

## Management's Discussion of Quarterly Report

For Period Ending February 28, 2014



**Herborium Group, Inc.**

April 15, 2014

The following statements are of importance to current and potential investors regarding Herborium's Annual Report for the year ending November 30, 2013 and for the quarter ending February 28, 2014. In addition, the statement contains a plan of operations for the next year, providing insight into the future of the Company.

### Plan of Operations:

The following guidelines will shape the activities of Herborium Group, Inc. during the next 12 months

- *To continue increasing the Company's market share and revenues from AcnEase®, Herborium's all botanical acne treatment through a number of e-Commerce initiatives and traditional distribution.*

To support this objective, in the first quarter of 2014, the Company deployed a number of aggressive Social Media events and tactics. Among these were major blog initiatives in France which resulted in an independent video series led by top French beauty bloggers. In addition, Herborium introduced new upgraded packaging and labeling for AcnEase® that supports both a premium image and unisex appeal of the product and deployed an upgraded website.

As a result, in the first quarter of 2014, the Company increased sales by over 45% in comparison to the same period of 2013.

The Company's gross profit increased by 48% during the same period.

The operating expenses for the first quarter of 2014 decreased 40% in comparison to the same period of 2013.

Herborium's Facebook page received more than 8,000 LIKES, an increase of 50% in comparison to 2012.

The Company established a unique Twitter presence by hosting very popular monthly AcneChats.

Herborium's CEO is a regular contributor to PosiveMeds.com which boasts a following of more than 1 million readers. Herborium will also host Skin and Acne Care Webinars for PosiveMeds throughout the year.

- *To improve Herborium's Capitalization Table and to increase investors value.*  
In the first quarter, the Company approved and executed a reverse split of its common stock, a 1000:1 decrease in the number of registered shares to 950,000,000. The Company's debt also decreased significantly by converting \$1,170,000 in accrued salaries into common stock at \$0.30 per share, four times the premium.

Overview:

Highlights from Q1 2014:

- Sales of \$138,000 (more than a 45% increase from Q1 2013)
- Gross profit of \$88,000 (a 48% increase from Q1 2013)
- Operating expenses of \$32,094 (a 20% decrease from Q1 2013)

If the remaining three quarters of 2014 continue to exhibit similar success, the Company expects to be in the black by the end of the fiscal year, with revenues from only AcnEase® at approximately \$750,000.

The Company remains very optimistic about growing its business, sales and product awareness due to the steady growth of the AcnEase brand as well as three new products that have already generated interest. The Company continues its efforts to decrease costs and retire debt. However, the expenses associated with launching new products have associated upfront costs. Herborium continues its efforts to retire debt, thus increasing the Company's ability to rise outside funds. This is an indication of the Company's strength and the rising interest in Botanical Therapeutics® among consumers and the financial community.

*/s/ Dr. Agnes P. Olszewski*

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Dr. Agnes Olszewski  
President & CEO

