

FOR IMMEDIATE RELEASE

Hobbico, Inc. Files Petition for Chapter 11 Relief and Pursues Sale of Company
Seeks Protection from Creditors to Restructure and Attract New Capital Investment;
Operations Continue Throughout Bankruptcy Process

CHAMPAIGN, Ill. – January 10, 2018 – Hobbico, Inc. (“Hobbico” or “the Company”) announced today that it has filed a petition for relief under Chapter 11 of the United States Bankruptcy Code while it seeks an orderly finalization and implementation of its comprehensive restructuring plan. The petition was filed today with the United States Bankruptcy Court – Wilmington of Delaware. In conjunction, Hobbico also announced its plan to sell the company.

Since 1971, Hobbico has grown in to one of the largest United States distributors of radio-control and general hobby products. Built up over time and with the best intentions to further grow its business, Hobbico’s debt has added too much leverage for the Company, and it has been unable to successfully restructure to help meet its financial obligations. With the added impact over the last few years of an increasingly competitive industry, market headwinds and a series of one-off events with key suppliers, Hobbico’s current financial position is unsustainable.

“Despite Hobbico’s core strengths, our business has faced a number of challenges in the last few years, and we have taken steps to ensure all available options to restore the stability of the Company have been exhausted,” said Louis Brownstone, President of Hobbico, Inc. “However, while these efforts were taken to rebuild revenue and profitability, they did not sufficiently address our challenges and we decided to pursue a Chapter 11 reorganization and attempt to attract new capital investment.”

By filing for Chapter 11, Hobbico is seeking protection from its creditors in order to allow for an orderly finalization and implementation of its restructuring plan. This approach allows the Company to continue to operate the business throughout the bankruptcy process. Hobbico intends to use the bankruptcy filing and possible sale of the business to reduce debt, restructure liabilities, attract new capital investment and position the company for future growth. The filing and potential sale also aim to preserve Hobbico’s industry-leading business, including allowing the Company to invest in new products and continue supporting all of its customers and extended business network.

“Taking the necessary step to file for bankruptcy is difficult, but it will help preserve the value of our business and it’s the right thing to do for our company and our employees,” added Brownstone. “Under the process afforded to us under Chapter 11, we hope to reach an agreement with our creditors that will allow us to implement a restructuring plan that fully addresses our financial challenges while simultaneously identifying a prospective buyer that shares our vision of providing the best possible outcome for our employees and the future of Hobbico.”

About Hobbico, Inc.

Founded in 1985, Hobbico, Inc. is the largest U.S. distributor of radio-control and general hobby products. Hobbico is engaged in the design, manufacturing, marketing and distribution of thousands of hobby products including radio-control and general hobby products. The Company’s merchandise includes a wide variety of radio-control models from cars and boats to airplanes and drones. In the general hobby category, Hobbico offers plastic model kits, rockets, road race sets, die-cast models, model trains, jigsaw puzzles, science and educational kits, games, kites, craft kits and much more. Hobbico employs over 550 in facilities that include its West Coast distribution center in Reno, Nev., facilities in Penrose, Colo., and Elk Grove Village, Ill., Axial facilities in the United Kingdom and Germany, and its Corporate Headquarters in Champaign, Ill. The Company sells over 50,000 items through three sales divisions targeting Retail, Wholesale and Mass Market sales channels. For more information, visit www.hobbico.com.

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