

Press Release

February 26, 2013

Rundbuckstrasse 6
CH – 8212 Neuhausen am Rheinfall / Switzerland
www.lifewatch.com

LifeWatch AG: Fourth Quarter 2012 and Full Fiscal Year 2012 Results confirm successful turnaround

- EBIT of USD 0.65 million and EBITDA of USD 1.57 million in Q4 2012
- Net profit of USD 0.47 million in Q4 2012
- Reduction of total departmental expenses of USD 10.4 million in FFY 2012
- Additional 138 new or amended contracts for ACT and HST, respectively

International analyst and media conference and audio web cast on LifeWatch Q4 2012 and full fiscal year 2012 results

- Tuesday, February 26, 2013 at 10.00 a.m. CET
- Dial-in number: + 41 (0)91 610 56 00 (Europe), + 44 (0)203 059 58 62 (UK), +1 (1)866 291 41 66 (USA – Toll-free)
- Audio web cast <http://services.choruscall.eu/links/lifewatch130226.html>

Neuhausen am Rheinfall/Switzerland – LifeWatch AG (SIX Swiss Exchange: LIFE), the leading provider of wireless telemedicine, today announces the results for the fourth quarter 2012 and full fiscal year 2012. The Company continues in the fourth quarter 2012 to present an operating profit on EBIT and EBITDA level and as well as a net profit. Total department expenses for full fiscal year 2012 were reduced by over USD 10 million. Furthermore LifeWatch succeeded in 2012 in closing 138 new or amended contracts for its ACT services and Home Sleep Testing, respectively.

Fourth Quarter 2012 Financial Highlights:

- Revenues of USD 20.07 million compared with USD 22.24 million in Q4 2011
- Gross margin of 56.6% compared with 60.6% in Q4 2011
- Total departmental expenses were 53.4% of revenues compared with 60.2% in Q4 2011
- EBIT of USD 0.65 million compared with EBIT of USD 0.09 million in Q4 2011
- EBITDA of USD 1.57 million compared with EBITDA of USD 1.08 million in Q4 2011
- Net profit of USD 0.47 million compared with net loss of USD 0.55 million in Q4 2011

Full Fiscal Year 2012 Financial Highlights:

- Revenues of USD 80.11 million compared with USD 82.24 million in FFY 2011
- Operating costs were USD 10.4 million less than in FFY 2011
- EBIT and EBITDA of USD 4.17 million and USD 8.15 million compared with LBIT and LBITDA of USD 28.22 million and USD 22.92 million respectively in FFY 2011
- Net loss of USD 0.37 million compared with a net loss of USD 31.97 million in FFY 2011
- Delayed Medicare payment of approximately USD 3.5 million impacted cash, cash equivalents, marketable securities and structures, which were USD 5.95 million on December 31, 2012

Revenues

During the course of FFY 2012 the Company saw a rise in patients who declined their monitoring service prescribed by their physician. This situation is impacting healthcare delivery across the USA, and we discussed it in the Letter to Shareholders. These trends underscore our strategy of diversifying into new territories and with new monitoring platforms for other disease states.

Quarterly: Revenues for Q4 of 2012 reached USD 20.07 million, a decline of almost 10% over Q4 2011 revenues of USD 22.24 million, yet an increase of approx. 1% over Q3 2012 revenues.

Annually: Revenues for FFY 2012 reached USD 80.11 million, which reflects a decrease of approximately 2.6% from FFY 2011 revenues of USD 82.24 million.

Gross Profit, EBIT and EBITDA

Fourth Quarter 2012:

- Gross profit during this reporting quarter reached USD 11.36 million with a margin of 56.6% compared with a gross profit of USD 13.48 million and a margin of 60.6% in Q4 2011. Gross margin was impacted by the decrease in Q4 2012 revenues.
- EBIT this quarter was USD 0.65 million with a margin of 3.2% compared with Q4 2011 EBIT of USD 0.09 million and a margin of 0.4%.
- EBITDA this quarter reached USD 1.57 million with a margin of 7.8% compared with EBITDA of USD 1.08 million and a margin of 4.9% in Q4 2011.

Full Fiscal Year 2012:

- Gross profit in FFY 2012 reached USD 45.93 million with a margin of 57.3% compared with FFY 2011 gross profit of USD 43.44 million with a margin of 52.8%. The cost cutting measures, including a reduction of headcount and decrease in depreciation expenses were the main reasons for the positive impact on 2012 FFY gross profit margin.
- EBIT in FFY 2012 was USD 4.17 million with a margin of 5.2% compared with LBIT of USD 28.22 million for FFY 2011.

Net Income/Loss

Fourth Quarter 2012: Net income for this quarter was USD 0.47 million with a margin of 2.3% compared with a net loss of USD 0.55 million in Q4 2011. Fully-diluted earnings per share were USD 0.03 this quarter compared with a fully-diluted loss per share of USD 0.04 in Q4 2011.

Full Fiscal Year 2012: Net loss for FFY 2012 was USD 0.37 million compared with a net loss of USD 31.97 million in FFY 2011. Fully-diluted loss per share was USD 0.03 in FFY 2012 compared with fully-diluted loss per share of USD 2.56 in FFY 2011.

Outlook 2013

LifeWatch executed a successful turnaround and returned to operational profitability in 2012. Nonetheless, reimbursement in the U.S. remains a challenge. Despite the increased competition in cardiac monitoring services, LifeWatch will focus on strengthening its position through additional market share in the cardiac and home sleep testing market, expansion of sales and marketing efforts in large metropolitan areas, and the introduction of new programs for monitoring other disease conditions. Our LifeWatch V business development team is intensely focused on identifying growth opportunities and strategic partnerships in new markets, and has identified a number of strategic partnerships to pursue in 2013. Our long-term growth strategy of product and geographical diversification looks promising.

For further information please contact:

Sensus Communication Consultants, Zürich:

Tel +41 43 366 55 11 | Fax +41 43 366 55 12 | Email lifewatch@sensus.ch

About LifeWatch AG:

LifeWatch AG, headquartered in Neuhausen am Rheinfall and listed on SIX Swiss Exchange (LIFE), Switzerland, is the leading healthcare technology and solution company, specializing in advanced telehealth systems and wireless remote patient monitoring services. LifeWatch services cater to individuals, ranging from high-risk and chronically ill patients, to consumers of health and wellness products. LifeWatch AG has operative subsidiaries in the United States, in Switzerland and in Israel and is the parent company of LifeWatch Services Inc., and LifeWatch Technologies, Ltd. LifeWatch Services, Inc. is a leading US-based provider of cardiac monitoring services and home sleep testing of Obstructive Sleep Apnea (OSA). LifeWatch Technologies Ltd., based in Israel, is a leading

developer and manufacturer of telemedicine products. The Company is planning to introduce the LifeWatch V, an Android-based smartphone with medical sensors and apps that uses a cloud-based service platform. For additional information, please visit www.lifewatch.com.

Sign-up for customized E-mail alerts and documentation requests is available at <http://production.investis.com/lifewatch/alert-service/>

This press release includes forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding future results of operations and financial position, business strategy and plans and objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. LifeWatch AG has based these forward-looking statements largely on current expectations and projections about future events and financial trends that it believes may affect the financial condition, results of operations, business strategy, short term and long term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances described may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. All forward-looking statements are based only on data available to LifeWatch AG at the time of the issue of this press release. LifeWatch AG does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

THIS PRESS RELEASE IS NOT BEING ISSUED IN THE UNITED STATES OF AMERICA AND SHOULD NOT BE DISTRIBUTED TO UNITED STATES PERSONS OR PUBLICATIONS WITH A GENERAL CIRCULATION IN THE UNITED STATES. THIS PRESS RELEASE DOES NOT CONSTITUTE AN OFFER OF SECURITIES OF LIFEWATCH AG OR ANY OF ITS SUBSIDIARIES FOR SALE IN THE UNITED STATES OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES OF LIFEWATCH AG OR ITS SUBSIDIARIES IN THE UNITED STATES. IN ADDITION, THE SECURITIES OF LIFEWATCH AG AND ITS SUBSIDIARIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS ABSENT REGISTRATION UNDER OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE UNITED STATES SECURITIES LAWS. ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM LIFEWATCH AG OR ITS SUBSIDIARIES, AS APPLICABLE, AND WILL CONTAIN DETAILED INFORMATION ABOUT THE ISSUER AND ITS MANAGEMENT AS WELL AS FINANCIAL STATEMENTS OF THE ISSUER.