

Management's Discussion of Annual Report

For Financial Year Ending November 30, 2014



Herborium Group, Inc.

March 2, 2015

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

Plan of Operations:

The following guideline will direct the activities of Herborium Group, Inc. during the following 12 months:

The Company plans to continue increasing market share and revenue from AcnEase®, the Company's all botanical acne treatment through a number of e-Commerce initiatives and Traditional Distribution.

To support this objective, in 2014, the Company deployed a number of aggressive Social Media events and tactics including blog initiatives in France and developing an independent French website, Facebook and Social Media Strategy and upgrading Spanish Content. The Social Media outreach in the USA and Canada has been also significantly improved with the Company being featured by BeautyPress Special event in the Spring 2014 as the only one of 10 new and upcoming products innovations –AcnEase®. The Company has hired the native French Social Media Marketing specialist and a professional content writer to further support the above initiatives.

The Company has signed a Distribution Agreement with an independent distributor in France, upgraded its distribution Agreement with HUT Group LLC in Great Britain, the largest and fastest growing e-commerce vendor in UK and with AveYou beauty and Spa products distributor in the USA and is in advanced talks with four new vendors (three in the USA and one in France) as well as with number of individual smaller retailers in the US and other markets. The Company Sales on Amazon Marketplace grew 54% over

2013. The company plans to sell its products on Amazon International Marketplace anchored in UK in 2015.

The Company also signed an agreement to commence e-commerce commercialization of Herborium's unique sexual enhancement formulas Lasting Power® and Lasting Pleasure®.

Annual Achievements:

- **Herborium recognized sales of \$683,400 in 2014 in comparison to \$381,000 in 2013 which represents a 79% increase in revenues. Herborium surpassed the total Annual Sales of 2013 in the Third Quarter of 2014.**
- **The Company's gross profit increased by \$190,000 from \$236,000 in 2013 to \$429,000 in 2014 which represents an 80% increase in Herborium's 2014 gross profit over 2013.**
- **The very significant increase in Herborium revenues and gross profit has been achieved TOGETHER WITH AN INCREASE IN THE COMPANY'S MARGIN which grew from 61.9% in 2013 to 62.9% in 2014.**
- **The loss from operations was cut by 43% compared to 2013 and the Company is almost at the break-even point.**
- **Herborium's Facebook "likes" passed the milestone of 10,000 followers which represents a 35% increase over 2013. Newly established French Facebook reached more than 1,000 "likes" in the first four weeks.**

Overview of 2014:

Herborium 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 and will go to market this year. The Company continues its efforts to decrease costs and retire debt. The Company is still recognizing the expenses associated with launching new products and the associated upfront costs. Herborium continues to retire debt, thus increasing the Company's ability to raise outside funds. There is a rising interest in ***Botanical Therapeutics®*** among consumers and the financial community.

/s/ Dr. Agnes P. Olszewski _____

Dr. Agnes Olszewski
President & CEO