



ANNUAL BENEFIT REPORT*

August 1, 2017

Dear Friends:

It is my pleasure to report on our progress as a benefit corporation over the course of the past year since the board of directors elected to be treated as a benefit corporation under state law on or about July 15, 2016.

Since the company's founding, our mission and primary purpose continues to be, as stated in our Articles of Incorporation, to ***"develop and deliver innovative sanitation technologies, products and services for the health, safety and well-being of humanity."***

Our commitment was further evidenced by our social impact agreement with our 501c3 non-profit affiliate, ZuLoo Humanitarian Outreach (ZHO), where we committed to deliver a portion of our profits to help further ZHO's mission to ***"support and fund sanitation initiatives for the poor and under-served segments of society."***

Thus, it came as no surprise to anyone that once we became familiar with the benefit corporation statute, our board voted unanimously for ZuLoo, Inc., to be treated as a benefit corporation.

As a benefit corporation, we believe that it is still possible to pursue both profitability and enhanced value for our shareholders **AND** our ideal of universal access to safe and affordable sanitation solutions (i.e., toilets) for all humankind.

OUR PUBLIC BENEFIT EFFORTS AND PROGRESS TO DATE

Although we have yet to generate revenues or close on an acquisition, we have still sought to pursue and/or create the following general public benefits during the past year:

*This report is being prepared solely in order to comply with Section 16-10b-401 of the Utah Benefit Corporation Act, as amended, and does not constitute an offer to sell or a solicitation to buy the company's products, services and/or securities. Statements in this report may be "forward-looking statements" within the meaning of federal securities laws. You can identify these forward-looking statements by terminology such as "will", "expects", "anticipates", "estimates", "plans", "future", "intends", "believes" and similar statements. The matters discussed herein that are forward-looking statements are based on the current expectations of ZuLoo, Inc. ("we", "our", "us", "ZuLoo", or the "Company") that involve risks and uncertainties that may result in such expectations not being realized. Forward-looking statements involve risks and uncertainties that may cause actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition expressed or implied in any forward-looking statements. Such factors include, but are not limited to, our ability to complete transactions, attract customers, expand and grow our offerings, find attractive acquisition candidates, our dependence on a limited number of larger customers and other factors. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous potential risks and uncertainties. Forward-looking statements made in this report speak only as of August 1, 2017. We do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after such date. Because forward-looking statements are subject to risks and uncertainties, we caution you not to place undue reliance on any forward-looking statements. All written or oral forward looking statements by the Company or persons acting on its behalf are qualified by these cautionary statements. We undertake no obligation to publicly update or revise any forward-looking statements or other information or data contained in this report, whether to reflect any change in our expectations with respect to such statements or any change in events, conditions or circumstances on which any such statements are based or otherwise. AN INVESTMENT IN THE COMPANY MAY ONLY BE MADE IN ACCORDANCE WITH, AND FOLLOWING REVIEW OF, A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY BY QUALIFIED INVESTORS. THIS REPORT IS NOT MEANT TO REPLACE OR SUPPLEMENT ANY CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM ISSUED BY THE COMPANY OR ITS AFFILIATES.

- We helped facilitate donations to ZHO who, in turn, made donations to the following organizations who are in general alignment with our mission statement:
 - WaterAid America;
 - Choice Humanitarian; and
 - GiveLove.org.
- We are presently in the course of pursuing an acquisition of Illumibowl (M2 Innovations LLC, the purveyor of the “Shark Tank” TV show featured toilet night light). Illumibowl has committed, in the event an acquisition can be consummated that, it would be bound by our social impact agreement with ZHO. Since Illumibowl currently has estimated annual sales in excess of \$5 million, even if only a small percentage of such sales were directed to ZHO, this could completely fund ZHO’s planned “Soilet” toilet project in Hyderabad, India (for details, see <https://www.generosity.com/fundraising/zuloo-india-2018-toilets-water-sanitation>). Needless to say, the potential Illumibowl transaction is our most exciting prospect as of this writing to execute on our intention to create both a public benefit as well as profitability for our shareholders.
- Earlier in 2017 we successfully closed on the acquisition of the “Deus” and “Tundra” – branded toilet paper lotion company in Houston, Texas. We are in the process of re-branding and re-configuring the bottle designs and intend to commence marketing the product with a social-impact focus in 2018. Unfortunately, sales of Deus and Tundra have been lagging and don’t quite yet have enough capacity to have much of an impact toward ZHO’s Hyderabad, India, toilet project. We view Deus and Tundra as a long-term strategic acquisition that may bear fruit in 2018.
- We continue to have dialogue with other toilet, bathroom, and sanitation-related enterprises, inventors, and brands (for example, Poo-pourri, Squatty Potty, Who-Gives-A-Crap USA, CleanWaste, BodiFresh, etc., among others) that may hold future promise as one or more “revenue engines” to help us fulfill our social impact purpose and objectives.

CHALLENGES AND OPPORTUNITIES

We believe that lack of revenues, limited capital, and lack of scalable products have so far hindered our creation of a significant general public benefit or specific public benefit to date. However, we have learned throughout the process and view the future as wide open with possibilities.

ASSESSMENT OF OVERALL SOCIAL AND ENVIRONMENTAL PERFORMANCE

We are still very much operating in “start-up mode” and, consequently, probably haven’t made much of an impact on the global sanitation crisis (i.e., 2.5 billion persons worldwide currently still lack access to a toilet). Persons with whom we have met, however, whether it be on Facebook or at the Purpose Investor Network meetings in Park City, Utah, or at the Million Cups networking events in Provo, Utah, will all likely agree that ZuLoo has sparked dialogue around the subject and created awareness of the importance of the issue. We remain optimistic that we are on the cusp of a breakthrough event (e.g., an acquisition) that will help us achieve our social impact objectives both financially and tangibly in a significant way. We have invested considerable capital and intellectual resources in developing

strategic relationships and in fine-tuning our message. We believe that we are now “dialed in” when it comes to being prepared to execute on our objectives.

BENEFIT DIRECTOR

Our designated “benefit officer” and “benefit director” is Chad H. Waddell (the undersigned). Correspondence may be directed to me via email at contact@zuloo.com or via regular mail at 4692 North 300 West, Suite 210, Provo, Utah 84604 USA.

BENEFIT DIRECTOR STATEMENT

As ZuLoo’s benefit director, I am of the opinion that the Company has acted in accordance with its general public benefit purpose and/or specific public benefit purpose in all material respects during the period covered by this report. I also am of the opinion that ZuLoo’s directors and officers have acted in compliance with Subsections 16-10b-301(1) and 16-10b-303(1), respectively, of the Utah Benefit Corporation Act, as amended.

THIRD PARTY STANDARDS

We likely don’t yet meet many third-party standards regarding how a benefit corporation should be operating. We have examined the standards published by B Lab (<http://benefitcorp.net/>) and have considered applying for certification. However, certification requires a copy of this report which is in the process of being written for the first time. Some of the requirements or “best practices” recommendations by B Lab are listed here: <http://benefitcorp.net/businesses/how-do-i-pick-third-party-standard>. We believe our board is likely to adopt B Lab as the standard for our 2018 report during our next shareholders meeting. We are also considering joining the Social Enterprise Alliance (<https://socialenterprise.us/>) which will likely give us further standards by which to assess our impact and overall social performance.

To our knowledge, there is no connection between the organizations that establish these third-party standards, or their directors, officers, or a holder of 5% or more of the governance interests in such organizations, and ZuLoo or our directors, officers, or a holder of 5% or more of the outstanding shares of ZuLoo, including a financial or governance relationship that might materially affect the credibility of the use of the third-party standard.

BOARD OF DIRECTORS

As of the date of this report, ZuLoo has not dispensed with, or restricted the discretion or powers of, its board of directors.

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Thank you for the opportunity to prepare this report. It has been a pleasure to see the progress of ZuLoo to date as a benefit corporation and we look forward to hopefully reporting next year on substantial and material progress towards our social impact goals and objectives.

We will endeavor to post this report on our website or make it available to anyone upon reasonable request; provided, however, we may require them first to sign a non-disclosure agreement in the event confidential information is contained in this report.

If you have questions or concerns, please do not hesitate to contact me directly.

Thank you again for your faith and confidence in our business plan and mission.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Chad H. Waddell". The signature is fluid and cursive, with the first name "Chad" being the most prominent.

Chad H. Waddell, Benefit Director
ZuLoo, Inc.