendly forest products;
- Research opportunities in new and emerging markets, and initiate early market exploration activities;
- Support industry efforts to mitigate non-tariff trade and market barriers for B.C. forest products;
- Champion the Province's wood innovation priorities and advance the use of wood building systems and technologies in public and private construction;
- Raise awareness of the Province as a world leader in innovative, next generation wood construction and design; and
- Encourage a robust valued-added sector in BC through enhanced capacity and competitiveness.

(ii) *FII China Initiatives*

FII China has a mandate to optimize the value of B.C. lumber exports to China by expanding the share of wood construction in China's building sector. FII China focuses on the following activities:

- Expand and strengthen relationships with Chinese national, regional and local government entities (including state-owned developers) to position the environmental benefits of wood construction in response to new policies of the Chinese government to encourage low-carbon, energy-efficient and prefabricated construction in China;
- Promote wood construction in high priority segments such as cultural buildings, tourism, wellness and elderly care facilities, hybrid construction (wood mixed with concrete/steel) and mid-rise and taller wood construction; and
- Work closely with Canadian forest industry trade association staff to expand China's technical capacity to deploy wood construction.

Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2023

10. Segmented information (continued)

(b) Market Initiatives and Outreach Program (continued)

(iii) FII India Initiatives

FII India has a mandate to establish a local presence in India for B.C. and Canadian forest products; develop working relationships with manufacturers, importers, architects, developers and the wood-user community; and grow demand for B.C. lumber in the wood in manufacturing sector. The operation focuses on early market development activities including:

- Positioning B.C.'s sustainable softwoods to take advantage of India's growing fibre needs;
- Undertaking promotional and educational activities targeting potential end users;
- Conducting product trials and providing technical support to allow local manufacturers to gain experience working with B.C. species in specific applications; and
- Building a stockist (importer/distributor) network in India to carry and supply B.C. wood species in the market.

(iv) FII Vietnam Initiatives

FII Vietnam has a mandate to identify opportunities for B.C. species in Vietnam's wood manufacturing sector; identify key players in the supply chain to introduce them to B.C. species; and build the demand for, and awareness of, Canadian wood products in the market. The operation focuses on early (pre-commercial) market development activities, including:

- Positioning B.C.'s sustainable softwoods as an alternative to hardwood for furniture manufacturing;
- Introducing B.C. species and suppliers to Vietnamese importers, traders and furniture manufacturers;
- Conducting product trials and providing technical support to allow local manufacturers to gain experience working with B.C. species in specific applications; and
- Identifying opportunities in the marketplace and any barriers to entry.

(c) Corporate services

Corporate services performs the following activities:

- Ensures financial reporting to government standards;
- Provides Human Resource, IT and office services to meet organizational needs;
- Oversees budget and planning, internal controls and cash management;
- Support government and industry trade missions and related initiatives;
- Provide corporate secretary services; and
- Provides corporate communication, market data and analytical services to meet internal and external needs.

Forestry Innovation Investment

Forestry Innovation Investment Ltd. Notes to the Consolidated Financial Statements

(In thousands of dollars)
March 31, 2023

10. Segmented information (continued)

	Funding Recipient Initiatives	Market Initiatives and Outreach				Corporate services	2023 Total	2022 Total
		FII Vancouver	FII China	FII India	FII Vietnam			
Revenues								
Government contributions								
Provincial	\$ 12,185	\$ 5,030	\$ 2,461	\$ 1,273	\$ 743	\$ 1,373	\$ 23,065	\$ 21,595
Federal	139	29	32	1,133	573	-	1,906	1,941
Other revenue	-	-	-	73	-	5	78	19
Investment income	3	-	2	86	-	244	335	57
Total revenues	12,327	5,059	2,495	2,565	1,316	1,622	25,384	23,612
Expenses								
Amortization	-	-	19	41	27	109	196	175
Auditing	279	-	43	25	13	67	427	437
Grants	4,386	-	-	-	-	-	4,386	3,563
Office costs	70	352	474	513	235	71	1,715	1,645
Professional services	280	1,311	283	592	368	107	2,941	3,402
Program costs	8,302	193	-	59	-	-	8,554	7,323
Salaries, wages and benefits	356	2,077	1,245	893	417	1,055	6,043	5,955
Trade missions	-	7	2	-	6	-	15	5
Travel and business costs	-	193	133	205	86	204	821	364
Total expenses	13,673	4,133	2,199	2,328	1,152	1,613	25,098	22,869
Annual surplus (deficit)	\$ (1,346)	\$ 926	\$ 296	\$ 237	\$ 164	\$ 9	\$ 286	\$ 743

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Forestry Innovation Investment Ltd.
Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2023

11. Comparative figures

Certain comparative figures have been reclassified to conform to the classification used in the current year.
