Management's Discussion and Analysis

For the three and six months ended June 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 August 13, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three and six months ended June 30, 2021 and 2020. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the three and six months ended June 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 June 30, 2021 were $786.7 million compared to $356.9 million over the same period last year. The increase in sales by $429.8 million or 120% was largely due to increased selling prices for commodity products in 2021 along with a significant decline in sales during April 2020 as a result of Covid-19.

Consolidated net sales for the six months ended June 30, 2021 were $1,322.7 million compared to $677.2 million over the same period last year. The increase in sales by $645.5 million or 95% was largely due to the Company experiencing higher selling prices for its commodity products during the period along with a significant decline in sales during April 2020 as a result of Covid-19.

Sales by segments are as follows:

	Revenue by Point of Sale							
	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	$000's	%	$000's	%	$000's	%	$000's	%
Canada	647,354	82.3	273,028	76.5	1,084,598	82.0	523,856	77.4
United States	139,378	17.7	83,866	23.5	238,052	18.0	153,317	22.6

For the quarter ended June 30, 2021, export sales totalled $116.6 million compared to $47.6 million in the previous year. For the six months period ended June 30, 2021 export sales were $198.9 million (2020 - $98.0 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 62.5% for the quarter ended June 30, 2021 and 51.4% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 37.5% for the quarter ended June 30, 2021 and 48.6% over the same period last year.

The Company's sales of dimension lumber and panel, as a percentage of total sales, were 62.8% for the six months ended June 30, 2021, compared to 54.9% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 37.2% for the six months period ended June 30, 2021, compared to 45.1% over the same period last year.

Gross Margin

Gross margin for the quarter ended June 30, 2021 increased to $147.9 million from $42.7 million over the same period last year. Gross margin percentage was 18.8% for the three months ended June 30, 2021 compared to 12.0% in the same period last year. These increases were primarily due to rising commodity prices

Gross margin for the six months ended June 30, 2021 increased to $238.3 million from $73.3 million over the same period last year. Gross margin percentage was 18.0% for the six months ended June 30, 2021 compared to 10.8% in the same period last year. These increases were primarily due to rising commodity prices.

Expenses

Distribution expenses for the quarter ended June 30, 2021 were $6.8 million compared to $6.2 million over the same period last year. For the six months period ended June 30, 2021, distribution expenses increased to $13.9 million compared to $12.6 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 June 30, 2021 increased to $58.9 million compared to $18.4 million over the same period last year. Selling and administration expenses for the six months ended June 30, 2021 increased to $100.1 million compared to $32.1 million over the same period last year. These increases were primarily due to higher compensation costs.

Finance expenses for the quarter ended June 30, 2021 were $2.3 million compared to $2.2 million over the same period last year. Finance expenses for the six months period ended June 30, 2021 decreased to $3.9 million compared to $4.5 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 six months ended June 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 six months ended June 30, 2021 for more information.

Other expense (income) for the quarter ended June 30, 2021 increased to $0.3 million compared to ($0.1) million over the same period last year. Other expense for the six months ended June 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 June 30, 2021 increased to $58.5 million from $13.1 million for the same period last year primarily due to the foregoing. Net earnings for the six months period ended June 30, 2021 was $87.6 million compared to $19.8 million over the same period last year.

EBITDA

EBITDA for the quarter ended June 30, 2021 was $84.5 million compared to $23.9 million for the same period last year. EBITDA increased primarily due to higher margins earned during the period. For the six months ended June 30, 2021, EBITDA was $129.6 million compared to $37.0 million over the same period last year. EBITDA increased primarily due to higher margins earned during the period.

Reconciliation of net earnings to EBITDA:

(in thousands of dollars)	Three months ended June 30, 2021	2020	Six months ended June 30, 2021	2020
Net earnings	58,467	13,148	87,644	19,761
Income taxes	20,848	5,500	31,981	6,811
Finance and subordinated debt interest expense	2,486	2,425	4,378	4,921
Amortization	2,738	2,789	5,594	5,512
EBITDA	84,539	23,862	129,597	37,005

3. Cash Flows

Operating Activities

Cash flows from operating activities provided cash of $29.2 million for the quarter ended June 30, 2021 compared to using $23.8 million for the same period last year. Cash flows from operating activities used cash of $51.5 million for the six months ended June 30, 2021 compared to using $34.2 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 $0.8 million for the three months period ending June 30, 2021 and June 30, 2020. Investing activities used cash of $1.5 million for the six months ended June 30, 2021 compared to using $1.7 million for the same period last year.

Financing Activities

Financing activities used cash of $28.4 million for the quarter ended June 30, 2021 compared to using $23.0 million for the same period last year. Financing activities provided cash of $53.1 million during the six months ended June 30, 2021 compared to $35.9 million during the same period last year. The increase was due to increased borrowing from the Company’s revolving credit facility offset by a dividend paid during the period ending June 30, 2021.

4. Summary of Quarterly Results

Year ending December 31,

	2021		2020				2019	
(in thousands of dollars, except per share amount in dollars)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	786,732	535,918	411,283	500,667	356,894	320,279	298,125	358,875
Net earnings	58,468	29,176	17,635	33,430	13,148	6,613	5,763	8,373
Net earnings per share[(1)]	0.54	0.27	0.16	0.31	0.12	0.06	0.05	0.07
EBITDA	84,539	45,107	29,410	50,489	23,862	13,143	12,874	17,272

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 June 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 June 30, 2021 increased to $248.7 million from $189.1 million as at December 31, 2020 due to increased accounts receivable and inventories. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**June 30, 2021**	**June 30, 2020**	**December 31, 2020**
Current Assets	577,915	326,003	330,138
Current Liabilities (excluding Revolving Credit Facility)	(238,210)	(102,844)	(132,282)
Revolving Credit Facility	(94,523)	(91,477)	(8,742)
Working Capital	**245,182**	**131,682**	**189,114**
Long Term Assets	146,139	149,019	144,026
Long Term Liabilities (excluding Subordinated Notes)	(118,454)	(108,052)	(115,621)
Subordinated Notes	(12,500)	(12,500)	(12,500)
Shareholders' Equity	**260,367**	**160,149**	**205,019**

Assets

Total assets were $724.1 million as at June 30, 2021 compared to $474.2 million as at December 31, 2020. The increase was primarily the result of additional accounts receivable due to increased sales and higher inventory levels.

Inventories increased to $245.6 million as at June 30, 2021 compared to $190.0 million as at December 31, 2020, primarily due to increased values in commodity products.

Liabilities

Total liabilities increased to $463.7 million as at June 30, 2021 from $269.1 million as at December 31, 2020. The increase was primarily due to increased credit facility and 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 August 13, 2021, there were 108,541,557 common shares issued and outstanding.

On August 13, 2020, the Company commenced a further NCIB for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,489,272 of its then outstanding 109,785,457 common shares, representing 5% of the outstanding common shares. For the year ended December 31, 2020, the Company purchased 2,979,026 of its common shares for cash payments of $3,230,202. These common shares purchased by the Company have been cancelled. At June 30, 2021 there were 4,245,372 remaining common shares permitted to be purchased by the Company per the terms of the NCIB with an expiration on August 31, 2021. The Company has not purchased any of its common shares under this NCIB during the three and six months ended June 30, 2021.

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 June 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. 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 July 2021 that housing starts are forecasted to total 1,643,000 units in the 2021 calendar year compared to 1,380,000 units in calendar year 2020.

Third Quarter Outlook

As pandemic-related restrictions eased across North America in recent months, consumers diverted money away from home renovations and increased spending on travel and leisure activities. The resulting reduction in demand for renovation products led to a sharp decline in lumber and panel prices, beginning in mid-July. Taiga’s third quarter earnings are expected to be negatively impacted by this recent development.