

Forestry Innovation Investment Ltd.

**FINANCIAL INFORMATION ACT
STATEMENT AND SCHEDULES**

Year ended March 31, 2025

Table of Contents

Statement of Financial Information Approval	2
Statement of Management Responsibility	3
Independent Auditor's Report	4
Consolidated Financial Statements	7
Notes to the Consolidated Financial Statements	11
FIR, Schedule 1, section 2 - Statement of Assets & Liabilities	25
FIR, Schedule 1, section 3 - Operational statement	25
FIR, Schedule 1, section 4 - Debt	25
FIR, Schedule 1, section 5 - Guarantees and Indemnities	25
FIR, Schedule 1, section 6 - Remuneration and Expenses	26
FIR, Schedule 1, section 6(7) - Severance	28
FIR, Schedule 1, section 7 – Paid to Suppliers for Goods & Services	29

Forestry Innovation Investment Ltd.

Statement of Financial Information Approval

FIR, Schedule 1, section 9

The undersigned represents the Board of Directors of Forestry Innovation Investment Ltd.
and approves all the statements and schedules included in this Statement of Financial Information,
produced under the Financial Information Act.



Rick Doman
Board Chair
Date:

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

Doane Grant Thornton LLP
Suite 2000
733 Seymour Street
Vancouver, BC
V6B 0S6
T +1 604 687 2711
F +1 604 685 6569

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

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

Opinion

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

See accompanying notes to the consolidated financial statements.

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		<u>6,504</u>	<u>6,504</u>	<u>6,070</u>
Accumulated surplus, end of year		<u>\$ 6,504</u>	<u>\$ 6,755</u>	<u>\$ 6,504</u>

See accompanying notes to the consolidated financial statements.

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

See accompanying notes to the consolidated financial statements.

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 receipient 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)
--	--	-------	--	-------

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>

See accompanying notes to the consolidated financial statements.

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	592	617
	<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
	\$	<u>2,999</u>

(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	<u>933</u>	<u>23</u>	<u>956</u>
	\$ <u>1,067</u>	\$ <u>23</u>	\$ <u>1,090</u>

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.

Forestry Innovation Investment Ltd.

Various Sections

FIR, Schedule 1, section 2

Statement of Assets & Liabilities

Information on all Assets & Liabilities is available in the Consolidated Statement of Financial Position and Statement of Changes in Net Financial Assets (Debt) of the Consolidated Financial Statements.

FIR, Schedule 1, section 3

Operational Statement

Information on the Operational Statement is available in the Consolidated Statement of Operations and Accumulated Surplus of the Consolidated Financial Statements.

FIR, Schedule 1, section 4

Schedule of Debts

There are no outstanding Capital Leases for this organization for the fiscal year 2024/2025.

FIR, Schedule 1, section 5

Schedule of Guarantees and Indemnity Agreements

There are no outstanding Guarantees and Indemnity Agreements for this organization for the fiscal year 2024/2025.

Forestry Innovation Investment Ltd.

Schedule Showing The Remuneration and Expenses Paid To Or On Behalf Of Each Employee

FIR, Schedule 1, section 6

1 Members of the Board of Directors

Name	Position	Remuneration	Expenses
Meier, I	Chair	-	-
Mihlar, F	Vice Chair	-	-
Plecas, B	Director	-	-
Brownsey, S	Director	-	-
Total		-	-

2 Other Employees

Name	Remuneration ⁽¹⁾	Expenses ⁽²⁾
Bengali, Z	168,267	60,729
Bobadilla, L	122,238	3,483
Bradley, R	100,055	1,923
Bridgman, L	132,883	748
Crowe, C	103,214	3,539
Diebold, C	128,910	35,220
Doff, B	129,248	3,658
Fei, K	65,135	12,728
Fell, D	164,085	16,658
Greig, D	227,960	25,845
Hayes, V	165,699	26,578
Higgins, L	156,956	8,422
Jutha, F	130,892	2,036
Kumar, R	71,024	24,976
Le, A	160,898	29,966
Li, J	96,418	12,956
Lim, N	186,535	10,275
Liu, G	245,815	51,154
Loseth, M	243,725	113,448
Messer, J	204,921	108,051
Mulgir, M	76,726	2,219
Patankar, G	63,044	13,414
Qin, Y	142,598	8,325
Robertson, K	86,691	3,673
Shi, A	68,227	7,071
Smith, G	170,399	19,957
Toadtman, D	127,897	14,647
Tran, V	191,537	9,774
Xie, N	167,505	20,530
Yadav, R	67,470	17,519
Zeitler-Fletcher, S	214,302	17,565
Zhang, J	96,698	22,563
Zhang, S	82,310	14,573
Consolidated total of other employees with remuneration and expenses of \$75,000 or less	714,718 ⁽³⁾	17,623
Total: Other Employees	\$ 5,274,999	\$ 741,844

3 Reconciliation

Total remuneration-board of directors	\$ -
Total remuneration - other employees	5,274,999
Total benefits and other overhead charges ⁽⁴⁾	<u>169,417</u>
Total	\$ 5,444,415
Total per segmented note disclosure 15 of the Consolidated Financial Statements	<u>6,616,202</u>
Variance ⁽⁵⁾	\$ (1,171,786)

Notes:

⁽¹⁾ Remuneration includes any form of salary, wages, vacation payout, and taxable benefits (includes RRSP contributions)

⁽²⁾ Expenses include travel expenses, memberships, tuition, and similar amounts paid directly to or on behalf of an employee

⁽³⁾ includes severance amounts

⁽⁴⁾ Includes accruals, PD, and other overhead charges

⁽⁵⁾ Variance from financial reporting reflects contractor payments and company portion of contributions to EI, CPP, registered pension plan and health plans recorded in the Schedule of Goods and Services rather than the Schedule of Remuneration and Expenses

Forestry Innovation Investment Ltd.
Statement of Severance Agreements

FIR, Schedule 1, subsection 6 (7)

There was one severance agreement under which payment commenced between Forestry Innovation Investment Ltd. and its non-unionized employees during fiscal year 2024/2025.

This agreement represented five months of compensation*

*Compensation was based on salary and benefits on the agreement.
Benefits include extended group health.

Forestry Innovation Investment Ltd.

Schedule Showing Payments Made For the Provision of Goods or Services

FIR, Schedule 1, section 7

1 Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier Name	Aggregate Amount paid to Supplier
2207418 Alberta Ltd. dba Sustainatree	\$ 50,000
Adfactors Advertising LLP	87,289
Adfactors PR Pvt LTD	128,921
Adobe Inc.	46,563
Affine Climate Solutions Society	128,224
Americas Market Intelligence, LLC	66,483
Avocette Techonologies Inc.	84,584
Awfis Space Solutions Limited	133,744
BC Public Service Pension Plan	281,743
BC Wood Specialties Group	1,480,294
Beijing Reignwood Tower	103,999
Bentall Kennedy (Canada) Ltd. Partnership	339,105
Binh Duong Province Social Insurance	36,586
Brandnurture Private Ltd	40,580
Canada Wood Group	1,191,940
Canadian Wood Council	400,864
Cedar Shake & Shingle Bureau	63,623
CLG Enterprises Inc	27,406
Cn Cty TNHH Tm Va Dv TSG	29,050
Cong Ty Co Phan Toan Cau Omega	104,294
Cong Ty TNHH Manulife Vietnam	42,769
Cong Ty TNHH Mtv Thuong Mai Becamex	34,419
Cong Ty TNHH Purple Ink Technologies VN	32,675
Cong Ty TNHH Robert Walters Vietnam	44,283
Cong Ty TNHH Tu Van AC&C	31,356
Cong Ty TNHH Van Tai Du Lich To Phong	28,642
Construction Foundation of BC	125,400
Creacom Inc	62,316
Crisil Limited	26,753
Cuc Thue Tinh Binh Duong	41,519
Davies & Co.	84,768
Davies Transportation Consulting Inc	27,695
Design Therapy LLC	68,576
Drive Design	34,313
Executive Centre India Private Limited	37,157
Fabcars Rental LLP	34,808
Fast + Epp	32,500
Ference & Company Consulting Ltd.	97,688
FII Consulting (Shanghai) Co., Ltd.	80,418
Forestry Innovation Consulting India Pvt. Ltd.	32,805
Forest Economic Advisors, LLC	30,579
FPIInnovations	240,084
Google LLC	32,945
Government of India	111,518
Grant Thornton LLP	126,023
Happy Cities Studio	33,940
Hooper Access and Privacy Consulting Ltd.	25,459
Instone India Pvt Ltd	42,267
Jason Todd Martin	30,409
Karen Bryan Marketing & Communications	49,285
Kevin Regan Consulting	35,195
Laimbock Andreas Mario	53,074
LinkedIn	27,668
Long View Systems Corporation	68,800
Marsh Canada Limited	54,086
Michelle Ward Communications	28,803
Minister of Finance - eTaxBC	63,307
MNP LLP	93,098
Mustel Research Group Ltd	43,205
National Research Council Canada	159,811
NuernBerg Messe India Pvt Ltd	64,605

Supplier Name	Aggregate Amount paid to Supplier
Peter Bradfield	296,354
Pranesh Chhibber	227,151
PricewaterhouseCoopers LLP	106,391
Raworth Consulting	41,130
RBC Insurance Company	143,755
Revenue Canada	129,633
RippleSmith Services	88,188
Rogers Business (fka Shaw Business)	28,098
Sandbox Software Solutions Inc.	108,308
SCIUS Advisory Inc	48,279
Shanghai Pulan Huisheng Industrial Development Co., Ltd.	118,033
Simon Fraser University	74,290
SITE Marketing Partners Inc.	92,927
Smartsheet Inc.	26,723
Spark Logistics Pvt Ltd	61,958
Springleaf Consulting	46,912
Sundher Timber Products Inc.	34,438
The Pursuit Department Inc.	44,856
Tilleke & Gibbins (Vietnam) Ltd	44,740
Tim Branscome	104,314
University of BC - Wood Processing	384,556
University of Northern British Columbia	127,160
University of Victoria	170,604
University of Waterloo	96,800
Western Forest Products Inc.	25,563
Western Red Cedar Lumber Association.	1,045,202
Wood Pellet Association of Canada	226,864
Wood Products Council	306,166
Workman Consulting	26,300
WSP Canada Inc.	82,213
Total aggregate amount paid to suppliers	11,598,217
2 Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less	\$ 2,215,705
3 Consolidated total of all grants and contributions exceeding \$25,000 ⁽²⁾	\$ 1,040,828
4 Reconciliation	
Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 11,598,217
Consolidated total of payments of \$25,000 or less paid to suppliers	2,215,705
Consolidated total of all grants and contributions exceeding \$25,000	1,040,828
Employee remuneration and expenses ⁽¹⁾	6,186,260
Change in capital assets net of amortization and exchange gain/loss	(144,442)
Total	\$ 20,896,567
Total per Schedule of Expenditures by Business Segment	20,896,567
Variance	-
Notes:	
⁽¹⁾ Employee wages, related expenses, and travel were recorded in the Schedule of Expenditures but not in the Schedule of Goods and Services.	
⁽²⁾ The payments reported in this section of the Financial Act include Grants and Contributions as follows:	
Amounts greater than \$25,000	
Athena Sustainable Materials Institute	\$ 21,000
B.C. Non-Profit Housing Association	53,240
MNP LLP	880,000
Softwood Lumber Board.	86,588
Total	\$ 1,040,828
Accounts under \$25,000	17,600
Total Grants and Contributions	\$ 1,058,428