

2012 Sales Advance

GOWEX reached a turnover of 114.1 Million Euros by increasing its revenues by 71% in 2012

- Total Sales jumped by 71% from 66.7 to 114.1 Million Euros between 2011 and 2012
- GOWEX Wireless business line has almost doubled its turnover from 46.5 to 90.7 Million Euros and now accounts for 80% of the GOWEX's revenues.

Madrid, March 13th, 2013 - **GOWEX** (GOW-MAB, ALGOW-NYSE Alternext, LGWXY-ADR Program), leader in creating Wi-Fi Smart Cities (Wireless Smart Cities ®) and Intelligent Wi-Fi for Transport, has increased significantly its 2012 turnover to reach 114.1 Million Euros, which represents a growth of 71% between 2011 and 2012.

Hence, the consolidated turnover of GOWEX over the recent years has recorded a remarkable growth, 34% between 2010 and 2011 up to 71% between 2011 and 2012.

In millions Euros

Consolidated Sales 2012	2012	2011	% Growth 2012/2011	2012 sales split %
Gowex Telecom	23.4	20.2	16%	21%
GOWEX Wireless	90.7	46.5	95%	79%
Consolidated Sales	114.1	66.7	71%	100%

See appendix

GOWEX Wireless doubles its invoicing

The contribution of GOWEX Wireless, the main division of the Company, which develops the Wi-Fi Smart Cities (Wireless Smart Cities ®) network, is outstanding and its sales have almost doubled in one year, **by 95% between 2011 and 2012, from 46.5 to 90.7 Million Euros**. Since 2007, GOWEX Wireless is the strategic pillar for the growth of the company and now weights **80% of GOWEX sales**. As well, the GOWEX Telecom, one of the historical divisions of the Group, has generated as expected 23.4 Million Euros or **21%** of the total turnover, i.e. an increase of 16% since 2011.

Internationalization and recurring revenues

The significant increase of invoicing is determined largely **by the growth of international projects**. In this regard, 2012 was an outstanding year when it comes to the number of partnerships secured by the Gowex Group, and particularly, the international projects signed in Europe, South America, China and Middle East Countries, and the revenues generated by the Wireless International roaming platform through the agreements signed with international telephone carriers.

The surge of the turnover is mainly due to the **increase in recurring revenues based on the global network effect**. GOWEX continues to deploy its technology and “savoir-faire” in new cities leveraging on the experience it gained in the cities in which the Group already implemented its solutions. Thus, the Company promotes the interconnection of various Smart products/devices, proprietary platforms, WiFi projects in cities and transportation, international roaming or offloading, among others, to unite all in a unique business model, viable, sustainable and able to generate significant benefits, as it has been demonstrated during these past years.

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About GOWEX (GOW-MAB, ALGOW-NYSE Alternext)

GOWEX (GOW-MAB, ALGOW-NYSE Euronext) has operated in the telecommunications sector for 13 years. It is currently leading the creation of “Wi-Fi Cities,” which offers free and premium Wi-Fi connectivity on the street and in means of public transportation. The company is now exporting its innovative business models to many cities in Europe, South America, Asia, and emerging countries.

In 2010, it became the first and only Spanish SMB to make a “dual listing,” publicly traded in MAB (GOW) and NYSE-Euronext (ALGOW). The company’s total revenue amounted to €66.7 million in 2011, and for the first half of 2012, it was €41 million (60% over the same period on 2011). On December 2012, GOWEX subscribed a €18 million capital, adding 1,528,404 new common shares to the market.

With offices in Madrid, Burgos, Buenos Aires, London, San José (Costa Rica), Paris, and Shanghai, GOWEX develops a sustainable business model in its Wi-Fi networks, based on the efficient and technical quality of their patented platforms: the Roaming Platform, which allows users to connect freely in all the cities, and the Geolocalization Content and Advertisement Platform, which provides financing business through marketing and advertisement agreements.

In 2011, GOWEX joined the Wireless Broadband Alliance and received a prize for the “Best Web Company” on Internet Day.

In February 2012, Jenaro Garcia GOWEX CEO received the “Entrepreneur of the Year Award” by Ernst & Young in the category of “Innovation”.

Building Wireless Smart Cities®



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* APPENDIX: Intermediation

Recognition of income and expenses arising from mere intermediation activity of Gowex Telecom

The Board of Directors of Let's Gowex, S.A. in its meeting held on April 29th, 2010 agreed to conduct all negotiations, agreements, processes and procedures, both internal from the company and external to it, were necessary or appropriate in order to suppress the accounting and reporting of the amounts included in the items income and expenses arising from mere intermediation activity from Gowex Telecom.

The aforementioned activity from Gowex Telecom mainly corresponds to trading business in buying and selling telecommunications capacity services, wholesale.

Therefore there are going to be no longer recognized and accounted for in the profit & loss account, on one hand, expenditure on the purchase of the above services and intended for sale and on the other hand, revenues directly derived from such sale and amount equal to the expenses incurred on your purchase.

Only recognized and accounted for, those involving value-added income to the Company and the fees charged by the intermediary services and, on the other hand, expenditure on cost of sales of value-added services.

Impact on financial statements

The impact that this decision has on the financial statements of the Company will be:

- In the Profit & Loss Account a decrease in sales revenue by the amount resulting from the non-recognition of accounting and concepts relating to capacity services and, correspondingly, a decrease in the cost of the same amount and capacity for such services.
- In the Balance will be reduced the amounts of outstanding balances and pending payments from customers and suppliers, respectively, by the amount of those operations whose income and expenses are no longer recognized and therefore be accounted for.

From the foregoing, gross margin in absolute terms obtained by Let's Gowex, S.A. in their ordinary activities will not be affected and from this, none of the rest of the magnitudes of the profit and loss account which depend on the gross margin, which is determined mainly by the net result of the sale of value-added services plus commissions earned by the brokerage services.

Moreover, the amount of Assets and Liabilities on the Balance Sheet from Let's Gowex, S.A. is reduced by the amount of the service concepts that have capacity and they were billed and have pending payment or charge.

Objective measurement

The objective of this decision is to adapt and align as far as possible, the economic flows to financial flows and vice versa from Gowex Telecom activity, providing, the financial information of the Company with clarity, comprehension in its reading and analysis; as well as a better match to the same reality that means the intermediary in the purchase and sales of telecommunications capacity in bulk (wholesale).

Degree of implementation and impact on the financial statements of 2012

The implementation and coordination of the decision reached by the Board in this matter is not immediate, since it requires a corresponding change in the contracts between Let's Gowex, S.A. and their customers and capacity providers, which is gradually being realized. The impact of this measure on sales of 2012 is reflected in the following table:

Groupe GOWEX Consolidé	2012	GOWEX Telecom 2012	GOWEX Wireless 2012
Net revenues	114,1 M€	23,4 M€	90,7 M€
Amounts not recognized in the figures of sales revenue and cost of sales.	26,6 M€	26,6 M€	0
If we recognize the amounts reflected in the table above	140,7 M€	50,0 M€	90,7 M€