

Forestry Innovation Investment

2021/22 Annual Service Plan Report

August 2022



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Board Chair's Accountability Statement



The *Forestry Innovation Investment 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

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

Rick Manwaring
Board Chair
July 14, 2022

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Letter from the Board Chair & CEO

In 2021/22, 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 (JERI).

From the continued COVID-19 pandemic to extreme weather and the intensification of the Ukraine-Russia conflict, 2021/22 presented yet another year of volatile market dynamics impacting global supply chains and disrupting trade flows. Despite these challenges, B.C.’s forest sector experienced a record year—driven by strong U.S. demand and high lumber prices—and played a critical role in supporting the economy.

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 support B.C.’s economic recovery. FII’s Board also directly engaged with FII’s Market Priorities Committee, comprised of key players from B.C.’s forest industry, to discuss priorities that can support FII and its industry and government partners.

FII worked with staff in both JERI 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 in B.C. and deliver the Mass Timber Demonstration Program.

In 2021/22, FII renewed its [Strategic Plan](#) to reflect evolving market dynamics, industry advancements and government commitments to create an inclusive, sustainable and innovative economy. Focused on the 2022-2026 period, the Plan will guide the development of FII’s forward-looking activities and investment priorities.

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 its obligations as set out in the 2021/22 Mandate Letter and core objectives established in the company’s 2021/22–2023/24 Service Plan.

Rick Manwaring



Board Chair, Forestry Innovation Investment

July 14, 2022

Michael Loseth



President & CEO, Forestry Innovation Investment

July 14, 2022

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed 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, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

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 government and leading research institutions to grow exports to existing markets, such as the U.S., China, Japan 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 other organizations, including industry and the federal government. 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 maintains three operating and one non-operating subsidiaries:

Forestry Innovation Investment Consulting (Shanghai) Co. Ltd. (FII China) (wholly owned by Forestry Innovation Investment Ltd.). FII China focuses on strengthening the market for B.C. wood products in China.

Forestry Innovation Consulting India Private Limited (FII India) (wholly owned by Forestry Innovation Investment Ltd. and 0939031 B.C. Ltd.). FII India works to develop the Indian market for B.C. forest products.

Forestry Innovation Consulting (Vietnam) Ltd. (FII Vietnam) (wholly owned by Forestry Innovation Investment Ltd.). FII Vietnam focuses on developing the Vietnam market for B.C. forest products.

0939031 B.C. Ltd. (wholly owned by Forestry Innovation Investment Ltd.). A non-operating company that serves as a second shareholder of FII India.

More information on FII's subsidiary companies is provided in Appendix B.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures, and financial plan outlined in the 2021/22-2023/24 [Forestry Innovation Investment Service Plan](#) as well as actual results reported on in this annual report.

Operating Environment

Across 2021/22, B.C.'s forest industry experienced an unprecedented shift in supply and demand dynamics—impacting industry operations and global export destinations. The continuation of the COVID-19 pandemic, geopolitical relations and resulting protectionist measures, low cost-competition and a surge in softwood lumber demand alongside constricted supply, all influenced global wood product demand. With record high lumber prices across the latter part of the year, the forest sector played a critical role in supporting B.C.'s economy with forest product exports totalling \$16.7 billion in 2021, representing 30 percent of B.C.'s total commodity exports.

In the U.S., continued strength in the construction and residential improvement markets led to sustained high demand for B.C. wood products across the year with 76 percent of B.C. lumber and 97 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 doubling following a short-lived reduction in 2020.

China remains B.C.'s largest market for commodity lumber by volume outside of North America. While Canada is the second largest exporter of softwood lumber into China, competitive pressures are mounting, as Russia's interests in the market grow with the Ukraine conflict impacting distribution of Russian fibre into other regions. Significant low-cost competition from Europe continues as spruce beetle-affected lumber is sold to China at a heavy discount. In the last quarter of 2021/22, Canadian pine products were also impacted by stringent [phytosanitary requirements](#) and reduced port access into China¹. Despite these constraints, increasing urbanization and carbon reduction targets are increasing the emphasis on prefabrication and green building solutions/materials, creating new higher-value market opportunities for B.C. wood products and wood building technologies.

In 2021/22, Japan surpassed China in the value of B.C. lumber shipped to the market—reflective of the higher-value grades demanded by the market. While B.C. is a leading global supplier of imported softwood lumber products into Japan, competition continues from both domestic production and other exporting nations, particularly European suppliers. Government policy encouraging wood use is presenting opportunities for B.C. wood products in hybrid, multi-

¹ The restrictions impact pinewood log and lumber imports from seven countries, including Canada, Japan, South Korea, Mexico, Portugal, Spain and the United States.

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.

Despite prolonged COVID-19 restrictions, India's economy began to rebound in 2021 and India's demand for wood products continues to expand. India is experiencing increasing restrictions on the supply of tropical hardwoods from traditional supply regions such as Myanmar and Malaysia, creating opportunity to introduce B.C. softwood species. 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 also 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. softwood is 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 2021 to advance the mass timber and engineered wood products sector. The Mass Timber Demonstration Program, announced in fall 2020, continues to support innovative mass timber demonstration projects that will be used to promote learning, further advance mass timber use and showcase how wood design can help reduce the carbon footprint of the built environment.

Report on Performance: Goals, Objectives, Measures and Targets

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

The primary objective of Goal 1 is to expand opportunities for B.C. forest products by positioning wood, and wood-based products from B.C., as the first choice for environmentally friendly building materials and bioproducts. The strategies under Objective 1.1 create a solid foundation for answering the questions, “Why wood?” and “Why wood from B.C.?”, upon which many of FII’s other market development investments and activities are based.

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; its advantages 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 Highlights

- FII’s naturallywood.com website is a comprehensive information resource detailing the environmental benefits of wood products from B.C.’s sustainably managed forests. Over the past year, naturally:wood has seen a 143 percent increase in website traffic resulting from efforts to amplify content across digital channels.
- Across the year, FII developed a wide range of content focused on B.C.’s sustainable forest practices and products, including [B.C.’s forest regeneration practices](#) and [wood and the circular economy](#).
- FII continues to work with Federal and Provincial partners on non-tariff trade barriers, including supporting responsive messaging to proposed bills in California and New York that attempt to limit imports of Canadian boreal forest products.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.1 Percent of customers who perceive that forest products from B.C. are a good choice for the environment. ¹	N/A	90%	92%	N/A	90%

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

¹ Surveys are conducted biennially.

Discussion of Results

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).

FII completed the biennial survey in December 2021 to better understand customers' perceptions of B.C. forest management and products. Conducted by FII, and supported by the Canadian Council of Forest Ministers and the Forest Products Association of Canada, the survey identified the percentage of customers who agree that B.C.'s environmental reputation is as good as, or better than, the average of competing forest products jurisdictions. The 2021/22 results indicated 92 percent of customers feel that choosing products from B.C. is a good choice for the environment. This result is five percent lower than the 97 percent attained in the last biennial survey in 2019/20, but still above the 90 percent target. The decrease is in part attributable to an overall decline in positive perceptions across all Canadian regions, as well as, potentially, a shift in the survey methodology from telephone to online survey.

For future targets, FII and its partners consider that maintaining a 90 percent rating represents optimal performance.

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. This positioning helps strengthen awareness of, and interest in, B.C. forest products in major markets, thus supporting greater market share, premium positioning and easier access to new markets.

Key Highlights

- FII continued to promote the [naturally:wood B.C. Supplier Directory](#), helping potential buyers find wood products and services.
- FII has profiled over 190 wood and mass timber projects on the [naturallywood.com project gallery](#), showcasing wood use and innovation in the province, including projects funded through the Mass Timber Demonstration Program.
- FII informed audiences on B.C.'s wood pellet industry's role in [transitioning away from fossil fuels](#) and [meeting climate targets](#).

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.2 Number of prospects connecting with B.C. manufacturers from the naturallywood.com Supplier Directory, an online platform developed by FII. ¹	24,064	14,250	30,378	14,500	14,750

Data source: Forestry Innovation Investment Ltd./Google Analytics.

¹This performance measure was updated in the [2022/23–2024/25 Service Plan](#).

Discussion of Results

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. companies for potential commercial opportunities. The performance metric tracks the number of visitors who use the directory to search B.C. 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, 2021, to March 31, 2022, a total of 30,378 supplier interactions were made, representing 213 percent of the annual target. FII’s future growth targets were increased in the 2022/23–2024/25 Service Plan to reflect the considerable increase in engagements with the Supplier Directory.

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

Goal 2 supports Government priorities to increase employment in forestry and innovative wood manufacturing by expanding opportunities in international markets. This goal drives FII’s efforts to assist the B.C. forest industry in optimizing returns by achieving a balance in the products, species and grades marketed. FII’s strategy to expand global markets for both the primary and secondary manufacturing sectors² includes a mix of activities delivered by third parties and FII³. These efforts build on the strategies as well as the science and reputational foundation developed under Goal 1.

Optimization of the global market development strategy involves creating or expanding new market segments in traditional regions (e.g., non-residential and multi-family/mid-rise construction in the U.S.), as well as fostering demand in countries that have strong growth potential, but are not currently using high volumes of B.C. forest products (e.g., the multi-family and non-residential markets in China and Japan, and the wood in manufacturing sectors in India and Vietnam).

² ‘Primary’ manufacturing typically converts logs to lumber, plywood, OSB, etc., while ‘secondary’ manufacturing typically uses a form of lumber as a raw material input for further manufactured products, such as furniture, windows and doors, engineered wood products, mass timber products, cabinets, moulding and millwork, etc.

³ FII collaborates with industry trade associations, the federal government and other funding bodies to leverage its investments for the greatest potential return for B.C. FII’s objective is to strengthen demand for B.C. forest products and expand potential end-use applications.

Activities associated with Goal 2 recognize the progress made in diversifying B.C. exports away from the historically heavy dependence on the U.S. single-family housing sector. Programs in this area also focus on achieving a long-term balance between existing and emerging markets, and traditional and innovative new products, including an increase in sales of higher margin products in traditional markets.

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

China is B.C.’s largest market for commodity lumber outside of North America and a priority market for the B.C. forest sector. FII, in cooperation with partner agencies, the federal government and industry, will continue efforts to advance wood use in China and to position exports from B.C. in high-potential growth and higher-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 applications⁴; culture, tourism, wellness and elderly care sector construction; mid-rise and taller construction; and in China’s manufacturing sector.

Key Highlights

- FII China conducted a [substantial outreach program](#) focused on low-carbon development to the provinces of Hebei, Zhejiang and Hubei. Targeting senior officials in each region, summits were held to advance high-level discussions and bilateral cooperation on areas such as carbon neutrality, wood construction and green development.
- FII China and the China Real Estate Association (CREA) jointly organized a sub-forum on wood construction at the [17th Green Building Conference in May 2021](#). The event resulted in the later establishment of a joint committee involving CREA and Canada Wood China focused on accelerating the application of forest products in construction.
- Canada Wood China, with the support of FII China, delivered its seventh [Sino-Canadian Wood Forum](#) on January 18, 2022, in a virtual format given COVID-19 restrictions. With the theme of “Wood Industries Revitalizing China”, the event attracted 2.51 million viewers.
- FII led a virtual B.C. forest sector mission to China involving nearly 100 Canadian stakeholders from government, trade associations and industry. The event helped keep participants connected to market trends and opportunities while physical travel was not possible.

⁴ Hybrid applications incorporate wood components with concrete and steel structures (which currently dominate construction in China).

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1 Average value (CAD) per cubic metre generated by softwood lumber sales to China. ¹	\$193	\$200	\$261	\$205	\$210

Data source: BC Stats.

¹ Total value of lumber exported divided by the total volume of exports measured in cubic metres. Data is reported by calendar year (January through December), consistent with Statistics Canada data collection and reporting methodologies and to ensure comparability across domestic and international publications.

Discussion of Results

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 (provincial and federal) 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 2021 was \$261, exceeding the 2021/22 target. This value can be partially attributed to the strong global prices for softwood lumber in 2021 resulting from a number of market shocks including COVID-19, transportation bottlenecks, and stronger than expected U.S. demand (see Operating Environment section).

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 in the manufacturing sector, including doors, windows, architectural millwork, furniture and interior finishing product applications. Building on a mix of research, education and promotion to increase awareness of, and knowledge about, B.C. wood species, FII encourages commercialization through product trials with manufacturers.

Key Highlights

- FII India completed 36 product trials with Indian manufacturers, including applications for [India’s furniture export market](#).
- FII India worked with a local stockist (importer/distributor), Tambi Timbers, to incorporate the use of Douglas-fir in the design of an [Oncology Centre in Jaipur](#)—demonstrating wood’s ability to create a relaxing and natural environment.
- To showcase the beauty and versatility of B.C. wood to key stakeholders in the Indian market, FII India created an [e-book](#) featuring more than 90 commercial examples of projects in India that promote the use of B.C. wood species.
- Utilizing digital and in-person platforms, FII India conducted 40 training workshops and webinars with nearly 2,000 attendees across the year—promoting B.C. and Canada’s sustainable forest practices and wood products to target audiences.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.2 Total number of product trials of B.C. species undertaken in India. ¹	65 ²	32	36	34	36

Data source: Forestry Innovation Investment Ltd.

¹ Product trial targets and actuals are reported per fiscal year and are not cumulative.

² The target for 2020/21 of 30 product trials was substantially exceeded due to a unique cluster trial with several manufacturers focused on finger-jointed edge glued door applications.

Discussion of Results

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 2021/22 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. These segments have significant potential to increase wood’s market share and to expand opportunities to use wood both structurally and architecturally. They also support the expanded use of mass timber building systems. FII funding specifically focuses on growing wood use in these segments.

Key Highlights⁵

- FII supported U.S. [WoodWorks](#) to develop a Mass Timber Construction Manual to support general contractors and installers in increasing their knowledge and capacity to undertake mass timber building construction.
- Across 2021/22, U.S. *WoodWorks* supported clients on 154 mass timber projects. As design teams have become more comfortable with mass timber and larger wood buildings, the average area of mass timber projects supported by WoodWorks has nearly doubled over the past five years.

⁵ FII’s activities in the U.S. market are delivered through and with industry partners. Highlights noted reflect the activities of those partners that have been supported by FII in 2021/22.

- FII supported BC Wood’s delivery of its Export Readiness Training Program—aimed at helping value-added wood businesses build capacity and develop comprehensive export plans. With over 95 percent of B.C.’s value-added exports going south of the border, the program is a crucial component of BC Wood’s strategy to help B.C. value-added manufacturers enter the U.S. market.
- The Western Red Cedar Lumber Association continued to utilize social media channels to expand knowledge and awareness of western red cedar applications attracting 214 million YouTube views and 2.7 million monthly views on Pinterest in 2021/22.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
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	\$238	\$227	\$319	\$239	\$251

Data source: U.S. [WoodWorks](#) program.

¹ This performance measure was updated in the [2022/23–2024/25 Service Plan](#).

Discussion of Results

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 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 industry in B.C., the rest of Canada and the U.S. has 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 2021/22, US WoodWorks reported 456 projects converted to wood, resulting in an incremental \$319 million of wood use. This exceeds the Performance Measure 2.3 target for 2021/22 and can be partially attributed to the growth of multi-family wood construction and interest in larger light-frame as well as mass timber building construction.

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

This goal supports Government's strategic direction to expand innovation in the wood products sector. The goal focuses on addressing research, education and supply chain barriers hampering the growth of the wood products market, and the mass timber and next generation engineered wood products and systems in B.C., and on guiding FII's efforts to work with partners inside and outside government to ensure public projects prioritize the use of wood.

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

Long-term sustainability of the forest economy requires the active maintenance, creation and diversification of demand for B.C. forest products. FII is focused on expanding and advancing opportunities across the 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.

Strategies incorporated under Objective 3.1 are delivered primarily through FII's Wood First program, which works to position B.C. as a leader in using innovative forest products and building systems by delivering promotional, research, educational and capacity-building initiatives throughout the province. An independent Wood First Advisory Committee, made up of senior industry design and construction experts, provides strategic guidance on program implementation priorities. To effectively deliver its Wood First mandate, FII relies on existing research and service delivery organizations, promoting integrated planning and coordinated delivery of program activities and initiatives.

Key Highlights

- FII supported The Construction Foundation of BC's [Indigenous Skills Initiative](#)—focused on growing interest in woodworking and careers in the wood sector among Indigenous Youth. Across the year, 70 unique workshops were conducted across 33 locations for approximately 1,000 youth.
- FII supported the production of a [Building Information Modelling \(BIM\) Guide](#)—an industry resource for architecture, engineering and construction professionals to facilitate the design and construction of innovative mass timber buildings through the use of BIM and available digital resources.
- FII continues to support JERI in the delivery of the Mass Timber Demonstration program, as part of the Stronger B.C. Economic Recovery Plan. Five demonstration programs were selected for funding this year, building upon the eight projects awarded in the first intake to expand mass timber innovation in different types of buildings in various regions across the province.

- Despite continued pandemic-related constraints, the [Wood WORKS! BC](#) program (supported by FII) delivered 7,433 education hours.
- FII supported BC Wood in the delivery of 48 webinar events with 1,180 attendees, including a targeted series for architects focusing on designing with wood across various applications.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
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.	\$69.6	\$68	\$73.9	\$70	\$74

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

Discussion of Results

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 2021/22, [Wood WORKS! BC](#) converted 59 projects to wood during the year, resulting in an incremental \$73.9 million of wood use. This exceeds the Performance Measure 3.1 target for 2021/22 and reflects the growing uptake of wood-frame and mass timber wood products in mid-rise residential and mixed-use buildings.

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

FII’s business practices incorporate robust financial controls and a performance management framework, including monitoring, audit and evaluation, built on long-term market development principles and a comprehensive risk-assessment strategy. All these approaches reflect government policies and best practices and are consistent with direction articulated in FII’s Mandate Letter.

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.

FII is committed to delivering programs that deliver the highest value for the forest sector and the taxpayers of B.C. Consistent with this commitment, FII delivers its primary programs and services in collaboration with the forest industry, the federal government, the research community and other provincial agencies, including JERI 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. In delivering against its mandate, FII remains committed to a path of environmental sustainability, including minimizing its environmental footprint, in order to protect the natural environment and the B.C. economy for future generations.

Key Highlights

- FII maintained ongoing engagement across the year with its responsible Ministry, JERI. Performance was reported through meetings with the Deputy Minister and by way of reports tabled at all regular meetings of the FII Board.
- Across 2021, FII updated its [Strategic Plan](#) to reflect government and industry priorities as well as evolving supply and market dynamics.
- FII delivered two Wood Best Practice Forums in 2021/22—focused on sharing expertise and exchanging ideas between industry partners. Topics covered included effective marketing and communication strategies and incorporating diversity and inclusion into corporate plans and recipient funding proposals.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
4.1 Other organizations’ aggregate contribution to recipient funding program. ¹	73%	65%	70%	65%	65%

Data source: Forestry Innovation Investment Ltd.

¹ In its recipient funding program, FII targets annual contributions of approximately 65 percent from other organizations; however, contributions from others vary from 0 to 100 percent, depending on the specific activity. Contributions from individual organizations can also fluctuate considerably across fiscal years, depending on their programming priorities and budgets.

Discussion of Results

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—where \$2 is provided by others to leverage \$1 from FII. Data to support this measure are sourced from the online recipient funding system, which is co-funded and managed by FII and Natural Resources Canada (NRCan), and through FII's year-end financial reporting.

During the year, FII allocated a total of \$6.92 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 \$17.28 million in federal and industry contributions, or 70 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 2021/22, other funding included:

- \$1.94 million from NRCan for India and Vietnam market development initiatives and other co-funded programs; and
- \$0.076 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 can also be found on the [Forestry Innovation Investment website](#).

Discussion of Results

In 2021/22, FII received an additional \$2.0 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 \$1.16 million to support FII India, \$0.46 million for the Vietnam initiative, and another \$0.32 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 \$0.74 million, resulting mainly from the COVID-19 pandemic inhibiting some programs from fully completing all the projects that were anticipated.

Financial Summary

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Contribution from the Province	22,559	21,550	21,595	45
Contribution from the Federal Government	2,418	1,978	1,941	(37)
Other Revenue	446	280	76	(204) ⁽³⁾
Total Revenue	25,423	23,808	23,612	(196)
Expenses				
Funding Recipient Initiatives	12,158	8,756	11,419	2,663 ⁽²⁾
Market Outreach and Initiatives				
Government Initiatives and Outreach	5,427	6,681	4,172	(2,509) ⁽²⁾
China Market Development	2,269	2,400	2,130	(270) ⁽³⁾
India Market Development	2,966	3,400	2,760	(640) ⁽³⁾
Vietnam Market Development		1,077	869	(208) ⁽³⁾
Corporate Services	1,557	1,494	1,519	25
Total Expenses	24,377	23,808	22,869	(939)
Net Income from Operations	1,046	0,000	743	743
Total Liabilities	2,630	2,510	2,211	(299)
Capital Expenditures	242	100	198	98
Accumulated Surplus	5,041	3,995	5,784	743

Note 1: 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.

Note 2: The \$2 million received for the Mass Timber Demonstration Program was moved from the Government Initiatives direct delivered program to a program under the recipient initiatives.

Note 3: The shortfalls to budget in these line items all relate to the impact of the pandemic as described in the variance and trend analysis below.

Variance and Trend Analysis

Across 2021/22, the COVID-19 pandemic impacted in-market travel, tradeshow attendance and in-person seminars with FII staff utilizing virtual events to replace these delivery mechanisms.

Over the past year, FII staff have worked from home where required during government shutdowns in Canada and their other foreign markets and have continued to deliver alternate versions of their programs as planned.

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, 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.

While markets are beginning to open, COVID-19 isolation guidelines and social distancing measures remain in place in certain markets and continue to impact tradeshows, the delivery of educational seminars, in-person events and employee travel. Strategies have been developed to mitigate these impacts, such as delivering education and promotional seminars online and connecting with stakeholders using virtual tools. Management is closely monitoring the evolving situation and taking measures to mitigate potential negative impacts to the company.

Appendix A: Additional Information

Organizational Overview

FII works with the forest industry, B.C. Government ministries, the Government of Canada, research institutions, and other stakeholders to deliver forward looking, innovative market development programs. To provide the best value for the B.C. public and stakeholders, FII uses a joint delivery model for program delivery. This approach takes advantage of industry expertise and marketing networks and ensures that program costs are shared with other organizations.

Details on FII's mandate, its goals and values, and its location and organizational structure, are available at www.bcfii.ca, as are previous Service Plans and Annual Service Plan Reports. Also available on the site is additional information on FII and its programs and its partners, including an annual [Year in Review](#) document that highlights accomplishments of the program in major markets around the world.

Comprehensive information about B.C.'s sustainable forest management practices and products is available at www.naturallywood.com, including links to many forest product companies and trade associations.

FII maintains a head office in Vancouver, B.C., with subsidiary operations located in China, India and Vietnam (detailed in Appendix B).

Corporate Governance

FII is responsible to the Minister of Jobs, Economic Recovery and Innovation through a four-member Board of Directors. The Government appoints the Board to set operational policy and, in cooperation with senior management, to set strategic direction. The Board monitors FII's performance based on the Province's planning and reporting principles. The Board appoints the President & Chief Executive Officer (CEO) and delegates responsibility to the President & CEO for the day-to-day leadership and management of the organization.

Full details on FII's governance principles, GBA+ commitments, the role and membership of the Board of Directors, as well as corporate reports, and details on compliance to the requirements of the Crown Agencies and Board Resourcing Office, are available at www.bcfii.ca/governance. FII is in full compliance with Governance and Disclosure Guidelines for Governing Boards of B.C. Public Sector Organizations.

Contact Information

For more information on Forestry Innovation Investment Ltd. contact:

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

604-685-7507

info@bcfii.ca

www.bcfii.ca

Appendix B: Subsidiaries

Active Subsidiaries

FII Consulting (Shanghai) Co. Ltd. (wholly owned by Forestry Innovation Investment 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.

Governance: Sole Executive Director: Michael Loseth, FII President & CEO

Senior management: Guoli Liu, Senior Director, Government Relations

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.

Risk management: FII funds its market development programming in China from Canada and, as a result, FII is subject to foreign exchange risk through its program advances to its subsidiary companies. Program costs for this subsidiary are denominated in Chinese Renminbi. FII manages its exposure to currency risk by monitoring assets and liabilities denominated in these foreign currencies and by purchasing foreign denominated currency when market conditions are favourable. The lower value of the Canadian dollar against the U.S. dollar has increased FII's exchange rate risk as the value of the Chinese Renminbi is roughly pegged against the U.S. dollar. Consequently, increases or decreases in the value of the U.S. dollar relative to other currencies can affect the value of the Renminbi against the Canadian dollar.

Financial Summary

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual
Total Revenues	2,269	2,400	2,130
Total Expenses	2,269	2,400	2,130
Net Income	0,000	0,000	0,000

FII Consulting India Private Limited (jointly owned by Forestry Innovation Investment Ltd. and 0939031 B.C. Ltd.)

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.

Governance: Four-member Board of Directors:

- Michael Loseth (Chair), FII President & CEO
- Douglas Greig, FII Vice President and Chief Financial Officer
- Jim Messer, FII Vice President International Marketing
- Pranesh Chhibber, FII India Country Director

Senior management: Pranesh Chhibber, Country Director, FII India

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.

Risk management: FII funds its market development programming in India from Canada and, as a result, FII is subject to foreign exchange risk through its program advances to its subsidiary companies. Program costs for this subsidiary are denominated in Indian Rupees. FII manages its exposure to currency risk by monitoring assets and liabilities denominated in these foreign currencies and by purchasing foreign denominated currency when market conditions are favourable.

Financial Summary

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual
Total Revenues	2,966	3,400	2,760
Total Expenses	2,966	3,400	2,760
Net Income	0,000	0,000	0,000

Forestry Innovation Consulting (Vietnam) Ltd. (Wholly owned by Forestry Innovation Investment 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.

Governance: Chairperson governance model represented by two positions:

- Michael Loseth (Chairperson), FII President & CEO

- David Turnbull (General Director), Senior Director Business Development

Senior management: David Turnbull, Senior Director Business Development

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.

Risk management: FII funds its market development programming in Vietnam from Canada and, as a result, FII is subject to foreign exchange risk through its program advances to its subsidiary companies. Program costs for this subsidiary are denominated in Vietnamese Dong. FII manages its exposure to currency risk by monitoring assets and liabilities denominated in this foreign currency and by purchasing foreign denominated currency when market conditions are favourable.

Financial Summary

(\$000)	2020/21 Actual ¹	2021/22 Budget	2021/22 Actual
Total Revenues	N/A	1,077	869
Total Expenses	N/A	1,077	869
Net Income	0,000	0,000	0,000

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

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, 2022

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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, 2022 and the consolidated statement of operations, change in net assets, and cash flow for the year ending March 31, 2022 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
June 1, 2022

Independent Auditor's Report

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To the Board of Directors of [Forestry Innovation Investment Ltd.](#)

To the Minister of Jobs, Economic Recovery 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, 2022, 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
June 1, 2022



Chartered Professional Accountants

Forestry Innovation Investment Ltd.

Consolidated Statement of Financial Position


(in thousands of dollars)

March 31

	Note	2022	2021
Financial assets			
Cash and cash equivalents		\$ 5,154	\$ 5,231
Short term investments		1,009	-
Accounts receivable		161	160
Recipient advances	4	81	44
Due from Province of British Columbia		13	17
Due from other governments		556	1,275
Total financial assets		<u>6,974</u>	<u>6,727</u>
Liabilities			
Accounts payable and accrued liabilities	3	1,257	1,655
Due to Province of British Columbia		54	16
Due to other governments		146	132
Recipient payables	4	151	234
Deferred contributions	6	603	593
Total liabilities		<u>2,211</u>	<u>2,630</u>
Net financial assets		<u>4,763</u>	<u>4,097</u>
Non-financial assets			
Tangible capital assets	7	470	447
Prepaid expenses		551	497
Total non-financial assets		<u>1,021</u>	<u>944</u>
Accumulated surplus		<u>\$ 5,784</u>	<u>\$ 5,041</u>

Commitments (Note 8)

Approved by the Board



Director

Rick Manwaring, Deputy Minister
Ministry of Forests



Director

Neilane Mayhew, Deputy Minister
Ministry of Tourism, Arts, Culture and
Sport

Forestry Innovation Investment Ltd.

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)
Year ended March 31

	Budget	2022	2021
	<u>Note</u>		
Revenue	10		
Government contributions			
Provincial	\$ 21,550	\$ 21,595	\$ 22,559
Federal	1,978	1,941	2,418
Other revenue	280	19	381
Investment income	-	57	65
	<u>23,808</u>	<u>23,612</u>	<u>25,423</u>
Expenses	10		
Funding recipient initiatives	8,756	11,419	12,158
Market initiatives and outreach			
FII Vancouver	6,681	4,172	5,427
FII China	2,400	2,130	2,269
FII India	3,400	2,760	2,966
FII Vietnam	1,077	869	-
Corporate services	1,494	1,519	1,557
	<u>23,808</u>	<u>22,869</u>	<u>24,377</u>
Annual surplus	-	743	1,046
Accumulated surplus, beginning of year	5,041	5,041	3,995
Accumulated surplus, end of year	<u>\$ 5,041</u>	<u>\$ 5,784</u>	<u>\$ 5,041</u>

Forestry Innovation Investment Ltd.

Consolidated Statement of Changes in Net Financial Assets

(in thousands of dollars)

Year ended March 31	Budget	2022	2021
Annual surplus	\$ -	\$ 743	\$ 1,046
Acquisition of tangible capital assets	(100)	(198)	(242)
Amortization of tangible capital assets	180	175	139
Acquisition of prepaid expenses	(20)	(54)	(11)
Increase in net financial assets	60	666	932
Net financial assets, beginning of year	4,097	4,097	3,165
Net financial assets, end of year	\$ 4,157	\$ 4,763	\$ 4,097

Forestry Innovation Investment Ltd.

Consolidated Statement of Cash Flows

(in thousands of dollars)

Year ended March 31

2022

2021

Cash provided by (used in):

Operating

Annual surplus	\$	743	\$	1,046
Items not involving cash				
Amortization of tangible capital assets		175		139
Amortization of deferred contributions		(195)		(169)
Change in accounts receivable		(1)		47
Change in recipient advances		(37)		(1)
Change in due from Province of British Columbia		4		(1)
Change in due from other governments		719		(173)
Change in accounts payable and accrued liabilities		(398)		(20)
Change in due to Province of British Columbia		38		(5)
Change in due to other governments		14		(42)
Change in recipient payables		(83)		37
Change in prepaid expenses		(54)		(11)
		<u>925</u>		<u>847</u>

Investing

Acquisition of tangible capital assets		(198)		(242)
Acquisition of short-term investments		(1,009)		-
		<u>(1,207)</u>		<u>(242)</u>

Financing

Receipt of deferred contributions		<u>205</u>		<u>241</u>
(Decrease) increase in cash		(77)		846
Cash, beginning of year		<u>5,231</u>		<u>4,385</u>
Cash, end of year	\$	<u>5,154</u>	\$	<u>5,231</u>

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

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 Minister of Jobs, Economic Recovery 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, 2022, 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.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

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.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
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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, 2022

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 27, 2021.

(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

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3. Accounts payable and accrued liabilities	<u>2022</u>	<u>2021</u>
Trade payables	\$ 306	\$ 883
Accrued liabilities	<u>951</u>	<u>772</u>
	<u>\$ 1,257</u>	<u>\$ 1,655</u>

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, 2022, the Company has identified \$151 (2021 - \$234) as payable to the recipient organizations and \$81 (2021 - \$44) 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, 2022, the Company paid \$261 (2021 - \$255) for employer contributions to the plan.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

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March 31, 2022

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:

	<u>Provincial</u>	<u>Other</u>	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 563	\$ 30	\$ 593	\$ 521
Contributions received during the year	205	-	205	241
Amounts amortized to revenue	<u>(183)</u>	<u>(12)</u>	<u>(195)</u>	<u>(169)</u>
Balance, end of year	<u>\$ 585</u>	<u>\$ 18</u>	<u>\$ 603</u>	<u>\$ 593</u>

Included in Provincial deferred contributions is \$7 (2021 - \$Nil) that is unspent.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
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7. Tangible capital assets

(a) Assets in use

Cost

	2021	Additions	Disposals	2022
Computer equipment	\$ 648	\$ 37	\$ (47)	\$ 638
Computer software	12	-	-	12
Furniture and equipment	463	67	(4)	526
Leasehold improvements	1,228	68	(2)	1,294
Tradeshow booths	325	26	(10)	341
	<u>\$ 2,676</u>	<u>\$ 198</u>	<u>\$ (63)</u>	<u>\$ 2,811</u>

Accumulated amortization

	2021	Amortization	Disposals	2022
Computer equipment	\$ 509	\$ 71	\$ (47)	\$ 533
Computer software	12	-	-	12
Furniture and equipment	356	27	(4)	379
Leasehold improvements	1,061	54	(2)	1,113
Tradeshow booths	291	23	(10)	304
	<u>\$ 2,229</u>	<u>\$ 175</u>	<u>\$ (63)</u>	<u>\$ 2,341</u>

Net book value

	2021	2022
Computer equipment	\$ 139	\$ 105
Computer software	-	-
Furniture and equipment	107	147
Leasehold improvements	167	181
Tradeshow booths	34	37
	<u>\$ 447</u>	<u>\$ 470</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

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8. Commitments

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

2023	\$	1,161
2024		552
2025		321
2026		11
2027		-
Thereafter		-
		<hr/>
	\$	2,045

(b) The Company also has an obligation to pay \$378 (2021 - \$626) for contracts entered into and not yet completed at March 31, 2022.

(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, 2022, 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, 2022, accounts receivable, recipient advances, amounts due from the Province, and amounts due from other governments are comprised of:

	<u>Under 90 days</u>	<u>Over 90 days</u>	<u>Total</u>
Accounts receivable	\$ 161	\$ -	\$ 161
Recipient advances	81	-	81
Due from Province of British Columbia	13	-	13
Due from other governments	556	-	556
	<hr/>	<hr/>	<hr/>
	\$ 811	\$ -	\$ 811

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

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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 \$13 (2021 – \$126) of foreign exchange gains.

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Notes to the Consolidated Financial Statements

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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:

	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
	2021				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash	\$ 660	\$ 511	\$ 1,439	\$ -	\$ 2,610
Accounts receivable and due from other governments	-	1	826	-	827
Accounts payable	-	195	448	-	643

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.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

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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.

(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:

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

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10. Segmented information (continued)

(b) Market Initiatives and Outreach Program (continued)

(ii) FII China Initiatives (continued)

- 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.

(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.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

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10. Segmented information (continued)

(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.

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Notes to the Consolidated Financial Statements

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10. Segmented information (continued)

	Funding Recipient Initiatives	Market Initiatives and Outreach				Corporate services	2022 Total	2021 Total
		FII Vancouver	FII China	FII India	FII Vietnam			
Revenues								
Government contributions								
Provincial	\$ 10,691	\$ 4,681	\$ 2,356	\$ 1,899	\$ 563	\$ 1,405	\$ 21,595	\$ 22,559
Federal	229	50	43	1,161	458	-	1,941	2,418
Other revenue	-	5	-	8	1	5	19	381
Investment income	-	-	2	42	-	13	57	65
Total revenues	10,920	4,736	2,401	3,110	1,022	1,423	23,612	25,423
Expenses								
Amortization	-	-	12	42	20	101	175	139
Auditing	281	-	44	46	18	48	437	380
Grants	3,563	-	-	-	-	-	3,563	4,613
Office costs	55	306	398	633	83	170	1,645	1,560
Professional services	241	1,405	347	1,004	268	137	3,402	4,256
Program costs	6,912	411	-	-	-	-	7,323	7,285
Salaries, wages and benefits	367	2,006	1,221	949	398	1,014	5,955	5,798
Trade missions	-	5	-	-	-	-	5	45
Travel and business costs	-	39	108	86	82	49	364	301
Total expenses	11,419	4,172	2,130	2,760	869	1,519	22,869	24,377
Annual surplus (deficit)	\$ (499)	\$ 564	\$ 271	\$ 350	\$ 153	\$ (96)	\$ 743	\$ 1,046

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March 31, 2022

11. Impact of COVID-19

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. While the pandemic impacted in-market travel, tradeshow attendance and in-person seminars, FII staff have moved to virtual events to replace these delivery mechanisms. Over the past year FII staff have been able to work from home during the multiple government shutdowns in Canada and their other foreign markets and have continued to deliver alternate versions of their programs as planned.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our operations are not known at this time. These impacts could include potential future decreases in revenue and potential delayed spending on market initiative and outreach programs in any one of the countries that the Company operates in due to ongoing restrictions in each respective country. Management is closely monitoring the evolving situation and taking measures to mitigate potential negative impacts to the Company.
