Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. ("Taiga" or the "Company") has been prepared based on information available as at November 5, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three and nine months ended September 30, 2021 and 2020. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the three and nine months ended September 30, 2021.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and is expressed in Canadian dollars.

Taiga's consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries. Unless otherwise noted, all references in this MD&A to "dollars" or "$" are to Canadian dollars.

Unless otherwise noted, there are no material changes to the Company's contractual obligations and risks and uncertainties as described in its management's discussion and analysis for the year ended December 31, 2020.

Additional information relating to the Company including the Company's Annual Information Form dated February 26, 2021 can be found on SEDAR at www.sedar.com.

Forward-Looking Information:

This MD&A contains certain forward-looking information relating, but not limited, to future events or performance and strategies and expectations of Taiga. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "likely", "may", "will", "should", "predict", "potential", "continue" or similar words suggesting future outcomes or statements regarding expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of such forward-looking information within this document include statements relating to: the Company's perception of the building products industry and markets in which it participates and anticipated trends in such markets in any of the countries in which the Company does business; the Company's anticipated business operations, inventory levels and ability to meet order demand; the Company's anticipated ability to procure products and its relationship with suppliers; sufficiency of cash flows; and the anticipated outcome of legal and regulatory proceedings. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Forward-looking information reflects management's current expectations or beliefs and is based on information currently available to Taiga and although Taiga believes it has a reasonable basis for providing the forward-looking information included in this document, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information of Taiga involves numerous assumptions and inherent risks and uncertainties, both general and specific that contribute to the possibility that the predictions, forecasts and other forward-looking information will not occur. These factors include, but are not limited to: changes in business strategies; the effects of legal or regulatory proceedings, competition and pricing pressures; changes in operational costs; changes in laws and regulations, including tax, environmental, employment, competition, anti-terrorism and trade laws and Taiga's anticipation of and success in managing the risks associated with the foregoing; and other risks detailed in this MD&A and Taiga's filings with the Canadian securities regulatory authorities available at www.sedar.com. Forward-looking information speaks only as of the date of this discussion and analysis. Taiga does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-IFRS Financial Measure:

In this MD&A, reference is made to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. Reconciliations of EBITDA to net earnings reported in accordance with IFRS are included in this MD&A.

Market and Industry Data:

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon information of independent industry and government publications and management's knowledge of, and experience in, the markets in which the Company operates. While management believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A and no representation is given as to the accuracy of any of the data referred to in this MD&A obtained from third party sources.

1. Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and overseas. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California and one in Washington. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates four wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include, among others, sales levels, price fluctuations and product mix.

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2021 to improve significantly compared to 2020. Taiga's secondary market, the United States, is expected to improve in 2021 compared to calendar year 2020. See Item 9 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended September 30, 2021 were $484.6 million compared to $500.7 million over the same period last year. The decrease in sales by $16.1 million or 3% was largely due to decreased selling prices for commodity products in 2021.

Consolidated net sales for the nine months ended September 30, 2021 were $1,807.2 million compared to $1,177.8 million over the same period last year. The increase in sales by $629.4 million or 53% was largely due to the Company experiencing higher selling prices for its commodity products at the beginning of the period before prices fell dramatically partway through the third quarter.

Sales by segments are as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Nine months ended September 30,			
	2021		2020		2021		2020	
	$000's	%	$000's	%	$000's	%	$000's	%
Canada	392,818	81.1	389,773	77.9	1,477,416	81.8	913,628	77.6
United States	91,745	19.9	110,894	22.1	329,797	18.2	264,211	22.4

For the quarter ended September 30, 2021, export sales totalled $58.0 million compared to $76.4 million in the previous year. For the nine months period ended September 30, 2021 export sales were $257.0 million (2020 - $174.4 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panels, as a percentage of total sales, were 52.0% for the quarter ended September 30, 2021 and 60.3% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 48.0% for the quarter ended September 30, 2021 and 39.7% over the same period last year.

The Company's sales of dimension lumber and panel, as a percentage of total sales, were 60.0% for the nine months ended September 30, 2021, compared to 57.2% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 40.0% for the nine months period ended September 30, 2021, compared to 42.8% over the same period last year.

Gross Margin

Gross margin for the quarter ended September 30, 2021 decreased to $7.6 million from $91.5 million over the same period last year. Gross margin percentage was 1.6% for the three months ended September 30, 2021 compared to 18.3% in the same period last year. This decrease was due to commodity prices falling dramatically during the quarter.

Gross margin for the nine months ended September 30, 2021 increased to $245.9 million from $164.8 million over the same period last year. Gross margin percentage was 13.6% for the nine months ended September 30, 2021 compared to 14.0% in the same period last year. The increase in gross margin dollars was primarily due to rising commodity prices at the beginning of the period before prices fell dramatically partway through the third quarter.

Expenses

Distribution expenses for the quarter ended September 30, 2021 were $6.8 million compared to $6.8 million over the same period last year. For the nine months period ended September 30, 2021, distribution expenses increased to $20.7 million compared to $19.4 million over the same period last year primarily due to higher distribution expenses for fuel, insurance and property taxes.

Selling and administration expenses for the quarter ended September 30, 2021 decreased to $5.4 million compared to $36.9 million over the same period last year. Selling and administration expenses for the nine months ended September 30, 2021 increased to $105.5 million compared to $69.0 million over the same period last year. The increase for the nine month period ending September 30, 2021 was due to higher compensation costs. Compensation costs decreased during the quarter ending September 30, 2021 compared to the same quarter in the prior year.

Finance expenses were $1.9 million for quarters ending September 30, 2021 and 2020. Finance expenses for the nine months period ended September 30, 2021 decreased to $5.8 million compared to $6.4 million for the same period last year. The decrease was due to lower interest rates combined with reduced borrowing levels.

Canada Emergency Wage Subsidy income was nil for the three and nine months ended September 30, 2021 while it was $2.9 million in the previous year. In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria. The subsidy is not required to be repaid. Please see Note 10 of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2021 for more information.

Other expenses for the quarter ended September 30, 2021 decreased to nil compared to $0.2 million over the same period last year. Other expense for the nine months ended September 30, 2021 increased to $0.3 million expense compared to $0.1 million over the same period last year. The reason for the increase was due to the write down of an asset that had become impaired.

Net Earnings

Net earnings for the quarter ended September 30, 2021 decreased to a loss of ($5.2) million from $33.4 million for the same period last year primarily due to the foregoing. Net earnings for the nine months period ended September 30, 2021 was $82.4 million compared to $53.2 million over the same period last year.

EBITDA

EBITDA for the quarter ended September 30, 2021 was ($1.8) million compared to $50.5 million for the same period last year. EBITDA decreased primarily due to lower margins incurred from falling commodity prices during the quarter. For the nine months ended September 30, 2021, EBITDA was $127.8 million compared to $87.5 million over the same period last year. EBITDA increased primarily due to higher margins earned on higher commodity prices during the first and second quarters before prices fell in the third quarter.

Reconciliation of net earnings to EBITDA:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Net earnings (loss)	(5,240)	33,430	82,404	53,191
Income taxes (recovery)	(1,432)	12,136	30,549	18,947
Finance and subordinated debt interest expense	2,073	2,128	6,451	7,049
Amortization	2,758	2,795	8,352	8,307
EBITDA	(1,841)	50,489	127,756	87,494

3. Cash Flows

Operating Activities

Cash flows from operating activities provided cash of $154.6 million for the quarter ended September 30, 2021 compared to $72.7 million for the same period last year. Cash flows from operating activities provided cash of $103.0 million for the nine months ended September 30, 2021 compared to $38.5 million for the same period last year. Changes between the comparative periods were primarily due to changes in non-cash working capital, primarily due to increased accounts receivable, increased inventories and increased accounts payable and accrued liabilities.

Investing Activities

Investing activities used cash of $1.2 million for the three months period ending September 30, 2021 compared to using $0.4 million in the quarter ending September 30, 2020. Investing activities used cash of $2.7 million for the nine months ended September 30, 2021 compared to using $2.1 million for the same period last year.

Financing Activities

Financing activities used cash of $96.7 million for the quarter ended September 30, 2021 compared to using $72.3 million for the same period last year. Financing activities used cash of $43.6 million during the nine months ended September 30, 2021 compared to using $36.4 million during the same period last year. The increase was due to reduced long term debt payments offset by a dividend paid during the period ending September 30, 2021.

4. Summary of Quarterly Results

	2021			**2020**				**2019**
(in thousands of dollars, except per share amount in dollars)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Sales	484,563	786,732	535,918	411,283	500,667	356,894	320,279	298,125
Net earnings (loss)	(5,240)	58,468	29,176	17,635	33,430	13,148	6,613	5,763
Net earnings (loss) per share[(1)]	(0.05)	0.54	0.27	0.16	0.31	0.12	0.06	0.05
EBITDA	(1,841)	84,539	45,107	29,410	50,489	23,862	13,143	12,874

Notes:

(1) The amounts are identical on a basic and fully-diluted per share basis. Earnings per share is calculated using the weighted-average number of shares.

Seasonality

Taiga’s sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the quarters ended June 30 and September 30 and reduced sales in the late fall and winter during its quarters ended December 31 and March 31 of each fiscal year.

5. Liquidity and Capital Resources

Revolving Credit Facility

On June 28, 2018, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the “Facility”). The Facility was increased from $225 million to $250 million, with an option to increase the limit by up to $50 million. The Facility also features an ability to draw on additional term loans in an aggregate amount of approximately $23 million at favourable rates, which Taiga utilized for the business acquisition referred to in Note 5 of the Notes to the Audited Consolidated Financial Statements. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries and will mature on June 28, 2023. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at September 30, 2021.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and its credit facilities. However, any severe weakening of the Canadian housing market driving reduced product demand or a significant increase in bad debts in accounts receivable could adversely impact the Company’s liquidity in the short term.

Working Capital

Working capital as at September 30, 2021 increased to $224.2 million from $189.1 million as at December 31, 2020 due to increased accounts receivable and inventories, offset by increased accounts payable and accrued liabilities and income taxes payable. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**September 30, 2021**	**September 30, 2020**	**December 31, 2020**
Current Assets	445,313	342,061	330,138
Current Liabilities (excluding Revolving Credit Facility)	(221,129)	(151,278)	(132,282)
Revolving Credit Facility	-	(20,991)	(8,742)
Working Capital	**224,184**	**169,792**	**189,114**
Long Term Assets	150,099	145,848	144,026
Long Term Liabilities (excluding Subordinated Notes)	(104,469)	(112,225)	(115,621)
Subordinated Notes	(12,500)	(12,500)	(12,500)
Shareholders’ Equity	**257,314**	**190,915**	**205,019**

Assets

Total assets were $595.4 million as at September 30, 2021 compared to $474.2 million as at December 31, 2020. The increase was primarily the result of additional cash on hand due to working capital changes and higher inventory and accounts receivable levels.

Inventories increased to $204.1 million as at September 30, 2021 compared to $136.1 million as at December 31, 2020, primarily due to increased values in commodity products.

Liabilities

Total liabilities increased to $338.1 million as at September 30, 2021 from $269.1 million as at December 31, 2020. The increase was primarily due to increased accounts payable balances to fund the working capital increases in inventory, combined with an increase in income taxes payable.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On November 5, 2021, there were 108,208,963 common shares issued and outstanding.

On August 13, 2020, the Company commenced a Normal Course Issuer Bid (“NCIB”) for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,489,272 of its 109,785,457 then outstanding common shares, representing 5% of the outstanding common shares. This NCIB expired on August 12, 2021 and the Company purchased 1,243,900 shares during the NCIB.

On August 18, 2021, the Company commenced a further NCIB for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,427,078 of its then outstanding 108,541,557 common shares, representing 5% of the outstanding common shares. For the period ending September 30, 2021 the Company purchased 332,594 shares for $843,752. These common shares purchased by the Company have been cancelled. At September 30, 2021 there were 5,094,484 remaining common shares permitted to be purchased by the Company per the terms of the NCIB with an expiration on August 17, 2022.

6. Critical Accounting Policies and Estimates, and Future Accounting Changes

The significant accounting policies of Taiga are described in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2020.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Financial results as determined by actual events could be different from those estimates. These estimates are described in the management’s discussion and analysis for the year ended December 31, 2020 and there have been no material changes to such policies and estimates since that time.

7. Off-Balance Sheet Arrangements

Taiga does not have off-balance sheet arrangements except for commitments under operating leases as discussed under “Commitments and Contingencies” in this Management’s Discussion and Analysis.

For a detailed description of financial instruments and their associated risks, see Note 24 to the Company's audited consolidated financial statements for the period ended December 31, 2020.

8. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Taiga’s management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

The CEO and CFO of Taiga acknowledge responsibility for the design of ICFR and confirm that there were no changes in these controls that occurred during the quarter ended September 30, 2021 which materially affected, or are reasonably likely to materially affect the Company's ICFR.

9. Outlook

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. As at the financial statement approval date, the pandemic has had a positive impact on Taiga's business and financial performance in fiscal 2020 and the first half of fiscal 2021. This is a direct result of the increased demand for detached housing, record high commodity prices and low borrowing rates experienced during the pandemic. However, commodity prices did fall dramatically during the Company's third quarter which had a material impact on its results. The extent to which these events may continue to impact the Company's business activities in the same manner in future periods will depend on a number of factors, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, the rate at which vaccines are administered, the effectiveness of vaccines against the coronavirus and its mutations, subsequent outbreaks, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease, the demand for detached housing in North America, future commodity prices, interest rates and the strength of the general economy. These events are highly uncertain and as such, the Company cannot predict with any certainty how the progression of the coronavirus pandemic and these events will ultimately impact the Company's financial performance in 2021.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") Housing Market Outlook, Canadian Edition for Spring 2021, housing starts are forecasted to range from 221,100 to 230,000 units in the 2021 calendar year compared to the 217,802 starts in 2020.

In the United States, the National Association of Home Builders reported in September 2021 that housing starts are forecasted to total 1,615,000 units in the 2021 calendar year compared to 1,380,000 units in calendar year 2020.

Taiga Building Products Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months and nine months ended September 30, 2021 and 2020
(in Canadian dollars)

NOTICE TO SHAREHOLDERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Taiga Building Products Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TAIGA BUILDING PRODUCTS LTD.
Condensed Interim Consolidated Balance Sheets
(Unaudited)

(in thousands of Canadian dollars)	September 30, 2021	September 30, 2020	December 31, 2020
Assets			
Current:			
Cash and cash equivalents	$ 56,723	$ -	$ -
Accounts receivable	179,249	202,419	136,786
Inventories (Note 4)	204,141	136,130	189,979
Prepaid expenses	5,200	3,512	3,373
	445,313	342,061	330,138
Property, plant and equipment	122,612	119,860	119,380
Intangible assets	13,605	15,398	14,422
Goodwil	9,964	10,432	9,957
Deferred tax assets	3,918	158	267
	$ 595,412	$ 487,909	$ 474,164
Liabilities and Shareholders' Equity			
Current:			
Revolving credit facility (Note 5)	$ -	$ 20,991	$ 8,742
Accounts payable and accrued liabilities	176,943	135,886	122,845
Income taxes payable	38,269	10,048	4,369
Current portion of long-term debt	639	669	638
Current portion of lease obligations	5,278	4,675	4,430
	221,129	172,269	141,024
Long-term debt	6,973	7,969	7,447
Lease obligations	94,661	89,838	91,146
Deferred gain	2,392	2,511	2,481
Deferred tax liabilities	48	10,263	14,076
Provisions	395	1,644	471
Subordinated notes (Note 7)	12,500	12,500	12,500
	338,098	296,994	269,145
Shareholders' Equity:			
Share capital (Note 8)	123,204	124,048	124,048
Accumulated other comprehensive income (Note 8)	3,997	6,792	3,261
Retained earnings	130,113	60,075	77,710
	257,314	190,915	205,019
	$ 595,412	$ 487,909	$ 474,164

The accompanying notes are an integral part of these consolidated interim financial statemer

TAIGA BUILDING PRODUCTS LTD.

Condensed Interim Consolidated Statements of Earnings and Comprehensive Income
(Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three months ended September 30, 2021	Three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Sales	$ 484,563	$ 500,667	$ 1,807,213	$ 1,177,840
Cost of sales	476,917	409,152	1,561,306	1,013,031
Gross margin	7,646	91,515	245,907	164,809
Expenses:				
Distribution	6,834	6,766	20,708	19,404
Selling and administration	5,399	36,898	105,493	69,046
Finance (Note 9)	1,855	1,910	5,795	6,393
Subordinated debt interest (Note 7)	218	218	656	656
Canada Emergency Wage Subsidy	-	(17)	-	(2,919)
Other expenses	12	174	302	91
	14,318	45,949	132,954	92,671
Earnings (loss) before income tax	(6,672)	45,566	112,953	72,138
Income tax expense (recovery) (Note 6)	(1,432)	12,136	30,549	18,947
Net earnings (loss) for the period	$ (5,240)	$ 33,430	$ 82,404	$ 53,191
Other comprehensive income (loss)				
Exchange differences on translating foreign controlled entities	$ 3,031	$ (1,171)	$ 736	$ 1,270
Total comprehensive income (loss) for the period	$ (2,209)	$ 32,259	$ 83,140	$ 54,461
Basic and diluted net earnings (loss) per common share	$ (0.05)	$ 0.31	$ 0.76	$ 0.48
Weighted average number of common shares outstanding	108,375	109,595	108,486	111,080

The accompanying notes are an integral part of these consolidated interim financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the nine months ended September 30, 2020

(in thousands of Canadian dollars)	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2019	$ 127,278	$ 6,884	$ 5,522	$ 139,684
Net earnings	-	53,191	-	53,191
Shares purchased under the NCIB and cancelled	(3,230)	-	-	(3,230)
Other comprehensive income	-	-	1,270	1,270
Balance at September 30, 2020	$ 124,048	$ 60,075	$ 6,792	$ 190,915

For the nine months ended September 30, 2021

(in thousands of Canadian dollars)	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2020	$ 124,048	$ 77,710	$ 3,261	$ 205,019
Net earnings	-	82,404	-	82,404
Dividend (Note 8)	-	(30,001)	-	(30,001)
Shares purchased under the NCIB and cancelled (Note 8)	(844)	-	-	(844)
Other comprehensive income	-	-	736	736
Balance at September 30, 2021	$ 123,204	$ 130,113	$ 3,997	$ 257,314

The accompanying notes are an integral part of these consolidated interim financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

(in thousands of Canadian dollars)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash provided by (used in):				
Operating:				
Net (loss) earnings	$ (5,240)	$ 33,430	$ 82,404	$ 53,191
Adjustments for non-cash items				
Amortization	2,758	2,795	8,352	8,307
Income tax expense	(1,432)	12,136	30,549	18,947
Mark-to-market adjustment on financial instruments	939	(778)	(14)	(438)
Change in provisions	(26)	1,120	(76)	1,072
Loss on asset disposal	41	202	391	198
Amortization of deferred gain	(29)	(29)	(89)	(89)
Finance and subordinated debt interest expense	2,073	2,128	6,451	7,049
Interest paid	(1,611)	(1,651)	(5,511)	(5,327)
Income tax paid	(10,017)	(787)	(14,497)	(18,163)
Changes in non-cash working capital (Note 13)	167,103	24,126	(4,937)	(26,286)
Cash flows provided by operating activities	154,560	72,692	103,023	38,461
Investing:				
Purchase of property, plant and equipment	(1,180)	(424)	(2,687)	(2,122)
Proceeds from disposition of property, plant and equipment	-	11	(35)	15
Cash flows used in investing activities	(1,180)	(413)	(2,722)	(2,107)
Financing:				
Decrease in revolving credit facility	(94,596)	(69,531)	(8,486)	(20,270)
Repayment of long-term debt	53	(357)	(473)	(9,239)
Repayment of lease obligations	(1,270)	(898)	(3,336)	(3,180)
Subordinated notes interest paid	-	-	(438)	(435)
Dividends paid	-	-	(30,001)	-
Repurchase of common shares	(844)	(1,493)	(844)	(3,230)
Cash flows used in financing activities	(96,657)	(72,279)	(43,578)	(36,354)
Cash and cash equivalents - end of period	$ 56,723	$ -	$ 56,723	$ -

The accompanying notes are an integral part of these consolidated interim financial statements.

1. Nature of Operations

Taiga Building Products Ltd. ("Taiga" or the "Company") is an independent wholesale distributor of building products in Canada and the United States. Taiga operates within two reportable geographic areas, Canada and the United States. The Company's shares are listed for trading on the Toronto Stock Exchange.

Taiga is a Canadian corporation and its registered and records office is located at 20th floor, 250 Howe Street, Vancouver, British Columbia, Canada V6C 3R8.

Covid-19 Pandemic

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. As at the financial statement approval date, the pandemic has had a positive impact on Taiga's business and financial performance in fiscal 2020 and the first half of fiscal 2021. This is a direct result of the increased demand for detached housing, record high commodity prices and low borrowing rates experienced during the pandemic. However, commodity prices did fall dramatically during the Company's third quarter which had a material impact on its results. The extent to which these events may continue to impact the Company's business activities in the same manner in future periods will depend on a number of factors, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, the rate at which vaccines are administered, the effectiveness of vaccines against the coronavirus and its mutations, subsequent outbreaks, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease, the demand for detached housing in North America, future commodity prices, interest rates and the strength of the general economy. These events are highly uncertain and as such, the Company cannot predict with any certainty how the progression of the coronavirus pandemic and these events will ultimately impact the Company's financial performance in 2021.

2. Basis of Preparation

(a) Statement of Compliance

These condensed interim consolidated financial statements (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Therefore, these financial statements comply with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

These Financial Statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

These Financial Statements were authorized for issue on November 4, 2021 by the board of directors of the Company.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of Taiga Building Products Ltd. and its subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. Inter-company transactions and balances have been eliminated.

(c) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

3. Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual audited consolidated financial statements for the year ended December 31, 2020.

4. Inventories

(in thousands of dollars)	**September 30, 2021**	**September 30, 2020**	**December 31, 2020**
Allied building products	40,011	29,388	36,290
Lumber products	151,425	83,643	120,114
Panel products	23,965	22,106	32,319
Production consumables	2,095	1,048	1,296
Inventory provision	(13,355)	(55)	(40)
Total	204,141	136,130	189,979

All of the Company’s inventories are pledged as security for the revolving credit facility.

5. Revolving Credit Facility

(in thousands of dollars)	**September 30, 2021**	**September 30, 2020**	**December 31, 2020**
Revolving credit facility	575	21,910	9,563
Financing costs, net of amortization	(575)	(919)	(821)
Total	-	20,991	8,742

On June 28, 2018, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the “Facility”). The Facility was increased from $225 million to $250 million, with an option to increase the limit by up to $50 million. The Facility also features an ability to draw on additional term loans in an aggregate amount of approximately $23 million at favourable rates, which Taiga utilized for the Business Acquisition referred to in Note 6 of the Company’s audited financial statements. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on June 28, 2023. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at September 30, 2021.

6. Income Taxes

Income tax expense (recovery) is comprised of:

	Three months ended September 30,		**Nine months ended September 30,**	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Current	16,289	8,595	48,666	14,235
Deferred	(17,721)	3,541	(18,117)	4,712
Total	(1,432)	12,136	30,549	18,947

7. Subordinated Notes

Per the Trust Indenture dated November 17, 2017, the Company’s subordinated notes are unsecured, bear interest at 7% per annum and mature on November 17, 2022. The subordinated notes are not listed on any stock exchange. Interest on the notes is payable on May 17 and November 17 of each year. The aggregate principal amount of the notes that may be issued under the Indenture is unlimited. The terms, conditions, and covenants of the Indenture have been met during the quarter ended September 30, 2021.

8. Shareholders' Equity

(a) Authorized Share Capital

Unlimited common shares without par value, unlimited class A common shares without par value, and unlimited class A and class B preferred shares without par value.

(b) Normal Course Issuer Bid

On August 13, 2020, the Company commenced a Normal Course Issuer Bid ("NCIB") for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,489,272 of its 109,785,457 then outstanding common shares, representing 5% of the outstanding common shares. This NCIB expired on August 12, 2021 and the Company purchased 1,243,900 shares during the NCIB.

On August 18, 2021, the Company commenced a further NCIB for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,427,077 of its then outstanding 108,541,557 common shares, representing 5% of the outstanding common shares. For the period ending September 30, 2021 the Company purchased 332,594 shares for $843,752. These common shares purchased by the Company have been cancelled. At September 30, 2021 there were 5,094,484 remaining common shares permitted to be purchased by the Company per the terms of the NCIB with an expiration on August 17, 2022.

(c) Common Shares Issued

(in thousands of dollars, except number of shares)	**Number of Shares**	**Amount**
Balance, December 31, 2020	108,541,557	124,048
Shares purchased under NCIB and cancelled	332,594	844
Balance, September 30, 2021	108,208,963	123,204

(d) Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of exchange differences arising on translation of entities that have a functional currency other than the Canadian dollar.

(e) Stock Options and Warrants

Taiga does not have stock options or warrants outstanding and has not granted or cancelled options or warrants during the current or prior period.

(g) Major Shareholder

Taiga's major shareholder is Avarga Limited ("Avarga"), holding 71.8% or 77,708,814 of the issued and outstanding common shares of the Company. Taiga's current chairman, Ian Tong, is the chief executive officer and a director of Avarga. Another of Taiga's directors, Dr. Kooi Ong Tong is also Avarga's executive chairman and a significant shareholder. Avarga is an investment holding company listed on the Singapore Exchange.

(h) Dividend

At the Company's board meeting on February 25, 2021, a special dividend of 27.64 cents per share was declared, payable to shareholders of record on March 5, 2021. The dividend was paid on March 19, 2021. This was a special, one-time dividend in light of the Company's strong results in fiscal year 2020.

9. Finance Expense

The finance expense is comprised of:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Interest on revolving credit facility and other short term liabilities	416	419	1,720	1,570
Interest on leases and long-term debt	1,357	1,407	3,830	4,571
Amortization of financing costs	82	84	245	252
Total	1,855	1,910	5,795	6,393

10. Canada Emergency Wage Subsidy

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria. The Company determined that it qualified for this subsidy. The Company has recognized the government grant as a reduction to expenses as there is reasonable assurance that it will comply with the eligibility criteria and that the subsidy will be received. The Company included $2,918,672 relating to CEWS in the statement of earnings and comprehensive income for the three and nine months ended September 30, 2020. The subsidy is not required to be repaid.

11. Commitments and Contingencies

Canada Revenue Agency Reassessment

During the year ended March 31, 2017, The Company received a notice of reassessment from the Canada Revenue Agency (“CRA”) in the amount of approximately $42,000,000 (which includes interest) relating to the years from 2005 to 2013. The reassessment related to the amount of taxes withheld, by the Company, on dividends paid or deemed to have been paid to what were then the Company’s two largest shareholders in connection with and subsequent to the Company’s corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. Taiga paid the full amount of the reassessment on January 31, 2017 using proceeds provided by its two former major shareholders. The Company, and the two former major shareholders, had previously entered into agreements whereby the shareholders agreed to fully indemnify the Company from this potential liability, including related liabilities. The indemnity agreements remain in effect and would apply in the event that CRA issues further reassessments relating to the amount of taxes withheld. The Company intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practically possible. The Company’s two former major shareholders may elect to assume any action or defense of the Company in connection with the foregoing pursuant to the terms of the indemnity agreements with the Company.

12. Financial Instruments

The fair values of lease obligations are as follows:

(in thousands of dollars)	**September 30, 2021**	**September 30, 2020**
Carrying amount	99,939	90,240
Fair value	99,862	90,217

The fair value of the lease obligations was determined using current borrowing rates for similar debt instruments.

The fair value of the 7% subordinated notes are as follows:

(in thousands of dollars)	**September 30, 2021**	**September 30, 2020**
Carrying amount	12,500	12,500
Fair value	12,936	12,932

The fair value of the 7% subordinated notes was determined using current borrowing rates for similar debt instruments.

The carrying amount of derivative financial instrument assets and liabilities are equal to their fair values as these instruments are re-measured to their fair values at each reporting date as follows:

(in thousands of dollars)	**September 30, 2021**	**September 30, 2020**
Lumber futures	(181)	306

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – based on quoted prices in active markets for identical assets or liabilities;

Level 2 – based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.
Derivative financial instrument assets and liabilities are classified as level 2.

The following table summarizes the classification and carrying values of the Company's financial instruments at September 30, 2021 and 2020:

(in thousands of dollars)

At September 30, 2021	Amortized Cost (Financial assets)	FVTPL	Amortized Cost (Financial liabilities)	Total
Financial assets:				
Cash and cash equivalents	56,723	-	-	56,723
Accounts receivable	179,249	-	-	179,249
Total financial assets:	**235,972**	**-**	**-**	**235,972**
Financial liabilities:				
Lumber futures[1]	-	181	-	181
Revolving credit facility	-	-	-	-
Accounts payable & accrued liabilities	-	-	176,943	176,943
Current portion of long-term debt	-	-	639	639
Non-current portion of long-term debt	-	-	6,973	6,973
Current portion of lease obligation	-	-	5,278	5,278
Non-current portion of lease obligation	-	-	94,661	94,661
Subordinated notes	-	-	12,500	12,500
Total financial liabilities:	**-**	**181**	**296,994**	**297,175**

(in thousands of dollars)

At September 30, 2020	Amortized Cost (Financial assets)	FVTPL	Amortized Cost (Financial liabilities)	Total
Financial assets:				
Accounts receivable	202,419	-	-	202,419
Lumber futures[1]	-	306	-	306
Total financial assets:	**202,419**	**306**	**-**	**202,725**
Financial liabilities:				
Revolving credit facility	-	-	20,991	20,991
Accounts payable & accrued liabilities	-	-	135,886	135,886
Current portion of long-term debt	-	-	669	669
Non-current portion of long-term debt	-	-	7,969	7,969
Current portion of lease obligations	-	-	4,675	4,675
Non-current portion of lease obligations	-	-	89,838	89,838
Subordinated notes	-	-	12,500	12,500
Total financial liabilities:	**-**	**-**	**272,528**	**272,528**

(1) Included with accounts receivable or accounts payable and accrued liabilities on the balance sheet

13. Changes in Non-Cash Working Capital

	Three months ended September 30,		**Nine months ended September 30,**	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
(Increase) Decrease in Accounts receivable	147,546	(8,983)	(42,444)	(117,088)
(Increase) Decrease in Inventories	41,499	(6,496)	(14,162)	21,129
(Increase) Decrease in Prepaid expenses and other	(1,448)	1,489	(32,587)	(2,510)
Effect of foreign exchange on working capital	2,779	(2,765)	490	2,379
(Decrease) Increase in Accounts payable & accrued liabilities	(23,272)	40,881	83,766	69,804
Total	167,103	24,126	(4,937)	(26,286)

14. Seasonality

Taiga's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the quarters ended June 30 and September 30 and reduced sales in the late fall and winter during its quarters ended December 31 and March 31 of each fiscal year.

15. Segmented Information

Taiga operates within one business segment and has two reportable geographic areas as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Nine months ended September 30,			
	2021		2020		2021		2020	
	$000's	%	$000's	%	$000's	%	$000's	%
Canada	392,818	81.1	389,773	77.9	1,477,416	81.8	913,628	77.6
United States	91,745	18.9	110,894	22.1	329,797	18.2	264,211	22.4

For the quarter ended September 30, 2021, export sales totalled $58.0 million compared to $76.4 million in the previous year. For the nine month period ended September 30, 2021 export sales were $257.0 million (2020 - $174.4 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.