

Management's Discussion of First Quarter Ending February 28, 2017



April 13, 2017

The following statements are of importance to current and potential investors regarding Herborium's first quarter ending February 28, 2017. In addition, the statement contains major objectives for the plan of operations for the remaining three quarters of 2017.

Plan of Operations:

The following guidelines will direct the activities of Herborium Group, Inc. during 2017: **The Company plans to continue increasing market share and revenue from AcnEase®, the Company's all botanical acne treatment.** While supporting this objective, in the First Quarter of 2017, the Company:

- Continued establishing relationship with a number of top influencers in the USA, France, Canada, Spain and Argentina to increase global brand visibility
- Developed a high quality Spanish Website and Social Media platform for AcnEase® to monetize Spanish market opportunities
- Signed an agreement with an Amazon Super Seller to significantly increase sales of AcnEase® on Amazon USA
- Identified and secured the product extension and product line extension opportunities for 2017.
- Initiated several efforts to increase wholesale distribution of AcnEase®, a prime focal point of 2017 marketing efforts
- Is making preparations to deploy AcnEase® on the Amazon International Marketplace in Europe which has a market potential of more than \$85 million
- Is pursuing a number of venues to monetize the sexual Botanical Therapeutics

Achievements during the First Quarter of 2017:

- Herborium's revenue increased almost 18% (approximately by \$33,000) to approximately \$223,000 in sales, in comparison to Q1 of 2016.
- The Company's gross profit increased 20%, approximately \$33,000 over Q1 2016 to \$135,500 in 2017.
- Operating income loss decreased 80% in comparison with Q1 of 2016.

- The AcnEase US Facebook page exceeded 75,000 likes and the AcnEase France Facebook exceeded 55,000 likes.

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. 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. The global nutraceutical market is valued at about USD \$250 billion in 2016 and is expected to reach around USD \$385 billion by the year 2021. The United States nutraceutical market has dominated this growth, accounting for approximately 36% of this growth. We are very optimistic about continued future growth.

/s/ Dr. Agnes P. Olszewski
Dr. Agnes Olszewski
President & CEO