

FOR IMMEDIATE RELEASE

November 9, 2023

HealthWarehouse.com Reports Results for Third Quarter 2023

10% Increase in Prescription Revenues

Positive Cash Flow for the Quarter

CINCINNATI – (BUSINESS WIRE) -- HealthWarehouse.com, Inc. (OTC:HEWA) announced today its results of operations for the three and nine months ended September 30, 2023. The Company reported net sales for the third quarter of 2023 of \$4.8 million, a 2% increase over the same period in 2022, resulting from growth in B2C revenue despite a 46% decline in over-the-counter segment of B2C revenue. Prescription revenues increased by 10% during the quarter.

The Company reported a net loss of \$299,000 for the quarter, but returned to positive cash flow, as reflected by its internal non-GAAP measure of Adjusted EBITDA as defined below, which was \$53,000 in the third quarter.

HealthWarehouse.com, a technology company with a focus on healthcare e-commerce, sells and delivers prescription and over-the-counter medications to all 50 states as an Approved Digital Pharmacy through the National Association of Boards of Pharmacy (NABP). HealthWarehouse.com provides a platform focused on increasing access to and reducing costs of healthcare products for consumers and business partners nationwide.

Joseph Peters, President and CEO, commented, "While we continued to report revenue growth during the third quarter in our direct-to-consumer (B2C) prescription business, the third quarter proved to be a challenge, as changes attributable to our software transition made it difficult to maintain the superior service our customers have come to expect from us. Despite all of the planning leading up to the conversion, we underestimated the effort needed to complete our transition and quickly restore high quality service. We appreciate the support that we received from our partner services customers during this challenging period, and look forward to providing them with improved service stemming from our software investments. We are shifting some engineering efforts to the software to support the over-the-counter business, and restore those revenues to pre-conversion levels."

HealthWarehouse.com continues to invest in proprietary technology to remain at the forefront of new developments and offerings in the world of healthcare, focusing on patient experience, operational efficiency, and scalability.

"We are beginning to realize some of the efficiencies from our new pharmacy software, and will continue to focus on driving more efficiencies in our operations as an industry leader in providing transparent and affordable healthcare solutions. I would be remiss if I didn't mention the commitment of our employees and their efforts to make the software transition a success. Our people continue to be our number one asset by providing world-class compassionate service to our customers," added Peters.

Overview of Results for Three and Nine Months Ended September 30, 2023

Net Sales: Total net sales for the three and nine months ended September 30, 2023, were \$4.8 million and \$15.4 million, respectively, increasing by \$87,000 (1.9%) and \$2.2 million (16.5%), respectively, versus the same 2022 periods.

Prescription sales were \$4.3 million and \$13.0 million on the same basis, representing increases of \$369,000 (9.5%) and \$2.3 million (21.8%), compared with the same periods in 2022. The third-quarter increase in prescription sales was due to growth in the direct-to-consumer (B2C) business. The year-to-date increase was due to growth in both the partner services and direct-to-consumer businesses.

Sales of over-the-counter products were \$433,000 and \$2.1 million for the quarter and nine months, respectively, which were \$302,000 (41.1%) and \$135,000 (6.1%) lower, respectively, versus the same periods in 2022, primarily due to a reduction in marketplace sales.

Gross Profit: Gross profit for the three and nine months ended September 30, 2023, was \$2.9 million and \$9.2 million, respectively, representing a decrease of \$230,000 and an increase of \$316,000, respectively, compared with the same periods in 2022. The decrease during the quarter was primarily the result of lower margins on our direct-to-consumer prescription and partner services businesses. The increase in the year-to-date results was the result of higher sales volume, somewhat offset by lower margins on our direct-to-consumer prescription and over-the-counter businesses.

Gross margin percentages were 61.5% and 60.3% for the three and nine months ended September 30, 2023, respectively, which were 6.0 and 7.5 percentage points lower, respectively, versus prior-year periods. The primary contributor during the quarter was the reduction in B2C prescription margins due to more brand-name prescription drug sales and lower partner services margins. The primary contributors to the reduction during the year-to-date period were (i) a higher percentage of partner services revenues, which generate lower margins than the B2C business, and (ii) lower year-over-year margins in the B2C prescription business due to more brand-name prescription drug sales.

Operating Expenses: Selling, general and administrative expenses were \$3.2 million and \$10.2 million for the third quarter and first nine months of 2023, respectively. Expenses decreased \$152,000 (4.5%) for the quarter, and increased \$714,000 (7.5%) through nine months, compared to the same periods in 2022. Quarterly expenses decreased for advertising and marketing, shipping and supplies, and salaries, partially offset by increases in stock-based compensation, depreciation, amortization, telephone service, and software. Expenses for the year-to-date period were higher for shipping and supplies, salaries, stock-based compensation, amortization, depreciation, telephone and software. Those increases were offset by a reduction in advertising and marketing expenses.

Net Income and Adjusted EBITDA: The Company reported net losses of \$299,000 and \$1,124,000 for the three and nine months ended September 30, 2023, respectively, compared with net losses of \$225,000 and \$733,000, respectively, for the same periods in 2022.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted for stock-based compensation and certain non-recurring charges ("Adjusted EBITDA"), were \$53,000 for the three months and \$(136,000) for the nine months ended September 30, 2023. That compares with Adjusted EBITDA of \$48,000 and \$91,000, respectively, for the three and nine months ended September 30, 2022. EBITDA and Adjusted EBITDA are non-GAAP financial measures. Definitions of these non-GAAP terms and a reconciliation to GAAP measures are provided below.

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
	<i>Dollars in thousands</i>			
Net sales	\$ 4,768	\$ 4,681	\$ 15,372	\$ 13,196
Cost of sales	<u>1,836</u>	<u>1,519</u>	<u>6,149</u>	<u>4,290</u>
Gross profit	2,932	3,162	9,223	8,906
Selling, general and administrative expenses	<u>3,194</u>	<u>3,347</u>	<u>10,228</u>	<u>9,514</u>
Net income (loss) from operations	(262)	(185)	(1,005)	(608)
Interest expense	<u>(37)</u>	<u>(41)</u>	<u>(119)</u>	<u>(125)</u>
	-	-	-	-
Net loss	(299)	(226)	(1,124)	(733)
Preferred stock:				
Series B convertible contractual dividends	<u>(86)</u>	<u>(86)</u>	<u>(257)</u>	<u>(257)</u>
Net loss attributable to common stockholders	<u>\$ (385)</u>	<u>\$ (312)</u>	<u>\$ (1,381)</u>	<u>\$ (990)</u>
Per share data:				
Net loss - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Series B convertible contractual dividends	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Net loss attributable to common stockholders - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average common shares outstanding - basic and diluted	<u>54,462</u>	<u>53,905</u>	<u>54,307</u>	<u>52,296</u>

Use of Non-GAAP Financial Measures

HealthWarehouse.com, Inc. (the "Company") prepares its consolidated financial statements in accordance with the United States' Generally Accepted Accounting Principles (GAAP). In addition to disclosing financial results prepared in accordance with GAAP, the Company discloses information regarding EBITDA and Adjusted EBITDA, which are commonly used. In addition to adjusting net income or net loss to exclude interest, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA also excludes stock-based compensation, and certain nonrecurring charges. EBITDA and Adjusted EBITDA are not measures of performance defined in accordance with GAAP. However, Adjusted EBITDA is used internally in planning and evaluating the Company's performance. Accordingly, management believes that disclosure of this metric offers lenders and other shareholders an additional view of the Company's operations that, when coupled with GAAP results, provides a more complete understanding of the Company's financial results.

Adjusted EBITDA should not be considered as an alternative to net income, net loss, or to net cash provided by or used in operating activities as a measure of operating results or of liquidity. It may not be comparable to similarly titled measures used by other companies, and it excludes financial information that some may consider important in evaluating the Company's performance.

Reconciliation of Net Income (Loss) (GAAP) to Adjusted EBITDA (Non-GAAP)

(Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	<i>Dollars in thousands</i>			
Net loss	\$ (299)	\$ (225)	\$ (1,124)	\$ (733)
Interest expense	37	41	119	125
Depreciation and amortization	80	34	175	101
EBITDA (non-GAAP)	(182)	(150)	(830)	(507)
Adjustments to EBITDA:				
Stock-based compensation	235	198	694	598
Adjusted EBITDA	<u>\$ 53</u>	<u>\$ 48</u>	<u>\$ (136)</u>	<u>\$ 91</u>

About HealthWarehouse.com

HealthWarehouse.com, Inc. (OTCQB: HEWA), a technology company with a focus on healthcare e-commerce, sells and delivers prescription and over-the-counter medications to all 50 states as an Approved Digital Pharmacy through the National Association of Boards of Pharmacy ("NABP"). HealthWarehouse.com provides a platform focused on increasing access and reducing costs of healthcare products for consumers and business partners nationwide. Based in Florence, Kentucky, the Company operates America's Leading Online Pharmacy and is a pioneer in affordable healthcare. As one of the first National Association of Boards of Pharmacy Approved Digital Pharmacies, HealthWarehouse.com services the mission of providing affordable healthcare and incredible patient services to help Americans. Learn more at www.HealthWarehouse.com.

Forward-Looking Statements

This announcement and the information incorporated by reference herein contain "forward-looking statements" as defined in federal securities laws, including but not limited to Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995, which statements are based on our current expectations, estimates, forecasts and projections. Statements that are not historical facts, including statements about the beliefs, expectations and future plans and strategies of the Company, are forward-looking statements. Actual results may differ materially from those expressed in forward looking statements or in management's expectations. Important factors which could cause or contribute to actual results being materially and adversely different from those described or implied by forward looking statements include, among others, risks related to competition, management of growth, access to sufficient capital to fund our business and our growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfillment

center optimization, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, cyberattacks, access to sufficient inventory, government regulation and taxation and fraud. More information about factors that potentially could affect HealthWarehouse.com's financial results is included in HealthWarehouse.com's audited Annual Reports and Quarterly Reports available at otcm Markets.com, and in prior filings with the U.S. Securities and Exchange Commission.

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