Press Release, July 6, 2016

LifeWatch AG
Baarerstrasse 139
CH-6300 Zug, Switzerland
www.lifewatch.com

LifeWatch Announces Q1 2016 Results and Strategy Update

For further questions:
LifeWatch AG
Andrew Moore, CFO
c/o Dynamics Group
Doris Rudischhauser
Phone +41 43 268 32 35
Mobile +41 79 410 81 88
investor-relations@lifewatch.com

Zug/Switzerland, July 6, 2016 – LifeWatch AG (SIX Swiss Exchange: LIFE), a leading developer and provider of medical solutions and remote diagnostic monitoring services to the digital health market, today reported financial results for the first three months of 2016 and provided an update on the Company's revised strategy.

In the first quarter of 2016, revenues amounted to USD 28.4 million, representing an increase of 12.3% compared to the first quarter of 2015. The increase in revenues is attributable to above market revenue growth in the Company's cardiac monitoring business in the United States.

The gross profit margin for the period improved to 56.2% or USD 15.95 million, representing an improvement from the 53.3% margin recorded for the prior year's period.

The operating loss for the first quarter amounted to USD -13.2 million as compared to a profit (EBIT) for the prior year period of USD 2.1 million. Operating results were negatively impacted by settlement and legal costs associated with the two legal cases, Highmark and Qui Tam, announced on June 1, 2016 as well as other non-recurring expenditures. The operating loss in the first quarter of 2016 was primarily attributable to the Qui Tam settlement of USD 12.98 million.

Other operating costs were also moderately higher in the first quarter of 2016. Research and development costs were USD 1.15 million, or 4.0% of revenue, as a result of certain external costs in connection with the MCT 1-lead patch. Sales and marketing costs increased to USD 5.86 million, or 20.6% of revenue, as compared to the prior year period of USD 4.40 million, driven primarily by higher sales commissions for performance above plan.

General and administrative costs increased to USD 9.0 million, or 31.7% of revenue, compared to USD 5.96 million in Q1 2015. Higher G&A costs were attributable to several factors including higher labor, legal and outside service costs. There was also an increase in the provision for bad debt based on the implementation of a more robust methodology. Investments in additional quality assurance and quality control personnel and the utilization of external quality/regulatory consultants along with increases in legal costs associated with the aforementioned legal cases represented the majority of the increase in G&A costs. EBITDA was a negative USD -11.0 million, compared to USD 3.7 million in Q1 2015 and the net result was also negative at USD -10.1 million compared to a Q1 2015 net income of USD 0.9 million.

It is important to note that no adjustment has been made to the Q1 2016 results for the reduction in the Highmark settlement from approximately USD 21.6 million (charged in financial year 2015) to USD 13 million. This adjustment of approximately USD 8 million will follow in Q2 2016. As a result of this situation, the first quarter results appear significantly worse than if both the Qui Tam and Highmark settlements had been fully reflected.

Key figures (unaudited, USD millions):

	Q1 2016 adjusted for legal settlements	Q1 2016	Q1 2015
Revenues	28.39	28.39	25.27
Gross profit	15.95	15.95	13.45
As % of revenues	*56.18%*	*56.18%*	*53.23%*
EBITDA / (LBITDA)	1.965	-11.01	3.681
As % of revenues	*6.92%*	*NA*	*14.57%*
EBIT / (LBIT)	-0.175	-13.15	2.12
As % of revenues	*NA*	*NA*	*8.39%*
Net income (loss)	-1.84	-10.09	0.91
As % of revenues	*-6.48%*	*NA*	*3.60%*
Earnings (loss) per share	(0.14)	-0.75	0.07
Total fixed assets, net	17.75	17.75	15.26
Total assets	78.48	83.2	68.35
Total equity	24.11	15.86	37.8
As % of total assets	30.72%	19.06%	55.30%
Net cash flow	-4.674	-4.674	-2.49
Employees	617.5	617.5	595

Lower EBITDA and negative earnings expected for the full year

Given the legal case settlements as well as the additional costs mentioned above, LifeWatch is lowering its guidance for 2016. While still anticipating double-digit revenue growth, management now expects a significantly lower positive EBITDA margin, in the mid-single digit range, and a negative EBIT and net income.

Update on Strategy and Product Development

LifeWatch plans to further enhance its position as a leading provider of remote cardiac monitoring services in the United States by strengthening its existing remote cardiac monitoring offering and leveraging its remote monitoring expertise by expanding into certain international markets. In addition, it is envisioned that the product offering will expand beyond cardiac monitoring with a view towards monitoring of other co-morbidities such as stroke, blood pressure and sleep apnea.

A key element of the strategy by which LifeWatch intends to achieve these objectives includes transitioning into to a pure-play service provider. Furthermore, LifeWatch believes that it can better ensure that its technology platform remains state-of-the-art by outsourcing the development of products to third party providers or by buying off-the-shelf technology. An internal technology innovation team will lead this effort.

LifeWatch will continue to be focused on providing outpatient services and will aim to increase the demand for its remote cardiac monitoring solutions, penetrate new markets by either replicating its existing business model or by developing new service offerings via local partnerships and actively pursue synergistic strategic acquisitions.

In the context of its strategy review, LifeWatch decided that it will discontinue the internal development and related costs associated with its vital signs patch (“VSP”), a non-invasive sensor worn on a patient’s chest for the monitoring of various vital signs. As a consequence of this strategy change, LifeWatch will endeavor to identify a potential buyer for the technology.

LifeWatch has taken a strategic decision to launch its service in Turkey with its ACT product and only introduce the MCT 1-lead patch later. This will cause a slight delay in the launch resulting in only minimal revenues in Turkey in 2016. Furthermore, additional funding will also be required. This is currently being discussed with the JV partner.

The cooperation agreement to integrate Vital Connect's patch solution into LifeWatch's product portfolio was unsuccessful and therefore was terminated as of June 30, 2016.

Capital Increase

Following the shareholders' resolution of April 15, 2016 to conduct an ordinary capital increase with subscription rights, the Board of Directors decided on July 5, 2016 to issue 4,994,019 new registered shares with a nominal value of CHF 1.30 each. The subscription price per new registered share amounts to CHF 9.00. AEVIS VICTORIA SA has committed to purchase at the subscription price any and all new shares remaining unsubscribed by the existing shareholders.

About LifeWatch AG

LifeWatch AG, headquartered in Zug and listed on SIX Swiss Exchange (LIFE), Switzerland, is a leading healthcare technology and solution company, specializing in advanced digital health systems and wireless remote diagnostic patient monitoring services. LifeWatch's services provide physicians with critical information to determine appropriate treatment and thereby improve patient outcomes. 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 U.S.-based provider of cardiac monitoring services. LifeWatch Technologies Ltd., based in Israel, is a leading developer and manufacturer of telemedicine products. For additional information, please visit **www.lifewatch.com**.

Sign up for customized e-mail alerts and documentation requests at
http://www.irlifewatch.com/websites/lifewatch_ir/English/9510/alert-service.html

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, the 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.