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

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of Indigo Books & Music Inc. (the "**Corporation**") will be held on **August 22, 2023, at 10:00 a.m. (Toronto time),** in a virtual meeting format by way of a live audio webcast at **https://virtual-meetings.tsxtrust.com/1522 (password: indigo2023)**. Shareholders will have the opportunity to attend, ask questions and vote at the meeting in real time through a web-based platform. The meeting is being held for the following purposes:

1. **TO RECEIVE** the financial statements for the fiscal year ended April 1, 2023, 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); and
4. **TO TRANSACT** such other business as may properly come before the meeting or any adjournment of the meeting.

Only shareholders of record at the close of business (Toronto time) on July 5, 2023 are entitled to vote at the meeting.

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 continue to 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. Shareholders who have already signed up for electronic delivery of shareholder material will continue to receive material via email.

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

Shareholder materials can be viewed/downloaded at **www.meetingdocuments.com/TSXT/idg** or at **www.sedar.com**.

Obtaining Paper Copies

Paper copies of the Circular sent by mail at no cost may be requested by calling 416-682-3801 or 1-888-433-6443 (toll free in North America) or emailing your request to: **tsxt-fulfilment@tmx.com** up to one year after the SEDAR filing date of the Circular; requests must be received no later than August 4, 2023 to ensure timely receipt prior to the voting deadline of the meeting.

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: returning the signed 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) 595-9593 or by email to **proxyvote@tmx.com** so as to arrive not later than 10:00 a.m. (Toronto time) on August 18, 2023 or, if the meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting; or

Non-Registered Shareholders: returning the signed 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 10th day of July, 2023.

By Order of the Board of Directors

D Liddle

Damien Liddle
Senior Vice President, General Counsel and
Corporate Secretary

Indigo Books & Music Inc.
Management Information Circular

Dated July 10, 2023

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 meeting of shareholders of the Corporation to be held on the 22nd day of August, 2023, 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 July 10, 2023, 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 continue to 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**.

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 August 4, 2023 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.**

VIRTUAL MEETING

The 2023 annual meeting will be held in a virtual meeting format. 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/1522** **(password: indigo2023)** 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/1522** • 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: **indigo2023** (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/1522** • 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, Executive Chair 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 1-647-252-9650 (outside North America) or online at **https://www.tsxtrust.com/control-number-request**, not later than 10:00 a.m. (Toronto time) on August 18, 2023. 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) 595-9593 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 August 18, 2023, 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, and (ii) FOR the appointment of the auditor, 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 August 18, 2023, contact TSX Trust Company at 1-866-751-6315 (within North America) or 1-647-252-6950 (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 August 18, 2023. 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 July 10, 2023, there were 27,552,711 Shares issued and outstanding. The record date established for notice of the meeting is July 5, 2023. Each holder of Shares of record at the close of business on July 5, 2023 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	28.09%
Trilogy Retail Holdings Inc.[1]	7,761,739 common shares	28.17%

(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 16,774,665 Shares or 60.88% 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 eight (8). 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 nominees, other than Wendy Evans, are currently directors and have been directors since the dates indicated below. Three current directors, Heather Reisman (Executive Chair), Robert Haft (Lead Director) and Mitchell Goldhar, are not standing for re-election. Following the Meeting, the Board will appoint a new Chair (and, in the event that the Chair is not an independent director, a Lead Director) of the Board. 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 93% of votes "for" election to the Board.

The following charts provide information about the director nominees, including biographies and equity ownership of Indigo (including Shares and Deferred Share Units ("DSUs")):

<table>
<tr><td rowspan="4">JONATHAN DEITCHER, Director
Quebec, Canada

Director Since: 2001

Independent

173,079 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>
<tr><td>5 of 5 (100%)</td><td>Audit: 5 of 5 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2022 Voting Results
99.89% in favour</td></tr>
</table>

<table>
<tr><td rowspan="4">MARKUS DOHLE, Director
New York, USA

Director Since: June 2023

Independent</td><td colspan="2">Markus Dohle was appointed to the Indigo Board of Directors effective June 28, 2023. Mr. Dohle is the founding past Chief Executive Officer of Penguin Random House, the world's largest trade book publisher, a position he held from 2013 until December 2022. Prior to the merger of Penguin and Random House, he was the Chief Executive Officer of Random House from 2008 to 2013. He also served on the Executive Board of Bertelsmann SE, one of the largest media companies in the world and Penguin Random House's parent company, from 2008 to 2022. Mr. Dohle joined Bertelsmann in 1994 and he continues to serve as Senior Advisor to Bertelsmann and Penguin Random House. He also serves as the Executive Vice President of the Board of Trustees of PEN America, and as a member of the Board of Directors of the National Book Foundation. Mr. Dohle holds a Business Administration and Engineering Diploma from University of Karlsruhe.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>N/A for FY23 (appointed in June 2023)</td><td>Human Resources, Compensation and Governance Committee: N/A for FY23 (appointed July 2023)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2022 Voting Results
N/A</td></tr>
<tr><td rowspan="4">WENDY EVANS, Director Nominee
Ontario, Canada

If elected, will be Independent</td><td colspan="2">Ms. Evans is the Founder, President and Chief Executive Officer of Evans & Company Consulting Inc., a retail consulting business, which she founded in 1987. Evans & Company Consulting Inc. specializes in strategic planning, international expansion, market research entry strategies and trading area analyses. Ms. Evans is the author of "Border Crossings" a book dealing with international retailing and a finalist in the National Business Book Awards, as well as publishing 15 working papers on various aspects of international expansion and trade, ecommerce and environmental sustainability. She has served as a director on ten public and not-for-profit boards, including The North West Company, Sun Life Financial Trust, Canadian Executive Services Organization, Toronto and Region Conservative Foundation, and the Canadian Cancer Society, among others. Ms. Evans holds a Bachelor of Science in Economics degree from Trent University and has completed the Rotman School of Management, University of Toronto, Institute of Corporate Directors, Directors Education Program.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>N/A</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
The North West Company (2005-2021)</td><td>2022 Voting Results
N/A</td></tr>
<tr><td rowspan="4">ANDREA JOHNSON, Director
California, USA

Director Since: 2016

Non-Independent

77,122 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 2016 to 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 degree from Dartmouth College and an MBA from Harvard Business School. Ms. Johnson is the daughter of Ms. Reisman, the Executive Chair 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>5 of 5 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2022 Voting Results
99.89% in favour</td></tr>
</table>

<table>
<tr><td rowspan="4">DONALD LEWTAS, Director
Ontario, Canada

Director Since: June 2023

Independent

17,530 DSUs

Chair of Audit Committee</td><td colspan="2">Donald Lewtas is a former Managing Director at Onex Corporation, overseeing Onex’ cross portfolio indirect sourcing and insurance initiatives from 2015 to 2019. Mr. Lewtas held the position of Chief Financial Officer of Onex Corporation from 2008 to 2015. Prior to that, Mr. Lewtas was Vice President, Finance, and Director of Finance at Onex. Prior to joining Onex in 1987, Mr. Lewtas held the position of Manager, Financial Reporting at Xerox Canada, and prior to that role, he was Senior Manager with KPMG. Mr. Lewtas is a retired Fellow Chartered Accountant (FCA) and Fellow Chartered Professional Accountant (FCPA) and holds a Bachelor of Commerce degree from McGill University. Mr. Lewtas also serves as Chair of the Investment Committee of the McGill University Board of Governors.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>N/A for FY23 (appointed in June 2023)</td><td>Audit Committee: N/A for FY23 (appointed June 2023)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2022 Voting Results
N/A</td></tr>
<tr><td rowspan="3">PETER RUIS, Director and Chief Executive Officer
Ontario, Canada

Director Since: 2022

Non-Independent</td><td colspan="2">Peter Ruis joined Indigo as its President in February 2021, and was appointed as a Director and Chief Executive Officer of Indigo in September 2022. Mr. Ruis has over 30 years of retail experience, with a strong track record in digital and omnichannel. Prior to joining Indigo, Mr. Ruis was Managing Director of Anthropologie URBN Group, where he shaped a unique position for the retailer as it expanded internationally. Prior to that, he was Chief Executive Officer of Jigsaw Group and held a number of executive positions at John Lewis culminating in the role of Executive Buying and Brand Director. Mr. Ruis also serves as a member of the Board of Directors of Dunelm Group plc. Mr. Ruis holds a Bachelor of Arts degree in International History and Politics from the University of Leeds in the United Kingdom.</td></tr>
<tr><td>Board Meetings Attended
2 of 2 (100%) (appointed in Sept 2022)</td><td>Committee Membership and Meetings Attended
N/A</td></tr>
<tr><td>Public Board Memberships
Dunelm Group plc (since 2015)</td><td>2022 Voting Results
N/A</td></tr>
<tr><td rowspan="4">GERALD SCHWARTZ, Director
Ontario, Canada

Director Since: 2001

Non-Independent

15,501,974 Shares*</td><td colspan="2">Gerald Schwartz is the Chairman of Onex Corporation, one of North America’s oldest and largest private equity firms, which he founded in 1984. He also held the position of Chief Executive Officer of Onex Corporation until recently stepping down in May 2023. 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 is Vice Chairman of Mount Sinai Hospital and serves as a director, governor or trustee of a number of other non-profit organizations. He holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Manitoba, a Master of Business Administration degree from the Harvard University Graduate School of Business Administration and Honorary Doctorate degrees from six other universities.

*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 56.26% of the outstanding Shares. Ms. Reisman, who owns directly or indirectly, 1,272,691 Shares, is Mr. Schwartz’s spouse.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>5 of 5 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
Onex Corporation (since 1987)
The Bank of Nova Scotia (Honorary Director) (since 2007)</td><td>2022 Voting Results
99.89% in favour</td></tr>
</table>

<table>
<tr><td rowspan="4">JOEL SILVER, Director
California, USA

Director Since: June 2023

Independent

15,244 DSUs</td><td colspan="2">Joel Silver is a consultant for Polar Growth Partners, LLC, a consulting firm targeting high-growth companies, which he founded in 2018. Prior to that, Mr. Silver held the position of President and Chief Executive Officer of David’s Tea Inc. from 2017 to 2018. Mr. Silver previously served as a Director of Indigo from 2011 to 2017 and he also served as the Managing Partner of Trilogy Growth from 2011 to 2016, which was a limited partnership between Gerald Schwartz and Mr. Silver. Trilogy Growth was a consumer venture capital fund focused on consumer and e-commerce businesses. Prior to this, Mr. Silver held the position of President of Indigo from 2009 to 2011. Mr. Silver holds an Honours Bachelor of Business Administration degree from Wilfrid Laurier University and a Master in Business Administration degree from Harvard University Graduate School of Business Administration.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>N/A for FY23 (appointed in June 2023)</td><td>Audit Committee: N/A for FY23 (appointed June 2023)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2022 Voting Results
N/A</td></tr>
</table>

BOARD AND COMMITTEE MEETING ATTENDANCE IN FISCAL 2023

Director	Board	Audit Committee	Human Resources, Compensation and Governance Committee	Totals
Heather Reisman[(1)]	5 of 5 (100%)	n/a	n/a	5 of 5 (100%)
Jonathan Deitcher	5 of 5 (100%)	5 of 5 (100%)	n/a	10 of 10 (100%)
Mitchell Goldhar[(1)]	5 of 5 (100%)	n/a	n/a	5 of 5 (100%)
Robert Haft[(1)]	5 of 5 (100%)	n/a	6 of 6 (100%)	11 of 11 (100%)
Andrea Johnson	5 of 5 (100%)	n/a	n/a	5 of 5 (100%)
Peter Ruis[(2)]	2 of 2 (100%)	n/a	n/a	2 of 2 (100%)
Gerald Schwartz	5 of 5 (100%)	n/a	n/a	5 of 5 (100%)

(1) Heather Reisman, Mitchell Goldhar and Robert Haft are not standing for re-election.
(2) Peter Ruis was appointed as a member of the Board in September 2022.

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 and director nominee:

COMPETENCY	**H Reisman**	**J Deitcher**	**M Dohle**	**W Evans**	**M Goldhar**	**R Haft**	**A Johnson**	**D Lewtas**	**P Ruis**	**G Schwartz**	**J Silver**
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			√	√	√		√		√		√
Corporate Social Responsibility	√	√	√	√				√	√	√	√

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or was within the ten years prior to the date of this Circular, a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted in an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer (an "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days).

To the knowledge of the Corporation, no proposed director of the Corporation: (a) is, as at the date of this Circular, or has been within the ten years prior to the date of this Circular, a director or executive officer of any company that while that person acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no proposed director, except for Markus Dohle, as described below, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On October 31, 2022, the U.S. District Court for the District of Columbia issued an order to block the proposed acquisition by Penguin Random House of Simon & Schuster on certain antitrust (competition) related grounds. Markus Dohle was the Chief Executive Officer of Penguin Random House at the time of the order, which remains in effect.

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	2023	2022
Audit Fees(1)	$528,200	$526,490
Tax Fees	$53,050	$58,700
All Other Fees	$74,000	$63,250
Total	$655,250	$648,440

(1) Audit Fees in 2023 include $54,000 of out-of-scope billings related to incremental procedures, however the amount is not yet finalized. In 2022, out-of-scope billings totaled $80,140.

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 consulting services, while all other fees related to advisory services.

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. These components of compensation are intended to incentivize Executives to focus on achieving 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 Executive Chair; Chief Executive Officer; President; Chief Financial Officer and Executive Vice President, Supply Chain; Chief Operating Officer; Chief Commercial 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 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

Effective September 5, 2022 the following appointments were made to Indigo's Executive team: Heather Reisman, formerly Indigo's Chair and Chief Executive Officer, was appointed Executive Chair; Peter Ruis, formerly Indigo's President, was named Chief Executive Officer; and Andrea Limbardi, formerly Indigo's Chief Customer and Digital Officer, was named President. The following table lists the Named Executive Officers (the "NEOs") for Indigo during the most recent fiscal year.

NEO	Title
Heather Reisman	Executive Chair (former Chief Executive Officer)
Peter Ruis	Chief Executive Officer (former President)
Craig Loudon	Chief Financial Officer and Executive Vice President, Supply Chain
Andrea Limbardi	President
Katharine Poulter	Chief Commercial Officer
Gildave Dennis	Chief Operating Officer

After more than 25 years as founder, Chief Executive Officer and Chair (most recently Executive Chair) of the Board of Directors, Ms. Reisman has advised that she is retiring and will be stepping down as Executive Chair on August 22, 2023. Ms. Limbardi has advised that she will be leaving the Company to pursue other opportunities as of September 4, 2023.

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*

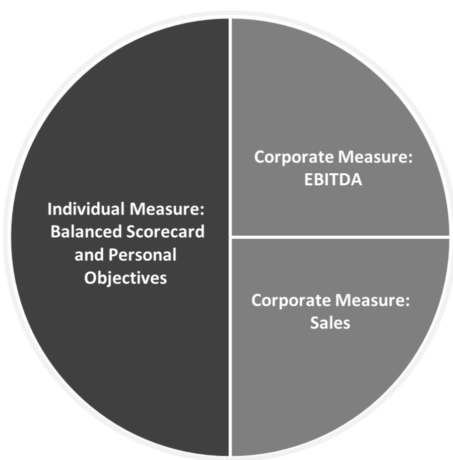
The Short-Term Incentive Plan ("STIP") is designed to reward employees for achieving corporate goals and individual performance within a fiscal year. The following table lists, for each of the NEOs, the STIP target (as a percentage of eligible base salary) during the fiscal year.

NEO	STIP Target as a percentage of base salary
Heather Reisman[1]	75%
Peter Ruis	100%
Craig Loudon	75%
Andrea Limbardi	85%
Katharine Poulter	75%
Gildave Dennis	75%

[1] Ms. Reisman was eligible for STIP for the portion of the fiscal year during which she served in the role of Chief Executive Officer. As Executive Chair, Ms. Reisman no longer participates in the plan.

For fiscal 2023, 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 2023.

Annual Incentive Plan Measures



i) Corporate Performance Portion of the Annual Incentive Plan

For fiscal 2023, 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.

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 NEOs. For fiscal 2023, the individual portion of the AIP was based on the assessment of each Executive's performance

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[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. This measure also excludes the impact of certain other adjustments related to events that are non-recurring or unusual in nature that the Company believes are not otherwise reflective of its ongoing operations and would make comparisons of underlying financial performance between periods difficult. 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 2023 Management's Discussion and Analysis (available at *www.sedar.com*).

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 each Executive 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. A payout under the individual performance portion of the AIP when one or more of the corporate performance measures is not achieved is permitted at the discretion of the Chief Executive Officer and approval of 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 departmental Balanced Scorecards are aligned to the Company's strategic goals but specific to each department's area of responsibility and 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 Balanced 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 or 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 2023.

iv) Actual Payouts under the Short-Term Incentive Plan

In fiscal 2023, the Company did not achieve the minimum threshold required to trigger a payout under the corporate EBITDA or sales portion of the AIP, however each NEO remained eligible for the individual performance portion based on the achievement of performance goals within their area of responsibility. The Chief Executive Officer and the Human Resources, Compensation and Governance Committee considered the Company's fiscal 2023 results, including the Company's sales trajectory prior to the cyber security incident, lingering challenges due to COVID-19, customer engagement (net promoter score) and overall employee retention and engagement, and the Human Resources, Compensation and Governance Committee approved a partial payout of the individual portion of the plan, notwithstanding the Company falling short of the planned corporate targets. The decision was intended to recognize the overall accomplishments of the NEOs and their respective teams and aid in retention despite a challenging year. Each NEO received 50% of their respective individual portion, except for Mr. Ruis and Ms. Limbardi. Mr. Ruis received 100% of his individual performance portion, and Ms. Limbardi received 100% of her individual performance portion and 100% of the corporate performance portion, pursuant to contractual terms from their respective executive appointments during the fiscal year. The table below outlines each of the NEO's AIP payouts for fiscal 2023:

NEO	Short-Term Incentive Plan Payout
Heather Reisman	$75,721
Peter Ruis	$500,000
Craig Loudon	$114,144
Andrea Limbardi	$637,500
Katharine Poulter	$105,865
Gildave Dennis	$114,144

3. *Stock Option Incentive Plan ("Stock Option 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 a set exercise price, which is equal to the closing market price of the Shares on the date immediately preceding the date on which the option is granted. These stock option grants generally vest over a two-year period or a three-year period.

November 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 November 9, 2022 to include provisions enabling grants to members of the Board who are also officers of the Company (namely the Executive Chair and the Chief Executive Officer). Members of the Board who are not officers or employees of the Company are not eligible to receive stock option grants. Officers of the Company who are also Directors are ineligible to participate in the Company's Director compensation programs, including the Directors' Deferred Share Unit Plan for Cash Redemption.

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 November 9, 2022.

Summary of the Stock Option Plan

The Stock Option Plan is designed to recognize senior-level employees' efforts to develop and implement the Company'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 Company and growth of the price of the Shares over the long term.

The Stock Option Plan is also intended to benefit the Company by aligning the optionees' interests with those of its shareholders. It enables the Company 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 Company's success.

The Company may grant options under the Stock Option Plan to its executive officers, full and part-time employees and certain consultants. Directors who are not officers or employees of the Company 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 Company within any 12-month period, and issuable to insiders of the Company at any time, under the Stock Option Plan and any other security-based compensation arrangement of the Company, may not exceed 10% of the total number of issued and outstanding Shares of the Company at such time.

All Shares issued pursuant to the exercise of stock options granted under the Stock Option Plan and Shares reserved for stock options which are cancelled or terminated without having been exercised shall be available for future grants under the Stock Option Plan. As a result, the Stock Option Plan is considered an evergreen plan pursuant to the rules of the Toronto Stock Exchange ("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 Company at the Company's annual and special meeting held on July 19, 2022. This approval by the Company's shareholders will be effective until July 19, 2025. 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: (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 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, depending on the individual terms of the grant, over either a two-year period or a three-year period, commencing on the anniversary date of the grant, with the shorter vesting schedule intended to address the retention of Stock Option Plan participants.

In the event of the resignation or termination of employment of Stock Option Plan participants who are not officers of the Company or who have less than ten years of service with Indigo, these optionees have 90 days following their termination date to exercise all options vested as at their termination date. Stock Option Plan participants who are officers of the Company or who have ten or more years of service with Indigo have one year following their termination date to exercise vested options. The Board or the Human Resources, Compensation and Governance Committee, in their 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 optionee is terminated with cause, all options, whether vested or unvested, are automatically forfeited on the termination date. If an option would ordinarily expire during a blackout period, the term of such option is automatically extended until ten days after the end of the applicable blackout period.

In the event of an offer that would result in a change of control or sale of all or substantially all of the assets of the Company, the Stock Option Plan provides the Board with discretion to consent to the exercise of options by option holders so that the option holders may participate in the offer in accordance with the terms of the Stock Option Plan.

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 3.35% in fiscal 2023; 3.31% in fiscal 2022; and 3.89% in fiscal 2021.

The table below provides details regarding outstanding and unallocated options to purchase Shares under the Stock Option Plan:

Stock Option Plan as at April 1, 2023	**Number**	**Number as a Percentage of Issued and Outstanding Shares**	**Number as a Percentage of Reserved Shares**
Issued and Outstanding Shares	27,352,711	100%	n/a
Reserved Shares	3,602,907	15% of outstanding Shares, less 500,000 Shares reserved for 2003 Directors' Deferred Stock Unit Plan	100%
Outstanding Stock Options to purchase Shares	3,271,750	11.96%	90.81%
Unallocated Stock Options (available for future grants)	331,157	1.21%	9.19%

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 under the Stock Option Plan to senior-level employees. Decisions regarding stock option grants are made based on recommendations of the Human Resources, Compensation and Governance Committee for the Chief Executive Officer, the Chief Executive Officer for all other Executives and the Executive team for each of their vice presidents based on the review of their respective performance and contributions. The recommendations are then reviewed in aggregate and if accepted, approved by the Human Resources, Compensation and Governance Committee, which has the Board-delegated authority to approve all stock option grants. 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 November 14, 2022. Accordingly, a grant of stock options was made to each of the NEOs except for Ms. Reisman, who, while eligible, elected not to participate in the grant. Of the total number of stock options granted in fiscal 2023, 40.75% of the options granted were awarded to NEOs.

The stock options received by each NEO in fiscal 2023 are outlined in the table below:

NEO	**Number of Options Granted**
Heather Reisman	nil
Peter Ruis	100,000
Craig Loudon	60,000
Andrea Limbardi	100,000
Katharine Poulter	60,000
Gildave Dennis	60,000

For all outstanding stock options held by NEOs, see *"Outstanding Option-Based Awards"* on page 27 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 as applicable Canada Revenue Agency ("CRA") eligibility. The program is made up of two separate 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 2023 are noted in the following table:

NEO	DPSP Matching Contributions by NEO in fiscal 2023 pursuant to the Company's Retirement Savings Program
Heather Reisman	nil
Peter Ruis	nil
Craig Loudon	$18,263
Andrea Limbardi	$18,986
Katharine Poulter	nil
Gildave Dennis	$18,263

Health Benefits

Executives are eligible to receive the same health benefits which are available to all other eligible employees. Executives pay a monthly premium of $50.00/month for single coverage or $100/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. Due to their residency status which impacts their eligibility for the Company's health benefits plan, Mr. Ruis is provided with a company-paid global benefit policy and Ms. Poulter is provided with a monthly stipend in the amount of $600 in lieu of the Company's Executive 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 2023, 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 housing and travel-related allowances).

In fiscal 2023, the variable/at-risk portion of the NEOs' compensation was made up of the STIP and the Stock Option Plan. The actual fiscal 2023 variable/at-risk compensation paid to the NEOs, ranged from 9%-49% of total compensation. The target variable/at-risk components in fiscal 2023 was also 29%-49% of total target compensation.

The table below illustrates the percent of variable/at-risk compensation paid to each NEO for the 2023 fiscal year[1]:

	FIXED (ACTUAL)		VARIABLE/AT-RISK (ACTUAL)		
NEO	Base Salary	Other Compensation	STIP[2]	Stock Options	Total Variable/ At-Risk
Heather Reisman	88%	3%	9%	0%	9%
Peter Ruis	52%	17%	26%	5%	31%
Craig Loudon	75%	4%	14%	7%	21%
Andrea Limbardi	43%	8%	43%	6%	49%
Katharine Poulter	55%	29%	10%	5%	16%
Gildave Dennis	75%	4%	14%	7%	21%

The table below illustrates the percent of target variable/at-risk compensation of each NEO for the 2023 fiscal year:

	FIXED (TARGET)		VARIABLE/AT-RISK (TARGET)		
NEO	Base Salary	Other Compensation	STIP	Stock Options	Total Variable/ At-Risk
Heather Reisman	69%	2%	29%	0%	29%
Peter Ruis	42%	13%	42%	4%	45%
Craig Loudon	53%	3%	40%	5%	44%
Andrea Limbardi	43%	8%	43%	6%	49%
Katharine Poulter	42%	22%	32%	4%	36%
Gildave Dennis	53%	3%	40%	5%	44%

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

(2) The amounts shown under the STIP portion of the Variable / At-Risk (Actual) portion represent the actual payout under the FY23 AIP. For Mr. Ruis and Ms. Limbardi, this includes additional bonus amounts pursuant to contractual terms from their respective executive appointments during the fiscal year.

Benchmarking and the Role of Compensation Consultants

The Company's compensation program, including the target levels for certain components (base salary, STIP, and long-term incentive), is periodically reviewed by management and the Human Resources, Compensation and Governance Committee. The Company targets its overall compensation program at the median or above of designated market. 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.

To ensure that the Company's executive compensation program is competitive, in fiscal 2023, Indigo worked with an independent consultant, Southlea Group Ltd., to establish a suitable external comparator group (the "Comparator Group") against which to benchmark its compensation practices. While there is no uniform industry group to which Indigo can be directly compared, the Company has chosen a Comparator Group comprised of selected publicly listed consumer discretionary organizations in the US and Canada with a comparable revenue range and market capitalization.

The Comparator Group companies are listed below:

Canadian Retailers	U.S. Retailers
Aritzia Inc.	Barnes & Noble Education, Inc.
Canada Goose Holdings Inc.	Fossil Group, Inc.
Leon's Furniture Limited	JAAKS Pacific, Inc.
Pet Valu Holdings Ltd.	Ollie's Bargain Outlet Holdings, Inc.
Sleep Country Canada Holdings inc.	The Container Store Group, Inc.
Spin Master Corp.	Tuesday Morning Corporation
	YETI Holdings, Inc.

In fiscal 2023, the Company paid independent consultants Southlea Group Ltd. and The Thoughtful Co. $56,500 and $1,413 respectively for consulting services in connection with the establishment of the Comparator Group, executive compensation benchmarking and Executive transition support. The consulting firms were hired by management in consultations with the Human Resources, Compensation and Governance Committee and the Committee elected not to retain separate consulting support. 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 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), and former directors, Mr. Howard Grosfield and Dr. Chika Stacy Oriuwa served as members of the Human Resources, Compensation and Governance Committee of the Board for the entire fiscal year ended April 1, 2023. None of the members of the Human Resources, Compensation and Governance Committee are or were during their tenure as members, officers, employees or former officers or employees of the Company or any of its affiliates or eligible to participate in the Company's executive compensation programs. Accordingly, the Human Resources, Compensation and Governance Committee consisted entirely of independent directors during the fiscal year ended April 1, 2023. Mr. Grosfield and Dr. Oriuwa resigned from the Board in late May and early June 2023, respectively. Mr. Dohle, an independent director, was appointed as a member of the Human Resources, Compensation and Governance Committee effective July 5, 2023. Mr. Haft is not standing for re-election as a director at the Meeting and, accordingly, he will cease to be a member of the Human Resources, Compensation and Governance Committee at the conclusion of the Meeting. The Board intends to add two new members to the Human Resources, Compensation and Governance Committee shortly following the Meeting.

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 six meetings in fiscal 2023.

The Human Resources, Compensation and Governance Committee reviews the core components of the executive compensation program philosophy and design, program component plans and, as delegated by the Board, approves the granting of stock options and payouts under the component plans such as the STIP. The Human Resources, Compensation and Governance Committee makes recommendations to the Board regarding the compensation of the Executive Chair and the Chief Executive Officer.

Expertise of the Human Resources, Compensation and Governance Committee

Mr. Haft, the current 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 was furthered in his current role as President, US Consumer Services at American Express. Dr. Oriuwa gained human resources and compensation experience through ongoing participation in Committee meetings during her tenure at Indigo. Dr. Oriuwa was 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. As noted above, Mr. Grosfield and Dr. Oriuwa are no longer members of the Committee and Mr. Haft will cease to be a member at the conclusion of the Meeting.

Mr. Dohle, is an experienced executive with extensive knowledge of human resources, compensation and governance matters, being the founding past Chief Executive Officer of Penguin Random House from 2013 to 2022, and prior to the merger of Penguin and Random House, holding the position of Chief Executive Officer of Random House from 2008 to 2013.

The Board is confident that once the two new members of the Human Resources, Compensation and Governance Committee are identified and appointed following the Meeting, the Committee members will collectively 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.

During fiscal 2023, an executive transition took place whereby the incumbent Chief Executive Officer, Ms. Reisman, moved into the role of Executive Chair and the incumbent President, Mr. Ruis, was appointed Chief Executive Officer.

During Ms. Reisman's tenure as Chief Executive Officer, she received a base salary, participated in the STIP and elected not to participate in the Stock Option Plan. In fiscal year 2019, her base salary was increased to $1,000,000, however in April 2020, Ms. Reisman elected to temporarily forgo her salary due to the financial impacts to the Company related to the COVID-19 pandemic. She resumed taking a salary in May 2021 for the remainder of fiscal 2022 through to her transition to Executive Chair in September 2022.

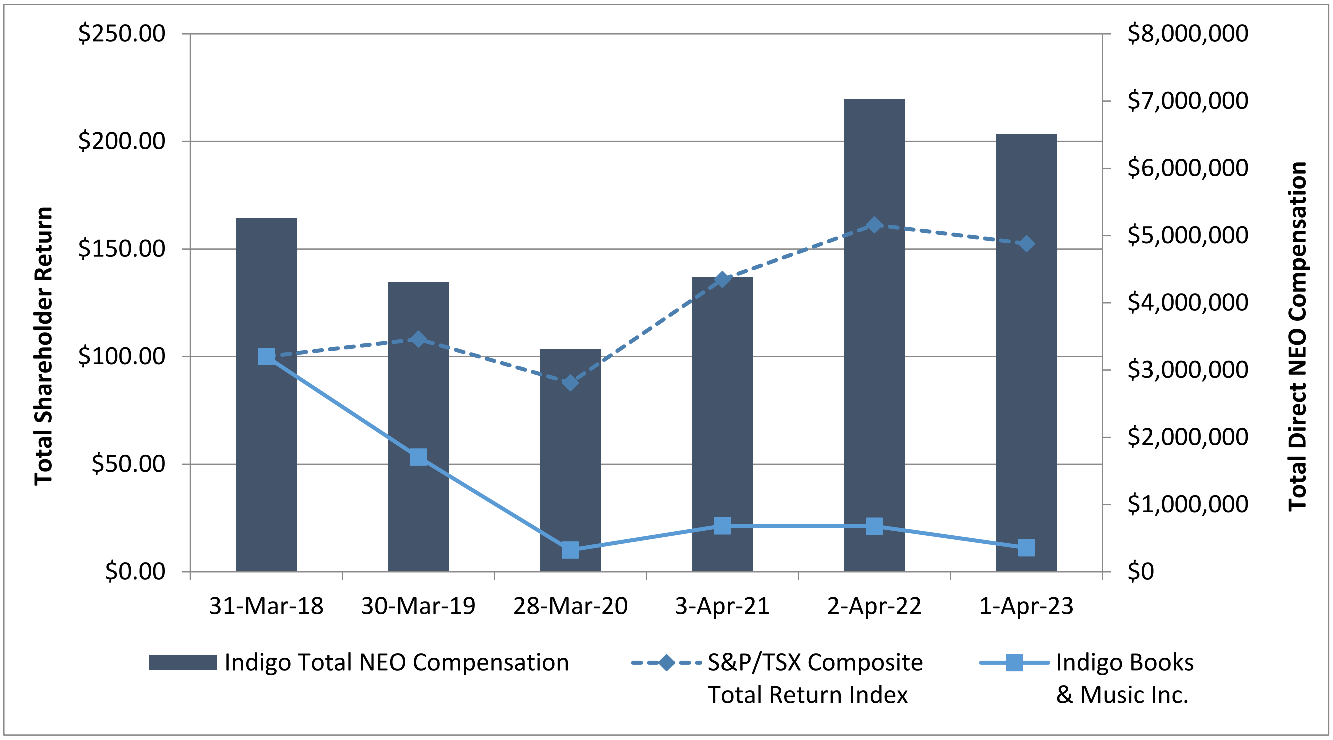
The Human Resources, Compensation and Governance Committee recommends to the Board the annual bonus amount earned by the Chief Executive Officer based on his or her performance during the fiscal year. In fiscal 2021, Ms. Reisman, as the Chief Executive Officer, was entitled to a bonus on the same basis as the other Executives but elected not to receive an award. In fiscal years 2022 and 2023, Ms. Reisman received a bonus as the Chief Executive Officer on the same basis as other Executives. For fiscal 2023, Ms. Reisman's bonus is prorated for the portion of the year in which she served as the Chief Executive Officer.

Effective September 5, 2022, Mr. Ruis was appointed Chief Executive Officer with a base salary of $1,000,000 and a STIP target of 100%. In November 2022, Mr. Ruis also received a LTIP award of 100,000 options which was approved by the Human Resources, Compensation and Governance Committee and issued on the same basis as other grant participants. For his fiscal 2023 STIP bonus, Mr. Ruis received an award of $500,000 pursuant to the contractual terms of his appointment to the Chief Executive Officer role.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in Shares on March 31, 2018, with the cumulative total return of the S&P/TSX Composite Total Return Index for the fiscal years ended March 30, 2019, March 28, 2020, April 3, 2021, April 2, 2022 and April 1, 2023. 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

	March 31, 2018	March 30, 2019	March 28, 2020	April 3, 2021	April 2, 2022	April 1, 2023
Indigo Common Shares	$ 100.00	$ 53.33	$ 10.13	$ 21.33	$ 21.17	$11.15
S&P/TSX Composite Total Return Index	$ 100.00	$ 108.11	$ 87.85	$ 135.87	$ 161.27	$152.49

For the fiscal years 2019, 2020, 2022 and 2023, 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 2019 through 2021, NEO compensation has tracked commensurately with the shareholder return. For fiscal 2019, the decrease in total NEO compensation was due to no payout under the STIP for the then incumbent 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 and a return to having five NEOs versus six for the previous two fiscal years. 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 then incumbent President. However, this increase was mitigated by the Chief Executive Officer's election to temporarily forgo her salary and her participation in any bonus payout due to the financial impacts to the Company related to the COVID-19 pandemic. For fiscal 2022, NEO compensation increased while shareholder return dropped slightly. The increased NEO compensation can be primarily attributed to the addition of a new executive at the President-level and the Chief Executive Officer resuming her participation in the compensation program. For fiscal 2023, despite having six NEOs versus five NEOs in the preceding fiscal year, NEO compensation and shareholder return fell in tandem with the decrease in total NEO compensation due to lower base salaries and STIP payouts than the previous fiscal year. 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 1, 2023, April 2, 2022 and April 3, 2021.

				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 Executive Chair and former Chief Executive Officer[4]	2023	$721,154	$0	$75,721	$0	$22,200	$819,075
	2022	$923,079	$0	$692,309	$0	$17,490	$1,632,879
	2021	$0	$0	$0	$0	$0	$0
PETER RUIS Chief Executive Officer and former President[5]	2023	$1,000,000	$88,074	$500,000	$0	$319,403	$1,907,476
	2022	$1,003,955	$54,379	$1,000,000	$0	$241,945	$2,300,279
	2021	$173,138	$443,919	$170,330	$0	$0	$787,386
CRAIG LOUDON Chief Financial Officer and Executive Vice President, Supply Chain[6]	2023	$608,769	$52,844	$114,144	$0	$36,263	$812,021
	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
ANDREA LIMBARDI President[7]	2023	$632,885	$88,074	$637,500	$0	$111,125	$1,469,584
	2022	$412,308	$145,011	$337,500	$0	$30,231	$925,049
	2021	$287,144	$7,513	$174,057	$0	$19,545	$488,259
KATHARINE POULTER Chief Commercial Officer[8]	2023	$564,615	$52,844	$105,865	$0	$299,000	$1,022,325
	2022	$324,065	$199,342	$243,049	$0	$156,583	$923,038
	2021	-	-	-	-	-	-
GILDAVE DENNIS Chief Operating Officer[9]	2023	$608,769	$52,844	$114,144	$0	$36,263	$812,021
	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

(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. The key assumptions for each grant are shown in the table below:

Black-Scholes fair value assumptions by grant date

Date	Risk-free Rate	Time to Maturity	Volatility
November 14, 2022	3.81%	2.5 years	66.20%
November 12, 2021	1.03%	2.5 years	77.80%
June 4, 2021	0.40%	2.5 years	77.10%
February 9, 2021	0.26%	3.0 years	71.40%
June 26, 2020	0.30%	2.5 years	62.40%

(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 or contractual bonus. Amounts earned under the STIP, where applicable, are paid out in the fiscal year following the year in which they were earned.

(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, 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 2023, Ms. Reisman was appointed as Executive Chair effective September 5, 2022, with an annual salary of $500,000. For fiscal 2021, Ms. Reisman elected not to receive any compensation. Ms. Reisman resumed taking a salary in May 2021.

For fiscal 2023, Ms. Reisman's "All Other Compensation" included a car allowance of $18,000 and paid parking of $4,200.

Ms. Reisman has advised that she is retiring and will be stepping down as Executive Chair on August 22, 2023

(5) On September 5, 2022, Mr. Ruis was appointed Chief Executive Officer and received a base salary of $1,000,000 for the fiscal year.

On November 14, 2022, Mr. Ruis received a grant of 100,000 stock options with a Black-Scholes fair value of $88,074.

On June 4, 2021, Mr. Ruis received a grant of 30,000 stock options with a Black-Scholes fair value of $54,379.

On February 9, 2021, Mr. Ruis received a grant of 225,000 stock options with a Black-Scholes fair value of $443,919.

For fiscal 2023, Mr. Ruis' "All Other Compensation" included a car allowance of $18,000, a contractual housing and travel benefit of $280,277 and benefits of $21,125 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 (described above), all compensation is paid in Canadian dollars. The Canadian dollar conversion of the benefits is $21,125 (CAD) based on a component valued at 13,080.24 (CAD) ($10,113.85 (USD) using an exchange rate of 1.2933), plus a component valued at $8,044.95 (CAD) (£5,160.66 (GBP) using an exchange rate of 1.5589).

(6) On February 5, 2019, Mr. Loudon was appointed Chief Financial Officer and Executive Vice President, Supply Chain. Effective July 3, 2022, Mr. Loudon's base salary was $612,000.

On November 14, 2022, Mr. Loudon received a grant of 60,000 stock options with a Black-Scholes fair value of $52,844.

On June 4, 2021, Mr. Loudon received a grant of 80,000 stock options with a Black-Scholes fair value of $145,011.

On June 26, 2020, Mr. Loudon received a grant of 100,000 stock options with a Black-Scholes fair value of $37,567.

For fiscal 2023, Mr. Loudon's "All Other Compensation" included a car allowance of $18,000 and a Retirement Savings Plan contribution of $18,263.

(7) On September 5, 2022, Ms. Limbardi was appointed President with an annual base salary of $750,000. In fiscal 2023, prior to her appointment as President, Ms. Limbardi also held the roles of Chief Digital Officer and Chief Customer and Digital Officer.

On November 14, 2022, Ms. Limbardi received a grant of 100,000 stock options with a Black-Scholes fair value of $88,074.

On June 4, 2021, Ms. Limbardi received a grant of 80,000 stock options with a Black-Scholes fair value of $145,011.

On June 26, 2020, Ms. Limbardi received a grant of 20,000 stock options with a Black-Scholes fair value of $7,513.

For fiscal 2023, Ms. Limbardi "All Other Compensation" included a car allowance of $18,000, contractual housing of $74,139 and a Retirement Savings Plan contribution of $18,986.

Ms. Limbardi has advised that she will be leaving the Company as of September 4, 2023.

(8) Ms. Poulter joined Indigo on August 30, 2021 as Chief Commercial Officer. Effective July 3, 2022, Ms. Poulter's base salary was $570,000.

On November 14, 2022, Ms. Poulter received a grant of 60,000 stock options with a Black-Scholes fair value of $52,844.

On November 12, 2021, Ms. Poulter received a grant of 100,000 stock options with a Black-Scholes fair value of $199,342.

For fiscal 2023, Ms. Poulter's "All Other Compensation" included a car allowance of $18,000, contractual housing and travel benefits of $273,800 and benefits of $7,200 in lieu of eligibility to participate in the traditional Executive health benefits plan.

(9) On April 1, 2019, Mr. Dennis was appointed Chief Operating Officer. Effective July 3, 2022, Mr. Dennis' annual base salary was $612,000.

On November 14, 2022, Mr. Dennis received a grant of 60,000 stock options with a Black-Scholes fair value of $52,844.

On June 4, 2021, Mr. Dennis received a grant of 80,000 stock options with a Black-Scholes fair value of $145,011.

On June 26, 2020, Mr. Dennis received a grant of 100,000 stock options with a Black-Scholes fair value of $37,567.

For fiscal 2023, Mr. Dennis' "All Other Compensation" included a car allowance of $18,000 and a Retirement Savings Plan contribution of $18,263.

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 1, 2023:

	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
Peter Ruis	225,000	$4.34	9-Feb-26	nil
Peter Ruis	30,000	$3.98	4-Jun-26	nil
Peter Ruis	100,000	$2.06	14-Nov-27	$3,000
Craig Loudon	12,500	$14.75	27-Aug-23	nil
Craig Loudon	60,000	$7.23	31-May-24	nil
Craig Loudon	60,000	$6.60	16-Aug-24	nil
Craig Loudon	100,000	$1.00	26-Jun-25	$109,000
Craig Loudon	80,000	$3.98	4-Jun-26	nil
Craig Loudon	60,000	$2.06	14-Nov-27	$1,800
Andrea Limbardi	12,500	$14.75	27-Aug-23	nil
Andrea Limbardi	20,000	$6.60	16-Aug-24	nil
Andrea Limbardi	20,000	$1.00	26-Jun-25	$21,800
Andrea Limbardi	80,000	$3.98	4-Jun-26	nil
Andrea Limbardi	100,000	$2.06	14-Nov-27	$3,000
Katharine Poulter	100,000	$4.30	12-Nov-26	nil
Katharine Poulter	60,000	$2.06	14-Nov-27	$1,800
Gildave Dennis	50,000	$14.75	27-Aug-23	nil
Gildave Dennis	60,000	$7.23	31-May-24	nil
Gildave Dennis	60,000	$6.60	16-Aug-24	nil
Gildave Dennis	100,000	$1.00	26-Jun-25	$109,000
Gildave Dennis	80,000	$3.98	4-Jun-26	nil
Gildave Dennis	60,000	$2.06	14-Nov-27	$1,800

(1) This column contains the aggregate dollar value of in-the-money vested and unvested unexercised options as at April 1, 2023, using the March 31, 2023 closing Share price of $2.09.

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 2023 along with amounts earned under non-equity incentive compensation plans in fiscal 2023. 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	$75,721
Peter Ruis	n/a	$500,000
Craig Loudon	$118,000	$114,144
Andrea Limbardi	$23,600	$637,500
Katharine Poulter	n/a	$105,865
Gildave Dennis	$118,000	$114,144

(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 2023.

MATERIAL TERMS AND CONDITIONS OF EMPLOYMENT AGREEMENTS

Indigo has employment agreements with each NEO, other than Ms. Reisman. 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 2023. In the event of termination with cause or retirement on the last day of fiscal 2023, there would have been no payments due to the NEOs, subject to compliance with the Ontario *Employment Standards Act, 2000*, as amended or replaced any statutory requirements. All employment agreements contain non-competition, non-solicitation and duty to mitigate provisions.

Fiscal 2023 Potential Payments upon Termination

Termination Provision	Named Executive Officer					
	Heather Reisman	Peter Ruis[(3)]	Craig Loudon	Andrea Limbardi	Katharine Poulter	Gildave Dennis
Salary	n/a	12 months	12 months	18 months	12 months	12 months
STIP	n/a	12 months	12 months	18 months	12 months	12 months
Car Allowance	n/a	12 months	12 months	18 months	12 months	12 months
Benefits	n/a	12 months	n/a	18 months	12 months	n/a
Estimated Payment April 1, 2023[(1) (2)]	n/a	$1,851,333	$1,030,860	$1,823,250	$873,000	$1,030,860

(1) These amounts include the estimated payout had the NEO been terminated without cause on April 1, 2023. For the purposes of this calculation, the STIP payout is calculated according to the employment agreement terms and the incentive plan rules in place at the fiscal year end and assumes the approval of the FY23 AIP amounts by the Human Resources, Compensation and Governance Committee, notwithstanding that the STIP approvals and payouts, which may include Human Resources, Compensation and Governance Committee discretion, take place in the fiscal year following the year in which they were earned.

(2) These amounts are reduced in the event the NEO accepts comparable alternate full-time employment following their termination. In such instances, the salary continuance payments cease, and the NEO will receive a lump sum payment equivalent to 50% of the remaining salary continuance payments, subject to any minimum salary continuance payments required in accordance with employment agreement terms.

(3) Subsequent to the end of fiscal 2023, the Company and Mr. Ruis entered into an amended employment arrangement pursuant to which, among other things, Mr. Ruis will also receive his full severance entitlement in the event of his resignation within a certain period of time.

Change of Control

Other than the change of control provision of the Stock Option Plan described on page 18 of this Circular, 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.

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. DSUs are non-assignable and non-transferrable. 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.

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.

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 2023; 0.00% in fiscal 2022; and 0.60% in fiscal 2021.

The table below provides details regarding outstanding and unallocated DSUs under the 2003 DSU Plan:

2003 DSU Plan as at April 1, 2023	Number	Number as a Percentage of Issued and Outstanding Shares	Number as a Percentage of Reserved Shares
Issued and Outstanding Shares	27,352,711	100%	n/a
Reserved Shares	500,000	1.83%	100%
Outstanding DSUs	464,278	1.70%	92.86%
Unallocated DSUs	35,722	0.13%	7.14%

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, 2023 for compensation earned during the 2024 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 elected to receive 50% of their 2023 compensation in the form of cash. All other Outside Directors elected to receive 100% of their 2023 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. DSUs are non-assignable and non-transferrable. 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.

Directors Compensation Philosophy

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.

The Human Resources, Compensation and Governance Committee continues to support the philosophy that 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, it is expected that 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.

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 was 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, as discussed above.

Compensation allocated to Indigo's Outside Directors in fiscal 2023 was 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 2023, as well as the corresponding number of DSUs and/or cash payment earned in fiscal 2023. One Outside Director elected to receive 50% of director compensation in cash for the 2023 fiscal year. The remaining Outside Directors elected to receive 100% of their compensation as DSUs. All DSUs earned in fiscal 2023 are redeemable in cash only under the 2021 DSU Plan. The total compensation of directors for the fiscal year ended April 1, 2023 was $740,000, as set out below.

	DSUs earned in Fiscal 2023 (redeemable for Cash)(1)	Cash Portion	
Director	Number of Units Earned	Amount Paid(2)	Total Compensation ($)
Frank Clegg(3)	44,252	$0	$100,000
Jonathan Deitcher	44,252	$0	$100,000
Mitchell Goldhar	33,188	$0	$75,000
Howard Grosfield(3)	39,826	$0	$90,000
Robert Haft	42,039	$0	$95,000
Andrea Johnson	33,188	$0	$75,000
Anne Marie O'Donovan(3)	50,889	$0	$115,000
Chika Stacy Oriuwa(3)	19,913	$45,000	$90,000

(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.

(3) Frank Clegg, Howard Grosfield, Anne Marie O'Donovan and Chika Stacy Oriuwa resigned as directors in late May and early June 2023, as previously reported.

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 1, 2023, along with the market value of such units as calculated using the closing share price of the Shares on April 1, 2023, which was $2.09.

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(3)	103,905	55,353	159,258	$332,849
Jonathan Deitcher	104,389	53,446	157,835	$329,875
Mitchell Goldhar	52,207	39,585	91,792	$191,845
Howard Grosfield(3)	42,397	49,924	92,321	$192,951
Robert Haft	49,305	53,511	102,816	$214,885
Andrea Johnson	25,884	39,805	65,689	$137,290
Anne Marie O'Donovan(3)	84,045	64,619	148,664	$310,708
Chika Stacy Oriuwa(3)	2,145	24,347	26,492	$55,368

(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.

(3) Frank Clegg, Howard Grosfield, Anne Marie O'Donovan and Chika Stacy Oriuwa resigned as directors in late May and early June 2023, as previously reported.

SECURITY-BASED COMPENSATION ARRANGEMENTS

The following is the summary of the Corporation's security-based compensation arrangements as at April 1, 2023:

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	3,736,028 Shares	$4.12 for options	366,879 Shares
Equity compensation plans not approved by security holders	Nil	n/a	n/a
Total	3,736,028 Shares	$4.12 for options	366,879 Shares

(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights includes 3,271,750 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 331,157 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.

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 2023 indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During fiscal 2023, 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 $0.3 million for such goods and services in fiscal 2023 and $0.4 million in fiscal 2022. As at April 1, 2023, Indigo had nominal amounts payable to these companies under standard payment terms (April 2, 2022 – nominal amounts payable). 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 2023, the Corporation entered into a secured revolving credit facility of $25 million with a company controlled by Mr. Schwartz. During the second quarter of fiscal 2023, $20.0 million was drawn from the facility. An incremental amount of $5.0 million was drawn in the third quarter of fiscal 2023, with the outstanding balance of $25.0 million repaid in the same quarter. The non-interest bearing facility matured on February 1, 2023.

On June 27, 2023, the Corporation received a binding commitment with respect to a revolving line of credit facility with Trilogy Retail Holdings Inc. ("Trilogy Retail"), as lender (the "Credit Facility"). Trilogy Retail is controlled by Mr. Schwartz. The Credit Facility is for an aggregate principal amount of up to $45.0 million, and with the consent of Trilogy Retail, the amount may be increased by up to $10.0 million. The Credit Facility, which matures on December 31, 2023, has an interest rate of the Royal Bank of Canada prime rate +1%, and will be used to finance the seasonal working capital and operational needs of the Corporation. It will be issued on reasonable commercial terms, and will not be convertible, directly or indirectly, into equity or voting securities. The Credit Facility will be subject to the terms and conditions of the credit agreement anticipated to be entered into between the Corporation and Trilogy Retail on or before July 31, 2023.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

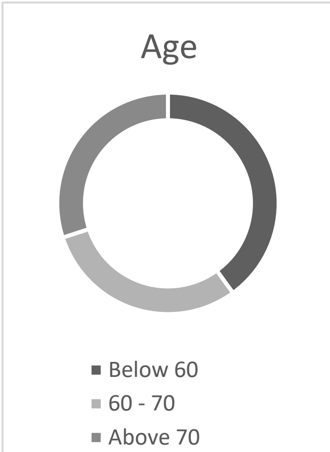
The Board believes that good corporate governance practices are essential to the effective management of the Corporation. Indigo is committed to high standards of governance, with a strong culture of integrity and ethical behavior and ensures that its corporate governance practices are in compliance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

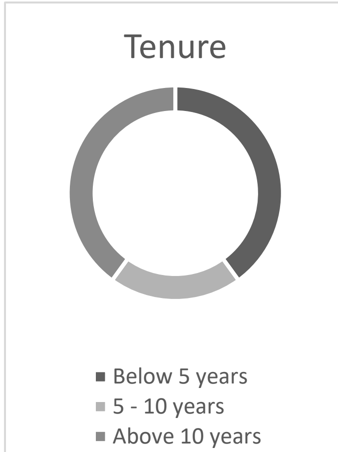
Governance Highlights	
• Controlled Corporation • Board Members: 10 (8 to be elected at the Meeting) • Independent Board Members: 6 • Female Board Members: 2 • Independent Lead Director: Yes • Committee Memberships: 100% independent directors • Board and Committee Charters • Position Descriptions for 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

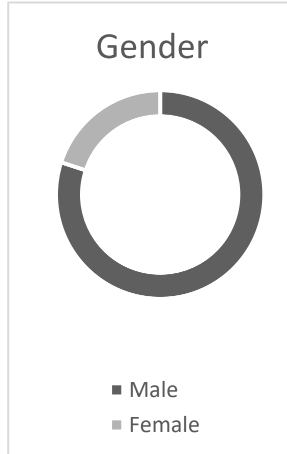
Board of Directors

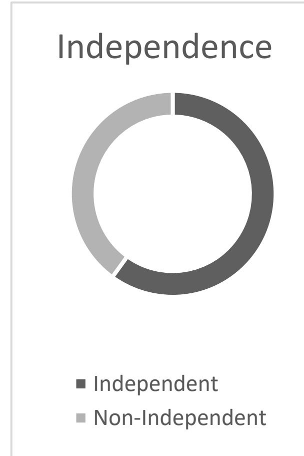
Current Board Members:	Heather Reisman (Chair) Jonathan Deitcher Markus Dohle Mitchell Goldhar Robert Haft	Andrea Johnson Donald Lewtas Peter Ruis Gerald Schwartz Joel Silver
Fiscal 2023 Board Members:	Heather Reisman (Chair) Frank Clegg Jonathan Deitcher Mitchell Goldhar Howard Grosfield Robert Haft	Andrea Johnson Anne Marie O'Donovan Chika Stacy Oriuwa Peter Ruis Gerald Schwartz
Board Membership:	Majority of members are independent directors	
Number of Meetings:	Five meetings in fiscal 2023 *In Camera* meetings following each Board meeting, as required	

	Age			**Tenure**			**Gender**		**Independent**	
Total Number of Directors	**<60 (36%)**	**60-70 (36%)**	**>70 (27%)**	**< 5 yrs. (18%)**	**5-10 yrs. (27%)**	**> 10 yrs. (55%)**	**Male (64%)**	**Female (36%)**	**Yes (64%)**	**No (36%)**
10	4	3	3	4	2	4	8	2	6	4









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.

In addition to the above-noted Committees, in February 2023, the Board established a Special Committee of the Board to facilitate the oversight and advisory functions of the Board in relation to the Corporation's response to and recovery from the cybersecurity incident experienced by the Corporation on February 8, 2023. For more information on the Special Committee and cybersecurity incident, see page 42 of this Circular.

Strategy

Oversight and guidance of corporate strategy is one of the main roles of the Board, working with management to set strategic priorities and goals for each fiscal year. The Board is responsible for the approval of the Corporation's overall direction, assessing and approving all major strategic decisions, including any shift in strategic direction, as well as acquisitions and divestitures of a material nature. In each fiscal year, one Board meeting is wholly dedicated to strategy, with in-depth discussion and analysis of the strategic plan, including the macro-economic outlook, retail trends, key strategic initiatives, talent and people resources, as well as the annual budget. Throughout the year at every scheduled Board meeting, management provides quarterly strategy updates, keeping the Board aware of the status of corporate goals, as well as changes in market trends, growth initiatives, risks and opportunities. Quarterly financial reports provided by management also 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 ("ERM") 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 Corporation's ERM program has been implemented to identify and report on key corporate risks (operational, strategic, reputational, financial, etc.) and assign responsibility for monitoring and mitigating such risks to appropriate management teams. Periodic updates on the ERM program are provided at quarterly Audit Committee meetings. With respect to risks associated with the Corporation's financial statements and reporting, 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, while the Executive Chair acts as a conduit between the Board and senior management. 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.

During fiscal 2023, the Human Resources, Compensation and Governance Committee oversaw and supported the Corporation's leadership team succession efforts, working with the executive leadership team to ensure an effective and smooth transition culminating in the September 2022 appointments of Ms. Reisman as Executive Chair, Mr. Ruis as Chief Executive Officer, and Ms. Limbardi as President.

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. With the support of the Human Resources, Compensation and Governance Committee, the Corporation's code of conduct was updated effective April 2, 2023, a copy of which is available on SEDAR at www.sedar.com and the Corporation's website at www.chapters.indigo.ca/investor-relations/corporate-governance-policies/.

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

Composition

The Board currently consists of ten members. Seven of the current directors 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 Executive Chair) considers those candidates who are highly qualified based on their professional experience, functional expertise, personal skills and qualities.

Over the last several months, there have been a number of changes to the composition of the Board. Further changes are anticipated to take place in connection with the Meeting, with three directors (Ms. Reisman, Mr. Goldhar and Mr. Haft) not standing for re-election and one new nominee (Ms. Evans) standing for election. Following the Meeting, once the Human Resources, Compensation and Governance Committee is reconstituted, it is anticipated that the Committee will undertake a fresh assessment of the Board and the process that Indigo uses to identify and assess new potential Board nominees. It is anticipated that assessment could lead to further Board appointments in the future.

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 four directors is five years or less; the tenure of two directors is between six and ten years; and the tenure of four directors is over ten years. The current average tenure is 9 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 historical level of female representation on the Board and the Corporation's commitment to considering such representation as part of its annual Board assessment. Currently, two of ten Indigo directors (or 20%) are women, including the Executive Chair of the Board. As noted above, following the Meeting, once the Human Resources, Compensation and Governance Committee is reconstituted, it is anticipated that the Committee will undertake a fresh assessment of the Board and the process that Indigo uses to identify and assess new potential Board nominees, including the role of the board diversity policy in future director identification and selection.

As at July 10, 2023	Number	Percentage	Target	Reason
Women on Board of Directors	2	20%	No	No formal target given the historical level of female representation on the Board and the Corporation's commitment to considering such representation as part of its annual Board assessment
Women in Executive Officer Positions	3	42.9%	No	No formal target given the current level of female representation, including the Executive Chair and the President

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 currently has a female Executive Chair of the Board, as well as a female President. In March 2023, Indigo ranked among the honourees in the Globe and Mail Report on Business

Magazine's "Women Lead Here: Corporate Canada female leadership ranked" list of companies, noting that the Corporation has been included on this list for the past four years.

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(1)	SmartCentres Real Estate Investment Trust (since 2005) Onex Corporation (since 2017)
Heather Reisman(1)	Onex Corporation (since 2003)
Peter Ruis	Dunelm Group plc (since 2015)
Gerald Schwartz	Onex Corporation (since 1987) The Bank of Nova Scotia (Honorary Director) (since 2007)

(1) Mr. Goldhar and Ms. Reisman are not standing for re-election.

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:

Jonathan Deitcher	Robert Haft (Lead Director)
Markus Dohle	Donald Lewtas
Mitchell Goldhar	Joel Silver

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

Four members of the Board are non-independent within the meaning of the NI 52-110, namely Ms. Reisman and Mr. Ruis being members 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 56.26% 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*.

In fiscal 2023, the positions of Chair of the Board and Chief Executive Officer were separated. Effective September 5, 2022, Ms. Reiman was appointed to the position of Executive Chair and Mr. Ruis was appointed as the Chief Executive Officer. Mr. Ruis is also a member of the Board. The fact that both offices are held by corporate executives does not impair the ability of the Board to act independently of management. The Board has reached this conclusion for the following reasons:

- six 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, Mr. Ruis 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, Mr. Ruis 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 Executive Chair present, following all regularly scheduled in-person and virtually held Board meetings. Five Board meetings were held in fiscal 2023.

All Committees of the Board are comprised solely of independent directors. In fiscal 2023, there were a total of 11 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 formal position descriptions for the offices of the Executive Chair and Chief Executive Officer, the Board has also approved formal corporate objectives which the Executive Chair and the Chief Executive Officer are responsible for achieving. The Board, the Human Resources, Compensation and Governance Committee, the Executive Chair and Chief Executive Officer engage in 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

The Board annually assesses its effectiveness, with a view to enhancing its performance. 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 and under the leadership of the Lead Director. 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, position descriptions and committee composition are reviewed annually by the Human Resources, Compensation and Governance Committee to assess continued relevance, current best practices and regulatory changes. The Human

Resources, Compensation and Governance Committee also annually recommends committee chairs, as well as committee members, to the Board for appointment.

Audit Committee

Current Committee Members:	Donald Lewtas (Chair) Jonathan Deitcher Joel Silver
Fiscal 2023 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:	Five meetings held in fiscal 2023 *In Camera* meetings with External Auditors, Internal Auditors and Management following each Committee meeting
Highlights for Fiscal 2023:	Review of $25 Million Revolving Credit Facility (related party transaction) Oversight of Enterprise Risk Management program Oversight of Information Technology Risk and Cybersecurity Review of Sustainability Disclosure Recommendation of amended Audit Committee Charter (ESG disclosure responsibilities)

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 Corporation's ERM program and oversight of certain business risks, including information technology 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

Current Committee Members:	Robert Haft (Chair) Markus Dohle (one vacancy to be filled)
Fiscal 2023 Committee Members:	Robert Haft (Chair) Howard Grosfield Chika Stacy Oriuwa
Committee Membership:	All members are independent directors
Number of Meetings:	Six meetings held in fiscal 2023 *In Camera* meetings following each Committee meeting, as required

Highlights for Fiscal 2023:	Executive Transition Process Review and recommendation of updated Code of Conduct Benchmarking and exploration of Executive/Senior Leadership Compensation Program changes Review of Employee Engagement strategies and benefit program enhancements Recommendation of amended Stock Option Plan (see page 17 of this Circular) Board Assessment

(i) Human Resources and Compensation responsibilities:

The Human Resources, Compensation and Governance Committee is responsible for 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: the 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, and ensuring appropriate policies and procedures are in place for the promotion of a safe and healthy work environment within its businesses.

During fiscal 2023, the Human Resources, Compensation and Governance Committee oversaw and supported the Corporation's leadership team succession efforts, working with the executive leadership team to ensure an effective and smooth process culminating in the September 2022 executive transition. Two additional Committee meetings were added to the fiscal year schedule due to the demands of the Committee's efforts in coordinating the succession process, including an extensive review of the roles and compensation of the Executive Chair, Chief Executive Officer and President of the Corporation, and consideration of having separate individuals hold the positions of Chair of the Board and Chief Executive Officer, as well as making such recommendations to the Board for approval.

(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 annually 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 director candidates against such criteria. Director candidates are selected and recommended by the Committee (in conjunction with the Executive 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 presentations by executive management and senior business unit leaders are scheduled as Board agenda items and are often at the request of directors based on areas of interest, cover one or more aspects of the business, and typically follow an informal presentation and open discussion format. From time to time, Board members participate in store visits as part of ongoing director education. The Human Resources, Compensation and Governance Committee's Charter is available on the Corporation's website at www.chapters.indigo.ca/investor-relations/governance.

Cybersecurity Incident and Oversight

On February 8, 2023, Indigo was the victim of a ransomware attack, resulting in internal operational disruptions and service disruptions to both the ecommerce and retail channels. Upon discovery of the attack, the Corporation immediately engaged third-party experts to investigate and resolve the situation. As part of the remediation work, Indigo proactively shut down some of its systems to prevent data from being improperly accessed and has been working with third-party experts to strengthen its cybersecurity practices, enhance data security measures and review existing controls. Through the investigation, Indigo determined that its network was illegally accessed by criminals who deployed ransomware software known as "LockBit". The Corporation continues to work closely with Canadian and U.S. law enforcement in response to the attack.

Indigo's investigation of the ransomware attack did not find any indication that customer data was compromised, although the data of certain current and former employees was found to have been compromised. Law enforcement was notified of the issue, and current and former employees were notified that their personal information may have been impacted. Indigo retained the assistance of one of Canada's leading consumer reporting agencies to offer two years of credit monitoring and identity theft protection services at no cost to the impacted employees. The Corporation immediately notified Canadian and U.S. law enforcement and continues to work with authorities in response to the attack.

Special Committee of the Board (Cybersecurity Incident Response & Recovery Oversight)

Committee Mandate:	To provide oversight of the Corporation's response to and recovery from the February 8, 2023 cybersecurity incident
Committee Members:	Heather Reisman (Chair) Frank Clegg Andrea Johnson Anne Marie O'Donovan

A Special Committee of the Board was established on February 10, 2023 to facilitate the oversight and advisory functions of the Board in relation to the Corporation's response to and recovery from the cybersecurity incident which occurred on February 8, 2023. Throughout the incident response, the Committee met with the executive steering committee members and key advisors, as well as third-party experts, and received daily briefings from executive management. During this time, the full Board was also kept apprised of the investigation into the cybersecurity incident, as well as the steps taken by the Corporation to mitigate the risks and recover from the incident.

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. Effective April 2, 2023, the Code has been updated to align with the Corporation's "Your Life on Purpose" employee engagement strategy. 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, which is managed by a third party to enhance employee confidentiality, enables 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 embed diversity, equity and inclusion ("DE&I") in how the Corporation and its employees work every day, and to create a culture where every employee feels like they can be their full, authentic self at work, and where our communities feel represented and welcomed with joy.

The Corporation made important strides towards its DE&I commitment in fiscal 2023. Following the results of the inaugural fiscal 2022 survey conducted by Diversio, a leading technology platform that allows companies to collect data, gain insights and make meaningful progress on DE&I objectives, the Corporation aligned its DE&I strategy to address more inclusive benefits, time off, and on integrating DE&I further into core functional roles, with an emphasis on cross-functional relationships. Indigo's recent update to its Code of Conduct includes a section dedicated to fostering DE&I. The Corporation continues to maintain its Diversio certification and partnership with the Canadian Centre for Diversity and Inclusion (CCDI).

Indigo has a unique platform and responsibility to influence positive change and strives to use this platform to amplify the voices and stories of the diverse communities in which it operates. In October 2020, the Corporation became the first major Canadian retailer to sign the "15 Percent Pledge", committing to increase its representation of books written by Black, Indigenous and People of Colour ("BIPOC") authors and BIPOC owned third-party brands for its lifestyle business to a benchmark of 15 percent. With fiscal 2023 marking the two-year anniversary of the Corporation joining the 15 Percent Pledge, progress towards these commitments is well underway, including particularly strong results in its Print business.

Indigo's fiscal 2024 priorities to promote DE&I include building upon ongoing DE&I initiatives, broadening learning, continuing to weave DE&I into all talent practices, enhancing diversity representation at all levels, and establishing new DE&I benchmarks.

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. In fiscal 2023, the Corporation released its first annual Climate Report demonstrating progress towards its goals and commitments. Indigo's net-zero journey focuses on minimizing its operational impacts from its facilities, waste, and logistics. The Corporation will also reduce its emissions through sourcing and advocacy initiatives that will encourage suppliers and publishers to prioritize sustainable materials and responsible production practices. Indigo's commitment to sustainability has also been included in its most recent update to the Code of Conduct.

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. Reisman, Mr. Ruis and Mr. Loudon as the individuals responsible for receiving shareholder inquiries and dealing with shareholder concerns. Ms. Reisman, Mr. Ruis and Mr. Loudon endeavour 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, Mr. Ruis and Mr. Loudon are 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 1, 2023. 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 which will be paid by the Corporation, 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. 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 1, 2023, 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 27, 2023, 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

Damien Liddle
Senior Vice President, General Counsel
and Corporate Secretary

Toronto, Canada
July 10, 2023

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.