

ITEM 18

PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

DEFINITIONS

(a) Administrative Labor Cost – means the direct salary paid to administrative employees that provide and perform services comprising the Approved Services and Products and resulting in Gross Sales, comprised of wages, payroll taxes, and paid employee benefits, if any. Administrative Labor Cost does not include compensation paid to an owner operator of either a Franchise Outlet or Company Owned Outlet.

(b) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(c) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.

(d) Direct Cost of Services Provided – means the direct cost of goods sold by an Outlet in directly providing the Approved Services and Products, comprised of the following expenses: resident supplies, food, and activities. Direct Cost of Services Provided does not include Direct Labor Cost, managerial labor and expenses, Administrative Labor Cost, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.

(e) Direct Gross Profit – means Gross Sales less Direct Cost of Services Provided and Direct Labor Cost. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Services Provided and Direct Labor Cost, does not include the deduction of all other expenses incurred by a Legato Living Home including, but not limited to, managerial labor and expenses, Administrative Labor Cost, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.

(f) Direct Labor Cost – means the direct non-owner labor expenses incurred in the operations of the Outlet and for employees that directly perform or provide services resulting in Gross Sales and includes wages, payroll taxes, and paid employee benefits, if any. Direct Labor Cost does not include compensation related

to administrative labor or management labor. For Franchised Outlets Direct Labor Cost does not include labor expenses or compensation paid to the franchise owners that perform services on behalf of their Legato Living Home.

(g) Disclosed Expenses – means the following select expenses: Administrative Labor Cost, rent, utilities, and telephone, home maintenance and repair, general office expenses and uniforms, marketing and referral fees, insurance, and miscellaneous expenses.

(h) Franchise Outlet – refers to a Legato Living Home operated under a Franchise Agreement that is not a Company Owned Outlet.

(i) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreement: Royalty Fee, Brand Development Fund Fee, Technology Fee, Business Management System Fee, and Website Fee. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

(j) Gross Sales – means the total revenue derived by each outlet less sales tax, discounts, allowances, and returns.

(k) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

(l) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(m) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

(n) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(o) Outlet – refers to a Legato Living Home that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

BASIS AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Franchise Outlets is based on information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2024 Calendar Year we had four Operational Franchise Outlets. Below is a summary of our Operational Franchise Outlets.

Outlet 1: Eastridge Outlet

The Eastridge Outlet is located at 4503 Eastridge Drive, Omaha, Nebraska 68134. The Outlet commenced operations in 1999 and was owned by our affiliate from 2015 until it was sold to a franchisee on May 1, 2023 and became a Franchise Outlet. The territory in which the Eastridge Outlet operates includes approximately 97,000 people. The Eastridge Outlet has nine total beds that are available for residents within the Home. In Table 1 below we report select financial performance data of this Outlet for the 2024 Calendar Year.

Outlet 2: Legacy Outlet

The Legacy Outlet is located at 2315 S 168th Street, Omaha, Nebraska 68130. The Outlet commenced operations in 2013 and was owned by our affiliate from 2015 until it was sold to a franchisee on May 1, 2023 and became a Franchise Outlet. The territory in which the Legacy Outlet operates includes approximately 103,000 people. The Legacy Outlet has 12 total beds that are available for residents within the Home. In Table 2 below we report select financial performance data of this Outlet for the 2024 Calendar Year.

Outlet 3: Five Fountains Outlet

The Five Fountains Outlet is located at 19111 Western Avenue, Elkhorn, Nebraska 68022. The Outlet commenced operations in May 2023. The territory in which the Five Fountains Outlet operates includes approximately 77,000 people. The Five Fountains Outlet has 14 beds that are available for residents within the Home. In Table 3 below we report select financial performance data of this Outlet for the 2024 Calendar Year.

Outlet 4: Arizona Outlet

The Arizona Outlet is located at 8701 E Cheery Lynn Road, Scottsdale, Arizona 85251. The Outlet commenced operations in September 2023 but is a conversion business that was rebranded as a Legato Living in September 2023. The territory in which the Five Fountains Outlet operates includes approximately 93,000 people. The Arizona Outlet has nine beds that are available for residents within the Home. The Arizona Outlet is not representative of a Franchised Business because it operates as a regular assisted living center without a specialized focus on dementia and memory care that is required of Legato Living Homes. Accordingly, we do not disclose any financial performance representations of the Arizona Outlet for the 2024 Calendar Year.

Table 1

Outlet 1: Eastridge Outlet (Northwest Omaha, Nebraska) Gross Sales and Select Disclosed Expenses for 2024 Calendar Year		
	Total	% ¹
Gross Sales	\$759,595.51	100.0%
Less:		
Direct Cost of Services Provided	(\$18,024.13)	2.4%
Direct Labor Cost	(\$357,847.58)	47.1%
Direct Gross Profit	\$383,723.840	50.5%
Less: Disclosed Expenses		
Administrative Labor Cost	(\$27,813.29)	3.7%
Rent, Utilities, and Telephone	(\$62,608.96)	8.2%
Home Maintenance and Repair	(\$12,202.82)	1.6%
General Office Expenses and Uniforms	(\$22,639.06)	3.0%
Marketing and Referral Fees	(\$3,316.56)	0.4%
Insurance	(\$8,547.55)	1.1%
Miscellaneous	(\$5,185.12)	0.7%
Direct Gross Profit Less Disclosed Expenses	\$241,410.44	31.8%
Less: Adjustments for Select Franchise Related Expenses		
Royalty Fee ²	(\$45,575.73)	6.0%
Brand Development Fund Fee ³	(\$7,595.96)	1.0%
Technology Fee ⁴	(\$2,700.00)	0.4%
Business Management System Fee ⁵	(\$3,600.00)	0.5%
Website Fee ⁶	(\$1,200.00)	0.2%
Direct Gross Profit Less Disclosed Expenses and Franchise Related Expenses	\$180,738.75	23.8%
<u>Notes to Table:</u> ¹ “%” represents the percentage of Gross Sales. ² The Royalty Fee is equal to the greater of 6% of Gross Sales or \$1,000 per month. ³ The Brand Development Fund Fee is currently 1% of Gross Sales but may be increased to 2% of Gross Sales at any time in the future. ⁴ The Technology Fee is currently \$225 per month but may be increased to \$500 per month at any time in the future. ⁵ The Business Management System Fee is currently \$300 per month. ⁶ The Website Fee is currently \$100 per month but may be increased to \$200 per month.		

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Table 2

Outlet 2: Legacy Outlet (West Omaha, Nebraska)		
Gross Sales and Select Disclosed Expenses for 2024 Calendar Year		
	Total	% ¹
Gross Sales	\$1,092,214.22	100.0%
Less:		
Direct Cost of Services Provided	(\$25,074.02)	2.2%
Direct Labor Cost	(\$514,440.85)	47.1%
Direct Gross Profit	\$552,699.35	50.6%
Less: Disclosed Expenses		
Administrative Labor Cost	(\$33,386.68)	3.1%
Rent, Utilities, and Telephone	(\$93,615.53)	8.6%
Home Maintenance and Repair	(\$19,474.59)	1.8%
General Office Expenses and Uniforms	(\$36,541.77)	3.3%
Marketing and Referral Fees	(\$29,640.25)	2.7%
Insurance	(\$11,979.43)	1.1%
Miscellaneous	(\$7,896.99)	0.7%
Direct Gross Profit Less Disclosed Expenses	\$320,164.11	29.3%
Less: Adjustments for Select Franchise Related Expenses		
Royalty Fee ²	(\$65,532.85)	6.0%
Brand Development Fund Fee ³	(\$10,922.14)	1.0%
Technology Fee ⁴	(\$2,700.00)	0.2%
Business Management System Fee ⁵	(\$3,600.00)	0.3%
Website Fee ⁶	(\$1,200.00)	0.1%
Direct Gross Profit Less Disclosed Expenses and Franchise Related Expenses	\$236,209.11	21.6%
<u>Notes to Table:</u> ¹ “%” represents the percentage of Gross Sales. ² The Royalty Fee is equal to the greater of 6% of Gross Sales or \$1,000 per month. ³ The Brand Development Fund Fee is currently 1% of Gross Sales but may be increased to 2% of Gross Sales at any time in the future. ⁴ The Technology Fee is currently \$225 per month but may be increased to \$500 per month at any time in the future. ⁵ The Business Management System Fee is currently \$300 per month. ⁶ The Website Fee is currently \$100 per month but may be increased to \$200 per month.		

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Table 3

Outlet 3: Five Fountains Outlet (Elkhorn, Nebraska)		
Gross Sales and Select Disclosed Expenses for 2024 Calendar Year		
	Total	% ¹
Gross Sales	\$1,285,665.34	100.0%
Less:		
Direct Cost of Services Provided	(\$73,333.17)	5.7%
Direct Labor Cost	(\$590,263.44)	45.9%
Direct Gross Profit	\$622,068.73	48.4%
Less: Disclosed Expenses		
Administrative Labor Cost	(\$78,000.00)	6.1%
Rent, Utilities, and Telephone	(\$166,469.18)	12.9%
Home Maintenance and Repair	(\$10,715.53)	0.8%
General Office Expenses and Uniforms	(\$22,214.39)	1.7%
Marketing and Referral Fees	(\$48,082.69)	3.7%
Insurance	(\$16,879.55)	1.3%
Miscellaneous	(\$14,916.58)	1.2%
Direct Gross Profit Less Disclosed Expenses	\$264,790.81	20.6%
Less: Adjustments for Select Franchise Related Expenses		
Royalty Fee ²	(\$77,139.92)	6.0%
Brand Development Fund Fee ³	(\$12,856.65)	1.0%
Technology Fee ⁴	(\$2,700.00)	0.2%
Business Management System Fee ⁵	(\$3,600.00)	0.3%
Website Fee ⁶	(\$1,200.00)	0.1%
Direct Gross Profit Less Disclosed Expenses and Franchise Related Expenses	\$167,294.24	13.0%
Notes to Table: ¹ “%” represents the percentage of Gross Sales. ² The Royalty Fee is equal to the greater of 6% of Gross Sales or \$1,000 per month. ³ The Brand Development Fund Fee is currently 1% of Gross Sales but may be increased to 2% of Gross Sales at any time in the future. ⁴ The Technology Fee is currently \$225 per month but may be increased to \$500 per month at any time in the future. ⁵ The Business Management System Fee is currently \$300 per month. ⁶ The Website Fee is currently \$100 per month but may be increased to \$200 per month.		

Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representations, Legato Living Franchising, LLC does not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Erin Render, Legato Living Franchising, LLC at 11422 Miracle Hills Drive,

Suite 315, Omaha, Nebraska 68154 and (402) 819-6393, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	4	+4
	2024	4	5	+1
Company Owned	2022	2	2	0
	2023	2	0	-2
	2024	0	0	0
Total Outlets	2022	2	2	0
	2023	2	4	+2
	2024	4	5	+1

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 TO 2024

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0

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