

HEALTHWAREHOUSE.COM, INC.

FORM 10-Q (Quarterly Report)

Filed 05/11/15 for the Period Ending 03/31/15

Address	7107 INDUSTRIAL ROAD FLORENCE, KY 41042
Telephone	(513) 618-0911
CIK	0000754813
Symbol	HEWA
SIC Code	5912 - Drug Stores and Proprietary Stores
Industry	Retail (Drugs)
Sector	Services
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2015

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 0-13117

HealthWarehouse.com, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

22-2413505

(I.R.S. Employer
Identification No.)

7107 Industrial Road, Florence, Kentucky

(Address of Principal Executive Offices)

41042

(Zip Code)

(800) 748-7001

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐

Non-accelerated Filer ☐

(Do not check if a smaller reporting company)

Accelerated Filer ☐

Smaller Reporting Company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 37,570,383 shares of Common Stock outstanding as of May 7, 2015



HEALTHWAREHOUSE.COM, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
PART I – FINANCIAL INFORMATION	
Item 1. Financial Statements.	3
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	18
Item 4. Controls and Procedures.	18
PART II – OTHER INFORMATION	
Item 1. Legal Proceedings.	20
Item 1A. Risk Factors.	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	20
Item 3. Defaults upon Senior Securities.	20
Item 4. Mine Safety Disclosures.	20
Item 5. Other Information.	20
Item 6. Exhibits .	21
SIGNATURES	22

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash	\$ 265,848	\$ 506,019
Restricted cash	195,088	195,088
Accounts receivable, net of allowance of \$47,143 and \$47,233 as of March 31, 2015 and December 31, 2014, respectively	112,354	100,886
Inventories - finished goods, net	145,270	144,236
Prepaid expenses and other current assets	47,345	60,202
Total current assets	765,905	1,006,431
Property and equipment, net of accumulated depreciation of \$720,228 and \$692,903 as of March 31, 2015 and December 31, 2014	489,499	511,286
Web development costs, net of accumulated amortization of \$88,882 and \$70,498 as of March 31, 2015 and December 31, 2014	135,148	142,541
Total assets	<u>\$ 1,390,552</u>	<u>\$ 1,660,258</u>
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable – trade	\$ 2,411,287	\$ 2,542,938
Accounts payable – related parties	83,932	84,314
Accrued expenses and other current liabilities	405,747	680,506
Deferred revenue	5,643	7,009
Current portion of equipment lease payable	65,513	64,101
Notes payable and other advances, net of debt discount of \$45,150 and \$58,367 as of March 31, 2015 and December 31, 2014, respectively	804,850	791,633
Note payable and other advances – related parties	73,095	73,095
Redeemable preferred stock - Series C; par value \$0.001 per share; 10,000 designated Series C: 10,000 issued and outstanding as of March 31, 2015 and December 31, 2014 (aggregate liquidation preference of \$1,000,000)	1,000,000	1,000,000
Total current liabilities	<u>4,850,067</u>	<u>5,243,596</u>
Long term liabilities:		
Long term portion of equipment lease payable	29,349	46,143
Total long term liabilities	<u>29,349</u>	<u>46,143</u>
Total liabilities	<u>4,879,416</u>	<u>5,289,739</u>
Commitments and contingencies		
Stockholders' deficiency:		
Preferred stock – par value \$0.001 per share; authorized 1,000,000 shares; issued and outstanding as of March 31, 2015 and December 31, 2014 as follows:		
Convertible preferred stock - Series A – 200,000 shares designated Series A; 44,443 shares available to be issued; no shares issued and outstanding	-	-
Convertible preferred stock - Series B – 625,000 shares designated Series B; 483,512 and 451,879 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively (aggregate liquidation preference of \$4,649,149 and \$4,569,175 as of March 31, 2015 and December 31, 2014, respectively)	483	452

Common stock – par value \$0.001 per share; authorized 100,000,000 shares; 38,749,595 shares issued and 37,570,383 shares outstanding as of March 31, 2015 and December 31, 2014.

	38,751	38,751
Additional paid-in capital	30,385,231	29,966,039
Employee advances	-	(2,143)
Treasury stock, at cost, 1,179,212 shares as of March 31, 2015 and December 31, 2014	(3,419,715)	(3,419,715)
Accumulated deficit	(30,493,614)	(30,212,865)
Total stockholders' deficiency	(3,488,864)	(3,629,481)
Total liabilities and stockholders' deficiency	<u>\$ 1,390,552</u>	<u>\$ 1,660,258</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	For the Three Months Ended March 31,	
	2015	2014
Net sales	\$ 1,612,677	\$ 1,716,964
Cost of sales	<u>631,163</u>	<u>731,408</u>
Gross profit	981,514	985,556
Operating expenses:		
Selling, general and administrative expenses	<u>1,107,550</u>	<u>1,217,661</u>
Loss from operations	<u>(126,036)</u>	<u>(232,105)</u>
Other expense:		
Interest expense	<u>(74,752)</u>	<u>(73,536)</u>
Total other expense	<u>(74,752)</u>	<u>(73,536)</u>
Net loss	(200,788)	(305,641)
Preferred stock:		
Series B convertible contractual dividends	<u>(79,961)</u>	<u>(74,730)</u>
Loss attributable to common stockholders	<u><u>\$ (280,749)</u></u>	<u><u>\$ (380,371)</u></u>
Per share data:		
Net loss – basic and diluted	\$ (0.01)	\$ (0.01)
Series B convertible contractual dividends	<u>(0.00)</u>	<u>(0.00)</u>
Net loss attributable to common stockholders - basic and diluted	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.01)</u></u>
Weighted average number of common shares outstanding - basic and diluted	<u><u>37,570,383</u></u>	<u><u>26,546,832</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	For the Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities		
Net loss	\$ (200,788)	\$ (305,641)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	90	(41,458)
Provision for employee advance reserve	2,143	(1,714)
Depreciation and amortization	45,661	41,621
Stock-based compensation	79,005	162,763
Gain on settlement of accounts payable	(66,179)	(64,597)
Imputed value of services contributed	-	87,500
Amortization of debt discount	54,517	54,035
Changes in operating assets and liabilities:		
Accounts receivable	(11,558)	273,902
Inventories - finished goods	(1,034)	31,149
Prepaid expenses and other current assets	12,857	18,531
Accounts payable – trade	(65,472)	(318,734)
Accounts payable – related parties	(382)	(5,445)
Accrued expenses and other current liabilities	(55,802)	25,172
Deferred revenue	(1,366)	(17,002)
Net cash used in operating activities	<u>(208,308)</u>	<u>(59,918)</u>
Cash flows from investing activities		
Capital expenditures	(5,539)	-
Website development costs	(10,942)	(34,866)
Net cash used in investing activities	<u>(16,481)</u>	<u>(34,866)</u>
Cash flows from financing activities		
Principal payments on equipment leases payable	(15,382)	(13,159)
Proceeds from issuance of notes payable	-	100,000
Net cash (used in) provided by financing activities	<u>(15,382)</u>	<u>86,841</u>
Net decrease in cash	(240,171)	(7,944)
Cash - beginning of period	506,019	67,744
Cash - end of period	<u>\$ 265,848</u>	<u>\$ 59,800</u>
Cash paid for:		
Interest	\$ 19,544	\$ 25,523

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Continued)

	For the Three Months Ended	
	March 31,	
	2015	2014
Non-cash investing and financing activities:		
Issuance of Series B preferred stock for settlement of accrued dividends	\$ 298,918	\$ 279,380
Warrants issued as debt discount in connection with notes payable	\$ 41,300	\$ 26,000
Accrual of contractual dividends on Series B convertible preferred stock	\$ 79,961	\$ 74,730

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

1. Organization and Basis of Presentation

HealthWarehouse.com, Inc., a Delaware company incorporated in 1998, (the “Company”) is a U.S. licensed virtual retail pharmacy (“VRP”) and healthcare e-commerce company that sells brand name and generic prescription drugs as well as over-the-counter (“OTC”) medical products. The Company’s objective is to be viewed by individual healthcare product consumers as a low-cost, reliable and hassle-free provider of prescription drugs and OTC medical products. The Company is presently licensed as a mail-order pharmacy for sales to 50 states in the United States and the District of Columbia.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial statements of the Company as of March 31, 2015 and for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the operating results for the full year ending December 31, 2015 or any other period. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related disclosures of the Company as of December 31, 2014 and for the year then ended, which were filed with the Securities and Exchange Commission on Form 10-K on March 30, 2015.

2. Going Concern and Management’s Liquidity Plans

Since inception, the Company has financed its operations primarily through debt and equity financings and advances from related parties. As of March 31, 2015, the Company had a working capital deficiency of \$4,084,162 and an accumulated deficit of \$30,493,614. During the three months ended March 31, 2015 and the year ended December 31, 2014, the Company incurred net losses of \$200,788 and \$1,783,279, respectively and used cash in operating activities of \$208,308 and \$875,769, respectively. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

Subsequent to March 31, 2015, the Company continues to incur net losses, use cash in operating activities and experience cash and working capital constraints.

On February 13, 2013, the Company received a Notice of Redemption related to its Series C Redeemable Preferred Stock aggregating \$1,000,000 (see Note 6). As a result of receiving the Notice of Redemption, the Company must now apply all of its assets to redemption of the Series C Preferred Stock and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders (the Company is not permitted to utilize toward the redemption those assets required to pay its debts as they come due and those assets required to continue as a going concern).

The Company recognizes it will need to raise additional capital in order to fund operations, meet its payment obligations and execute its business plan. There is no assurance that additional financing will be available when needed or that management will be able to obtain financing on terms acceptable to the Company and whether the Company will become profitable and generate positive operating cash flow. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, attempt to extend note repayments, attempt to negotiate the preferred stock redemption and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. If the Company is unable to obtain financing on a timely basis, the Company could be forced to sell its assets, discontinue its operation and /or seek reorganization under the U.S. bankruptcy code.

Accordingly, the accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern and the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the condensed consolidated financial statements do not necessarily represent realizable or settlement values. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The condensed consolidated financial statements include the accounts of HealthWarehouse.com, Inc., Hwareh.com, Inc., Hocks.com, Inc., ION Holding NV and ION Belgium NV, its wholly-owned subsidiaries. ION Holding NV and ION Belgium NV are inactive subsidiaries. All material inter-company balances and transactions have been eliminated in consolidation.

On June 4, 2013, the Company formed a wholly-owned subsidiary called Pagosa Health LLC ("Pagosa"). On January 14, 2014, the Company closed Pagosa and decided to focus on its core consumer prescription business. Pagosa was dissolved in July 2014.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant estimates include reserves related to accounts receivable and inventory, the recoverability and useful lives of long-lived assets, the valuation allowance related to deferred tax assets, the valuation of equity instruments and debt discounts.

Net Earnings (Loss) Per Share of Common Stock

Basic net earnings (loss) per share is computed by dividing net earnings (loss) attributable to Common Stockholders by the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per share reflects the potential dilution that could occur if securities or other instruments to issue Common Stock were exercised or converted into Common Stock. Potentially dilutive securities are excluded from the computation of diluted net earnings (loss) per share if their inclusion would be anti-dilutive and consist of the following:

	March 31,	
	2015	2014
Options	3,944,557	2,514,150
Warrants	9,839,044	2,492,846
Series B Convertible Preferred Stock	5,507,202	3,714,445
Total potentially dilutive shares	<u>19,290,803</u>	<u>8,721,441</u>

Recently Issued Accounting Pronouncements

The Company has determined there are no new accounting standards that are expected to have a material impact on the Company's condensed consolidated financial statements.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2015	December 31, 2014
Deferred Rent	\$ 33,503	\$ 36,053
Advertising	76,639	109,930
Salaries and Benefits	80,597	82,222
Customer Payables	297	635
Dividend Payable	79,961	298,918
Accrued Interest	49,681	48,868
Accrued Rent	47,942	46,604
Other	37,127	57,276
Total	\$ 405,747	\$ 680,506

5. Notes Payable

The Company is a party to a Loan and Security Agreement (the “Loan Agreement”) with a lender (the “Lender”). Under the terms of the Loan Agreement, the Company borrowed an aggregate of \$750,000 from the Lender (the “Loan”). The Loan is evidenced by a promissory note (the “Senior Note”) in the face amount of \$750,000 (as amended). Effective March 1, 2015, near the original maturity date, the Lender agreed to extend the maturity date of the Senior Note from March 1, 2015 to September 1, 2015 and agreed to extend the maturity date for an additional six months to March 1, 2016 if the Company meets certain financial requirements. The Senior Note bears interest on the unpaid principal balance of the Note until the full amount of principal has been paid at a floating rate equal to the Prime Rate plus four and one-quarter percent (4.25%) per annum (7.50% as of March 31, 2015). Under the terms of the Loan Agreement, the Company has agreed to make monthly payments of accrued interest on the first day of every month. The principal amount and all unpaid accrued interest on the Note is payable on September 1, 2015, or earlier in the event of default or a sale or liquidation of the Company. The Loan may be prepaid in whole or in part at any time by the Company without penalty. The Senior Note contains financial covenants which require the Company to meet certain minimum targets for earnings before interest, taxes and non-cash expenses, including depreciation, amortization and stock-based compensation (“EBITDAS”). The Company granted the Lender a first, priority security interest in all of the Company’s assets, in order to secure the Company’s obligation to repay the Loan, including a Deposit Account Control Agreement, which grants the Lender a security interest in certain bank accounts.

In connection with the extension of the maturity date of the Senior Note, the Company granted the Lender five-year warrants to purchase 500,000 shares of Common Stock at an exercise price of \$0.10 per share. The warrants had a relative fair value of \$41,300 using the Black-Scholes model (see Note 6) which was established as debt discount during the three months ended March 31, 2015 and will be amortized using the effective interest method over the remaining term of the Senior Note. Including the value of warrants issued in connection with extension of the maturity date of the Senior Note, the Note had an effective interest rate of 19% per annum.

The Company recorded amortization of debt discount associated with notes payable of \$54,517 and \$ 54,035 for the three months ended March 31, 2015 and 2014, respectively.

6. Stockholders’ Deficiency

Preferred Stock

As of March 31, 2015 and December 31, 2014, the Company had accrued contractual dividends of \$79,961 and \$298,918, respectively, related to the Series B Preferred Stock. On January 1, 2015 and 2014, the Company issued 31,633 and 29,564 shares of Series B convertible preferred stock valued at approximately \$299,000 and \$279,000, respectively, representing approximately \$0.66 in value per share of Series B Preferred Stock outstanding on each date, to the Series B convertible preferred stock owners as payment in kind for dividends.

Stock Options

Stock-based compensation expense related to stock options was recorded in the condensed consolidated statements of operations as a component of selling, general and administrative expenses and totaled \$78,789 and \$151,853 for the three months ended March 31, 2015 and 2014, respectively.

As of March 31, 2015, stock-based compensation expense related to stock options of \$1,060,043 remains unamortized, including \$168,474 which is being amortized over the weighted average remaining period of 1.0 years. The remaining \$891,569 is related to a performance based option where vesting is currently deemed to be improbable and no amount is being amortized.

Warrants

Valuation

In applying the Black-Scholes option pricing model to stock warrants, the Company used the following weighted average assumptions:

	For The Three Months Ended March 31,			
	2015		2014	
Risk free interest rate	1.50	%	1.74	%
Dividend yield	0.00	%	0.00	%
Expected volatility	196.0	%	171.0	%
Expected life in years	5.00		5.00	

Grants

The weighted average fair value of the stock warrants granted during the three months ended March 31, 2015 and 2014, was \$0.08 and \$0.23 per share, respectively.

Stock-based compensation expense related to warrants for the three months ended March 31, 2015 and 2014 was recorded in the condensed consolidated statements of operations as a component of selling, general and administrative expenses and totaled \$216 and \$264, respectively. As of March 31, 2015, stock-based compensation expense related to warrants of \$577,307 remains unamortized, including \$467 which is being amortized over the weighted average remaining period of 0.5 years. The remaining \$576,840 is related to a performance based warrant where vesting is currently deemed to be improbable and no amount is being amortized.

A summary of the stock warrant activity during the three months ended March 31, 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding, January 1, 2015	9,339,044	\$ 0.45		
Granted	500,000	\$ 0.10		
Exercised	-	\$ -		
Forfeited	-	-		
Outstanding, March 31, 2015	9,839,044	\$ 0.44	4.0	\$ -
Exercisable, March 31, 2015	9,579,044	\$ 0.37	4.1	\$ -

The following table presents information related to stock warrants at March 31, 2015:

Range of Exercise Price	Warrants Outstanding		Warrants Exercisable		
	Weighted Average	Outstanding	Weighted Average	Weighted Average Remaining Life In Years	Exercisable
	Exercise Price	Number of Warrants	Exercise Price		Number of Warrants
\$0.10 - \$0.35	\$ 0.27	9,246,198	\$ 0.27	4.2	9,246,198
\$0.36 - \$3.00	2.91	562,846	2.91	1.4	312,846
\$3.01 - \$4.95	4.95	30,000	4.95	2.5	20,000
\$0.10 - \$4.95	\$ 0.44	<u>9,839,044</u>	\$ 0.37	4.1	<u>9,579,044</u>

7. Commitments and Contingent Liabilities

Operating Leases

The Company is a party to a lease agreement for approximately 62,000 square feet of office and storage space with an entity. The monthly lease rate is \$10,671 for 2015 and \$11,975 in year 2016. The Company accounts for rent expense using the straight line method of accounting, deferring the difference between actual rent due and the straight line amount. The lease expires on January 1, 2017. Deferred rent payable of \$33,503 and \$36,053 as of March 31, 2015 and December 31, 2014, respectively, has been included in accrued expenses and other current liabilities on the condensed consolidated balance sheets.

On June 7, 2013, Pagosa signed a three year lease for \$1,000 per month to house an office, pharmacy as well as inventory and is located in Lawrenceburg, IN. On July 8, 2013, the parties agreed to extend the lease for two additional years, such that the new termination date is now June 7, 2018. On January 14, 2014, the Company closed Pagosa Health and vacated the Lawrenceburg facility. The Company is currently in discussions with the Landlord regarding termination of the lease related to the building. The present value of the remaining lease payments of \$47,942 is reflected as a component of accrued expenses and other liabilities on the condensed consolidated financial statements as of March 31, 2015.

On December 15, 2014, the Company entered into a sublease agreement for 34,106 square feet of warehouse space at the Company's corporate headquarters in Florence, Kentucky. The initial term of the sublease expires on June 14, 2015 with rent of \$9,948 per month. After the expiration of the initial term, the tenant may extend the term of the sublease agreement on a month to month basis.

Future minimum payments, by year and in the aggregate, under operating leases as of March 31, 2015 are as follows:

For years ending December 31,	Amount
2015	\$ 105,039
2016	155,700
2017	12,000
2018	5,000
Total future minimum lease payments	<u>\$ 277,739</u>

During the three months ended March 31, 2015 and 2014, the Company recorded aggregate rent expense of \$18,342 (net of sub-lease) and \$49,229, respectively.

Litigation

In the ordinary course of business, we may become subject to lawsuits and other claims and proceedings that might arise from litigation matters or regulatory audits. Such matters are subject to uncertainty and outcomes are often not predictable with assurance. Our management does not presently expect that any such matters will have a material adverse effect on the Company's condensed consolidated financial condition or condensed consolidated results of operations. We are not currently involved in any pending or threatened material litigation or other material legal proceedings nor have we been made aware of any penalties from regulatory audits.

8. Concentrations

During the three months ended March 31, 2015, two vendors represented 74% and 10% of total inventory purchases. During the three months ended March 31, 2014, two vendors represented 57% and 16% of total inventory purchases, respectively.

One vendor represented 38% and 36% of the accounts payable balance as of March 31, 2015 and December 31, 2014, respectively.

9. Related Party Transactions

Effective September 4, 2014, the Company entered into a Consulting Agreement with a stockholder to provide consulting services related to business development and marketing activities for the Company and other duties as agreed to by management. The Company is required to pay the related party a monthly fee of \$10,000 plus expense reimbursement. Subsequent to the effective date, the related party agreed to defer the payment of the monthly fee for a period of four months beginning with the November 4, 2014 payment. The deferred fees will be payable on the earlier of the termination date or the second anniversary of the effective date. The Consulting Agreement has an initial term of one year and can be automatically renewed for a one year period unless terminated by either party. The Agreement may be terminated by the Company by providing a sixty day notice prior to the first anniversary of the effective date. During the three months ended March 31, 2015, the Company incurred consulting and other expenses of \$30,000 related to the Consulting Agreement.

Between June 2009 and April 2012, an employee who is the son of the managing member of a limited liability company that beneficially owns over 5% of the Company's Common Stock received advances from the Company in various forms which totaled \$391,469 including interest. Principal repayments towards the outstanding advances aggregating \$235,000 have been made through March 31, 2014. In April 2012, this employee voluntarily resigned from the Company. The individual agreed to repay the remaining balance with interest based on prime rate on the first business day of the calendar quarter. The amount has been included in Stockholders' Deficiency as the Company has determined to exercise its rights through a pledge agreement for 42,860 shares as collateral. At December 31, 2014, the Company estimated the value of the collateral at \$2,143. During the three months ended March 31, 2015, the Company wrote off the value of the collateral to \$0.

10. Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements, except as disclosed.

Stock Option Grants

On April 3, 2015, the Company granted options to employees of the Company to purchase an aggregate of 922,223 shares of common stock under the 2014 Plan at an exercise price of \$0.09 per share for an aggregate grant date value of \$81,419. The options have a vesting period ranging from immediate to three years and have a term of ten years.

On April 3, 2015, the Company granted options to consultants of the Company to purchase an aggregate of 149,861 shares of common stock under the 2014 Plan at an exercise price of \$0.09 per share for an aggregate grant date value of \$13,462. The options vested on the grant date and have a term of ten years.

On April 7, 2015, the Company granted options to directors of the Company to purchase an aggregate of 102,189 shares of common stock under the 2014 Plan at an exercise price of between \$0.09 per share for an aggregate grant date value of \$9,000. The options vested on the grant date and have a term of ten years. The options were granted as part of director compensation approved by the Compensation Committee.

Warrant Grants

On April 3, 2015, the Company granted warrants to a former employee of the Company to purchase an aggregate of 137,430 shares of common stock under the 2014 Plan at an exercise price of \$0.09 per share for an aggregate grant date value of \$12,018. The warrants have a term of five years. The warrants were issued as repayment for amounts previously accrued.

Amendment to Lease Agreement

On April 27, 2015, the Company entered in an amendment to the lease agreement related to the Florence, KY location. The amendment reduced the square feet of office and storage space from approximately 62,000 to approximately 28,500 square feet, effective June 15, 2015. Per the amendment, the monthly lease rate will reduce to \$7,770 in June 2015, \$4,868 for the remainder of 2015 and \$5,462 in year 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The following discussion and analysis of the results of operations and financial condition of HealthWarehouse.com, Inc. (and including its subsidiaries, the "Company") as of March 31, 2015 and December 31, 2014 and for the three months ended March 31, 2015 and 2014 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this Quarterly Report on Form 10-Q. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our," and similar terms refer to the Company. This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors That May Affect Results and Financial Condition") of our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission (the "SEC") on March 30, 2015.

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Overview

HealthWarehouse.com, Inc. ("HEWA" or the "Company") is America's Trusted Online Pharmacy, licensed in 50 states to focus on the out-of-pocket prescription drug market, a market which is expected to grow to \$80 billion in 2015. HealthWarehouse.com is currently 1 of less than 40 Verified Internet Pharmacy Practice Websites ("VIPPS") accredited by the National Association of Boards of Pharmacy ("NABP") and is the only VIPPS accredited pharmacy licensed in all 50 states and the District of Columbia that processes out-of-pocket prescriptions online. The Company markets a complete range of generic, brand name, and pet prescription medications as well as over-the-counter ("OTC") medications and products.

Consumers who pay out of pocket for their prescriptions include those:

- With no insurance coverage;
- With high insurance deductibles or copays;
- With Medicare Part D plans with high deductibles;
- With Health Savings Accounts (HSA) or Flexible Savings Accounts (FSA);
- With insurance through the Affordable Care Act (ACA) with high deductibles;
- With drug exclusions and quantity restrictions placed by insurance companies.

Our objectives are to utilize our proprietary technology to make the pharmaceutical supply chain more efficient and to pass the savings on to the consumer. We are becoming known by consumers as a convenient, reliable, discount provider of over-the-counter products and prescription medications. We intend to continue to expand our product line as our business grows.

Results of Operations

For The Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

	For three months ended Ended March 31, 2015	% of Revenue	For three months ended Ended March 31, 2014	% of Revenue
Net sales	\$ 1,612,677	100.0%	\$ 1,716,964	100.0%
Cost of sales	631,163	39.1%	731,408	42.6%
Gross profit	981,514	60.9%	985,556	57.4%
Selling, general & administrative expenses	1,107,550	68.7%	1,217,661	70.9%
Loss from operations	(126,036)	(7.8%)	(232,105)	(13.5%)
Interest expense	(74,752)	(4.6%)	(73,536)	(4.3%)
Net loss	<u>\$ (200,788)</u>	(12.4%)	<u>\$ (305,641)</u>	(17.8%)

Net Sales

	For three months ended March 31, 2015	% Change	\$ Change	For three months ended March 31, 2014
	\$ 1,612,677	(6.1%)	\$ (104,287)	\$ 1,716,964

Net sales for the three months ended March 31, 2015 declined to \$1,612,677 from \$1,716,964, a decrease of \$104,287, or 6.1% due to the reduction in prescription and over-the-counter sales resulting from the decline in orders from existing customers due to minimal advertising during the first three quarters of 2014. Due to cash flow constraints during the first three quarters of 2014, we were unable expand our advertising efforts to grow our core online prescription business and we were not able to maintain over-the-counter inventories to satisfy incoming orders which forced us to narrow our over-the-counter product line. This prompted negative customer reviews that contributed to the decline in sales, in both our new and repeat customer base.

With the liquidity provided by proceeds from the equity raise in August and October 2014, we were able to source and inventory products to fill incoming orders and improved order fill rate to less than three days from the receipt of the order. This has directly resulted in a significant shift to receiving positive customer reviews from the majority of survey participants. We have initiated an advertising and marketing campaign to drive new and repeat customers to our website and dedicated engineering resources to improve the customer experience and optimize search engine results and order conversions. In addition, we continue to dedicate customer support personnel to proactively call customers after prescription orders are received to obtain the required copies of the prescriptions, in order to process the order and improve the Company's order conversion rate. Through these efforts, we experienced a 37% increase in new customers during the first quarter of the year compared to levels experienced prior to the completion of the equity raise. We also expect our business with repeat customers to begin growing in 2015 through the retention of the new customers acquired over the last six months.

Cost of Sales and Gross Margin

	For three months ended March 31, 2015	% Change	\$ Change	For three months ended March 31, 2014
Cost of sales	\$ 631,163	(13.7%)	(100,245)	\$ 731,408
Gross margin \$	\$ 981,514	(0.4%)	(4,042)	\$ 985,556
Gross margin %	60.9%	6.1%	3.5%	57.4%

Cost of sales were \$631,163 for the three months ended March 31, 2015 as compared to \$731,408 for the three months ended March 31, 2014, a decrease of \$100,245, or 13.7%, primarily as a result of a reduction in order volume and improved costs realized through strategic purchasing efforts. Gross margin percentage increased from 57.4% for the three months ended March 31, 2014 to 60.9% for the three months ended March 31, 2015, primarily due to the purchasing efforts discussed above and the elimination of unprofitable business relations. Management will continue to focus efforts on taking advantage of strategic purchasing opportunities and maintaining profit margins while expanding its product line, particularly in the over-the-counter business.

Selling, General and Administrative Expenses

	For three months ended March 31, 2015	% Change	\$ Change	For three months ended March 31, 2014
S,G&A	\$ 1,107,550	(9.0%)	\$ (110,111)	\$ 1,217,661
% of sales	68.7%			70.9%

Selling, general and administrative expenses totaled \$1,107,550 for the three months ended March 31, 2015 compared to \$1,217,661 for the three months ended March 31, 2014, a decrease of \$110,111, or 9.0%. The three months ended March 31, 2015 expense decreases included (a) a decrease in stock based compensation of \$83,758 (primarily due to the completion of the vesting period related to certain options during 2014); (b) a reduction in salary and contract labor expense of \$44,601 (primarily due to a reduction in headcount); (c) a decrease in rent expense of \$30,887 (resulting from the sublease of a portion of our Florence facility) (d) a decrease in legal expense of \$28,411 (primarily due to settlement of litigation in 2014); (d) a decrease in freight expense of \$24,836 (primarily due to the reduction in the order volume); and (e) a decrease in credit card processing expense of \$21,480 (primarily due to the reduction in order volume and lower rates). The expense reductions were partially offset by an increase in advertising and marketing expense of \$99,353.

Interest Expense

Interest expense increased from \$73,536 in the three months ended March 31, 2014 to \$74,752 in the three months ended March 31, 2015, an increase of \$1,338, or 2%, primarily due to an increase in amortization of debt discounts and higher notes payable balances.

Adjusted EBITDAS

We believe Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Stock-Based Compensation (“Adjusted EBITDAS”), a non-GAAP financial measure, is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary for different companies for reasons unrelated to overall operating performance. We believe that:

- Adjusted EBITDAS provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations and facilitates comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and
- Adjusted EBITDAS is useful because it excludes non-cash charges, such as depreciation and amortization, stock-based compensation and one-time charges, which the amount of such expense in any specific period may not directly correlate to the underlying performance of our business operations and these expenses can vary significantly between periods.

We use Adjusted EBITDAS in conjunction with traditional GAAP measures as part of our overall assessment of our performance, to evaluate the effectiveness of our business strategies and to communicate with our lenders, stockholders and board of directors concerning our financial performance.

Adjusted EBITDAS should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. There are limitations to using non-GAAP financial measures, including that other companies may calculate these measures differently than we do. We compensate for the inherent limitations associated with using Adjusted EBITDAS through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDAS to the most directly comparable GAAP measure, specifically net loss.

The following provides a reconciliation of net loss to Adjusted EBITDAS:

	March 31,	
	2015	2014
	(unaudited)	
Net loss	\$ (200,788)	\$ (305,641)
Non-GAAP adjustments:		
Gain on settlement of accounts payable	(66,179)	(64,597)
Interest expense	74,752	73,536
Depreciation and amortization	45,661	41,621
Imputed value of contributed services	-	87,500
Stock-based compensation	79,005	162,499
Change in fair value of collateral securing employee advances	2,143	(1,714)
Adjusted EBITDAS	\$ (65,406)	\$ (6,796)

Off-Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities in which we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities or any other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market risk or credit risk support.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the three months ended March 31, 2015 and 2014. We cannot assure you that future inflation will not have an adverse impact on our operating results and financial condition.

Liquidity and Capital Resources

Since inception, we have financed operations primarily through debt and equity financings and advances from stockholders. As of March 31, 2015 we had a working capital deficiency of \$4,084,162 and an accumulated deficit of \$30,493,614. During the three months ended March 31, 2015 and the year ended December 31, 2014, we incurred net losses of \$200,788 and \$1,783,279 and used cash in operating activities of \$208,308 and \$875,769, respectively. These conditions raise substantial doubt about our ability to continue as a going concern.

Subsequent to March 31, 2015, we continue to incur net losses, use cash in operating activities and experience cash and working capital constraints.

On February 13, 2013, we received a Notice of Redemption related to our Series C Redeemable Preferred Stock aggregating \$1,000,000. As a result of receiving the Notice of Redemption, we must now apply all of our assets to redemption of the Series C Preferred Stock and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders (we are not permitted to utilize toward the redemption those assets required to pay our debts as they come due and those assets required to continue as a going concern).

We recognize that we will need to raise additional capital in order to fund operations, meet our payment obligations, including the redemption of the Series C Redeemable Preferred Stock, and execute our business plan. There is no assurance that additional financing will be available when needed or that management will be able to obtain financing on terms acceptable to us and whether we will become profitable and generate positive operating cash flow. If we are unable to raise sufficient additional funds, we will have to develop and implement a plan to further extend payables, extend note repayments, extend the preferred stock redemption and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. If we are unable to obtain financing on a timely basis, we could be forced to sell our assets, discontinue our operations and/or seek reorganization under the U.S. bankruptcy code.

Accordingly, the accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate our continuation as a going concern and the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the condensed consolidated financial statements do not necessarily represent realizable or settlement values. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As of March 31, 2015 and December 31, 2014, the Company had cash on hand of \$265,848 and \$506,019, respectively. Our cash flow from operating, investing and financing activities during these periods were as follows:

For the three months ended March 31, 2015, cash flows included net cash used in operating activities of \$208,308. This amount included a decrease in operating cash related to a net loss of \$200,788, partially offset by aggregate non-cash adjustments of \$115,237, plus aggregate cash used by changes in operating assets and liabilities of \$122,757 (primarily a result of a reduction of accounts payable). For the three months ended March 31, 2014, cash flows included net cash used in operating activities of \$59,918. This amount included a decrease in operating cash related to a net loss of \$305,641, partially offset by aggregate non-cash adjustments of \$238,150, plus aggregate cash provided by changes in operating assets and liabilities of \$7,573 (primarily a result of a reduction of accounts receivable).

For the three months ended March 31, 2015, net cash utilized by investing activities was \$16,481 related to the capitalization of website development costs and the purchase of computer equipment. For the three months ended March 31, 2014, net cash utilized by investing activities was \$34,866 related to capitalized website development costs.

For the three months ended March 31, 2015, net cash used by financing activities was \$15,382 related to the principal payment on equipment leases. For the three months ended March 31, 2014, net cash provided by financing activities was \$86,841 related to the issuance of a notes payable offset by principal payment on equipment leases of \$13,159.

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K filed on March 30, 2015. Please refer to that document for disclosures regarding the critical accounting policies related to our business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the forms and rules of the SEC and that such information is accumulated and communicated to management, including the Chief Executive Officer, in a manner to allow timely decisions regarding required disclosures.

In connection with the preparation of this Form 10-Q, our management, (Chief Executive and Principal Financial Officer), evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2015. Management had previously identified material weaknesses in our internal control over financial reporting as of December 31, 2014 (see Form 10-K filed with the SEC on March 30, 2015), which is an integral component of our disclosure controls and procedures. During the year ended December 31, 2014, management implemented policies, procedures and controls to address the weaknesses in various areas including operational and financial systems integration, separation of duties in review and approval of disbursement, cash handling, purchasing, receiving, shipping and invoicing functions, daily transaction processing and monthly financial closing procedures and timelines and board approval of related party and other significant transactions. Management believes that the controls implemented in these specific areas are sufficient to address the above weaknesses, however, they have concluded that such controls have not been in place for a sufficient period of time in order to conclude that the identified material weaknesses described above have been fully remediated.

As of March 31, 2015, the material weakness that remains is the lack of accounting personnel with sufficient experience with United States generally accepted accounting principles to address the accounting for complex transactions due to the lack of a full-time Chief Financial Officer. Therefore, based on this evaluation, management has concluded that as of March 31, 2015, our disclosure controls were not effective. We believe that to fully remediate this weakness, the Company will need to retain a full time Chief Financial Officer. The directors plan to pursue the employment of a permanent Chief Financial Officer as the Company's operations and liquidity position improve during fiscal year 2015.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting or in other factors during the three months ended March 31, 2015, that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of business, we may become subject to lawsuits and other claims and proceedings that might arise from litigation matters or regulatory audits. Such matters are subject to uncertainty and outcomes are often not predictable with assurance. Our management does not presently expect that any such matters will have a material adverse effect on the Company's consolidated financial condition or consolidated results of operations. We are not currently involved in any pending or threatened material litigation or other material legal proceedings nor have we been made aware of any penalties from regulatory audits, except as described below.

Item 1A. Risk Factors.

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Recent Repurchases of Common Stock

There were no repurchases of our Common Stock during the three months ended March 31, 2015. The Company does not currently have an announced repurchase program.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The following exhibits are provided:

4.1	Warrant to Purchase 137,430 shares of the Common Stock of Healthwarehouse.com, Inc. dated April 3, 2015 and issued to Brian Corona.
10.1	Third Amendment to Lease dated as of April 27, 2015
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.*
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.*
32.1	Certification of CEO Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.*
32.2	Certification of CFO Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.*
101.INS	XBRL Instance Document *
101.SCH	XBRL Schema Document *
101.CAL	XBRL Calculation Linkbase Document *
101.DEF	XBRL Definition Linkbase Document *
101.LAB	XBRL Label Linkbase Document *
101.PRE	XBRL Presentation Linkbase Document *

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HEALTHWAREHOUSE.COM, INC.

Dated: May 11, 2015

By: /s/ **Lalit Dhadphale**
Lalit Dhadphale
President and Chief Executive Officer

FORM OF WARRANT

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

HealthWarehouse.com, Inc.

COMMON STOCK PURCHASE WARRANT

Number of shares: 137,430

Holder: Brian Corona

Grant Date: April 3, 2015

Expiration Date: April 3, 2020

Exercise Price Per Share: \$0.09 (Nine cents per share)

HealthWarehouse.com, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), hereby certifies that, for value received, **Brian Corona** or his registered assigns or permitted transferees (the "Warrant Holder"), is entitled, subject to the terms set forth below, to purchase from the Company 137,430 shares, as adjusted from time to time as provided in Section 6 hereof, of common stock, \$0.001 par value (the "Common Stock"), of the Company (each such share, a "Warrant Share" and all such shares, the "Warrant Shares") at a price of \$0.09 (nine cents) per Warrant Share (the "Exercise Price"), at any time and from time to time from and after the date hereof and through and including 5:00 p.m. New York City time on April 3, 2020 (the "Expiration Date"), and subject to the following terms and conditions. This Warrant is being issued to the Warrant Holder as compensation. All capitalized terms used but not otherwise defined herein have the meanings given to them in the Senior Note.

1. Registration of Warrant. The Company shall register this Warrant upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Warrant Holder hereof from time to time. The Company may deem and treat the registered Warrant Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Warrant Holder, and for all other purposes, and the Company shall not be affected by notice to the contrary.

2. Investment Representation. The Warrant Holder by accepting this Warrant represents that the Warrant Holder is acquiring this Warrant for its own account or the account of an accredited investor affiliate for investment purposes and not with the view to any offering or distribution and that the Warrant Holder will not sell or otherwise dispose of this Warrant or the underlying Warrant Shares in violation of applicable securities laws. Subject to Section 10 hereof, the Warrant Holder acknowledges that the certificates representing any Warrant Shares will bear a legend indicating that they have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act") and may not be sold by the Warrant Holder except pursuant to an effective registration statement or pursuant to an exemption from registration requirements of the 1933 Act and in accordance with federal and state securities laws.

3. Validity of Warrant and Issue of Shares. The Company represents and warrants that this Warrant has been duly authorized and validly issued and warrants and agrees that all of Common Stock that may be issued upon the exercise of the rights represented by this Warrant will, when issued upon such exercise, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof. The Company further warrants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of Common Stock to provide for the exercise of the rights represented by this Warrant.

4. Registration of Transfers and Exchange of Warrants.

a. All or any portion of this Warrant shall be assignable or transferable by Warrant Holder to a corporation, partnership or limited liability company that directly or indirectly controls or is controlled by such Warrant Holder, subject to such terms and conditions with respect to such assignment or transfer as Warrant Holder shall determine and provided that the transferee agrees in writing for the benefit of the Company (with a copy thereof to be furnished to the Company) to be bound by the terms of this Warrant.

b. Subject to compliance with the legend set forth on the face of this Warrant, the Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant with the Form of Assignment attached hereto duly completed and signed, to the Company at the office specified in or pursuant to Section 12. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a " **New Warrant** "), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Warrant Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance of such transferee of all of the rights and obligations of a Warrant Holder of a Warrant.

c. This Warrant is exchangeable, upon the surrender hereof by the Warrant Holder to the office of the Company specified in or pursuant to Section 12 for one or more New Warrants, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder. Any such New Warrant will be dated the date of such exchange.

5. Exercise of Warrants.

a. Upon surrender of this Warrant with the Form of Election to Purchase attached hereto duly completed and signed to the Company, at its address set forth in Section 12, and upon payment and delivery of the Exercise Price per Warrant Share multiplied by the number of Warrant Shares that the Warrant Holder intends to purchase hereunder, in lawful money of the United States of America, in cash or by certified or official bank check or checks, to the Company, all as specified by the Warrant Holder in the Form of Election to Purchase, the Company shall promptly (but in no event later than 7 business days after the Date of Exercise (as defined herein)) issue and deliver or cause to be issued and cause to be delivered to or upon the written order of the Warrant Holder and in such name or names as the Warrant Holder may designate (subject to the restrictions on transfer described in the legend set forth on the face of this Warrant), a stock certificate for the number of Warrant Shares issuable upon such exercise, with such restrictive legend as required by the 1933 Act. Any person so designated by the Warrant Holder to receive Warrant Shares shall be deemed to have become holder of record of such Warrant Shares as of the Date of Exercise. In connection with such exercise, the Warrant Holder, or such person so designated by the Warrant Holder in accordance with this paragraph, shall be deemed a stockholder of record with respect to the Warrant Shares purchaser pursuant to such exercise, with all rights of a stockholder, including voting rights and rights to receive dividends.

b. A "Date of Exercise" means the date on which the Company shall have received (i) this Warrant (or any New Warrant, as applicable), with the Form of Election to Purchase attached hereto (or attached to such New Warrant) appropriately completed and duly signed, and (ii) payment of the Exercise Price for the number of Warrant Shares so indicated by the Warrant Holder to be purchased.

c. This Warrant shall be exercisable at any time and from time to time for such number of Warrant Shares as is indicated in the attached Form of Election To Purchase. If less than all of the Warrant Shares which may be purchased under this Warrant are exercised at any time, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares for which no exercise has been evidenced by this Warrant.

d. Cashless Exercise. The Warrant Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of shares with respect to which this Warrant is then being exercised.

B = the closing sale price of the shares of Common Stock (as reported by Bloomberg) on the date immediately preceding the date of the Form of Election to Purchase (the "**Closing Price**").

C = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

e. Deemed Exercise. If, at the Expiration Date for any Warrant Shares, this Warrant has not theretofore been exercised with respect to such Warrant Shares, and the Closing Price on the business day immediately prior to the Expiration Date is greater than the Exercise Price, then the Warrant Holder shall be deemed to have exercised this Warrant in whole with respect to such Warrant Shares immediately prior to such Expiration Date and shall be deemed to have elected to pay the aggregate Exercise Price pursuant to paragraph d. (Cashless Exercise) of this Section 5, and the Date of Exercise with respect to such deemed exercise shall be the date on which such Expiration Date occurs.

6. Adjustment of the Number of Shares. The character of the shares of stock or other securities at the time issuable upon exercise of this Warrant, are subject to adjustment upon the occurrence of the following events, and all such adjustments shall be cumulative:

a. Adjustment for Stock Splits, Stock Dividends, Recapitalizations, Etc. The Exercise Price and the number of shares of Common Stock or other securities at the time issuable upon exercise of this Warrant shall be appropriately adjusted to reflect any stock dividend, stock split, combination of shares, reclassification, recapitalization or other similar event affecting the number of outstanding shares of stock or securities.

b Distributions of Other Property. If, at any time while this Warrant remains outstanding and unexpired with respect to any Warrant Shares, the Company shall distribute to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) evidences of its indebtedness or assets (excluding ordinary cash dividends or distributions payable out of consolidated earnings or earned surplus and dividends or distributions referred to in paragraph (a) of this Section 6), then, in lieu of an adjustment to the number of shares Company Common Stock purchasable upon the exercise of this Warrant, the Warrant Holder, upon the exercise hereof at any time after such distribution shall be entitled to receive from the Company the stock or other securities to which the Warrant Holder would have been entitled if the Warrant Holder had exercised this Warrant immediately prior thereto, all subject to further adjustment as provided in this Section 6.

c. Certificate as to Adjustments. In case of any adjustment or readjustment in the number or kind of securities issuable on the exercise of this Warrant, or the Exercise Price, the Company will promptly give written notice thereof (but in no event later than 5 business days thereafter) to the holder of this Warrant in the form of a certificate, certified and confirmed by the Board of Directors of the Company, setting forth such adjustment or readjustment and showing in reasonable detail the facts upon which such adjustment or readjustment is based.

7. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. The number of full Warrant Shares that shall be issuable upon the exercise of this Warrant shall be computed on the basis of the aggregate number of Warrants Shares purchasable on exercise of this Warrant so presented. If any fraction of a Warrant Share would, except for the provisions of this Section 7, be issuable on the exercise of this Warrant, the Company shall, at its option, (i) pay an amount in cash equal to the Exercise Price multiplied by such fraction or (ii) round the number of Warrant Shares issuable, up to the next whole number.

8. Sale or Merger the Company. The Company will give Warrant Holder 15-day written notice before the event of a sale of all or substantially all of the assets of the Company or the merger or consolidation of the Company in a transaction in which the Company is not the surviving entity (a "**Fundamental Transaction**"). The Company shall not enter into or be party to such Fundamental Transaction unless the surviving entity assumes in writing all of the obligations of the Company under this Warrant pursuant to written agreements in form and substance satisfactory to the Warrant Holder and approved by the Warrant Holder prior to such Fundamental Transaction, including agreements to deliver to the Warrant Holder in exchange for this Warrant a security of the surviving entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, an adjusted exercise price equal to the value for the shares of Common Stock reflected by the terms of such Fundamental Transaction, and exercisable for a corresponding number of shares of capital stock equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and satisfactory to the Warrant Holder.

9. Issuance of Substitute Warrant. In the event of a merger, consolidation, recapitalization or reorganization of the Company or a reclassification of Company shares of stock, which results in an adjustment to the number of shares subject to this Warrant hereunder, the Company agrees to issue to the Warrant Holder a substitute Warrant reflecting the adjusted number of shares upon the surrender of this Warrant to the Company.

10. Listing of Shares. The Company shall promptly secure the listing of all of the Warrant Shares issuable hereunder upon each national securities exchange and automated quotation system, if any, upon which the Common Stock is then listed (subject to official notice of issuance) and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of Warrant Shares.

11. Noncircumvention. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Warrant Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the this Warrant, 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of this Warrant (without regard to any limitations on exercise).

12. Notice. All notices and other communications hereunder shall be in writing and shall be deemed to have been given (i) on the date they are delivered if delivered in person; (ii) on the date initially received if delivered by facsimile transmission followed by registered or certified mail confirmation; (iii) on the date delivered by an overnight courier service; or (iv) on the third business day after it is mailed by registered or certified mail, return receipt requested with postage and other fees prepaid as follows:

If to the Company:

HealthWarehouse.com, Inc.
7107 Industrial Road
Florence, KY 42042
Fax: (866) 821-3784
Attn: Chief Executive Officer

with a copy (for informational purposes only) to:

Kenneth Tabach, Esq.
Silver, Freedman, Taff & Tiernan, LLP
3239 K Street, NW, Suite 100
Washington, D.C. 20007
Telephone: 202-295-4500

If to the Warrant Holder :

Brian Corona

With a copy (for informational purposes only) to:

13. Loss of Warrant. Upon receipt by the Company of satisfactory evidence of loss, theft, destruction or mutilation of this Warrant and of indemnity satisfactory to the Company, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date and any such lost, stolen or destroyed Warrant shall thereupon become void.

14. Miscellaneous.

a. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Warrant may be amended only in writing and signed by the Company and the Warrant Holder.

b. Nothing in this Warrant shall be construed to give to any person or corporation other than the Company and the Warrant Holder any legal or equitable right, remedy or cause of action under this Warrant; this Warrant shall be for the sole and exclusive benefit of the Company and the Warrant Holder.

c. This Warrant shall be governed by, construed and enforced in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof. Each party irrevocably submits and consent to the exclusive jurisdictions of the United States District Courts of the State of Delaware, or, if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the State of Delaware, and hereby agrees that such courts shall be the exclusive proper forum for the determination of any dispute arising hereunder.

d. The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

e. In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefore, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

f. The Warrant Holder shall not, by virtue hereof, be entitled to any voting or other rights of a shareholder of the Company, either at law or equity, and the rights of the Warrant Holder are limited to those expressed in this Warrant.

g. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Warrant Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Warrant Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. If any action, suit, or other proceedings is instituted concerning or arising out of this Warrant, the prevailing party shall recover all of such party's costs and reasonable attorney's fees incurred in each such action, suit, or other proceeding, including any and all appeals or petitions from any such action, suit or other proceeding.

h. From and after the date of this Warrant, upon the request of the Warrant Holder or the Company, the Company and the Warrant Holder shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by the authorized officer as of the Grant Date first above stated.

Healthwarehouse.com, Inc.

By: */s/ Lalit*
Dhadphale
Name: Lalit Dhadphale,
President and Chief Executive Officer

FORM OF ELECTION TO PURCHASE

(To be executed by the Warrant Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To: **HealthWarehouse.com, Inc.**

In accordance with the Warrant enclosed with this Form of Election to Purchase, the undersigned hereby irrevocably elects to purchase _____ shares of Common Stock, par value \$.001 per share ("Common Stock"), of HealthWarehouse.com, Inc. and encloses one warrant and \$_____ for each Warrant Share being purchased or an aggregate of \$_____ in cash or certified or official bank check or checks, which sum represents the aggregate Exercise Price (as defined in the Warrant) together with any applicable taxes payable by the undersigned pursuant to the Warrant. The undersigned requests that certificates for the shares of Common Stock issuable upon this exercise be issued in the name of:

(Please print name and address)

(Please insert Social Security or Tax Identification Number)

If the number of shares of Common Stock issuable upon this exercise shall not be all of the shares of Common Stock which the undersigned is entitled to purchase in accordance with the enclosed Warrant, the undersigned requests that a New Warrant (as defined in the Warrant) evidencing the right to purchase the shares of Common Stock not issuable pursuant to the exercise evidenced hereby be issued in the name of and delivered to:

(Please print name and address)

Dated: _____

Name of Warrant Holder:

(Print) _____

(By:) _____

(Name:) _____

(Title:) _____

Signature must conform in all respects to name of Warrant Holder as specified on the face of the Warrant

FORM OF ASSIGNMENT PURSUANT TO SECTION 4(a)

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED hereby sells, assigns and transfers unto

(Please print name and address of transferee)

this Warrant Certificate, together with all right, title and interest therein, and hereby irrevocably constitutes and appoints _____
Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____

Signature: _____

(Signature must confirm in all respects to name of holder as specified on the face of the Warrant Certificate.)

(Insert Social Security or Other Identifying Number of Assignee).

THIRD AMENDMENT TO LEASE

This THIRD AMENDMENT TO LEASE ("Third Amendment") is made and entered into as of April 27, 2015, by and between CIVF I-KY1M01-KY1M06 & KY1W01, LLC, a Delaware limited liability company ("Landlord"), and HEALTHWAREHOUSE.COM, INC., a Delaware corporation ("Tenant").

RECITALS

WHEREAS, Landlord and Tenant entered into that certain Agreement of Lease dated June 15, 2011, as amended by that certain First Amendment to Lease dated August 29, 2011, and as further amended by that certain Second Amendment to Lease dated May 7, 2014 (such lease and all amendments and modifications thereto are collectively hereinafter referred to as the "Lease"), whereby Tenant agreed to lease certain premises consisting of approximately 62,600 rentable square feet (the "Premises") in the building located at 7107 Industrial Road, Florence, Kentucky (the "Building"); and

WHEREAS, Landlord and Tenant desire to modify the Lease on the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby covenant and agree as follows:

1. **Defined Terms; Recitals.** Unless otherwise expressly defined herein, all capitalized terms used herein shall have the meanings set forth for such terms in the Lease. The recitals set forth above are hereby incorporated into the body of this Third Amendment as if fully restated herein.

2. **Reduction of Premises.** On or prior to 11:59 p.m. on June 15, 2015 (the "Surrender Date"), Tenant shall: (i) surrender to Landlord that certain portion of the Premises consisting of approximately 34,106 rentable square feet (the "Surrendered Premises"), as shown on Exhibit A to this Third Amendment, with all of Tenant's property, trade fixtures, and equipment removed therefrom and otherwise in broom-clean, good order, condition, and repair, except for ordinary wear and tear and casualty damage, and (ii) return any and all keys for the Surrendered Premises to Landlord. Effective on the Surrender Date, (a) the Premises shall no longer include the Surrendered Premises, (b) the term "Premises" shall refer only to the space originally leased to Tenant consisting of approximately 28,494 rentable square feet (and shall expressly exclude the Surrendered Premises) and (c) the terms "Tenant's Share of Expenses," "Tenant's Proportionate Share," and words of similar import shall mean 45.52%, subject to the terms of the Lease. Subject to the terms of this Third Amendment, Tenant's obligations under the Lease with respect to the Surrendered Premises (the "Surrendered Premises Obligations") shall continue until 11:59 p.m. on the Surrender Date, at which time such Surrendered Premises Obligations shall expire, except for any obligations that accrued prior to the Surrender Date but have not been satisfied before the Surrender Date. Notwithstanding the foregoing, in the event Tenant holds over with respect to the Surrendered Premises on or past the Surrender Date, (x) Tenant shall be responsible for all of the Surrendered Premises Obligations through (and including) the date Tenant actually vacates and surrenders the Surrendered Premises to Landlord in accordance with the terms of this Third Amendment, (y) the definitions of "Premises" and "Tenant's Proportionate Share" shall not change as described in this Third Amendment until the date immediately following such date, and (z) Tenant shall be deemed to be holding over with respect to the Surrendered Premises, the terms of Section 15 of the Lease shall apply to such holding over and Landlord shall be entitled to exercise or pursue any or all of its rights under the Lease, at law or in equity with respect to such holding over.

3. Lease Term for the Premises. The Lease Term for the Premises (as reduced) shall continue so that the expiration date of the Lease Term for the Premises (as reduced) shall be December 31, 2016 ("Expiration Date").

4. Base Rent. From and after the Surrender Date, the Base Rent in the amounts set forth below shall be payable to Landlord in accordance with the provisions of the Lease.

<u>Period</u>	<u>Monthly Base Rent</u>
June 16, 2015 through June 30, 2015	\$ 2,433.86
July 1, 2015 through December 31, 2015	\$ 4,867.73
January 1, 2016 through December 31, 2016	\$ 5,461.35

5. Additional Rent. In addition to the Base Rent and other provisions as set forth above, Tenant shall remain obligated for the payment (to Landlord or such other party as may expressly and specifically be required under the Lease) of Additional Rent, and any other charges or amounts due under the Lease, in accordance with the provisions of the Lease.

6. Contingency. The parties hereby acknowledge that Landlord is in the process of contract negotiations with a prospective tenant to lease the Surrendered Premises immediately following the Surrender Date. Therefore, any holdover in the Surrendered Premises is expressly not permitted under the Lease or this Third Amendment. Further, notwithstanding anything in this Third Amendment to the contrary, in the event that Landlord and such prospective tenant fail to mutually enter into a binding agreement and cease negotiations on such agreement in connection with such leasing of the Surrendered Premises, then Landlord will provide Tenant with written notice thereof and this Third Amendment shall be deemed null and void and of no force and effect, in which case the Lease shall continue unmodified.

7. Effect of Amendment. Except as expressly amended hereby, the Lease shall continue in full force and effect and unamended. In the event of any conflict or inconsistency between the provisions of the Lease (other than this Third Amendment) and this Third Amendment, the provisions of this Third Amendment shall control. From and after the date hereof, references to the "Lease" (including, without limitation, any and all references contained in this Third Amendment) shall mean the Lease as amended by this Third Amendment.

8. Binding Effect. This Third Amendment will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

9. Headings. The paragraph headings that appear in this Third Amendment are for purposes of convenience of reference only and are not in any sense to be construed as modifying the substance of the paragraphs in which they appear.

10. Counterparts. This Third Amendment may be executed in one or more counterparts, each of which will constitute an original, and all of which together shall constitute one and the same agreement. Executed copies hereof may be delivered by e-mail or facsimile and, upon receipt, shall be deemed originals and binding upon the parties hereto. Without limiting or otherwise affecting the validity of executed copies hereof that have been delivered by e-mail or facsimile, the parties will use best efforts to deliver originals as promptly as possible after execution.

11. Governing Law. This Third Amendment shall be governed by and construed in accordance with the laws of the state in which the Premises are located.

12. Authority. The parties represent and warrant to each other that it has full power, right and authority to execute and perform this Third Amendment and all corporate action necessary to do so have been duly taken.

13. Binding Agreement. Submission of this Third Amendment shall not be deemed to be an offer or an acceptance of the terms herein, and neither Landlord nor Tenant shall be bound by the terms herein until Landlord has delivered to Tenant, or to Tenant's agent, or designated representative, a fully executed copy of this Third Amendment (which may be delivered in counterparts as described above), signed by both of the parties in the spaces herein provided.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment on the dates set forth below, to be effective for all purposes, however, as of the date first set forth above.

LANDLORD:

CIVF I-KY1M01-KY1M06 & KY1W01, LLC,
a Delaware limited liability company

By: DCT Industrial Value Fund I, L.P.,
a Delaware limited partnership,
its Sole Member

By: DCT Industrial Value Fund I, Inc.
a Maryland corporation,
its General Partner

By: /s/ **Scott**
Blanding
Name: Scott Blanding
Title: Senior Vice President
Date: May 1, 2015

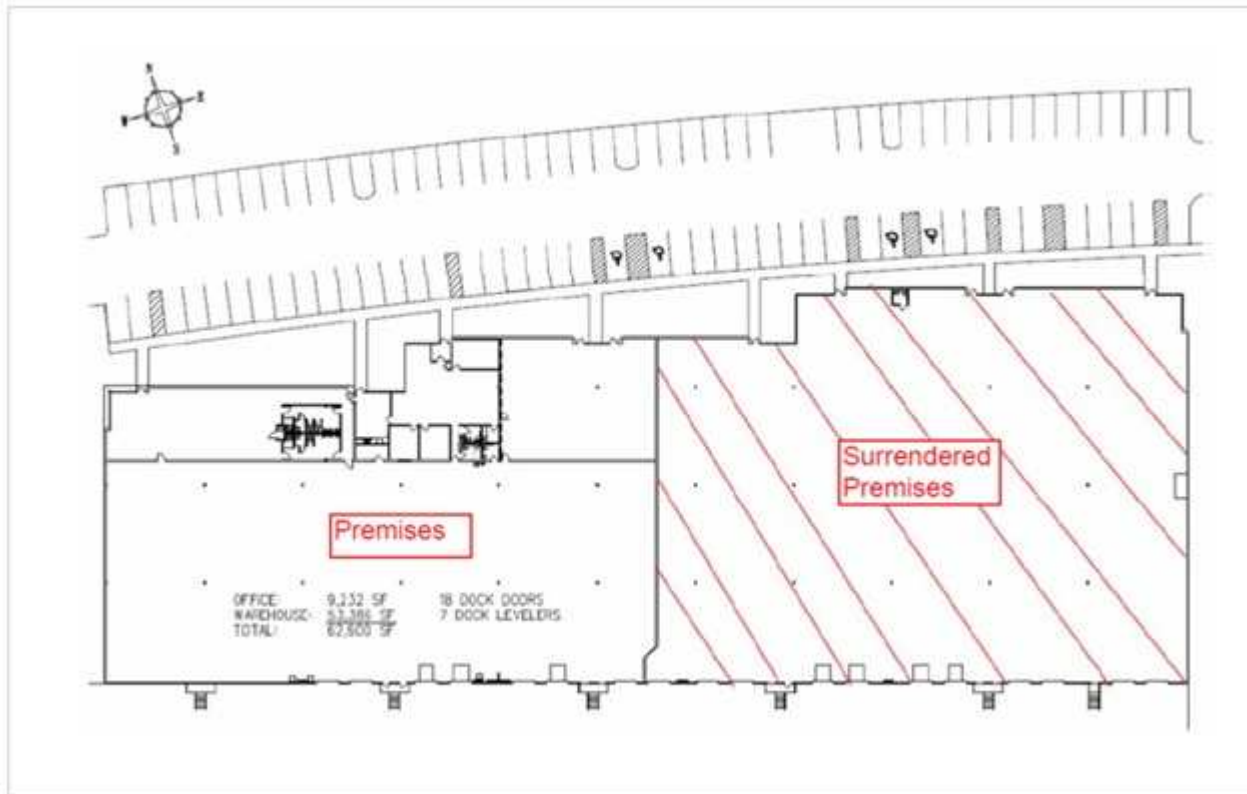
TENANT:

HEALTHWAREHOUSE.COM, INC.,
a Delaware corporation

By: /s/ **Lalit Dhadphale**
Name: Lalit Dhadphale
Title: CEO
Date: April 28, 2015

EXHIBIT A

SURRENDERED PREMISES



CERTIFICATION OF C.E.O. PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, in the capacity and date indicated below, hereby certifies that:

1. I have reviewed this quarterly report on Form 10-Q of HealthWarehouse.com, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(d)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 11, 2015 By: /s/ Lalit Dhadphale
Lalit Dhadphale
President and Chief Executive Officer

CERTIFICATION OF C.F.O. PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, in the capacity and date indicated below, hereby certifies that:

1. I have reviewed this quarterly report on Form 10-Q of HealthWarehouse.com, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(d)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 11, 2015 By: /s/ Lalit Dhadphale
Lalit Dhadphale
Principal Financial Officer

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (Chief Executive Officer)

In connection with the annual report of HealthWarehouse.com, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2015 as filed with the Securities and Exchange Commission (the "Report"), I, Lalit Dhadphale, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 11, 2015 By: /s/ Lalit Dhadphale

Lalit Dhadphale
President and Chief Executive Officer

A signed original of this written statement required by section 906 has been provided to HealthWarehouse.com, Inc. and will be retained by HealthWarehouse.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished to the SEC with this Report pursuant to Section 906 of the Sarbanes – Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (Chief Financial Officer)

In connection with the annual report of HealthWarehouse.com, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2015 as filed with the Securities and Exchange Commission (the "Report"), I, Lalit Dhadphale, Principal Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 11, 2015 By: /s/ **Lalit Dhadphale**

Lalit Dhadphale
Principal Financial Officer

A signed original of this written statement required by section 906 has been provided to HealthWarehouse.com, Inc. and will be retained by HealthWarehouse.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished to the SEC with this Report pursuant to Section 906 of the Sarbanes – Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.