

Taiga Building Products Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and six months ended June 30, 2025 and 2024
(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.

Consolidated Balance Sheets (Unaudited)

		June 30, 2025		June 30, 2024		December 31, 2024
<i>(in thousands of Canadian dollars)</i>						
Assets						
Current:						
Cash and cash equivalents (Note 4)	\$	35,515	\$	83,237	\$	192,445
Accounts receivable		205,241		208,547		150,387
Inventories (Note 5)		202,410		189,416		178,986
Prepaid expenses		2,448		4,295		3,750
Current income tax assets		1,258		14,405		4,895
		446,872		499,900		530,463
Property, plant and equipment		117,064		121,357		121,175
Long term inventory (Note 5)		4,674		-		1,873
Intangible assets		10,141		11,358		11,318
Goodwill		10,670		10,704		11,253
Long term investments (Note 10)		11,215		11,718		11,998
Deferred tax assets		5,728		5,784		5,457
	\$	606,364	\$	660,821	\$	693,537
Liabilities and Shareholders' Equity						
Current:						
Revolving credit facility	\$	82,040	\$	-	\$	-
Accounts payable and accrued liabilities	\$	128,646	\$	128,040	\$	133,177
Current portion of lease obligations		6,258		6,015		6,015
		216,944		134,055		139,192
Lease obligations		89,060		92,331		91,431
Deferred gain		1,946		2,064		2,005
Deferred tax liabilities		6,216		5,041		6,479
Provisions		-		93		34
		314,166		233,584		239,141
Shareholders' Equity:						
Share capital (Note 7)		122,477		122,477		122,477
Accumulated other comprehensive income (Note 7)		11,887		12,744		18,984
Retained earnings		157,834		292,016		312,935
		292,198		427,237		454,396
	\$	606,364	\$	660,821	\$	693,537

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

TAIGA BUILDING PRODUCTS LTD.

Consolidated Statements of Earnings and Comprehensive Income (Unaudited)

	Three months ended June 30,		Year ended June 30,	
(in thousands of Canadian dollars, except per share amounts)	2025	2024	2025	2024
Sales	\$ 440,971	\$ 427,824	\$ 840,908	\$ 821,454
Cost of sales	391,739	383,358	754,189	734,989
Gross margin	49,232	44,466	86,719	86,465
Expenses:				
Distribution	7,755	8,461	16,197	16,454
Selling and administration	21,419	16,784	37,048	34,014
Finance (Note 8)	751	857	965	199
Other expenses (income)	(175)	(36)	(205)	(74)
	29,750	26,066	54,005	50,593
Earnings before income tax	19,482	18,400	32,714	35,872
Income tax expense (recovery) (Note 6)	4,408	4,467	7,818	9,178
Net earnings for the year	\$ 15,074	\$ 13,933	\$ 24,896	\$ 26,694
Other comprehensive income (Item that may be reclassified to net earnings)				
Exchange differences on translating foreign controlled entities	\$ (8,735)	\$ 1,563	\$ (7,097)	\$ 5,157
Total comprehensive income for the year	\$ 6,339	\$ 15,496	\$ 17,799	\$ 31,851
Basic and diluted net earnings per common share	\$ 0.14	\$ 0.13	\$ 0.23	\$ 0.25
Weighted average number of common shares outstanding	107,945	107,953	107,945	107,953

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

TAIGA BUILDING PRODUCTS LTD.

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

For the six months ended June 30, 2024

<i>(in thousands of Canadian dollars)</i>	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2023	\$ 122,509	\$ 265,322	\$ 7,587	\$ 395,418
Net earnings	-	26,694	-	26,694
Shares purchased under the NCIB and cancelled (Note 7)	(32)	-	-	(32)
Other comprehensive income	-	-	5,157	5,157
Balance at June 30, 2024	\$ 122,477	\$ 292,016	\$ 12,744	\$ 427,237

For the six months ended June 30, 2025

<i>(in thousands of Canadian dollars)</i>	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2024	\$ 122,477	\$ 312,935	\$ 18,984	\$ 454,396
Net earnings	-	24,896	-	24,896
Dividend (Note 7)	-	(179,997)	-	(179,997)
Other comprehensive income	-	-	(7,097)	(7,097)
Balance at June 30, 2025	\$ 122,477	\$ 157,834	\$ 11,887	\$ 292,198

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

TAIGA BUILDING PRODUCTS LTD.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Cash provided by (used in):				
Operating:				
Net earnings	\$ 15,074	\$ 13,933	\$ 24,896	\$ 26,694
Adjustments for non-cash items				
Amortization	3,309	3,447	6,593	6,471
Income tax expense	4,408	4,467	7,818	9,178
Mark-to-market adjustment on financial instruments	183	(32)	583	(152)
Change in provisions	(3)	(30)	(34)	(58)
Loss (gain) on asset disposal	(146)	(6)	(146)	(10)
Amortization of deferred gain	(29)	(30)	(59)	(60)
Finance and subordinated debt interest expense	1,712	2,288	2,824	1,630
Interest paid	(961)	(609)	(1,859)	(1,431)
Income tax paid	(3,177)	(4,627)	(6,336)	(9,712)
Changes in non-cash working capital (Note 11)	(2,228)	3,872	(86,803)	(99,203)
Cash flows used by operating activities	18,143	22,673	(52,524)	(66,654)
Investing:				
Purchase of property, plant and equipment	(1,900)	(465)	(2,679)	(1,390)
Proceeds from disposition of property, plant and equipment	179	6	179	19
Cash flows used in investing activities	(1,721)	(459)	(2,500)	(1,371)
Financing:				
Increase (decrease) in revolving credit facility	82,040	-	82,040	-
Repayment of lease obligations	(1,663)	(971)	(3,306)	(2,605)
Dividends paid	(179,997)	-	(179,997)	-
Repurchase of common shares	-	-	-	(32)
Cash flows used in financing activities	(99,620)	(971)	(101,263)	(2,637)
Effect of foreign exchange on cash	(607)	308	(643)	1,139
Cash and Cash Equivalents - beginning of year	119,321	61,686	192,445	152,760
Cash and Cash Equivalents - end of period	\$ 35,515	\$ 83,237	\$ 35,515	\$ 83,237

The accompanying notes are an integral part of these consolidated 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.

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, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

These Financial Statements were authorized for issue on August 08, 2025 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, 2024.

4. Cash and Cash Equivalents

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024	December 31, 2024
Cash	34,912	82,393	191,722
Financing costs, net of amortization	603	844	723
Total	35,515	83,237	192,445

On December 21, 2022, the Company entered into a new \$250 million senior secured revolving credit facility (the "Facility") with a syndicate of lenders led by the Bank of Montreal and including Scotiabank, Bank of

Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2025 and 2024 (in Canadian dollars)

America, TD Bank and CIBC. The Facility bears interest at variable rates plus variable margin, is secured by a first perfected security interest in all real and personal property of the Company and certain of its subsidiaries and matures on December 20, 2027. 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, 2025.

Cash and cash equivalents include a short-term investment in a GIC of \$35.5 million bearing interest of 3.55%, maturing on July 20th, 2025, and renewing on a monthly basis.

5. Inventories

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024	December 31, 2024
Allied building products	41,744	36,714	37,241
Lumber products	119,468	114,852	104,481
Panel products	39,246	33,775	36,062
Production consumables	2,692	5,968	1,513
Inventory provision	(740)	(1,893)	(311)
Total	202,410	189,416	178,986

The Company's inventories are pledged as security for the revolving credit facility.

Long term inventory of \$4.7 million relates to two properties which are held for development and future sale.

6. Income Taxes

Income tax expense is comprised of:

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Current	4,322	4,929	8,018	9,424
Deferred	86	(462)	(200)	(246)
Total	4,408	4,467	7,818	9,178

7. 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 September 4, 2024, 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 5,397,226 of its then outstanding 107,944,523 common shares, representing 5% of the outstanding common shares. For the year ending December 31, 2024 the Company purchased 10,488 shares for \$32,405. These common shares purchased by the Company have been cancelled. During the six months ended June 30, 2025, the Company did not purchase any of its common share under the NCIB. At June 30, 2025 there were 5,397,226 remaining common shares permitted to be purchased by the Company per the terms of the NCIB with an expiration on September 3, 2025.

(c) Common Shares Issued

Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2025 and 2024 (in Canadian dollars)

<i>(in thousands of dollars, except number of shares)</i>	Number of Shares	Amount
Balance, December 31, 2024	107,944,523	122,477
Shares purchased under NCIB and cancelled	-	-
Balance, June 30, 2025	107,944,523	122,477

(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.

(f) Major Shareholder

Taiga's major shareholder is Avarga Limited ("Avarga"), holding 74.21% or 80,106,014 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

A special one-time dividend of \$1.6675 per share was declared, payable to shareholders of record on June 6, 2025. The dividend was paid on June 23, 2025.

8. Finance Expense

The finance expense is comprised of:

<i>(in thousands of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest earned on cash balances	(564)	(768)	(1,688)	(2,736)
Interest on leases and long-term debt	1,253	1,565	2,532	2,815
Amortization of financing costs	62	60	121	120
Total	751	857	965	199

9. Commitments and Contingencies

Other Outstanding Legal Matters

The Company is involved in various non-material legal actions and claims arising in the course of its business. The financial impact individually or in aggregate resulting from these actions and claims is not expected to be significant. The individual and aggregate outcomes cannot be determined at this time.

10. Financial Instruments

The fair values of lease obligations are as follows:

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024
Carrying amount	89,768	93,205
Fair value	89,271	92,397

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

The Company acquired 7,000 units of shares for a private Asian Real Estate fund in March 2023. The investment is stated at fair value at each reporting date. The change in value represents the unrealized gains and losses on the portfolio investment.

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024
Carrying amount	9,607	9,546
Fair value	8,810	9,313

In December 2023, the Company invested in a private guaranteed bond bearing interest at 8% per annum, together with a share of revenues. The bond matures on December 29, 2026.

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024
Carrying amount	2,405	2,405
Fair value	2,405	2,405

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:

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024
Lumber futures	(157)	224

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.

Cash and cash equivalent are classified as level 1. Derivative financial instrument assets and liabilities are classified as level 1 and investments are classified as level 2 or 3.

Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2025 and 2024 (in Canadian dollars)

The following table summarizes the classification and carrying values of the Company's financial instruments at June 30, 2025 and 2024:

(in thousands of dollars)

At June 30, 2025	Amortized Cost (Financial assets)	FVTPL	Amortized Cost (Financial liabilities)	Total
Financial assets:				
Accounts receivable	205,241	-	-	205,241
Long term investment	-	11,215	-	11,215
Total financial assets:	205,241	11,215	-	216,456
Financial liabilities:				
Accounts payable & accrued liabilities	-	-	128,646	128,646
Lumber futures ¹	-	157	-	157
Current portion of lease obligation	-	-	6,258	6,258
Non-current portion of lease obligation	-	-	89,060	89,060
Total financial liabilities:	-	157	223,964	224,121

(in thousands of dollars)

At June 30, 2024	Amortized Cost (Financial assets)	FVTPL	Amortized Cost (Financial liabilities)	Total
Financial assets:				
Accounts receivable	208,547	-	-	208,547
Lumber futures ¹	-	224	-	224
Long term investment	-	11,718	-	11,718
Total financial assets:	208,547	11,942	-	220,489
Financial liabilities:				
Accounts payable & accrued liabilities	-	-	128,040	128,040
Current portion of lease obligation	-	-	6,015	6,015
Non-current portion of lease obligation	-	-	92,331	92,331
Total financial liabilities:	-	-	226,386	226,386

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

11. Changes in Non-Cash Working Capital

	Three months ended June 30,		Six months ended June 30,	
(in thousands of dollars)	2025	2024	2025	2024
(Increase) Decrease in Accounts receivable	26	(3,608)	(54,287)	(89,516)
(Increase) Decrease in Inventories	4,200	10,261	(26,225)	(14,656)
(Increase) Decrease in Prepaid expenses and other	4,851	(156)	5,409	(102)
Effect of foreign exchange on working capital	(9,403)	(175)	(7,795)	3,363
(Decrease) Increase in Accounts payable & accrued liabilities	(1,902)	(2,450)	(3,906)	1,708
Total	(2,228)	3,872	(86,803)	(99,203)

12. 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.

13. Segmented Information

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

	Revenue by Point of Sale							
	Three months ended				Nine months ended			
	June 30,				June 30,			
	2025		2024		2025		2024	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Canada	369,102	83.7	348,781	81.5	705,884	83.9	679,663	82.7
United States	71,869	16.3	79,043	18.5	135,024	16.1	141,791	17.3

For the quarter ended June 30, 2025, export sales totalled \$45 million compared to \$33.6 million in the previous year. For the six months period ended June 30, 2025, export sales were \$80 million compared to \$67.5 million 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.