

Forestry Innovation Investment

2024/25

Annual Service Plan Report

August 2025



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Board Chair's Accountability Statement



The Forestry Innovation Investment 2024/25 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2024/25 – 2026/27 Service Plan published in 2024. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in grey ink, appearing to read 'Ian Meier'.

Ian Meier
Board Chair,
August 6, 2025

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Letter from the Board Chair

In 2024/25, 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 2023 Mandate Letter from the Minister of Jobs, Economic Development and Innovation¹.

British Columbia's (B.C.'s) forest sector faced a difficult year across 2024/25 with a downturn in industry activity further intensified in early 2025 by the threat of tariffs and escalating lumber duties by the United States (U.S.). The Province remains committed to supporting the industry through this period. Through investments aimed at advancing value-added production, enhancing utilization and fostering First Nations partnerships, we are working to maintain a strong and resilient forest sector that can support B.C. communities into the future.

The efforts of FII and its partners are an important piece to ensuring a resilient forest sector. Across 2024/25, FII continued its efforts to build domestic capacity and advance innovative wood use here at home, while also working to diversify markets for B.C. forest products internationally. Throughout the year, FII met with its Board and Advisory committees to discuss global and domestic market dynamics impacting the forest sector and FII's role in broader strategic initiatives to advance wood use in B.C.

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

We are pleased to report that in all operations during the year, FII demonstrated efficiency, accountability and integrity in the delivery of its programs. The company concluded the year having met all of its targets related to the 2023 Mandate Letter, and its core objectives established in the company's 2024/25 – 2026/27 Service Plan.



Ian Meier
Board Chair
August 6, 2025

¹ On July 17, 2025, the Ministry of Jobs, Economic Development and Innovation was renamed the Ministry of Jobs and Economic Growth.

Purpose of the Annual Service Plan Report

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

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2023 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the Forestry Innovation Investment [2024/25 – 2026/27 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

FII is the Government of B.C.'s market development agency for forest products. FII works with the forest industry and government to develop 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, FII uses a collaborative model for developing, funding and delivering its programs. Under this model, FII works with the B.C. forest industry, government, and leading research institutions to grow exports to existing markets, such as Japan, China and South Korea, while promoting the use of B.C. products in high-potential, emerging markets, such as India and Vietnam. This approach takes advantage of partner expertise and marketing networks and ensures program costs are shared with other organizations, including industry. FII also works closely with B.C.'s network of Trade and Investment Representatives (TIRs) and Canadian Trade Commissioners in key global markets. By leveraging these partnerships, FII is able to lead a comprehensive effort to expand B.C.'s exports to major markets in Asia and North America and to foster greater capacity and innovation in the domestic manufacturing sector.

FII receives its mandate letter direction from JEDI and supports the Government's strategic direction to JEDI and the Ministry of Forests (FOR) related to developing markets for B.C.'s forest products.

FII's mandate is closely aligned with a range of government priorities, with FII actively collaborating with and supporting other agencies and partners in areas of common interest. This includes working with both FOR and JEDI staff on market diversification efforts—both in B.C./Canada and in key global markets—to expand opportunities for B.C. wood products and reduce reliance on the U.S. market. Collaboration with OMTI, FOR and agencies across

government is helping to advance the use of engineered wood products and mass timber wood building solutions. Expanding the use of mass timber products at home in B.C., and in export markets, contributes to the Province's green building objectives and to securing greater value from B.C.'s forest resource. Work with BC Housing, the Office of Construction of Housing Standards and the Ministry of Housing and Municipal Affairs supports the expansion of building codes and the development of taller mass timber building solutions to enhance affordability objectives and the availability of rental housing in the province.

Across all activities, FII is committed to advancing Indigenous reconciliation, and diversity, equity and inclusion principles. In doing so, FII works with the B.C. government, partners and First Nations to understand the diverse needs of different groups to ensure equitable access, and to explore opportunities to make a positive impact.

Details on FII's mandate, governance, goals and values, locations, and organizational structure are available at www.bcfii.ca, as are previous service plans and annual service plan reports. Details on FII's subsidiaries can be found in [Appendix B](#).

Operating Environment

Forest product markets remained relatively flat across 2024/25 with global markets seeing modest improvements from the economic lag in 2023/24. Heading into the start of 2025, gains were overshadowed by U.S. trade relations and the threat of tariffs impacting wood exports to B.C.'s largest trading partner. Despite these threats, the forest sector continued to play a critical role in supporting B.C.'s economy with forest product exports totalling CAD \$11.5 billion in 2024, representing 20 percent of B.C.'s total commodity exports².

In B.C., the forest sector continued to adjust to recent policy and regulatory changes that reflect an evolving fibre supply, support Indigenous Reconciliation, and respond to diverse economic, social and environmental values across the province. With building code changes in early 2024, enabling mass timber buildings up to 18 storeys, government and industry partners worked together to support adoption and to expand the use of engineered wood and mass timber building systems. The value-added sector continued to see investments through the B.C. Jobs Manufacturing Fund to upgrade existing facilities and develop new, sustainable value-added business lines. Leading into 2025, the importance and growth of the domestic market for B.C. wood products was further emphasized to help offset impacts of U.S. tariffs and softwood lumber duties.

In the U.S., B.C. lumber exports faced severe pressure with softwood lumber duties nearly doubling in 2024. Despite this, the U.S. remained B.C.'s largest export market for lumber and value-added products, with total exports of all forest products totalling more than CAD \$6.7 billion in 2024. Opportunities for B.C. wood products continued in engineered and mass timber applications in mid-rise and taller wood buildings, value-added, and outdoor living sectors.

Japan was B.C.'s largest offshore lumber market by monetary value in 2024 and second largest market for B.C.'s value-added wood sector³. Despite a weak economy and slowing housing market, wood's share in multi-family residential and non-residential applications is gaining traction alongside trends favouring green and prefabricated building solutions. B.C. is a top supplier of softwood lumber to Japan but continues to face fierce competition from both domestic production and other exporting nations, particularly European suppliers. B.C. remained Japan's second largest supplier of wood pellets in 2024, helping to support the country's efforts to replace nuclear energy.

China remains B.C.'s second largest market for B.C. forest products, with 22 percent of all exports destined for the market in 2024. B.C. softwood lumber exports fell slightly from 2023, reflective of the ongoing general slowdown of the Chinese economy and an ailing real estate sector impacting construction activity. Canadian pine products continue to be impacted by stringent [phytosanitary requirements](#) and reduced port access into China. Urbanization

² B.C. Stats, 2024.

³ Value-added refers to products manufactured beyond the primary stage, (lumber, basic panels and other commodity products). This includes everything from furniture, doors and windows, and shakes and shingles, to millwork and cabinets. It also includes non-commodity next-generation engineered products such as dowel-laminated timber and cross-laminated timber.

policies coupled with carbon reduction targets is increasing the emphasis on green building solutions/materials. This is driving new higher-value market opportunities for B.C. wood products and building technologies, particularly in low-rise buildings and emerging segments such as prefabricated assemblies and engineered wood applications. China remains B.C.'s most important market for pulp and paper exports, with over 50 percent of exports going to the market. Over the past five years, U.S. supply to China has declined steeply with Brazil and Indonesia coming to the forefront as Canada's main pulp competitors.

India's demand for wood products continues alongside its gradual growth in construction, better economic conditions, and rise in disposable incomes. While the volumes are still modest, India represented the highest value per cubic metre market for B.C. softwood in 2024 at \$464 (\$CAD/m³) with coastal species representing the majority of the volume. A diminishing supply of global hardwoods is creating an opportunity to introduce B.C. softwood species for use in manufacturing applications, such as furniture, doors, windows and interior finishings. While market barriers such as distance and price sensitivity exist, the longer-term potential remains promising. Though geopolitical relations were strained during the period, trade and business relationships in the forest industry did not appear impacted.

As the second largest exporter of wooden furniture in the world, and facing similar hardwood supply constraints as India, Vietnam presents a significant opportunity for B.C. As exports of products to many major consumer markets are subject to laws with respect to traceable, sustainable, legal fibre, B.C. softwoods are well positioned to meet this demand. In 2024, approximately 75 percent of B.C. exports to Vietnam were coastal species, valued at CAD \$334 per cubic metre. Like India, targeted efforts have been, and will continue to be, required to create awareness of B.C. species and their potential in manufacturing applications.

Economic Statement

After several years of strong growth, economic activity in British Columbia moderated in 2024 amid high interest rates, persistent price pressures, and ongoing global economic uncertainty. B.C.'s real GDP increased by 1.2 percent in 2024 and ranked 8th (tied with Ontario) among the provinces following growth of 2.4 percent in 2023. Last year, economic growth was driven by B.C.'s service-producing industries such as real estate, rental and leasing; health care and social assistance services; transportation and warehousing; public administration; and educational services. Output for goods-producing industries declined in 2024 due to lower construction and manufacturing activity, which was partly offset by growth in the mining, quarrying and oil and gas extraction; utilities; and agriculture, forestry, fishing and hunting sectors.

B.C.'s labour market continued to expand in 2024. Employment in B.C. increased by 66,100 jobs (+2.3 percent), supported by high immigration, and wages and salaries rose by 6.3 percent. B.C.'s unemployment rate averaged 5.6 percent in 2024, up from 5.2 percent in 2023 as strong population and labour force growth outpaced job gains. Elevated interest rates, rising construction costs, and ongoing labour shortages weighed on the construction sector last year. Housing starts totaled 45,828 units in 2024, down 9.2 percent from the record high in 2023, but remained above the ten-year historical average. B.C. home sales increased by

2.1 percent and the average home sale price increased by 1.0 percent compared to 2023. Price pressures in B.C. continued to broadly moderate last year, but shelter price growth remained elevated. Overall, B.C.'s inflation rate averaged 2.6 percent in 2024, down from 3.9 percent in 2023. Despite strong population growth, nominal retail sales increased by just 0.6 percent in 2024, following a 0.1 percent decline in 2023. On the trade front, weak global demand and lower commodity prices (primarily natural gas and coal prices) last year contributed to a 2.7 percent decline in B.C.'s merchandise exports relative to 2023 despite increased exports to non-U.S. destinations including China, South Korea, and Australia.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2024/25 – 2026/27 Service Plan. For forward-looking planning information, including current and future performance targets, please see the [latest service plan](#).

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

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

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

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

Key results

- FII's [naturallywood.com](#) website hosts information on B.C.'s forests, forest management, forest products and building expertise, with a growing focus on mass timber construction. This year, naturallywood.com had 399,000 pageviews with 122,000 clicks to content—including research-based articles, case studies, project profiles,

reports, podcasts, guides, tools and videos—enabling FII to reach target B.C. and international audiences with factual information on B.C.’s forest products and practices

- Through a monthly newsletter and across socials, FII’s naturally:wood⁴ brand campaign has created a community of over 11,000 people (an increase of over 12 percent year-over-year) from across B.C. and around the world, including target groups—architects and planners, engineers, general contractors, developers, interior designers, and academia
- Along with advancing B.C.’s reputation, FII shares with industry and other partners marketing tools and resources at no cost to support market growth, development and diversification around the world. In 2024/25, video and photography assets related to B.C. forest products, practices, and building expertise made available to the B.C. forest sector, resulted in an estimated \$228,000 in savings to industry

Summary of progress made in 2024/25

In 2024/25, FII continued to develop and deliver forest, wood, carbon, and B.C.-related messaging and content through its naturally:wood platform—providing factual, consistent, and credible information about the environmental benefits of B.C.’s forest products and the [forest practices](#) that support healthy forests and future supply. Primary target audiences for naturally:wood content are those that influence material selection in a building project or other value-added wood applications: architects, engineers, general contractors, developers, manufacturers, and public/private sector building owners.

In the fall of 2024, FII refreshed and merged naturallywood.com with the [B.C. Wood Supplier Directory](#) to enhance the user experience and meet current website accessibility requirements. The updated website contains over 750 webpages, including 200+ wood and mass timber [project profiles](#), a newly formed Knowledge Centre sharing over 130 resources and the latest in [education and careers](#) and [events](#). The Centre resources include articles, case studies, calculators, guides, toolkits, reports, videos, podcasts, training, and networking opportunities—covering the latest in wood design in the built environment. Two key guides funded by FII and profiled through naturally:wood in 2024/25 were the [Canadian NLT Guide 2.0](#) and the [Biophilic design with wood in British Columbia](#) (both further profiled under Goal 3).

Throughout the year, FII continued its active participation in the Canadian Council of Forest Ministers’ Forest in Mind program, promoting Canada’s sustainable forest management leadership to international audiences and addressing market access issues for Canadian forest products such as the incoming EU Deforestation Regulation. FII also collaborated with FOR, JEDI and other provincial and federal partners to support advocacy outreach regarding non-tariff trade barriers in the U.S. and Europe.

⁴ Developed by FII, naturally:wood is an information resource showcasing British Columbia as a global leader in wood construction and a supplier of quality, environmentally responsible wood products from sustainably managed forests.

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

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

Key results

- FII's [naturally:wood B.C. Wood Supplier Directory](#) had over 40,300 visitor engagements (up five percent from last fiscal), helping potential buyers find wood products from B.C. This included 32,000 new visitors from Canada, the U.S., China, India, Singapore and Germany
- FII has profiled over 200 wood buildings on the [naturallywood.com](#) project gallery, promoting leading wood projects in B.C., suppliers (wood products and services) that worked on these projects and providing inspiration for design professionals. Across 2024/25, this section had over 63,000 pageviews
- Across the fiscal year, 15,300 (up four percent year-over-year) visitors to [naturallywood.com](#) were referred to partner or industry organizations for further information and support—driving opportunities for the industry

Summary of progress made in 2024/25

During 2024/25, FII shared content using owned and paid digital marketing channels to engage key audiences and foster awareness of, and demand for, B.C. value-added wood products. Of the nearly 400,000 pageviews on [naturallywood.com](#) in 2024/25, almost 100,000 views were on B.C. wood products, 91,000 on B.C. wood species and forest management, and 63,000 on B.C. wood building projects.

FII continued to reach international and domestic audiences in its promotion of the [naturally:wood B.C. Wood Supplier Directory](#), which contains over 350 suppliers selling over 120+ primary and value-added products from across the province, including mass timber.

FII disseminated learnings from research and projects funded under the Wood First program (see Goal 3) and Mass Timber Demonstration Program. Exhibiting at select industry events across the year—including BUILDDEX and the Global Buyers Mission—helped to reach over 11,000 people and directly interact with 745 from the target audiences including international forest product buyers, local building and design professionals, developers, municipal officials, and building industry specifiers⁵. Audiences were most interested in the new Supplier Directory, the recently launched Canadian NLT Guide 2.0, the Biophilic design with wood in

⁵ In the building industry, a specifier is a professional who creates detailed descriptions, called specifications, of the materials, products, and methods used in a construction project. Examples include engineer, architect and code consultants.

British Columbia publication, and the latest advancements in mass timber design and construction being highlighted through the Mass Timber Demonstration Program.

Performance measure(s) and related discussion

Performance Measure	2023/24 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
1a Percent of target customers who perceive that forest products from B.C. are a good choice for the environment ^{1,2}	90%	96%	N/A	N/A

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

¹PM 1a targets for 2025/26 and 2026/27 were stated in the 2024/25 Service Plan as 90% and N/A, respectively.

²Surveys are conducted biennially.

This measure provides an indication over time of the effectiveness of FII's international advocacy and communications initiatives to influence customer perceptions of B.C. and its forest management practices. Performance data is 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).

The survey is conducted as a cooperative undertaking between FII and other partners such as the Canadian Council of Forest Ministers. Focused on environmental perspectives, the survey identifies the percentage of target international customers who agree that B.C.'s environmental reputation is as good as, or better than, the average of competing forest product jurisdictions.

The 2024/25 target was set at 'N/A' as the performance data is gathered biennially. For future targets, FII and its partners consider that maintaining a 90 percent rating represents optimal performance given there will always be some respondents with varying degrees of concern about the environmental impact of forest practices in different jurisdictions.

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
1b Number of prospects connecting with B.C. manufacturers from the naturallywood.com Supplier Directory, an online platform developed by FII ¹	38,512	38,200	40,352

Data source: Forestry Innovation Investment /Google Analytics.

¹PM 1b targets for 2025/26 and 2026/27 were stated in the 2024/25 Service Plan as 40,000 and 42,000, respectively.

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

number or website address. The 2024/25 target for prospects connecting with B.C. manufacturers through the Directory was set at 38,200; FII exceeded this target with 40,352 supplier interactions made.

Goal 2: Enhance the value of B.C.'s forest products in traditional and emerging markets

Objective 2.1: Expand opportunities for B.C. wood products in emerging markets

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

Key results

- In spring 2024, FII organized a [B.C. forest industry mission to Vietnam](#), led by the former B.C. Deputy Minister of Forests. Through visits to large and mid-size furniture factories, mission delegates gained an understanding of the prospects for B.C. wood products in manufacturing and to meet potential buyers
- FII's subsidiary, FII Vietnam, introduced thermally modified B.C. hemlock to a major outdoor furniture manufacturer for use in sauna applications. Following a successful product trial, the manufacturer has added the [hemlock saunas](#) to its product line-up and plans to use the wood in a range of product lines for export to major consumer markets
- Eight Indian furniture manufacturers partnered with FII's India subsidiary, FII India, to create a high-end home display at [INDEXPLUS 2024](#), a major trade show showcasing furniture, furnishings, and interior design in India. Each of the manufacturers showcased furniture and finishings using B.C. wood species—resulting in several sales, including a distribution agreement for furniture with a U.K. brand
- Across 2024/25—through product trials, promotion, outreach and educational events—FII India helped facilitate 173 inquiries to B.C. suppliers resulting in 227 container purchases of B.C. softwood lumber
- FII India influenced the use of B.C. wood in two high-end commercial projects—the [Monkey Bar](#) gastropub and a [civic hall](#). The projects demonstrate the beauty and versatility of B.C. wood species in commercial and public buildings in India

Summary of progress made in 2024/25

During 2024/25, FII's Try Canadian Wood product trials program continued to motivate Indian and Vietnamese manufacturers to test B.C. softwood species in their manufacturing applications and strengthen technical skills in working with B.C. species. In India, 45 product

trials were completed to introduce B.C. wood species. In Vietnam, 24 product trials were undertaken with Vietnamese manufacturers. Taking learnings from the India market development program, early-stage trials in Vietnam have resulted in positive signs for the uptake of B.C. wood species in furniture and door applications.

FII India also continued to support the greater adoption of B.C. wood use into structural and related non-structural applications by the design and construction communities. These projects were led by commercial partners, with FII India providing technical support and assistance in sourcing and using B.C. wood products. In 2024/25, these projects spanned residential, education, hospitality and tourism sectors. To ensure available B.C. wood supply in the market for projects, FII India maintained relationships with 31 stockists (importers/distributors) of B.C. wood products.

Both FII India and FII Vietnam teams also undertook an extensive program of ongoing promotion, trade shows, outreach, and education across the year. This included participation in major events, including the India team's presence at INDEXPLUS 2024 and DELHIWOOD 2025, and the Vietnam team at the Vietnam International Furniture and Home Accessories Fair (VIFA EXPO 2025) and the Ho Chi Minh Export Furniture Fair (HAWA 2025). The Canadian Wood-branded booth space at these events featured furniture, and interior and outdoor applications crafted by Indian and Vietnamese manufacturers from B.C.'s certified sustainable wood species.

Promotion and outreach across the year included the use of social media, seminars, workshops, and training programs—raising awareness of the attributes and benefits of working with B.C. softwoods, and the increasing importance of using sustainable, certified forest products like those from B.C. Partnering with local manufacturers and coating companies to showcase B.C. wood use in various applications has proved a useful strategy to expand reach and impact in the promotion of B.C. wood products.

Objective 2.2: Wood products secure greater market penetration in U.S. non-residential and multi-family construction

Despite rising softwood lumber duties and potential tariffs, the U.S. housing sector continues to consume large volumes of B.C. lumber, panels, cedar products, and value-added wood products. With the market moving toward multi-family living, FII focused 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 present opportunity to increase wood's market share, advance opportunities for mass timber and expand opportunities to use wood both structurally and architecturally.

Key results

- With support by FII, the U.S. [WoodWorks](#) program continued to deliver its Mass Timber Construction Management program to address critical gaps in knowledge and skills among contractors and installers. With 60 training centers nationwide (30 ironworker,

24 carpenter, four university and two hardware manufacturer), to date, 2,272 workers have completed 36,072 hours of training, with 749 students (totalling 8,445 training hours) in 2024/25

- The [Cedar Shake and Shingle Bureau \(CSSB\)](#) played a crucial role in educating over 200 architects, installers, and suppliers about the application of cedar shakes and shingles through a series of well-attended seminars throughout the U.S. By fostering collaboration and knowledge-sharing, the seminars helped bridge the gap between design, installation, and product supply—creating opportunity for B.C. suppliers
- The Western Red Cedar Lumber Association runs a coordinated campaign to reach U.S. consumers and influencers through promotion, social media and direct engagement. Supported by FII, the campaign achieved a 26 percent year-over-year increase in Find-A-Retailer page searches and 62,889 project downloads from realcedar.com

Summary of progress made in 2024/25

Through its recipient funding programs, FII continued to work with partners to provide promotion, technical support, and education aimed at the U.S. construction and design community with the goal of expanding wood use in these segments. For 2024/25, FII directly supported the activities of [BC Wood](#), the Cedar Shake and Shingle Bureau, the Western Red Cedar Lumber Association and the Wood Products Council (U.S. WoodWorks program). Priorities in the U.S. market focused on expanding business for B.C.'s value-added sector and pursuing emerging opportunities for wood-frame and mass timber systems in mid-rise residential and non-residential markets.

In addition to activities highlighted in the key results section, BC Wood (with financial support by FII) brought 16 B.C. value-added companies to the 2025 National Association of Home Builders (NAHB) International Builders' Show® (IBS) in Las Vegas. The 1,600 square foot BC Wood Pavilion highlighted the best of B.C.'s value-added wood products, attracting builders, architects and designers to the space and demonstrating the global appeal of B.C.'s high-value structural and finished wood products industry.

Performance measure(s) and related discussion

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
2a Total number of product trials of B.C. species undertaken in emerging markets ^{1,2,3}	N/A	38	69

Data source: Forestry Innovation Investment.

¹PM 2a was added as a target in the 2024/25 Service Plan and thus the actual outcome for 2023/24 is set as N/A.

²PM 2a targets for 2025/26 and 2026/27 were stated in the 2024/25 Service Plan as 40 and 42, respectively.

³Product trials are currently being undertaken in India and Vietnam through FII's subsidiary operations in both markets.

Market development in India and Vietnam is led by FII through subsidiary operations. In India, the program is now in Phase 2 (Expanding Engagement) of a multi-year strategy to achieve commercial acceptance and growth in the wood manufacturing sector. The approach will be to

build on gains made to date, leverage existing demonstration projects, and support the existing stockist network. Vietnam operations are in Phase 1 (Entry and Demonstration) with a formal subsidiary office established in spring 2022. Initial efforts are focused on building awareness of the Canadian Wood brand and establishing relationships with local manufacturers to introduce B.C. wood species. Progress in both markets is monitored through established annual performance metrics with interim reporting requirements.

FII was able to exceed its target for 2024/25 as a result of product trials that were already underway in the prior fiscal year, but not completed until 2024/25. FII anticipates that the volume of product trials will fall closer to target levels moving forward.

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
2b 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 ^{1,2,3}	\$348	\$274	\$251

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

¹The 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 US WoodWorks program activities, funded by FII and its funding partners.

²PM 2b targets for 2025/26 and 2026/27 were stated in the 2024/25 Service Plan as \$294 and \$314, respectively.

³Targets for performance measure 2b were revised in the [latest Service Plan](#).

This measure tracks success in increasing wood usage in the U.S. in the commercial, institutional and multi-family residential/mid-rise segments. The ability to achieve Performance Measure 2b is contingent upon the performance of FII's funding recipient, U.S. WoodWorks, 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. US. WoodWorks tracks its engagement with projects as the project moves from identification to design and construction. As soon as the project goes to construction, the value of that project is captured in the performance measure.

For 2024/25, U.S. WoodWorks reported 395 projects directly influenced and converted to wood resulting in an incremental \$251 million of wood product sales. The program came in under its target for 2024/25 (92 percent progress to target) as a result of weakening construction activity largely due to financing and funding challenges. Cost increases have outpaced original budgets. In addition to economic uncertainty, some regions are also experiencing zoning and site challenges, as well as permitting delays. This performance measure will be removed in future plans given changing trade dynamics with, and protectionist measures being implemented by, the U.S. (see Operating Environment), and FII's reduced investments in the U.S. market as a result.

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

Objective 3.1: Wood is a preferred building material in B.C.

Driven by the evolving needs of urban environments, building performance, and construction productivity, FII is enabling the early adoption of new and advanced wood technologies and building systems—including taller buildings and larger structures using mass timber—that will help shape more resilient, climate-smart communities and position wood as a preferred building material.

Key results

- To expand the use of Nail-Laminated Timber (NLT) across Canada, FII co-funded (with Natural Resources Canada) the second edition of the [Canadian NLT Guide 2.0](#). The guide was promoted through naturally:wood communications channels, achieving nearly 6,000 pageviews, over 342,000 social media impressions and over 1,300 downloads of the guide
- To address the growing interest in biophilia⁶ among developers, designers, owners, and manufacturers, FII partnered with Terrapin Bright Green to publish [Biophilic design with wood in British Columbia](#). Promotion of the guide has led to over 6,000 pageviews on naturallywood.com, over 437,000 social media impressions and 550 copies distributed
- This year, the [Construction Foundation of BC](#) delivered Good Talk in the Forest—bringing together youth, community members, industry leaders, and traditional knowledge keepers in hands-on, wood-focused workshops including carving, furniture building, and tours of local wood-based infrastructure. Spanning five Indigenous communities across B.C., the project hosted 32 sessions with over 117 participants
- Through FII-supported industry partner activities, over 200 technical resources, toolkits, and case studies were shared or created and 164 events were delivered involving 1,836 participants. Outcomes from these activities included greater cross-sector dialogue between the various groups involved in a successful building project—from architects and fabricators to educators, insurers and policymakers

Summary of progress made in 2024/25

FII's efforts in this area are developed and delivered through its [Wood First program](#). Across 2024/25, FII continued to work with industry and government partners to strengthen capacity of B.C. professionals in advanced wood building design and construction—including mass timber solutions—and on the specialized wood products required for these projects. FII's efforts include funding research to assist with regulatory changes, delivering education

⁶ Biophilic building design integrates natural elements—such as natural light, greenery, water features, and organic materials, including wood—into architectural design to enhance well-being, productivity, and sustainability.

programs and networking events to grow the profession and optimizing supply chains and overcoming specific barriers to enable greater wood use.

The updated Canadian NLT Guide published in 2024/25 provides the latest research and project experience using NLT and reflects growing momentum in mass timber options, benefits of local labour to produce NLT and the province's leadership in wood design and construction. Promotion of the guide included a social media video highlighting the use of the product on the Mass Timber Demonstration project, The Exchange.

Launched in September 2024, the publication [How the province of British Columbia is leading in biophilic design with wood](#) explores B.C.'s rich cultural history and tradition of wood as a building material, defines the 15 patterns of biophilic design, and profiles building projects in B.C. that demonstrate how wood can express eight of these patterns most effectively. Alongside promotional efforts, the content was used as a basis for a training session at BUILDEX Vancouver in February 2025.

FII-supported partner activities noted in key results were delivered by WoodWorks BC (part of the [Canadian Wood Council](#)), BC Wood, the University of British Columbia's Centre for Advanced Wood Processing, and the Construction Foundation of BC. Programs targeted specific audiences—including lenders, investors, manufacturers, construction professionals, architects, engineers, developers, insurers, and educational, research and public institutions—with information aimed at increasing capacity and awareness and accelerating engagement across the sector. Topics covered design, engineering and innovation in wood construction, education and skill development, and industry collaboration/ knowledge mobilization.

Technical events/workshops provided a stronger understanding of advanced wood building systems and considerations when undertaking mass timber building projects. There was also a high demand for further events with interest in deeper training, new collaborative research and development, and advisory support—suggesting sustained momentum beyond initial engagement.

FII is an active funder and partner in the Canadian Wood Construction Research Network (CWCRN), working alongside industry and other government agencies to advance wood construction in Canada by linking industry with academic and research agencies. Thirty-one faculty members from 14 Canadian universities, alongside 20 scientists and professionals representing 12 government and industry partners are working together with over 50 highly qualified personnel trainees to address research priorities, align efforts, and amplify impact across jurisdictions.

Objective 3.2: Next-generation B.C. wood technologies and building solutions showcase 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. This will position B.C. as

a leader in wood innovation and B.C.'s forest products can be more effectively marketed for construction, interior design and daily living at home and abroad.

Key results

- FII profiled Mass Timber Demonstration Program (MTDP) projects on naturallywood.com, including recently completed projects—[The Exchange](#), [The Confluence](#) and [Alliance Française de Vancouver](#). This fiscal, MTDP projects on naturallywood.com have received 17,000 pageviews—showcasing different mass timber applications and B.C.'s leadership in mass timber use to B.C. and international audiences
- In 2024/25, 3,545 visitors to FII's [ThinkWood Research Library](#) clicked through to view articles, reports and guides linked on the searchable database—up from 2,539 the year before. With 331 new reports added in 2024/25, the library now hosts 3,359 research reports on wood and mass timber construction—supporting the adoption of wood technology across the architecture, engineering, and construction industries in BC, Canada and abroad
- In 2024/25, the Wood First program delivered a robust portfolio of activities designed to advance innovation, strengthen industry capacity, and build the technical knowledge base supporting wood construction. Across research, publications, and education, the program engaged 142,000 stakeholders —designers, engineers, builders, manufacturers, and policy makers—equipping them with the technical knowledge, business development tools, and confidence needed to advance wood innovation in B.C.'s built environment

Summary of progress made in 2024/25

Across 2024/25, FII worked with B.C. government, including OMTI, research and industry organizations to build expert networks, share lessons learned and showcase B.C.'s wood products, design and construction expertise.

In January 2025, FII supported the Design for Manufacturing and Assembly (DfMA) workshop, hosted by the UBC Centre for Advanced Wood Processing (CAWP) and the UBC School of Architecture and Landscape Architecture. The DfMA aims to streamline prefabricated and mass timber construction by optimizing building components for efficient off-site manufacturing, transportation, and rapid on-site assembly, ultimately reducing time, material waste, cost, and labour while increasing quality and efficiency.

Across 2024/25, FII supported Timber Tech Connect, a platform for highlighting B.C.'s advancements in mass timber and wood prefabrication. A collaborative effort between The Wood Innovation Group, Fast + Epp, and CAWP, Timber Tech Connect hosted 35 dynamic events, attracting 475 industry professionals in 2024/25—providing an up-close look at the latest innovations in timber design and the individuals driving progress in wood-based design, engineering, architecture, and construction.

Following the first three intakes of MTDP, FII has been working with building teams in the Lower Mainland, Vancouver Island/Sunshine Coast, Okanagan and the Kootenays to document

lessons learned in the areas of taller wood, scalability, rental housing, energy efficiency, new design and construction practices. The 19 demonstration projects include six that are 7+ storeys and range from a new multiuse municipal centre targeting Passive House certification⁷ in Castlegar to a 25-storey mass timber rental housing tower in Vancouver's Downtown Eastside.

FII and naturally:wood are collaborating with WoodWorks BC to document learnings from the MTDP and facilitate knowledge transfer across the industry. Photography, videography, and documentation—including project team and building owner interviews—are either completed or underway for the first 11 of the 19 projects, to form a library of content from which to develop education and communications materials and tools.

Performance measure(s) and related discussion

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
3a Total sales (\$CAD, millions) of wood attributable to directly influenced and converted projects—B.C.'s non-residential and multi-storey/multi-family residential construction markets ^{1,2,3}	\$178	\$66	\$185

Data source: Canadian Wood Council's WoodWorks BC program

¹The 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 WoodWorks BC program activities, funded by FII and its funding partners

²PM 3a targets for 2025/26 and 2026/27 were stated in the 2024/25 Service Plan as \$69 million and \$74 million, respectively.

³Targets for performance measure 3a were revised upward in the [latest Service Plan](#).

This measure tracks success in increasing wood usage in B.C. in the commercial, institutional, and multi-family residential/mid-rise segments. To this end, FII cost-shares the WoodWorks 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 from other materials to wood. Efforts focus on a range of building types (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 3a 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. WoodWorks BC tracks its engagement with projects as the project moves from identification to design and construction. As soon as the project goes into construction, the value of that project is captured in the performance measure.

⁷ Passive House Certification is a voluntary standard for energy efficiency in buildings. The standard was developed in the early 1990s in Germany and is now recognized internationally.

For 2024/25, WoodWorks BC reported 106 projects directly influenced and converted to wood, resulting in an incremental \$185 million of wood product sales. The program exceeded its target for 2024/25 as a result of an overall increase in building costs, a number of very large four- to six-storey residential construction projects, and new, more sophisticated project identification strategies and tracking methods, particularly for private developments. Forward looking targets from 2025/26 onward have been adjusted to reflect these new tracking methods, an increase in both the number and average size of projects reported as well as, to a smaller extent, the rising costs of construction.

Financial Report

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

Discussion of Results

Contributions from the Province surpassed the budgeted amounts by \$0.217M, primarily due to additional funding received under the Shared Recovery Mandate. The remaining variance was attributed to adjustments in deferred revenue concerning the depreciation of capital assets. Other Revenue was primarily interest income earned on bank account balances held in India and Canada from accumulated retained earnings.

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 \$0.251 million, resulting mainly from recipients returning funds in the last quarter that were not able to be reallocated to other projects.

Financial Summary

(\$000s)	2023/24 Actual	2024/25 Budget	2024/25 Actual	2024/25 Variance
Revenues				
Contributions from Province ⁽²⁾	20,274	20,187	20,404	217
Contributions from the Federal Government ⁽⁵⁾	290	000	182	182
Other Revenue ⁽³⁾	609	428	561	133
Total Revenue	21,173	20,615	21,147	532
Expenses				
Funding Recipient Initiatives	8,350	7,850	7,991	141
Market Outreach and Initiatives				
Government Initiatives and Outreach ⁽⁴⁾	4,679	5,515	5,082	(433)
China Market Development	2,216	1,900	1,920	20
India Market Development	1,879	1,600	1,800	200
Vietnam Market Development	1,714	1,900	2,015	115
Corporate Services	1,901	1,850	2,088	238
Total Expenses	20,739	20,615	20,896	281
Annual Surplus	434	0	251	251
Total Liabilities	2,248	2,250	2,041	(209)
Capital Expenditures	148	150	148	(2)
Accumulated Surplus	6,504	6,070	6,755	685

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

² Actual expenditures include \$0.179 million from the Shared Recovery Mandate and deferred revenue for the depreciation of capital assets.

³ Includes contributions from industry associations, interest earned on cash balances and other misc. Income.

⁴ Reflects a reduction in direct delivered programing in order to provide funding for the Wood First intake 4.

⁵ NRCan decided to cost share some FII programs

Variance and Trend Analysis

The spending variance in Government Initiatives and Outreach was used to help fund a fourth Mass Timber intake for the Wood First program. The intake was also partially funded by reduced funding requests from recipients. The total grant of \$940,000 for intake four is included in the funding recipient initiatives line item.

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 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.

FII and its programs are continuously monitoring impacts of trade dynamics with the U.S., including exchange rate risk as the Canadian dollar is affected by economic uncertainty and potential trade tariffs. The delivery of co-funded market development programming led by FII's funding recipients may also be impacted as industry adjusts to new trade conditions.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023 Mandate Letters from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2025
<p>Promote wood's environmental merits as a preferred, sustainable and renewable building material.</p>	<ul style="list-style-type: none"> FII's naturallywood.com hosts information on the environmental benefits of wood products from B.C.'s sustainably managed forests. In 2024/25, the website received nearly 400,000 pageviews To sustain a strong user experience and continue to meet accessibility requirements, FII launched a complete refresh of naturallywood.com and the Supplier Directory in September 2024 FII undertakes research to ensure that science-based information is available to support key messages. For example, an inventory of carbon calculation and life cycle assessments has been completed on key institutional, mid-rise residential and taller wood buildings in B.C. to demonstrate the benefits of building with wood FII works with provincial and national partners through the Canadian Council of Forest Ministers and the Forest Products Association of Canada to ensure refreshed and consistent messaging regarding Canada's sustainable forest management practices
<p>Expand international market diversification for B.C. wood products by opening new opportunities in existing and new markets, with a strong focus on high-potential markets in Asia, including China, Japan, South Korea, India and Vietnam.</p>	<ul style="list-style-type: none"> FII supports market diversification strategies in Japan, South Korea, India, Vietnam, China and North America In 2024/25, FII invested \$4.14 million through its annual call for proposals to co-fund market diversification programs in priority markets. Led by

2021/22 Mandate Letter Priority	Status as of March 31, 2025
	<p>industry trade associations and research institutes, these cost-shared initiatives reflect the priorities outlined in FII's Market Initiatives Investment Strategy</p> <ul style="list-style-type: none"> • In addition, FII directly delivers programming through its subsidiary offices in India, Vietnam and China. FII's spending in 2024/25 on direct delivered activities is approx. \$5.66 million • Through this collection of efforts, achievements in 2024/25 include: <ul style="list-style-type: none"> ○ In Japan, Canada Wood Japan co-sponsored testing of wood-frame wall assemblies for use in mid-rise construction. Results were favourable, with approval of the design expected in 2025. This approval will reduce construction costs and improve the competitiveness of wood construction in the mid-rise market—opening opportunity for B.C. wood products in this growing segment ○ In South Korea, Canada Wood Korea introduced builders to nail laminated timber (NLT) using B.C. softwood. With supply established, Canada Wood then worked with local officials on several high-profile NLT buildings at Jinju City, one of the first uses of mass timber in South Korea ○ In China, FII China continued to engage with prioritized regional bodies across government, industry and academia to advance wood use in public projects and position B.C. wood species. This

2021/22 Mandate Letter Priority	Status as of March 31, 2025
	<p>included in Guangdong Province, which recently completed a high-profile project—the Guangming International Equestrial Centre—featuring B.C. Douglas-fir glulam beams</p> <ul style="list-style-type: none"> ○ Key results for 2024/25 for India and Vietnam can be found under Goal 2, objective 2.1
<p>Showcase B.C.'s leadership in manufacturing and using wood by profiling innovative projects and leveraging that experience to expand the use of wood at home and abroad.</p>	<ul style="list-style-type: none"> • FII continues to work with partners to identify barriers to the use of wood and is investing in technical research and communications activities to overcome these challenges and misconceptions • In 2024/25, FII invested \$1.90 million through its annual call for proposals to co-fund wood innovation and capacity building programs in B.C. Led by industry trade associations, post-secondary institutions and training programs, these cost-shared initiatives reflect the priorities outlined in FII's Wood First Investment Strategy • As mass timber construction gains momentum throughout B.C., FII has been disseminating a steady cadence of content, including blogs, contributed articles and podcasts via owned and paid channels to help profile B.C.'s leadership in manufacturing and wood use • In 2024/25 Mass Timber Demonstration Program (MTDP) projects profiled on naturallywood.com received 18,000 pageviews (44,000 pageviews since the start of the program)
<p>Collaborate with B.C. Provincial Government partners to jointly deliver on the Province's</p>	<ul style="list-style-type: none"> • Alongside government initiatives to remove regulatory hurdles, FII is

2021/22 Mandate Letter Priority	Status as of March 31, 2025
<p>objective to expand our mass timber and engineered wood products sector in B.C.</p>	<p>leading and supporting several initiatives to address technical barriers, build capacity in the design and construction industries, and identify project opportunities for the use of engineered wood products, including mass timber</p> <ul style="list-style-type: none">• FII continued to deliver the Mass Timber Demonstration Program on behalf of the Province. FII is working with 19 demonstration project teams to capture lessons learned and advance a communications effort through FII's naturally:wood communications platform and FII funding recipients. A fourth expression of interest was carried out in 2024/25 with results to be announced in spring 2025• FII collaborated with JEDI and the Office of Mass Timber Implementation to support strategic planning efforts and to help further the establishment of the overall mass timber initiative through providing FII's experience, research, information and advice on mass timber

Appendix B: Subsidiaries

Active Subsidiaries

FII Consulting (Shanghai) Co. Ltd.

(Wholly owned by Forestry Innovation Investment.)

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

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

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

Financial Summary

(\$000)	2023/24 Actual	2024/25 Budget	2024/25 Actual
Revenues	2,216	1,900	1,947
Expenses	2,216	1,900	1,920
Net Income	0,000	0,000	27

Discussion of Variance

Reflects spending at budget levels for the China Program.

FII Consulting India Private Limited

(Jointly owned by Forestry Innovation Investment 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 manufacturing of furniture, doors and windows, interior millwork and other products.

Strategic Direction and Operating Environment: The business activities and priorities of FII Consulting India Private Limited are fully consistent with the mandate, strategic priorities, and fiscal plan of FII.

Financial Summary

(\$000)	2023/24 Actual	2024/25 Budget	2024/25 Actual
Revenues	1,879	1,600	1,780
Expenses	1,879	1,600	1,800
Net Income	0,000	0,000	(20)

Discussion of Variance

Reflects a reduction in program activities to account for much reduced Natural Resources Canada (NRCan) cost-shared funding for FII's India program.

Forestry Innovation Consulting (Vietnam) Ltd.

(Wholly owned by Forestry Innovation Investment)

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

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

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

Financial Summary

(\$000)	2023/24 Actual	2024/25 Budget	2024/25 Actual
Revenues	1,714	1,900	1,947
Expenses	1,714	1,900	2,015
Net Income	0,000	0,000	(68)

Discussion of Variance

Reflects funds reprofiled from other programs to expand the efforts in Vietnam.

Inactive Subsidiaries

- FII maintains a non-operating subsidiary company, 0939031 B.C. Ltd. (wholly owned by Forestry Innovation Investment) whose sole purpose is to function as the second shareholder of FII Consulting India Private Limited (complying with 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, 2025

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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, 2025 and the consolidated statement of operations, change in net assets, and cash flow for the year ending March 31, 2025 and that the other information contained in the Company's annual report is consistent with the consolidated financial statements as presented.

Internal Controls

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

Board of Directors and Audit Committee

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

Independent Auditors

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



Michael Loseth
Chief Executive Officer



Douglas Greig
Vice President & CFO

Vancouver, British Columbia
May 21, 2025

Independent Auditor's Report

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To the Board of Directors of **Forestry Innovation Investment Ltd.**

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

Opinion

We have audited the consolidated financial statements of Forestry Innovation Investment Ltd. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2025, 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.

Doane Grant Thornton LLP

Vancouver, Canada
May 21, 2025

Chartered Professional Accountants

Forestry Innovation Investment Ltd.

Consolidated Statement of Financial Position


(in thousands of dollars)

March 31

		2025	2024
	<u>Note</u>		
Financial assets			
Cash and cash equivalents		\$ 6,974	\$ 6,831
Accounts receivable		117	189
Recipient advances	4	17	79
Due from other governments		<u>956</u>	<u>917</u>
Total financial assets		<u>8,064</u>	<u>8,016</u>
Liabilities			
Accounts payable and accrued liabilities	3	1,023	1,266
Recipient payables	4	190	151
Due to Province of British Columbia		8	18
Due to other governments		366	276
Deferred contributions	6	<u>454</u>	<u>537</u>
Total liabilities		<u>2,041</u>	<u>2,248</u>
Net financial assets		<u>6,023</u>	<u>5,768</u>
Non-financial assets			
Tangible capital assets	7	250	278
Prepaid expenses		<u>482</u>	<u>458</u>
Total non-financial assets		<u>732</u>	<u>736</u>
Accumulated surplus		<u>\$ 6,755</u>	<u>\$ 6,504</u>

Commitments (Note 8)

Approved by the Board



Silas Brownsey Director



Ian Meier Director

Forestry Innovation Investment Ltd.

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)
Year ended March 31

	Budget	2025	2024
Note			
Revenue	10		
Government contributions			
Provincial	\$ 20,366	\$ 20,404	\$ 20,274
Federal	-	182	290
Other revenue	428	109	144
Investment income	-	452	465
	<u>20,794</u>	<u>21,147</u>	<u>21,173</u>
Expenses	10		
Funding recipient initiatives	8,029	7,991	8,350
Market initiatives and outreach			
FII Vancouver	5,515	5,082	4,679
FII China	1,900	1,920	2,216
FII India	1,600	1,800	1,879
FII Vietnam	1,900	2,015	1,714
Corporate services	1,850	2,088	1,901
	<u>20,794</u>	<u>20,896</u>	<u>20,739</u>
Annual surplus	-	251	434
Accumulated surplus, beginning of year	6,504	6,504	6,070
Accumulated surplus, end of year	<u>\$ 6,504</u>	<u>\$ 6,755</u>	<u>\$ 6,504</u>

Forestry Innovation Investment Ltd.

Consolidated Statement of Changes in Net Financial Assets

(in thousands of dollars)

Year ended March 31	Budget	2025	2024
Annual surplus	\$ -	\$ 251	\$ 434
Acquisition of tangible capital assets	(150)	(148)	(148)
Amortization of tangible capital assets	180	169	195
Disposal of tangible capital assets	-	7	1
Acquisition of prepaid expenses	(30)	(24)	49
Increase in net financial assets	-	255	531
Net financial assets, beginning of year	5,768	5,768	5,237
Net financial assets, end of year	\$ 5,768	\$ 6,023	\$ 5,768

Forestry Innovation Investment Ltd.

Consolidated Statement of Cash Flows

(in thousands of dollars)

Year ended March 31

2025

2024

Cash provided by (used in):

Operating

Annual surplus	\$	251	\$	434
Items not involving cash				
Amortization of tangible capital assets		169		195
Amortization of deferred contributions		(233)		(211)
Loss on disposal of assets		7		1
Change in accounts receivable		72		166
Change in receipt advances		62		34
Change in due from Province of British Columbia		-		-
Change in due from other governments		(39)		377
Change in accounts payable and accrued liabilities		(243)		287
Change in recipient payables		39		(381)
Change in due to Province of British Columbia		(10)		3
Change in due to other governments		90		(141)
Change in prepaid expenses		(24)		49
		<u>141</u>		<u>813</u>

Investing

Acquisition of tangible capital assets		(148)		(148)
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Financing

Receipt of deferred contributions		<u>150</u>		<u>137</u>
Increase in cash		143		802
Cash and cash equivalents, beginning of year		<u>6,831</u>		<u>6,029</u>
Cash and cash equivalents, end of year	\$	<u>6,974</u>	\$	<u>6,831</u>

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

1. General

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

2. Summary of significant accounting policies

(a) Basis of presentation

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

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

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

The impact of this difference on the consolidated financial statements of the Company would be a decrease in deferred capital contributions as at March 31, 2025, 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, 2025

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, 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)
March 31, 2025

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
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, 2025

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 24, 2024.

(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) Cash and cash equivalents

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

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

3. Accounts payable and accrued liabilities	2025	2024
Trade payables	\$ 431	\$ 649
Accrued liabilities	<u>592</u>	<u>617</u>
	<u>\$ 1,023</u>	<u>\$ 1,266</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, 2025, the Company has identified \$190 (2024 - \$151) as payable to the recipient organizations and \$17 (2024 - \$79) 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, 2023 indicated a \$4,491 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, 2025, the Company paid \$282 (2024 - \$281) for employer contributions to the plan.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2025

6. Deferred contributions

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

	Provincial	Other	2025	2024
Balance, beginning of year	\$ 489	\$ 48	\$ 537	\$ 611
Contributions received during the year	150	-	150	137
Amounts recognized as revenue	(185)	(48)	(233)	(211)
Balance, end of year	\$ 454	\$ -	\$ 454	\$ 537

Included in Provincial deferred contributions is \$98 (2024 - \$97) that is unspent.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

7. Tangible capital assets

(a) Assets in use

Cost

	2024	Additions	Disposals	2025
Computer equipment	\$ 545	\$ 26	\$ (21)	\$ 550
Furniture and equipment	402	24	(2)	424
Leasehold improvements	491	98	(52)	537
Tradeshow booths	341	-	-	341
	<u>\$ 1,779</u>	<u>\$ 148</u>	<u>\$ (75)</u>	<u>\$ 1,852</u>

Accumulated amortization

	2024	Amortization	Disposals	2025
Computer equipment	\$ 498	\$ 48	\$ (21)	\$ 525
Furniture and equipment	311	39	(2)	348
Leasehold improvements	439	41	(45)	435
Tradeshow booths	253	41	-	294
	<u>\$ 1,501</u>	<u>\$ 169</u>	<u>\$ (68)</u>	<u>\$ 1,602</u>

Net book value

	2024	2025
Computer equipment	\$ 47	\$ 25
Furniture and equipment	91	76
Leasehold improvements	52	102
Tradeshow booths	88	47
	<u>\$ 278</u>	<u>\$ 250</u>

(b) Assets disclosed at nominal values

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

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

8. Commitments

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

2026	\$	957
2027		649
2028		500
2029		506
Thereafter		387
		<hr/>
	\$	2,999

(b) The Company also has an obligation to pay \$562 (2024 - \$403) for contracts entered into and not yet completed at March 31, 2025.

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, recipient advances, 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 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, 2025, accounts receivable, recipient advances, and amounts due from other governments are comprised of:

	<u>Under 90 days</u>	<u>Over 90 days</u>	<u>Total</u>
Accounts receivable	\$ 117	\$ -	\$ 117
Recipient advances	17	-	17
Due from other governments	<hr/> 933	<hr/> 23	<hr/> 956
	<hr/> \$ 1,067	<hr/> \$ 23	<hr/> \$ 1,090

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

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 \$43 (2024 - \$46) of foreign exchange gains.

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

	2025				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash and cash equivalents	\$ 213	\$ 491	\$ 2,632	\$ 119	\$ 3,455
Accounts receivable and due from other governments	-	-	793	-	793
Accounts payable and accrued liabilities	-	92	277	134	503
	2024				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash and cash equivalents	\$ 842	\$ 534	\$ 2,425	\$ 45	\$ 3,846
Accounts receivable and due from other governments	-	-	628	14	642
Accounts payable and accrued liabilities	-	94	340	81	515

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

9. Financial instruments risk management (continued)

Market risk (continued)

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.

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.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

10. Segmented information (continued)

(b) Market Initiatives and Outreach Program (continued)

(ii) FII China Initiatives

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

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

(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

(in thousands of dollars)
March 31, 2025

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.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2025

10. Segmented information (continued)

	Funding Recipient Initiatives	Market Initiatives and Outreach				Corporate services	2025 Total	2024 Total
		FII Vancouver	FII China	FII India	FII Vietnam			
Revenues								
Government contributions								
Provincial	\$ 7,883	\$ 5,558	\$ 1,947	\$ 1,637	\$ 1,875	\$ 1,504	\$ 20,404	\$ 20,274
Federal	-	182	-	-	-	-	182	290
Other revenue	-	35	-	-	72	2	109	144
Investment income	6	-	-	143	-	303	452	465
Total revenues	7,889	5,775	1,947	1,780	1,947	1,809	21,147	21,173
Expenses								
Amortization	-	-	17	16	29	107	169	195
Auditing	175	-	46	26	17	84	348	345
Grants	1,058	-	-	-	-	-	1,058	862
Office costs	80	324	333	395	396	154	1,682	1,600
Professional services	264	1,802	191	479	631	135	3,502	3,172
Program costs	6,014	514	-	-	8	-	6,536	7,337
Salaries, wages and benefits	400	2,190	1,172	664	824	1,366	6,616	6,148
Trade missions	-	-	15	-	32	-	47	45
Travel and business costs	-	252	146	220	78	242	938	1,035
Total expenses	7,991	5,082	1,920	1,800	2,015	2,088	20,896	20,739
Annual surplus (deficit)	\$ (102)	\$ 693	\$ 27	\$ (20)	\$ (68)	\$ (279)	\$ 251	\$ 434

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2025

11. Contingency

During the previous 2023/2024 fiscal year, GST rebate applications in the amount of INR \$21,512,248 (CAD \$358,538) made by FII India were denied by the India GST authority. FII India is appealing the decision and its business operations have remained unchanged since previously accepted filings. The GST rebates receivable are included in Receivable from Other Governments at March 31, 2025. The GST authority has rejected the refund and the matter is now pending before the First level Appellate Authority, Commissioner (Appeals), for the final hearing. The Company believes the claim of the GST authority is without merit; however, as the outcome is not determinable at this time, no consequent provisions or accruals have been recorded in these financial statements.
