

PRESS RELEASE

LE CHÂTEAU OBTAINS COURT ORDER FOR CCAA PROTECTION AND CANCELLATION OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Montréal, October 23, 2020 – Le Château Inc. (TSX VENTURE: CTU) ("**Le Château**" or the "**Company**") announces today that, further to its news release issued this morning and the completion of proceedings before the Québec Superior Court (Commercial Division) (the "**Court**"), the Company has obtained an Initial Order (the "**Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in order to proceed with the orderly liquidation of its assets (the "**Liquidation**") and wind down of its operations.

Under the terms of the Order, Gordon Brothers Canada ULC and Merchant Retail Solutions ULC have been appointed as the Company's consultants to implement the Liquidation and PricewaterhouseCooper Inc. has been appointed as monitor to the Company in these CCAA proceedings (the "**CCAA Proceedings**") to oversee the Company's operations during the Liquidation.

Further, the Company obtained interim (DIP) financing from Wells Fargo Capital Finance Corporation Canada which will allow the Company to fund its post-filing working capital requirements during the Liquidation and the CCAA Proceedings.

Management and the Board of Directors of the Company have come to the very difficult decision that the Company can no longer continue its operations as a going concern after having used its best efforts over the preceding months, with the assistance of professional advisors, to refinance or sell the Company to a third party that would continue operating the business. The retail industry faced numerous challenges due to the ongoing COVID-19 pandemic and the second wave currently hitting our communities across Canada. Its already evident impact on consumer demand for Le Château's holiday party and occasion wear, which represents the core of our offering, has diminished Le Château's ability to pursue its activities. Regrettably, these circumstances leave the Company with no option other than to commence the Liquidation process.

Management and the Board of Directors would like to thank and recognize its 1,400 employees, including its 500 Head Office employees, whose dedication, talent and innovation have made Le Château a proudly Quebec grown fashion brand for the past 60 years. We also sincerely thank our 900 retail store employees for their passion, loyalty and service. We regret the impact this will have on our people and can assure you that we explored all options available to us prior to taking this difficult decision. We also thank the fashion schools and the business partners that have been part of our legacy and wish them continued success in keeping Montréal the fashion centre of Canada. Most importantly, we thank the millions of Canadians whom we have had the privilege of serving over the past 6 decades.

Le Château, headquartered in Montréal, currently has 123 stores across Canada, in addition to its e-commerce website. Throughout this Liquidation process, the Company will remain fully operational, and physical stores are expected to remain open in conformity with provincial and regional guidelines.

In addition, the Company has received an order from the Court allowing the Company to suspend its obligation to hold meetings of the shareholders until further order of the Court and cancellation of the annual and special meeting of the shareholders of the Company that was initially scheduled to be held this day.

As a result of having filed for protection under the CCAA, it is expected that the Company's exchange listing and tier classification will soon be downgraded from the TSX Venture Exchange to the NEX Board of Exchange.

The Company will provide further updates on these matters once more information is available. The full text of the Order will be available on the website of the Monitor at <https://www.pwc.com/ca/en/services/insolvency-assignments.html>.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Profile

Le Château is a Canadian specialty retailer and manufacturer of exclusively designed apparel, footwear and accessories for contemporary and style-conscious women and men, with an extensive network of 123 prime locations across Canada and an e-com platform servicing Canada and the U.S.

Forward-Looking Statements

This news release may contain forward-looking statements relating to the Company and/or the environment in which it operates that are based on the Company's reasonable expectations, estimates and forecasts. Forward-looking statements in this press release include, but are not limited to, statements with respect to the CCAA Proceedings, the Liquidation process and the downgrade of the Company's listing and tier classification to the NEX Board of Exchange. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict and/or are beyond the Company's control. A number of factors may cause actual outcomes and results to differ materially from those expressed. These factors also include those set forth in other public filings of the Company. Therefore, readers should not place undue reliance on these forward-looking statements. In addition, these forward-looking statements speak only as of the date made and the Company disavows any intention or obligation to update or revise any such statements as a result of any event, circumstance or otherwise except to the extent required under applicable securities law.

Factors which could cause actual results or events to differ materially from current expectations include, among other things: the risks and uncertainties related to the CCAA Proceedings and Liquidation process, health crises & economic downturn; liquidity risks; general economic conditions and normal business uncertainty; competitive conditions in the businesses in which the Company participates; changes in consumer spending; seasonality; changes in the Company's relationship with its suppliers; inventory management; extreme changes in weather; lease renewals and obligations; information technology security and loss of customer data; fluctuations in foreign currency exchange rates; interest rate fluctuations and changes in laws, rules and regulations applicable to the Company. The foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. The risks and uncertainties faced by the Company are substantially the same as those outlined in the annual MD&A for the year ended January 25, 2020.

For further information

Emilia Di Raddo, CPA, CA, President, (514) 738-7000

Johnny Del Ciancio, CPA, CA, Vice-President, Finance, (514) 738-7000

MaisonBrisson: Pierre Boucher, (514) 731-0000

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