Management's Discussion and Analysis

For the three and nine months ended September 30, 2020 and 2019

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 12, 2020 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, 2020 and 2019. 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, 2020.

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 it 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, 2019.

Additional information relating to the Company including the Company's Annual Information Form dated February 21, 2020 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; the impact of the COVID-19 pandemic; 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 2020 to decline compared to calendar year 2019. Taiga's secondary market, the United States, is expected to decline in 2020 compared to calendar year 2019. See Item 10 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended September 30, 2020 were $500.7 million compared to $358.9 million over the same period last year. The increase in sales by $141.8 million or 40% was largely due to Taiga experiencing higher selling prices for its commodity products during the quarter. Taiga’s US operations also experienced a significant increase compared to the same period last year, particularly Exterior Wood, Inc located at Washougal, WA.

The Company’s consolidated net sales for the nine months ended September 30, 2020 were $1,177.8 million compared to $1,001.0 million over the same period last year. The increase in sales by $176.8 million or 18% was largely due to the Company experiencing higher selling prices for its commodity products during the period. Taiga’s US operations also experienced a significant increase compared to the same period last year, particularly Exterior Wood, Inc located at Washougal, WA.

Sales by segments are as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Nine months ended September 30,			
	2020		2019		2020		2019	
	$000’s	%	$000’s	%	$000’s	%	$000’s	%
Canada	389,773	77.9	284,537	79.3	913,628	77.6	806,536	80.6
United States	110,894	22.1	74,338	20.7	264,211	22.4	194,461	19.4

For the quarter ended September 30, 2020, export sales totalled $75.3 million compared to $50.4 million in the previous year. For the nine months period ended September 30, 2020, export sales were $174.4 million (2019 - $134.3 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 60.3% for the quarter ended September 30, 2020 and 56.0% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 39.7% for the quarter ended September 30, 2020 and 44.0% over the same period last year.

The Company's sales of dimension lumber and panel, as a percentage of total sales, were 57.2% for the nine months ended September 30, 2020, compared to 55.4% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 42.8% for the nine months period ended September 30, 2020, compared to 44.6% over the same period last year.

Gross Margin

Gross margin for the quarter ended September 30, 2020 increased to $91.5 million from $36.5 million over the same period last year. Gross margin percentage was 18.3% for the three months ended September 30, 2020 compared to 10.2% in the same period last year. These increases were primarily due to rising commodity prices and Taiga's US operations also improving significantly, particularly Exterior Wood, Inc located at Washougal, WA.

Gross margin for the nine months ended September 30, 2020 increased to $164.8 million from $98.9 million over the same period last year. Gross margin percentage was 14.0% for the nine months ended September 30, 2020 compared to 9.9% in the same period last year. These increases were primarily due to rising commodity prices and Taiga's US operations also improving significantly, particularly Exterior Wood, Inc located at Washougal, WA.

Expenses

Distribution expenses for the quarter ended September 30, 2020 were $6.8 million compared to $6.7 million over the same period last year. For the nine months period ended September 30, 2020, distribution expenses decreased to $19.4 million compared to $19.6 million over the same period last year primarily due to savings on transportation costs.

Selling and administration expenses for the quarter ended September 30, 2020 increased to $36.9 million compared to $15.4 million over the same period last year. Selling and administration expenses for the nine months ended September 30, 2020 increased to $69.0 million compared to $42.9 million over the same period last year. These increases were primarily due to higher compensation costs.

Finance expenses for the quarter ended September 30, 2020 were $1.9 million compared to $2.4 million over the same period last year. Finance expenses for the nine months period ended September 30, 2020 decreased to $6.4 million compared to $7.5 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 $2.9 million for the nine months ended September 30, 2020 while it was nil 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, 2020 for more information.

Other income was $0.1 million for the quarter ended September 30, 2020 and it was nil the quarter ended September 30, 2019. Other income was $0.1 million for the nine months ended September 30, 2020 and it was ($0.1) for the nine months ended September 30, 2019.

Net Earnings

Net earnings for the quarter ended September 30, 2020 increased to $33.4 million from $8.3 million for the same period last year primarily due to the foregoing. Net earnings for the nine months period ended September 30, 2020 was $53.2 million compared to $20.1 million over the same period last year, primarily due to the foregoing.

EBITDA

EBITDA for the quarter ended September 30, 2020 was $50.5 million compared to $17.2 million for the same period last year. EBITDA increased primarily due to higher margin during the period partially offset by higher selling and administration expenses. EBITDA was $87.5 million for the nine months ended September 30, 2020, compared to

$44.8 million over the same period last year. EBITDA increased primarily due to higher margin during the period partially offset by higher selling and administration expenses.

Reconciliation of net earnings to EBITDA:

	Three months ended September 30,		**Nine months ended September 30,**	
(in thousands of dollars)	**2020**	**2019**	**2020**	**2019**
Net earnings	33,430	8,338	53,191	20,142
Income taxes	12,136	3,486	18,947	8,247
Finance and subordinated debt interest expense	2,128	2,603	7,049	8,111
Amortization	2,795	2,809	8,307	8,300
EBITDA	50,489	17,236	87,494	44,800

3. Cash Flows

Operating Activities

Cash flows from operating activities provided cash of $72.7 million for the quarter ended September 30, 2020 compared to providing cash of $66.7 million for the same period last year. Cash flows from operating activities provided cash of $38.5 million for the nine months ended September 30, 2020 compared to providing cash of $19.7 million for the same period last year. Changes between the comparative periods were primarily due to higher earnings combined with changes in non-cash working capital, primarily due to increased accounts receivable and increased accounts payable and accrued liabilities.

Investing Activities

Investing activities used cash of $0.4 million for the quarters ended September 30, 2020 and September 30, 2019. Investing activities used cash of $2.1 million for the nine months ended September 30, 2020 compared to using $0.9 million for the same period last year. The increase was due to more asset additions across several classes during the current year.

Financing Activities

Financing activities used cash of $72.3 million for the quarter ended September 30, 2020 compared to using $66.3 million for the same period last year. Financing activities used cash of $36.4 million during the nine months ended September 30, 2020 compared to $18.8 million during the same period last year. The increase was due to repayments of the Company's revolving credit facility combined with greater repayments of long term debt.

4. Summary of Quarterly Results

	Year ended December 31, 2020			**Year ended December 31, 2019**				**Year ended December 31, 2018**
(in thousands of dollars, except per share amount in dollars)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Sales	500,667	356,894	320,279	298,125	358,875	354,723	287,399	303,879
Net earnings	33,430	13,148	6,613	5,763	8,338	7,035	4,661	1,540
Net earnings per share(1)	0.31	0.12	0.06	0.05	0.07	0.06	0.04	0.01
EBITDA	50,489	23,862	13,143	12,874	17,236	16,414	11,080	5,795

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, 2020.

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, 2020 increased to $169.8 million from $114.0 million as at December 31, 2019 due to increased accounts receivable, offset by increased accounts payable and accrued liabilities. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**September 30, 2020**	**September 30, 2019**	**December 31, 2019**
Current Assets	342,061	267,346	245,407
Current Liabilities (excluding Revolving Credit Facility)	(151,278)	(96,515)	(90,411)
Revolving Credit Facility	(20,991)	(60,449)	(40,968)
Working Capital	**169,792**	**110,382**	**114,028**
Long Term Assets	145,848	155,006	149,615
Long Term Liabilities (excluding Subordinated Notes)	(112,225)	(114,902)	(111,459)
Subordinated Notes	(12,500)	(12,500)	(12,500)
Shareholders' Equity	**160,149**	**137,986**	**139,684**

Assets

Total assets were $487.9 million as at September 30, 2020 compared to $395.0 million as at December 31, 2019. The increase was primarily the result of additional accounts receivable due to increased sales.

Accounts receivable increased to $202.4 million as at September 30, 2020 compared to $85.3 million as at December 31, 2019 due to increased sales.

Inventories decreased to $136.1 million as at September 30, 2020 compared to $157.3 million as at December 31, 2019, primarily due to increased sales.

Liabilities

Total liabilities increased to $297.0 million as at September 30, 2020 from $255.3 million as at December 31, 2019. The increase was primarily due to increased accounts payable and accrued liabilities, offset by a reduction in revolving credit facility, income taxes payable and long-term debt.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On November 13, 2020, there were 108,541,557 common shares issued and outstanding.

On August 13, 2019, 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 5,778,181 of its 115,563,638 then outstanding common shares, representing 5% of the outstanding common shares. This NCIB expired on August 12, 2020 and the Company purchased 5,778,181 shares during the NCIB.

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. For the three months ended September 30, 2020, the Company purchased 1,243,900 of its common shares for cash payments of $1,492,680. For the nine months ended September 30, 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 September 30, 2020 there were 4,245,372 remaining common shares permitted to be purchased by the Company per the terms of the NCIB.

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, 2019.

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, 2019 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, 2019.

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, 2020 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 recent 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 outbreak and the related mitigation measures have had the following impacts on the Company's operations, among others: sales decline of over 30% in April. The Company's revenues recovered subsequent to this. However, the extent to which these events may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, subsequent outbreaks, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine the ultimate financial impacts at this time. However, the Company recognizes that there will be economic and financial challenges to be faced for the balance of the fiscal year.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") in their 2020 Housing Market Outlook Special Edition dated May 27, 2020, the Canadian housing market will see a historic recession in 2020, estimating a decline of 51-75% in the second half of the year. The Company has not seen evidence of this level of decline so far in 2020, other than the month of April as mentioned above.

In the United States, the National Association of Home Builders reported in September 2020 that housing starts are forecasted to total 1,415,000 units in the 2020 calendar year compared to 1,295,000 units in calendar year 2019.