



FAQs
(Hotline +833-329-2728 (toll-free in North America) or
+1-619-393-1378 (outside of North America))

1. What did the Company announce?

On August 18, 2025, Car Toys, Inc. announced that it will sell the majority of its stores to five different buyers and will close the remaining stores, the distribution center, and corporate headquarters. The Company also announced it has filed a voluntary petition for relief under Chapter 11 in the United States Bankruptcy Court for the Western District of Washington. Car Toys, Inc. has filed a series of motions with the Bankruptcy Court to ensure a seamless transition into Chapter 11 and intends to use the protections afforded by the Bankruptcy Court to continue paying prepetition employee wages and salaries and to provide employee benefits without interruption. The Company continues to work closely with its suppliers and partners to ensure it meets ongoing obligations and business continues uninterrupted. Within the Chapter 11 bankruptcy process, the Company has entered into sales agreements with Drive In Autosound (Colorado Springs), Longworth-Shakarov (Oregon less Annex), Parcels-Pritts (Texas), Selway Sound dba Aspen Sound (Spokane), and Sound Distribution (Northern Colorado, Western Washington and Portland Annex), whereby the collective buyers expect to acquire substantially all of the Company’s assets and to continue providing its service offerings.

The following locations are scheduled to **close** within the next six (6) days:

FW	Federal Way	31610 Pacific Hwy South	Federal Way	WA	98003
IQ	Issaquah	810 Front Street N	Issaquah	WA	98027
NS	North Seattle	12815 Aurora Ave North	Seattle	WA	98133
SC	Southcenter	16935 Southcenter Parkway	Tukwila	WA	98188
SR	Parker	9700 South Parker Red, Ste 600	Parker	CO	80138
CW	Springs South	1420 Harrison St	Colorado Springs	CO	80906
DR	Broadway	550 Broadway	Denver	CO	80203
JB	Jantzen Beach	1457 N Hayden Island Dr	Portland	OR	97217
DU	Duncanville	2738 West Wheatland Rd	Dallas	TX	75237
EL	East Plano	2801 N Central Expressway	Plano	TX	75075
ME	Mesquite	18835 LBJ Freeway, Ste 500	Mesquite	TX	75150
IR	Irving	3301 W Airport Freeway	Irving	TX	75062

2. What is Chapter 11?

The Chapter 11 process is designed to allow companies like Car Toys, Inc. to continue to operate as usual, while they work to restructure and achieve their financial or operational goals. In our case, this means using the process to facilitate the orderly sale of our business.



3. Does this mean Car Toys, Inc. is going out of business?

Car Toys, Inc. will continue normal operations during the Chapter 11 case until the sales of its assets are completed. At that time, the same services will continue, but under a different ownership structure.

4. Why was the filing necessary?

We have taken this action to give our business – and all the people who depend on it – the best possible future. Continuity of business operations, retention of approximately 400 jobs, and vendor relationship preservation are the top priorities for Car Toys, Inc.

Following a thorough review of various alternatives, Car Toys, Inc. determined that this filing is the best way to address various balance sheet issues related to long-term corporate debt. By restructuring this debt, Car Toys, Inc. will be well positioned for business continuity of its sold stores and for an orderly winddown following the sale closures.

Importantly, Car Toys, Inc. is not taking this step because the fundamentals of its business model are unhealthy. Rather, it is doing so in order to address long-term debt issues unrelated to company performance or operations.

5. What entities are included in the Chapter 11 filing?

Car Toys, Inc.

6. Who are your legal / financial advisors?

Car Toys, Inc. is advised in this matter by **Cairncross & Hempelmann PA**, as legal counsel, and **SierraConstellation Partners**, as financial advisor and Chief Restructuring Officer.

7. Where can I learn more about the restructuring?

Additional information about Car Toy's Inc.'s Chapter 11 cases can be found at <https://cases.stretto.com/cases.stretto.com/CTI>

8. Does this mean I've lost my job? Do you anticipate any layoffs as a result of the Chapter 11 filing?

The Chapter 11 process is designed to allow companies like ours to operate as usual while working to achieve its goals. In this case, the intended result is to maximize employee retention in order to foster business continuity for the assets acquired by the aforementioned buyers. Accordingly, it is important that all employees continue to report to work and fulfill your daily responsibilities as you normally would – and you should expect to be paid accordingly.



9. Will there be any changes to compensation or benefits? Is my 401(k) secure? Will vacation time, sick leave, and holiday programs continue? Will I still be able to take vacation that I have earned to date? Will I still be reimbursed for business expenses?

Car Toys, Inc. has already filed the appropriate motions with the Court that, once approved, will allow us to continue paying our employees on our regular schedule and providing our pre-existing medical, dental, and vision insurance; 401(k) plans; life, workers compensation, short-term and long-term disability insurance; and paid time off. These motions are typical of the process and are generally granted in the first days of the case.

10. Will my role or responsibilities at Car Toys, Inc. change?

No. It is critical that we continue offering our clients and their employees the highest quality of service throughout the process, just as we always have.

Accordingly, it is important that all employees continue to report to work and fulfill your daily responsibilities as you normally would – and you should expect to be paid accordingly.

11. What should I say if I am asked about the Sales, Closures or Chapter 11 filing? What if I receive questions from clients or vendors that we work with regularly?

If you are asked about these matters, you should say that the filing allows us to continue operating as usual. We will continue providing services for our customers as usual, without interruption.

If you receive any inquiries from the media or other interested third parties, please do not comment and direct any and all media inquiries to **SierraConstellation Partners** who will have the latest information about the case and can give timely and accurate answers.

12. How will employees be kept informed during this process? Where can I go if I have additional questions?

We will keep you informed as there is new information to share. In the meantime, please reach out to your manager with any questions.