

EXHIBIT 1

Agency Agreement

AGENCY AGREEMENT

This Agency Agreement (this “Agreement”) is made as of November 16, 2025, by and between LUGANO DIAMONDS & JEWELRY, INC., a California corporation (“Merchant”) and ENHANCED RETAIL FUNDING, LLC, a Massachusetts limited liability company (“Agent”).

Section 1. Recitals.

WHEREAS, Merchant operates retail stores and desires that the Agent act as Merchant’s exclusive agent for the following purposes: (A) during the Tier 1 Period (as defined below), to retain Consultant as its exclusive consultant to provide certain consulting services to Merchant with respect to the (1) disposition of the Merchandise (including Memo Merchandise), Merchant’s Consignment Goods, and Remaining Merchandise (each as defined below) through (w) Merchant’s retail stores (each individually, a “Store,” and, collectively, the “Stores”) identified on Exhibit A hereto (including any secure on-site or third-party safe, vault, and/or other similar secure storage facility maintained by the Merchant in the ordinary course of its business), (x) Merchant’s corporate offices (including any secure on-site or third-party safe, vault, and/or other similar secure storage facility maintained by the Merchant in the ordinary course of its business), (y) Merchant’s sales representatives in possession of Memo Merchandise (as hereinafter defined) ((1)(w-y) collectively the “Sale Locations”), and/or (z) through sales completed in one or more wholesale sales channels; and (2) disposing of the Owned FF&E (as hereinafter defined) in the Sale Locations, in each case by means of a highly promotional sale strategy utilizing sale themes as shall be determined by Agent from time-to-time, in its exclusive discretion (as further described below, the “Sale”); (B) provided Merchant does not consummate an Alternative Transaction (as defined below), during the Tier 2 Period (as defined below), where and to the extent applicable, Agent shall act as Merchant’s exclusive agent to (1) conduct the Sale in accordance with the terms of Section B of this Agreement; and (C) subject to entry of the Final Approval Order (as hereinafter defined) disposing of Owned Intellectual Property and Underlying Occupancy Agreements (each as hereinafter defined).

WHEREAS, Merchant has advised Agent that Merchant is entering into this Agreement in contemplation of filing a voluntary petition for relief under chapter 11 of Title 11, United States Code (the “Bankruptcy Code”), in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agent and Merchant hereby agree as follows:

A. Tier 1 Period Consulting Engagement.

Section 2. Agent’s Tier 1 Period Consulting Services

2.1 If following execution of this Agreement Merchant commences a case under Chapter 11 of the Bankruptcy Code, then no later than three (3) days after the Petition Date Merchant shall file a motion for interim and final approval of this Agreement under, inter alia, sections 105(a), 363 and 365 of the Bankruptcy Code, which motion shall be reasonably acceptable to Agent and the DIP Lender (as hereinafter defined), and use commercially reasonable efforts to seek approval of an order of the Bankruptcy Court to permit Merchant and Agent’s performance of this Agreement during the Tier 1 Period (hereinafter, the “Interim Approval Order”). For purposes of this Agreement, “Petition Date” means the date on which Merchant files a petition for relief under the Bankruptcy Code.

2.2 The Interim Approval Order shall provide, in a form reasonably satisfactory to Merchant, DIP Lender and Agent, *inter alia*, that: (i) this Agreement is in the best interest of the Merchant, Merchant's estate, creditors, and other parties in interest, (ii) this Agreement (and each of the transactions contemplated hereby) is approved on an interim basis; (iii) during the Tier 1 Period, Merchant and Agent shall be authorized to continue to take any and all actions as may be necessary or desirable to implement this Agreement and each of the transactions contemplated hereby, including, but not limited to, authorizing Merchant to pay Agent any amount earned by Agent in respect of the Tier 1 Consulting Fee (as defined below) and reimburse Agent for any Tier 1 Expenses (as defined below); (iv) Agent shall be entitled to sell all Merchandise, Merchant's Consignment Goods, Remaining Merchandise, and Owned FF&E, with such sales to be in each case free and clear of all liens, claims or encumbrances thereon, with any presently existing liens encumbering all or any portion of such assets or the Proceeds thereof attaching only to the any amounts to be received by Merchant under this Agreement (net of any Tier 1 Consulting Fees and Tier 1 Expenses for which Merchant is obligated to reimburse Agent hereunder); (v) Agent shall have the right to use the Sale Locations, the E-Commerce Platform (as defined below) and all related services, FF&E (as defined below) and other assets of Merchant for the purpose of conducting the Sale, free of any interference from any entity or person, subject to compliance with the Sale Guidelines (as defined below), this Agreement, the Interim Approval Order, and to the extent applicable, the DIP Order; (vi) Agent, as consultant to Merchant, is authorized to conduct, advertise, post signs, utilize sign-walkers, and otherwise promote the Sale utilizing highly promotional sale themes as are customary in the industry, in each case as shall be determined by Agent from time-to-time, in its exclusive discretion, and without further compliance with the Liquidation Sale Laws (as defined below), subject to compliance with the Interim Approval Order and Sale Guidelines (as the same may be modified from time to time and approved by the Bankruptcy Court); (vii) Agent shall be granted a limited license and right to use, during the Tier 1 Period, the E-Commerce Platform, trade names, logos, e-mail lists, customer lists, relating to and used in connection with the operation of the Sale Locations, solely for the purpose of advertising the Sale in accordance with the terms of this Agreement; (viii) all newspapers and other advertising media in which the Sale is advertised shall be authorized to accept the Interim Approval Order as binding and to allow Merchant and Agent to consummate the transactions provided for in this Agreement, including, without limitation, the conducting and advertising of the Sale in the manner contemplated by this Agreement; (ix) all utilities, landlords, creditors and other interested parties and all persons acting for or on their behalf shall not interfere with or otherwise impede the conduct of the Sale, or institute any action in any court (other than in the Bankruptcy Court) or before any administrative body which (1) in any way directly or indirectly interferes with or obstructs or impedes the conduct of the Sale or (2) with respect to Merchandise, Merchant's Consignment Goods, Remaining Merchandise, and Owned FF&E, or any proceeds therefrom; (x) the Bankruptcy Court shall retain jurisdiction over the parties to enforce this Agreement and the Interim Approval Order, respectively; (xi) Agent shall not be liable for any claims against Merchant other than as expressly provided for in this Agreement; (xii) a finding that time is of the essence in effectuating this Agreement and proceeding with the Sale at the Sale Locations uninterrupted; (xiii) any amounts owed by Merchant to Agent under this Agreement shall be payable from the proceeds of the Sale and, to the extent required, from the Agent Carve-Out (as defined below); (xiv) a finding that the Merchant's decisions to (a) enter into this Agreement and (b) perform under and make payments required by this Agreement are a reasonable exercise of the Merchant's sound business judgment consistent with its fiduciary duties and are in the best interests of the Merchant, the estates, their creditors, and other parties in interest; (xv) a finding that this Agreement was negotiated in good faith and at arm's length between the Merchant and Agent, and further that Agent is entitled to the protection of section 363(m) of the Bankruptcy Code; and (xvi) in the event any of the provisions of the Interim Approval Order are modified, amended or vacated by a subsequent order of the Bankruptcy Court or any other court, Agent shall be entitled to the protections provided in section 363(m) of the Bankruptcy Code, and no such appeal, modification, amendment or vacatur shall affect the validity and enforceability of the Sale under this Agreement or the Interim Approval Order.

2.3 In addition to the Interim Approval Order contemplated in Section 2.2 above, Merchant shall seek approval of an additional order (the “Agent Protections Order”) to be entered prior to any auction to be conducted with respect to an Alternative Transaction. The Agent Protections Order shall provide that in consideration for Agent having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of the assets of Merchant and to compensate Agent in the event that this Agreement is terminated because Merchant determines to consummate an Alternative Transaction, Merchant shall pay and Agent shall receive, (i) a breakup fee equal to \$3,000,000.00 (the “Break-Up Fee”) *plus* (ii) reimbursement of any and all actual, reasonable and documented expenses incurred by Agent through the date of Merchant’s consummation of such Alternative Transaction, *plus* (iii) an amount equal to the reasonable and documented third party costs, fees, and expenses incurred by Agent (including, without limitation, actual and reasonable fees and expenses of legal advisors) in connection with this Agreement and the transactions contemplated hereby in an aggregate amount not to exceed \$250,000.00 (the “Expense Reimbursement” and, together with the Break-Up Fee, the “Agent Protections”). Merchant and Agent also agree that Agent shall be entitled to credit bid the amount of the Agent Protections as part of any competitive bid auction that may be conducted by Merchant. The Agent Protections Order shall approve the Agent Protections, and the payment of any Agent Protections shall be subject to, and payable upon, the closing of a Bankruptcy Court approved Alternative Transaction. Merchant shall be permitted to terminate this agreement if (x) Merchant enters into a definitive agreement for an Alternative Transaction, (y) the Bankruptcy Court enters an order approving such Alternative Transaction, and (z) there is a closing on such Alternative Transaction. Agent’s receipt of Agent Protections shall constitute liquidated damages (and not a penalty) in a reasonable amount that will compensate Agent in the circumstances where Merchant terminates this Agreement upon entry into an Alternative Transaction, which amount would otherwise be impossible to calculate with precision, and be the sole and exclusive remedy (whether at law, in equity, in contract, in tort, or otherwise) of Agent against Merchant, and any of Merchant’s former, current, or future stockholders, managers, members, directors, officers, affiliates, or agents for any loss suffered as a result of any breach of any covenant, representation, warranty, or agreement in this Agreement by Merchant or the failure of the transactions contemplated hereby to be consummated, and upon payment of the Agent Protections, none of Agent nor any of Agent’s former, current, or future general or limited partners, stockholders, managers, members, directors, officers, affiliates, or agents shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated hereby. In no event shall Merchant’s liabilities under this Agreement for termination upon entry into an Alternative Transaction exceed an amount equal to the Agent Protections.

2.4 Subject to entry of the Interim Approval Order, during the Tier 1 Period Merchant hereby retains Agent, and Agent hereby agrees to serve as Merchant’s exclusive independent consultant in connection with the conduct of the Sale as set forth herein. With respect to the Sale, Agent shall serve as the sole and exclusive consultant to the Merchant relative to the conduct of the Sale, including disposition of the Owned FF&E. For purposes of this Agreement, “Tier 1 Period” means the period commencing on the first calendar day following entry of the Interim Approval Order and continuing through and including the earlier of (i) the date the Bankruptcy Court (as defined below) enters an order approving an Alternative Transaction (as defined below) and (ii) the entry of the Final Approval Order. Although Agent shall provide its consulting services under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the recovery to the Merchant during the Tier 1 Period, Merchant expressly acknowledges that Agent is not guaranteeing the results of the Sale during the Tier 1 Period.

2.5 Upon entry of the Interim Approval Order, and on the terms and conditions set forth herein, during the Tier 1 Period Agent shall provide Merchant with the following consulting services (“Services”) with respect to the conduct of the Sale:

- (i) Direct appropriate staffing levels for the Sale Locations and appropriate bonus and/or incentive programs for Sale Location employees of Merchant (to be funded by Merchant in accordance with the Approved Budget (as defined in the DIP Order));
- (ii) Direct appropriate discounting to effectively sell all of the Merchandise, (including Memo Merchandise), Merchant's Consignment Goods, and Owned FF&E located at or to be delivered to the Sale Locations, and recommend appropriate point-of-purchase, point-of-sale, and other internal and external advertising in connection therewith;
- (iii) Provide qualified supervision (each a "Supervisor", and collectively the "Supervisors") to oversee the conduct of the Sale and disposition of Owned FF&E;
- (iv) Maintain focused and constant communication with Retained Employees (as defined below) to keep them abreast of strategy and timing;
- (v) Establish and monitor accounting functions for the Sale, including evaluation of sales reporting and expense monitoring, all of which shall be shared with the Merchant's advisors and the DIP Lender (as defined below);
- (vi) Direct loss prevention and appropriate security strategies; and
- (vii) Direct the operation of the Sale Locations to ensure they are being properly maintained, including ongoing customer service and housekeeping activities;

2.6 In connection with the Sale, Agent shall directly or indirectly retain and engage the Supervisors. The Supervisors are engaged by Agent as independent contractors and are not and shall not be deemed to be employees or agents of Merchant in any manner whatsoever; nor do the Supervisors have any relationship with Merchant by virtue of this Agreement or otherwise that creates any liability or responsibility on behalf of Merchant for the Supervisors, except with respect to indemnification pursuant to Section 13 hereof. During the Tier 1 Period, the Supervisors shall perform Services during normal Sale Location operating hours and for the period of time prior to the Sale Locations' opening and subsequent to the Sale Locations' closing, as required in connection with the Sale, in Agent's discretion.

2.7 All expenses incident to the conduct of the Sale and the operation of the Sale Locations during the Tier 1 Period, including, without limitation, all Agent Tier 1 Expenses (including, without limitation, Supervisors Costs), and all other Sale Location-level and corporate expenses associated with the Sale) shall be approved by the DIP Lender, incorporated in the Approved Budget, and borne by Merchant. Attached hereto as Exhibit 2.4 is an expense budget for the "Agent Tier 1 Expenses". Agent will advance funds for Agent Tier 1 Expenses, and the Merchant shall reimburse Agent for any reasonable and documented Agent Tier 1 Expenses on a weekly basis in connection with the Weekly Reconciliation (as defined below), which reimbursement or payment shall be in addition to any Tier 1 Consulting Fee (as defined below) earned and payable hereunder. All Agent Tier 1 Expenses shall be billed at cost, without markup, and evidence of incurrence shall be provided to Merchant and DIP Lender. From time to time during the Tier 1 Period the Merchant and Agent may mutually agree in writing, following consultation with the DIP Lender, to increase or decrease the budget applicable to Agent Tier 1 Expense based upon circumstances of the Sale. For purposes of this Agreement, "Supervisor Costs" shall mean the following customary costs and expenses incurred by Agent with respect to Supervisors in accordance with and subject to the Agent Tier 1 Expense budget: (i) the weekly compensation paid during the Tier 1 Period, calculated on a per Supervisor basis (which in each case represents Agent's actual costs); (ii) reasonable and documented travel expenses of the Supervisors between Sale Locations during the Tier 1 Period, and to and from the Sale Locations at the commencement and conclusion of such period (and reasonable travel

to and from the Supervisors' homes during the Tier 1 Period as is typical and customary in the liquidation industry); and (iii) Supervisor deferred compensation (as is typical and customary in the liquidation industry).

2.8 In consideration of Agent's provision of the Services during the Tier 1 Period, Merchant shall pay to Agent, from Proceeds (as defined below) of the Sale, a consulting fee in an amount equal to the aggregate of (a) three percent (3.0%) of the Gross Sales at all of the Sale Locations, plus (b) twenty percent (20.0%) of the Gross Sales realized from dispositions of Owned FF&E ((a) and (b) collectively the "Tier 1 Consulting Fee"). In connection with each Weekly Reconciliation, Merchant shall pay Agent an amount equal to the Tier 1 Consulting Fee on account of the prior week's sales. For purposes of this Agreement, "Gross Sales" shall mean the sum of all proceeds derived from the sale of Merchandise and Merchant's Consignment Goods during the Tier 1 Period (excluding amounts paid for sales, excise, or gross receipts taxes); *plus* the amount of any gift cards or merchandise credits redeemed at the Sale Locations during the Tier 1 Period; provided, however, that it is expressly understood and agreed, that Gross Sales shall not include sales made by or on behalf of Merchant prior to the commencement of the Tier 1 Period, regardless of when the applicable Merchandise is delivered to or picked up by the customer(s).

2.9 During the Tier 1 Period Merchant shall have control over the personnel in the Sale Locations and shall handle the cash, debit and charge card payments for all Merchandise and other sales in accordance with Merchant's normal cash management procedures (except as may be modified by an order of a Bankruptcy Court having jurisdiction over Merchant's estate(s)), subject to Agent's right to audit any such items in the event of a good faith dispute as to the amount thereof. Except as may be otherwise set forth in the Interim Approval Order, Merchant and Agent shall be responsible for ensuring that the Sale, and the operation of the Sale Locations during the Tier 1 Period shall be conducted in compliance with all applicable Underlying Occupancy Agreements, laws and regulations. For purposes of this Agreement, "Underlying Occupancy Agreements" means all leases, occupancy agreements, reciprocal easement, license, or similar agreements pursuant to which Merchant has the right to occupy or utilize the Sale Locations.

2.10 Merchant shall collect all Proceeds from the sale of Merchandise (including all Gross Sales) and Owned FF&E and deposit such Proceeds in the Designated Deposit Accounts (as defined below) consistent with Merchant's existing cash management system (except as may be modified by an order of a Bankruptcy Court having jurisdiction over Merchant's estate(s)). Upon request by Agent or DIP Lender, Merchant shall deliver to Agent and DIP Lender account statements and such other information relating to sales of Merchandise and Owned FF&E.

2.11 Merchant shall be solely responsible for computing, collecting, holding, reporting, and paying all sales, excise and/or gross receipts taxes associated with the sale of Merchandise and Merchant's Consignment Goods during the Tier 1 Period, and Agent shall have no responsibilities or liabilities therefor, except that Agent shall provide all assistance reasonably required or requested by Merchant in connection with the preparation and processing of any such reporting forms, certificates, reports and other documentation required in connection with the payment of all applicable taxes to the appropriate taxing authorities.

2.12 Merchant acknowledges that (i) the Parties are not conducting a physical inventory count of the Merchandise and Merchant's Consignment Goods; (ii) Agent has made no independent assessment of the beginning levels of such goods; and (iii) Agent shall not bear any liability for shrink or other loss to Merchant's goods located at the Sale Locations (including, without limitation, Merchandise and Merchant's Consignment Goods) unless such shrink or loss is primarily attributed to the gross negligence

of Agent. Merchant may, at its election, conduct a physical inventory count at some or all of the Sale Locations and Agent agrees to cooperate with such inventory taking if and when done.

B. Tier 2 Period Agency Services.

Agent acknowledges and agrees that following execution and delivery of this Agreement, (i) Merchant's obligations under this Agreement are subject to Merchant's ability to seek higher or better offers for the sale of the Merchandise, Owned FF&E, Owned Intellectual Property, and any other assets of Merchant, and further determine to consummate an alternative transaction, including, but not limited to, a transaction with a liquidation firm, a going concern transaction, a combination of the foregoing, or otherwise (any such transaction an "Alternative Transaction"), in each case in accordance with procedures approved under order of the Bankruptcy Court and (ii) Merchant's seeking of higher or better offers for the sale of the Merchandise, Owned FF&E, Owned Intellectual Property, and any other assets of Merchant or entry into an agreement for an Alternative Transaction, and any determination to terminate this Agreement in furtherance of any such Alternative Transaction, shall not constitute a breach of this Agreement, in each case subject to the Merchant's payment to Agent of the Agent Protections.

In the event Merchant determines not to consummate an Alternative Transaction by not later than December 19, 2025 (the "Alternative Transaction Outside Date"), Merchant and Agent agree that during the Tier 2 Period (as defined below) (a) Agent shall no longer provide the Services as set forth in Section 2 hereof, (b) Merchant shall not be obligated to pay Agent the Tier 1 Consulting Fee or reimburse Agent for any Agent Tier 1 Expenses, (c) if prior to the entry of the Final Approval Order (as defined below) Merchant paid to Agent any amount in respect of the Tier 1 Consulting Fee or reimbursed Agent for any Agent Tier 1 Expenses, Merchant and Agent shall reconcile such amounts as part of the next regularly scheduled Weekly Reconciliation and the Final Reconciliation, as applicable, (d) during the Tier 2 Period Merchant shall implement the terms of this Agreement (other than Section 2) on an equity (i.e., guaranty) basis as hereinafter set forth, and in furtherance thereof upon entry of the Final Approval Order Agent shall act as Merchant's exclusive agent to (1) conduct the Sale in accordance with the terms of this Section B, including disposing of (i) Owned Intellectual Property and (ii) Underlying Occupancy Agreements (each as defined below), (2) all Proceeds and Expenses (each as defined below) of the Sale shall be treated in the manner provided in Sections B.3 and B.4, respectively, below. For the avoidance of doubt, it is the intention of Merchant and Agent that if Merchant determines not to consummate an Alternative Transaction by the Alternative Transaction Outside Date, this Agreement will (x) automatically, and without further action of Agent or Merchant, continue in accordance with the terms this Section B and (y) the foregoing reconciliations are intended to place Merchant and Agent in the same economic position in respect of the Guaranteed Amount, Expenses, Sharing Amounts, and Additional Agent Goods Fees as if the Sale was conducted without giving effect the Tier 1 Period. For Purposes of this Agreement, "Tier 2 Commencement Date" means the first calendar day following entry of the Final Approval Order, and "Tier 2 Period" means the period commencing on the first calendar following entry of the Interim Approval Order and continuing through the later of the (x) applicable Sale Termination Date and (y) Remaining Merchandise Outside Date (each as defined below).

Section 3. Tier 2 Period Consideration to Merchant and Agent

3.1 Payments to Merchant

(a) Subject to Merchant's compliance with all representations, warranties, covenants, terms and conditions set forth in this Agreement, as a guaranty of Agent's performance hereunder, Agent guarantees that Merchant shall receive forty percent (40.0%) (the "Guaranty Percentage") of the aggregate Cost Value of the Merchandise (the "Guaranteed Amount"). The Agent shall pay the Guaranteed Amount to Merchant in the manner and at the times specified in Section 3.3 hereof.

(b) The Guaranteed Amount will be calculated based upon the aggregate Cost Value of the Merchandise as determined by (i) the final certified report of the Inventory Taking Service after verification and reconciliation thereof by Agent and Merchant, (ii) the aggregate Cost Value of the Merchandise subject to Gross Rings, and (iii) any other adjustments to Cost Value as expressly contemplated by this Agreement.

(c) The Guaranty Percentage has been fixed based upon the aggregate Cost Value of the Merchandise included in the Sale determined for purposes of this Section B.3 as of the Sale Commencement Date being (i) not less than one hundred forty-seven million eight hundred thousand dollars (\$147,800,000.00) and (ii) not greater than one hundred seventy-five million dollars (\$175,000,000.00). Following the Sale Commencement Date, Agent shall be entitled in its reasonable discretion, after consultation with the Merchant and Compass Group Diversified Holdings LLC, in its capacities as prepetition secured lender and post-petition debtor-in-possession lender (together, the “DIP Lender”), to implement procedures to verify the accuracy of the Cost Value and represented quality and authenticity of the Merchandise (including any Memo Merchandise)(the “Verification Procedures”).

3.2 Payments to Agent.

(a) After Proceeds (as defined below) are used to repay Agent for amounts paid on account of the Guaranteed Amount and to pay Expenses, all remaining Proceeds shall be allocated as between Merchant and Agent in accordance with the table annexed hereto as Exhibit 3.2(a) and incorporated herein (hereinafter, “Sharing Amounts”).

(b) In addition to the Guaranteed Amount and Merchant’s portion of the Sharing Amount, if any, Agent shall pay to Merchant an amount equal to five percent (5.0%) of the gross proceeds (net of Sales Taxes) of the sale of Additional Agent Goods, if any (the “Additional Agent Goods Fee”). All proceeds of the sale of Additional Agent Goods in excess of the Additional Agent Goods Fee shall be retained by Agent for its own account (the “Additional Agent Goods Proceeds”).

3.3 Proceeds; Control of Proceeds; Time of Payments.

(a) For purposes of this Agreement, “Proceeds” shall mean (i) in the case of sales of Merchandise (including any Remaining Merchandise), the aggregate of the total amount (in dollars) of all sales of Merchandise (including Remaining Merchandise) made under this Agreement and all service and shipping revenue, in each case (x) during the Sale Term (as hereinafter defined) and (y) after the Sale Term, during the period commencing upon expiration of the Sale Term and on or prior to the Remaining Merchandise Outside Date (as hereinafter defined), in each case exclusive of Sales Taxes (as hereinafter defined); (ii) all proceeds of Merchant’s insurance for loss or damage to Merchandise (including Remaining Merchandise) arising from events occurring during the Sale Term and after the Sale Term, during the period commencing upon expiration of the Sale Term and on or prior to the Remaining Merchandise Outside Date; (iii) in the case of Owned FF&E, the total amount (in dollars) from the sale of Owned FF&E, and (iv) in the case of Owned Intellectual Property the total amount (in dollars) from the sale of Owned Intellectual Property. For the avoidance of doubt, proceeds realized from the sale of Additional Agent Goods (“Additional Agent Goods Proceeds”) shall not constitute Proceeds and shall be the exclusive property of Agent (subject to Agent’s payment of the Additional Agent Goods Fee to Merchant as provided herein).

(b) All Proceeds and Additional Agent Goods Proceeds shall be transferred to Agent in the manner provided for below.

(1) Agent may (but shall not be required to) establish its own accounts (including without limitation credit card accounts and systems), dedicated solely for the deposit of the

Proceeds, Additional Agent Goods Proceeds, and the disbursement of amounts payable to Agent hereunder (the “Agency Accounts”), and Merchant shall promptly, upon Agent’s reasonable request, execute and deliver all necessary documents to open and maintain the Agency Accounts (at Agent’s sole cost and expense, with any such costs and expenses constituting Expenses hereunder); provided, however, Agent shall have the right, in its sole and absolute discretion, to continue to use the Designated Deposit Accounts (defined below) as the Agency Accounts in which case the Designated Deposit Accounts shall be deemed to be Agency Accounts and in which case Agent shall have the right to sweep such accounts on a daily basis. Agent shall exercise sole signing authority with respect to the Agency Accounts, other than as to those Designated Deposit Accounts deemed to be Agency Accounts hereunder. Upon request, Agent shall deliver to Merchant and DIP Lender copies of all bank statements and other information relating to such accounts on a monthly basis or upon request of the Merchant or DIP Lender. Merchant shall not be responsible for, and Agent shall pay as an Expense hereunder, any bank fees and charges, including wire transfer charges, related to the Sale and the Agency Accounts, whether received during or after the Sale Term. Upon Agent’s notice to Merchant and DIP Lender of Agent’s designation of the Agency Accounts (other than Designated Deposit Accounts), all Proceeds of the Sale (including processor receivables and credit card Proceeds and Additional Agent Goods Proceeds) shall be deposited into the Agency Accounts.

(2) Agent shall have the right to use Merchant’s credit card facilities, including Merchant’s credit card terminals and processor(s), credit card processor coding, Merchant’s identification number(s) and existing bank accounts for credit card transactions relating solely to the Sale. In the event that Agent elects to use Merchant’s credit card facilities, Merchant shall process credit card transactions on behalf of Agent and for Agent’s account, applying customary practices and procedures. Without limiting the foregoing, Merchant shall cooperate with Agent to download data from all credit card terminals each day during the Sale Term to effect settlement with Merchant’s credit card processor(s), and shall take such other actions necessary to process credit card transactions on behalf of Agent under Merchant’s identification number(s). At Agent’s request, Merchant shall cooperate with Agent to establish Merchant’s identification numbers under Agent’s name to enable Agent to process all such credit card Proceeds for Agent’s account. Merchant shall not be responsible for, and Agent shall pay as an Expense hereunder, any credit card fees, charges, and chargebacks related to the Sale, whether received during or after the Sale Term. Agent shall not be responsible for, as an Expense or otherwise, any credit card fees, charges, or chargebacks that do not relate to the Sale, whether received prior to, during or after the Sale Term. For the avoidance of doubt, any credit card fees, charges, or chargebacks that do not relate to the Sale, whether received prior to, during or after the Sale Term shall be the sole and exclusive responsibility of Merchant.

(3) Unless and until Agent establishes its own Agency Accounts (other than Designated Deposit Accounts), all Proceeds, Additional Agent Goods Proceeds, and other amounts contemplated by this Agreement (including processor receivables and credit card Proceeds), shall be collected by Merchant and deposited on a daily basis into depository accounts designated by, and owned and in the name of, Merchant, which accounts shall be designated solely for the deposit of Proceeds, Additional Agent Goods Proceeds, and other amounts contemplated by this Agreement (including processor receivables and credit card Proceeds), and the disbursement of amounts payable to or by Agent hereunder (the “Designated Deposit Accounts”). If, notwithstanding the provisions of this Section 2, and subject to the provisions of the DIP Order, Merchant receives or otherwise has dominion over or control of any Proceeds, Additional Agent Goods Proceeds, or other amounts due to Agent under this Agreement, Merchant shall be deemed to hold such Proceeds, Additional Agent Goods Proceeds and other amounts “in trust” for Agent and shall not commingle Proceeds, Additional Agent Goods Proceeds or other amounts due to Agent with any of Merchant’s other funds or deposit such Proceeds, Additional Agent Goods Proceeds or other amounts in any account except a Designated Deposit Account or as otherwise instructed by Agent. If any Proceeds, Additional Agent Goods Proceeds or other amounts due to Agent under this Agreement are commingled with any of Merchant’s other funds, such commingled funds and any account

into which they are deposited shall be deemed to consist first of Proceeds, Additional Agent Goods Proceeds or other amounts due to Agent under this Agreement (up to the full amount thereof).

(4) On each Business Day (defined below), Merchant shall promptly pay to Agent by wire transfer all funds in the Designated Deposit Accounts (including, without limitation, Proceeds (including from credit card sales) and all other amounts) without any offset or netting of Expenses or other amounts that may be due to Merchant. Agent shall notify Merchant and DIP Lender of any shortfall in such payment, in which case, Merchant shall promptly pay to Agent funds in the amount of such shortfall. For purposes of this Agreement, "Business Day" means any day, other than a Saturday or Sunday, on which commercial banks in New York, NY are authorized or required by applicable law to close.

(5) Merchant and Agent further agree that if at any time during the Sale Term, (i) Agent holds any amounts due to Merchant under this Agreement, Agent may, in its discretion, after five (5) Business Days' notice to Merchant and DIP Lender, offset such amounts being held by Agent against any undisputed amounts due and owing by, or required to be paid by, Merchant hereunder, and (ii) Merchant holds any amounts due to Agent under this Agreement, Merchant may, in its discretion, after five (5) Business Days' notice to Agent and DIP Lender, offset such amounts being held by Merchant against any undisputed amounts due and owing by, or required to be paid by, Agent hereunder. In the event that the Agent funds or pays all or any portion of Merchant's obligations under this Agreement, such funding or payment cannot be recovered by the Agent by means of an offset, and, as a result of such funding or payment, Merchant (or DIP Lender) received more value than Merchant (or DIP Lender) would have otherwise received under this Agreement had Agent not funded or paid such obligations, Merchant (or DIP Lender (subject to the Agent Carve-Out)) shall pay all such funded or paid amounts to Agent within two (2) Business Days of Agent's request. If and to the extent the Agent over-funds any amounts in respect of the Guaranteed Amount hereunder and Merchant for any reason fails to refund Agent such overfunded amount within two (2) Business Days of written demand by Agent, Merchant (or DIP Lender (subject to the Agent Carve-Out)) shall, within two (2) Business Days of written demand by Agent, pay to the Agent the over-funded amount.

(6) In addition to the Guaranteed Amount, Agent shall purchase all cash in the Sale Locations on and as of the start of business on the Tier 2 Commencement Date on a dollar-for-dollar basis.

3.4 Timing of Payments; Security.

(a) On the first Business Day of each calendar month following the Tier 2 Commencement Date (commencing with the first full calendar month following the Tier 2 Commencement Date), and subject to the final reconciliation of the Inventory Taking and issuance of the Merchandise Report, Agent shall, subject to the last sentence of this Section 3.4(a), pay to Merchant all Proceeds from the sale of Merchandise, net of all Expenses incurred in the immediately preceding calendar month, in partial satisfaction of the Guaranteed Amount, which monthly payment(s) shall be by wire transfer to an account designated in writing by Merchant ("Merchant's Account"); provided, that the foregoing notwithstanding, Agent shall be entitled to establish from the first Proceeds of the Sale a reserve in respect of any potential Excess Expense Amount in an amount of \$2,500,00.00, *plus* such additional amount as Merchant and Agent shall mutually agree from time-to-time in conjunction with each Weekly Reconciliation (hereinafter, the "Excess Expense Reserve"). The amount and timing of any disposition of the Excess Expense Reserve shall be in accordance with Section 8.7 hereof. Following the payment in full of the Guaranteed Amount, all remaining Proceeds shall be paid first, to Agent in respect of any Expenses, and second to Agent and Merchant in respect of any applicable Sharing Amount, if any. Notwithstanding anything to the contrary contained in Section B of this Agreement, Merchant shall direct Agent to make all payments due to Merchant under this Agreement in respect of the Tier 2 Period directly to the DIP Lender

by wire transfer of immediately available funds pursuant to instructions provided in writing (which may be by email) by the DIP Lender to Merchant and Agent.

(b) In order to secure Agent's obligations under this Agreement to pay the Guaranteed Amount and Expenses, no later than two (2) Business Days after the Tier 2 Commencement Date, Agent shall furnish Merchant an irrevocable standby Letter of Credit naming Merchant and DIP Lender as beneficiaries (collectively, the "Beneficiary") in the aggregate original face amount equal to the sum of: (a) one hundred percent (100.0%) of the estimated Guaranteed Amount (based upon Merchant's books and records maintained in the ordinary course), *plus* (b) the parties' mutually agreed upon estimate of three (3) weeks of Expenses, which letter of credit shall be substantially in the form of Exhibit 3.4 hereof, which shall be reasonably acceptable to the DIP Lender (the "Letter of Credit"). Following issuance of the Merchandise Report (defined below), no later than two (2) Business Days after issuance of the Merchandise Report, Agent, if necessary, shall arrange to have the face amount of the Letter of Credit increased to the actual calculated amount of the Guaranteed Amount (less any amount previously funded by Agent in respect of the Guaranteed Amount in accordance with Section 3.2(a) hereof. The Beneficiary shall not be entitled to make any draw under the Letter of Credit for any amount in respect of the Guaranteed Amount or Expenses until such time as (i) Agent has completed Agent's verification of the Cost Value of the Merchandise in accordance with the Verification Procedures and (ii) the Merchandise Report and Memo Merchandise Report have been issued by the Inventory Taking Service. The Letter of Credit shall have an expiry date of no earlier than sixty (60) days after the Sale Termination Date. Unless the parties shall have mutually agreed that they have completed the Final Reconciliation under this Agreement, then, at least ten (10) days prior to the initial or any subsequent expiry date, the Agent shall furnish the Beneficiary an amendment to the Letter of Credit solely extending (or further extending, as the case may be) the expiry date by at least thirty (30) days. If the Beneficiary fails to receive such amendment to the Letter of Credit on or before the date that is ten (10) days before the then scheduled expiry date, then the Beneficiary shall be permitted to draw under the Letter of Credit, and hold as security, an amount equal to the then-remaining unpaid portion of the estimated Guaranteed Amount for amounts that may become due and payable to Merchant. In the event that Agent, after receipt of five (5) Business Days' written notice, fails to pay any undisputed portion of the Guaranteed Amount or Expenses, the Beneficiary may draw on the Letter of Credit in an amount equal to the unpaid, past due, amount of the Guaranteed Amount or Expenses that is not the subject of a reasonable dispute. Merchant and Agent agree that, from time to time upon Agent's request, the face amount of the Letter of Credit shall be reduced by the aggregate amount of payments made by Agent on account of the Guaranteed Amount prior to the time of each such request (and Merchant shall cooperate with respect to each such request); provided, however, in no event shall the face amount of the Letter of Credit be reduced to an amount less than the parties' mutually agreed upon estimate of three (3) weeks of Expenses. Contemporaneously with the issuance of the Letter of Credit by Agent to Merchant, as Beneficiary, Merchant shall pledge the Letter of Credit to the DIP Lender as collateral for repayment of the obligations owed to the DIP Lender.

Section 4. Expenses of the Sale.

4.1 Expenses. Subject to the Agent Expense Cap and the occurrence of the Tier 2 Commencement Date, Agent shall be unconditionally responsible for all "Expenses", which expenses shall be paid and/or reimbursed by Agent in accordance with Section 4.2 below. As used herein, "Expenses" shall mean the Sale Location-level operating expenses of the Sale arising on or after the commencement of Tier 1 Period and attributable to the Sale, limited to the following:

(a) a minimum of not less than ninety (90) days' actual payroll with respect to all Retained Employees used in connection with conducting the Sale for actual days/hours worked at a Sale Location during the Sale Term, including any overtime premium payments associated with overtime hours worked and wages and expenses payable to any temporary labor or other employees hired in connection

with the Sale, including, without limitation wages, commissions (solely to the extent such commissions are earned on account of sales completed through the normal retail sales channel);

(b) any amounts payable by Merchant for employee benefits (including FICA, unemployment taxes, workers' compensation and healthcare insurance, but excluding Excluded Payroll Benefits) for Retained Employees used in the Sale;

(c) the actual Occupancy Expenses for the Sale Locations, categorized on Exhibit 4.1(c) for all Sale Locations through the earlier to occur of the applicable (x) Vacate Date (as defined below) for such location and (y) the Sale Termination Date; *plus* the portion of any percentage rent obligations allocable to the sale of Merchandise during the Sale to the extent set forth on Exhibit 4.1(c);

(d) Incentive Bonuses for Retained Employees, as provided for in Section 9.4 below;

(e) advertising and direct mailings relating to the Sale, interior and exterior signage and banners, including, without limitation, promotional materials and activities in connection with special events and trunk-style shows, among others, in each case relating to the Sale;

(f) subject to Agent's prior approval (which approval may be by email) of any associated special event budget, the actual cost of ordinary course retail sale "events" conducted by Merchant in the ordinary course of business;

(g) credit card fees, bank card fees, and chargebacks and credit/bank card discounts with respect to Merchandise sold in the Sale;

(h) bank service charges (for Store, Agency Accounts and any Designated Deposit Accounts utilized by Agent to process Proceeds of the Sale), check guarantee fees, and bad check expenses to the extent attributable to the Sale;

(i) costs for additional supplies necessary to conduct the Sale as requested by Agent;

(j) all fees and charges required to comply with applicable laws in connection with the Sale;

(k) Sale Location cash theft and other Sale Location cash shortfalls;

(l) all Supervisor Costs, including, without limitation, any Third Party payroll costs and expenses, and Supervisors' deferred compensation, and reasonable out-of-pocket expenses relating thereto;

(m) postage, courier and overnight mail charges requested by Agent to the extent relating to the Sale;

(n) one hundred percent (100%) of cost of the Inventory Taking Service in accordance with Section 4.1 hereof;

(o) Third Party payroll processing fees and expenses associated with the Sale;

(p) costs of transfers initiated by Agent of Merchandise and any Remaining Merchandise between and among the Sale Locations (and where applicable, transfer costs associated with

Memo Merchandise, including, without limitation, transfers to and from off-site sales representatives) during the Sale Term, including delivery and freight costs, it being understood that Agent shall be responsible for coordinating such transfer of Merchandise, subject, however, to the provisions of Section 8.1(e);

(q) to the extent not included in CAM or otherwise included on Exhibit 4.1(c), cash register maintenance, routine repairs, trash and snow removal, housekeeping and cleaning expenses, telephone and internet/wifi expenses, security (including, without limitation, security systems, courier and guard service, building alarm service and alarm service maintenance);

(r) subject to Section 12 below, a pro rata portion of insurance premiums for liability, casualty, property, inventory and any policies attributable to Merchandise and Sale Locations during the Sale Term;

(s) Agent's actual cost of capital (including Letter of Credit fees) and insurance;

(t) Agent's out-of-pocket costs and expenses incurred in connection with the review of data, preparation, negotiation, and execution of this Agreement and any ancillary documents, and the conduct of the Sale, or the transactions contemplated by this Agreement, including, but not limited to, reasonable legal fees and expenses, in an aggregate amount not to exceed \$250,000.00;

(u) The actual costs of appropriate security measures for all Sale Locations and the Merchandise (including any Remaining Merchandise);

(v) the actual costs and expenses of Agent providing such additional services as the Agent deems appropriate for the Sale;

(w) Central Service Expenses for the Sale Term in respect of the cost of Merchant providing Central Services in accordance with Section 8.1(c) hereof, in an amount and at such times as shall be mutually agreed by Merchant and Agent;

(x) E-Commerce Platform Expenses; and

(z) the Armory Sale Fee.

Notwithstanding anything herein to the contrary:

(A) (i) Agent's obligation hereunder in respect of Expenses shall not exceed a sum equal to thirty percent (30%) of the aggregate Cost Value of the Merchandise as determined by the Merchandise Report (the "Agent Expense Cap"), and (ii) Merchant shall be exclusively and unconditionally responsible for any amount incurred in respect of Expenses that exceeds the Agent's Expense Cap (such excess amount being defined as the "Excess Expense Amount"). Merchant shall be unconditionally responsible for reimbursing Agent for any Excess Expense Amount paid by Agent as part of the Sale, with such reimbursement being made in accordance with the provisions of Section 8.7(b) hereof. Merchant and Agent shall determine the amount of any Excess Expense Amount, if any, as part of the Final Reconciliation conducted in accordance with Section 8.7(b) hereof.

(B) To the extent that any Expense category listed in this Section 4.1 is also included on Exhibit 4.1(c), Exhibit 4.1(c) shall control and such Expenses shall not be double-counted. For the avoidance of doubt, there will be no double counting or payment of Expenses to the extent that Expenses appear or are contained in more than one Expense category.

(C) “Expenses” shall not include: (i) Excluded Payroll Benefits; (ii) Central Service Expenses in excess of the amounts set forth in Section 4.1(w); (iii) Occupancy Expenses or any occupancy-related expenses of any kind or nature in excess of the respective per Sale Location, per diem occupancy-related categories and amounts expressly provided for as an Expense under Section 4.1(c) above or incurred after the designated Vacate Date set forth in any Vacate Notice (as defined below); (iv) any other costs, expenses or liabilities payable by Merchant not provided for herein, all of which shall be paid solely by Merchant promptly when due, subject to the provisions of the Bankruptcy Code and Final Approval Order (as defined below), where and to the extent applicable.

4.2 Certain Definitions. As used herein the following terms have the following respective meanings:

- a) “Armory Sale Fee” means a fee equal to two and three-quarters percent (2.75%) of Proceeds from the sale of Merchandise as set forth in that certain amended engagement letter between Merchant and Armory Group, LLC, dated as of November 2, 2025.
- b) “Central Service Expenses” means costs and expenses for Merchant’s central administrative services necessary for the Sale, including, but not limited to, internal payroll processing, MIS services, cash and inventory reconciliation, data processing and reporting, email preparation and distribution, information technology and e-commerce site updates and maintenance, and accounting (collectively, “Central Services”).
- c) “Excluded Payroll Benefits” means (i) the following benefits arising, accruing or attributable to the period prior to, during, or after the Sale Term: (w) vacation days or vacation pay, (x) sick days or sick leave or any other form of paid time off, (y) maternity leave or other leaves of absence and (z) ERISA coverage and similar contributions and/or (ii) any payments due under the WARN Act.
- d) “Occupancy Expenses” means, with respect to the Sale Locations, base rent, percentage rent, HVAC, utilities, CAM, storage costs, real estate and use taxes, Merchant’s association dues and expenses, utilities expenses, cash register maintenance, routine repairs, building maintenance, trash and snow removal, housekeeping and cleaning expenses, local and long-distance telephone and internet/wifi expenses, security (including, without limitation, security systems, courier and guard service, building alarm service and alarm service maintenance), and rental for furniture, fixtures and equipment.
- e) “E-Commerce Platform” means Merchant’s internet website www.luganodiamonds.com.
- f) “E-Commerce Platform Expenses” means an amount, and at such times, as shall be mutually agreed by Merchant and Agent in connection with the provision of E-Commerce Platform Services during the Sale Term and ending on the day that Agent terminates its use of the E-Commerce Platform pursuant to the terms hereof.
- g) “E-Commerce Platform Services” means those services customarily performed by the Merchant in connection with maintaining the E-Commerce Platform, including, without limitation, (i) payroll and related employee benefits of E-Commerce Platform-level employees, and (ii) any required supplies in connection with the foregoing.

- h) “Third Party” means, with reference to any Expenses to be paid to a Third Party, a party that is not affiliated with or related to the Merchant or Agent.

4.3 Payment of Expenses.

Agent shall be responsible for the payment of all Expenses out of Proceeds (or from Agent’s own accounts if and to the extent there are insufficient Proceeds); provided, that as set forth in Section 4.1 above, Merchant shall be unconditionally responsible for reimbursing Agent for any amount paid by Agent in respect of Expenses above the Agent Expense Cap. Subject to the Agent Expense Cap, all Expenses incurred during each week of the Sale (*i.e.* Sunday through Saturday) shall be paid by Agent to or on behalf of Merchant immediately following the Weekly Sale Reconciliation; provided, however, that (i) in the event that the actual amount of an Expense is unavailable on the date of the reconciliation (such as payroll), Merchant and Agent shall agree to an estimate of such amounts, which amounts will be reconciled once the actual amount of such Expense becomes available and (ii) Agent shall fund any payroll amounts in accordance with Section 9.3 of this Agreement. Agent and/or Merchant may review or audit the Expenses at any time.

Section 5. Inventory Taking; Gross Rings; Merchandise.

5.1 Inventory Taking.

(a) Commencing on the Tier 2 Commencement Date, Merchant and Agent shall cause to be taken a SKU level Cost Value and retail price physical inventory of the Merchandise (collectively, the “Inventory Taking”). The Inventory Taking shall be completed as soon as practicable (the date of the Inventory Taking at each Sale Location being the “Inventory Date” for each such location), but in any event no later than twenty-one (21) days after the Tier 2 Commencement Date (subject to the availability of the Inventory Taking Service). Merchant and Agent shall jointly employ a mutually agreed upon inventory taking service in consultation with the DIP Lender (the “Inventory Taking Service”) to conduct the Inventory Taking. The Inventory Taking shall be conducted in accordance with the procedures and instructions set forth on Exhibit 5.1(a) (together with the Verification Procedures, the “Inventory Taking Instructions”). Agent shall be responsible for one hundred percent (100%) of the cost of the Inventory Taking Service as an Expense. Except as provided in the immediately preceding two sentences, Merchant and Agent shall each bear their respective costs and expenses relative to the Inventory Taking; provided that, and notwithstanding anything to the contrary in Section 4.1(a) or 4.1(b), Agent shall be obligated to pay one hundred percent (100%) of the payroll and related benefit costs for Retained Employees used during the Inventory Taking. Merchant, the DIP Lender, and the Agent may each have representatives present during the Inventory Taking, and shall each have the right to review and verify the listing and tabulation of the Inventory Taking Service. Merchant agrees that during the conduct of the Inventory Taking, the applicable Sale Location shall be closed to the public, and no sales or other transactions shall be conducted within the applicable Sale Location; provided, however, the Parties agree that the Inventory Taking will commence at a time that will minimize the number of hours that the applicable Sale Location will be closed for business. Merchant and Agent further agree that until the Inventory Taking in a particular Sale Location is completed, neither the Merchant nor Agent shall: (i) move Merchandise within or about the Sale Location so as to make any such items unavailable for counting as part of the Inventory Taking, or (ii) remove or add any hang tags, price tickets, inventory control tags (where applicable) affixed to any Merchandise or any other kind of in-store pricing signage within the Sale Location. Merchant agrees to cooperate with Agent to conduct the Inventory Taking (including, without limitation, by making available to Agent information relating to sales, units, costs, Cost Value, and retail price, and making available to Agent Merchant’s books, records, work papers and personnel to the extent reasonably necessary to calculate the Cost Value and retail price of the Merchandise). The Inventory Taking, including, but not limited to, the Merchandise Report, shall be reviewed, reconciled, and mutually verified by the Merchant, the DIP

Lender and Agent in writing as soon as practicable following the Inventory Taking. After Merchant's, DIP Lender's, and Agent's respective review, reconciliation and mutual written verification of the listing and tabulation of the Inventory Taking Service, the Inventory Taking Service shall issue a final report reflecting the final, agreed listing and tabulation of the Inventory Taking at the Sale Locations (such report, the "Merchandise Report"). Merchant and Agent will direct the Inventory Taking Service to deliver the Merchandise Report no later than seven (7) calendar days, if practicable, after the completion of the Inventory Taking at the last Sale Location that is subject to an Inventory Taking. In addition to the Merchandise Report, Merchant and Agent shall also prepare a separate written report (such report, the "Memo Merchandise Report") of all Memo Merchandise in the possession of any sales representative or any Third Party (such Memo Merchandise to be counted and verified in accordance with procedures mutually agreed to by Merchant and Agent. The Merchandise Report and Memo Merchandise Report shall be provided to the DIP Lender immediately upon their completion.

(b) For the period from the Sale Commencement Date until the Inventory Date for such Sale Location, Merchant and Agent shall jointly keep (i) a strict count of gross register receipts less applicable sales taxes but excluding any prevailing Sale discounts ("Gross Rings"), and (ii) cash reports of sales. Register reports shall show for each item sold the Cost Value and retail price for such item and the markdown or discount, if any, specifically granted by the Agent. Merchant and Agent shall also jointly keep a strict count of all Gross Rings attributed to sales of Memo Merchandise between the Sale Commencement Date and the issuance of the Merchandise Report. All such records and reports shall be made available to Merchant, DIP Lender, and Agent during regular business hours upon reasonable notice. Any Merchandise sold prior to the Inventory Taking at a Sale Location shall be included as Merchandise based upon Gross Rings, and all Merchandise sold during such period shall be included in the Merchandise Report at its applicable Cost Value (without taking into account any of Agent's point of sale discounts or point of sale markdowns).

(c) Neither the Merchandise Report nor the Memo Merchandise Report shall include: (1) goods that belong to sublessees, licensees, department lessees, or concessionaires of Merchant; (2) goods held by Merchant on memo, on consignment, or as bailee; (3) Excluded Defective Merchandise (as hereinafter below); (4) Merchant Consignment Goods (as hereinafter below); (5) furniture, furnishings, trade fixtures, machinery, equipment, office supplies, Supplies (defined below), conveyor systems, racking, rolling stock, and other personal property or improvements to real property; provided, that Agent shall be permitted to sell Owned FF&E as set forth in Section 6 below; and (6) Additional Agent Goods ((1) through (6) collectively the "Excluded Goods"), in each case, determined in accordance with usual and customary practices of the industry.

(d) Each of the Merchandise Report and Memo Merchandise Report shall include all Merchandise, excluding the Excluded Goods, but including any portion or all of the Excluded Goods for which Merchant and Agent are able to mutually agree (in each party's sole and absolute discretion) on the Cost Value and retail price thereof).

(e) Each of the Merchandise Report and Memo Merchandise Report prepared by the Inventory Taking Service shall be prepared in accordance with the usual and customary practices, policies and procedures of Merchant and shall show, among other things, the aggregate Cost Value and retail price determined in the manner provided above.

5.2 Merchandise Subject to This Agreement.

(a) For purposes of this Agreement, "Merchandise" shall mean all (i) finished, first-quality goods that are saleable in the ordinary course of business located at the Sale Locations as of the Sale Commencement Date (including Merchandise subject to Gross Rings), (ii) all Transferred Merchandise,

(iii) all cut or uncut loose stones and metals (“Job Order Inventory”), (iv) Memo Merchandise (subject to each such item having been verified in accordance with the Verification Procedures); (v) Defective Merchandise, and (vi) saleable goods that are deemed to be Merchandise under this Agreement pursuant to this Section 5.2. “Merchandise” shall not include: (1) goods which belong to sublessees, licensees, department lessees, or concessionaires of Merchant; (2) goods held by Merchant on memo, on consignment, or as bailee (“Consignment Goods”); (3) Excluded Defective Merchandise (defined below); (4) Merchant Consignment Goods (defined below); (5) Additional Agent Goods; and (6) furniture, furnishings, trade fixtures, machinery, equipment, office supplies, Supplies, conveyor systems, racking, rolling stock, airplane(s), and other personal property or improvements to real property; provided, that Agent shall have the right to sell Owned FF&E as set forth in Section 7 below.

(b) As used in this Agreement, the following terms have the respective meanings set forth below:

“Defective Merchandise” means any item of Merchandise that is (a) not, finished, first-quality, saleable goods sold in the normal or ordinary course and (b) reasonably determined by Agent following implementation of the Verification Procedures and consultation with Merchant to not be of the quality and/or authenticity as represented by Merchant to Agent; provided, however, that Job Order Inventory shall not be deemed to be Defective Merchandise solely by virtue of not constituting finished, first-quality, saleable goods, *i.e.*, not incorporated into or set in jewelry. Examples of Defective Merchandise include but are not limited to goods that are used, damaged, defective, scratched, soiled, dented, shopworn, out of box (if normally sold as new in-the-box), out of season, missing pieces, mismatched, mis-mated, parts, items typically sold as a set which are incomplete, or gift with purchase items, watches that are not running, watches without boxes, watches without applicable instructions, and pierced earrings without backs, earring backs without the corresponding earring, and diamonds and gemstones constituting melee.

“Excluded Defective Merchandise” means any item of (i) Defective Merchandise that is not saleable in the ordinary course because it is so damaged or defective that it cannot reasonably be used for its intended purpose or for which the parties cannot mutually agree upon a Cost Value, and (ii) obsolete or discontinued goods or goods that have been marked out of stock or have received a similar designation. Excluded Defective Merchandise shall be identified as such during the Inventory Taking.

“Memo Merchandise” means first-quality saleable goods in the ordinary course of business (a) located with (i) Merchant’s sales representatives and (ii) with third parties approved by Merchant in the ordinary course of business (including any items on temporary loan to customers with the consent of Merchant and Agent), and (b) such additional goods denominated by Merchant in the Merchandise File as “Out” goods.

“Merchandise File” means Merchant’s Cost Value file denominated “Project Bespoke_Inventory Summary (10.24.2025) V2”.

“Memo Merchandise File” means a column labeled “Lot Status” within the Merchandise File (that designates Memo Merchandise as lot status MEMO or OUT).

“Transferred Merchandise” means (a) first-quality goods that are saleable in the ordinary course of business located at Merchant’s retail locations in Greenwich, Connecticut, Washington, D.C. and London, England that is designated for, has been, or is in transit to a Sale Location and (b) any Job Order Inventory located at Merchant’s retail locations in Greenwich, Connecticut, Washington, D.C. and London, England that is designated for, has been, or is in transit to a Sale

Location; provided, that in the case of (a) and (b) hereof, upon receipt of such items in the designated location such items shall be included in Merchandise only following Agent's verification of the applicable Cost Value and quality of subject goods in accordance with the Verification Procedures.

5.3 Valuation.

(a) For purposes of this Agreement, "Cost Value" shall mean, with respect to each item of Merchandise, the lower of (x) the actual cost of such item (as verified in accordance with the Verification Procedures) and (y) the lowest cost of such item as reflected in the Merchandise File.

(b) Notwithstanding the provisions of Section 5.3(a), with respect to each item of Defective Merchandise, the parties shall mutually agree upon the Cost Value (and if Agent and Merchant are unable to mutually agree on the Cost Value of any one or more items of Defective Merchandise, such items shall be deemed Excluded Defective Merchandise).

5.4 Excluded Goods. Merchant shall retain all responsibility for any goods not included as "Merchandise" hereunder. If the Merchant elects at the beginning of the Sale Term, Agent shall accept goods not included as "Merchandise" hereunder for sale at prices mutually agreed upon by Agent and Merchant (such goods, "Merchant's Consignment Goods"). The Agent shall retain twenty percent (20.0)% of the receipts (net of Sales Taxes) for all sales of Merchant's Consignment Goods, and Merchant shall receive eighty percent (80.0)% of the receipts (net of Sales Taxes) in respect of such sales. Merchant shall receive its share of the receipts of sales of Merchant's Consignment Goods following the Final Sale Reconciliation. If Merchant does not elect to have Agent sell goods not included as Merchandise or Merchant and Agent are unable to agree upon prices, then all such items will be removed by Merchant from the Sale Locations at Merchant's expense as soon as practicable. Agent shall have no cost, expense or responsibility in connection with any goods not included in Merchandise.

Section 6. Sale Term.

6.1 Term.

(a) Subject to satisfaction of the conditions precedent set forth in Section 10 hereof, and solely for purposes of Section B of this Agreement, the Sale shall be deemed to have commenced at each Sale Location on the date that is the first calendar day after the Bankruptcy Court enters the Interim Approval Order (the "Sale Commencement Date"). Subject to Section 6.1(b) hereof, Agent shall complete the Sale at each Sale Location no later than May 1, 2026 (the "Sale Termination Date", and the period from the Sale Commencement Date to the Sale Termination Date as to each Sale Location being the "Sale Term"). Notwithstanding the foregoing, Agent may, in its discretion, earlier terminate the Sale on a Sale Location-by-Sale Location basis upon not less than fourteen (14) days' prior written notice (a "Vacate Notice") to Merchant and the DIP Lender (the "Vacate Date"). Agent's obligations to pay all Expenses, including Occupancy Expenses for each Sale Location subject to Vacate Notice shall continue only until the earlier of the applicable (x) Vacate Date for such Sale Location, or (y) Sale Termination Date; provided, however, that Agent shall be responsible for the full amount of all Occupancy Expenses the month in which the applicable Vacate Date occurs.

(b) Agent shall exercise commercially reasonable efforts to dispose of all of the Merchandise during the Sale Term. To the extent that there is Merchandise remaining at the Sale Termination Date (the "Remaining Merchandise"), such Remaining Merchandise shall be deemed transferred to Agent free and clear of all liens, claims, and encumbrances, and Agent shall use commercially reasonable efforts to dispose of all such Remaining Merchandise by means reasonably determined by Agent

on or before the date that is not later than three hundred sixty (360) days after the Sale Termination Date (the “Remaining Merchandise Outside Date”). The proceeds received by Agent after expiration of the Sale Term and on or prior to the Remaining Merchandise Outside Date from such sales or other dispositions shall constitute Proceeds hereunder; provided, that in the event Agent incurs additional expenses related to the sale of Remaining Merchandise in the period between the Sale Termination Date and the Remaining Merchandise Outside Date (pursuant to a budget determined by Agent and Merchant), such additional expenses shall constitute Expenses for purposes of this Agreement, including, without limitation, for purposes of calculation of the Sharing Amount, if any. During the period between the Sale Termination Date and the Remaining Merchandise Outside Date, Agent and its affiliates shall be authorized to sell or otherwise dispose of the Remaining Merchandise with all logos, brand names, and other intellectual property on the Merchandise intact, and shall be authorized to advertise the sale of the Remaining Merchandise using Merchant’s name and logo, in each case consistent with the terms of the IP License.

6.2 Vacating the Sale Locations. Subject to Section 6.1(b) hereof, Agent shall vacate each Sale Location on or before the earlier of (x) the applicable Vacate Date and (y) the Sale Termination Date, in either case as provided for herein, at which time Agent shall surrender and deliver the Sale Location premises and keys to Merchant. At the conclusion of the Sale, Agent agrees to leave each Sale Location in “broom clean” condition, ordinary wear and tear excepted, except for unsold items of Owned FF&E which may, at Agent’s option, be abandoned by Agent in place in a neat and orderly manner pursuant to Section 7 below. All assets of Merchant used by Agent in the conduct of the Sale (e.g., FF&E, Supplies, etc.) shall be returned by Agent to Merchant or left at the Sale Location, to the extent same have not been used in the conduct of the Sale or have not been otherwise disposed of through no fault of Agent. Any reference in this Section 6 to vacating the Sale Location means vacating the subject Sale Location in favor of Merchant, its representatives, or assignee and shall not mean Merchant vacating possession or disclaimer of lease in favor of the landlord or owner of the Sale Location premises.

Section 7. FF&E.

7.1 Owned FF&E. Agent shall be entitled, but not obligated, to sell all furniture, fixtures and equipment (“FF&E”) owned by Merchant (the “Owned FF&E”) at the Sale Locations; provided, however, that Merchant shall be responsible for the payment of all expenses (including reimbursement to Agent where applicable) incurred in connection with the disposition of the Owned FF&E in accordance with a budget to be mutually agreed upon between the Merchant and Agent following execution of this Agreement. Proceeds realized from the sale of Owned FF&E, net of the amount applied to satisfy any expenses incurred in connection with such sale(s), shall be treated in the manner applicable to Proceeds under Section 3 hereunder. Merchant hereby represents, warrants, covenants, and agrees in favor of Agent that: (i) Merchant owns all Owned FF&E and has good and marketable title to and all right, power, and authority to sell the Owned FF&E (subject to entry of the Interim and/or Final Approval Order(s), as applicable); (ii) to the knowledge of Merchant, all Owned FF&E is devoid of Hazardous Materials (defined below); and (iii) subject to entry of the Interim and/or Final Approval Order(s), as applicable, all of the Owned FF&E may be sold by Agent free and clear of all liens, claims, and encumbrances.

7.2 Abandonment of FF&E. Agent shall be authorized to abandon its exclusive right to sell any and all sold and unsold FF&E to Merchant, including Owned FF&E, and upon such abandonment it shall be entitled to leave in place, without any cost or liability on the part of Agent to any party, including, but not limited to, Merchant, the DIP Lender, and/or any landlord or lessor of such FF&E or any counterparty to any Underlying Occupancy Agreement, for any claim resulting from or related to any such abandonment. For the avoidance of doubt, Agent shall have no responsibility whatsoever with respect to FF&E that is not owned by Merchant.

7.3 Hazardous Materials. Anything in this Agreement to the contrary notwithstanding, Agent will not have any obligation whatsoever to purchase, sell, make, store, handle, treat, dispose, generate, transport or remove any Hazardous Materials that may be located at the Sale Locations, corporate offices, or otherwise. Agent shall have no liability to any party for any environmental action brought: (i) that is related to the storage, handling, treatment, disposition, generation, or transportation of Hazardous Materials, or (ii) in connection with any remedial actions associated therewith at any Sale Locations, corporate offices, or otherwise. Agent shall not be responsible to remove any Hazardous Materials from any Sale Locations, corporate offices, or otherwise. For purposes of this Agreement, the term “Hazardous Materials” means, collectively, any chemical, solid, liquid, gas, or other substance having the characteristics identified in, listed under, or designated pursuant to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C.A. 9601(14), as a “hazardous substance”, (ii) the Resource Conservation and Recovery Act, 42 U.S.C.A. 6903(5) and 6921, as a “hazardous waste”, or (iii) any other laws, statutes or regulations of a government or political subdivision or agency thereof, as presenting an imminent and substantial danger to the public health or welfare or to the environment or as otherwise requiring special handling, collection, storage, treatment, disposal, or transportation.

Section 8. Conduct of the Sale.

8.1 Rights of Agent. In addition to any other rights granted to Agent elsewhere in this Agreement, subject to the entry of the Interim and/or Final Approval Order(s), as applicable, and the Sale Guidelines, Agent shall retain the exclusive discretion to determine appropriate sale and promotional strategies, activities, and sale-related themes throughout the Sale Term (without the need to comply with any Liquidation Sale Laws), including, but not limited to, selling Merchandise on a wholesale basis. The Agent shall conduct the Sale in the name of and on behalf of the Merchant in a commercially reasonable manner and in compliance with the terms of this Agreement and subject to the Interim and/or Final Approval Order(s), as applicable, and the sale guidelines attached hereto as Exhibit 8.1 (the “Sale Guidelines”). In addition to any other rights granted to Agent hereunder, and subject to the Interim and/or Final Approval Order(s), as applicable, and Sale Guidelines, in conducting the Sale the Agent, in the exercise of its reasonable discretion, shall have the right:

(a) to establish sale prices and discounts (it being agreed that any deviation from Merchant’s usual and customary sales prices shall be at the sole discretion and prior approval of Agent) and Sale Location hours, which are consistent with the terms of applicable Underlying Occupancy Agreements and local laws or regulations, including, without limitation, “Sunday Blue Laws” where applicable; provided, however, to the extent that Agent extends the hours of operation at one or more of the Sale Locations beyond the hours historically operated by Merchant, which results in additional utilities charges and increased Occupancy Expenses in excess of the average utilities charges and Occupancy Expenses for such Sale Location over the twelve (12) months preceding the Sale Commencement Date, Agent shall reimburse Merchant the amounts, if any, of such additional costs and such additional costs shall constitute Expenses (subject to the Agent Expense Cap);

(b) except as otherwise expressly included as an Expense, to use without charge during the Sale Term all FF&E, computer hardware and software, existing Supplies, intangible assets (including Merchant’s name, logo and tax identification numbers), Sale Location keys, case keys, security codes and safe and lock combinations required to gain access to and operate the Sale Locations, and any other assets of the Merchant located at the Sale Locations (whether owned, leased, or licensed);

(c) subject to Agent’s payment in accordance with Section 4.1 above in respect of Central Services, (i) to be provided by Merchant with central office facilities, central administrative services and personnel to process and perform Central Services and provide other central office services reasonably

necessary for the Sale; and (ii) to use reasonably sized offices located at Merchant's central office facility to effect the Sale;

(d) to sell Merchandise through Merchant's traditional sales channels, and in Agent's exclusive discretion, through one or more wholesale channels;

(e) to establish and implement advertising, signage and promotion programs by means of media advertising, and similar interior and exterior signs and banners, and the use of special events and trunk-style events;

(f) to transfer Merchandise between and among the Sale Locations at Agent's expense; provided, however, the Agent shall not transfer Merchandise between and among Sale Locations so as to make the Merchandise unavailable for purposes of the Inventory Taking; and

(g) subject to the provisions of Section 8.10 below, to include Additional Agent Goods as part of the Sale.

8.2 Terms of Sales to Customers; Final/As Is Sales. All sales of Merchandise, Owned FF&E and Owned Intellectual Property will be "final sales" and "as is," and appropriate signage and sales receipts will reflect the same. Agent shall not warrant the Merchandise or any Owned FF&E in any manner, but will, to the extent legally permissible, pass on all manufacturers' warranties to customers. All sales will be made only for cash or nationally recognized bank credit cards. The Agent shall clearly mark all receipts for the Merchandise sold at the Sale Locations during the Sale Term so as to distinguish such Merchandise from the goods sold prior to the Sale Commencement Date.

8.3 Sales Taxes.

(a) During the Sale Term, all sales, excise, gross receipts and other taxes attributable to sales of Merchandise, as indicated on Merchant's point of sale equipment (other than taxes on income) payable to any taxing authority having jurisdiction (collectively, "Sales Taxes") shall be added to the sales price of Merchandise and collected by Agent, on Merchant's behalf at the time of sale. All Sales Taxes shall be deposited into a segregated account designated by Merchant and Agent solely for the deposit of such Sales Taxes (the "Sales Taxes Account"). Merchant shall prepare and file all applicable reports and documents required by the applicable taxing authorities, and Merchant shall promptly pay all Sales Taxes from the Sales Taxes Account. Merchant will be given access to the computation of gross receipts for verification of all such tax collections. Provided that Agent performs its responsibilities in accordance with this Section 8.3, Agent shall have no further obligation to the Merchant, any taxing authority, or any other party, and Merchant (and the DIP Lender (to the extent it has received any funds on account of Sales Taxes) shall indemnify and hold harmless Agent from and against any and all costs, including, but not limited to, reasonable attorneys' fees, assessments, fines or penalties which Agent sustains or incurs as a result or consequence of the failure by Merchant to promptly pay such taxes to the proper taxing authorities and/or the failure by Merchant to promptly file with such taxing authorities all reports and other documents required by applicable law to be filed with or delivered to such taxing authorities. If Agent fails to perform its responsibilities in accordance with this Section 8.3, and provided Merchant complies with its obligations hereunder, Agent shall indemnify and hold harmless Merchant from and against any and all costs, including, but not limited to, reasonable attorneys' fees, assessments, fines or penalties which Merchant sustains or incurs as a result or consequence of the failure by Agent to collect Sales Taxes and/or the failure by Agent to promptly deliver any and all reports and other documents required to enable Merchant to file any requisite returns with such taxing authorities.

(b) Without limiting the generality of Section 8.3(a) hereof, it is hereby agreed that, as Agent is conducting the Sale solely as agent for the Merchant various payments that this Agreement contemplates that one party may make to the other party do not represent the sale of tangible personal property and, accordingly, are not subject to Sales Taxes.

8.4 Supplies. Agent shall have the right to use, without charge, all existing supplies located at the Sale Locations that are reasonably required in connection with the Sale, including, without limitation, boxes, bags, paper, twine and similar sales materials (collectively, “Supplies”). In the event that additional Supplies are required in any of the Sale Locations during the Sale, Merchant agrees to promptly provide the same to Agent, if available, for which Agent shall reimburse the Merchant at Merchant’s cost therefor.

8.5 Artwork and Wine Stock. Merchant and Agent agree that Agent shall be authorized to sell or otherwise dispose of any (i) artwork owned by Merchant and located at any Sale Location and (ii) any wine located at or otherwise stored at any Sale Location. Proceeds realized from the sale of any such artwork and/or wine, net of the amount applied to satisfy any expenses incurred in connection with such sale(s), shall be treated in the manner applicable to Proceeds under Section 3 hereunder.

8.6 Gift Certificates; Membership Program.

(a) Agent shall not be required to accept any gift certificate, gift card, return credit, and/or similar merchandise credit issued by Merchant prior to the Sale Commencement Date (collectively, the “Gift Certificates”). In the event Agent determines, after consultation with Merchant and DIP Lender, to accept any such gift Certificates, Merchant shall reimburse Agent in cash for such amounts in conjunction with the Weekly Sale Reconciliation(s) provided for in Section 7.7. Agent shall not sell any Gift Certificates.

(b) During the Sale Term, Agent may in its exclusive discretion, but shall not be required to, allow customers to take advantage of (i) discounts afforded customers in connection with Merchant’s membership program benefits and/or Merchant’s then valid coupons (collectively, “Merchant Discounts”); or (ii) the then-prevailing Sale discounts being offered by Agent, but not both on a cumulative basis. To the extent the customer elects an applicable Merchant Discount, then Merchant shall reimburse Agent in cash during the Weekly Sale Reconciliation for the value/differential between the applicable Merchant Discount and the then-prevailing Sale discounts being offered by Agent.

8.7 Sale Reconciliation.

(a) On each Wednesday during the Sale Term, Agent and Merchant shall cooperate to reconcile Expenses of the Sale, make payments on account of the sales of Additional Agent Goods, Owned FF&E and Owned Intellectual Property, and reconcile such other Sale-related items as either party shall reasonably request, in each case for the prior week or partial week (i.e., Sunday through Saturday), all pursuant to procedures agreed upon by Merchant and Agent (the “Weekly Sale Reconciliation”). Each Weekly Sale Reconciliation shall be provided to the DIP Lender promptly upon completion.

(b) Within thirty (30) days after the end of the Sale Term, or as soon as practicable thereafter, Agent and Merchant shall complete a final reconciliation of the Sale (inclusive of a reconciliation of gift card redemptions and a determination of whether there is any Excess Expense Amount, the “Final Reconciliation”), the written results of which shall be certified by representatives of each of the Merchant, DIP Lender and Agent as a final settlement of accounts between the Merchant and Agent during the Sale Term. Within five (5) Business Days after the completion of the Final Reconciliation Agent shall pay to Merchant or Merchant shall pay to Agent (or its designee), as the case may be, any and all amounts due the

other pursuant to the Final Reconciliation. In the event the Final Reconciliation reveals that there is an Excess Expense Amount, such excess shall be paid (i.e., deducted from) first from Merchant's entitlement to the Sharing Amount, if any; provided, that in the event Merchant is not entitled to receive any Sharing Amount (or if Merchant's allocable portion of any Sharing Amount is not sufficient to satisfy in full its obligation to pay such Excess Expense Amount), any Excess Expense Amount (or portion thereof) shall be paid from the Excess Expense Reserve established under Section 3.4(a) hereof, with the remaining amount of the Excess Expense Reserve, if any, being paid to Merchant; provided, further, that in the event the Excess Expense Reserve is not sufficient to satisfy in full its obligation to pay such Excess Expense Amount, any unpaid amount due from Merchant shall be deducted from the Guaranteed Amount. Once executed by Merchant and Agent, such settlement and Final Reconciliation (including the determination of any Excess Expense Amount and allocation and disposition of the Excess Expense Reserve) shall be deemed approved without further order of the Bankruptcy Court (other than the Sale Approval Order).

(c) Within thirty (30) days after the Remaining Asset Outside Date, or as soon as practicable thereafter, Agent and Merchant shall complete a reconciliation of all sales of Remaining Merchandise, which reconciliation shall include, among other things, a determination of whether there is any Excess Expense Amount (the "Remaining Merchandise Reconciliation"), the written results of which shall be certified by representatives of each of the Merchant, DIP Lender and Agent as a final settlement of accounts between the Merchant and Agent with respect to sales of the Remaining Merchandise. Within five (5) Business Days after the completion of the Remaining Merchandise Reconciliation and execution of a settlement letter including an appropriate mutual release, Agent shall pay to Merchant or Merchant shall pay to Agent (or its designee), as the case may be, any and all amounts due the other pursuant to the Remaining Merchandise Reconciliation, and any Excess Expense Amount, if any, shall be satisfied in the manner set forth in Section 8.7(b) above. Once executed by Merchant and Agent, such settlement and Remaining Merchandise Reconciliation shall be deemed approved without further order of the Bankruptcy Court (other than the Sale Approval Order).

(d) During the Sale Term, and thereafter until all of Merchant's and Agent's obligations under this Agreement have been satisfied, (i) Merchant, DIP Lender and Agent shall have reasonable access to Merchant's and Agent's records with respect to the Sale (including, but not limited to, Cost Value, retail price, Merchandise, Expenses, and Proceeds) to review and audit such records; and (ii) Merchant, Agent and DIP Lender shall participate in weekly update conference calls during which Agent shall provide an update on the progress of the Sale, the current status of Expenses, and proposed future Expense budgeting.

8.8 Intellectual Property.

(a) Merchant hereby grants to Agent, effective as of the Sale Commencement Date and ending on the Sale Termination Date (or where applicable, the Remaining Merchandise Outside Date) a temporary, irrevocable, royalty-free and non-exclusive sub-license and right (without the right to grant further sublicenses) to use all of Merchant's Intellectual Property (as hereinafter defined) (notwithstanding the sale of the same) in connection with the Sale, subject to applicable laws governing the use and dissemination of confidential consumer personal data and additional mutually agreed reasonable measures (hereinafter, the "IP License"); provided, that the IP License shall continue in effect for all Remaining Merchandise as provided in Section 6.1(b). Without limiting the generality of the foregoing, Agent shall be authorized by Merchant to use such Intellectual Property to advertise and promote the Sale, including (without limitation) the hanging of customary liquidation sign packages and banners and the use of trade names, logos, trademarks, e-mail lists, customer lists, catalog recipient lists, loyalty card information. Agent shall be permitted to promote the Sale in all advertisements and promotions (including email distributions) by executing a highly promotional sale strategy utilizing sale themes and language, as shall be determined by Agent from time-to-time, in its exclusive discretion. Agent shall have the right to use the

E-Commerce Platform to advertise the Sale and the right to use e-mail lists, customer lists, catalog recipient lists and loyalty card information to send emails advertising the Sales at the Sale Locations.

(b) Agent shall be entitled to sell Intellectual Property owned by Merchant (“Owned Intellectual Property”). Proceeds realized from the sale of Owned Intellectual Property shall be applied first to satisfy any expenses incurred in connection with such sale(s), with any remaining balance being treated in the manner applicable to Proceeds under Section 3 hereof. For purposes of this Agreement, “Intellectual Property” means all intellectual property and proprietary rights of any kind, including the following: (i) trademarks, service marks, trade names, slogans, logos, designs, symbols, trade dress, internet domain names, uniform resource identifiers, rights in design, brand names, any fictitious names, d/b/a’s or similar filings related thereto, or any variant of any of them, and other similar designations of source or origin, together with all goodwill, registrations and applications related to the foregoing; (ii) copyrights and copyrightable subject matter (including any registration and applications for any of the foregoing); (iii) trade secrets and other confidential or proprietary business information (including manufacturing and production processes and techniques, research and development information, technology, intangibles, drawings, specifications, designs, plans, proposals, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, customer and supplier lists and information), know how, proprietary processes, formulae, algorithms, models, industrial property rights, and methodologies; (iv) computer software, computer programs, and databases (whether in source code, object code or other form); (v) all rights to sue for past, present and future infringement, misappropriation, dilution or other violation of any of the foregoing and all remedies at law or equity associated therewith; and (vi) creative materials and other similar items (other than the Excluded Records) owned by, or otherwise in the possession or control of, Merchant or held by a Third Party on behalf of Merchant, whether in written or electronic or any other format, including telephone numbers, email addresses and accounts, customer and supplier lists and contact information, mailing lists, sales and promotional literature, other sales related materials, marketing plans, reports or data, forecasts, drawings, schematics, technical plans, reports, trade secrets, user data, and customer personal information.

8.9 Right to Monitor. Provided that Merchant’s and/or DIP Lender’s presence does not unreasonably disrupt the conduct of the Sale, Merchant and DIP Lender shall have the right to monitor the Sale and activities attendant thereto and to be present in the Sale Locations during the hours when the Sale Locations are open for business. Merchant shall also have a right of access to the Sale Locations at any time in the event of an emergency situation and shall promptly notify Agent of such emergency.

8.10 Additional Agent Goods.

(a) Agent shall have the right to supplement the Merchandise in the Sale with additional goods procured by Agent which are of like kind, and no lesser quality to the Merchandise in the Sale (“Additional Agent Goods”). The Additional Agent Goods shall be purchased by Agent as part the Sale at Agent’s sole expense (and such purchase price shall not constitute an Expense). Sales of Additional Agent Goods shall be run through Merchant’s or cash register systems or utilizing such other procedures as are mutually acceptable to Agent and Merchant; provided, however, Agent shall mark the Additional Agent Goods using either a “dummy” SKU or department number, or in such other manner so as to distinguish the sale of Additional Agent Goods from the sale of Merchandise. Agent and Merchant shall also cooperate so as to ensure that the Additional Agent Goods are marked in such a way that a reasonable consumer could identify the Additional Agent Goods as non-Merchant goods. Additionally, Agent shall provide signage in the Sale Locations notifying customers that the Additional Agent Goods have been included in the Sale.

(b) Agent and Merchant intend that the transactions relating to the Additional Agent Goods are, and shall be construed as, a true consignment from Agent to Merchant in all respects (but not a

consignment for security purposes). At all times and for all purposes the Additional Agent Goods and their proceeds shall be the exclusive property of Agent, and no other person or entity shall have any claim against any of the Additional Agent Goods or their proceeds. The Additional Agent Goods shall at all times remain subject to the exclusive control of Agent.

(c) Merchant shall, at Agent's sole expense (and not as an Expense), insure the Additional Agent Goods and, if required, promptly file any proofs of loss with regard to same with Merchant's insurers. Agent shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Additional Agent Goods, which amount shall be deemed an Additional Agent Goods expense.

(d) Merchant acknowledges, and the Final Approval Order shall provide, that the Additional Agent Goods shall be consigned to Merchant as a true consignment under Article 9 of the Code. Agent is hereby granted a first priority security interest in and lien upon (i) the Additional Agent Goods and (ii) the Additional Agent Goods proceeds, which security interest shall be deemed perfected pursuant to the Final Approval Order without the requirement of filing UCC financing statements or providing notifications to any prior secured parties (provided that Agent is hereby authorized to deliver all required notices and file all necessary financing statements and amendments thereof under the applicable UCC identifying Agent's interest in the Additional Agent Goods as consigned goods thereunder and the Merchant, as the consignee therefor, and Agent's security interest in and lien upon such Additional Agent Goods and Additional Agent Goods proceeds).

(e) Merchant shall have no liability, and Agent shall hold Merchant harmless from, any and all liabilities arising in connection with any Additional Agent Goods.

8.11 Force Majeure. If any casualty, act or threatened act of terrorism, or act of God prevents or substantially inhibits the conduct of business in the ordinary course at any of the Sale Locations, the Merchandise located at such Sale Location(s) shall, in Agent's reasonable discretion (after consultation with the Merchant), be eliminated from the Sale and considered to be deleted from this Agreement as of the date of such event, and Agent and Merchant shall have no further rights or obligations hereunder with respect thereto; provided, however, that (i) the proceeds of any insurance attributable to such Merchandise shall constitute Proceeds hereunder, and (ii) the Guaranteed Amount shall be reduced to account for any Merchandise eliminated from the Sale which is not the subject of insurance proceeds, and Merchant (or DIP Lender to the extent it has received any funds on account of the Guaranteed Amount) shall within five (5) Business Days following written demand by Agent reimburse Agent for the amount the Guaranteed Amount is so reduced.

8.12 Underlying Occupancy Agreements.

(a) Agent shall not be obligated to comply with any of Merchant's Underlying Occupancy Agreements; except as provided for in Sections 4.1(c) and 8 herein.

(b) Agent shall be granted so-called "designation rights" in order to enable it to market for sale Merchant's Underlying Occupancy Agreements in accordance with procedures to be mutually agreed upon by Merchant and Agent. Proceeds realized from the sale of Underlying Occupancy Agreements shall be applied first to satisfy any expenses incurred in connection with sale(s) of any such Underlying Occupancy Agreements, with any remaining balance being treated in the manner applicable to Proceeds under Section 3 hereof. Notwithstanding the foregoing, Agent's designation rights shall expire if not exercised five (5) Business Days before the expiration the 210 day period provided in § 365(d)(4) of the Bankruptcy Code as applicable to Merchant.

Section 9. Employee Matters.

9.1 Merchant's Employees. Subject to the applicable provisions of the Final Approval Order and any other provisions in this Agreement relating to employees, Agent may use Merchant's employees (i) at the Sale Locations, and (ii) outside sales representatives (each such individual under (i) and (ii) is referred to as a "Retained Employee") in the conduct of the Sale to the extent Agent deems such individual(s) necessary for the Sale, and Agent may select and schedule the number and type of said Retained Employees required for the Sale. As promptly as practicable after the execution of this Agreement, Agent shall identify any of those Retained Employees it desires to use in connection with the Sale. Notwithstanding the foregoing, Merchant's employees shall at all times remain employees of the Merchant. Agent's selection and scheduling of Merchant's employees shall at all times comply with all applicable laws and regulations. Merchant and Agent agree that, except to the extent that wages and benefits of Retained Employees constitute Expenses hereunder, nothing contained in this Agreement and none of Agent's actions taken in respect of the Sale shall be deemed to constitute an assumption by Agent of any of Merchant's obligations relating to any of Merchant's employees including, without limitation, Excluded Payroll Benefits, Worker Adjustment Retraining Notification Act ("WARN Act") claims and other termination type claims and obligations, or any other amounts required to be paid by statute or law; nor shall Agent become liable under any employment agreement, collective bargaining agreement, or be deemed a joint or successor employer with respect to such employees. Merchant shall not, without the prior consent of Agent, raise the salary or wages or increase the benefits for, or pay any bonuses or other extraordinary payments to, any Retained Employees prior to the Sale Termination Date. Merchant shall not transfer any employee in anticipation of the Sale nor any Retained Employee during the Sale Term, in each case without Agent's prior consent. Notwithstanding any provisions of this Agreement to the contrary, Merchant shall be permitted to provide one or more notices to Retained Employees pursuant to the WARN Act or any similar state law at any time during the Sale Term.

9.2 Termination of Employees. Agent may in its discretion stop using any Retained Employee at any time during the Sale, subject to the conditions provided for herein. In the event that Agent desires to cease using any Retained Employee, Agent shall notify Merchant at least seven (7) days prior thereto; provided, however, that, in the event that Agent determines to cease using an employee "for cause" (such as dishonesty, fraud or breach of employee duties), the seven (7) day notice period shall not apply; provided, further, however, that Agent shall immediately notify Merchant of the basis for such "cause." From and after the date of this Agreement and until the Sale Termination Date, Merchant shall not transfer or dismiss employees of the Sale Locations except "for cause" without Agent's prior consent. Notwithstanding the foregoing, Agent shall not have the right to terminate the employment of any employee, but rather may only cease using such employee in the Sale and paying any Expenses with respect to such employee (and all decisions relating to the termination or non-termination of such employees shall at all times rest solely with Merchant).

9.3 Payroll Matters. Subject to Section 4.1 (including, without limitation, the Agent Expense Cap), during the Sale Term Merchant shall process the payroll for all Retained Employees and any former employees and temporary labor engaged for the Sale. Each Monday prior to the date on which such payroll is payable (or such other date as may be reasonably requested by Merchant to permit the funding of the payroll accounts before such payroll is due and payable) during the Sale Term, Agent shall transfer to Merchant's payroll accounts an amount equal to the base wages for Retained Employees plus related payroll taxes, workers' compensation and benefits for such week.

9.4 Employee Incentive Bonuses. Subject to approval by the DIP Lender and the Bankruptcy Court, and subject further to the Agent Expense Cap, Agent shall pay, as an Expense, incentive bonuses ("Incentive Bonuses") (which bonuses shall be inclusive of payroll taxes, but as to which no benefits shall be payable), up to a maximum of five percent (5.0%) of gross sales for all Retained Employees, to such

Retained Employees who do not voluntarily leave employment and are not terminated “for cause,” as Agent (in consultation with Merchant) may determine in its discretion. Subject to approval by the Bankruptcy Court, the amount of such Incentive Bonuses shall be in an amount to be determined by Agent, in its discretion, and shall be payable within thirty (30) days after the Sale Termination Date, and shall be processed through Merchant’s payroll system.

Section 10. Conditions Precedent and Subsequent.

(a) The willingness of Agent to enter into the transactions contemplated under this Agreement is directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by Agent:

- a) All representations and warranties of the Merchant hereunder shall be true and correct in all material respects and no Event of Default shall have occurred at and as of the date hereof and on the Sale Commencement Date.
- b) The Bankruptcy Court shall have entered the Interim Approval Order by November 20, 2025, or such later date as mutually agreed upon by the Merchant, Agent and DIP Lender (the “Interim Approval Order Deadline”).
- c) The Bankruptcy Court shall have entered the Agent Protections Order by December 10, 2025, or such later date as mutually agreed upon by the Merchant, Agent and DIP Lender (the “Agent Protections Order Deadline”).
- d) The Bankruptcy Court shall have entered the Final Approval Order by December 19, 2025, or such later date as mutually agreed upon by the Merchant, Agent and DIP Lender (the “Final Approval Order Deadline”).
- e) The Bankruptcy Court shall have entered the DIP Order by the Interim Approval Order Deadline, which DIP Order shall be in form and substance acceptable to the Agent, in its discretion.
- f) With respect to the transactions contemplated by Section B hereof, the Tier 2 Commencement Date shall occur not later than December 20, 2025, or such later date as mutually agreed upon by the Merchant, Agent, and the DIP Lender.

(b) The willingness of Merchant to enter into the transactions contemplated under this Agreement is directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by the Merchant:

- a) All representations and warranties of Agent hereunder shall be true and correct in all material respects and no Event of Default shall have occurred at and as of the date hereof and on the Sale Commencement Date.
- b) The Bankruptcy Court shall have entered the Interim Approval Order and DIP Order by the Interim Approval Order Deadline (each in form and substance acceptable to the Agent, in its discretion).

Section 11. Representations, Warranties and Covenants.

11.1 Merchant's Representations, Warranties and Covenants. Merchant hereby represents, warrants and covenants in favor of Agent as follows:

(a) Merchant, including its direct and indirect subsidiaries, (i) are corporations or limited liability companies duly organized or formed, as applicable, validly existing and in good standing under the laws of their respective jurisdictions of incorporation or formation, as applicable; (ii) subject to entry of the Sale Approval Order (if applicable), has all requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as presently conducted; and (iii) is, and during the Sale Term will continue to be, duly authorized and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including all jurisdictions in which the Sale Locations are located, except, in each case, to the extent that the failure to be in good standing or so qualified could not reasonably be expected to have a material adverse effect on the ability of the Merchant to execute and deliver this Agreement and perform fully its obligations hereunder.

(b) Subject to entry of the Interim Approval Order and DIP Order, the Merchant has the right, power and authority to execute and deliver this Agreement and each other document and agreement contemplated hereby (together with this Agreement, collectively, the "Agency Documents") and to perform fully its obligations thereunder. Subject to entry of the Sale Approval Order, Merchant has taken all necessary actions required to authorize the execution, delivery and performance of the Agency Documents, and no further consent or approval is required for Merchant to enter into and deliver the Agency Documents, to perform its obligations thereunder and to consummate the Sale, except for any such consent the failure of which to be obtained could not reasonably be expected to have a material adverse effect on the ability of Merchant to execute and deliver this Agreement and perform fully its obligations hereunder. Subject to entry of the Interim Approval Order, each of the Agency Documents has been duly executed and delivered by the Merchant and constitutes the legal, valid and binding obligation of the Merchant enforceable in accordance with its terms.

(c) On the Sale Commencement Date and subject to the provisions of the Interim Approval Order and DIP Order, all of the Merchandise to be included in the Sale may be sold free and clear of all security interests, liens, claims and encumbrances of any nature (other than the security interests and liens of the Agent hereunder). Subject to the Interim Approval Order and any Order entered in the Bankruptcy Cases with respect to any debtor-in-possession financing (each a "DIP Order"), from and after the date hereof, Merchant shall not create, incur, assume or suffer to exist any additional security interest, lien or other charge or encumbrance upon or with respect to any of the Merchandise or the Proceeds.

(d) Merchant has maintained its pricing files (including (without limitation) the Merchandise File) in the ordinary course of business, and prices charged to the public for goods are the same in all material respects as set forth in such pricing files for the periods indicated therein, and all pricing files and records are true and accurate in all material respects as to the actual cost to Merchant for purchasing the goods referred to therein and as to the selling price to the public for such goods without consideration of any point of sale discounts, as of the dates and for the periods indicated therein. Merchant represents that (i) the ticketed prices of all items of Merchandise do not and shall not include any Sales Taxes and (ii) all registers located at the Stores are programmed to correctly compute all Sales Taxes required to be paid by the customer under applicable law, as such calculations have been identified to Merchant by its retained service provider.

(e) Through the Sale Commencement Date, Merchant has ticketed or marked, and shall continue to ticket or mark, all items of inventory received at the Sale Locations in a manner consistent

with similar Merchandise located at the Sale Locations, and in accordance with Merchant's ordinary course past practices and policies relative to pricing and marking inventory. Since August 1, 2025, and except in the ordinary course of business, Merchant has not removed any POS promotions, sale stickers, or other markings indicating items are on sale or on clearance from the Merchandise prior to the Sale Commencement Date, and have not raised, and will not raise, prices of any Merchandise in contemplation of the Sale.

(f) From the date hereof, Merchant shall not, purchase for or transfer to or from the Sale Locations (except for any Transferred Merchandise) any merchandise or goods outside the ordinary course.

(g) To Merchant's knowledge after reasonable inquiry, all Merchandise is in compliance with all applicable federal, state and local product safety laws, rules and standards. Merchant shall provide Agent with its historic policies and practices, if any, regarding product recalls prior to the Sale Commencement Date.

(h) Subject to the provisions of the Interim Approval Order, Agent shall have the right to the unencumbered use and occupancy of, and peaceful and quiet possession of, the Sale Locations, the assets currently located at the Sale Locations, and the utilities and other services provided at the Sale Locations. To the extent not constituting Occupancy Expenses, Merchant shall, during the Sale Term, maintain in good working order, condition and repair all cash registers, heating systems, air conditioning systems, elevators, escalators and all other mechanical devices necessary or appropriate for the conduct of the Sale at the Sale Locations. Except as otherwise restricted by the Bankruptcy Code, order of the Bankruptcy Court, or as provided herein and absent a bona fide dispute, and subject to Agent complying with its obligations under Section 4.1 of this Agreement throughout the Sale Term (subject to the Agent Expense Cap), Merchant shall remain current on all expenses and payables reasonably necessary and appropriate for the conduct of the Sale.

(i) Subject to approval by the Bankruptcy Court, Merchant has paid, and subject to Agent complying with its obligations under Section 4.1 of this Agreement will continue to pay throughout the Sale Term, all self-insured or Merchant-funded employee benefit programs for Retained Employees, including health and medical benefits and insurance and all proper claims made or to be made in accordance with such programs.

(j) Since August 1, 2025, Merchant has not taken, and shall not throughout the Sale Term take, any actions with the intent of increasing the Expenses of the Sale, including, without limitation, increasing salaries or other amounts payable to employees; except to the extent a Retained Employee was due an annual raise in the ordinary course.

(k) Since August 1, 2025, Merchant has operated, and, except as otherwise restricted by the filing of the Bankruptcy Cases and the Bankruptcy Code or as provided herein and absent a bona fide dispute, through the Sale Commencement Date, Merchant shall continue to operate, each Sale Location in all material respects in the ordinary course of business, including, without limitation, by: (i) selling inventory during such period at customary prices consistent with the ordinary course of business; (ii) not promoting or advertising any sales or in-store promotions (including POS promotions) to the public outside of the Merchant's ordinary course of business; (iii) except with respect to the Transferred Merchandise or as may occur in the ordinary course of business, not returning inventory to vendors and not transferring inventory or supplies out of or to the Sale Locations; (iv) except as may occur in the ordinary course of business, not making any management personnel moves or changes at the Sale Locations; (v) replenishing the Sale Locations in the ordinary course of business, and (vi) with respect to the Merchandise, maintaining

all usual and customary (x) insurance coverages and (y) security measures, and making all required payments accruing prior to the Sale Commencement Date.

(l) Prior to the execution of this Agreement, Merchant has provided Agent reasonable access to all pricing and cost files, computer hardware, software and data files, inter-store transfer logs, markdown schedules, invoices, style runs and all other documents relative to the price, mix and quantities of inventory located at the Sale Locations or on order or in transit.

(m) [Reserved].

(n) To Merchant's knowledge after reasonable inquiry, all documents, information and supplements provided by Merchant to Agent in connection with Agent's due diligence and the negotiation of this Agreement were true and accurate in all material respects at the time provided.

(o) On and as of the Sale Commencement Date, the level of goods (as to quantity) and the mix of goods (as to type, category, style, brand and description) at the Sale Locations shall be in all material respects, subject to ordinary course of business changes and adjustments, consistent with, the level and mix set forth in the Merchandise File.

(p) Except for the Transferred Merchandise, Merchant has not and shall not purchase or transfer to or from the Sale Locations any Merchandise or goods outside the ordinary course in anticipation of the Sale or of the Inventory Taking.

(q) Except as may be included in the Transferred Merchandise, from the date hereof, Merchant will not ship any Excluded Defective Merchandise to the Sale Locations.

(r) Other than filing the Bankruptcy Case as of the date hereof other than those identified on Schedule 11.1(r), no action, arbitration, suit, notice, or legal, administrative or other proceeding before any court or governmental body has been instituted by or against the Merchant, or has been settled or resolved, or to Merchant's knowledge, is threatened against or affects Merchant, relative to Merchant's business or properties, or which questions the validity of this Agreement, or that if adversely determined, would adversely affect the conduct of the Sale.

(s) Merchant shall not, prior to the Sale Commencement Date, offer any promotions or discounts at Merchant's retail locations or E-Commerce Platform except in the ordinary course and consistent with prior practices of Merchant, or as otherwise may be consented to by Agent in writing, in Agent's exclusive discretion.

(t) Merchant is not a party to any collective bargaining agreements.

11.2 Agent's Representations, Warranties and Covenants. Agent hereby represents, warrants and covenants in favor of Merchant as follows:

(a) Agent: (i) is a limited liability company duly and validly existing and in good standing under the laws of the State of Delaware; (ii) has all requisite power and authority to carry on its business as presently conducted and to consummate the transactions contemplated hereby; (iii) is, and during the Sale Term will continue to be, duly authorized and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including all jurisdictions in which the Sale Locations are located, except, in each case, to the extent that the failure to

be in good standing or so qualified could not reasonably be expected to have a material adverse effect on the ability of Agent to execute and deliver this Agreement and perform fully its obligations hereunder.

(b) Agent has the right, power and authority to execute and deliver each of the Agency Documents to which it is a party and to perform fully its obligations thereunder. Agent has taken all necessary actions required to authorize the execution, delivery and performance of the Agency Documents, and no further consent or approval is required on the part of Agent for Agent to enter into and deliver the Agency Documents, to perform its obligations thereunder and to consummate the Sale. Each of the Agency Documents has been duly executed and delivered by the Agent and constitutes the legal, valid and binding obligation of Agent enforceable in accordance with its terms. No court order or decree of any federal, state or local governmental authority or regulatory body is in effect that would prevent or impair, or is required for, Agent's consummation of the transactions contemplated by this Agreement, and no consent of any third party which has not been obtained is required therefor, other than as provided herein. No contract or other agreement to which Agent is a party or by which Agent is otherwise bound will prevent or impair the consummation of the transactions contemplated by this Agreement.

(c) No action, arbitration, suit, notice or legal administrative or other proceeding before any court or governmental body has been instituted by or against Agent, or has been settled or resolved or, to Agent's knowledge, has been threatened against or affects Agent, which questions the validity of this Agreement or any action taken or to be taken by Agent in connection with this Agreement or which, if adversely determined, would have a material adverse effect upon Agent's ability to perform its obligations under this Agreement.

(d) The Sale shall be conducted in compliance with all applicable state and local laws, rules and regulations and Merchant's leases and other agreements, except as otherwise provided for in the Sale Guidelines and Interim and/or Final Approval Order, as applicable.

(e) Absent prior consent by the Merchant, Agent will not cause any non-emergency repairs or maintenance (emergency repairs are repairs necessary to preserve the security of a Sale Location premise or to ensure customer safety) to be conducted at the Sale Locations.

(f) To the best of Agent's knowledge, all Additional Agent Goods are in compliance with all applicable federal, state or local product safety laws, rules and standards. All Additional Agent Goods shall be of like kind and no lesser quality to the Merchandise located in the Sale Locations.

Section 12. Insurance.

12.1 Merchant's Liability Insurance. Subject to Agent's obligations under Section 4.1 of this Agreement, Merchant shall continue at the respective cost and expense thereof until the Sale Termination Date, in such amounts as it currently has in effect, all of its liability insurance policies, including, but not limited to, commercial general liability, products liability, comprehensive public liability, auto liability and umbrella liability insurance, covering injuries to persons and property in, or in connection with, Merchant's operation of the Sale Locations; and Merchant shall cause Agent to be named as an additional named insured (as its interest may appear) with respect to all such policies, on a primary, non-contributory basis. Merchant shall deliver to Agent certificates evidencing such insurance setting forth the duration thereof and naming Agent as an additional named insured, in form reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days' prior notice to Agent of cancellation, non-renewal or material change during the Sale Term. In the event of a claim under any such policies, Merchant shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, unless it is determined that liability arose by reason of the fraud, bad faith, willful misconduct or grossly negligent acts or omissions of Agent, or Agent's employees, independent contractors or agents. Merchant shall not make any change

in the amount of any deductibles or self-insurance amounts prior to the Sale Termination Date without Agent's prior written consent.

12.2 Merchant's Casualty Insurance. Merchant shall provide throughout the Sale Term fire, flood, theft and extended coverage casualty insurance covering the Merchandise in a total amount equal to no less than the retail value thereof. From and after the date of this Agreement until the Sale Termination Date, all such policies will also name Agent as an additional named insured or loss payee (as its interest may appear). In the event of a loss to the Merchandise during the period beginning on or after the Sale Commencement Date and ending on the Sale Termination Date, the Proceeds of such insurance attributable to the Merchandise, shall constitute Proceeds hereunder; provided, that, in the event on the Sale Termination Date there remains any Remaining Merchandise, Merchant shall cause any applicable insurance covering the Remaining Merchandise to be extended to the earlier to occur of (x) the sale or other disposition of the last item of Remaining Merchandise and (y) the Remaining Merchandise Outside Date. Merchant shall deliver to Agent certificates evidencing such insurance, setting forth the duration thereof and naming the Agent as an additional insured or loss payee, in form and substance reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days' prior notice to the Agent of cancellation, non-renewal or material change during the Sale Term. Merchant shall not make any change in the amount of any deductibles or self-insurance amounts prior to the Sale Termination Date without Agent's prior written consent.

12.3 Agent's Insurance. Agent shall maintain at Agent's cost as an Expense (subject to the Agent Expense Cap) hereunder throughout the Sale Term, in such amounts as it currently has in effect, commercial general liability policies covering injuries to persons and property in or in connection with Agent's agency at the Sale Locations, and shall cause Merchant to be named as an additional insured with respect to such policies. Agent shall deliver to Merchant certificates evidencing such insurance policies setting forth the duration thereof and naming Merchant as an additional insured, in form and substance reasonably satisfactory to Merchant. In the event of a claim under any such policies, Agent shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, unless it is determined that liability arose by reason of the fraud, bad faith, willful misconduct or grossly negligent acts or omissions of Merchant or Merchant's employees, independent contractors or agents (other than Agent or Agent's employees, agents or independent contractors). Agent shall not make any change in the amount of any deductibles or self-insurance amounts prior to the Sale Termination Date without Merchant's prior written consent.

12.4 Worker's Compensation Insurance. Merchant shall at all times during the Sale Term maintain in full force and effect workers' compensation insurance (including employer liability insurance) covering all Retained Employees in compliance with all statutory requirements.

Section 13. Indemnification.

13.1 Merchant's Indemnification. Merchant shall indemnify and hold Agent and its officers, directors, employees, agents, representatives, and independent contractors (collectively, "Agent Indemnified Parties") harmless from and against all claims, causes of action, demands, penalties, losses, liability, damage, or other obligations, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from or related to: (i) Merchant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document; (ii) subject to Agent's compliance with its obligations under Section 8.3 hereof, any failure by Merchant to pay any Sales Taxes to the proper taxing authorities or to properly file with any taxing authorities any reports or documents required by applicable law to be filed in respect thereof; (iii) any failure of Merchant to pay to its employees any wages, salaries or benefits due to such employees during the Sale Term to the extent required hereunder; (iv) any consumer warranty or products liability

claims relating to Merchandise; (v) any liability or other claims asserted by customers, any of Merchant's employees or any other person against any Agent Indemnified Party (including, without limitation, claims by employees arising under collective bargaining agreements, worker's compensation or under the WARN Act); (vi) any harassment or any other unlawful, tortious, or otherwise actionable treatment of any customers, employees or agents of Agent by Merchant or any of its representatives; any failure of Merchant to pay to any Occupancy Expenses or Central Service Expenses during the Sale Term to the extent required hereunder; and (vii) the gross negligence (including omissions) or willful misconduct of the Merchant or its officers, directors, employees, agents (other than Agent) or representatives. Agent agrees that any claim by any Agent Indemnified Party for indemnification under this Section 13.1 shall be subject to approval of the Bankruptcy Court.

13.2 Agent Indemnification. Agent shall indemnify and hold the Merchant, its officers, directors, employees, agents and representatives harmless from and against all claims, causes of action, demands, penalties, losses, liability, damage, or other obligations, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from, or related to: (i) Agent's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document; (ii) any claims by any party engaged by Agent as an employee or independent contractor arising out of such employment; (iii) any harassment or any other unlawful, tortious or otherwise actionable treatment of any customers, employees or agents of the Merchant by Agent or any of its representatives; (iv) as set forth in Section 7.3 above; (v) the gross negligence (including omissions) or willful misconduct of Agent, its officers, directors, employees, agents or representatives; (vi) any Additional Taxes and Penalties arising out of Agent's failure to collect and/or remit to Merchant correct amounts of Sales Taxes (including any such failure resulting from Agent's use of any system other than Merchant's point of sale system to compute Sales Taxes relating to the Sale; (vii) and any consumer warranty or products liability claims arising out of or related to the sale of Additional Agent Goods. The indemnification obligations set forth in this Section 13.2 shall be in addition to (and shall not limit) any other indemnification obligations of Agent set forth in this Agreement, including without limitation those set forth in Section 9.3(a).

Section 14. Defaults. The following shall constitute "Events of Default" hereunder:

(a) The Merchant or Agent shall fail to perform any material obligation hereunder if such failure remains uncured seven (7) days after receipt of written notice thereof, a copy of which shall be provided to the DIP Lender; provided, that any failure on the part of Agent to deliver such notice to the DIP Lender shall not serve as a waiver of any such default or an extension of any time period provided herein;

(b) Any representation or warranty made by the Merchant or Agent proves untrue in any material respect as of the date made and, to the extent curable, continues uncured five (5) days after written notice to the defaulting party; or

(c) If applicable, the grant of a motion by any party to convert the Merchant's bankruptcy case to a case under another chapter of the Bankruptcy Code (other than chapter 11) or the grant of a motion by any party to appoint a chapter 11 trustee.

Upon an Event of Default, the non-defaulting party (in the case of (a) or (b) above), or Agent (in the case of (c) above) may in its discretion elect to terminate this Agreement, and any party's damages or entitlement to equitable relief on account of an Event of Default shall (in addition to the right to terminate as provided above) be determined by the Bankruptcy Court or, if the Bankruptcy Court does not have jurisdiction, by a court of competent jurisdiction.

Section 15. Agent's Payment Rights. The Bankruptcy Court order authorizing the Merchant to obtain debtor-in-possession financing from the DIP Lender (whether interim or final) (the "DIP Order") shall be in form and substance reasonably acceptable to Agent, and shall, as a condition to the effectiveness of this Agreement, establish a Carve-Out (as defined in the DIP Order) for the benefit of the Agent, which provides that the DIP Collateral, DIP Liens, DIP Superiority Claims, the Adequate Protection Liens and the Adequate Protection Obligations (all as defined in the DIP Order, the "DIP Lender Interests") shall be subordinate to the payments to which the Agent is entitled under this Agreement (the "Agent Carve-Out").

Section 16. Potential Joint Ventures. Agent shall have the right to form a contractual joint venture with additional entities to serve as "Agent" hereunder as to this Agreement.

Section 17. Final Approval Order.

(a) The Final Approval Order shall provide, in a form reasonably satisfactory to Merchant, DIP Lender and Agent, *inter alia*, that during the Tier 2 Period: (i) this Agreement is in the best interest of the Merchant, Merchant's estate, creditors, and other parties in interest, (ii) this Agreement (and each of the transactions contemplated hereby) is approved; (iii) during the Tier 2 Period, Merchant and Agent shall be authorized to continue to take any and all actions as may be necessary or desirable to implement this Agreement and each of the transactions contemplated hereby, including, but not limited to, authorizing Merchant to pay Agent any amount due hereunder; (iv) Agent shall be entitled to sell all Merchandise, Merchant's Consignment Goods, Remaining Merchandise, Owned FF&E, and Owned Intellectual Property, with such sales to be in each case free and clear of all liens, claims or encumbrances thereon, with any presently existing liens encumbering all or any portion of such assets or the Proceeds thereof attaching only to the any amounts to be received by Merchant under this Agreement; (v) Agent shall have the right to use the Sale Locations, the E-Commerce Platform and all related services, FF&E and other assets of Merchant for the purpose of conducting the Sale, free of any interference from any entity or person, subject to compliance with the Sale Guidelines, this Agreement, Interim Approval Order and Final Approval Order, and to the extent applicable, the DIP Order; (vi) Agent, as Merchant's exclusive agent, is authorized to conduct, advertise, post signs, utilize sign-walkers, and otherwise promote the Sale by means of a highly promotional sale strategy utilizing sale themes that are customary in the industry and otherwise as shall be determined by Agent from time-to-time, in its exclusive discretion, in each case without further compliance with the Liquidation Sale Laws, subject to compliance with the Final Approval Order and Sale Guidelines (as the same may be modified from time to time and approved by the Bankruptcy Court); (vii) Agent shall be granted a limited license and right to use during the Tier 2 Period the E-Commerce Platform, trade names, logos, e-mail lists, customer lists, relating to and used in connection with the operation of the Sale Locations, solely for the purpose of advertising the Sale in accordance with the terms of this Agreement; (viii) all newspapers and other advertising media in which the Sale is advertised shall be directed to accept the Final Approval Order as binding and to allow Merchant and Agent to consummate the transactions provided for in this Agreement, including, without limitation, the conducting and advertising of the Sale in the manner contemplated by this Agreement; (ix) all utilities, landlords, creditors and other interested parties and all persons acting for or on their behalf shall not interfere with or otherwise impede the conduct of the Sale, or institute any action in any court (other than in the Bankruptcy Court) or before any administrative body which (1) in any way directly or indirectly interferes with or obstructs or impedes the conduct of the Sale or (2) with respect to Merchandise, Merchant's Consignment Goods, Remaining Merchandise, the Owned FF&E, and Owned Intellectual Property, or any Proceeds therefrom; (x) the Bankruptcy Court shall retain jurisdiction over the parties to enforce this Agreement and the Interim Approval Order, and Final Approval Order, respectively; (xi) Agent shall not be liable for any claims against Merchant other than as expressly provided for in this Agreement; (xii) a finding that time is of the essence in effectuating this Agreement and proceeding with the Sale at the Sale Locations uninterrupted; (xiii) any amounts owed by Merchant to agent under this Agreement shall be payable from the Agent Carve-Out; (xiv) a finding that the Merchant's decisions to (a) enter into this Agreement and (b) perform under and

make payments required by this Agreement are a reasonable exercise of the Merchant's sound business judgment consistent with its fiduciary duties and are in the best interests of the Merchant, the estates, their creditors, and other parties in interest; (xv) a finding that this Agreement was negotiated in good faith and at arms' length between the Merchant and Agent, and further that Agent is entitled to the protection of section 363(m) of the Bankruptcy Code; (xvi) in the event any of the provisions of the Interim Approval Order or Final Approval Order are modified, amended or vacated by a subsequent order of the Bankruptcy Court or any other court, Agent shall be entitled to the protections provided in section 363(m) of the Bankruptcy Code, and no such appeal, modification, amendment or vacatur shall affect the validity and enforceability of the Sale under this Agreement, the Interim Approval Order and/or Final Approval Order.

Section 18. Miscellaneous.

18.1 Notices. All notices and communications provided for pursuant to this Agreement shall be in writing and sent by email, by hand, or by Federal Express or other recognized overnight delivery service, as follows:

If to the Agent:	Enhanced Retail Funding, LLC Prudential Tower 101 Huntington Avenue, 11th Floor Boston, MA 02199 Attn: Rick Edwards With a copy to (which shall not constitute notice): Rierner & Braunstein LLP Times Square Tower Seven Times Square, Suite 2506 New York, NY 10036 Attn: Steven E. Fox, Esq. Email: sfox@riernerlaw.com
If to the Merchant:	Lugano Diamonds & Jewelry, Inc. 620 Newport Center Drive, Suite 380 Newport Beach, CA 92660 Attn: Christoph Pachler Email: cpachler@luganodiamonds.com With a copy to (which shall not constitute notice):

	Young Conaway Stargatt & Taylor, LLP Rodney Square 1000 N King Street Wilmington, DE 19801 Attention: Sean M. Beach, Esq. Edmon Morton, Esq. Craig D. Gear, Esq. Email: sbeach@ycst.com emorton@ycst.com cgear@ycst.com -and- Keller Benvenuti Kim LLP 101 Montgomery Street, Suite 1950 San Francisco, CA 94104 Attention: Tobias S. Keller, Esq. Scott J. Friedman, Esq. Email: tkeller@kbbllp.com sfrieman@kbbllp.com
If to DIP Lender or Pre-Petition Lender	Compass Group Diversified Holdings LLC 301 Riverside Avenue, Second Floor Westport, CT 06880 Attention: Chief Financial Officer With a copy to (which shall not constitute notice): Squire Patton Boggs (US) LLP 201 E. Fourth Street, Suite 1900 Cincinnati, Ohio 45202 Attention: Ben Glassman Evan Toebe Peter Morrison Email: benjamin.glassman@squirepb.com evan.toebbe@squirepb.com peter.morrison@squirepb.com Polsinelli PC 222 Delaware Avenue Suite 1101 Wilmington, DE 19801 Attention: Shanti M. Katona Christopher A. Ward Email: skatona@polsinelli.com cward@polsinelli.com

18.2 Governing Law/Exclusive Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without reference to any conflict of laws provisions thereof, except where governed by the Bankruptcy Code. Subject to entry of the Sale Approval Order, each of the parties hereto irrevocably and unconditionally submits, for itself and its properties, to the exclusive jurisdiction of the Bankruptcy Court, in any action or proceeding arising out of or relating to this Agreement.

18.3 Amendments. This Agreement may not be modified except in a written instrument executed by each of the parties hereto.

18.4 No Waiver. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

18.5 Currency. All reference to dollars in this Agreement and all schedules, exhibits, and ancillary documents related to this Agreement shall refer to US dollars.

18.6 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Agent and Merchant and their respective successors and assigns, including, but not limited to, any chapter 11 or chapter 7 trustee; provided, however, that this Agreement may not be assigned by Merchant or Agent to any party without the prior written consent of the other.

18.7 Execution in Counterparts. This Agreement may be executed in one or more counterparts. Each such counterpart shall be deemed an original but all such counterparts together shall constitute one and the same agreement. This Agreement, to the extent signed and delivered by means of electronic mail or other electronic transmission (including via DocuSign) in which the actual or electronic signature is evident, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto or thereto shall re-execute original forms hereof and deliver them to all other parties. No party hereto shall raise the use of a electronic mail or other electronic transmission in which the actual or electronic signature is evident to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of electronic mail or other electronic transmission in which the actual or electronic signature is evident as a defense to the formation of a contract and each party forever waives such defense. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against which enforcement is sought.

18.8 Section Headings. The headings of sections of this Agreement are inserted for convenience only and shall not be considered for the purpose of determining the meaning or legal effect of any provisions hereof.

18.9 Wiring of Funds. All amounts required to be paid by Agent or Merchant under any provision of this Agreement shall be made by wire transfer of immediately available funds which shall be wired by Agent to Merchant no later than 2:00 p.m. (Eastern Time) on the date that such payment is due; provided, however, that all of the information necessary to complete the wire transfer has been received by Agent or Merchant by 10:00 a.m. (Eastern Time) on the date that such payment is due. In the event that

the date on which any such payment is due is not a business day, then such payment shall be made by wire transfer on the next business day.

18.10 Nature of Remedies. Except to the extent expressly set forth herein, all rights, remedies, powers, privilege and adjustments under this Agreement shall be in addition to and not in limitation of those provided elsewhere in this Agreement or by applicable law. No failure to exercise and no delay in exercising, on the part of the Agent, any right, remedy, power, privilege or adjustment hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, privilege, or adjustment hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, privilege, or adjustment.

18.11 Third Party Beneficiary. The Merchant and the Agent hereby designate Compass Group Diversified Holdings LLC, as DIP Lender and pre-petition secured lender, as a third-party beneficiary of this Agreement with the right to enforce each of the terms herein.

18.12 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect thereto. In the event of any conflict between the terms of this Agreement and the Sale Approval Order, the Sale Approval Order shall control.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Agent and the Merchant hereby execute this Agreement by their duly authorized representatives as a sealed instrument as of the day and year first written above.

ENHANCED RETAIL FUNDING, LLC

DocuSigned by:
Patricia Parent
By: 5469A6860B3840D...
Name: Tricia Parent
Title: Authorized Officer

LUGANO DIAMONDS & JEWELRY, INC.

By: _____
Name:
Title:

List of Exhibits

Exhibit A – Sale Locations
Exhibit 3.2(a) – Sharing Amount Thresholds
Exhibit 3.3- Form of Letter of Credit
Exhibit 4.1(c) – Per Sale Location, Per Diem Occupancy Expenses
Exhibit 5.1 – Inventory Taking Instructions
Exhibit 6.1 – Sale Guidelines

IN WITNESS WHEREOF, the Agent and the Merchant hereby execute this Agreement by their duly authorized representatives as a sealed instrument as of the day and year first written above.

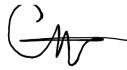
ENHANCED RETAIL FUNDING, LLC

By: _____

Name:

Title:

LUGANO DIAMONDS & JEWELRY, INC.

By:  _____

Name: Christoph Pachler

Title: CFO

List of Exhibits

Exhibit A – Sale Locations

Exhibit 3.2(a) – Sharing Amount Thresholds

Exhibit 3.3- Form of Letter of Credit

Exhibit 4.1(c) – Per Sale Location, Per Diem Occupancy Expenses

Exhibit 5.1 – Inventory Taking Instructions

Exhibit 6.1 – Sale Guidelines