

FOR IMMEDIATE RELEASE

May 14, 2020

HealthWarehouse.com Reports Results for First Quarter 2020

Shift in consumer preference to online ordering results in record website traffic

CINCINNATI – (BUSINESS WIRE) -- HealthWarehouse.com, Inc. (OTC: HEWA) announced today that its net sales for the first quarter of 2020 were \$4,527,339, a 16% increase over the same quarter in 2019. It reported a loss from operations of \$12,473 for the quarter but positive cash flow, as reflected by its internal measure of Adjusted EBITDA as defined below, which was \$137,900 in the first quarter. The Company also reported that the number of visitors to its website eclipsed 1.1 million in March 2020, a record level.

HealthWarehouse.com is an online mail-order pharmacy authorized to sell and deliver prescription medications to all 50 states and is one of the first National Association of Boards of Pharmacy (NABP) Approved Digital Pharmacies.

“We are pleased to announce strong revenue growth during this unprecedented time while also generating positive cash flow during the first quarter,” said Joseph Peters, the Company’s President and CEO. “Our focus on operational infrastructure over the past few years positioned us well to capitalize on the shift in consumer demand toward transparent pricing, secure shipping and handling, and convenient online services to fill their healthcare needs,” Peters said. “These historic circumstances have prompted the public to catch up with where our business and service models have been for years. To further complement our offerings, we have teamed up with telemedicine groups such as [DocTalkGo.com](https://www.doctalkgo.com) and [OurDoctor.com](https://www.ourdoctor.com) to help Americans with a range of health needs, from urgent care to managing chronic conditions.”

As evidence of the shift in consumer preference to online ordering, Peters referenced a threefold increase in the number of visitors to the Company’s website since the beginning of the year, eclipsing 1.5 million visitors during April 2020 and over 3.5 million year to date. “Like other direct-to-consumer e-commerce businesses, we appreciate how vital website traffic is to building and growing the business,” said Peters.

Peters added, “It is a testament to our business and our team members that once again we generated positive cash flow despite incurring additional expenses and dedicating resources to ensure the safety of our employees as they provide the high level of service our customers have come to expect. We continue to serve as a trusted source for purchasing medications delivered direct to consumers adhering to stay-at-home directives.”

Peters noted that Healthwarehouse.com is an essential business and continues to operate during the pandemic. Sixty percent of its 110 employees work from home, with an eventual goal of having 75% of them perform their work functions remotely.

Peters added, “Work-from-home programs and on-site measures have assured business continuity when it is most essential, and enabled us to handle the recent surge in our prescription and over-the-counter business.

These efforts have allowed us to continue to help the millions of Americans turning to digital healthcare services.”

Peters said the Company’s teams remain dedicated to providing customers with excellent pharmacy experiences through compassion, convenience and transparency.

“We were able to handle the pandemic admirably thanks to the tireless efforts of our employees, whose passion and dedication to each and every patient is the foundation to our company’s mission,” he said. “They met the challenge of rapidly changing procedures, surging order volume, and transitioning to remote work head-on, and we can’t thank them all enough.”

2020 First Quarter Overview:

Net Sales: Total net sales were \$4,527,339 for the first quarter ended March 31, 2020, compared to \$3,889,423 in the first quarter of 2019, an increase of \$637,916, or 16%. Prescription sales were \$3,512,255 as compared to \$3,072,470, an increase of \$439,785 or 14%. Over-the-counter sales increased by 24% to \$915,764 compared to \$740,644, due to increased orders resulting from higher levels of website traffic and conversions.

Gross Profit: Gross profit for the first quarter was \$2,876,826, a \$281,909 or 11% increase when compared to the 2019 first quarter, due to the increase in sales.

Operating Expenses: Operating expenses were \$2,889,299 for the first quarter, an increase of \$349,951 or 14% as compared to the same quarter in 2019. The increases in 2020 were related to advertising, shipping and other volume-related expenses, engineering consultants and staffing, offset by a decrease in accounting expenses.

Net Loss and Adjusted EBITDA: The Company reported a net loss of \$68,428 for the first quarter of 2020, compared to a net loss of \$17,685 during the same period in 2019. Adjusted EBITDA was \$137,900 in the first quarter of 2020, compared to \$213,228 in the comparable 2019 quarter.

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

	For the Three Months Ended	
	March 31,	
	<u>2020</u>	<u>2019</u>
Net sales	\$ 4,527,339	\$ 3,889,423
Cost of sales	<u>1,650,513</u>	<u>1,294,506</u>
Gross profit	2,876,826	2,594,917
Operating expenses	2,889,299	2,539,348
Net income (loss) from operations	(12,473)	55,569
Interest expense	<u>(55,955)</u>	<u>(73,254)</u>
Net loss	(68,428)	(17,685)
Preferred stock:		
Series B convertible contractual dividends	<u>(85,558)</u>	<u>(85,558)</u>
Net loss attributable to common stockholders	<u>\$ (153,986)</u>	<u>\$ (103,243)</u>
Per share data:		
Net loss - basic and diluted	\$ (0.00)	\$ (0.00)
Series B convertible contractual dividends	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Net loss attributable to common stockholders - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding - Basic and diluted	<u>50,663,600</u>	<u>49,390,251</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 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 loss or to net cash 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)

	Three Months Ended	
	March 31,	
	2020	2019
Net loss	\$ (68,428)	\$ (17,685)
Interest expense	55,955	73,254
Depreciation and amortization	33,506	42,737
EBITDA (non-GAAP)	21,033	98,306
Adjustments to EBITDA:		
Stock-based compensation	116,867	114,922
Adjusted EBITDA	\$ 137,900	\$ 213,228

About HealthWarehouse.com

HealthWarehouse.com, Inc. (OTC Pink: HEWA) is America's Leading Online Pharmacy and a pioneer in affordable healthcare. Based in Florence, Kentucky, the Company's services are available nationwide, shipping FDA approved prescription medication and over-the-counter products direct to patients' doors. As one of the first National Association of Boards of Pharmacy ("NABP") Approved Digital Pharmacies, HealthWarehouse.com services the mission of providing affordable healthcare and incredible patient services to help Americans in all 50 states. 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, cyber-attacks, access to sufficient inventory, government regulation and taxation, payments, 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 otcmartets.com for periods since 2016, and its filings for prior periods with the Securities and Exchange Commission.

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