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HealthWarehouse.com Reports Results for Second Quarter 2020

Named in Money.com's list of five best online pharmacies for 2020

CINCINNATI – (BUSINESS WIRE) -- HealthWarehouse.com, Inc. (OTC: HEWA) announced today that its net sales for the second quarter of 2020 were \$4,557,444, a 15% increase over the same quarter in 2019. It reported a loss from operations of \$93,300 for the quarter but positive cash flow, as reflected by its internal measure of Adjusted EBITDA as defined below, which was \$124,148 in the second quarter.

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 accredited digital pharmacies approved by the National Association of Boards of Pharmacy (NABP).

"We are happy to announce continued growth amid the pandemic while also generating positive cash flow throughout the quarter," said Joseph Peters, President and CEO. "We have balanced our commitment to operational efficiency with an influx of new visitors and revenue growth, as we continue to see a change in consumer demand toward transparent pricing, secure shipping and handling, and convenient online services to fill their healthcare needs. This shift in consumers' thinking and preferences has resulted in our second straight record-breaking quarter of unique website visits."

HealthWarehouse.com also reported that Money.com named it one of the five best online pharmacies of 2020. The popular personal finance website recognized that the Company has earned a reputation for being one of the most affordable pharmaceutical options and highlighted the Company's customer service offering.

"Our accessibility, transparency, and outstanding service levels are a few of the reasons we have been named a top online pharmacy by Money.com. We are proud to be recognized and appreciate the selection," Peters added.

In addition to its operational accomplishments, the Company completed the second tranche of a convertible note financing and repaid its short-term senior debt during the quarter.

Peters called the completion of the long-term financing "a key step toward improving our balance sheet and capital structure. The long-term commitment and our current liquidity position offer stability to the Company, and position us well to take advantage of future opportunities."

Peters noted that Healthwarehouse.com is an essential business and continues to operate during the pandemic. Over sixty percent of its 110 employees work remotely; a dedicated fulfillment team continues to operate on-site. During the quarter, HealthWarehouse.com issued "Hero Pay" to all employees.

Peters added, "Every member of the HealthWarehouse.com team has done an amazing job since the pandemic hit. As an essential business, we have been able to provide a bit of stability in a world of furloughs and unemployment in which stability is becoming more and more rare. We were proud to be able to provide a well-earned "Hero Pay" bonus to our entire team as a small token of our appreciation for their efforts. Everyone on-site and off-site has risen to the challenge, and continues to provide the excellent pharmacy services that our patients have come to know and love."

2020 Overview:

Net Sales: Total net sales for the three and six months ended June 30, 2020 were \$4,557,443 and \$9,084,782, respectively, and increases of \$597,178 (15%) and \$1,235,094 (16%), respectively, over the same periods in 2019. Prescription sales were \$3,282,431 and \$6,794,686 for the three and six months ended June 30, 2020, respectively, and increases of \$198,023 (6%) and \$637,808 (10%), respectively, over the same periods in 2019. Over-the-counter sales were \$1,122,054 and \$2,037,817 for the three and six months ended June 30, 2020, respectively, and increases of \$321,617 (40%) and \$496,736 (32%), respectively, over the same periods in 2019. The revenue increases were due to increased order volumes resulting from higher levels of website traffic and conversions, increased third-party fulfillment revenues, and customer retention efforts.

Gross Profit: Gross profit for the three and six months ended June 30, 2020, was \$2,995,941 and \$5,872,767, respectively, resulting in increases of \$398,845 and \$680,754, respectively, compared with results for the same periods of 2019. The increases were the result of higher sales volume and purchasing initiatives with our vendors.

Operating Expenses: Selling, general and administrative expenses were \$3,030,725 and \$5,920,024 for the three and six months ended June 30, 2020, respectively, and increases of \$434,588 (17%) and \$784,539 (15%), respectively, compared to the same periods of 2019. The increases were primarily from higher variable expenses, including advertising, marketing, shipping, supplies and payment processing expenses, as well as salary expense related to engineering staff expansion and hero bonuses paid to all employees.

Net Income and Adjusted EBITDA: The Company reported net losses of \$93,300 and \$161,728 for the three and six months ended June 30, 2020, respectively, compared with net losses of \$60,687 and \$78,372, respectively, for the same periods in 2019.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted for stock-based compensation and certain non-recurring charges ("Adjusted EBITDA"), were \$124,148 for the three months and \$262,048 for the six months ended June 30, 2020. That compares with Adjusted EBITDA of \$150,303 and \$363,531, respectively, for the three and six months ended June 30, 2019. 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		For the Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net sales	\$ 4,557,443	\$ 3,960,265	\$ 9,084,782	\$ 7,849,688
Cost of sales	1,561,502	1,363,169	3,212,015	2,657,675
Gross profit	2,995,941	2,597,096	5,872,767	5,192,013
Selling, general and administrative expenses	3,030,725	2,596,137	5,920,024	5,135,485
Net income (loss) from operations	(34,784)	959	(47,257)	56,528
Interest expense	(58,516)	(61,646)	(114,471)	(134,900)
Net loss	(93,300)	(60,687)	(161,728)	(78,372)
Preferred stock:				
Series B convertible contractual dividends	(85,558)	(85,559)	(171,116)	(171,117)
Net loss attributable to common stockholders	\$ (178,858)	\$ (146,246)	\$ (332,844)	\$ (249,489)
Per share data:				
Net loss - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Series B convertible contractual dividends	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Net loss attributable to common stockholders - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average common shares outstanding - Basic and diluted	50,768,430	49,870,645	50,716,015	49,672,753

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)

<i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net loss	\$ (93,300)	\$ (60,687)	\$ (161,728)	\$ (78,372)
Interest expense	58,516	61,646	114,471	134,900
Depreciation and amortization	33,457	42,800	66,963	85,537
EBITDA (non-GAAP)	(1,327)	43,759	19,706	142,065
Adjustments to EBITDA:				
Stock-based compensation	125,475	106,544	242,342	221,466
Adjusted EBITDA	\$ 124,148	\$ 150,303	\$ 262,048	\$ 363,531

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") Accredited 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 otcm Markets.com for periods since 2016, and its filings for prior periods with the Securities and Exchange Commission.

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