

Management's Discussion of Quarterly Report

For Third Quarter Ending August 31, 2015



Herborium Group, Inc.

October 15, 2015

The following statements are of importance to current and potential investors regarding Herborium's Third Quarter of 2015 ending August 31, 2015. In addition, the statement contains major objectives for the plan of operations for the remaining quarter of 2015.

Plan of Operations:

The following guidelines will direct the activities of Herborium Group, Inc. during the remaining part of 2015:

- o **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.**
- o To support this objective, in 2015, the Company deployed a number of aggressive Social Media events and tactics including establishing the blog and Facebook presence in France and developing an independent French website (www.acnease.fr) .
- o The Company's Acne Blog was ranked as number one among all acne blogs for 2015 and in top Health Blogs for 2015.
- o The Social Media outreach in the USA and Canada has been significantly improved with the Company entering Instagram, gaining a significant recognition on Pinterest and Twitter and growing to over 10,000 followers on Facebook.
- o In February of 2015, AcnEase® and Herborium's womens and mens sexual formulas have been endorsed by Dr. Christian Jessen (UK Dr. Oz) in Great Britain.
- o In the final quarter of 2015, the Company plans to deploy Amazon sales on the EU and French platforms.
- o The Amazon International Marketplace anchored in the UK, targets the entire European Union and represents over 85 million users. The Company is also negotiating major international distribution contracts in Asia and USA.
- o Together with HUT LLC, the largest e-commerce platform in the UK and among the three largest in Europe, the Company is working on achieving targeted sales of 500,000 sterling on the HUT owned and managed platform.
- o The Company signed the Distribution Agreement for the Asian market (China, Korea and Singapore) and the first order is expected to ship to Korea in November, details will be announced soon.
- o The Company is implementing its growth plan in a process to secure the product extension for AcnEase Skin Management System® that will include an acne scar mask and acne management masks for both mature and young skin. The first new product is expected to launch in the 4th Quarter of 2015 and represents

significant revenue potential with marketing costs moderated by the existent consumer base and AcnEase® brand recognition.

Achievements in the First Three Quarters of 2015:

- Herborium's Revenue increased almost 10% in comparison to the same three quarter period of 2014
- Sales on Amazon Marketplace grew 25% in comparison to the same three quarter period of 2014
- The Company's Gross Profit increased 9.4%
- The Company's Gross Profit Margin remains strong at 65%

Outlook for the 4th Quarter of 2015:

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 number of new products to enter the market during the remaining part of 2015. The Company continues its efforts to increase market penetration in both retail and wholesale sectors and 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 that is expected to prevail.

/s/ Dr. Agnes P. Olszewski

Dr. Agnes Olszewski
President & CEO