

Management's Discussion of Annual Report
Financial Year Ending November 30, 2016



Herborium Group, Inc.

February 27, 2017

The following statements are of importance to current and potential investors regarding Herborium's financial year ending November 30, 2016. In addition, the statement contains major objectives for the plan of operations for 2017.

Plan of Operations:

The following guidelines will direct the activities of Herborium Group, Inc. during 2017:

- o The Company plans to continue increasing market share and revenue from AcnEase®, the Company's all botanical acne treatment.** To support this objective, in 2017, the Company:
 - Developed relationship with a number of top influencers in USA, France, Canada, Spain and Argentina to increase global brand visibility.
 - The Company developed a high quality Spanish Website and Social Media platform for AcnEase® to monetize Spanish Market opportunities.
 - The Company upgraded its Mobile websites.
 - The Company developed an Agreement with an Amazon Super Seller to increase sales of AcnEase® on Amazon USA by multi-fold.
 - The Company is preparing a deployment of AcnEase® on the Amazon International Marketplace in Europe. The potential of this market represents over 85 million.
 - The Company initiated a number of efforts to increase wholesale distribution of AcnEase®, one of the focal points of marketing efforts in 2017.
- o The Company is pursuing a number of venues to monetize the sexual Botanical Therapeutics.**
- o The Company identified and secured the product extension and product line extension opportunities for 2017.**

The Achievements in 2016:

- Herborium's revenue increased 18.3 % (by approximately \$130,000) to approximately \$843,000 in sales, in comparison to 2015.
- The Company's gross profit increased to \$530,000 in 2016, approximately \$75,000 more than 2015, which is a 16% increase.
- Operating income loss was eliminated and the Company went from a loss in 2015 to a slight profit in 2016.
- The Company's net loss for 2016 was decreased by 40% (from \$87,000 in 2015 to \$54,000 in 2016.)
- The Company's Acne blog was ranked one of "The Best Skincare Blogs of 2016" by Healthline for the SECOND COSECUTIVE YEAR.
- AcnEase® Facebook reached close to 67,000 likes.
- AcnEase® was featured TWICE as a unique acne treatment and beauty pick in Cosmopolitan Magazine in France.

Outlook for 2017:

Herborium remains very optimistic about growing its business, sales and product awareness due to the steady growth of the AcnEase® brand in the US and abroad, as well as new products entering the market in 2017. This is the first year that Herborium has achieved a positive operating income. The Company continues its efforts to increase market penetration in both retail and wholesale sectors with the latest steadily gaining a more prominent role in the Company's growth. The Company also continues to decrease costs and retire debt. The Company is still recognizing the expenses associated with developing and preparing the launch of new products. Herborium will continue its growth and its search for partners and creative financing opportunities to support this growth.

In 2016, the global nutraceutical market was valued at about \$250 billion and it is expected to reach around \$385 billion by the year 2021. The United States nutraceutical market dominates this growth, accounting for approximately 36%.

/s/ Dr. Agnes P. Olszewski

Dr. Agnes Olszewski
President & CEO