Management's Discussion and Analysis

For the three months ended March 31, 2022 and 2021

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 May 6, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three months ended March 31, 2022 and 2021. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the three months ended March 31, 2022.

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, 2021.

Additional information relating to the Company including the Company's Annual Information Form dated February 25, 2022 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. Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and three in the United States. 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 2022 to moderate from the highs experienced in 2021. Taiga's secondary market, the United States, is expected to improve slightly in 2022 moderately compared to calendar year 2021. See Item 9 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended March 31, 2022 were $612.7 million compared to $535.9 million over the same period last year. The increase in sales by $76.8 million or 14% was largely due to increased selling prices for commodity products.

Sales by segments are as follows:

	Revenue by point of sale			
	Three months ended March 31,			
	2022		2021	
	$000's	%	$000's	%
Canada	498,614	81.4	437,244	81.6
United States	114,090	18.6	98,674	18.4

For the quarter ended March 31, 2022, export sales totalled $89.5 million compared to $84.7 million in the same quarter in the previous year. 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 panel, as a percentage of total sales, was 61.6% for the quarter ended March 31, 2022 and 63.3% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, was 38.4% for 2021 and 36.7% over the same period last year.

Gross Margin

Gross margin for the quarter ended March 31, 2022 increased to $108.9 million from $90.4 million over the same period last year. The increase in gross margin was primarily due to rising commodity prices in the current quarter compared to the same quarter last year.

Expenses

Distribution expense for the quarter ended March 31, 2022 increased to $7.3 million compared to $7.1 million over the same period last year primarily due to higher delivery and warehousing costs.

Selling and administration expense for the quarter ended March 31, 2022 increased to $45.8 million compared to $41.2 million over the same period last year primarily due to higher compensation costs.

Finance expense for the quarter ended March 31, 2022 was $1.9 million compared to $1.7 million over the same period last year. The increase was primarily due to higher interest expenses on equipment leases.

Subordinated debt interest expense was $0.2 million for both quarters ended March 31, 2022 and 2021.

Other income was $0.05 million for both quarters ended March 31, 2022 and 2021.

Net Earnings

Net earnings for the quarter ended March 31, 2022 increased to $39.5 million from $29.2 million for the same period last year primarily due to increased gross margin.

EBITDA

EBITDA for the quarter ended March 31, 2022 was $58.6 million compared to $45.1 million for the same period last year.

Reconciliation of net earnings to EBITDA:

	Three Months Ended March 31,	
(in thousands of dollars)	**2022**	**2021**
Net earnings	39,540	29,176
Income tax expense	14,186	11,134
Finance and subordinated debt interest expense	2,090	1,891
Amortization	2,752	2,906
EBITDA	58,568	45,107

3. Cash Flows

Operating Activities

Cash flows from operating activities used cash of $150.4 million for the quarter ended March 31, 2022 compared to $80.7 million for the same period last year. Changes between the comparative periods were primarily due to changes in non-cash working capital.

Investing Activities

Investing activities used cash of $0.6 million for the quarter ended March 31, 2022 compared to $0.8 million over the same period last year.

Financing Activities

Financing activities generated cash of $81.4 million for the quarter ended March 31, 2022 compared to $90.2 million for the same period last year. The difference was caused primarily by lower borrowing from the credit facility.

4. Summary of Quarterly Results

	Year ending December 31							
	2022	2021				2020		
(in thousands of dollars, except per share amount in dollars)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	612,704	412,461	484,563	786,732	535,918	411,283	500,667	356,894
Net earnings	39,540	10,282	(5,240)	58,468	29,176	17,635	33,430	13,148
Net earnings per share[1]	0.37	0.10	(0.05)	0.54	0.27	0.16	0.31	0.12
EBITDA	58,568	17,425	(1,841)	84,539	45,107	29,410	50,489	23,862

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. 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 March 31, 2022.

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 March 31, 2022 increased to $260.6 million from $224.6 million as at December 31, 2021 due to increased assets. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**March 31, 2022**	**March 31, 2021**	**December 31, 2021**
Current Assets	541,933	474,139	430,589
Current Liabilities (excluding Revolving Credit Facility)	(198,549)	(167,254)	(205,958)
Revolving Credit Facility	(82,784)	(121,063)	-
Working Capital	**260,600**	**185,822**	**224,631**
Long Term Assets	152,921	146,653	152,415
Long Term Liabilities (excluding Subordinated Notes)	(108,583)	(116,896)	(109,991)
Subordinated Notes	-	(12,500)	-
Shareholders' Equity	**304,938**	**203,079**	**267,055**

Assets

Total assets were $694.9 million as at March 31, 2022 compared to $583.0 million as at December 31, 2021. The increase was primarily the result of additional accounts receivable and inventories.

Inventories increased to $247.3 million as at March 31, 2022 compared to $217.7 million as at December 31, 2021 primarily due to inventory build up in preparation for the busier spring season as well as higher commodity prices.

Accounts receivable increased to $289.2 million as at March 31, 2022 compared to $139.2 million as at December 31, 2021 primarily due to significantly higher commodity prices leading to higher selling prices on products.

Liabilities

Total liabilities increased to $389.9 million as at March 31, 2022 from $315.9 million as at December 31, 2021. The increase was primarily due to increased accounts payable and accrued liabilities and revolving credit facility balance.

Accounts payable and accrued liabilities increased to $160 million as at March 31, 2022 compared to $155.9 million as at December 31, 2021 due to increased payroll liabilities and inventory purchases.

Revolving credit facility increased to $82.8 million as at March 31, 2022 compared to nil as at December 31, 2021. The increase was primarily due to the associated inventory build up in preparation for the busier spring season as well as due to the one-time special dividend paid during the quarter ended March 31, 2021.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On March 31, 2022, there were 108,208,963 common shares issued and outstanding.

On August 18, 2021, 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 5,427,077 of its then outstanding 108,541,557 common shares, representing 5% of the outstanding common shares. For the year ending December 31, 2021 the Company purchased 332,594 of its common shares for cash payments $843,752. These common shares purchased by the Company have been cancelled. At March 31, 2022 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. The Company has not purchased any of its common shares under this NCIB during the three months ended March 31, 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, 2021.

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, 2021 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, 2021.

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 March 31, 2022 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 continues to impact 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 the first quarter of fiscal 2022. This is a direct result of the increased demand for detached housing, high commodity prices and low borrowing rates experienced during the period. However, commodity prices have been volatile at times during the pandemic including a drastic decline in the third quarter of fiscal year 2021 although prices did recover in the subsequent quarter. 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 2022.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") in their Spring 2022 Housing Market Outlook, housing starts in Canada are expected to range between 247,700 and 273,100 in 2022 compared to 271,000 in 2021.

In the United States, the National Association of Home Builders reported in March 2022 that housing starts are forecasted to total 1,677,000 units in the 2022 calendar year compared to 1,605,000 units in calendar year 2021.