

PRESS RELEASE

LE CHÂTEAU ANNOUNCES ITS INTENTION TO SEEK PROTECTION UNDER THE COMPANIES CREDITORS ARRANGEMENT ACT

Le Château seeks creditor protection pursuant to the CCAA to ensure a responsible, controlled and orderly liquidation of its assets

Montréal, October 23, 2020 – Le Château Inc. (TSX VENTURE: CTU) ("**Le Château**" or the "**Company**") filed today an application (the "**CCAA Application**") pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") seeking protection of the court in order to proceed with the orderly liquidation of its assets (the "**Liquidation**") and wind down of its operations. The CCAA Application will be heard by the Superior Court of Quebec (Commercial Division) (the "**Court**") today. It is expected that Gordon Brothers Canada ULC and Merchant Retail Solutions ULC will be appointed as the Company's consultants to implement the Liquidation and that PricewaterhouseCooper Inc. will be appointed as monitor to the Company in these CCAA proceedings (the "**CCAA Proceedings**") to oversee the Company's operations during the Liquidation. It is expected that the current six directors of the Company will remain on the Company's Board of Directors to assist with the Liquidation.

If the CCAA Application is granted, the Company will obtain 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 light of the foregoing, the Company will also be seeking an order from the Court allowing it 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 the CCAA Proceedings, it is anticipated that the TSX Venture Exchange (the "**Exchange**") will undertake a review regarding the suitability of the Company for listing on the Exchange, and that the Company's exchange listing and tier classification will be downgraded from the Exchange to the NEX Board of Exchange. Computershare Investor Services Inc., the Company's transfer agent for the Class B voting shares, will remain in place until further notice.

The Company will provide further updates on these matters once more information is available.

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.

LE CHÂTEAU

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 Application and 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, including the ability for the Company to obtain interim (DIP) financing on acceptable terms during the CCAA Proceedings, 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

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