Indigo Books & Music Inc.
Notice of Annual and Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual and special meeting of the shareholders of Indigo Books & Music Inc. (the "**Corporation**") will be held on **July 19, 2022, at 10:00 a.m. (Toronto time),** for the following purposes:

1. to receive the financial statements for the fiscal year ended April 2, 2022, together with the report of the auditor on the financial statements;

2. to elect directors for the ensuing year (see the "Election of Directors" section of the Management Information Circular);

3. to appoint an auditor for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor (see the "Appointment of Auditor" section of the Management Information Circular);

4. to consider, and if thought advisable, to pass with or without variation, an ordinary resolution approving all unallocated options under the Stock Option Incentive Plan (see "Stock Option Incentive Plan" section of the Management Information Circular); and

5. to transact such other business as may properly come before the meeting or any adjournment of the meeting.

Right to Vote

Only shareholders of record at the close of business (Toronto time) on May 30, 2022 are entitled to vote at the meeting.

Virtual Only Meeting

In light of ongoing health concerns due to the COVID-19 pandemic and the Corporation's consideration for the wellbeing of its shareholders, employees and other stakeholders, the 2022 annual and special meeting will be held in a virtual meeting format only. Shareholders will have the opportunity to attend, ask questions and vote at the meeting in real time through a web-based platform. Shareholders will not be able to attend the meeting in person.

You can attend the meeting by joining the live audio webcast at **https://virtual-meetings.tsxtrust.com/1352 (password: indigo2022)**. See the "Virtual Meeting" section of the Management Information Circular.

Notice and Access

The Corporation is using the notice and access process as permitted by Canadian securities regulators for the delivery of the Management Information Circular (the "**Circular**"). Under notice and access, shareholders will still receive a proxy or voting instruction form enabling them to vote at the meeting. However, instead of a paper copy of the Circular, shareholders will receive this Notice of Meeting which contains information on how to access the Circular electronically. Using the notice and access process for delivery of this material gives shareholders more choice and reduces the cost of printing and delivering shareholder material, in addition to being more environmentally friendly. Shareholders who have already signed up for electronic delivery of shareholder material will continue to receive material via email. If you have not signed up for electronic delivery and wish to do so, please complete the Mailing Card/Consent also enclosed.

The Circular and the form of proxy (or voting instruction form) include additional information regarding the matters to be dealt with at the meeting. **Shareholders are reminded to review the meeting materials prior to voting.** Shareholders with questions regarding the notice and access process may contact the Corporation's transfer agent, TSX Trust Company, at **shareholderinquiries@tmx.com** or by telephone at 416-682-3860 or toll free (in North America) at 1-800-387-0825.

Websites where Shareholder Materials are Posted

Electronic copies of shareholder materials including the Circular can be viewed and downloaded at **www.meetingdocuments.com/TSXT/idg** or under the Indigo Books & Music Inc. profile at **www.sedar.com**.

Obtaining Paper Copies

All shareholders may request that paper copies of the Circular be sent at no cost to them by regular postal delivery for up to one year from the date the material was filed on SEDAR. Requests for paper copies to be delivered prior to the meeting must be received not later than June 30, 2022 to ensure timely receipt. If you would like to receive a printed copy of the Circular, please call 416-682-3801 or 1-888-433-6443 (toll free in North America) or email your request to: **tsxt-fulfilment@tmx.com**.

The Corporation has determined that those non-registered shareholders with existing instructions on their account to receive paper material ("standing instructions"), as well as non-registered investors who hold shares through a US Intermediary, will receive full packages (traditional non-notice and access mailing).

Voting

If you are not able to attend the virtual meeting, please exercise your right to vote by:

Registered Shareholders: signing and returning the form of proxy to Indigo Books & Music Inc., c/o TSX Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile: (416) 368-2502 or toll free in North America: 1 (866) 781-3111 or by email to **proxyvote@tmx.com** so as to arrive not later than 10:00 a.m. (Toronto time) on July 15, 2022 or, if the meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting; or

Non-Registered Shareholders: signing and returning the voting instruction form to Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham, Ontario L3R 9Z9, or at **www.proxyvote.com**; or by telephone: 1-800-474-7493 (English) or 1-800-474-7501 (French), so as to arrive not later than one business day prior to the proxy deposit date noted on your voting instruction form. Non-Registered Shareholders who hold shares through a US Intermediary, please follow the instructions on your voting instruction form.

DATED at Toronto this 2nd day of June, 2022.

By Order of the Board of Directors

Craig Loudon
Chief Financial Officer and Executive Vice President, Supply Chain

Indigo Books & Music Inc.
Management Information Circular

Dated June 2, 2022

SOLICITATION OF PROXIES

The information contained in this Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies from registered owners of common shares (the "Shares") of Indigo Books & Music Inc. (the "Company", "Corporation" or "Indigo") (and of voting instructions in the case of non-registered owners of Shares) to be used at the annual and special meeting of shareholders of the Corporation to be held on the 19th day of July, 2022, at 10:00 a.m. (Toronto time) by way of a virtual meeting using a web-based platform and at all adjournments of the meeting, for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally by Indigo employees. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation**. The total cost of the solicitation of proxies and voting instructions will be borne by the Corporation. The information contained in this Circular is given as at June 2, 2022, except where otherwise noted.

NOTICE AND ACCESS

The Corporation is using the "notice and access" process as permitted by Canadian securities regulators for the delivery of the Circular to its shareholders. Under notice and access, shareholders will still receive a proxy or voting instruction form enabling them to vote at the meeting. However, instead of a paper copy of the Circular, shareholders will receive the Notice of Meeting which contains information on how to access the Circular electronically. Using the notice and access process for delivery of this material gives shareholders more choice and reduces the cost of printing and distributing shareholder material, in addition to being more environmentally friendly. Shareholders who have already signed up for electronic delivery of shareholder material will continue to receive material via email. Non-registered shareholders with existing instructions on their account to receive paper material ("standing instructions"), as well as non-registered investors who hold shares through a US Intermediary will receive full packages (traditional non-notice and access mailing).

Electronic copies of shareholder materials including the Circular can be viewed and downloaded at **www.meetingdocuments.com/TSXT/idg** or under the Indigo Books & Music Inc. profile at **www.sedar.com**.

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VIRTUAL MEETING

In light of ongoing health concerns due to the COVID-19 pandemic and Indigo's consideration for the wellbeing of its shareholders, employees and other stakeholders, the 2022 annual and special meeting will be held in a virtual meeting format only. Shareholders will have the opportunity to attend, ask questions and vote at the meeting in real time through a web-based platform. Shareholders will not be able to attend the meeting in person.

You can attend the virtual meeting by joining the live audio webcast at **https://virtual-meetings.tsxtrust.com/1352 (password: indigo2022)** and following the instructions below. Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) will be able to attend, submit questions, and vote at the virtual meeting. Guests (including non-registered shareholders who have not duly appointed themselves as proxyholder) may also join the virtual meeting by logging in at the web address, clicking on "I am a guest" and filling in the online form. Guests can attend the virtual meeting but cannot submit questions or vote.

LOG IN PROCESS

You should allow for ample time to log in prior to the commencement of the virtual meeting - we recommend logging in at least 15 minutes in advance. While attending the virtual meeting, you are responsible for maintaining internet connectivity for the duration of the meeting in order to vote when balloting is commenced and to provide you with an opportunity to submit questions during the meeting.

REGISTERED SHAREHOLDERS and PROXYHOLDERS:	• Log in online at https://virtual-meetings.tsxtrust.com/1352 • Click on "**I have a control number**" and enter the 13-digit control number found on the form of proxy or the email notification you received from TSX Trust Company **(please note that you must register your duly appointed proxyholder with TSX Trust Company to obtain a control number in advance of the meeting)** • Enter password: **indigo2022** (case sensitive) • Click on "log in" button If you use your control number to log in to the virtual meeting, any vote you cast at the meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote at the meeting.
GUESTS:	• Log in online at https://virtual-meetings.tsxtrust.com/1352 • Click on "**I am a guest**" • Fill in online form and click on "log in" button

VOTING INSTRUCTIONS

REGISTERED OWNERS

If you are a registered owner of Shares, you may vote by proxy or during the virtual meeting with an online ballot (see the "Log In Process" section above). You also have the option of appointing another person to represent you as proxyholder and vote your Shares at the virtual meeting (see the "Appointment of Proxies" section below).

Appointment of Proxies

All shareholders are encouraged to complete and return the enclosed form of proxy. The individuals named in the form of proxy are Heather Reisman, Chair and Chief Executive Officer of the Corporation, and Craig Loudon, Chief Financial Officer and Executive Vice President, Supply Chain of the Corporation. You may authorize the management representatives named in the form of proxy to vote your Shares. **You also have the right to appoint another person (who need not be a shareholder of the Corporation) to represent you at the virtual meeting**. If you wish to appoint someone else to represent you at the meeting, you must insert the other person's name in the blank space provided on the form of proxy. **Once you have submitted your proxy, you MUST ALSO register the name of the other person (proxyholder) with TSX Trust Company ("TSX Trust") to obtain a control number for the proxyholder to attend the virtual meeting and act on your behalf.** To register the proxyholder, please contact TSX Trust at 1-866-751-6315 (within North America) or 1-212-235-5754 (outside North America) or online at https://www.tsxtrust.com/control-number-request, not later than 10:00 a.m. (Toronto time) on July 15, 2022. In doing so you will be asked to provide TSX Trust with the required contact information so that TSX Trust may provide the proxyholder with a control number via email. Failure to register the proxyholder and obtain a control number will result in your proxyholder not being able to participate in the meeting (i.e., vote or submit questions on your behalf). The proxyholder must attend the virtual meeting to vote your Shares. Without a control number, the proxyholder will only be able to attend the virtual meeting as a guest. If you do not insert a name in the space provided on the form of proxy, the management representatives named above are appointed to act as your proxyholder.

To be valid, proxies must be deposited by:

(1) return envelope provided; or

(2) mail to Indigo Books & Music Inc., c/o TSX Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1; or

(3) facsimile: (416) 368-2502 or toll free in North America: 1 (866) 781-3111; or

(4) email to **proxyvote@tmx.com**

not later than 10:00 a.m. (Toronto Time) on July 15, 2022, or, if the meeting is adjourned, 48 hours, (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Changing Your Vote

If you have submitted a proxy and wish to revoke it, you may do so by:

(a) completing and signing a form of proxy bearing a later date and depositing it with Indigo Books & Music Inc., c/o TSX Trust Company as described above;

(b) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) at Indigo's registered office, 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6, Attention: Corporate Secretary, at any time up to the last business day preceding the day of the meeting, or any adjournment of the meeting, at which the proxy is to be used;

(c) electronically transmitting your revocation in a manner permitted by law, provided that the revocation is received at Indigo's registered office, 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6, Attention: Corporate Secretary, at any time up to and including the last business day preceding the day of the meeting, or any adjournment of the meeting, at which the proxy is to be used;

(d) voting during the meeting by submitting an online ballot through the live virtual meeting platform, which will revoke your previous proxy; or

(e) following any other procedure that is permitted by law.

Voting of Proxies

In connection with any ballot that may be called for, the management representatives designated in the enclosed form of proxy will vote or withhold from voting your Shares in accordance with the instructions you have indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **In the absence of any direction, your Shares will be voted by the management representatives (i) FOR the election of each director, (ii) FOR the appointment of the auditor, and (iii) FOR the approval of unallocated stock options under the Stock Option Incentive Plan, all as more particularly described later in this Circular.**

The management representatives designated in the enclosed form of proxy have discretionary authority with respect to amendments to or variations of matters identified in the notice of meeting and with respect to other matters that may properly come before the meeting. At the date of this Circular, Indigo's management knows of no such amendments, variations or other matters.

NON-REGISTERED OWNERS

You are a non-registered owner if your Shares are registered in the name of a depository (such as CDS Clearing and Depository Services Inc. or "CDS") or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan).

Only registered owners of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the virtual meeting. If you are a non-registered owner, you are entitled to direct how the Shares beneficially owned by you are to be voted or you may appoint yourself as proxyholder for the Shares you beneficially own, which will entitle you to attend and vote at the virtual meeting.

In accordance with Canadian securities law, Indigo has distributed copies of the notice of meeting and this Circular (collectively, the “meeting materials”) to the intermediaries for onward distribution to non-registered owners who have not waived their right to receive them. Typically, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward the meeting materials to non-registered owners. All non-registered owners with standing instructions to receive paper copies and those who hold Shares through a US Intermediary will receive copies of all meeting materials; all other non-registered shareholders will receive notice and access packages. See the “Notice and Access” section on page 3 of this Circular.

The Corporation intends to pay intermediaries to deliver proxy-related materials to all non-registered shareholders.

If you are a non-registered owner and have not waived your right to receive meeting materials, you will receive a voting instruction form with your meeting materials. The purpose of the voting instruction form is to permit you to direct the voting of the Shares you beneficially own. You should follow the procedures set out on the form and contact your intermediary promptly if you need assistance. Please complete, sign and return the enclosed voting instruction form in accordance with the directions provided. If you wish to change or revoke your voting instructions, please contact your intermediary.

If you wish to attend the meeting and vote with an online ballot through the live virtual meeting platform (or have another person attend and vote on your behalf), you must:

(a) insert your name or the name of the individual whom you wish to attend in your stead in the space provided on the voting instruction form, sign and return the voting instruction form in accordance with the directions provided on the form. Do not otherwise complete the form as your vote will be taken at the virtual meeting; and

(b) no later than 10:00 a.m. (Toronto time) on July 15, 2022, contact TSX Trust Company at 1-866-751-6315 (within North America) or 1-212-235-5754 (outside North America) or online at **https://www.tsxtrust.com/control-number-request** to register for a control number for the virtual meeting.

For non-registered owners who wish to attend and vote at the virtual meeting, a control number must first be obtained from TSX Trust. The control number will allow you to log in to the live webcast as a proxyholder. Without a control number, you (or your representative) will not be able to ask questions or vote at the meeting. You should contact your intermediary well in advance if you wish to participate in the virtual meeting. The meeting log-in process for registered shareholders and proxyholders (including non-registered owners who have appointed themselves as proxyholders) is outlined on page 4 of this Circular.

As mentioned above, if you have not appointed yourself or a representative as a proxyholder and wish to attend the virtual meeting, you may log in as a “guest”. If you log in as a guest, you will not be able to vote or ask questions.

US Non-Registered Owners: To attend and vote at the virtual meeting, you must first obtain a valid legal proxy from your broker. Follow the instructions from your broker included with these proxy materials or contact your broker to request a legal proxy form. Once you have received a valid legal proxy, you must submit a copy of the legal proxy to TSX Trust to register yourself to attend the meeting. Please forward the legal proxy to TSX Trust by mail at Attn: Proxy Dept, P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 or by email at **proxyvote@tmx.com**. The request for registration must be labeled “Legal Proxy” and received by TSX Trust not later than 10:00 a.m. (Toronto time) on July 15, 2022. In addition to sending the legal proxy, you must also contact TSX Trust (as described above) to register for a control number for the virtual meeting.

Please follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

VOTING SHARES

On June 2, 2022, there were 27,349,711 Shares issued and outstanding. The record date established for notice of the meeting is May 30, 2022. Each holder of Shares of record at the close of business on May 30, 2022 will be entitled to vote on all matters proposed to come before the meeting on the basis of one vote for each Share held.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of Indigo's directors and officers, the only persons or companies who beneficially own or control or direct, directly or indirectly, securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities are indicated below:

Name	Number and Class of Securities	Percentage of Class
Trilogy Investments L.P.(1)	7,740,235 common shares	28.30%
Trilogy Retail Holdings Inc.(1)	7,761,739 common shares	28.38%

(1) Trilogy Retail Holdings Inc. and Trilogy Investments L.P. (collectively, "Trilogy") are controlled by Mr. Gerald Schwartz. Mr. Schwartz and Ms. Heather Reisman, assuming the exercise of all options owned or controlled by them, own or control 16,245,365 Shares or 59.40% of the class, on a fully diluted basis.

ELECTION OF DIRECTORS

The number of directors to be elected to the board of directors of the Corporation (the "Board") at the meeting is ten. The management representatives designated in the enclosed form of proxy intend to vote **FOR** the election of each of the proposed nominees whose names are set out below. Each of the ten nominees are currently directors and have been directors since the dates indicated below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason before the meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director elected will hold office until the next annual meeting or until their respective successor is elected or appointed.

The Corporation has adopted a majority voting policy with respect to the uncontested election of directors. Under the majority voting policy, director nominees who do not receive the majority of votes "for" their election would be required to immediately submit a resignation, to be accepted by the Board within 90 days barring exceptional circumstances. The Board will announce its decision within 90 days of the relevant shareholders' meeting. Each director standing for election at the Corporation's last annual meeting received over 95% of votes "for" election to the Board.

The following charts provide information about the director nominees, including place of residence, principal occupation, year elected or appointed as a director, independence, equity ownership of Indigo (including Shares and Deferred Share Units ("DSUs")), public board memberships, current Committee memberships, meeting attendance and voting results from the last annual meeting:

<table>
<tr><td rowspan="4">HEATHER REISMAN, Chair and Chief Executive Officer
Ontario, Canada

Director Since: 2001

Non-Independent

743,391 Shares</td><td colspan="2">Heather Reisman is the founder of Indigo and has been its Chief Executive Officer since its inception in 1996. In 2001, Indigo merged with Chapters Inc. to become the public entity it is today. Ms. Reisman is a member of the Board of Directors of Onex Corporation and an Officer of Mount Sinai Hospital. She was inducted into the Canadian Business Hall of Fame in 2015 and is an Officer of the Order of Canada.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
Onex Corporation (since 2003)</td><td>2021 Voting Results
99.90% in favour</td></tr>
<tr><td rowspan="4">FRANK CLEGG, Director
Ontario, Canada

Director Since: 2005

Independent

115,006 DSUs</td><td colspan="2">Frank Clegg is the Volunteer Chairman and Chief Executive Officer of Canadians for Safe Technology (C4ST) (mission to raise awareness of harmful effects from unsafe use of wireless technology). Mr. Clegg was Chairman of Navantis from January 2006 to December 2012. He held the position of President of Microsoft Canada Co. from September 2000 to January 2005. Prior to that, Mr. Clegg was Vice President, Central Region of Microsoft Corporation.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>Audit: 4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
99.87% in favour</td></tr>
</table>

<table>
<tr><td rowspan="5">JONATHAN DEITCHER, Director
Quebec, Canada

Director Since: 2001

Independent

113,583 DSUs
60,000 Shares</td><td colspan="2">Jonathan Deitcher is an Investment Advisor at RBC Dominion Securities Inc. (“RBC DS”), where he has been employed since 1974. Mr. Deitcher served as a member of the Board of Directors of RBC DS from November 2000 to September 2003. He held the position of Vice President at RBC DS from August 2004 to September 2021.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
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<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
99.87% in favour</td></tr>
<tr></tr>
<tr><td rowspan="4">MITCHELL GOLDHAR, Director
Ontario, Canada

Director Since: 2006

Independent

58,604 DSUs</td><td colspan="2">Mitchell Goldhar is a Canadian businessman and founder of SmartCentres, a commercial and residential real estate company. Mr. Goldhar is the Executive Chairman and largest unitholder of SmartCentres REIT, which is publicly traded on the TSX with over $11.2 billion in assets. Mr. Goldhar is also the owner of the Penguin Group of Companies, a private real estate company, with prime locations across Canada in various stages of development. In addition, Mr. Goldhar is the owner of Penguin Pick-Up, REVIVAL Film Studios, Clevelands House Resort in Muskoka, and Maccabi Tel Aviv Football Club. Mr. Goldhar holds a BA in Political Science from York University and has been an adjunct professor with the Rotman School of Management, University of Toronto since 2004. Mr. Goldhar is a member of the Board of Onex Corporation and the Canadian Concussion Centre at Toronto General Hospital, and Director Emeritus with the SickKids Foundation.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
Onex Corporation (since 2017)
SmartCentres Real Estate Investment Trust (since 2005)</td><td>2021 Voting Results
95.39% in favour</td></tr>
<tr><td rowspan="4">HOWARD GROSFIELD, Director
New York, USA

Director Since: 2015

Independent

52,495 DSUs</td><td colspan="2">Howard Grosfield is currently the Executive Vice President and General Manager, US Consumer and Global Premium Services at American Express in New York and serves on the company’s Global Leadership Team. Prior to this role, Mr. Grosfield served as President and Chief Executive Officer of American Express Bank of Canada, as well as serving as its Chairman of the Board. Before joining American Express in 2004, Mr. Grosfield spent several years as a Principal with The Boston Consulting Group leading projects in retail, financial services, loyalty, and mergers and acquisitions. Mr. Grosfield was also a lawyer with Osler in Toronto.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>HR, Compensation and Governance:
4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
99.89% in favour</td></tr>
<tr><td rowspan="4">ROBERT HAFT, Director
Washington, DC, USA

Director Since: 2015

Independent

60,777 DSUs

Lead Director

Chair of HR, Compensation and Governance Committee</td><td colspan="2">Robert Haft is the Managing Partner of Morgan Noble Healthcare Partners (an investment firm specializing in healthcare), with 20 years of experience as an investor and CEO. He founded and was CEO of a retail book company, vitamin company, and automotive parts company. Mr. Haft currently serves as Chairman of Continuum Health, Consensus Health and Imagine Charter Schools. Mr. Haft holds an MBA and Master’s Degree in Design from Harvard, and a BSc Degree from the Wharton School, where he served on the Undergraduate Board of Trustees.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>HR, Compensation and Governance:
4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
97.10% in favour</td></tr>
</table>

<table>
<tr><td rowspan="5">ANDREA JOHNSON, Director
California, USA

Director Since: 2016

Non-Independent

32,501 DSUs
4,925 Shares</td><td colspan="2">Andrea Johnson is the co-founder and Chief Executive Officer of Rally Reader, LLC, a digital reading platform for children. Rally Reader is the only AI-powered app that hears you read, tracks accuracy on a word-by-word basis, identifies errors, and provides real-time feedback. Ms. Johnson was a principal of Envelo Properties Corp. (residential and commercial real estate development) from October 2016 to March 2021. Ms. Johnson was also co-founder and CEO of ThisLife (2009-2013), a complete cloud solution for protecting, organizing, and sharing photos and videos. ThisLife was acquired by Shutterfly in 2013 and is now one of the largest photo platforms in North America. Prior to this, Ms. Johnson held the position of Director of E-Commerce at Pottery Barn. In addition to serving as a corporate director of Indigo, Ms. Johnson serves on the Advisory Board of Dartmouth's Magnuson Center for Entrepreneurship. She has been featured and quoted in a number of publications including Forbes, Fortune, Business Week, Business 2.0, USA Today, PC World, TechCrunch, and All Things D. Ms. Johnson holds a BA from Dartmouth College and an MBA from Harvard Business School. Ms. Johnson is the daughter of Ms. Reisman, the Chair and Chief Executive Officer of the Corporation, and Mr. Schwartz, who owns, directly or indirectly, a total of 15,501,974 Shares.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
99.90% in favour</td></tr>
<tr></tr>
<tr><td rowspan="4">ANNE MARIE O'DONOVAN, Director
Ontario, Canada

Director Since: 2009

Independent

97,775 DSUs

Chair of Audit Committee</td><td colspan="2">Anne Marie O'Donovan is a Corporate Director and President of O'Donovan Advisory Services Ltd. (advisory and consulting services company). Ms. O'Donovan held the position of Executive Vice President and Chief Administration Officer, Global Banking and Markets of Scotiabank until December 2014. Prior to joining Scotiabank in 2004, Ms. O'Donovan was a partner with Ernst & Young LLP. She holds an HBA degree from the Richard Ivey School of Business at the University of Western Ontario and is a Fellow of the Institute of Chartered Accountants of Ontario. Ms. O'Donovan is the Chair of the Board of Aviva Canada Inc, as well as the Chair of the Audit Committee of Cadillac Fairview, respectively. Ms. O'Donovan is also the Chair of the Board of Directors of CMA Investco Inc., a subsidiary of the Canadian Medical Association (CMA), which oversees the investment and management of CMA assets.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
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<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
99.90% in favour</td></tr>
<tr><td rowspan="4">CHIKA STACY ORIUWA, Director
Ontario, Canada

Director Since: 2020

Independent

6,579 DSUs</td><td colspan="2">Dr. Chika Stacy Oriuwa, MD, MSc SLI, is a graduate of the University of Toronto, Faculty of Medicine, where she was named the valedictorian of her graduating class of medical doctors and is the first Black woman to be recognized as sole valedictorian. She is a professional spoken word poet, public speaker, writer and advocate for racialized and marginalized populations. Dr. Oriuwa is a psychiatry resident at the University of Toronto where she aims to go on to complete further specialist training in neuro-psychiatry and neuro-inflammatory diseases.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>4 of 4 (100%)</td><td>HR, Compensation and Governance:
3 of 4 (75%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2021 Voting Results
99.89%</td></tr>
</table>

GERALD SCHWARTZ, Director Ontario, Canada Director Since: 2001 Non-Independent 15,501,974 Shares*	Gerald Schwartz is the Chairman and Chief Executive Officer of Onex Corporation, which he founded in 1984. Mr. Schwartz was inducted into the Canadian Business Hall of Fame in 2004 and appointed an Officer of the Order of Canada in 2006. *Mr. Schwartz owns directly or indirectly, a total of 15,501,974 Shares held by Trilogy Retail Holdings Inc. and Trilogy Investments L.P., representing in aggregate approximately 56.68% of the outstanding Shares. Ms. Reisman, who owns directly or indirectly, 743,391 Shares, is Mr. Schwartz's spouse.	
	Board Meetings Attended	**Committee Membership and Meetings Attended**
	4 of 4 (100%)	N/A
	Public Board Memberships Onex Corporation (since 1987) The Bank of Nova Scotia (Honorary Director) (since 2007)	**2021 Voting Results** 99.90% in favour

BOARD AND COMMITTEE MEETING ATTENDANCE IN FISCAL 2022

Director	Board	Audit Committee	Human Resources, Compensation and Governance Committee	Totals
Heather Reisman	4 of 4 (100%)	n/a	n/a	4 of 4 (100%)
Frank Clegg	4 of 4 (100%)	4 of 4 (100%)	n/a	8 of 8 (100%)
Jonathan Deitcher	4 of 4 (100%)	4 of 4 (100%)	n/a	8 of 8 (100%)
Mitchell Goldhar	4 of 4 (100%)	n/a	n/a	4 of 4 (100%)
Howard Grosfield	4 of 4 (100%)	n/a	4 of 4 (100%)	8 of 8 (100%)
Robert Haft	4 of 4 (100%)	n/a	4 of 4 (100%)	8 of 8 (100%)
Andrea Johnson	4 of 4 (100%)	n/a	n/a	4 of 4 (100%)
Anne Marie O'Donovan	4 of 4 (100%)	4 of 4 (100%)	n/a	8 of 8 (100%)
Chika Stacy Oriuwa	4 of 4 (100%)	n/a	3 of 4 (75%)	7 of 8 (87.5%)
Gerald Schwartz	4 of 4 (100%)	n/a	n/a	4 of 4 (100%)

BOARD COMPETENCY MATRIX

The Human Resources, Compensation and Governance Committee has developed a competency matrix to identify the key skills, experience and expertise required for Board members. The following table highlights the skills and expertise of each current director:

COMPETENCY	H Reisman	F Clegg	J Deitcher	M Goldhar	H Grosfield	R Haft	A Johnson	AM O'Donovan	C Oriuwa	G Schwartz
Audit / Compliance		√	√					√		√
Corporate Governance / Ethics	√	√	√	√	√			√		√
Executive Leadership	√	√	√	√	√	√		√		√
Financial Expertise / Financial Governance	√	√	√	√	√			√		√
Human Resources / Compensation	√	√	√	√	√			√	√	√
Information Technology / Digitalization	√	√					√	√		√
Legal / Regulatory			√	√	√			√		
Marketing	√	√	√	√	√		√	√		√
Operations / Supply Chain	√							√		
Real Estate	√			√		√		√		√
Retail Expertise	√			√		√		√		
Risk Management		√	√	√	√			√		√
Strategic Planning	√	√	√	√	√		√	√	√	√
US / International Consumer Market	√			√	√		√			
Diversity and Inclusion	√		√		√			√	√	√

APPOINTMENT OF AUDITOR

The management representatives designated in the enclosed form of proxy intend to vote **FOR** the reappointment of Ernst & Young LLP as the Corporation's auditor, to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration to be paid to the auditor.

External Auditor Service Fees

The following table summarizes the audit, tax, and other fees (excluding expenses and taxes) of the Corporation's auditor, Ernst & Young LLP, relating to the two most recently completed fiscal years.

Type of Fee	2022	2021
Audit Fees(1)	$459,700	$555,550
Tax Fees	$59,150	$69,775
All Other Fees	$3,250	$3,250
Total	$522,100	$628,575

(1) Audit Fees in 2021 included $111,400 from out-of-scope billings related to incremental procedures, including those associated with the impacts of COVID-19. These billings are yet to be determined for 2022.

Audit fees were incurred for the audit of the financial statements, as well as translation services and discussion of quarterly information. Tax fees incurred were related to tax compliance and tax planning/consulting services, while all other fees related to tax research costs.

STOCK OPTION INCENTIVE PLAN

Summary of the Stock Option Incentive Plan ("Stock Option Plan")

General Overview

The Stock Option Plan is designed to recognize senior-level employees' efforts to develop and implement the Corporation's strategic initiatives and to provide plan participants with an enhanced opportunity to share in the future success of Indigo. The Stock Option Plan serves to motivate and encourage senior management to deliver performance that increases the value of the Corporation and growth of the price of the Shares over the long term.

The Stock Option Plan is also intended to benefit the Corporation by aligning the optionees' interests with those of its shareholders. It enables the Corporation to attract and retain personnel of the highest calibre on a cost-effective basis by offering an opportunity for management to participate with shareholders in any increase in the value of the Shares resulting from their efforts and thereby contribute to the Corporation's success.

The Corporation may grant options to purchase Shares to its executive officers, full and part-time employees and certain consultants. Directors are not eligible for grants of options. Subject to the overall limit on the number of Shares reserved for issuance under the Stock Option Plan, the maximum number of Shares reserved for issuance pursuant to the exercise of options by any one participant is 5% of the then issued and outstanding Shares. The maximum number of Shares that may be issued to any insider and that insider's associates within any 12-month period may not exceed 5% of the then issued and outstanding Shares. The aggregate number of Shares issued to insiders of the Corporation within any 12-month period, and issuable to insiders of the Corporation at any time, under the Stock Option Plan and any other security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Shares of the Corporation at such time.

Certain amendments to the Stock Option Plan may be made by the Board without shareholder approval, subject to regulatory requirements and provided that the number of Shares reserved for issuance cannot be increased without shareholder approval. Amendments to the Stock Option Plan that may be made without shareholder approval include, without limiting the generality of the foregoing: (i) amendments for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange ("TSX")); (iii) amendments necessary for awards to qualify for favourable treatment under Canadian tax laws; (iv) amendments to the vesting provisions of the Stock Option Plan or any option; (v) amendments to the early termination provisions of the Stock Option Plan or any option, whether or not such option is held by an insider, provided such amendment does not entail an extension beyond the original expiry date for any option held by an insider; (vi) amendments to extend the term of an option beyond its original expiry date, other than for any option held by an insider; (vii) the addition or modification of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying Shares from the Stock Option Plan reserve; and (viii) amendments necessary to suspend or terminate the Stock Option Plan.

Shareholder approval is required for the following types of amendments to the Stock Option Plan: (i) amendments to increase the number of Shares issuable under the Stock Option Plan, including an increase to the fixed maximum number of Shares or an increase in the fixed maximum percentage; (ii) any amendment which reduces the exercise price or purchase price of an option held by an insider; (iii) any amendment to remove or exceed the insider participation limits; (iv) any amendment extending the term of an option held by an insider beyond its original expiry date except as provided for in the Stock Option Plan; (v) any amendment that increases the length of a period after a blackout period during which options may be exercised; (vi) any amendment to the amendment provisions; (vii) any amendment that would allow options granted pursuant to the Stock Option Plan to be transferable or assignable, other than for normal estate settlement purposes; (viii) any amendment to cancel an option for a cash payment equal to the fair market value of such option; and (ix) any amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The exercise price of an option (as determined by the Human Resources, Compensation and Governance Committee) may not be lower than the closing price of the Shares on the TSX on the trading day immediately preceding the date of the grant. The term of an option may not exceed ten years from the date of the grant. The Human Resources, Compensation and Governance Committee determines the time at which options vest when making a grant. All current stock option grants have a term of five years. All outstanding options vest at a rate of 33.3% per year commencing on the anniversary date of the grant, except for options granted from August 2019 to November 2020 and from June 2021 to November 2021 which vest at a rate of 50% per year commencing on the anniversary date of the grant. The vesting schedules for these grants were changed to reward and retain Stock Option Plan participants.

In the event of the resignation or termination of employment of optionees who are not: (i) long-term optionees (optionees who have at least ten years of service); or (ii) executive optionees (Board-appointed officers of the Corporation), such optionees have 90 days following their termination date to exercise vested options as at their termination date. Long-term optionees and executive optionees have one year following their termination date to exercise vested options. The Board or the Human Resources, Compensation and Governance Committee, in its sole discretion, may extend the period in which optionees may exercise their options following resignation or termination (not beyond the expiry date of the option). In the event of an optionee's death, options expire upon the earlier of one year following the date of death or the original expiry date. If an option would expire during a blackout period, the term of such option shall automatically be extended until ten days after the end of the blackout period. If an optionee is terminated with cause, all options, whether vested or unvested, are automatically forfeited on the termination date.

Options are non-assignable and non-transferable.

The Board may provide for all issued and outstanding options to vest and become exercisable immediately upon a change of control of the Corporation.

The Corporation's annual burn rate for the Stock Option Plan, being the number of stock options granted divided by the weighted average number of Shares outstanding for the fiscal year, was 3.31% in fiscal 2022; 3.89% in fiscal 2021; and 3.29% in fiscal 2020.

2022 Stock Option Plan Amendment

Upon recommendation by the Human Resources, Compensation and Governance Committee, the Stock Option Plan was amended by the Board on February 10, 2022 to include provisions enabling grants to participants who reside in the United States.

Pursuant to the amendment provisions of the Stock Option Plan, shareholder approval is not required for the amendments to the Stock Option Plan approved by the Board on February 10, 2022.

APPROVAL OF UNALLOCATED OPTIONS UNDER THE CORPORATION'S STOCK OPTION PLAN

All Shares issued pursuant to the exercise of stock options granted under the Stock Option Plan at any time and from time to time and Shares reserved for issuance pursuant to stock options which are cancelled or terminated without having been exercised shall be available for future issuance pursuant to stock options granted under the Stock Option Plan. As a result, the Stock Option Plan is considered an evergreen plan pursuant to the rules of the TSX.

The TSX requires that the approval of all unallocated options under the Stock Option Plan be sought by the Corporation every three years from a majority of the votes cast by shareholders. Unallocated options were last approved by the shareholders of the Corporation at the Corporation's annual and special meeting held on July 11, 2019. As the three-year term prescribed by the TSX expires on July 11, 2022, the Corporation's shareholders will be asked to consider, and if thought advisable, to approve by an ordinary resolution (the "**Options Resolution**") all of the unallocated options issuable pursuant to the Stock Option Plan.

As at April 2, 2022, (i) the overall limit on the number of Shares reserved for issuance under the Stock Option Plan was 3,602,457 Shares or 15% of the issued and outstanding Shares from time to time less 500,000 Shares reserved for issuance under the 2003 Directors' Deferred Stock Unit Plan; (ii) options to purchase 3,066,550 Shares were outstanding, representing approximately 11.21% of the issued and outstanding Shares and approximately 85.12% of the Shares reserved for issuance under the Stock Option Plan; and (iii) a further 535,907 Shares were available for further option grants, representing approximately 1.96% of the issued and outstanding Shares, resulting in the Stock Option Plan having 535,907 unallocated options as at April 2, 2022.

The approval by the shareholders of the unallocated options issuable pursuant to the Stock Option Plan will be effective for three years from the date of the meeting. If approval is obtained at the meeting, the Corporation will not be required to seek further approval of the grant of unallocated options under the Stock Option Plan until the Corporation's 2025 annual shareholders' meeting (provided that such meeting is held on or prior to July 19, 2025). If approval is not obtained at the meeting, options which have not been allocated as of the date of the meeting and options which are outstanding as at the date of the meeting and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

Recommendation

The Board has concluded that the approval of unallocated options under the Stock Option Plan is in the best interests of the Corporation and its shareholders. Accordingly, the Board unanimously recommends that shareholders entitled to vote on the Options Resolution, vote in favour of such Options Resolution.

The form of the resolution to be put to shareholders is as follows:

"BE IT RESOLVED THAT, AS AN ORDINARY RESOLUTION, WITH OR WITHOUT AMENDMENT:

1. all unallocated stock options under the Stock Option Incentive Plan of the Corporation, as amended from time to time, are hereby approved and authorized, which approval shall be effective until July 19, 2025; and
2. any director or officer of the Corporation or any other person designated by any one of them be, and each of them is, hereby authorized to take such action and to execute and deliver such documents, whether on behalf of or in the name of the Corporation or otherwise, as such person may, in his or her discretion, consider to be necessary or desirable to carry out the intent and purpose of this resolution and the matters/transactions contemplated herein."

In order to be effective, the Options Resolution must be approved by a majority of the votes cast at the meeting.

Management recommends voting in favour of approving the unallocated options. Unless specified in a form of proxy that the Shares represented by the proxy shall be voted otherwise, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the resolution approving unallocated options.

COMPENSATION DISCUSSION AND ANALYSIS

Indigo believes that great companies are built through the efforts of talented, engaged people.

Underlying Principles of Executive Compensation

Indigo's executive compensation program is based on the philosophy that a strong leadership team, whose interests are aligned with the Company's strategic goals, will lead to the success of the Company and enhancement of shareholder value.

To build and retain a high-performing leadership team, the Company needs to be competitive; providing strong base salaries along with short- and long-term incentives that are tied to objective performance goals. The intent is to reward Executives[1] for demonstrated leadership and the achievement of strategic goals. By having these components of compensation in place, Executives will focus on attaining corporate performance goals and continually strive to create success for the Company and value for customers and shareholders.

[1] "Executive(s)" and "Executive Management" mean, for the purposes of this compensation discussion and analysis: the Chair and Chief Executive Officer; President; Chief Financial Officer and Executive Vice President, Supply Chain; Chief Operating Officer; Chief Commercial Officer; Chief Creative Officer; Chief Digital Officer; and Chief Technology and Information Officer.

Risk Management and Executive Compensation

The Human Resources, Compensation and Governance Committee works with management to plan and design an evolving executive compensation program that supports the Company's compensation philosophy while limiting the amount of corporate risk associated with the incentive aspects of executive compensation. The Human Resources, Compensation and Governance Committee annually reviews all compensation programs and practices presented by management to consider any risk implications.

The Company has a risk management system which involves management, the Board and its Committees. The Board reviews strategic targets each year as a part of the review and approval of the Company's strategic plan. The potential for excessive risk taking by Executives is considered when setting and approving strategic objectives.

The Company believes that a range of compensation elements and performance metrics are the best way to control any risk associated with compensation practices. Indigo has historically managed this risk by using a combination of short- and long-term awards, coupled with corporate, team and individual performance measures that include both operational and financial metrics. All Executives participate in the same incentive programs and no business unit Executive is incented substantially differently from another.

Performance targets are set for the Company's awards based on historical performance and current fiscal year goals. Reviews of performance and outside factors affecting performance are completed quarterly and annually. Based on the outcome of these reviews, the Human Resources, Compensation and Governance Committee uses its discretion to make any adjustments to short-term awards, considering the quality of results achieved and performance in light of all relevant factors. The Company, working together with the Human Resources, Compensation and Governance Committee, did not identify any risks arising from Indigo's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Named Executive Officers

The following table lists the Named Executive Officers (the "NEOs") for Indigo during the most recent fiscal year. Effective February 1, 2021, Peter Ruis was named President and appointed as a member of Indigo's Executive team.

NEO	Title
Heather Reisman	Chair and Chief Executive Officer
Craig Loudon	Chief Financial Officer and Executive Vice President, Supply Chain
Peter Ruis	President
Gildave Dennis	Chief Operating Officer
Nathan Williams	Chief Creative Officer

Components of Executive Compensation

Indigo's executive compensation philosophy is supported by the following four elements of the Company's executive compensation program:

1. Base Salary
2. Short-Term Incentive Plan
3. Stock Option Plan
4. Other Benefits

Each component of the executive compensation program is defined and discussed below.

1. Base Salary

A competitive base salary serves to attract and retain strong leadership.

The base salary for Executives is determined through the evaluation of the responsibilities of the position, a review of market compensation levels for the role, the Executive's relevant experience, the Executive's past and current performance, and the Executive's contribution to overall corporate performance.

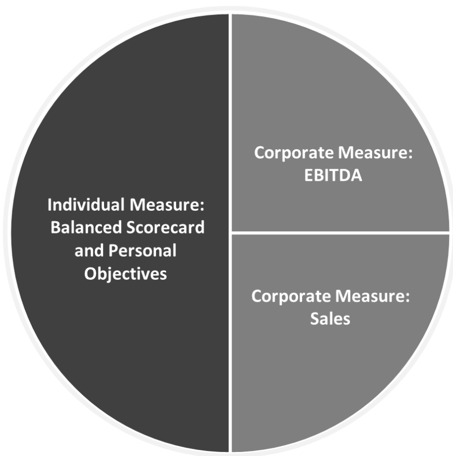
2. *Short-Term Incentive Plan*

The Short-Term Incentive Plan ("STIP") is designed to reward employees for achieving corporate goals and individual performance within a fiscal year. The following table lists, for each of the NEOs, the STIP target as a percentage of base salary.

NEO	STIP Target as a percentage of base salary
Heather Reisman	75%
Craig Loudon	75%
Peter Ruis	100%
Gildave Dennis	75%
Nathan Williams	75%

For fiscal 2022, the STIP for the NEOs was determined under the Annual Incentive Plan ("AIP") based on the achievement of both corporate performance goals and each Executive's individual performance. The graphic below captures the performance measures of the AIP for fiscal 2022.

Annual Incentive Plan Measures



i) Corporate Performance Portion of the Annual Incentive Plan

For fiscal 2022, the corporate performance portion of the AIP was based on two equally weighted measures: (1) earnings before interest, taxes, depreciation and amortization ("EBITDA")[1]; and (2) sales achievement. The Board determined that these two measures provided an optimal balance between productivity and growth.

Payout of the corporate EBITDA portion of the AIP is subject to the achievement of at least 98% of the budgeted EBITDA target set in accordance with the Company's annual budget, which is pre-approved by the Board at the beginning of the fiscal year. If 98% of the budgeted EBITDA target is not achieved, any payout under the corporate EBITDA portion of the AIP requires the approval of the Human Resources, Compensation and Governance Committee.

[1]The Company uses adjusted EBITDA to calculate the corporate EBITDA portion of the AIP. Adjusted EBITDA is a key indicator used by the Company to measure performance against internal targets and prior period results and is commonly used by financial analysts and investors to assess performance. This measure is specific to Indigo and has no standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Therefore, adjusted EBITDA may not be comparable to similar measures presented by other companies. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, impairment, asset disposals, and share of loss from equity investments, and includes IFRS 16 right-of-use asset depreciation and associated finance charges. For further information on the key metric, its computation and a reconciliation of adjusted EBITDA to earnings (loss) before income taxes, the most directly comparable measure determined under IFRS, please see "Results of Operations" in the Company's fiscal 2022 Management's Discussion and Analysis (available at www.sedar.com).

The following table outlines how payment of the corporate EBITDA portion of the AIP is linked to achievement of performance targets:

Actual EBITDA Achieved	Portion of Target EBITDA Bonus Paid
Less than 98% of Budgeted EBITDA	As approved by the Human Resources, Compensation and Governance Committee
98% of Budgeted EBITDA	70%
100% of Budgeted EBITDA	100%
105% of Budgeted EBITDA	110%
111% of Budgeted EBITDA	120%
121% of Budgeted EBITDA and above	130%

A bonus payout of 130% of the corporate EBITDA portion of the AIP is the maximum amount payable for this portion of the AIP.

Payout of the corporate sales portion of the AIP is subject to the achievement of at least 98% of the budgeted sales target set in accordance with the Company's annual budget, which is pre-approved by the Board at the beginning of the fiscal year. If 98% of the budgeted sales target is not achieved, any payout under the corporate sales portion of the AIP requires the approval of the Human Resources, Compensation and Governance Committee.

The following table outlines how payment of the corporate sales portion of the AIP is linked to achievement of performance targets:

Actual Sales Achieved	Portion of Target Sales Bonus Paid
Less than 98% of Budgeted Sales	As approved by the Human Resources, Compensation and Governance Committee
98% of Budgeted Sales	70%
100% of Budgeted Sales	100%
102% of Budgeted Sales	110%
104% of Budgeted Sales and above	130%

A bonus payout of 130% of the corporate sales portion of the AIP is the maximum amount payable for this portion of the AIP.

ii) Individual Portion of the Annual Incentive Plan

Payout under the individual performance portion of the AIP accounts for 50% of the total potential bonus payout. For fiscal 2022, the individual portion of the AIP was based on the assessment of each Executive's performance relative to their Balanced Scorecard (as described below) and personal objectives. The assessment of an Executive's performance is ultimately within the discretion of the Chief Executive Officer for the President and the President for all other Executives and informed by reference to corporate goals within an Executive's scope of responsibilities. The Chief Executive Officer's performance is assessed by the Human Resources, Compensation and Governance Committee.

The Balanced Scorecard system identifies and measures the key areas for which an individual Executive's performance against strategic objectives is evaluated. The Company updates the detailed goals within each area as part of its annual strategic planning process to set corporate objectives for the upcoming fiscal year. This is translated to a departmental Balanced Scorecard for each Executive's business unit. The goals within the Scorecards are aligned to the Company's strategic goals but specific to each department's area of responsibility. The goals in these departmental Balanced Scorecards are intended to help achieve the Company's strategic targets. Management chooses to link the payout of the individual performance portion of the AIP to the achievement of the goals in the departmental Scorecards as this drives Executives to achieve the goals in their area of responsibility. The Balanced Scorecard system translates the Company's strategy into performance measures used to evaluate individual Executive performance against goals in four key areas:

1. the customer's perspective;
2. the employee's perspective;
3. internal processes; and
4. the Company's shareholders.

Each Executive's achievement relative to their individual functional and Balanced Scorecard objectives is evaluated and a multiplier applied, ranging from 0% for below target performance, up to 125% for above target performance.

iii) Discretionary Bonuses

From time to time, discretionary bonuses may be provided to NEOs for the purposes of recognizing exceptional performance, special achievements, unexpected events and retention. The Human Resources, Compensation and Governance Committee believes its ability to exercise discretion is important to ensure that the total compensation reflects the overall performance and contribution of the Executives. No discretionary bonuses were awarded to any NEO in fiscal 2022.

iv) Actual Payouts under the Short-Term Incentive Plan

In fiscal 2022, the Company achieved the target level of the EBITDA threshold set out in the AIP triggering a 100% payout under this portion of the plan. The Company did not achieve the minimum sales threshold set out in the AIP to trigger a payout under the sales portion of the AIP. However, the Human Resources, Compensation and Governance Committee considered the Company's fiscal 2022 results, including the Company's sales trajectory absent COVID-19-related store closures and capacity restrictions, customer engagement (net promoter score) and overall employee retention and engagement, and exercised its discretion to approve a payout of the sales portion of the AIP at 100% of target for all eligible AIP participants, notwithstanding the Company's falling short of the planned target. The decision was intended to recognize the return to profitability and overall accomplishments of the NEOs and their respective teams despite continued challenges with COVID-19. Each NEO received 100% of their respective individual portion. The table below outlines each of the NEO's AIP payouts for fiscal 2022:

NEO	Short-Term Incentive Plan Payout
Heather Reisman	$692,309
Craig Loudon	$450,000
Peter Ruis	$1,000,000
Gildave Dennis	$450,000
Nathan Williams	$412,500

3. *Stock Option Incentive Plan*

The Stock Option Plan provides a long-term incentive to Indigo's senior-level employees, including its NEOs.

Options granted through the Stock Option Plan permit plan participants to acquire Shares at an exercise price equal to the closing market price of such Shares on the date immediately preceding the date on which the option was granted. These stock option grants generally vest over a two-year period or a three-year period. See *"Summary of the Stock Option Incentive Plan"* beginning on page 12.

Granting of Stock Options

Stock option grants are considered as an incentive at the time of hiring of new senior-level candidates, for individuals in senior-level positions receiving promotions, and for retention purposes.

The granting of stock options is based on three major criteria: (i) the ability of the individual to have a significant impact on longer term results; (ii) the importance of the person to the mid- and long-term performance of the Company; and (iii) the potential of the individual to continue to progress within the Company.

Historically, the Company has made periodic group grants to senior-level employees. Decisions regarding stock option grants to the Executives are made based on recommendations of the Chief Executive Officer and her review of their performance and contribution. The Chief Executive Officer's recommendations are then reviewed and if accepted, approved by the Human Resources, Compensation and Governance Committee, which has the Board-delegated authority to approve all stock option grants. Grant decisions for vice president level employees are based on the recommendations of the Executive team and a review of each employee's performance and contribution. The vice president level grants are also reviewed and approved by the Human Resources, Compensation and Governance Committee. The number of options available for issuance under the Stock Option Plan and the number of stock options previously granted to the individual are also considered when any option grant is made.

A group grant of stock options to Executives and senior-level employees was approved by the Human Resources, Compensation and Governance Committee with an effective date of June 4, 2021. Accordingly, a grant of stock options was made to each of the NEOs, except for the Chief Executive Officer, as she chose not to participate in the grant. Of the total number of stock options granted in fiscal 2022, 29.35% of the options granted were awarded to NEOs.

The stock options received by each NEO in fiscal 2022 are outlined in the table below:

NEO	Number of Options Granted
Heather Reisman	nil
Craig Loudon	80,000
Peter Ruis	30,000
Gildave Dennis	80,000
Nathan Williams	80,000

For all outstanding stock options held by NEOs, see *"Outstanding Option-Based Awards"* on page 25 of this Circular.

4. *Other Benefits*

Retirement Savings Program

The Company's Retirement Savings Program is open to all eligible employees, including Executives. Eligibility is based on meeting the requirements under the plan, as well applicable Canada Revenue Agency ("CRA") eligibility. The program is made up of two plans whereby employee contributions to the Company's Group Registered Retirement Savings Plan ("RRSP") are then matched by the Company, which contributes the matched amount to the Company's Deferred Profit Sharing Plan ("DPSP"), up to a maximum of 3% of base salary per fiscal year for eligible employees who participate in the program. The Company has also established a Non-Registered Savings Program ("NRSP") to accommodate any DPSP contributions up to the plan maximum of 3% which are in excess of the CRA limits for registered plans.

The amounts paid to NEOs in fiscal 2022 are noted in the following table:

NEO	DPSP Matching Contributions by NEO in fiscal 2022 pursuant to the Company's Retirement Savings Program
Heather Reisman	nil
Craig Loudon	$18,000
Peter Ruis	nil
Gildave Dennis	$18,000
Nathan Williams	nil

Health Benefits

Executives are eligible to receive the same health benefits which are available to all other eligible employees with the exception of the President. Executives receive their health benefits at no cost; all other eligible employees pay a monthly premium of $33.50/month for single coverage or $67/month for family coverage. In addition, benefits provided to the Executives include a higher level of life insurance and 100% coverage for health and dental claims compared with 80% coverage for health and dental claims for all other eligible employees. Mr. Ruis is provided with a global benefit policy in lieu of the Company's Executive plan, as he does not meet the residency eligibility requirements under the traditional plan.

Car Allowance

Each NEO receives a monthly taxable car allowance of $1,500.

Summary

Indigo believes that the components of the executive compensation program (Base Salary, STIP, Stock Option Plan and Other Benefits) support the Company's performance compensation philosophy and allow Indigo to build and sustain an outstanding management team focused on corporate performance and improving customer and shareholder value.

Performance-Based Compensation

Indigo's executive compensation is a mix of fixed and variable/at-risk components. The fixed elements provide compensation to Executives based on the responsibilities of their roles and their individual knowledge and experience. The variable/at-risk elements ensure that Executives balance short-term gains with the long-term interests of the Company.

In fiscal 2022, the fixed compensation portion of the NEOs' compensation was made up of Base Salary and Other Compensation (including where applicable; car allowance, retirement savings and other contractual obligations including relocation and travel-related allowances).

In fiscal 2022, the variable/at-risk portion of the NEOs' compensation was made up of the STIP and the Stock Option Plan. The fiscal 2022 variable/at-risk compensation paid to the NEOs, ranged from 42%-50% of total compensation. The target variable/at-risk components in fiscal 2022 was also 42%-50% of total target compensation as each NEO received an award at target.

The table below illustrates the percent of variable/at-risk compensation paid to each NEO for the 2022 fiscal year(1):

	FIXED (ACTUAL)		VARIABLE/AT-RISK (ACTUAL)		
NEO	**Base Salary**	**Other Compensation**	**STIP**	**Stock Options**	**Total Variable/ At-Risk**
Heather Reisman	57%	1%	42%	0%	42%
Craig Loudon	49%	3%	37%	12%	48%
Peter Ruis	44%	11%	44%	2%	46%
Gildave Dennis	49%	3%	37%	12%	48%
Nathan Williams	49%	2%	37%	13%	50%

The table below illustrates the percent of target variable/at-risk compensation of each NEO for the 2022 fiscal year:

	FIXED (TARGET)		VARIABLE/AT-RISK (TARGET)		
NEO	**Base Salary**	**Other Compensation**	**STIP**	**Stock Options**	**Total Variable/ At-Risk**
Heather Reisman	57%	1%	42%	0%	42%
Craig Loudon	49%	3%	37%	12%	48%
Peter Ruis	44%	11%	44%	2%	46%
Gildave Dennis	49%	3%	37%	12%	48%
Nathan Williams	49%	2%	37%	13%	50%

(1) Table percentages have been rounded to the nearest whole number.

Benchmarking and the Role of Compensation Consultants

The compensation levels and mix for each NEO are based on a combination of external and internal factors including market conditions, business requirements and affordability, as well as the experience, skills and performance of the NEO. Given the uniqueness of the Company's business in the Canadian marketplace, there is no uniform industry group to which the Company can be easily compared. Certain components of pay are reviewed periodically by management and the Human Resources, Compensation and Governance Committee. Neither the Human Resources, Compensation and Governance Committee nor Management utilized any external executive compensation consultants in fiscal 2022 or 2021.

Executives' Role in Compensation Decisions

The Chief Executive Officer works with the President and the Chief Operating Officer to prepare recommendations for executive compensation to the Human Resources, Compensation and Governance Committee.

The Corporate Secretary and the Chief Operating Officer work with the Chair of the Human Resources, Compensation and Governance Committee to plan the schedule of Committee meetings for the year and to prepare the agenda and presentations for each meeting.

Composition of the Human Resources, Compensation and Governance Committee

Mr. Haft (Chair), Mr. Grosfield and Dr. Oriuwa served as members of the Human Resources, Compensation and Governance Committee of the Board for the entire fiscal year ended April 2, 2022. None of the members of the Human Resources, Compensation and Governance Committee are officers, employees or former officers or employees of the Company or any of its affiliates or are eligible to participate in the Company's executive compensation programs. Accordingly, the Human Resources, Compensation and Governance Committee consists entirely of independent directors.

Role of the Human Resources, Compensation and Governance Committee

The Human Resources, Compensation and Governance Committee reviews and makes recommendations to the Board in all matters pertaining to the appointment and compensation plans of all of the Company's Executives. The Human Resources, Compensation and Governance Committee held four meetings in fiscal 2022.

Each year, the Human Resources, Compensation and Governance Committee reviews the core components of the executive compensation program design and payouts including the STIP and Stock Option Plan. As delegated by the Board, the Human Resources, Compensation and Governance Committee approves the granting of stock options and the STIP payouts. The Human Resources, Compensation and Governance Committee makes recommendations to the Board regarding the Chief Executive Officer's compensation.

Expertise of the Human Resources, Compensation and Governance Committee

Mr. Haft, the Chair of the Committee, gained human resources and compensation expertise through experience acquired in the role of Chief Executive Officer of companies in various industries, as well as serving on compensation committees of other public companies. Mr. Grosfield gained human resources and compensation experience in his role as Chief Executive Officer of Amex Bank of Canada, managing the compensation strategy for over 3,000 employees. He was also directly involved in human resources and compensation committee activities as Chair of the Board of Amex Bank of Canada. Mr. Grosfield's experience is furthered in his current role as Executive Vice President and General Manager, US Consumer and Global Premium Services at American Express. Since joining the Human Resources, Compensation and Governance Committee in 2020, Dr. Oriuwa continues to gain human resources and compensation experience through ongoing participation in Committee meetings. Dr. Oriuwa is uniquely qualified to advise on Diversity and Inclusion matters due to her active involvement in promoting diversity and inclusion issues through lectures, seminars, panel discussions, media interviews and articles, and advocating on behalf of racialized and marginalized populations. With the diversity of experience on the Human Resources, Compensation and Governance Committee, the Board is confident that collectively, the Committee members have the skills and experience necessary to carry out its mandate.

Compensation of the Chief Executive Officer

The compensation of the Chief Executive Officer is based upon the same criteria as that used in determining the compensation payable to the Company's other Executives. The base salary of the Chief Executive Officer is determined by an assessment by the Human Resources, Compensation and Governance Committee of the Chief Executive Officer's performance, a review of the Company's performance as a whole, and the role the Chief Executive Officer played in such corporate performance. As noted above, the compensation of all Executive positions, including that of the Chief Executive Officer, is assessed periodically.

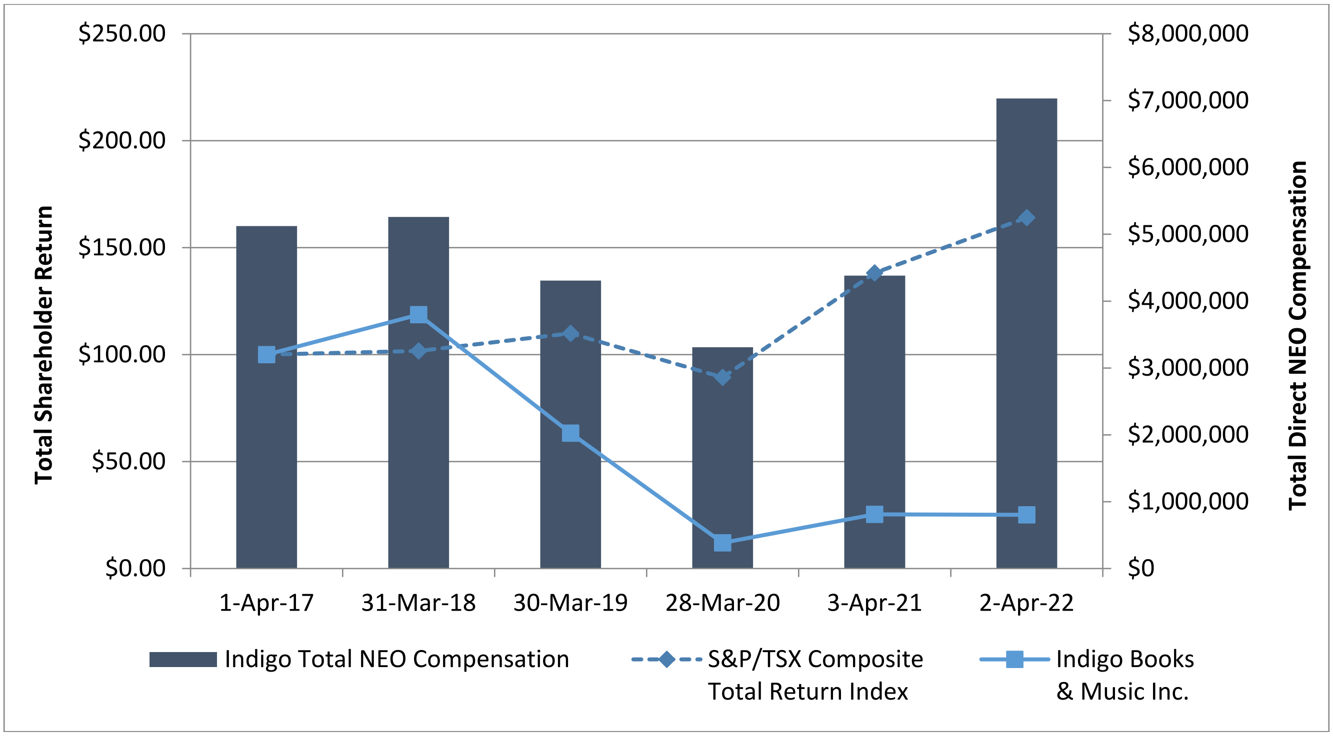
For the fiscal year 2020, the Chief Executive Officer received a base salary of $1,000,000. In April 2020, the Chief Executive Officer elected to temporarily forgo her salary due to the financial impacts to the Company related to the COVID-19 pandemic. The Chief Executive Officer resumed taking a salary in May 2021 for the remainder of fiscal 2022.

The Human Resources, Compensation and Governance Committee recommends to the Board the annual bonus amount earned by the Chief Executive Officer based on her performance during the fiscal year. For the fiscal year 2020, there was no payout under the STIP and therefore no bonus was paid to the Chief Executive Officer. In fiscal 2021, the Chief Executive Officer was entitled to a bonus on the same basis as the other Executives, but elected not to receive an award. In fiscal 2022, the Chief Executive Officer received a bonus on the same basis as other Executives.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in Shares on April 1, 2017, with the cumulative total return of the S&P/TSX Composite Total Return Index for the fiscal years ended March 31, 2018, March 30, 2019, March 28, 2020, April 3, 2021 and April 2, 2022. The chart below also shows the Company's total cash NEO compensation(1) over the same period.

(1) Total NEO compensation includes base salary, STIP, other cash bonus amounts, retention awards and any other cash compensation, as reported in the Summary Compensation Table.



Five-Year Cumulative Total Shareholder Return on $100 Investment

	April 1, 2017	March 31, 2018	March 30, 2019	March 28, 2020	April 3, 2021	April 2, 2022
Indigo Common Shares	$ 100.00	$ 118.67	$ 63.29	$ 12.03	$ 25.32	$ 25.13
S&P/TSX Composite Total Return Index	$ 100.00	$ 101.71	$ 109.96	$ 89.35	$ 138.19	$ 164.02

For the fiscal years 2018, 2019, 2020, and 2022, the STIP was based on the achievement of sales and EBITDA targets, as well as personal objectives and the Balanced Scorecard. For fiscal year 2021, the STIP was based on the Company's operational objectives. As a result of these performance measures, total executive compensation potential in each of these fiscal years was more closely aligned to EBITDA, rather than Share price. In each fiscal year from 2018 through 2022, NEO compensation has tracked commensurately with the shareholder return. For fiscal 2018, the slight increase in total NEO compensation was due to the signing bonus for the Chief Financial Officer and the retention award for the then-Chief Marketing Officer (later promoted to President). For fiscal 2019, the decrease in total NEO compensation was due to no payout under the STIP for the Chief Executive Officer and the former Chief Creative Officer. For fiscal 2020, the decrease in total NEO compensation was due to there not being a payout under the STIP. For fiscal 2021, the increase in NEO compensation can be attributed to the payout under the STIP and a one-time retention payment to the President. For fiscal 2022, the increased compensation can be primarily attributed to the addition of a new executive at the President level. As stock option compensation is dependent on future share performance, this portion of compensation is not included in the historical comparison of total compensation to historical shareholder returns.

Prohibition on Hedging

The Company's Insider Trading Policy prohibits Executives and directors from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of equity securities of the Company, whether such securities are granted as compensation or otherwise.

SUMMARY COMPENSATION TABLE

The following table summarizes all of the compensation received by the Company's NEOs for the three most recently completed fiscal years ended April 2, 2022, April 3, 2021 and March 28, 2020.

				Non-Equity Incentive Plan Compensation			
Name and Principal Position	Year	Salary ($)	Option-based Awards[1] ($)	Annual Incentive Plans[2] ($)	Long-Term Incentive Plans ($)	All Other Compensation[3] ($)	Total Compensation ($)
HEATHER REISMAN Chair and Chief Executive Officer[4]	2022	$923,079	$0	$692,309	$0	$17,490	$1,632,878
	2021	$0	$0	$0	$0	$0	$0
	2020	$1,000,000	$0	$0	$0	$16,873	$1,016,873
CRAIG LOUDON Chief Financial Officer and Executive Vice President, Supply Chain[5]	2022	$600,000	$145,011	$450,000	$0	$36,000	$1,231,011
	2021	$569,231	$37,567	$450,000	$0	$31,685	$1,088,483
	2020	$500,000	$185,797	$0	$0	$28,679	$714,476
PETER RUIS President[6]	2022	$1,003,955	$54,379	$1,000,000	$0	$241,945	$2,300,279
	2021	$173,138	$443,919	$170,330	$0	$0	$787,387
	2020	nil	nil	nil	nil	nil	nil
GILDAVE DENNIS Chief Operating Officer[7]	2022	$600,000	$145,011	$450,000	$0	$36,000	$1,231,011
	2021	$594,231	$37,567	$450,000	$0	$32,435	$1,114,233
	2020	$600,000	$185,797	$0	$0	$31,200	$816,997
NATHAN WILLIAMS Chief Creative Officer[8]	2022	$550,000	$145,011	$412,500	$0	$18,000	$1,125,511
	2021	$544,712	$37,567	$412,500	$0	$14,608	$1,009,387
	2020	$456,571	$216,054	$0	$0	$41,076	$713,701

(1) The grant date fair value of stock options is calculated using the Black-Scholes valuation method. The Company has chosen the Black-Scholes method as it is an appropriate and commonly used method for valuing stock options.

(2) The bonus amount under Short-Term Incentive Plans discloses the amounts earned by an individual during a fiscal year under the STIP and any discretionary bonuses. Amounts earned under the STIP, where applicable, are paid out in the first quarter of the fiscal year following the fiscal year in which they were earned with the exception of fiscal 2021, where payouts were made quarterly in accordance with the interim incentive plan.

(3) The amounts shown under All Other Compensation include, where applicable, the NEO's taxable car allowance, Company-paid parking, the value received during the year pursuant to the Retirement Savings Plan, and any amounts paid as a result of contractual obligations including travel and housing related benefits, and benefit plans in lieu of the Company's Executive health benefits plan.

(4) For fiscal 2021, Ms. Reisman elected not to receive any compensation. Ms. Reisman resumed taking a salary in May 2021. Ms. Reisman does not receive compensation for her duties as a Board member.

For fiscal 2022, Ms. Reisman's "All Other Compensation" included a car allowance of $16,615 and Company-paid parking of $875.

(5) On February 5, 2019, Mr. Loudon was appointed Chief Financial Officer and Executive Vice President, Supply Chain. Effective July 1, 2020, Mr. Loudon's base salary was $600,000.

On June 4, 2021, Mr. Loudon received a grant of 80,000 stock options. The Black-Scholes fair value of these options on the grant date is $145,011. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.40%; time to maturity of 2.5 years; and volatility of 77.1%.

On June 26, 2020, Mr. Loudon received a grant of 100,000 stock options. The Black-Scholes fair value of these options on the grant date is $37,567. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.30%; time to maturity of 2.5 years; and volatility of 62.4%.

On August 16, 2019, Mr. Loudon received a grant of 60,000 stock options. The Black-Scholes fair value of these options on the grant date is $86,422. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.30%; time to maturity of 2.5 years; and volatility of 33.23%.

On May 31, 2019, Mr. Loudon received a grant of 60,000 stock options. The Black-Scholes fair value of these options on the grant date is $99,375. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.39%; time to maturity of 3.0 years; and volatility of 31.48%.

For fiscal 2022, Mr. Loudon's "All Other Compensation" included a car allowance of $18,000 and a Retirement Savings Plan contribution of $18,000.

(6) On February 1, 2021, Mr. Ruis was appointed President with a base salary of $1,000,000. For fiscal 2022, this consisted of consulting fees of $273,186 until July 4, 2021 and then employment salary of $730,769 for the balance of the fiscal year.

On June 4, 2021, Mr. Ruis received a grant of 30,000 stock options. The Black-Scholes fair value of these options on the grant date is $54,379. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.40%; time to maturity of 2.5 years; and volatility of 77.1%.

On February 9, 2021, Mr. Ruis received a grant of 225,000 stock options. The Black-Scholes fair value of these options on the grant date is $443,919. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.26%; time to maturity of 3.0 years; and volatility of 71.4%.

For fiscal 2022, Mr. Ruis' "All Other Compensation" included a car allowance of $13,154, contractual housing and travel benefit of $208,559 and benefits of $20,232 in lieu of eligibility to participate in the traditional Executive health benefits plan.

Except for Mr. Ruis benefits in lieu of the traditional Executive health benefits plan (descried above), all compensation is paid in Canadian dollars. The Canadian dollar conversion of the benefits is $20,232 (CAD) based on a component valued at 11,903.63 (CAD) ($9,551.22 (USD) using an exchange rate of 1.24629), plus a component valued at $8,328.62 (CAD) (£4,885.68 (GBP) using an exchange rate of 1.7047).

(7) On April 1, 2019, Mr. Dennis was appointed Chief Operating Officer. Effective April 1, 2019, Mr. Dennis' annual base salary was $600,000.

On June 4, 2021, Mr. Dennis received a grant of 80,000 stock options. The Black-Scholes fair value of these options on the grant date is $145,011. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.40%; time to maturity of 2.5 years; and volatility of 77.1%.

On June 26, 2020, Mr. Dennis received a grant of 100,000 stock options. The Black-Scholes fair value of these options on the grant date is $37,567. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.30%; time to maturity of 2.5 years; and volatility of 62.4%.

On August 16, 2019, Mr. Dennis received a grant of 60,000 stock options. The Black-Scholes fair value of these options on the grant date is $86,422. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.30%; time to maturity of 2.5 years; and volatility of 33.23%.

On May 31, 2019, Mr. Dennis received a grant of 60,000 stock options. The Black-Scholes fair value of these options on the grant date is $99,375. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.39%; time to maturity of 3.0 years; and volatility of 31.48%.

For fiscal 2022, Mr. Dennis' "All Other Compensation" included a car allowance of $18,000 and a Retirement Savings Plan contribution of $18,000.

(8) Mr. Williams joined Indigo on June 3, 2019 as Chief Creative Officer. Effective June 3, 2019, Mr. Williams' base salary was $550,000.

On June 4, 2021, Mr. Williams received a grant of 80,000 stock options. The Black-Scholes fair value of these options on the grant date is $145,011. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.40%; time to maturity of 2.5 years; and volatility of 77.1%.

On June 26, 2020, Mr. Williams received a grant of 100,000 stock options. The Black-Scholes fair value of these options on the grant date is $37,567. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.30%; time to maturity of 2.5 years; and volatility of 62.4%.

On August 16, 2019, Mr. Williams received a grant of 150,000 stock options. The Black-Scholes fair value of these options on the grant date is $216,054. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.30%; time to maturity of 2.5 years; and volatility of 33.23%.

For fiscal 2022, Mr. Williams' "All Other Compensation" included a car allowance of $18,000.

OUTSTANDING OPTION-BASED AWARDS

The following table shows the number and value of outstanding stock options held by each of the NEOs as at April 2, 2022:

	Option-Based Awards			
NEO	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-money Options(1) ($)**
Heather Reisman	nil	n/a	n/a	n/a
Craig Loudon	10,000	$18.00	16-Aug-2021	nil
Craig Loudon	10,000	$16.00	11-Aug-2022	nil
Craig Loudon	50,000	$18.40	6-Nov-2022	nil
Craig Loudon	12,500	$14.75	27-Aug-2023	nil
Craig Loudon	60,000	$7.23	31-May-2024	nil
Craig Loudon	60,000	$6.60	16-Aug-2024	nil
Craig Loudon	100,000	$1.00	26-Jun-2025	$297,000
Craig Loudon	80,000	$3.98	4-Jun-2026	nil
Peter Ruis	225,000	$4.34	2-Sep-2026	nil
Peter Ruis	30,000	$3.98	4-Jun-2026	nil
Gildave Dennis	50,000	$18.00	16-Aug-2021	nil
Gildave Dennis	50,000	$16.00	11-Aug-2022	nil
Gildave Dennis	50,000	$14.75	27-Aug-2023	nil
Gildave Dennis	60,000	$7.23	31-May-2024	nil
Gildave Dennis	60,000	$6.60	16-Aug-2024	nil
Gildave Dennis	100,000	$1.00	26-Jun-2025	$297,000
Gildave Dennis	80,000	$3.98	4-Jun-2026	nil
Nathan Williams	150,000	$6.60	16-Aug-2024	nil
Nathan Williams	100,000	$1.00	26-Jun-2025	$297,000
Nathan Williams	80,000	$3.98	4-Jun-2026	nil

(1) This column contains the aggregate dollar value of in-the-money vested and unvested unexercised options as at April 2, 2022, using the April 1, 2022 closing Share price of $3.97.

INCENTIVE PLAN AWARDS — VALUE VESTED OR EARNED DURING THE YEAR

The following table shows the value of any stock options held by each of the NEOs which vested during fiscal 2022 along with amounts earned under non-equity incentive compensation plans in fiscal 2022. The value of the options has been calculated based on the closing share price on the date on which the options vested.

NEO	**Option-Based Awards — Value Vested During the Year(1) ($)**	**Non-equity incentive plan compensation — Value Earned During the Year(2) ($)**
Heather Reisman	n/a	$692,309
Craig Loudon	$199,500	$450,000
Peter Ruis	$0	$1,000,000
Gildave Dennis	$199,500	$450,000
Nathan Williams	$199,500	$412,500

(1) This column includes the aggregate dollar value that would have been realized if stock options had been exercised on the vesting date, based on the closing Share price on each date which the options vested.

(2) Non-equity incentive plan compensation includes amounts earned by an individual during a fiscal year under the STIP and any discretionary bonuses. There were no discretionary payouts for fiscal 2022.

MATERIAL TERMS AND CONDITIONS OF EMPLOYMENT AGREEMENTS

Indigo has employment agreements with its Chief Financial Officer and Executive Vice President, Supply Chain; President; Chief Operating Officer; and Chief Creative Officer. The key terms of these agreements are outlined below.

Craig Loudon, Chief Financial Officer and Executive Vice President, Supply Chain

Indigo has an employment agreement with Mr. Craig Loudon, its Chief Financial Officer and Executive Vice President, Supply Chain. If Mr. Loudon's employment had been terminated without cause on the last day of fiscal 2022, the Company would have been obligated to pay $861,750 to Mr. Loudon under the terms of this agreement. This amount includes base salary and car allowance over a period of 12 months, as well as a payout under the STIP.

Mr. Loudon's current employment agreement is dated March 26, 2019 with an effective date of February 5, 2019; his start date with the Company was August 11, 2014.

In the event that Mr. Loudon is terminated without cause, he is entitled to all health benefit programs for the relevant period during which salary is continued, except for long-term disability and accidental death and dismemberment coverage. In the event that Mr. Loudon accepts alternate full-time employment during the salary continuation period, continuation payments and benefits will cease, and he will receive a lump sum equivalent to 50% of the remaining continuation payments but no less than six months of continuation payments. In the event of death, disability or mandatory retirement as determined by the Board, Mr. Loudon would receive a prorated benefit with respect to any bonus owing up to the termination date.

Mr. Loudon's employment agreement also contains non-competition and non-solicitation provisions, each lasting during the term of his employment and for a period of 12 months following termination.

Peter Ruis, President

Indigo has an employment agreement with Mr. Peter Ruis, its President. If Mr. Ruis' employment had been terminated without cause on the last day of fiscal 2022, the Company would have been obligated to pay $2,018,000 to Mr. Ruis under the terms of this agreement. This amount includes base salary and car allowance over a period of 12 months, as well as a payout under the STIP.

Mr. Ruis' current employment agreement is dated January 20, 2021 with an effective and start date of February 1, 2021.

In the event that Mr. Ruis accepts alternate full-time employment during the salary continuation period, continuation payments and benefits will cease, and he will receive a lump sum equivalent to 50% of the remaining continuation payments but no less than 12 months of continuation payments.

Mr. Ruis' employment agreement also contains non-competition and non-solicitation provisions, each lasting during the term of his employment and for a period of 12 months following termination.

Gildave Dennis, Chief Operating Officer

Indigo has an employment agreement with Mr. Gildave Dennis, its Chief Operating Officer. If Mr. Dennis' employment had been terminated without cause on the last day of fiscal 2022, the Company would have been obligated to pay $861,750 to Mr. Dennis under the terms of this agreement. This amount includes base salary and car allowance over a period of 12 months, as well as a payout under the STIP.

Mr. Dennis' current employment agreement is dated March 26, 2019 with an effective date of April 1, 2019; his start date with the Company was December 15, 2015.

In the event that Mr. Dennis is terminated without cause, he is entitled to continuance payments for the relevant period during which salary is continued, except for long-term disability and accidental death and dismemberment coverage. In the event that Mr. Dennis accepts alternate full-time employment during the salary continuation period, continuation payments and benefits will cease, and he will receive a lump sum equivalent to 50% of the remaining continuation payments but no less than six months of continuation payments. In the event of death, disability or mandatory retirement as determined by the Board, Mr. Dennis would receive a prorated benefit with respect to any bonus owing up to the termination date.

Mr. Dennis' employment agreement also contains non-competition and non-solicitation provisions, each lasting during the term of his employment and for a period of 12 months following termination.

Nathan Williams, Chief Creative Officer

Indigo has an employment agreement with Mr. Nathan Williams, its Chief Creative Officer. If Mr. Williams' employment had been terminated without cause on the last day of fiscal 2022, the Company would have been obligated to pay $774,250 to Mr. Williams under the terms of this agreement. This amount includes base salary and car allowance over a period of six months, as well as a payout under the STIP.

Mr. Williams' current employment agreement is dated April 15, 2019 with an effective date of June 3, 2019; his start date with the Company was June 3, 2019.

In the event that Mr. Williams is terminated without cause, he will be entitled to continuance payments for his base salary and car allowance over a period of 12 months. All health benefit programs will continue for the relevant period during which salary is continued, except for long-term disability and accidental death and dismemberment coverage. In the event that Mr. Williams accepts alternate full-time employment or consulting work which leads to full-time employment during the salary continuation period, all payments and benefits will cease. In the event of death, disability or mandatory retirement as determined by the Board, Mr. Williams would receive a prorated benefit with respect to any bonus owing up to the termination date.

Mr. Williams' employment agreement also contains non-competition and non-solicitation provisions, each lasting during the term of his employment and for a period of 12 months following termination.

Change of Control

Indigo does not have any plans or programs under which payments to any of the NEOs are triggered by a change of control of the Company, a change in the NEO's responsibilities or a constructive termination of the NEO.

The only payments or benefits payable by the Company in the event of termination of employment are those provided under the terms of the Company's existing compensation and benefits program or as provided for in the NEO employment agreements.

The table below outlines the amounts that would have been payable to each NEO in the event of termination without cause on the last day of fiscal 2022. In the event of termination with cause on the last day of fiscal 2022, there would have been no payments due to the NEOs, subject to compliance with the Ontario *Employment Standards Act, 2000*, as amended or replaced.

Fiscal 2022 Potential Payments upon Termination

NEO	Base Salary	Additional Payments	Annual Bonus Incentive	Total Payout
Heather Reisman	no written employment contract			
Craig Loudon	$600,000	$18,000	$243,750	$861,750
Peter Ruis	$1,000,000	$18,000	$1,000,000	$2,018,000
Gildave Dennis	$600,000	$18,000	$243,750	$861,750
Nathan Williams	$550,000	$18,000	$206,250	$774,250

Pension

The Company does not provide a pension plan to any of its employees.

COMPENSATION OF DIRECTORS

The Corporation compensates its directors who are not executive officers or employees of the Corporation or of Trilogy ("Outside Directors") through its directors' deferred stock unit plans, pursuant to which Outside Directors receive DSUs as compensation for their services.

Under the Corporation's directors' deferred stock unit plan established in 2003 (the "2003 DSU Plan"), DSUs are redeemed for Shares issued from treasury. On June 1, 2021, the Board determined that, in order to limit further shareholder dilution associated with DSUs, commencing in fiscal year 2022, DSUs would no longer be awarded under the 2003 DSU Plan. From fiscal 2022 and going forward, DSUs will be awarded under a new directors' deferred share unit plan (the "2021 DSU Plan"), which is similar to the 2003 DSU Plan but provides for the redemption of DSUs in cash only. Shareholder approval was not required for the establishment of the 2021 DSU Plan as there is no ability for the Corporation to redeem DSUs under the 2021 DSU Plan for Shares issued from treasury. All DSUs outstanding under the 2003 DSU Plan will remain outstanding unaffected and will continue to be governed by the terms of the 2003 DSU Plan. A description of both the 2003 DSU Plan and the 2021 DSU Plan follows.

Summary of the 2003 DSU Plan

Although no further DSUs will be awarded under the 2003 DSU Plan, the 2003 DSU Plan will remain in effect as long as any DSUs remain outstanding under the plan.

The 2003 DSU Plan provided Outside Directors with DSUs as compensation for their services. Under the 2003 DSU Plan, Outside Directors could elect to receive up to 50% of their directors' compensation (retainer and meeting fees) in the form of cash (payable on a quarterly basis) with the remaining percentage to be received in the form of DSUs. For the portion to be received in DSUs, each Outside Director was entitled to the number of DSUs equal to the amount of cash compensation the director would otherwise receive divided by the closing price of a Share on the TSX as at the date of the grant. Each DSU vests immediately and entitles the director to receive, after termination of service on the Board, one Share issued from treasury.

DSUs can only be redeemed after termination of service on the Board, and DSUs must be redeemed no later than December 31 of the year following the year in which the termination of service occurred. In the event of death, the director's legal representatives are entitled to redeem the DSUs.

DSUs are not paid cash dividends. In the event that a dividend is paid on the Shares, each director will be allocated additional DSUs equal to the cash value of the dividend they would be entitled to receive if they held Shares rather than DSUs, divided by the closing price of a Share on the TSX as at the dividend payment date. Going forward, any such additional DSUs will be redeemed for cash.

As at April 2, 2022, DSUs redeemable for 464,278 Shares were outstanding, representing approximately 1.70% of the issued and outstanding Shares. As at April 2, 2022, 35,722 Shares were available for further grants of DSUs, representing approximately 0.13% of the issued and outstanding Shares. The plan maximum of 500,000 Shares available for issuance under the 2003 DSU Plan represents approximately 1.83% of the issued and outstanding Shares. Subject to the overall limit on the number of Shares available for issuance under the 2003 DSU Plan and the Stock Option Plan, the maximum number of Shares that may be issued under the 2003 DSU Plan and any other security-based compensation arrangement of the Corporation to any one participant is 5% of the then issued and outstanding Shares. The maximum number of Shares that may be issued to any insider and that insider's associates within any 12-month period may not exceed 5% of the then issued and outstanding Shares. The aggregate number of Shares issued to insiders of the Corporation within any 12-month period, and issuable to insiders of the Corporation at any time, under the 2003 DSU Plan and any other security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Shares of the Corporation at such time.

DSUs are non-assignable and non-transferrable.

The 2003 DSU Plan is administered by the Board with the assistance of the Human Resources, Compensation and Governance Committee. Certain amendments to the 2003 DSU Plan may be made by the Board without shareholder approval, subject to regulatory requirements and provided that the number of Shares reserved for issuance cannot be increased without shareholder approval. Such amendments to the 2003 DSU Plan that may be made without shareholder approval include, without limiting the generality of the foregoing: (i) amendments for the purpose of curing any ambiguity, error or omission in the 2003 DSU Plan or to correct or supplement any provision of the 2003 DSU Plan that is inconsistent with any other provision of the 2003 DSU Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX); (iii) amendments necessary for awards to qualify for favourable treatment under Canadian tax laws; (iv) any amendments to the vesting provisions of the 2003 DSU Plan or any DSUs granted under such plan; (v) amendments to the termination provisions of the 2003 DSU Plan or any DSU granted under such plan, whether or not such DSU is held by an insider, provided such amendment does not entail an extension beyond the original expiry date; and (vi) amendments necessary to suspend or terminate the 2003 DSU Plan.

Shareholder approval is required for the following types of amendments: (i) amendments to the number of Shares issuable under the 2003 DSU Plan, including an increase to a fixed maximum number of Shares or an increase in the fixed maximum percentage; (ii) any amendment expanding the categories of eligible participants under the 2003 DSU Plan which would have the potential of broadening or increasing insider participation; (iii) any amendment to remove or to exceed the insider participation limits; (iv) any amendment to the amendment provisions of the 2003 DSU Plan; (v) any amendment which would permit DSUs granted pursuant to the 2003 DSU Plan to be transferrable or assignable other than for normal estate settlement purposes; (vi) any amendment extending the term of a unit held by an insider beyond its original expiry date except as provided under the 2003 DSU Plan; (vii) the addition of a restricted share unit or any other provision which results in a participant receiving Shares while no cash consideration is received by the Corporation; and (viii) any amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The Corporation's annual burn rate for the 2003 DSU Plan, being the number of DSUs granted divided by the weighted average number of Shares outstanding for the fiscal year, was 0.00% in fiscal 2022; 0.60% in fiscal 2021; and 0.28% in fiscal 2020.

As no further DSUs will be issued under the 2003 DSU Plan, it is no longer necessary to ask shareholders to approve the unallocated DSUs under the 2003 DSU Plan.

Summary of the 2021 DSU Plan

The 2021 DSU Plan provides Outside Directors with DSUs as compensation for their services, allowing for redemption of DSUs for cash only. Under the 2021 DSU Plan, Outside Directors may elect to receive up to 50% of their directors' compensation (retainer and meeting fees) in the form of cash (payable on a quarterly basis) with the remaining percentage to be received in the form of DSUs. Outside Directors must make this election prior to December 20 of the calendar year preceding the calendar year to which the compensation applies (e.g., by December 20, 2022 for compensation earned during the 2023 calendar year). A new director must make such election within 30 days of becoming a director. If an election is not made, the director will receive 100% of their compensation in the form of DSUs. As of the date of this Circular, one director has elected to receive 50% of their 2022 compensation in the form of cash. All other Outside Directors have elected to receive their 2022 compensation in DSUs.

For the portion to be received in DSUs, each Outside Director is entitled to the number of DSUs equal to the amount of cash compensation the director would otherwise receive divided by the closing price of a Share on the TSX as at the date of the grant. Each DSU vests immediately and entitles the director to receive, after termination of service on the Board, a lump sum cash payment, net of any applicable withholdings, equal to the number of DSUs held as of the redemption date multiplied by the closing price of the Shares on the TSX on the date of the redemption.

DSUs can only be redeemed after termination of service on the Board, and DSUs must be redeemed no later than December 31 of the year following the year in which the termination of service occurred. In the event of death, the director's legal representatives are entitled to redeem the DSUs.

DSUs are not paid cash dividends. In the event that a dividend is paid on the Shares, each director will be allocated additional DSUs equal to the cash value of the dividend they would be entitled to receive if they held Shares rather than DSUs, divided by the closing price of a Share on the TSX as at the dividend payment date.

The value of the payout of DSUs is dependent on the value of the Shares at the time of the redemption. There is no protection for Outside Directors from the possibility of declining Share prices. By tying the value of the Outside Directors' compensation to the Corporation's Share performance and requiring the directors to hold their DSUs until their Board service comes to an end, the directors' attention will be focused on the long-term performance of the Corporation, which, in turn, aligns their interests with the interests of the shareholders.

DSUs are non-assignable and non-transferrable.

Compensation allocated to Indigo's Outside Directors in fiscal 2022 was based on the following fee schedule:

Fee Description	**($)**
Annual Board Retainer	20,000
Committee Retainer	3,000
Committee Chair Retainer:	
Audit	15,000
Human Resources, Compensation and Governance	7,500
Technology Advisor Retainer	7,500
Board Meeting Fees:	
In Person	2,000
By Telephone or Virtual	1,000
Committee Meeting Fees	2,000
Committee Chair Meeting Fees:	
Audit	3,500
Human Resources, Compensation and Governance	3,500

Directors' compensation is reviewed by the Human Resources, Compensation and Governance Committee, taking into consideration published third-party studies of board compensation of Canadian companies similar in size to Indigo.

In February 2022, the Board approved an amended directors' compensation schedule (as recommended by the Human Resources, Compensation and Governance Committee), effective in fiscal 2023. The increases to directors' compensation were approved to provide competitive compensation and align compensation to roles, responsibilities and workload/time commitments, as well as simplifying the compensation schedule by using only annual retainers and eliminating meeting fees. Benchmarking provided by management to the Human Resources, Compensation and Governance Committee showed that Indigo directors' compensation trailed that of directors at Canadian retailer peers. This is the first increase in Indigo directors' compensation since 2010. Directors' compensation will continue to be allocated under the terms of the 2021 DSU Plan, retaining alignment with shareholder and stakeholder interests.

Effective in fiscal 2023, compensation allocated to Indigo's Outside Directors will be based on the following schedule:

Fee Description	**($)**
Annual Board Retainer	75,000
Committee Chair Retainer:	
Audit	40,000
Human Resources, Compensation and Governance	20,000
Committee Member Retainer:	
Audit	25,000
Human Resources, Compensation and Governance	15,000

DIRECTOR COMPENSATION TABLE

The following table outlines the dollar value of the compensation awarded to each Outside Director in fiscal 2022, as well as the corresponding number of DSUs and/or cash payment earned in fiscal 2022. One Outside Director elected to receive 50% of director compensation in cash for the 2022 fiscal year. The remaining Outside Directors elected to receive 100% of their compensation as DSUs. All DSUs earned in fiscal 2022 are redeemable in cash only under the 2021 DSU Plan. The total compensation of directors for the fiscal year ended April 2, 2022 was $304,000, as set out below.

	DSUs earned in Fiscal 2022 (redeemable for Cash)[(1)]	Cash Portion	
Director	**Number of Units Earned**	**Amount Paid[(2)]**	**Total Compensation ($)**
Frank Clegg	11,101	$0	$43,500
Jonathan Deitcher	9,194	$0	$36,000
Mitchell Goldhar	6,397	$0	$25,000
Howard Grosfield	10,098	$0	$39,500
Robert Haft	11,472	$0	$45,000
Andrea Johnson	6,617	$0	$26,000
Anne Marie O'Donovan	13,730	$0	$54,000
Chika Stacy Oriuwa	4,434	$17,500	$35,000

(1) Under the 2021 DSU Plan, each DSU vests immediately and represents the right of the director to receive, after termination of service on the Board, a lump sum cash payment, net of any applicable withholdings, equal to the number of DSUs held as of the redemption date multiplied by the closing price of the Shares on the TSX on the date of the redemption.

(2) Amounts paid in cash are subject to all applicable payroll deductions.

OUTSTANDING SHARE-BASED AWARDS FOR DIRECTORS

The following table shows the total number of outstanding DSUs allocated to each Outside Director for their entire tenure as a director up to April 2, 2022, along with the market value of such units as calculated using the closing share price of the Shares on April 2, 2022, which was $3.97.

DIRECTOR	Number of Outstanding DSUs redeemable for Shares[(1)] #	Number of Outstanding DSUs redeemable for Cash[(2)] #	Total Number of Outstanding DSUs #	Market or payout value of DSUs that have not been redeemed ($)
Frank Clegg	103,905	11,101	115,006	$456,574
Jonathan Deitcher	104,389	9,194	113,583	$450,925
Mitchell Goldhar	52,207	6,397	58,604	$232,658
Howard Grosfield	42,397	10,098	52,495	$208,405
Robert Haft	49,305	11,472	60,777	$241,285
Andrea Johnson	25,884	6,617	32,501	$129,029
Anne Marie O'Donovan	84,045	13,730	97,775	$388,167
Chika Stacy Oriuwa	2,145	4,434	6,579	$26,119

(1) Under the 2003 DSU Plan, each DSU vests immediately and represents the right of the director to receive, after termination of Board service, one Share issued from treasury.

(2) Under the 2021 DSU Plan, each DSU vests immediately and represents the right of the director to receive, after termination of Board service, a lump sum cash payment, net of any applicable withholdings, equal to the number of DSUs held as of the redemption date multiplied by the closing price of the Shares on the TSX on the date of the redemption.

SECURITY-BASED COMPENSATION ARRANGEMENTS

The following is the summary of the Corporation's security-based compensation arrangements as at April 2, 2022:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities which may be issued in connection with outstanding options, warrants and rights)(2)(3)
Equity compensation plans approved by security holders	3,530,828 Shares	$6.38 for options $6.96 for DSUs(4)	571,629 Shares
Equity compensation plans not approved by security holders	nil	n/a	n/a
Total	3,530,828 Shares	$6.38 for options $6.96 for DSUs	571,629 Shares

(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights includes 3,066,550 Shares in relation to the Stock Option Plan and 464,278 Shares in relation to the 2003 DSU Plan.

(2) Number of securities remaining available for future issuance under equity compensation plans includes 535,907 Shares in relation to the Stock Option Plan and 35,722 Shares in relation to the 2003 DSU Plan.

(3) The maximum number of Shares available for issuance under the Stock Option Plan is 15% of the issued and outstanding Shares from time to time less 500,000 Shares, and the maximum number of Shares reserved for issuance under the 2003 DSU Plan is 500,000 Shares.

(4) The weighted-average exercise price of outstanding DSUs is calculated by dividing the aggregate grant date value of the issued and outstanding DSUs by the total number of issued and outstanding DSUs. The grant date value of the DSUs is determined by multiplying the Share price on the date of the DSU grant by the number of DSUs granted on that date.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

Indebtedness of Directors and Executives under Other Programs

No executive officer, director, employee or former executive officer, director or employee of the Corporation, or any associates of the foregoing is or was during fiscal 2022 indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During fiscal 2022, the Corporation purchased goods and services from companies in which Mr. Gerald Schwartz, the controlling shareholder of Indigo, holds a controlling or significant interest. Indigo paid $0.4 million for such goods and services in fiscal 2022 and $0.3 million in fiscal 2021. As at April 2, 2022, Indigo had a nominal amount payable to these companies under standard payment terms (April 3, 2021 - $0.1 million). All transactions were measured at fair market value and were in the normal course of business, under normal commercial terms, for both Indigo and the related companies.

During the first quarter of fiscal 2022, the Corporation entered into a secured revolving credit facility of $25 million with a company controlled by Mr. Schwartz. No advances were made on the non-interest bearing facility, which matured on February 1, 2022.

On June 2, 2022, a secured revolving credit facility for $25 million was approved by the Board from a company controlled by Mr. Schwartz. The non-interest bearing facility will be issued on favourable commercial terms, and will have a maturity date of February 1, 2023. The credit facility is not convertible, directly or indirectly, into equity or voting securities. The purpose of this credit facility is to allow the Corporation to manage its operations in the most effective manner.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance practices are essential to the effective management of the Corporation. Indigo is committed to high standards of governance, with a strong culture of integrity and ethical behavior and ensures that its corporate governance practices are in compliance with the requirements of the corporate governance guidelines issued by the Canadian Securities Administrators and the TSX.

Governance Highlights	
• Controlled Corporation • Board Members: 10 • Independent Board Members: 7 • Female Board Members: 4 • Visible Minority Board Members: 1 • Independent Lead Director: Yes • Committee Memberships: 100% independent directors • Board and Committee Charters • Position Descriptions for Chair/CEO and Committee Chairs	• Individual Director Elections • Majority Voting Policy • Board Diversity Policy • Board Orientation and Education • Code of Conduct • Disclosure Policy • Board Competency Matrix • Annual Board Evaluation • Board and Committee ability to retain independent external advisors

Board of Directors

Board Members:	Heather Reisman (Chair) Frank Clegg Jonathan Deitcher Mitchell Goldhar Howard Grosfield	Robert Haft Andrea Johnson Anne Marie O'Donovan Chika Stacy Oriuwa Gerald Schwartz
Board Membership:	Majority of members are independent directors	
Number of Meetings:	Four meetings in fiscal 2022 *In Camera* meetings following each Board meeting, as required	

Board Responsibilities

The Board is responsible for the supervision of the management of the business and affairs of the Corporation, with oversight being performed either directly or indirectly through Board committees. To assist in discharging its duties, the Board has established two committees of the Board, namely the Audit Committee, and the Human Resources, Compensation and Governance Committee.

Strategy

The Board is responsible for the approval of the Corporation's overall direction. Pursuant to its mandate, the Board assesses and approves all major strategic decisions, including any shift in strategic direction, as well as acquisitions and divestitures of a material nature. The Board participates fully in assessing and approving strategic plans and prospective decisions proposed by management. Quarterly financial reports provided by management allow the Board to monitor and assess corporate performance against Board approved strategic plans.

Risk Management

To ensure that the principal business risks borne by Indigo are appropriate, the Board receives periodic reports from management outlining its assessment and management of such risks. Oversight of the Corporation's enterprise risk management program has been delegated to the Audit Committee, and both the Audit Committee and the Human Resources, Compensation and Governance Committee have responsibility for oversight of certain specific risks pursuant to their respective Charters. The Audit Committee reviews detailed financial information contained in management reports and hears and acts upon the recommendations of Indigo's auditors. An overview of the Corporation's primary risks can be found in Indigo's Annual Information Form, available on SEDAR at www.sedar.com and the Corporation's website at www.chapters.indigo.ca/investor-relations/corporate-documents/.

Oversight of Management

Day-to-day management of the affairs of the Corporation has been delegated to the Chief Executive Officer, working with the Board-appointed executive team. The Board reviews ongoing reports regarding the performance of the Corporation. In respect of senior management succession planning, the Human Resources, Compensation and Governance Committee is involved in considering internal and external candidates to fill senior management positions at Indigo.

Financial Reporting and Internal Controls

With the assistance of the Audit Committee, the Board oversees the Corporation's financial reporting and disclosure obligations, as well as approving the Corporation's disclosure documents. The Audit Committee also supports the Board in assessing the Corporation's system of internal financial controls, satisfying itself that the controls are effective and efficient.

Communications Policy

The Board has adopted a communications/disclosure policy and directly approves significant corporate communications with shareholders.

Corporate Governance

The Board, with the assistance of the Human Resources, Compensation and Governance Committee, develops and monitors the Corporation's approach to corporate governance, ensuring appropriate, effective processes are in place.

Integrity, Ethics and Social Responsibility

A strong culture of integrity and ethics is promoted throughout the organization, including adherence to its code of conduct.

The mandate of the Board is attached as Appendix "A" to this Circular (the "Mandate").

Composition

The Board currently consists of ten members, all of whom are standing for re-election at the meeting. The Articles of Amalgamation of the Corporation allow up to 20 directors.

Indigo endeavours to have a sufficient number of directors with the appropriate balance of skills, experience, expertise, industry knowledge and diversity to effectively carry out the Mandate. The Human Resources, Compensation and Governance Committee regularly assesses whether the Board possesses the appropriate mix of competencies and qualifications to function effectively with its current and future strategic objectives. Directors make recommendations of new individuals to serve on the Board for consideration by the Human Resources, Compensation and Governance Committee as they become aware of suitable, available candidates. The Human Resources, Compensation and Governance Committee (in conjunction with the Chair) considers those candidates who are highly qualified based on their professional experience, functional expertise, personal skills and qualities.

Director Tenure

The Human Resources, Compensation and Governance Committee regularly assesses the composition of the Board, including director tenure. This evaluation enables the Committee to solicit feedback regarding the effectiveness of the Board, whether Board members have the appropriate skills and expertise required, and whether mandatory term limits or retirement age for directors should be adopted. The Board appreciates the balance between the skills and perspectives of more recently acquired directors with the experience and knowledge of longer-serving directors. Currently, the tenure of two directors is five years or less; the tenure of two directors is between six and ten years; and the tenure of six directors is over ten years. The average tenure is 12.5 years.

The Board has not adopted term limits for its directors as it feels that setting a term limit or mandatory retirement age may force certain directors possessing the necessary experience, expertise and industry knowledge to not stand for re-election, depriving the Board of such acquired wisdom and skills.

Board Diversity

Indigo values the benefits that diversity can bring in different perspectives and experience, supporting balanced discussion and strengthening decision making. The Corporation seeks to maintain a Board comprised of competent and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds.

Indigo has adopted a written board diversity policy, as the Board continues to demonstrate its commitment to identify and nominate strong female candidates for leadership and Board membership, with an effective balance of gender representation, as well as the inclusion of visible minorities. The Human Resources, Compensation and Governance Committee reviews and assesses Board composition and oversees the review of Board effectiveness. Board candidates are considered based on merit, in the context of skills, qualifications, experience and knowledge required for an effective board, with due regard to the benefits of diversity, including gender and racial diversity. The Board recognizes the benefits of diversity among its members, including diversity of experience, viewpoints, gender, race, ethnicity, etc. Evaluation of the Board's diversity, including the number of female directors, is considered as a part of the Board assessment questionnaire completed annually by members of the Board. The board diversity policy is also reviewed and assessed on an annual basis. A specific target or quota of women on the Board has not been adopted at this time, given the level of female representation on the Board. Currently, four of ten Indigo directors (or 40%) are women, including the Chair of the Board. In fiscal 2021, Indigo's board diversity focus expanded beyond gender diversity to include visible minorities. Dr. Oriuwa, who was appointed to the Board in November 2020, is actively involved in promoting diversity and inclusion issues. The Board intends to continue to make diversity a meaningful consideration in director identification and selection.

As at June 2, 2022	**Number**	**Percentage**	**Target**	**Reason**
Women on Board of Directors	4	40%	No	No formal target given the current level of female representation on the Board, including Chair of the Board
Women in Executive Officer Positions	3	42.9%	No	No formal target given the current level of female representation, including Chair and Chief Executive Officer

Women in Executive Officer Positions

The Corporation has not adopted a specific target or quota of women in executive officer positions, given the level of female representation within executive officer roles. Currently, three of seven executive officers (or 42.9%) are women. Indigo believes that hiring and retaining executive officers should be primarily based on individual merits, with consideration given to gender diversity. The Corporation is committed to promoting women to executive positions and ensuring that women candidates are fairly considered for such positions. Management feels that gender diversity has always been a significant part of the corporate culture at Indigo, which is one of the few Canadian public companies with a female Chair of the Board and Chief Executive Officer.

Board Directorships

Certain Indigo directors sit on the boards of other reporting issuers. For each such director, the following table lists the name of the reporting issuer on whose board of directors the director currently serves.

Director	Reporting Issuer
Mitchell Goldhar	SmartCentres Real Estate Investment Trust (since 2005) Onex Corporation (since 2017)
Heather Reisman	Onex Corporation (since 2003)
Gerald Schwartz	Onex Corporation (since 1987) The Bank of Nova Scotia (Honorary Director) (since 2007)

Board Independence

As stipulated in its Mandate, the Board is comprised of a majority of "independent directors" as defined by National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Currently, the Corporation's independent directors are:

Frank Clegg
Jonathan Deitcher
Mitchell Goldhar
Howard Grosfield
Robert Haft (Lead Director)
Anne Marie O'Donovan
Chika Stacy Oriuwa

The Board believes that these seven independent directors as members of the Board, including an independent lead director, fairly reflects the investment in Indigo by minority shareholders.

Three members of the Board are non-independent within the meaning of the NI 52-110, namely Ms. Reisman being a member of management, Mr. Schwartz being Ms. Reisman's spouse and Ms. Johnson being Ms. Reisman's daughter.

Indigo is controlled by Mr. Schwartz, who indirectly holds approximately 56.68% of the Corporation's outstanding Shares and is a "significant security holder" within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Ms. Reisman is Chair of the Board and Chief Executive Officer of Indigo. In the view of the Board, the fact that Ms. Reisman occupies both offices does not impair the ability of the Board to act independently of management. The Board has reached this conclusion for the following reasons:

- seven of the Corporation's ten directors are independent;
- the Audit Committee is comprised solely of independent directors and meets on a regular basis;
- the Human Resources, Compensation and Governance Committee is comprised solely of independent directors;
- the Board has appointed Mr. Robert Haft, an independent director, as Indigo's lead director ("Lead Director"), responsible for ensuring that the Board functions independently of management; and
- each Board Committee has the authority to engage, or to request that management engage, outside advisors at the Corporation's expense; the Board would also consider any such request by an individual member of the Board on its merits at the time it was made.

The Board has also adopted the following governance practices:

- at each regular meeting, the Board has an opportunity to meet with Ms. Reisman and the Corporation's Chief Financial Officer without the presence of other members of management to consider any matter not easily or appropriately discussed in the larger forum. The topics discussed may include the effectiveness of the Board meeting, the performance of any individual member of management or the Board, the performance of the Board itself, or any matter of concern to any director;
- the Board, at each meeting other than unscheduled meetings called for the sole purpose of approving specific transactions, has an opportunity to call for a session in the absence of Ms. Reisman, or any other member of management; and

- any member of the Board may provide the Lead Director with agenda items for discussion at any meeting and the Lead Director has the right to place such items on the Board's agenda in his discretion.

Meetings of exclusively independent directors may be held if such a meeting is deemed necessary to allow for open and candid discussion among the independent directors. It is the general practice for the full Board to meet without management, but with the Chief Executive Officer present, following all regularly scheduled in-person and virtually held Board meetings. Four Board meetings were held in fiscal 2022.

All Committees of the Board are comprised solely of independent directors. In fiscal 2022, there were a total of eight meetings of independent directors meeting in their capacity as Audit and Human Resources, Compensation and Governance Committee members. The Committee members meet *in camera,* without the presence of management, when necessary, at the conclusion of the Committee meeting. The Board feels that such regularly scheduled Committee meetings allow for candid discussion among independent directors.

In addition to a formal position description for the office of the Chair and Chief Executive Officer, the Board has also approved formal corporate objectives which the Chief Executive Officer is responsible for achieving. The Board, the Human Resources, Compensation and Governance Committee and the Chief Executive Officer engage in regular ongoing dialogue regarding the performance of the senior management team in achieving Indigo's strategic objectives as recommended by management and approved by the Board.

Key Position Descriptions

The Board has adopted several formal position descriptions for key positions on the Board, including the Chief Executive Officer and Chair of the Board, as well as the Lead Director. These position descriptions are available on the Corporation's website at www.chapters.indigo.ca/investor-relations/governance/.

Board Assessment

Each year, the members of the Board are required to complete a confidential Board assessment questionnaire regarding the performance and effectiveness of the Board, its Committees and its members. The assessment is performed under the mandate of the Human Resources, Compensation and Governance Committee. This process provides the directors with the opportunity to evaluate and provide feedback on Board and Committee effectiveness, focus, composition, corporate governance structure and processes, Board culture and on-going director education. Board members are also given the opportunity to assess the quality of the information provided to the Board by management. Responses to the questionnaire are compiled and presented to the Human Resources, Compensation and Governance Committee, as well as summarized for the entire Board.

Board Committees

The Board has two standing Committees, namely the Audit Committee, and the Human Resources, Compensation and Governance Committee. Each committee has a formal mandate outlining its responsibilities and its obligations to report its recommendations and decisions to the Board, as well as a written position description for committee chairs. Committee charters and position descriptions are reviewed annually by the Human Resources, Compensation and Governance Committee to assess continued relevance, current best practices and regulatory changes.

Audit Committee

Committee Members:	Anne Marie O'Donovan (Chair) Frank Clegg Jonathan Deitcher
Committee Membership:	All members are independent directors All members are financially literate within the meaning set out in NI 52-110
Number of Meetings:	Four meetings held in fiscal 2022 *In Camera* meetings with External Auditors, Internal Auditors and Management following each Committee meeting

Highlights for Fiscal 2022: COVID-19 Impact on Business
Review of $25 Million Revolving Credit Facility (related party transaction)
Oversight of Enterprise Risk Management program
Oversight of Cybersecurity and Information Technology Risk
Recommendation of amended Audit Committee Charter (ESG disclosure responsibilities)
Review of Sustainability Updates

The Audit Committee is responsible for the oversight of Indigo's internal accounting and control systems. It reviews the financial statements, annual and special meeting materials and other public disclosure documents of Indigo and makes recommendations to the Board before such statements, materials and documents are approved by the Board. In fiscal 2022, the Audit Committee Charter was amended to include oversight of the Corporation's process for determining the effectiveness and integrity of ESG disclosures. The Audit Committee oversees the work of the external auditor, annually approving the audit plan and monitoring their independence, as well as recommending the auditor for annual appointment. The Audit Committee communicates directly with Indigo's auditors in order to discuss audit and related matters whenever appropriate. In addition to the work of the external auditor, the Audit Committee also reviews the internal audit plan and quarterly reports prepared by the internal auditor. The Audit Committee is responsible for oversight of the enterprise risk management program of the Corporation and oversight of certain business risks, including IT risk. The Audit Committee is also responsible for reviewing material related party transactions. The Audit Committee's Charter is available on the Corporation's website at www.chapters.indigo.ca/investor-relations/governance.

Human Resources, Compensation and Governance Committee

Committee Members: Robert Haft (Chair)
Howard Grosfield
Chika Stacy Oriuwa

Committee Membership: All members are independent directors

Number of Meetings: Four meetings held in fiscal 2022
In Camera meetings following each Committee meeting, as required

Highlights for Fiscal 2022: COVID-19 Impact on Workforce
Diversity, Equity and Inclusion Program
Recommendation of amended Stock Option Plan (see page 13 of this Circular)
Recommendation of new Directors' Deferred Share Unit Plan for Cash Redemption (see page 29 of this Circular)
Recommendation of amended Directors' Compensation Schedule (see page 30 of this Circular)
Recommendation of appointments of two new Officers
Board Assessment

(i) Human Resources and Compensation responsibilities:

The Human Resources, Compensation and Governance Committee has been entrusted by the Board with the responsibility of reviewing and making recommendations to the Board regarding executive compensation programs and their elements, and to assist the Board in executing its responsibilities in regard to executive management's compensation. Specifically, the Human Resources, Compensation and Governance Committee's charter provides that the Committee shall, among other things: recommend appointment of officers, Chief Executive Officer compensation, executive compensation programs, incentive plan and equity-based compensation plan design, as well as approve executive management compensation guidelines. The Board has delegated to the Human Resources, Compensation and Governance Committee the oversight of executive talent succession and approval of executive compensation as outlined in the Committee's charter, taking into consideration the level of responsibility and contribution of the executive. The approval of all payouts under bonus incentive plans and all stock option grants has been delegated to the Human Resources, Compensation and Governance Committee. The Committee is also responsible for reviewing executive compensation disclosures made by the Corporation. The composition, compensation expertise, and role of the Human Resources, Compensation and Governance Committee is described in detail in the Compensation Discussion and Analysis above.

In addition to compensation oversight responsibilities, the Human Resources, Compensation and Governance Committee is responsible for assisting the Board in executing its obligations regarding significant human resources or organizational policies and matters generally impacting employees of the Corporation, including its diversity, equity and inclusion initiatives. The Committee has also been tasked with monitoring the Corporation's compliance with legislative and regulatory requirements for occupational health and safety practices, ensuring appropriate policies and procedures are in place for the promotion of a safe and healthy work environment within its businesses.

(ii) Corporate Governance responsibilities:

The Human Resources, Compensation and Governance Committee is responsible for assisting the Board in its oversight of Indigo's corporate governance practices, making recommendations with respect to Board and Committee membership and reviewing corporate governance disclosures made by the Corporation. The Committee annually reviews Board committee memberships and chair appointments, recommending such appointments to the Board, with consideration for each director's competencies and the time commitment involved. Compensation of the Board members is reviewed by the Human Resources, Compensation and Governance Committee and recommended to the Board for approval. The Committee regularly performs an assessment of the Board, its Committees and its members through the use of a confidential questionnaire completed by Board members on corporate governance matters and the effectiveness of the Board. As mentioned earlier, annual reviews of the Mandate, Committee charters and position descriptions are also performed by the Committee.

The Human Resources, Compensation and Governance Committee is responsible for establishing qualifications for new directors, and evaluating proposed directors against such criteria. Director candidates are selected and recommended by the Committee (in conjunction with the Chair) based on the candidate's availability, expertise, experience, competencies and skills as required by the Board.

The Human Resources, Compensation and Governance Committee is also responsible for the oversight of new director orientation and continuing education for all Board members. New Board members are provided with a comprehensive corporate information package of all relevant governance material, including mandates, charters, position descriptions, bylaws, corporate policies, organizational structure and board calendars, as well as the latest public disclosure filings. New Board members also receive access to the Indigo board portal containing material from previous Board meetings. A Position Description for Board Members is among the materials provided, outlining what is expected of the new director. Continuing education for Board members is provided on an ongoing basis with substantive packages of informative material being sent to the Board in advance of Board meetings and regular business update presentations from key business units, covering risks as well as new opportunities. These educational sessions, which coincide with regular Board meetings, cover one or more aspects of the business, and typically follow an informal presentation and open discussion format. Executive management also attend these sessions and are available to answer questions and to receive Board input. Board members participate in store visits as part of ongoing director education. Responses to the Board assessment questionnaire provide feedback regarding areas of director interest/relevance for future continuing education sessions. The Human Resources, Compensation and Governance Committee's Charter is available on the Corporation's website at www.chapters.indigo.ca/investor-relations/governance.

Ethical Business Conduct

The Corporation's code of conduct (the "Code") reflects its high standards in ethical business conduct and is applicable to all directors, officers and employees of Indigo. The Code emphasizes the integrity, honesty and respect that is expected when dealing with co-workers, business partners, customers and others. The Corporation has also adopted a whistleblower policy pursuant to which directors, officers and employees are encouraged to report violations of the Code. The Indigo Open Door reporting line (replacing previous employee hotlines) has been implemented to enable employees to seek support and to report violations of the Code, either by telephone or online portal. No retaliation of any kind is permitted against individuals for complaints made in good faith. The Corporation provides annual training with respect to ethical and compliance issues and ensures that each director and employee annually reviews and acknowledges their understanding and acceptance of the Code. The Board has concluded that such measures are appropriate and sufficient to ensure compliance with the Code. A copy of the Code can be obtained on SEDAR at www.sedar.com and the Corporation's website as noted above.

In addition to the Code, the Corporation has adopted a disclosure policy, a fraud policy and an insider trading policy to further emphasize ethical conduct. The disclosure policy ensures that: (i) material information about the Corporation is disclosed in a timely, consistent and appropriate manner, in accordance with applicable law; (ii) public disclosure documents and oral statements are accurate and without misrepresentation; and (iii) directors, officers and employees understand their obligations to preserve the confidentiality of undisclosed material information. The fraud policy highlights the high legal, ethical and moral standards expected of Indigo's directors, officers, employees and agents. Fraud incidents are reported to the Audit Committee, as necessary. The insider trading policy emphasizes the prohibition of insider trading and tipping when possessing material undisclosed information about the Corporation, as well as abiding by corporate blackout periods.

Indigo also has a vendor code of conduct which is designed to ensure that its vendors, suppliers, etc. have a clear understanding of how Indigo expects to conduct its business with vendors and how Indigo expects its vendors to embrace its commitment to integrity. The Indigo Open Door reporting line is also available to third party suppliers to confidentially communicate any Code or vendor code of conduct concerns or violations with respect to Indigo employees and the vendors with whom Indigo conducts business.

Conflict of interest issues involving directors and officers are overseen by the Human Resources, Compensation and Governance Committee. The Board encourages and expects directors to disclose any perceived conflicts and to abstain from voting on any such matters.

Diversity, Equity and Inclusion

Indigo has made a commitment to promote diversity, equity and inclusion ("DE&I"). Celebrating diversity, enabling equity, and creating a healthy, safe and inclusive place empowers people to reach their full potential and creates a joyful and welcoming environment for everyone.

Indigo made important strides towards its commitment in fiscal 2022. The Corporation engaged Diversio – a diversity and inclusion intelligence company, to conduct its first ever census on employee experience and representation. The goal was progress, and the Corporation exceeded the retail industry average in all five indicator areas, based on participation across every part of its business. Following this, Indigo became Diversio Certified for its DE&I efforts and commitment to regularly track progress and implement data informed goals. Going forward and built on the Global Diversity Equity and Inclusion Benchmarks model, the Corporation's DE&I strategy provides a shared direction for all business units to further these efforts and embed DE&I into the organizational culture and goals.

Indigo has a unique platform and responsibility to influence positive change and strives to use this platform to intentionally amplify the voices and stories of its diverse communities. Fiscal 2022 marked the one-year anniversary of the Corporation joining the 15 Percent Pledge – a commitment to increase its representation of books by Black, Indigenous and People of Color ("BIPOC") authors and BIPOC owned third-party brands for its lifestyle business to a benchmark of 15 percent. The Corporation reported exceeding 15% representation across many of its business areas including social media (30%), creative studio (86%) and book displays (30%).

With the support of Executive leadership and a shared accountability, Indigo's fiscal 2023 priorities to promote DE&I include building upon ongoing DE&I initiatives, broadening learning, continuing to weave DE&I into all talent practices, and enhancing diversity representation at all levels, as well as seeking ways to support mental health and wellness from a DE&I perspective.

Sustainability

Indigo is committed to move quickly and with determination toward a sustainable future. In fiscal 2022, the Corporation released its Net-Zero Roadmap, outlining the details of its bold plan to reach net-zero emissions by 2035. Indigo's journey to net-zero will begin with the optimization of its operations. The Corporation will focus on energy efficiency opportunities in its facilities, while diverting waste from landfills to recyclable and compostable streams. Indigo will also reduce its emissions through responsible sourcing and advocacy initiatives that will encourage suppliers, publishers, and service providers to prioritize sustainable goods and cleaner logistics.

Shareholder Communications

Indigo keeps all shareholders well informed of its financial performance, primarily by means of its annual and quarterly reports. Regular investor/analyst calls are held after the release of financial results with participant information posted at www.chapters.indigo.ca/investor-relations/ prior to the call. Call transcripts are also available on the website.

Upon request, Indigo will provide you with a copy of: (i) its current Annual Information Form; (ii) the comparative financial statements for its most recently completed financial year together with the accompanying auditors' report and related management's discussion and analysis ("MD&A"); and (iii) its interim financial statements and related MD&A for any subsequent fiscal periods, provided that Indigo may require payment of a reasonable charge if the request is made by a person who is not an Indigo shareholder.

With the approval of the Board, management has appointed Ms. Heather Reisman, Indigo's Chief Executive Officer, as the individual responsible for receiving shareholder inquiries and dealing with shareholder concerns. Ms. Reisman endeavours to respond promptly and appropriately to all such requests and/or inquiries. While being guided by regulatory requirements and Indigo's policies with respect to confidentiality and disclosure, Ms. Reisman is available for interviews by stakeholders, including analysts, the media, and investors.

AUDIT COMMITTEE INFORMATION

Information regarding the Board's Audit Committee may be found in the section entitled "Audit Committee" in the Corporation's Annual Information Form for the financial year ended April 2, 2022. A copy of the Annual Information Form can be obtained by contacting Indigo at 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6 and is also available on SEDAR at www.sedar.com and the Corporation's website at www.chapters.indigo.ca/investor-relations/corporate-documents/.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Indigo purchases and maintains annual liability insurance for the benefit of the directors and officers to cover liability incurred by such persons in such capacities. The premium cost of this insurance was paid by the Corporation and not by individual directors and officers. Subject to applicable deductibles, Indigo will be reimbursed for any insured claims where the Corporation has made payments on behalf of directors and officers pursuant to the Corporation's indemnification obligations to such individuals. Deductibles will be paid by the Corporation. The directors' and officers' liability insurance does not cover losses arising from certain acts, such as fraud, bad faith, etc.

ADDITIONAL INFORMATION

Financial information for the financial year ended April 2, 2022, is provided in the Corporation's comparative financial statements and MD&A which are included in the Annual Report. Shareholders who wish to request a copy of, or to be added to the mailing list for, the annual and interim financial statements and MD&A should contact Indigo at 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6.

Copies of the Corporation's current Annual Information Form, together with one copy of any document, or the pertinent pages of any document incorporated by reference in the current Annual Information Form; the most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any of the Corporation's interim financial statements that have been filed for any period after the end of its most recently completed financial year; and this Circular are available to anyone, upon request, from the Secretary of the Corporation, and without charge to Indigo shareholders.

The Annual Report (including the financial statements and MD&A), the current Annual Information Form, and other information relating to the Corporation are available on SEDAR at www.sedar.com and the Corporation's website as noted above.

FORWARD-LOOKING INFORMATION

Statements contained in this Circular that are not historical facts are “forward-looking information” within the meaning of applicable Canadian securities legislation. Although the Corporation believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information. No assurance can be given that such events will occur in the disclosed time frames or at all. Certain factors or assumptions are applied in making forward-looking information, and actual results may differ materially from those expressed or implied in such information. Additional information on corporate risks and uncertainties, including information about factors or assumptions that could cause actual results to differ materially from expectations and that are applied in making forward-looking information, can be found in the Corporation’s Annual Information Form dated June 2, 2022, available on SEDAR at www.sedar.com.

Any forward-looking information included in this Circular is made as of the date of this Circular and the Corporation does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

DIRECTORS’ APPROVAL

The contents of this Circular and its sending to Indigo’s shareholders have been approved by the directors of the Corporation.

By Order of the Board of Directors

Craig Loudon
Chief Financial Officer and Executive Vice President, Supply Chain

Toronto, Canada
June 2, 2022

Appendix "A"

INDIGO BOOKS & MUSIC INC.
(the "Corporation")

MANDATE OF THE BOARD OF DIRECTORS

1. PURPOSE

The role of the Board of Directors (the "Board") is to provide governance and stewardship to the Corporation, including the supervision of the management of the business and affairs of the Corporation.

2. COMMITTEES OF THE BOARD

To assist in discharging its duties, the Board has established the following committees of the Board: the Audit Committee, and the Human Resources, Compensation and Governance Committee (the "HRCG Committee"). The Board may also appoint other committees from time to time.

3. BOARD ORGANIZATION

(a) Qualifications

In conjunction with the HRCG Committee, the Board will determine Board member qualifications, including the range of competencies and skills the Board as a whole is required to possess. The Board's responsibility to ensure that all Board members receive appropriate orientation and continuing education is delegated to the HRCG Committee.

(b) Composition

The Board will consist of directors who represent diverse personal experiences and backgrounds, particularly among its independent directors. At a minimum, each director shall have demonstrated the highest personal and professional integrity; significant achievement in his or her field; experience and expertise relevant to the Corporation's business; a reputation for sound and mature business judgment; the commitment to devote the necessary time and effort in order to conduct his or her duties effectively; and, where required, financial literacy.

(c) Size

The Corporation's incorporating documents permit a maximum of 20 directors. To facilitate effective decision-making, the Board believes that the appropriate size of the Board is in the range of 8 to 12 directors.

(d) Independent Directors

The Board shall be composed of a majority of independent directors, who meet the criteria for independence set out in applicable laws and regulations.

(e) Quorum

A majority of directors shall constitute a quorum.

(f) Nomination of Directors

Potential directors will be selected and recommended by the HRCG Committee based on the candidate's availability, expertise, experience, competencies and skills as required by the Board.

4. PRINCIPAL DUTIES OF THE BOARD

(a) General

The Board must be fully informed of the Corporation's affairs, be actively engaged in the development of the Corporation's strategic direction and must supervise how such direction is implemented by management. In doing so, the Board is responsible to appoint a competent executive management team. The Board will oversee and monitor the management of the business of the Corporation by the appointed executive team.

The Corporation will maximize its wealth and well-being through thoughtful, independent business decisions. Through an appropriate system of corporate governance and financial controls, the Board will ensure accurate and timely financial reporting to the public, as well as ethical and legal corporate conduct.

(b) Integrity, Ethics and Social Responsibility

The Board will satisfy itself as to the integrity of the chief executive officer ("CEO") and senior management of the Corporation through approval of, and monitoring compliance with, the Corporation's Code of Conduct (the "Code") and its Whistleblower Policy. The Board will satisfy itself that the CEO and senior management create a culture of integrity throughout the organization by overseeing and monitoring compliance with the Code to ensure a culture of integrity is maintained. The Board is also responsible for approving other policies and practices for dealing with matters related to integrity, ethics and social responsibility, as applicable.

(c) Strategic Planning Process

- The Board will adopt a strategic planning process and review and approve annually a corporate strategic plan for the Corporation and its operating subsidiaries, which takes into account, among other things, industry and other trends, product strategies, new product developments, major new business, capital expenditures, specific problem areas, action plans, and the opportunities and risks of the business. This includes approval of long-term strategic plans, operating plans, financial objectives, significant acquisitions, sales of assets and material financing arrangements.
- The Board will approve strategic and operational policies within which management will operate.
- The Board will review operating and financial performance results relative to established strategy, budgets and objectives.
- The Board will monitor the progress of the Corporation against the goals addressed in the strategic plan.
- The Board will approve major business decisions not specifically delegated to management.
- The Board will approve the payment of dividends.

(d) Financial Reporting

- With the assistance of the Audit Committee, the Board will oversee the Corporation's financial reporting and disclosure obligations in accordance with applicable governing legislation.
- Upon recommendation of the Audit Committee, the Board will approve the Corporation's financial statements, management's discussion and analysis and related releases and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.

(e) Identification of Principal Risks and Implementing Managing Systems

- The Board will identify and review with management the principal business risks to the Corporation. The Board will ensure that appropriate procedures are implemented to monitor and mitigate those risks. The Board delegates the responsibility of identifying, reviewing and monitoring enterprise risks of the Corporation to the Audit Committee.
- The Board will ensure that effective systems are in place to monitor the integrity of the Corporation's internal controls and management information systems.

- The Board will confirm that management processes are in place to address and comply with applicable corporate, securities and other compliance matters, as well as with applicable laws and regulations.
- The Board will confirm and monitor that processes are in place to comply with the Corporation's Code of Conduct and Whistleblower Policy.
- The Board will ensure that a Crisis Management/Business Continuity Plan for the Corporation is developed in the event of a crisis situation.

(f) Delegation of Management Authority, Executive Compensation and Succession Planning

The Board delegates authority to the CEO for the overall management of the Corporation. This includes strategy and operations to ensure the Corporation's long-term success. To discharge its duty of oversight of the CEO, the Board will:

- approve the HRCG Committee's position description for the CEO, which will delineate management's responsibilities for corporate goals and objectives that the CEO is responsible for meeting;
- assess the performance of the CEO through a process led by the HRCG Committee that compares the CEO's annual performance against a set of mutually agreed annual objectives, and relative to the duties outlined in the CEO position description; and
- approve CEO compensation as recommended by the HRCG Committee.

In meeting its responsibility for ensuring succession planning, the Board will satisfy itself that management possesses the necessary level of skill and experience and operates in a manner that is consistent with the Corporation's stated beliefs. In doing so, the Board will:

- establish boundaries between Board and management responsibilities and establish limits of authority delegated to management (e.g., approval of annual strategic plan and budget). In doing so, the Board will decide how engaged it wants to be in influencing management's decisions and the Corporation's direction. The CEO and the directors will agree amongst themselves which level of Board engagement best fits the Corporation;
- appoint Officers of the Corporation and oversee the executive compensation programs;
- approve the design of the Corporation's bonus incentive plans and equity-based compensation plans and any amendments thereto;
- monitor the performance of executive management (officer level positions) against corporate objectives directed at maximizing the financial value of the Corporation;
- ensure that there are policies and practices in place to enable the Corporation to attract, develop and retain the human resources required to meet its business objectives; and
- ensure a process to adequately provide for CEO succession is in place.

The Board delegates to the HRCG Committee, oversight of executive talent succession and approval of executive compensation as outlined in the Committee's charter, taking into consideration the level of responsibility and contribution. The approval of all payouts under bonus incentive plans and all stock option grants is also delegated to the HRCG Committee.

(g) Communications Policy

The Board will confirm that management has established a system for corporate communications to shareholders and the public, including processes for consistent, transparent and timely public disclosure. In doing so, the Board will:

- adopt a communications and disclosure policy and additional policies, as required, relating to, among other matters, the confidentiality of the Corporation's business information and conflicts of interest;
- ensure the Corporation maintains the communications systems to effectively communicate with its stakeholders. This process includes ensuring compliance with the Disclosure Policy, Insider Trading Policy and the Whistleblower Policy;

- satisfy itself that information and reporting systems exist in the Corporation that are reasonably designed to provide timely accurate information sufficient to allow the Board and management to reach informed decisions; and
- establish procedures to ensure disclosure of contact information to facilitate feedback from shareholders.

(h) Approach to Corporate Governance and Governance Guidelines

Transparency, accountability and integrity are not only key elements of good governance, but are fundamental values to the Corporation. To ensure that the Corporation continues to uphold a high standard in governance practices, the Board will:

- appoint a HRCG Committee composed of independent directors, which, among other responsibilities will:
    - develop, approve and monitor the Corporation's approach to corporate governance;
    - establish processes for the regular evaluation of the effectiveness and performance of the Board, its committees and individual directors, including the annual review and approval of the Board's mandate, charters of the Board committees and the position descriptions applicable to individual directors;
    - clearly articulate what is expected from a director by developing a position description for directors, the Chair, the CEO and the chair of each Board committee; and
    - review and assess the adequacy of the committee charters and position descriptions on an annual basis.

5. BOARD INDEPENDENCE

To promote the effective functioning of the Board and its committees, the Board will:

- appoint a lead director who is an independent director to provide leadership to the Board and the independent directors, including presiding over any sessions/meetings of independent directors;
- establish committees composed of independent directors and approve their respective charters and the limits of authority delegated to each committee; and
- ensure that, at the Corporation's expense, the Board and its committees may retain outside legal and other experts where reasonably required to assist and advise the Board and its committees in carrying out their duties and responsibilities.

6. BOARD COMPENSATION

The Board will review the adequacy and form of directors' compensation to ensure it appropriately reflects the responsibilities and risks involved in being a director. Therefore, the Board will:

- appoint a HRCG Committee composed entirely of independent directors; and
- approve the HRCG Committee's process and determination of directors' compensation, as outlined in the HRCG Committee charter.