

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Hearing Date:

December 17, 2025, at 10:00 a.m. (ET)

Objection Deadline:

December 10, 2025, at 4:00 p.m. (ET)

Local Rule 2016-1(d) Waiver Requested

**APPLICATION OF DEBTORS FOR AN ORDER (A) AUTHORIZING
THE RETENTION AND EMPLOYMENT OF ARMORY SECURITIES, LLC AS
INVESTMENT BANKER TO THE DEBTORS, EFFECTIVE AS OF THE PETITION
DATE, (B) APPROVING THE TERMS OF THE ENGAGEMENT
AGREEMENT, AND (C) WAIVING COMPLIANCE WITH
CERTAIN REQUIREMENTS OF LOCAL RULE 2016-1**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby file this application (this “Application”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), (a) authorizing the Debtors to employ and retain Armory Securities, LLC (“Armory”) as their investment banker in the Chapter 11 Cases (as defined below), effective as of the Petition Date, in accordance with the terms and conditions set forth in that certain *Engagement Agreement to Provide Investment Banking Services*, dated as of May 21, 2025, and as amended on November 2, 2025 (the “Engagement Agreement”), a copy of which is attached hereto as **Exhibit B**, (b) approving the terms of Armory’s employment and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

retention, including the fee and expense structure and the indemnification, contribution, reimbursement, and related provisions set forth in the Engagement Agreement, and (c) waiving certain information requirements of rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”). In support of this Application, the Debtors submit the *Declaration of Eben Paul Perison in Support of Application of Debtors for an Order (A) Authorizing the Retention and Employment of Armory Securities, LLC as Investment Banker to the Debtors, Effective as of the Petition Date, and (B) Waiving Compliance with Certain Requirements of Local Rule 2016-1* (the “Perison Declaration”), attached hereto as **Exhibit C** and incorporated herein by reference. In further support of this Application, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b) and, pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court in connection with this Application to the extent that it is later determined that the Court, absent the consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are sections 327(a) and 328(a) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rules 2014-1 and 2016-1.

BACKGROUND

4. On November 16, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”) in the Court. The Debtors are authorized to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On November 25, 2025, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors, pursuant to section 1102 of the Bankruptcy Code [Docket No. 88] (the “Committee”). No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases.

6. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to the filing of the Chapter 11 Cases is set forth in the *Declaration of J. Michael Issa in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”).²

ARMORY’S QUALIFICATIONS

7. The Debtors need to retain a qualified investment banker to assist them in the critical tasks associated with the Chapter 11 Cases, including pursuing a sale of all or substantially all of the Debtors’ assets. The Debtors believe that their retention of an investment banker is necessary and appropriate to enable them to evaluate the financial and economic issues raised in the Chapter 11 Cases, to successfully consummate a sale, and to effectively carry out their duties as debtors in possession.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

8. Armory is a national investment banking and financial advisory firm with offices in Los Angeles, New York, Chicago, Boston, and Dallas and more than 30 professionals. Armory provides clients with a wide range of investment banking services from mergers and acquisitions and raising debt or equity financing to restructuring and transaction support.

9. Armory routinely provides services to debtors, creditors, and other parties in interest involved with financially troubled companies both in and outside of bankruptcy. Armory has been, and is, involved in complex restructurings and sales transaction throughout the United States, both out of court and in chapter 11 cases. Armory has been retained to provide investment banking and financial advisory services in, among other cases: *In re TreeSap Farms, LLC*, Case No. 25-90071 (Bankr. Tex. Apr. 8, 2025) [Docket No. 181] (investment banker to debtors); *In re Aruze Gaming America, Inc.*, Case No. 23-10356 (Bankr. D. Nev. Apr. 3, 2023) [Docket No. 206] (investment banker to debtors); *In re Wave Computing, Inc.*, Case No. 20-50682 (Bankr. N.D. Cal. Nov. 3, 2020) [Docket No. 688] (investment banker to debtors); *In re EB Holdings II, Inc.*, Case No. 19-16364 (Bankr. D. Nev. Oct. 15, 2019) [Docket No. 76] (financial advisor to debtors); *In re Immune Pharmaceuticals, Inc.*, Case No. 19-13273 (Bankr. D.N.J. Mar. 21, 2019) [Docket No. 76] (financial advisor and investment banker to debtor); *In re Quantum Fuel Sys. Techs. Worldwide, Inc.*, Case No. 16-11202 (Bankr. C.D. Cal. May 2, 2016) [Docket No. 195] (investment banker to debtor).

10. Armory has agreed to provide investment banking and related services to the Debtors pursuant to the terms and conditions of the Engagement Agreement.

11. Since its retention in May 2025, Armory has provided extensive prepetition investment banking services to the Debtors, including running a dual-track marketing process focused on either a sale or refinancing to maximize value for the Debtors' creditors and

shareholders. As part of this process, Armory identified and contacted over 116 parties who might be interested in a purchase or financing transaction with the Debtors. Of those contacted, 58 parties executed confidentiality agreements and received a confidential information memorandum, leading to five indications of interest and ultimately to six letters of intent. During this process, Armory established a virtual data room on behalf of the Debtors, conducted numerous discussions and meetings with interested parties, and facilitated in-depth diligence.

12. Armory facilitated discussions and negotiations with Enhanced Retail Funding, LLC, including a two-tier structure, and the entry into an agency agreement (the “Agency Agreement”). Armory is now providing investment banking services to the Debtors in connection with a sales process whereby the Debtors are seeking alternative transactions to the Agency Agreement proposal that would provide more value to their estates.

13. As a result of the prepetition work performed on behalf of the Debtors, Armory has acquired significant knowledge of the Debtors and their business and is intimately familiar with the Debtors’ financial affairs, operations, and related matters. In providing prepetition services to the Debtors, Armory has worked closely with the Debtors’ senior management and their other advisors and has familiarity with the other major stakeholders that will be involved in the Chapter 11 Cases. Accordingly, Armory has developed intimate experience and expertise regarding the Debtors that (a) makes Armory a natural selection as the Debtors’ investment banker and (b) will assist Armory in providing effective and efficient services in the Chapter 11 Cases. Indeed, if the Debtors were required to retain an investment banker other than Armory in connection with the Chapter 11 Cases, the Debtors, their estates, and all parties in interest would be prejudiced by the time and expense necessary to familiarize another firm with the intricacies of the Debtors and their business operations and circumstances.

SERVICES TO BE PROVIDED

14. The Debtors and Armory have entered into the Engagement Agreement, which governs the relationship between the Debtors and Armory. The terms and conditions of the Engagement Agreement were negotiated at arm's length and in good faith between the Debtors and Armory, and their respective counsel, and reflect the parties' mutual agreement as to the substantial efforts that will be required in this engagement. Under the Engagement Agreement, in consideration for the compensation contemplated thereby, Armory has agreed to provide the following services as exclusive investment banker, placement agent and/or arranger (in each case, to the extent applicable) to the Debtors:³

- (a) Investment Banking Services. Armory will, to the extent appropriate given the circumstances:
 - (i) familiarize itself with the business, operations, properties, financial condition, and prospects of the Debtors; and
 - (ii) if the Debtors determine to undertake a Restructuring, Financing, and/or Sale, advise and assist the Debtors in structuring and effecting the financial aspects of such a transaction or transactions, subject to the terms and conditions of the Engagement Agreement.
- (b) Restructuring Services. If the Debtors pursue a Restructuring, Armory will, to the extent appropriate given the circumstances:
 - (i) provide investment banking related assistance to the Debtors in developing and seeking approval of any Sale pursuant to a Restructuring plan (as the same may be modified from time to time, a "Plan"), which may be a plan under the Bankruptcy Code, state bankruptcy equivalent, receiverships, assignment for the benefit of creditors, or otherwise; and
 - (ii) if requested by the Debtors, participate in hearings before the Court or state court with respect to the matters upon which Armory has

³ The summaries of the Engagement Agreement provided in this Application, the Proposed Order, and the Perison Declaration are provided for convenience only. In the event of any inconsistency between any summary and the terms and provisions of the Engagement Agreement, the terms of the Engagement Agreement shall control. Capitalized terms used but not otherwise defined in the Engagement Agreement summaries contained herein shall have the meanings ascribed to such terms in the Engagement Agreement.

provided advice, including, as relevant, coordinating with the Debtors' counsel with respect to testimony in connection therewith.

- (c) Financing Services. If the Debtors elect to pursue a Financing, Armory will, as placement agent and/or arranger, to the extent appropriate given the circumstances:
 - (i) provide financial advice and assistance to the Debtors in structuring and effecting a Financing, and identify potential Investors (as defined in the Engagement Agreement);
 - (ii) if Armory and the Debtors deem it advisable, assist the Debtors in developing and preparing a memorandum (with any amendments or supplements thereto, the "Financing Offering Memorandum") to be used in soliciting potential Investors, it being agreed that (A) the Financing Offering Memorandum shall be based entirely upon information supplied by the Debtors, and (B) the Debtors shall be solely responsible for the accuracy and completeness of the Financing Offering Memorandum; and
 - (iii) if requested by the Debtors, contact or assist the Debtors, and/or participate in negotiations, with potential Investors.
- (d) Sale Service. If the Debtors elect to pursue a Sale, Armory will, to the extent appropriate given the circumstances:
 - (i) provide financial advice and assistance to the Debtors in connection with a Sale, identify potential acquirors, and, at the Debtors' request, contact such potential Acquirors;
 - (ii) at the Debtors' request, assist the Debtors in preparing a memorandum (with any amendments or supplements thereto, the "Sale Memorandum") to be used in soliciting potential Acquirors, it being agreed that (A) the Sale Memorandum shall be based entirely upon information supplied by the Debtors, and (B) the Debtors shall be solely responsible for the accuracy and completeness of the Sale Memorandum; and
 - (iii) if requested by the Debtors, assist the Debtors and/or participate in negotiations with potential Acquirors.

15. The Debtors believe that Armory's services will not duplicate the services that other professionals will be providing to the Debtors in the Chapter 11 Cases. Armory will use reasonable

efforts to coordinate with the Debtors' other retained professionals to avoid unnecessary duplication of services.

PROFESSIONAL COMPENSATION

16. In consideration of the services to be provided by Armory, and as more fully described in the Engagement Agreement, subject to the Court's approval, the Debtors have agreed to pay Armory the following proposed compensation, which is set forth in the Engagement Agreement (the "Fee and Expense Structure"):

- (a) Retainer: waived
- (b) If at any time during the term of this engagement or within the six full months following the termination of this engagement (including the term of this engagement, the "Fee Period"), (i) any Restructuring is consummated or (ii)(1) an agreement in principle, definitive agreement or Plan to effect a Restructuring is entered into and (2) concurrently therewith or at any time thereafter (including following the expiration of the Fee Period), any Restructuring is consummated, Armory shall be entitled to receive a transaction fee (a "Restructuring Transaction Fee"), contingent upon the consummation of a Restructuring and payable at the closing thereof, equal to the amount of a Sale Transaction Fee calculated as in subsection c below (*provided, however*, that if the Restructuring involves a Sale, only one Restructuring Transaction Fee or Sale Transaction Fee shall be payable).
- (c) If the Debtors elects to pursue a Sale, then at any time during the Fee Period, (i) any Sale is consummated or (ii)(1) an agreement in principle or definitive agreement to effect a Sale is entered into, and (2) concurrently therewith or at any time thereafter (including following the expiration of the Fee Period) any Sale is consummated, Armory shall be entitled to receive a transaction fee (a "Sale Transaction Fee"), contingent upon the consummation of a Sale and payable at the closing thereof, which shall be equal to two and three-quarters percent (2.75%) of the Transaction Value (as defined in the Engagement Agreement).
- (d) If the Debtors elect to retain Armory to pursue a Financing, then at any time during the Fee Period, the Debtors (i) consummate any Financing or (ii)(1) the Debtors receive and accept written commitments for one or more Financings (the execution by a potential financing source and the Debtors of a commitment letter or securities purchase agreement or other definitive documentation shall be deemed to be the receipt and acceptance of such written commitment) and (2) concurrently therewith or at any time thereafter (including following the expiration of the Fee Period) any

Financing is consummated, the Debtors will pay to Armory on the closing date of any such Financing, a cash fee (the “Financing Fee”) of (x) two percent (2.0%) of the aggregate proceeds of any Debt Financing commitment in the transaction, plus (y) three percent (3.0%) of the aggregate Equity Financing commitment in of the transaction. In connection with any Debtor-in-Possession Financing received by the Debtors (“DIP Financing”), the Debtors shall pay Armory a fee of two percent (2.0%) of the aggregate amount of the DIP Facility or of the aggregate amount of new monies provided to the Debtors pursuant to such facility, payable upon the first funding of such DIP Financing. For the avoidance of doubt, any debtor-in-possession financing, including any roll-up amounts thereunder that is provided by Compass Group Diversified Holdings LLC (“CODI”) or any of its affiliates will not be considered a Financing.

17. The Debtors acknowledge and agree that the fees payable to Armory under the Engagement Agreement are reasonable. The Debtors and Armory acknowledge and agree that the hours worked, the results achieved and the ultimate benefit to the Debtors of the work performed, in each case in connection with the Engagement Agreement, may be variable, and that the Debtors and Armory have taken this into account in setting the fees under the Engagement Agreement, and more than one fee may be payable to Armory under subparagraphs (b), (c), and/or (d) of paragraph 16 above in connection with any single transaction or a series of transactions; *provided, however*, that the minimum aggregate transaction fee payable to Armory in the event of at least one Transaction event in subparagraphs (b), (c), or (d) of paragraph 16 above is \$750,000 (the “Minimum Transaction Fee”).

18. As used in the Engagement Agreement, “Transaction Value” means the total value of all consideration (including cash, securities, or other property) received or to be received, directly or indirectly, in connection with a Sale in respect of the assets of the Debtors or the outstanding securities of the Debtors on a fully diluted basis (treating any securities issuable upon the exercise of options, warrants or other convertible securities and any securities to be redeemed as outstanding, whether or not vested), plus the principal amount of any debt (including capitalized

leases) of the Debtors outstanding as of the closing date of a Sale that is directly or indirectly assumed, refinanced or extinguished in connection with a Sale, and amounts payable in connection with a Sale in respect of employment or consulting agreements, agreements not to compete or similar arrangements. If the Sale takes the form of a recapitalization or similar transaction, “Transaction Value” will also include the value of all shares or similar securities, such as operating partnership units, retained by the shareholders or unitholders of the acquired company. If any portion of Transaction Value is payable in the form of securities, the value of such securities, for purposes of calculating our transaction fee, will be determined based on the average closing price for such securities for the five trading days prior to the closing of the Transaction. In the case of securities that do not have an existing public market, our Transaction Fee will be determined based on the fair market value of such securities as mutually agreed upon in good faith by the Debtors and Armory Securities prior to the closing of the Transaction. For the avoidance of doubt, in the case the Transaction is a Sale, the Transaction Value shall not mean or include those particular assets of the Debtors not sold, but held and/or reduced to cash and distributed accordingly (*i.e.*, tax refunds, insurance proceeds, litigation proceeds, etc.). Fees on amounts paid into escrow will be payable upon the release of such funds from escrow. Fees relating to contingent payments other than escrowed amounts will be payable upon receipt by the Debtors.

19. Additionally, the Debtors shall reimburse Armory for all reasonable expenses incurred in connection with the Engagement Agreement, including those related to travel, meals, lodging, and attorneys’ fees as well as ancillary costs such as research, printing, duplicating, postage and shipping, database access charges, and other miscellaneous expenses incurred prior to termination or expiration of the Engagement Agreement; *provided, however*, that Armory shall be required to obtain approval in advance of any expenses exceeding \$15,000.00. To the extent

officers or employees of Armory assist in, or provide testimony in trial or deposition for any action, suit or proceeding relating to a Transaction or the engagement under the Engagement Agreement, the Debtors will pay to Armory a per diem charge for the services of such officers and/or employees in an amount to be mutually agreed upon by the Debtors and Armory prior to such assistance. Armory's expense reimbursements shall be subject to any applicable procedures established by the Court governing the timing of payment to Armory and entry of an order approving this Application.

20. In connection with the Engagement Agreement, Armory, CODI, and certain of the Debtors entered into a "Carveout Agreement" with respect to the payment of Armory's fees and expenses whereby CODI has agreed to subordinate a portion of its recovery to the payment of such fees and expenses.

THE FEE AND EXPENSE STRUCTURE IS APPROPRIATE AND REASONABLE AND SHOULD BE APPROVED UNDER SECTION 328(a) OF THE BANKRUPTCY CODE

21. The Debtors believe that the Fee and Expense Structure set forth in the Engagement Agreement is comparable to those generally charged by investment bankers of similar stature to Armory for comparable engagements, both in and out of bankruptcy proceedings, and reflects a contingency amount tied to the consummation and closing of the transactions and services contemplated by the Debtors and Armory in the Engagement Agreement.

22. The Fee and Expense Structure is consistent with Armory's normal and customary fees and billing practices for comparably sized and complex cases and transactions, both in and out of bankruptcy proceedings, involving the services to be provided in connection with the Chapter 11 Cases. Moreover, the Fee and Expense Structure is consistent with and typical of arrangements entered into by Armory and other investment banks in connection with the rendering of comparable services to clients such as the Debtors.

23. Armory's investment banking expertise, as well as its capital markets knowledge, financing skills and mergers and acquisitions expertise, some or all of which may be required by the Debtors during the term of Armory's engagement, were important factors in determining the Fee and Expense Structure. The ultimate benefit to the Debtors derived from the services provided by Armory pursuant to the Engagement Agreement cannot be measured by a reference to the number of hours expended by Armory's professionals.

24. In light of the foregoing and given the numerous issues that Armory may be required to address in the performance of its services pursuant to the Engagement Agreement, Armory's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Armory's services for both in court and out of court engagements of this nature, the Debtors believe that the Fee and Expense Structure is fair and reasonable and market-based under the standards set forth in section 328(a) of the Bankruptcy Code.

RECORD KEEPING AND APPLICATIONS FOR COMPENSATION

25. Armory will maintain reasonably detailed records of any actual and necessary costs and expenses incurred in connection with the services described in the Engagement Agreement and herein, however, it is not the general practice of investment banking firms, including Armory, to keep detailed time records similar to those customarily kept by attorneys and required by Local Rule 2016-1. Because Armory does not ordinarily maintain contemporaneous time records or provide or conform to a schedule of hourly rates for professional services, the Debtors request that Armory be excused from compliance with such requirements, notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, any order of the Court, or any other guideline regarding the submission and approval of fee applications. Armory will nonetheless maintain reasonably detailed summary time records in half-hour (0.50) increments describing each

professional's tasks on a daily basis, including reasonably detailed descriptions of those services and the individuals who provided those services.

26. Moreover, the Debtors respectfully request that Armory's professionals not be required to keep time records on a "project category" basis, that its non-investment banking professionals and personnel in administrative departments not be required to maintain any time records, and that it not be required to provide or conform to any schedule of hourly rates. To the extent that Armory would otherwise be required to submit more detailed time records for its professionals by the Bankruptcy Code, Bankruptcy Rules, the Local Rules, or other applicable procedures and orders of the Court, or encouraged to do so by the Office of the United States Trustee Guidelines, Debtors respectfully request that the Court waive such requirements. The Debtors also request authorization to pay Armory's fees and expenses when due under the Engagement Agreement; *provided* that all such fees and expenses shall remain subject to the subsequent approval of the Court following the filing of a final fee application.

DISINTERESTEDNESS

27. To the best of the Debtors' knowledge and belief, Armory: (a) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code; and (b) does not hold or represent any interest materially adverse to the Debtors or their estates.

28. As set forth in further detail in the Perison Declaration, Armory has certain connections with creditors and other parties in interest in the Chapter 11 Cases. The Debtors and Armory do not believe that any of these connections constitute an interest materially adverse to the interest of the Debtors' estates or any class of creditors or equity holders in the Chapter 11 Cases.

29. To the extent Armory discovers any material facts bearing on the matters described herein during the period of Armory's retention, Armory will amend and supplement the information contained in this Application and the Perison Declaration to disclose such facts.

30. Within one year prior to the Petition Date, the Debtors paid Armory \$300,000 in fees and expense reimbursements. Other than as set forth herein, Armory did not receive any payments from the Debtors within one year immediately preceding the Petition Date.

31. As of the Petition Date, the Debtors did not owe Armory for any fees or expenses incurred prior to the Petition Date. It is possible that certain expenses that were incurred by Armory that are reimbursable under the terms of the Engagement Agreement were not yet reflected on Armory's books and records as of the Petition Date. Upon entry of an order approving the Application, Armory will waive any claim for such unreimbursed expenses in excess of amounts paid to Armory prepetition.

32. As set forth in the Perison Declaration, Armory has not shared or agreed to share any of its compensation from the Debtors with any other person, other than as permitted by section 504 of the Bankruptcy Code. If any such agreement is entered into, Armory will undertake to amend and supplement the information contained in this Application and the Perison Declaration to disclose the terms of any such agreement.

33. No promises have been received by Armory, or by any professionals engaged hereunder, as to compensation in connection with the Chapter 11 Cases other than in accordance with the provisions of the Bankruptcy Code. Based on the foregoing, the Debtors believe that Armory is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code and utilized in section 328(a) of the Bankruptcy Code.

INDEMNIFICATION

34. The Engagement Agreement also provides that the Debtors owe certain indemnification, contribution, reimbursement, and other obligations to Armory and its affiliates, and each of directors, officers, employees, agents, members, and controlling persons (each, an “Indemnified Person,” and collectively, the “Indemnified Persons”). The provisions governing the parties’ respective indemnification, contribution, reimbursement and other obligations (collectively, the “Indemnification Provisions”) are set forth on Schedule A to the Engagement Agreement. The Debtors and Armory believe that, subject to any modifications set forth in an order of the Court granting this Application, the Indemnification Provisions are reasonable and customary for investment banking engagements, both in and outside the context of chapter 11, and reflect the qualifications and limitations on indemnification provisions that are standard in this district. Similar indemnification arrangements have been approved and implemented in other large chapter 11 cases by courts in this jurisdiction.

35. Notwithstanding anything to the contrary in the Engagement Agreement or any agreements incorporated by reference in the Engagement Agreement, upon entry of an order approving this Application, the Debtors’ agreement to indemnify and hold Armory harmless will be modified as follows during the Chapter 11 Cases:

- (a) No Indemnified Person shall be entitled to indemnification, contribution, or reimbursement pursuant to the Engagement Agreement for services, unless such services and the indemnification, contribution, or reimbursement therefore are approved by the Court;
- (b) The Debtors shall have no obligation to indemnify any Indemnified Person or provide contribution or reimbursement to any Indemnified Person, for any claim or expense to the extent it is either (i) judicially determined (the determination having become final and no longer subject to appeal) to have arisen from the Indemnified Person’s gross negligence, bad faith, or willful misconduct, (ii) for a contractual dispute in which the Debtors allege breach of an Indemnified Person’s contractual obligations, unless the Court determines that indemnification, contribution, or reimbursement would be

permissible pursuant to *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003), or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by the Court, after notice and a hearing pursuant to subparagraph (c) below to be a claim or expense for which the Indemnified Person is not entitled to receive indemnity, contribution, or reimbursement under the terms of the Engagement Agreement, as modified by the Proposed Order; and

- (c) If, before the earlier of (i) entry of an order confirming a chapter 11 plan in the Chapter 11 Cases (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing the Chapter 11 Cases, any Indemnified Person believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution, and/or reimbursement obligations under the Engagement Agreement (as modified by the Proposed Order), including without limitation, the advancement of defense costs, such Indemnified Person must file an application therefor in the Court, and the Debtors may not pay any such amounts to the Indemnified Person before the entry of an order by the Court approving the payment. This subparagraph (c) is intended only to specify the period of time during which the Court shall have jurisdiction over any request fees and expenses by Indemnified Persons for indemnification, contribution or reimbursement, and not as a provision limiting the duration of the Debtors' obligation to indemnify the Indemnified Persons. All parties in interest shall retain the right to object to any demand by any Indemnified Person for indemnification, contribution, and/or reimbursement.

36. The terms and conditions of the Engagement Agreement were negotiated by the Debtors and Armory at arm's length and in good faith. The Debtors respectfully submit that the provisions of the Engagement Agreement, viewed in conjunction with the other terms of Armory's proposed retention, are reasonable and in the best interests of the Debtors, their estates and creditors in light of the fact that the Debtors require Armory's services in the Chapter 11 Cases.

RELIEF REQUESTED

37. By this Application, the Debtors request entry of the Proposed Order (a) authorizing the Debtors to employ and retain Armory as their investment banker in the Chapter 11 Cases, effective as of the Petition Date, in accordance with the terms and conditions set forth in the Engagement Agreement, (b) approving the terms of Armory's employment and retention,

including the fee and expense structure and the indemnification, contribution, reimbursement, and related provisions set forth in the Engagement Agreement, and (c) waiving certain information requirements of Local Rule 2016-1.

BASIS FOR RELIEF REQUESTED

I. The Debtors Should Be Permitted to Retain and Employ Armory in Accordance with the Terms of the Engagement Letter Pursuant to Sections 327(a), 328(a), and 1107(b) of the Bankruptcy Code.

38. The Debtors seek approval of the retention and employment of Armory under sections 327(a), 328(a), and 1107(b) of the Bankruptcy Code. Section 328(a) of the Bankruptcy Code provides, in relevant part, that a debtor in possession, “with the court’s approval, may employ or authorize the employment of a professional person under section 327 . . . on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a). Section 327(a) of the Bankruptcy Code, in turn, authorizes a debtor in possession to employ professionals that “do not hold or represent an interest adverse to the estate, and that are disinterested persons.” 11 U.S.C. § 327(a). Section 1107(b) of the Bankruptcy Code provides that “a person is not disqualified for employment under section 327 of [the Bankruptcy Code] by a debtor in possession solely because of such person’s employment by or representation of the debtor before the commencement of the case.” 11 U.S.C. § 1107(b).

39. Section 328 of the Bankruptcy Code permits the compensation of professionals, including financial advisors, on more flexible terms that reflect the nature of their services and market conditions. As the U.S. Court of Appeals for the Fifth Circuit recognized in *Donaldson Lufkin & Jenrette Secs. Corp. v. Nat’l Gypsum Co. (In re Nat’l Gypsum Co.)*:

Prior to 1978 the most able professionals were often unwilling to work for bankruptcy estates where their compensation would be subject to the uncertainties of what a judge thought the work was

worth after it had been done. That uncertainty continues under the present § 330 of the Bankruptcy Code, which provides that the court award to professional consultants “reasonable compensation” based on relevant factors of time and comparable costs, etc. Under present § 328 the professional may avoid that uncertainty by obtaining court approval of compensation agreed to with the trustee (or debtor or committee).

123 F.3d 861, 862 (5th Cir. 1997) (footnote omitted).

40. Additionally, Bankruptcy Rule 2016 and Local Rule 2016-1 require retained professionals to submit applications for payment of compensation in chapter 11 cases. Local Rule 2016-1(d) also requires retained professionals to submit detailed time entries that set forth, among other things, a detailed description of each activity performed, the amount of time spent on the activity (in tenth of an hour increments), the subject matter of the activity and the parties involved with the activity at issue. Local Rule 2016-1(h), however, allows a retained professional to request a waiver of these requirements for cause.

41. The Court’s approval of the Debtors’ retention of Armory in accordance with the terms and conditions of the Engagement Letter is warranted. First, as discussed above and in the Perison Declaration, Armory satisfies the disinterestedness standard in section 327(a) of the Bankruptcy Code.⁴ Armory has already committed a significant amount of time and effort with respect to the Chapter 11 Cases. The Debtors require Armory to continue to assist with the Debtors’ negotiations, as necessary, to provide expert advice and testimony regarding financial

⁴ Bankruptcy Rule 2014(a) requires that an application must be made for retention of professionals pursuant to section 327 of Bankruptcy Code. Under Bankruptcy Rule 2014(a), such application must “state the specific facts showing the necessity for the employment, the name of the person to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant’s knowledge, all of the person’s connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.” Fed. R. Bankr. P. 2014(a). Additionally, the application “must be accompanied by a verified statement of the person to be employed, setting forth that person’s connections” to the parties in interest list. *Id.* Here, Bankruptcy Rule 2014 is satisfied by the contents of this Application and the Perison Declaration attached hereto.

matters related to the proposed transactions, and to enable the Debtors to discharge their duties as debtors in possession under the Bankruptcy Code. Armory has extensive experience and an excellent reputation in providing high-quality investment banking services to debtors and creditors in bankruptcy reorganizations, mergers and acquisitions, and other restructurings. Armory has become familiar with the Debtors' business operations, capital structure, financing documents, and other material information and is able to assist the Debtors in their restructuring efforts. The Debtors believe that Armory is well-qualified to provide its services to the Debtors in a cost-effective, efficient, and timely manner. Furthermore, as detailed herein and in the Perison Declaration, Armory does not hold or represent an interest adverse to the Debtors' estates and is disinterested.

42. In addition, the Debtors believe that the Fee and Expense Structure is market-based, fair, and reasonable under the standards set forth in section 328(a) of the Bankruptcy Code. The Fee and Expense Structure reflects Armory's commitment to the variable level of time and effort necessary to perform the restructuring and investment banking services, Armory's particular expertise, and the market prices for Armory's services for engagements of this nature both out of court and in a chapter 11 context. Indeed, the Debtors believe that the Fee and Expense Structure appropriately reflects: (a) the nature and scope of services to be provided by Armory; (b) Armory's substantial experience with respect to investment banking services; (c) the fee structures typically utilized by Armory and other leading investment bankers that do not bill their clients on an hourly basis; and (d) indemnification provisions typically utilized by Armory in restructuring transactions of this size.

43. Notwithstanding the foregoing, under the Proposed Order, the U.S. Trustee retains all rights to object to Armory's fee application (including expense reimbursement) pursuant to section 330 of the Bankruptcy Code.

44. As set forth above, and notwithstanding approval of the Engagement Letter under section 328 of the Bankruptcy Code, Armory intends to apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Chapter 11 Cases, subject to the Court's approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the U.S. Trustee Guidelines, and any other applicable procedures and orders of the Court, with certain limited modifications requested herein.

45. The Debtors request that the requirements of Local Rule 2016-1(d) and the U.S. Trustee Guidelines be tailored to appropriately reflect Armory's engagement and its compensation structure. Armory has requested, under section 328(a) of the Bankruptcy Code, payment of its fees on a fixed-rate, fixed-percentage and/or contingency basis. Additionally, it is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys. As discussed above, however, Armory's investment banking personnel will keep summary time records in half-hour increments describing their daily activities and the identity of persons who performed such tasks. Apart from the time recording practices described above, however, Armory's personnel do not maintain their time records on a "project category" basis. As such, the Debtors request modification of the requirements pursuant to Local Rule 2016-1(h).

II. The Indemnification and Contribution Terms of the Engagement Letter Are Appropriate.

46. The indemnification provisions in the Engagement Letter, as modified by the Proposed Order, were fully negotiated between the Debtors and Armory at arm's length. The Debtors and Armory believe that the indemnification provisions in the Engagement Letter are customary and reasonable for financial advisory engagements both out-of-court and in chapter 11 cases, including investment banking engagements. *See United Artists Theatre Co. v. Walton (In re United Artists Theatre Co.)*, 315 F.3d 217, 234 (3d Cir. 2003) (finding indemnification agreement between debtor and financial advisor reasonable under section 328 of the Bankruptcy Code). Courts in this jurisdiction have approved similar indemnification provisions. *See, e.g., In re WW Int'l, Inc.*, No. 25-1082 (CTG) (Bankr. D. Del. May 30, 2025); *In re First Mode Holdings, Inc.*, No. 24-1274 (KBO) (Bankr. D. Del. Feb. 3, 2025); *In re Vyair Med., Inc.*, No. 24-11217 (BLS) (Bankr. D. Del. July 30, 2024); *In re Pennsylvania Real Estate Inv. Trust*, No. 23-11974 (KBO) (Bankr. D. Del. Jan. 5, 2024); *In re Starry Grp. Holdings, Inc.*, No. 23-10219 (KBO) (Bankr. D. Del. Mar. 20, 2023).⁵

47. Accordingly, the Debtors respectfully submit that the terms of the Engagement Letter, as modified by the Proposed Order, are reasonable and customary and should be approved in the Chapter 11 Cases.

III. The Debtors Should Be Permitted to Retain and Employ Armory Effective as of the Petition Date.

48. The Debtors also believe that employment of Armory effective as of the Petition Date is warranted under the circumstances of the Chapter 11 Cases. Armory has provided, and

⁵ Because of the voluminous nature of the orders cited herein, such orders are not attached to this Motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

will continue to provide, valuable services to the Debtors regarding the contemplated restructuring transactions. *See, e.g., In re Arkansas Co. Inc.*, 798 F.2d 645, 648 (3d Cir. 1986) (“[T]he bankruptcy courts have the power to authorize retroactive employment of counsel and other professionals under their broad equity power.” (collecting cases)).

IV. Retention of Armory Is Critical to the Debtors’ Restructuring Efforts.

49. The Debtors submit that the retention of Armory is in the best interests of all parties in interest in the Chapter 11 Cases. Armory is a preeminent investment banking firm that is intimately familiar with the Debtors’ business. Denial of the relief requested herein will deprive the Debtors of the assistance of uniquely qualified investment banking professionals who have significant historic knowledge of the Debtors’ business and operations. Indeed, if the Debtors were forced to engage a new investment banker who lacks a thorough understanding of the Debtors’ business and the initiatives that have been implemented over the course of Armory’s extensive engagement, such change would mandate the commitment of significant resources to educate a replacement. As discussed above, based on services performed to date, Armory has been integral to preparing the Debtors for the Chapter 11 Cases.

50. Based on the foregoing, the Debtors submit that they have satisfied the requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules to support entry of an order authorizing the Debtors to retain and employ Armory in the Chapter 11 Cases on the terms described herein and in the Engagement Letter.

NOTICE

51. Notice of this Application will be provided to: (a) the U.S. Trustee; (b) proposed counsel to the Committee; (c) the office of the attorney general for each of the states in which the Debtors operate; (d) the United States Attorney’s Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Department of Justice; (g) the Securities and

Exchange Commission; (h) counsel to Compass Group Diversified Holdings LLC, the Debtors' prepetition secured lender and postpetition secured lender; and (i) any party that is entitled to notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank]

CONCLUSION

WHEREFORE, the Debtors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, (a) granting the relief requested herein, and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: November 26, 2025

/s/ J. Michael Issa

J. Michael Issa

Chief Restructuring Officer

Lugano Diamonds & Jewelry Inc., *et al.*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Hearing Date:

December 17, 2025, at 10:00 a.m. (ET)

Objection Deadline:

December 10, 2025, at 4:00 p.m. (ET)

NOTICE OF APPLICATION

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) have filed the *Application of Debtors for an Order (A) Authorizing the Retention and Employment of Armory Securities, LLC as Investment Banker to the Debtors, Effective as of the Petition Date, (B) Approving the Terms of the Engagement Agreement, and (C) Waiving Compliance with Certain Requirements of Local Rule 2016-1* (the “Application”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that any objections to the Application must be filed on or before **December 10, 2025, at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE APPLICATION WILL BE HELD ON DECEMBER 17, 2025, AT 10:00 A.M. (ET) BEFORE THE HONORABLE BRENDAN LINEHAN SHANNON, UNITED STATES BANKRUPTCY COURT JUDGE FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 6TH FLOOR, COURTROOM NO. 1, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR A HEARING.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

Dated: November 26, 2025
Wilmington, Delaware

**YOUNG CONAWAY STARGATT &
TAYLOR, LLP**

/s/ Timothy R. Powell

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-and-

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*Proposed Attorneys for Debtors
and Debtors-in-Possession*

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Re: Docket No. _____

**ORDER (A) AUTHORIZING THE RETENTION AND EMPLOYMENT OF
ARMORY SECURITIES, LLC AS INVESTMENT BANKER TO THE DEBTORS,
EFFECTIVE AS OF THE PETITION DATE, (B) APPROVING THE TERMS OF
THE ENGAGEMENT AGREEMENT, AND (C) WAIVING COMPLIANCE
WITH CERTAIN REQUIREMENTS OF LOCAL RULE 2016-1**

Upon the application (the “Application”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), (a) authorizing the Debtors to employ and retain Armory as their investment banker in the Chapter 11 Cases, effective as of the Petition Date, in accordance with the terms and conditions set forth in the Engagement Agreement, (b) approving the terms of Armory’s employment and retention, including the fee and expense structure and the indemnification, contribution, reimbursement, and related provisions set forth in the Engagement Agreement, and (c) waiving certain information requirements of Local Rule 2016-1; and upon the First Day Declaration and Perison Declaration; and upon the statements of counsel made in support of the relief requested in the Application at the hearing before this Court; and it appearing that this Court has jurisdiction to

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Application.

consider the Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that venue of the Chapter 11 Cases and the Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found based on the representations made in the Application and in the Perison Declaration that Armory neither holds nor represents any interest adverse to the Debtors' estates with respect to the matters upon which it is to be employed; and this Court being satisfied that Armory is a "disinterested person," as that term is defined in Bankruptcy Code section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; and it appearing that proper and adequate notice of the Application has been given under the circumstances and in accordance with the Bankruptcy Rules and Local Rules and that no other or further notice is necessary; and after due deliberation thereon; and this Court having found that the relief herein is in the best interests of the Debtors' estates; and good and sufficient cause appearing therefor:

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED as set forth herein.
2. Any objections to the entry of this Order, to the extent not withdrawn or settled, are overruled.
3. The Debtors are authorized to retain and employ Armory as their investment banker, effective as of the Petition Date, on the terms and conditions set forth in the Engagement Agreement and the Application, as those terms and conditions are modified herein, and are directed to perform their obligations set forth therein, except as expressly modified herein.

4. The Engagement Agreement, including without limitation the fee and expense structure set forth therein, as modified by this Order, is approved pursuant to sections 327(a) and 328(a) of the Bankruptcy Code.

5. None of the fees payable to Armory shall constitute a “bonus” or fee enhancement under applicable law.

6. The compensation, fees, and expenses payable to Armory pursuant to the Engagement Agreement, together with the indemnification, reimbursement of expenses, and contribution obligations owed to Armory shall be subject to review only pursuant to the standard of review set forth in section 328(a) of the Bankruptcy Code and shall not be subject to the standard of review set forth in section 330 of the Bankruptcy Code or any other standard of review.

7. Notwithstanding the preceding paragraph, the U.S. Trustee shall retain the right to object to the compensation, fees, and expenses to be paid to Armory pursuant to the Application and the Engagement Agreement, including any Restructuring Fee(s), Financing Fee(s), or Sale Transaction Fee(s), based on the reasonableness standard provided for in section 330 of the Bankruptcy Code, and this Court shall consider any such objection by the U.S. Trustee under section 330 of the Bankruptcy Code provided that reasonableness for this purpose shall be based on, among other things, an evaluation by comparing the fees payable in the Chapter 11 Cases to the fees paid to other investment banking firms for comparable services in other chapter 11 cases and outside of chapter 11 cases, and shall not be evaluated primarily on the basis of time committed or the length of the Chapter 11 Cases. This Order and the record relating to this Court’s consideration of the Application shall not prejudice or otherwise affect the rights of the U.S. Trustee to challenge the reasonableness of Armory’s compensation, fees, and expenses under the standard set forth in the preceding sentence. Accordingly, nothing in this Order or such record

shall constitute a finding of fact or conclusion of law binding the U.S. Trustee, on appeal or otherwise, with respect to the reasonableness of Armory's fees.

8. The Debtors are authorized to pay Armory's fees and reimburse Armory for its reasonable costs and expenses as provided, and at the times specified, in the Engagement Agreement; *provided* that all such fees shall remain subject to the subsequent approval of this Court following the filing of a final fee application. The payment of all fees and reimbursement of all expenses pursuant to the Engagement Agreement shall be free and clear of all liens, claims, and encumbrances.

9. Armory shall file a final application for allowance of compensation and reimbursement of expenses; *provided* that notwithstanding anything contained herein to the contrary, Armory professionals shall be required only to maintain summary time records in half-hour increments describing each professional's tasks on a daily basis, including reasonably detailed descriptions of those services and the individuals who provided those services, and Armory shall not be required to provide or conform to any schedule of hourly rates; *provided, further*, that Armory's professionals shall not be required to keep time records on a project category basis and its non-investment banking professionals and personnel in administrative departments are not required to maintain any time records.

10. In the event that, during the pendency of the Chapter 11 Cases, Armory seeks reimbursement for any attorney's fees and/or expenses pursuant to the Application and the Engagement Agreement, the invoices and reasonably detailed supporting time records from such attorneys shall be included in Armory's own fee applications, which invoices and supporting time records may be redacted for confidential and/or privileged information, and such invoices and time records shall be subject to the U.S. Trustee Guidelines and approval of this Court under the

standards of section 330 and 331 of the Bankruptcy Code and without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorney's services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

11. Armory shall not seek reimbursement from the Debtors' estates for any attorney's fees or expenses incurred in defending against any formal objections to Armory's fee applications filed in the Chapter 11 Cases.

12. To the extent requested in the Application, Armory is granted a waiver with respect to the information requirements contained in Local Rule 2016-1(d).

13. The indemnification, contribution, reimbursement, and exculpation provisions set forth in Schedule A to the Engagement Agreement are approved, subject during the pendency of the Chapter 11 Cases to the following modifications:³

- (a) No Indemnified Person shall be entitled to indemnification, contribution, or reimbursement pursuant to the Engagement Agreement for services, unless such services and the indemnification, contribution, or reimbursement therefore are approved by this Court;
- (b) The Debtors shall have no obligation to indemnify any Indemnified Person or provide contribution or reimbursement to any Indemnified Person, for any claim or expense to the extent it is either (i) judicially determined (the determination having become final and no longer subject to appeal) to have arisen from the Indemnified Person's gross negligence, bad faith, or willful misconduct, (ii) for a contractual dispute in which the Debtors allege breach of an Indemnified Person's contractual obligations, unless this Court determines that indemnification, contribution, or reimbursement would be permissible pursuant to *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003), or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by this Court, after notice and a hearing pursuant to subparagraph (c) below to be a claim or expense for which the Indemnified Person is not entitled to

³ The summaries of the Engagement Agreement provided in the Application, this Order, and the Perison Declaration are provided for convenience only. In the event of any inconsistency between any summary and the terms and provisions of the Engagement Agreement, the terms of the Engagement Agreement shall control. Capitalized terms used but not otherwise defined in the Engagement Agreement summaries contained herein shall have the meanings ascribed to such terms in the Engagement Agreement.

receive indemnity, contribution, or reimbursement under the terms of the Engagement Agreement, as modified by this Order; and

- (c) If, before the earlier of (i) entry of an order confirming a chapter 11 plan in the Chapter 11 Cases (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing the Chapter 11 Cases, any Indemnified Person believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution, and/or reimbursement obligations under the Engagement Agreement (as modified by this Order), including without limitation, the advancement of defense costs, such Indemnified Person must file an application therefor in this Court, and the Debtors may not pay any such amounts to the Indemnified Person before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time during which this Court shall have jurisdiction over any request fees and expenses by Indemnified Persons for indemnification, contribution or reimbursement, and not as a provision limiting the duration of the Debtors' obligation to indemnify the Indemnified Persons. All parties in interest shall retain the right to object to any demand by any Indemnified Person for indemnification, contribution, and/or reimbursement.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

15. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rules 6004, 7062, or 9014.

16. The relief granted herein shall be binding upon any chapter 11 trustee appointed in the Chapter 11 Cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of the Chapter 11 Cases to cases under chapter 7.

17. To the extent that this Order is inconsistent with the Engagement Letter, the terms of this Order shall govern.

18. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of the terms of this Order.

EXHIBIT B

Engagement Agreement



Armory Securities, LLC
200 N. Pacific Coast Highway
Suite #1525
El Segundo, CA 90245
Tel: (310) 798-7777
Fax: (310) 798-6277

November 2, 2025

PERSONAL AND CONFIDENTIAL

Via Email

LUGANO DIAMONDS & JEWELRY INC.

620 Newport Center Drive, Suite 800

Newport Beach, CA 92660

Attention: Christoph Pachler

Interim EVP of Operations & CFO

Gentlemen:

This letter agreement amends the engagement letter executed between Lugano Diamonds & Jewelry Inc. (the "Company") and Armory Securities, LLC ("Armory Securities") dated May 21, 2025 (the "Original Engagement Agreement") and amends the terms by which the Company has previously engaged Armory Securities on an exclusive basis as its investment banker, placement agent and/or arranger (in each case to the extent applicable) with respect to a possible Restructuring, a Financing and/or Sale (each as defined below) and with respect to such other financial matters as to which the Company and Armory Securities may agree in writing during the term of this engagement. In connection with the execution hereof and as a condition thereto, Compass Group Diversified Holdings LLC ("CODI"), is executing the Acknowledgement in Exhibit B as lender under that Credit Agreement, dated as of September 3, 2021, among the Company, Lugano Buyer, Inc., a Delaware corporation ("Co-Borrower"), and CODI, as amended.

For purposes hereof, the term "Company" includes any entity that the Company or its affiliates may form or invest in to consummate a Restructuring, Financing and/or Sale, and shall also include any successor to or assignee of all or a portion of the assets and/or businesses of the Company whether pursuant to a Plan (as defined below) or otherwise. If appropriate in connection with performing its services for the Company hereunder, Armory Securities may utilize the services of one or more of its affiliates, in which case references herein to Armory Securities shall include such affiliates. From time to time herein, the Restructuring, Financing and/or Sale may be referred to individually or collectively as the "Transaction."

I. Services. Armory Securities, as exclusive investment banker, placement agent and/or arranger (in each case to the extent applicable) to the Company, will perform the following investment banking services:

- a. **Investment Banking Services.** Armory Securities will to the extent appropriate given the circumstances:
 - i. familiarize itself with the business, operations, properties, financial condition and prospects of the Company; and
 - ii. if the Company determines to undertake a Restructuring, Financing and/or Sale, advise and assist the Company in structuring and effecting the financial aspects of such a transaction or transactions, subject to the terms and conditions of this agreement.
- b. **Restructuring Services.** If the Company pursues a Restructuring, Armory Securities will to the extent appropriate given the circumstances:
 - i. provide investment banking related assistance to the Company in developing and seeking approval of any Sale pursuant to Restructuring plan (as the same may be modified from time to time, a "Plan"), which may be a plan under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et. seq.* (the "Bankruptcy Code"), state bankruptcy equivalent, receiverships, assignment for the benefit of creditors or otherwise; and

- ii. if requested by the Company, participate in hearings before the bankruptcy or state court with respect to the matters upon which Armory Securities has provided advice, including, as relevant, coordinating with the Company's counsel with respect to testimony in connection therewith.

For purposes of this agreement, the term "Restructuring" shall mean any recapitalization or restructuring (including, without limitation, through any exchange, conversion, cancellation, forgiveness, retirement and/or a material modification or amendment to the terms, conditions or covenants thereof) of the Company's debt securities and/or other indebtedness, obligations or liabilities (including lease obligations, trade credit facilities and/or contract or tort obligations), including pursuant to a repurchase or an exchange transaction, a Plan or a solicitation of consents, waivers, acceptances or authorizations.

- c. Financing Services. If the Company elects to pursue a Financing, Armory Securities will, as placement agent and/or arranger, to the extent appropriate given the circumstances:
 - i. provide financial advice and assistance to the Company in structuring and effecting a Financing, and identify potential Investors (as defined below);
 - ii. if Armory Securities and the Company deem it advisable, assist the Company in developing and preparing a memorandum (with any amendments or supplements thereto, the "Financing Offering Memorandum") to be used in soliciting potential Investors, it being agreed that (A) the Financing Offering Memorandum shall be based entirely upon information supplied by the Company, and (B) the Company shall be solely responsible for the accuracy and completeness of the Financing Offering Memorandum; and
 - iii. if requested by the Company, contact or assist the Company, and/or participate in negotiations with, potential Investors.

For purposes of this agreement, the term "Financing" shall mean the private placement, sales and/or issuances of (i) one or more classes or series of equity securities, which may take the form of preferred stock, common stock, or securities convertible into, exchangeable for or accompanied by warrants or other rights exercisable for or giving the holder thereof the right to purchase, common or preferred stock (the "Equity Securities") of the Company (the "Equity Financing") and/or (ii) debt securities or other indebtedness, including, without limitation, any secured, unsecured, senior or subordinated debt securities of the Company, including debt securities of the Company with warrants attached thereto (the "Debt Securities"), and/or any secured, unsecured senior or subordinated loan, credit facility or other debt financing made to the Company, other than as provided by CODI or any affiliate thereof (such financing, together with any offering of Debt Securities, the "Debt Financing"), regardless of the form or structure of the proposed offerings or issuances, in each case, to a limited number of sophisticated purchasers and/or lenders (collectively, the "Acquirors" and/or "Investors"). For the avoidance of doubt, any debtor-in-possession financing, including any roll-up amounts thereunder that is provided by CODI or any of its affiliates will not be considered a Financing hereunder.

It is understood and agreed that nothing contained herein shall constitute an expressed or implied commitment by Armory Securities to underwrite, place or purchase any securities or fund in any way a Financing. It is understood that Armory Securities' assistance in the Financing will be subject to the satisfactory completion of such investigation and inquiry into the affairs of the Company as Armory Securities deems appropriate under the circumstances (such investigation hereinafter to be referred to as "Due Diligence") and to the receipt of all internal approvals of Armory Securities in connection with the Financing. Armory Securities shall have the right in its sole discretion to terminate this agreement (or refuse to assist the Company with the Financing) if the outcome of the Due Diligence is not satisfactory to Armory Securities or if approval of its internal committees is not obtained, provided that notwithstanding the foregoing Armory Securities has agreed to assist the Company in seeking a Financing involving issuance of senior secured indebtedness. Armory Securities' refusal to assist the Company with any other Financing shall not otherwise affect the term of this engagement.

- c. Sale Service. If the Company elects to pursue a Sale, Armory Securities will to the extent appropriate given the circumstances:
- i. provide financial advice and assistance to the Company in connection with a Sale, identify potential acquirors and, at the Company's request, contact such potential Acquirors;
 - ii. at the Company's request, assist the Company in preparing a memorandum (with any amendments or supplements thereto, the "Sale Memorandum") to be used in soliciting potential Acquirors, it being agreed that (A) the Sale Memorandum shall be based entirely upon information supplied by the Company, and (B) the Company shall be solely responsible for the accuracy and completeness of the Sale Memorandum; and
 - iii. if requested by the Company, assist the Company and/or participate in negotiations with potential Acquirors.

For purposes of this agreement the term "Sale" shall mean the disposition to one or more third parties in one or a series of related transactions of (x) all or a significant portion of the equity securities of the Company or one of the Company's subsidiaries or (y) all or a significant portion of the assets (including the assignment of any leases or executory contracts) or businesses of the Company or its subsidiaries, in either case, including through a sale or exchange of capital stock, options or assets, a lease of assets with or without a purchase option, a merger, consolidation or other business combination, an exchange or tender offer, a recapitalization, the formation of a joint venture, partnership or similar entity, liquidation or any similar transaction or a Sale effectuated in connection with a Restructuring.

The Company acknowledges and agrees that Armory Securities is not, and does not hold itself out to be, an advisor as to legal, tax, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the risks, benefits and suitability of the transactions contemplated by this letter agreement, and Armory Securities shall have no responsibility or liability to the Company with respect thereto.

Notwithstanding anything contained in this letter agreement to the contrary, Armory Securities makes no representations or warranties about the Company's ability to: (i) successfully improve its operations, (ii) maintain sufficient liquidity to operate its business or (iii) successfully complete a Transaction. The Company agrees that Armory Securities shall not have any obligation or responsibility to provide accounting, audit, management or business consultant services for the Company and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements, or to provide any fairness or valuation opinions or any advice or opinions with respect to solvency in connection with any transaction.

2. Compensation. Armory Securities' compensation for services rendered under this agreement will consist of the following cash fees:

- a. Retainer: waived.
- b. [Reserved]
- c. If at any time during the term of this engagement or within the six full months following the termination of this engagement (including the term of this engagement, the "Fee Period"), (x) any Restructuring is consummated or (y)(1) an agreement in principle, definitive agreement or Plan to effect a Restructuring is entered into and (2) concurrently therewith or at any time thereafter (including following the expiration of the Fee Period), any Restructuring is consummated, Armory Securities shall be entitled to receive a transaction fee (a "Restructuring Transaction Fee"), contingent upon the consummation of a Restructuring and payable at the closing thereof, equal to the amount of a Sale Transaction Fee calculated as in subsection d below (provided, however, that if the Restructuring involves a Sale, only one Restructuring Transaction Fee or Sale Transaction Fee shall be payable).
- d. If the Company elects to pursue a Sale, then at any time during the Fee Period, (x) any Sale is consummated or (y)(1) an agreement in principle or definitive agreement to effect a Sale is entered

into, and (2) concurrently therewith or at any time thereafter (including following the expiration of the Fee Period) any Sale is consummated, Armory Securities shall be entitled to receive a transaction fee (a "Sale Transaction Fee"), contingent upon the consummation of a Sale and payable at the closing thereof, which shall be equal to two and three-quarters percent (2.75%) of the Transaction Value (as defined below).

- e. If the Company elects to retain Armory to pursue a Financing, then at any time during the Fee Period, the Company (x) consummates any Financing or (y)(i) the Company receives and accepts written commitments for one or more Financings (the execution by a potential financing source and the Company of a commitment letter or securities purchase agreement or other definitive documentation shall be deemed to be the receipt and acceptance of such written commitment) and (2) concurrently therewith or at any time thereafter (including following the expiration of the Fee Period) any Financing is consummated, the Company will pay to Armory Securities on the closing date of any such Financing, a cash fee (the "Financing Fee") of (i) two percent (2.0%) of the aggregate proceeds of any Debt Financing commitment in the transaction, plus (iii) three percent (3.0%) of the aggregate Equity Financing commitment in of the transaction. In connection with any Debtor-in-Possession Financing received by the Company ("DIP Financing"), the Company shall pay Armory Securities a fee of two percent (2.0%) of the aggregate amount of the DIP Facility or of the aggregate amount of new monies provided to the Company pursuant to such facility, payable upon the first funding of such DIP Financing.

The Company acknowledges and agrees that the fees payable to Armory Securities hereunder are reasonable. The Company and Armory Securities acknowledge and agree that the hours worked, the results achieved and the ultimate benefit to the Company of the work performed, in each case in connection with this engagement, may be variable, and that the Company and Armory Securities have taken this into account in setting the fees hereunder, and more than one fee may be payable to Armory Securities under subparagraphs (c), (d) and/or (e) under this Compensation Section in connection with any single transaction or a series of transactions, provided however that the minimum aggregate transaction fee payable to Armory Securities in the event of at least one Transaction event in subparagraphs (c), (d) or (e) above is \$750,000 (the "Minimum Transaction Fee").

As used in this letter agreement, "Transaction Value" means the total value of all consideration (including cash, securities or other property) received or to be received, directly or indirectly, in connection with a Sale in respect of the assets of the Company or the outstanding securities of the Company on a fully diluted basis (treating any securities issuable upon the exercise of options, warrants or other convertible securities and any securities to be redeemed as outstanding, whether or not vested), plus the principal amount of any debt (including capitalized leases) of the Company outstanding as of the closing date of a Sale that is directly or indirectly assumed, refinanced or extinguished in connection with a Sale, and amounts payable in connection with a Sale in respect of employment or consulting agreements, agreements not to compete or similar arrangements. If the Sale takes the form of a recapitalization or similar transaction, "Transaction Value" will also include the value of all shares or similar securities, such as operating partnership units, retained by the shareholders or unitholders of the acquired company. If any portion of Transaction Value is payable in the form of securities, the value of such securities, for purposes of calculating our transaction fee, will be determined based on the average closing price for such securities for the 5 trading days prior to the closing of the Transaction. In the case of securities that do not have an existing public market, our Transaction Fee will be determined based on the fair market value of such securities as mutually agreed upon in good faith by the Company and Armory Securities prior to the closing of the Transaction. For the avoidance of doubt, in the case the Transaction is a Sale, the Transaction Value shall not mean or include those particular Company assets not sold, but held and/or reduced to cash and distributed accordingly (i.e. tax refunds, insurance proceeds, litigation proceeds, etc.) Fees on amounts paid into escrow will be payable upon the release of such funds from escrow. Fees relating to contingent payments other than escrowed amounts will be payable upon receipt by the Company.

In addition to any fees payable by the Company to Armory Securities hereunder, the Company shall, whether or not any transaction contemplated by this agreement shall be proposed or consummated, reimburse Armory Securities on a monthly basis for its travel and other reasonable out-of-pocket expenses (including all fees, disbursements and other charges of counsel to be retained by Armory Securities) incurred in connection with, or arising out of Armory Securities' activities under or contemplated by this engagement, provided, however, that Armory Securities shall obtain the written consent of the Company before incurring more than \$15,000 in expenses during any monthly period; provided, further, such limitation shall monthly limitation shall not apply to expenses for

indemnification or contribution under Schedule A. The Company shall also reimburse Armory Securities, at such times as Armory Securities shall request, for any sales, use or similar taxes (including additions to such taxes, if any) arising in connection with any matter referred to or contemplated by, this engagement. Such reimbursements shall be made promptly upon submission by Armory Securities of statements for such expenses.

To the extent officers or employees of Armory Securities assist in, or provide testimony in trial or deposition for any action, suit or proceeding relating to a Transaction or our engagement hereunder, the Company will pay to Armory Securities a per diem charge for the services of such officers and/or employees in an amount to be mutually agreed upon by the Company and Armory Securities prior to such assistance.

3. Term. This Agreement may be terminated upon either Armory Securities' written request with thirty (30) days' notice or by the Company's written request with thirty (30) days' notice after six (6) months from the date of this Agreement. Notwithstanding the foregoing, the Company agrees that this section and the provisions in this letter agreement relating to the compensation, reimbursement of expenses, indemnification and contribution (including Schedule A), confidentiality, other relationships, independent contractor, governing law, submission to jurisdiction and waiver of the right to trial by jury will remain operative and in full force and effect regardless of any termination or expiration of this agreement or any investigation made by or on behalf of Armory Securities or any of its affiliates.

4. Indemnification. The Company agrees to indemnify Armory Securities and certain other entities and persons as set forth in Schedule A attached hereto and incorporated by reference into this agreement.

5. Use of Information. The Company will furnish (or will use its best efforts to cause other potential parties to a Transaction to furnish) to Armory Securities such information as Armory Securities requests for purposes of performing services under this letter agreement (the "Information"). The Company hereby agrees and represents that all Information relating to the Company furnished to Armory Securities (including any Sale Memorandum and/or Financing Offering Memorandum) will be accurate and complete in all material respects at the time provided, and that, if the Company is aware of any Information becoming materially inaccurate, incomplete or misleading during the engagement hereunder, the Company will promptly advise Armory Securities. The Company recognizes and confirms that Armory Securities assumes no responsibility for the accuracy and completeness of the Information (including information available from generally recognized public sources) and will be using and relying on the Information (and information available from generally recognized public sources) without assuming responsibility for independent verification or independent evaluation of any of the assets or liabilities (contingent or otherwise) of the Company.

6. Independent Contractor. The Company acknowledges that Armory Securities has been retained solely to provide the services set forth in this letter agreement. The Company acknowledges that in performing its services, Armory Securities shall act as an independent contractor, and not as a fiduciary, agent or otherwise, and any duties of Armory Securities arising out of its engagements hereunder shall be owed solely to the Company and Armory Securities shall have no duties or liabilities to, any equity holder of the Company or any third party in connection with its engagement hereunder, all of which are expressly waived. No one other than the Company is authorized to rely upon the engagement of Armory Securities hereunder or any statements, advice, opinions or conduct by Armory Securities.

7. Confidentiality. The Company acknowledges that any service, arrangement, proposal, information or advice provided by Armory Securities to the Company in connection with this engagement is for the confidential use of the the Company and, except as may be compelled in a judicial or administrative proceeding or as otherwise required by law or requested by a governmental authority, may not be disclosed or referred to publicly or to any third party without Armory Securities' prior written consent, which consent will not be unreasonably withheld.

Armory Securities shall execute a non-disclosure agreement with respect to the Company's confidential information in the form of Schedule B hereto.

8. Other Relationships. The Company acknowledges that Armory Securities or its respective affiliates may from time to time perform various investment banking and financial advisory services for, and have other relationships with, other clients and customers who may have conflicting interests with respect to the Company or a Transaction and that Armory Securities and its affiliates shall have no obligation to disclose any information acquired in connection with such relationships to the Company or to use such information in connection with any transactions contemplated with this letter agreement except as required under the Bankruptcy Code. Despite any conflicts of interest which may

exist, the Company hereby agrees to allow Armory Securities to continue representing the Company and hereby irrevocably waives and releases Armory Securities and its directors, agents, employees and controlling persons from, any claims or causes of action arising out of any such conflicts of interest whether arising prior to, on or after the date of this letter; provided that Armory Securities will not represent any other party in connection with a Company Restructuring, Financing or Sale.

The Company acknowledges that Armory Securities is a securities firm engaged in providing investment banking and financial advisory services.

9. Anti Money-Laundering. To help the United States government fight the funding of terrorism and money laundering activities, the federal law of the United States requires all financial institutions to obtain, verify and record information that identifies each person with whom they do business. This means we must ask you for certain identifying information, including a government-issued identification number (e.g., a U.S. taxpayer identification number) and such other information or documents that we consider appropriate to verify your identity, such as certified articles of incorporation, a government-issued business license, a partnership agreement or a trust instrument.

10. Miscellaneous. This letter agreement contains the entire agreement between the Company and Armory Securities concerning the engagement of Armory Securities by the Company, and no modifications of this agreement or waiver of the terms and conditions hereof will be binding upon either party, unless approved in writing by both parties.

This Agreement is governed by, and will be construed in accordance with, the laws of the State of California, without regard to the conflicts of laws provisions thereof. Any dispute, claim, or controversy arising out of or relating to this Agreement or the performance, breach, validity, interpretation, application, or termination hereof or thereof (a "Dispute"), shall be finally resolved by arbitration between the parties initiated upon the written notice (an "Arbitration Notice") of any party. The arbitration shall be administered by the American Arbitration Association (the "AAA") and shall be conducted in accordance with this Indemnification and Arbitration Agreement and the then current Commercial Arbitration Rules of the AAA (the "AAA Rules"). The seat of the arbitration shall be Los Angeles, CA and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitrator(s) shall determine the matters at issue in the Dispute in accordance with the substantive law of California, excluding the conflicts provisions of such law. In the event that any party's claim or counterclaim equals or exceeds one million dollars (\$1,000,000), exclusive of interest or attorneys' fees, the Dispute shall be heard and determined by three (3) arbitrators otherwise, the Dispute shall be heard and determined by one (1) arbitrator.

In the event that one arbitrator shall hear the Dispute, the parties shall attempt to agree upon a qualified individual to serve as arbitrator. If the parties are unable to so agree within 30 days of the Arbitration Notice, then the arbitrator shall be selected and appointed in accordance with the AAA Rules. In the event that three arbitrators shall hear the Dispute, each party shall, within 30 days of the Arbitration Notice, select one person to act as an arbitrator. The two arbitrators so selected shall, within 15 days of their appointment, select a third arbitrator who shall serve as the chair of the Arbitral Panel. The two party-selected arbitrators will serve in a non-neutral capacity. The arbitrators selected shall be qualified by education, training, and experience to hear and determine matters in the nature of the Dispute. If a party fails to appoint an arbitrator as provided herein, or if the arbitrators selected by the parties are unable or fail to agree upon a third arbitrator within 15 days of their appointment, then that arbitrator shall be selected and appointed in accordance with the AAA Rules. All arbitrator(s) shall be bound by and shall follow the then current American Bar Association/AAA Rules of Ethics for Arbitrators in Commercial Disputes.

Unless the parties agree otherwise, the parties, the arbitrator(s), and the AAA shall treat the dispute resolution proceedings provided for herein, any related disclosures, and the decisions of the arbitrator(s), as confidential, except in connection with judicial proceedings ancillary to the dispute resolution proceedings and as otherwise required by law to protect the legal rights of a party.

It is expressly understood and agreed by Armory Securities and the Company that nothing contained in this Agreement shall restrict or otherwise prohibit Armory Securities from providing any services (including similar services) to any other person or entity in matters not directly adverse to the Company.

Each of Armory Securities and the Company (on its own behalf and, to the extent permitted by law, on behalf of its equity holders) waives any right to trial by jury in any action, suit or proceeding arising out of or relating to this letter agreement; provided that in the event that the Company becomes a debtor under chapter 11 of the Bankruptcy

ARMORY SECURITIES, LLC

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Code, during any such case, any such claims may also be heard and determined in the Bankruptcy Court (as defined below).

The Company represents and warrants to Armory Securities that there are no brokers, representatives or other persons which have an interest in compensation due to Armory Securities from any Transaction or our services contemplated herein.

In the event that the Company files for bankruptcy under the Bankruptcy Code, the Company shall use its best efforts to promptly apply to the bankruptcy court having jurisdiction over the chapter 11 case or cases (the "Bankruptcy Court") for the approval pursuant to sections 327 and 328 of the Bankruptcy Code of this agreement and Armory Securities' retention by the Company under the terms of this agreement, and subject to the standard of review provided for in Section 328(a) of the Bankruptcy Code, and not subject to any other standard of review under section 330 of the Bankruptcy Code. The Company shall supply Armory Securities with a draft of such application and any proposed order authorizing Armory Securities' retention that is proposed to be submitted to the Bankruptcy Court sufficiently in advance of the filing of such application or the submission of such order, as the case may be, to enable Armory Securities and its counsel to review and comment thereon. Armory Securities shall have no obligation to provide any services under this agreement in the event that the Company becomes a debtor under the Bankruptcy Code unless Armory Securities' retention under the terms of this agreement is approved under Section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which is acceptable to Armory Securities in all respects. Armory Securities acknowledges that in the event that the Bankruptcy Court approves its retention by the Company, Armory Securities' fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under Section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders. In the event that the Company becomes a debtor under the Bankruptcy Code and Armory Securities' engagement hereunder is approved by the Bankruptcy Court, the Company shall pay all fees and expenses of Armory Securities hereunder as promptly as practicable in accordance with the terms hereof.

At any time after the consummation of a Transaction, Armory Securities may, with the approval of the Company (not to be unreasonably withheld), place announcements or advertisements describing its services hereunder (at Armory Securities' option and expense) in such newspapers and publications as it may choose.

Please confirm that the foregoing is in accordance with your understandings and agreements with Armory Securities by signing and returning to us the duplicate of this letter enclosed herewith.

[Signature Page Follows]

ARMORY SECURITIES, LLC

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Very truly yours,

ARMORY SECURITIES, LLC



By: Eben Perison
Its: Sr. Managing Director

Confirmed and Agreed:

LUGANO DIAMONDS & JEWELRY INC.

By: Christoph Pachler
Its: Chief Financial Officer
Date: November 5, 2025

ARMORY SECURITIES, LLC

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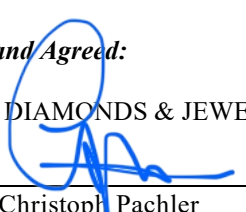
Very truly yours,

ARMORY SECURITIES, LLC

By: Eben Perison
Its: Sr. Managing Director

Confirmed and Agreed:

LUGANO DIAMONDS & JEWELRY INC.



By: Christoph Pachler
Its: Chief Financial Officer
Date: November 5, 2025

SCHEDULE A

The Company agrees to indemnify and hold harmless Armory Securities and its affiliates and their respective former and present directors, officers, employees, agents and controlling persons (each such person, including Armory Securities, an "Indemnified Party") to the fullest extent permitted by law from and against any losses, claims, damages and liabilities, joint or several (individually and collectively, the "Damages"), to which such Indemnified Party may become subject in connection with or otherwise relating to or arising from (i) any transaction contemplated by this letter agreement or the engagement of or performance of services by an Indemnified Party thereunder or (ii) an untrue statement or an alleged untrue statement of a material fact or the omission or alleged omission to state a material fact necessary in order to make a statement not misleading in light of the circumstances under which it was made, and will reimburse each Indemnified Party for all fees and expenses (including the fees and expenses of counsel) (individually and collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (individually and collectively, the "Proceedings") arising therefrom, whether or not such Indemnified Party is a formal party to such Proceeding and in enforcing this letter agreement; provided, that the Company will not be liable to any such Indemnified Party to the extent that any Damages are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of the Indemnified Party seeking indemnification hereunder. The Company also agrees that no Indemnified Party will have any liability (whether direct or indirect, in contract, tort or otherwise) to the Company or any person asserting claims on behalf of the Company arising out of or in connection with any transactions contemplated by this letter agreement or the engagement of or performance of services by any Indemnified Party thereunder except to the extent that any Damages are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of the Indemnified Party.

If for any reason other than in accordance with this letter agreement, the foregoing indemnity is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless, then the Company will contribute to the amount paid or payable by an Indemnified Party as a result of such Damages (including all Expenses incurred) in such proportion as is appropriate to reflect the relative benefits to the Company and/or its stockholders on the one hand, and Armory Securities on the other hand, in connection with the matters covered by this letter agreement or, if the foregoing allocation is not permitted by applicable law, not only such relative benefits but also the relative faults of such parties as well as any relevant equitable considerations. The Company agrees that for purposes of this paragraph the relative benefits to the Company and/or its stockholders and Armory Securities in connection with the matters covered by this letter agreement will be deemed to be in the same proportion that the total value paid or received or to be paid or received by the Company and/or its stockholders in connection with the transactions contemplated by this letter agreement, whether or not consummated, bears to the fees paid to Armory Securities under this letter agreement; provided, that in no event will the total contribution of all Indemnified Parties to all such Damages exceed the amount of fees actually received and retained by Armory Securities hereunder (excluding any amounts received by Armory Securities as reimbursement of expenses) except to the extent that any Damages are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of the Indemnified Party. Relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission or any alleged conduct relates to information provided by the Company or other conduct by the Company (or its employees or other agents) on the one hand, or by Armory Securities, on the other hand.

The Company agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not Armory Securities or any other Indemnified Party is a formal party to such Proceeding) in respect of which indemnification may be sought hereunder without the prior written consent of Armory Securities (which consent will not be unreasonably withheld), unless such waiver, release or settlement (i) includes an unconditional release of Armory Securities and each Indemnified Party from all liability arising out of such Proceeding and (ii) does not contain any factual or legal admission by or with respect to any Indemnified Party or any adverse statement with respect to the character, professionalism, expertise or reputation of any Indemnified Party or any action or inaction of any Indemnified Party.

The indemnity, reimbursement and contribution obligations of the Company hereunder will be in addition to any liability which the Company may otherwise have to any Indemnified Party and will be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company or an Indemnified Party. The provisions of this Schedule A will survive the modification or termination of this letter agreement.

SCHEDULE B

Lender Consent and Carveout

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

LUGANO GROUP
CARVEOUT AGREEMENT

COMPASS DIVERSIFIED HOLDINGS
301 Riverside Avenue, Second Floor
Westport, CT 06880
Attn: Chief Executive Officer and General Counsel

Gentlemen:

This acknowledgment (this “Acknowledgement”) is issued to Armory Securities, LLC (“Armory”) by Compass Group Diversified Holdings LLC (“CODI”), as lender under that Credit Agreement, dated as of September 3, 2021, among Lugano Diamonds & Jewelry Inc., a California corporation (“Borrower”), Lugano Buyer, Inc., a Delaware corporation (“Co-Borrower”), and CODI, as amended by certain amendments, the most recent of which is the Twenty-Second Amendment to Credit Agreement dated as of April 24, 2025 (and as may be further amended, supplemented, restated or otherwise modified from time to time and including all exhibits, attachments and appendices thereto, the “Credit Agreement”). This Acknowledgement further references the engagement agreement between the Company and Armory dated as of November 2, 2025 (as in effect as of the date hereof, the “Engagement Agreement”). All capitalized terms not defined herein have the meanings ascribed in the Engagement Agreement.

CODI holds a senior, perfected security interest in and lien against substantially all of the assets of the Company and all proceeds from the disposition of such assets. In consideration for Armory’s agreement to render investment banking services to the Company under the terms of the Engagement Agreement, CODI on its own behalf and on behalf of its successors and assigns, agrees and acknowledges as follows:

1. CODI agrees that Armory’s fees and expenses, to the extent earned and payable in accordance with the terms of the Engagement Agreement and, if there is a future bankruptcy filing, to the extent allowed by order of a bankruptcy court in such a future bankruptcy case of the Company (herein, collectively, the “Allowed Armory Fees and Expenses”), shall be paid by the Company to Armory free and clear of any lien, claim or interest that the CODI may have in the Company’s assets or the proceeds thereof and any liens held by CODI against any of the assets of the Company to secure the obligations under the Credit Agreement shall be subordinate to Armory’s right to receive the Allowed Armory Fees and Expenses on the terms set forth herein. To the extent that CODI shall receive proceeds of its collateral in connection with a Transaction and the Allowed Armory Fees and Expenses have not been fully and timely paid, CODI shall turn over proceeds of such collateral in such amount as is necessary to pay in full the Allowed Armory Fees and Expenses.
2. In the event that the Company becomes a debtor in a bankruptcy case (whether voluntarily or involuntarily), CODI agrees (i) to support Armory’s retention as the Company’s investment banker pursuant to the Engagement Agreement, acknowledges the fees payable under the Engagement Agreement are reasonable and agrees not to object to such fees as long as in accordance with the terms of the Engagement Agreement; provided, however, that (A) if any part of the Allowed Armory Fees and Expenses are disallowed by the Bankruptcy Court, such amounts shall not be subject to this Acknowledgement and (ii) that any agreement pursuant to which CODI (A) consents to cash collateral usage, (B) provides debtor-in-possession financing to the Company and/or (C) consents to the priming of their liens and such orders of the Bankruptcy Court related thereto shall contain a limited carve out provision for the Allowed Armory Fees and Expenses as provided herein, unless Armory agrees otherwise.

3. Reserved
4. If CODI acquires assets of the Company as a result of a credit bid or a restructuring (a "Credit Bid"), then such Transaction shall be deemed a Sale under the Engagement Agreement and the Company shall pay Armory its Sale Transaction Fee as a cost of such Transaction, which Sale Transaction Fee shall be calculated as if such Sale Transaction was with a third party for a Transaction Value equal to the Credit Bid unless the Company received a bona fide Sale Transaction proposal from a third party, in which case, the Transaction Value shall be equal to the amount proposed in the highest such third party proposal.
5. If CODI sells or otherwise disposes of its claims against the Company arising under the Credit Agreement ("Claims") to any person or entity (a "Claims Buyer"), CODI shall make a commercially reasonable effort to bind the Claims Buyer to the provisions of this Acknowledgement; provided, however, in the event that the Claims buyer is an affiliate of CODI, the claims shall remain subject to the provisions of this acknowledgement.
6. Armory and the Company agree that the Engagement Agreement and its terms may not be amended in any manner that affects CODI without the prior written consent of CODI.

This Acknowledgement shall be effective as of the Effective Date of the Engagement Agreement.

[Signature pages follow]

ARMORY SECURITIES, LLC

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ARMORY SECURITIES, LLC



By: _____

Name:

Title:

LENDER:

**COMPASS GROUP DIVERSIFIED HOLDINGS,
LLC, as Lender**

By: _____

Name:

Title:

The foregoing Acknowledgment is hereby acknowledged and approved by the Company.

LUGANO DIAMONDS & JEWELRY INC., a California
corporation ("Borrower")

By: _____

Name:

Title:

LUGANO BUYER, INC., a Delaware corporation ("Co-
Borrower")

By: _____

Name:

Title:

ARMORY SECURITIES, LLC

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4. If CODI acquires assets of the Company as a result of a credit bid or a restructuring (a "Credit Bid"), then such Transaction shall be deemed a Sale under the Engagement Agreement and the Company shall pay Armory its Sale Transaction Fee as a cost of such Transaction, which Sale Transaction Fee shall be calculated as if such Sale Transaction was with a third party for a Transaction Value equal to the Credit Bid unless the Company received a bona fide Sale Transaction proposal from a third party, in which case, the Transaction Value shall be equal to the amount proposed in the highest such third party proposal.
5. If CODI sells or otherwise disposes of its claims against the Company arising under the Credit Agreement ("Claims") to any person or entity (a "Claims Buyer"), CODI shall make a commercially reasonable effort to bind the Claims Buyer to the provisions of this Acknowledgement; provided, however, in the event that the Claims buyer is an affiliate of CODI, the claims shall remain subject to the provisions of this acknowledgement.
6. Armory and the Company agree that the Engagement Agreement and its terms may not be amended in any manner that affects CODI without the prior written consent of CODI.

This Acknowledgement shall be effective as of the Effective Date of the Engagement Agreement.

[Signature pages follow]

ARMORY SECURITIES, LLC

By: _____
 Name: _____
 Title: _____

LENDER:

**COMPASS GROUP DIVERSIFIED HOLDINGS,
 LLC, as Lender**

By:  _____
 Name: Carrie W. Ryan
 Title: Secretary & General Counsel

The foregoing Acknowledgment is hereby acknowledged and approved by the Company.

LUGANO DIAMONDS & JEWELRY INC., a California corporation ("Borrower")

By: _____
 Name: _____
 Title: _____

LUGANO BUYER, INC., a Delaware corporation ("Co-Borrower")

By: _____
 Name: _____
 Title: _____

ARMORY SECURITIES, LLC

CONFIDENTIAL

ARMORY SECURITIES, LLC

By: _____

Name:

Title:

LENDER:

**COMPASS GROUP DIVERSIFIED HOLDINGS,
LLC, as Lender**

By: _____

Name:

Title:

The foregoing Acknowledgment is hereby acknowledged and approved by the Company.

LUGANO DIAMONDS & JEWELRY INC., a California
corporation ("Borrower")

By: _____

Name:

Title:

LUGANO BUYER, INC., a Delaware corporation ("Co-
Borrower")

By: _____

Name:

Title:

EXHIBIT C

Perison Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

**DECLARATION OF EBEN PAUL PERISON IN SUPPORT OF APPLICATION OF
DEBTORS FOR AN ORDER (A) AUTHORIZING THE RETENTION AND
EMPLOYMENT OF ARMORY SECURITIES, LLC AS INVESTMENT
BANKER TO THE DEBTORS, EFFECTIVE AS OF THE PETITION
DATE, (B) APPROVING THE TERMS OF THE ENGAGEMENT
AGREEMENT, AND (C) WAIVING COMPLIANCE WITH
CERTAIN REQUIREMENTS OF LOCAL RULE 2016-1**

Pursuant to 28 U.S.C. § 1746, I, Eben Paul Perison, declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the of a Senior Managing Director of Armory Securities, LLC (“Armory”), a national investment banking and financial advisory firm with offices in Los Angeles, New York, Chicago, Boston, and Dallas and more than 30 professionals. This declaration (this “Declaration”) is submitted in support of the *Application of Debtors for an Order (A) Authorizing the Retention and Employment of Armory Securities, LLC as Investment Banker to the Debtors, Effective as of the Petition Date, (B) Approving the Terms of the Engagement Agreement, and (C) Waiving Compliance with Certain Requirements of Local Rule 2016-1* (the “Application”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

² Capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Application.

approving the Debtors' employment and retention of Armory as investment banker, effective as of the Petition Date.

2. Except as otherwise stated in this Declaration, I have personal knowledge of or have relied upon the knowledge of others employed by Amory with respect to the matters set forth herein.³ If called to testify, I could and would testify competently to the facts set forth herein.

ARMORY'S QUALIFICATIONS

3. Armory routinely provides services to debtors, creditors, and other parties in interest involved with financially troubled companies both in and outside of bankruptcy. Armory has been, and is, involved in complex restructurings and sales transaction throughout the United States, both out of court and in chapter 11 cases. Armory has been retained to provide investment banking and financial advisory services in, among other cases, *In re TreeSap Farms, LLC*, Case No. 25-90071 (Bankr. Tex. Apr. 8, 2025) [Docket No. 181] (investment banker to debtors); *In re Aruze Gaming America, Inc.*, Case No. 23-10356 (Bankr. D. Nev. Apr. 3, 2023) [Docket No. 206] (investment banker to debtors); *In re Wave Computing, Inc.*, Case No. 20-50682 (Bankr. N.D. Cal. Nov. 3, 2020) [Docket No. 688] (investment banker to debtors); *In re EB Holdings II, Inc.*, Case No. 19-16364 (Bankr. D. Nev. Oct. 15, 2019) [Docket No. 76] (financial advisor to debtors); *In re Immune Pharmaceuticals, Inc.*, Case No. 19-13273 (Bankr. D.N.J. Mar. 21, 2019) [Docket No. 76] (financial advisor and investment banker to debtor); *In re Quantum Fuel Sys. Techs. Worldwide, Inc.*, Case No. 16-11202 (Bankr. C.D. Cal. May 2, 2016) [Docket No. 195] (investment banker to debtor).

³ Certain information set forth herein relates to matters (a) contained in Armory's books and records and (b) within the knowledge of other Armory employees, and is based on information provided by them.

4. Armory has agreed to provide investment banking services to the Debtors in the Chapter 11 Cases pursuant to the terms and conditions set forth in that certain *Engagement Agreement to Provide Investment Banking Services*, dated as of November 2, 2025 (the “Agreement”), a true and correct copy of which is attached to the Application as Exhibit B.

5. Since its retention in May 2025, Armory has provided extensive prepetition investment banking services to the Debtors, including running a dual-track marketing process focused on either a sale or refinancing to maximize value for Lugano’s creditors and shareholders. As part of this process, Armory identified and contacted over 116 parties who might be interested in a purchase or financing transaction with the Debtors. Of those contacted, 58 parties executed confidentiality agreements and received a confidential information memorandum, leading to five indications of interest and ultimately to six letters of intent. During this process, Armory established a virtual data room on behalf of the Debtors, conducted numerous discussions and meetings with interested parties, and facilitated in-depth diligence.

6. Armory facilitated discussions and negotiations with Enhanced Retail Funding, LLC, including a two-tier structure, and the entry into an agency agreement (the “Agency Agreement”). Armory is now providing investment banking services to the Debtors in connection with a sales process whereby the Debtors are seeking alternative transactions to the Agency Agreement proposal that would provide more value to their estates.

7. As a result of the prepetition work performed on behalf of the Debtors, Armory has acquired significant knowledge of the Debtors and their business and is intimately familiar with the Debtors’ financial affairs, operations, and related matters. In providing prepetition services to the Debtors, Armory has worked closely with the Debtors’ senior management and their other advisors and has familiarity with the other major stakeholders that will be involved in the

Chapter 11 Cases. Accordingly, Armory has developed intimate experience and expertise regarding the Debtors that (a) makes Armory a natural selection as the Debtors' investment banker and (b) will assist Armory in providing effective and efficient services in the Chapter 11 Cases. Indeed, if the Debtors were required to retain an investment banker other than Armory in connection with the Chapter 11 Cases, the Debtors, their estates, and all parties in interest would be prejudiced by the time and expense necessary to familiarize another firm with the intricacies of the Debtors and their business operations and circumstances.

8. I believe that Armory and the professionals that it employs are uniquely qualified to advise the Debtors in the matters for which Armory is proposed to be employed. Armory provides clients with a wide range of investment banking services from mergers and acquisitions and raising debt or equity financing to restructuring and transaction support.

SERVICES TO BE PROVIDED

9. The Debtors and Armory have entered into the Engagement Agreement, which governs the relationship between the Debtors and Armory. The terms and conditions of the Engagement Agreement were negotiated at arm's length and in good faith between the Debtors and Armory, and their respective counsel, and reflect the parties' mutual agreement as to the substantial efforts that will be required in this engagement. Under the Engagement Agreement, in consideration for the compensation contemplated thereby, Armory has agreed to provide the

following services as exclusive investment banker, placement agent and/or arranger (in each case, to the extent applicable) to the Debtors:⁴

- (a) Investment Banking Services. Armory will, to the extent appropriate given the circumstances:
 - (i) familiarize itself with the business, operations, properties, financial condition, and prospects of the Debtors; and
 - (ii) if the Debtors determine to undertake a Restructuring, Financing and/or Sale, advise and assist the Debtors in structuring and effecting the financial aspects of such a transaction or transactions, subject to the terms and conditions of the Engagement Agreement.
- (b) Restructuring Services. If the Debtors pursue a Restructuring, Armory will, to the extent appropriate given the circumstances:
 - (i) provide investment banking related assistance to the Debtors in developing and seeking approval of any Sale pursuant to a Restructuring plan (as the same may be modified from time to time, a “Plan”), which may be a plan under the Bankruptcy Code, state bankruptcy equivalent, receiverships, assignment for the benefit of creditors, or otherwise; and
 - (ii) if requested by the Debtors, participate in hearings before the Court or state court with respect to the matters upon which Armory has provided advice, including, as relevant, coordinating with the Debtors’ counsel with respect to testimony in connection therewith.
- (c) Financing Services. If the Debtors elect to pursue a Financing, Armory will, as placement agent and/or arranger, to the extent appropriate given the circumstances:
 - (i) provide financial advice and assistance to the Debtors in structuring and effecting a Financing, and identify potential Investors (as defined Engagement Agreement);
 - (ii) if Armory and the Debtors deem it advisable, assist the Debtors in developing and preparing a memorandum (with any amendments

⁴ The summaries of the Engagement Agreement provided in the Application, the Proposed Order, and this Declaration are provided for convenience only. In the event of any inconsistency between any summary and the terms and provisions of the Engagement Agreement, the terms of the Engagement Agreement shall control. Capitalized terms used but not otherwise defined in the summaries of the Engagement Agreement contained herein shall have the meanings ascribed to such terms in the Engagement Agreement.

or supplements thereto, the “Financing Offering Memorandum”) to be used in soliciting potential Investors, it being agreed that (A) the Financing Offering Memorandum shall be based entirely upon information supplied by the Debtors, and (B) the Debtors shall be solely responsible for the accuracy and completeness of the Financing Offering Memorandum; and

- (iii) if requested by the Debtors, contact or assist the Debtors, and/or participate in negotiations, with potential Investors.
- (d) Sale Service. If the Debtors elect to pursue a Sale, Armory will to the extent appropriate given the circumstances:
 - (i) provide financial advice and assistance to the Debtors in connection with a Sale, identify potential acquirors, and, at the Debtors’ request, contact such potential Acquirors;
 - (ii) at the Debtors’ request, assist the Debtors in preparing a memorandum (with any amendments or supplements thereto, the “Sale Memorandum”) to be used in soliciting potential Acquirors, it being agreed that (A) the Sale Memorandum shall be based entirely upon information supplied by the Debtors, and (B) the Debtors shall be solely responsible for the accuracy and completeness of the Sale Memorandum; and
 - (iii) if requested by the Debtors, assist the Debtors and/or participate in negotiations with potential Acquirors.

PROFESSIONAL COMPENSATION

10. The Fee and Expense Structure set forth in the Application is consistent with Armory’s typical fees for work of this nature. The fees are set at a level designed to compensate Armory fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is Armory’s policy to charge its clients for all disbursements and expenses incurred in the rendition of services.

11. The Fee and Expense Structure is comparable to those generally charged by investment banking firms of similar stature to Armory and for comparable engagements, both in and out of court, and reflect a contingency amount which is tied to the consummation and closing of a transaction as contemplated in the Engagement Agreement.

12. It is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys. Armory's restructuring professionals, when formally retained in chapter 11 cases, and when required by local rules, do, and in Chapter 11 Cases will, keep time records in half-hour increments describing their daily activities and the identity of persons who performed such tasks.

13. The Engagement Agreement was negotiated at arm's length and in good faith, and I believe that the provisions contained therein are reasonable terms and conditions of Armory's employment by the Debtors. With respect to the Engagement Agreement's indemnification provisions, subject to any modifications set forth in an order of the Court granting the Application, indemnification is a standard term of the market for investment bankers. The indemnity is comparable to those generally obtained by investment banking firms of similar stature to Armory and for comparable engagements, both in and out of court.

14. Other than as set forth above, there is no proposed arrangement between the Debtors and Armory for compensation to be paid in the Chapter 11 Cases. Armory has no agreement with any other entity to share any compensation received, nor will any be made, except as permitted under section 504(b) of the Bankruptcy Code.

15. The foregoing constitutes the statement of Armory pursuant to section 504 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 5002.

16. Within one year prior to the Petition Date, the Debtors paid Armory \$300,000 in fees and expense reimbursements.

17. As of the Petition Date, the Debtors did not owe Armory for any fees or expenses incurred prior to the Petition Date.

INDEMNIFICATION

18. As part of the overall compensation payable to Armory under the terms of the Engagement Agreement, the Debtors have agreed to certain indemnification, contribution, and reimbursement obligations, set forth in the Engagement Agreement.

19. Notwithstanding anything to the contrary in the Engagement Agreement or any agreements incorporated by reference in the Engagement Agreement, upon entry of an order approving this Application, the Debtors' agreement to indemnify and hold Armory harmless will be modified as follows during the Chapter 11 Cases:

- (a) No Indemnified Person shall be entitled to indemnification, contribution, or reimbursement pursuant to the Engagement Agreement for services, unless such services and the indemnification, contribution, or reimbursement therefore are approved by the Court;
- (b) The Debtors shall have no obligation to indemnify any Indemnified Person or provide contribution or reimbursement to any Indemnified Person, for any claim or expense to the extent it is either (i) judicially determined (the determination having become final and no longer subject to appeal) to have arisen from the Indemnified Person's gross negligence, bad faith, or willful misconduct, (ii) for a contractual dispute in which the Debtors allege breach of an Indemnified Person's contractual obligations, unless the Court determines that indemnification, contribution, or reimbursement would be permissible pursuant to *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003), or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by the Court, after notice and a hearing pursuant to subparagraph (c) below to be a claim or expense for which the Indemnified Person is not entitled to receive indemnity, contribution, or reimbursement under the terms of the Engagement Agreement, as modified by the Proposed Order; and
- (c) If, before the earlier of (i) entry of an order confirming a chapter 11 plan in the Chapter 11 Cases (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing the Chapter 11 Cases, any Indemnified Person believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution, and/or reimbursement obligations under the Engagement Agreement (as modified by the Proposed Order), including without limitation, the advancement of defense costs, such Indemnified Person must file an application therefor in the Court, and the Debtors may not pay any such amounts to the Indemnified Person before the entry of an order by the

Court approving the payment. This subparagraph (c) is intended only to specify the period of time during which the Court shall have jurisdiction over any request fees and expenses by Indemnified Persons for indemnification, contribution or reimbursement, and not as a provision limiting the duration of the Debtors' obligation to indemnify the Indemnified Persons. All parties in interest shall retain the right to object to any demand by any Indemnified Person for indemnification, contribution, and/or reimbursement.

20. I believe that the indemnity provisions set forth in the Engagement Agreement are customary and reasonable terms of consideration for investment bankers such as Armory in connection with other chapter 11 cases. Armory negotiated the Engagement Agreement, including the indemnity provisions, with the Debtors at arm's length.

NO DUPLICATION OF SERVICES

21. The services of Armory are intended to complement and not duplicate the services rendered by any other professional retained in the Chapter 11 Cases. Armory understands that the Debtors have retained and may retain additional professionals during the term of the engagement and agrees to work cooperatively with such professionals to integrate any respective work conducted by the professionals on behalf of the Debtors.

ARMORY'S DISINTERESTEDNESS

22. In the ordinary course of its business, Armory and certain of its affiliates maintain a database for purposes of performing "conflicts checks." The Debtors supplied Armory with the names of the parties-in-interest set forth on **Schedule 1** attached hereto (collectively, the "**Potential Parties in Interest**") for purposes of searching the aforementioned database and determining any connections Armory may have with such entities. Except as set forth on **Schedule 2** attached hereto, this inquiry revealed that Armory has no connection to the Potential Parties in Interest.

23. To the best of my knowledge, information, and belief, neither Armory nor any employees of Armory is, or was within two years before the commencement of the Chapter 11 Cases, a director, an officer, or an employee of the Debtors. Also, to the best of my knowledge, information, and belief, neither the undersigned nor the Armory professionals expected to assist the Debtors are connected to the United States Bankruptcy Judge presiding over the Chapter 11 Cases or any persons employed by the U.S. Trustee for Region 3.

24. It is possible that Armory may have business relationships with certain of the professionals involved in the Chapter 11 Cases. Armory is involved in numerous cases, matters, and transactions involving many different professionals, investors, lenders, accountants, and financial consultants, some of whom may represent claimants and parties in interest in the Chapter 11 Cases. Further, Armory may have in the past, and may in the future, be represented by or advise several attorneys and law firms in the legal community, some of whom may be involved in the Chapter 11 Cases. Finally, Armory has in the past, and may in the future, work with or against other professionals involved in the Chapter 11 Cases in matters wholly unrelated to the Chapter 11 Cases. Based upon our current knowledge of the professionals involved in the Chapter 11 Cases, and to the best of my knowledge, none of these business relationships constitute interests adverse to the estates in matters with respect to which Armory is to be employed, and none are in connection with the Chapter 11 Cases.

25. The Debtors have numerous creditors and relationships with various individuals and entities that may be parties in interest in Chapter 11 Cases. Consequently, although reasonable effort has been made to discover and eliminate the possibility of any conflict, including the efforts outlined above, Armory is unable to state with certainty whether any of its clients or an affiliated entity of a client holds a claim or otherwise is a party in interest in the Chapter 11 Cases. If Armory

discovers any information that is contrary to or pertinent to the statements made herein, Armory will promptly disclose such information to the Court.

[Remainder of page intentionally left blank]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: November 26, 2025

/s/ Eben Paul Perison
Eben Paul Perison
Senior Managing Director
Armory Securities, LLC

SCHEDULE 1

Potential Parties in Interest

Banks

Bank of America, N.A.
U.S. Bank National Association

Bankruptcy Court Staff

Barksdale, Nickita
Batts, Cacia
Bello, Rachel
Brady, Claire
Capp, Laurie
Gadson, Danielle
Grant, Stephen L.
Haney, Laura
Hrycak, Amanda
Hurt, Xavier
Johnson, Lora
Lopez, Marquietta
Lugano, Al
Subda, Paula
Walker, Jill
Washington, Nikki
Yeager, Demitra

Bankruptcy Judges

Dorsey, John T.
Goldblatt, Craig T.
Horan, Thomas M.
Owens, Karen B.
Shannon, Brendan L.
Silverstein, Laurie Selber
Stickles, Kate J.

U.S. Trustee Staff

Attix, Lauren
Bates, Malcolm M.
Casey, Linda
Cudia, Joseph
Dice, Holly
Dortch, Shakima L.
Fox, Timothy J., Jr.
Girello, Michael
Green, Christine
Hackman, Benjamin
Jones, Nyanquoi
Konde, Hawa
Leamy, Jane

Lipshie, Jonathan
McCollum, Hannah M.
McMahon, Joseph
Nyaku, Jonathan
O'Malley, James R.
Richenderfer, Linda
Schepacarter, Richard
Serrano, Edith A.
Thomas, Elizabeth
Wynn, Dion

Debtors & Non-Debtor Affiliates (not otherwise mentioned)

Compass Diversified Holdings
K.L.D. Jewelry, LLC (also known as KLD LLC and K.L.D., LLC)
Lugano Buyer, Inc.
Lugano Canada, Inc.
Lugano Diamonds & Jewelry Inc.
Lugano Diamonds UK Limited
Lugano Holding, Inc.
Lugano Prive Investment Trust
Lugano Prive, LLC

Debtors' Professionals & Advisors

Armory Securities, LLC
Barnes & Thornburg
Brown Neri Smith & Khan LLP
GlassRatner Advisory & Capital Group, LLC
Keller Benvenuti Kim LLP
Omni Agent Solutions, Inc.
Shoemaker Ghiselli + Schwartz LLC
Young Conaway Stargatt & Taylor LLP

Directors & Officers (Current/Former)

Arnold, David,
Calvert, Lisa
Cumenal, Frederic
Dalal, Raj
Ferder, Idit
Ferder, Mordechai
FitzGerald, Thomas
Gaynor, Joshua
Kothari, Raj
Maciariello, Patrick
McCauley, Tiffany

McGee, Michael
Pachler, Christoph
Roach, Katherine
Wells, Spencer L.
Winston, Stuart

DIP Lender

Compass Group Diversified Holdings LLC

Insurance Providers

AIG Specialty Insurance Company
American Fire and Casualty Company
(Liberty Mutual Insurance)
Arch Insurance Company
Arch Specialty Insurance Company
At-Bay Specialty Insurance Company
Atlantic Specialty Insurance Company
Axis Insurance Company
Great American Risk Solutions Surplus Lines
Insurance Company
Lloyd's of London
Ohio Security Insurance Company (Liberty
Mutual Insurance)
Scottsdale Insurance Company
Selective Ins Co of the Southeast
Starstone Specialty Insurance Co.
Technology Insurance Company, Inc.
Travelers Casualty and Surety Company of
America
United Healthcare Services, Inc.
West American Insurance Company (Liberty
Mutual Insurance)
XL Specialty Insurance Company

Landlords

240 GA, LLC
620 Newport Center Drive LLC
Albalux Development Ltd
Ashkenazy Aspen Commercial, LLC
Equestrian Operations, L.L.C.
Miami DD Club, LLC (license)
Paradise Plaza Associates LLC
Ponte Gadea Chicago, LLC
SHC Washington, LLC
Sheraton License Operating Company, LLC
The Irvine Company, LLC

Urbinder Developments Ltd.
Wilson 150 Worth, LLC

Litigation Parties

Aronoff, Barry
Arvielo Family Trust
Arvielo, Enrico
Avina LLC
Belgium New York, LLC
Cave, Deryk
Champion Force Industrial Limited
Cohen, Raymond W.
Global Innovations LLC
Hazen, Cassandra
Hazen, Paul
Irvine Management Company
Kent Valley, trustee of the Valley Trust dated
August 2, 2012
Kraus, Ken
Luminaire LLC
Navarretta, Veronica
N.B.S. Diamonds Inc. dba Scarselli Diamonds
Sutherland, Grant
Sydney Holdings Limited
The Paul and Cassandra Hazen Trust
Virginia Valley, trustee of the Valley Family
Trust dated August 2, 2012
White Mountain Capital Inc.
Winters, Kristoffer

**Material Vendors, Suppliers, & Significant
Contract Counterparties**

American Express
Aspen Art Museum (Aspen Air)
Aspen Music Festival and School
Aspen Valley Polo Club (AVPC)
Childrens Museum of Manhattan (CMOM)
Cliq
DM Luxury, LLC / Modern Luxury
Dow Jones & Company Inc
Egon Zehnder International
Estate Security Services, Inc
Fancy Creations, Inc.
Five C'S Inc.
Florida Grand Opera
Hearst Magazines (Town & Country)

Institute of Contemporary Art, Miami
 Irvine Barclay Theatre
 Johnson Controls
 KCD, Inc.
 Kothari and Company, Inc.
 Kothari Trading HK LTD
 Live Oak International Horse Show
 Longines Global Champion Tour (Tops Equestrian)
 Luminaire (Furniture) aka Poltrona
 Malca-Amit USA, LLC Los Angeles
 My Jeweler & Diamonds
 National Gallery of Art
 National Symphony Orchestra
 New York Empire Equestrian Club
 OnCall IT, Inc.
 Orange County Museum of Art (OCMA)
 Real Gems, Inc.
 Robb Report Media, LLC
 Royal Charity Polo (TLA Worldwide AKA TGI Sport)
 Royal Windsor Horse Show
 Rubinstein Software
 STA Jets
 Sweet Management Group (aka Connect Sports & Entertainment, LLC)
 The Financial Times Limited
 The Kennedy Center
 The New York Times
 The Norton Museum of Art
 The Run to Monaco
 The Serpentine
 Visionet Systems Inc
 Wheeler Kearns Architects, Inc.
 Winter Equestrian Festival (WEF)
 World Equestrian Center (WEC)

Secured Creditors

Compass Group Diversified Holdings LLC

Material (5% or Greater) Shareholders

Compass Group Diversified Holdings LLC
 Marshack, Richard
 Mordechai Haim Ferder, as trustee of The Haim Family Trust, dated February 24, 2009
 Simba IL Holdings, LLC

The Haim Family Trust, dated February 24, 2009

Top 30 Creditors

Aronoff, Barry (Aronoff Capital, Inc.)
 Arvielo Family Trust
 Arvielo, Enrico
 Avina LLC (Global Innovations, LLC)
 Bank of America, N.A.
 Benson, Juliann
 Brandes, Adrienne
 Bulley & Andrews LLC
 Champion Force Industrial Limited
 Cohen, Raymond W.
 Dacus, Debbie
 Gadol, Bryan
 Hazen, Cassandra
 Hazen, Paul
 Kelsay, Kaci
 Locksley, John
 McCall, Marianne
 McMacken, Ron
 Moens, Lawrance
 N.B.S. Diamonds Inc. dba Scarselli Diamonds
 Paradise Plaza Associates LLC
 Ponte Gadea Chicago, LLC
 Rodan Family Living Trust
 Shelley Investments LLC
 Sherlock, Tina
 Sherwood, Steve
 Simon, Ron
 Simon, Scott and Hillary
 Sydney Holdings Limited
 Testa, Darren
 White Mountain Capital Inc.
 Winters, Kristoffer
 Worth Capital Holdings 9 LLC
 Valley Family Trust dated August 2, 2012

Taxing Authorities

California Department of Tax and Fee Administration
 City of Aspen
 City of Steamboat Springs
 County of Orange
 DC Office of Tax and Revenue

Direction Générale des Finances Publiques
(France)
Florida Dept of Revenue
HM Revenue and Customs
IRS
Italian Revenue Agency (Agenzia delle
Entrate)
Palm Beach County
Colorado Department of Revenue
Connecticut Department of Revenue Services
Delaware Division of Revenue
Illinois Department of Revenue
Michigan Department of Treasury
New York State Department of Taxation and
Finance
Pennsylvania Department of Revenue
Spanish Tax Administration Agency (AEAT)
Swedish Tax Authority
Texas Comptroller
Town of Greenwich
Virginia Department of Taxation

Utility Providers

Astound Business Solutions
AT&T
AT&T CWO
CenturyLink
City of Newport Beach
Comcast
ComEd
Connecticut Natural Gas Corporation
Cox Communications
DirecTV
Fonality
FPL
Greenwich Premier Services
Optimum Business
People Gas
SoCalGas
Southern California Edison
Starlink Internet Services Limited
T-Mobile
Verizon

SCHEDULE 2

Relationships with Potential Parties in Interest

Armory has in the past, and may in the future, represent banks, agent banks, trustees, collateral agents, and other creditors in matters wholly unrelated to the Chapter 11 Cases. As an investment bank that regularly operates in situations such as these, certain of the parties in interest, including Bank of America, N.A. and U.S. Bank National Association and their affiliates, may be or have been lenders in syndicated credits wholly unrelated to the Chapter 11 Cases for which Armory represents or has represented the agent or lender group or may be or have been adverse to such creditors in other restructurings wholly unrelated to the Chapter 11 Cases in which Armory was involved.

Furthermore, Armory is frequently engaged as an investment bank for clients in a wide range of industries which are raising capital. As such, Armory has in the past and may in the future show financing and financing related transactions to banks and private lenders included on the list for matters unrelated to the Chapter 11 Cases.