

NSX RELEASE

9 March 2020

## COMPANY UPDATE

SAPEX Group Ltd (NSX: SAA) ("SAPEX") is pleased to announce that it has signed, through its wholly owned subsidiary PT. SAPEX Servis Indonesia, three new agreements to significantly improve SAPEX's market position in Indonesia and to strengthen SAPEX's partnership with its Agent in Indonesia.

First, SAPEX has executed a new Memorandum of Understanding with PT. Agility International ("Agility"), for an expansion of Dura-Base® Mats Provision and Services across Indonesia. This is SAPEX's second services agreement with Agility in Indonesia and represents a doubling of service provision volume, and revenue expectations. This expanded MOU is effective immediately and provides Agility with access to SAPEX's Dura-Base® rental services fleet across all of Indonesia. SAPEX and Agility's previous MOU covered Agility's operations in Central Java; this MOU will now cover all of Indonesia and in each port that Agility operates in.

Secondly, SAPEX has executed a new Agency Agreement ("AA") with the Operating arm of SAPEX's long term Agent, PT. SAS International ("SAS"), PT Petrindo Semesta ("PS"). Under the AA SAPEX has appointed PS as its exclusive agent in Indonesia to provide comprehensive agency services which includes back office support, regulatory support and administrative representation in Indonesia. In return for these services PS will receive a 20% commission of SAPEX's Gross Operating Profit every month.

Finally, SAPEX has executed a new Management Services Agreement ("MSA") with SAS. Under the MSA SAPEX has appointed SAS to provide management services to store, operate and maintain SAPEX's Dura-Base inventory in Indonesia. In return for these services SAS will receive a 5% commission of SAPEX's Gross Operating Profit every month.

In executing the AA and MSA SAPEX has created a strong combined team of Agent and Management Services providers to streamline the business model in line with SAPEX's drive to improve efficiency during 2020. This will assist SAPEX in reducing costs while improving SAPEX's bottom line going forward.

The AA, MSA and MOU signings are critical validations of SAPEX's business improvement efforts & customer planning in place for 2020 and beyond; strengthening SAPEX's position in the continually growing Oil & gas, civil construction and heavy-lift industries, as well as servicing our valued clients in our more traditional markets. The MOU alone is expected to place SAPEX ahead of Q3&4 budget targets and ensures maximal utilization of SAPEX's rental fleet.

CEO Kyle Larson said: "We are very pleased to be a relied-on services partner to our valued client PT Agility International. Their MOU expansion represents a clear validation of our clients' reliance on the Dura-Base® system, and SAPEX's proactive field service capabilities, to ensure our clients Get In, Get Out and Leave Nothing Behind. Our newly expanded and strengthened Agency Agreement and Management Services Agreement with SAS and PS also ensures that SAPEX's business activities can continue in a more streamlined, cost-effective and value-improving model going forward."

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