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.