

PRESS RELEASE

DIVERGENT Energy Services Announces the Release of Q1 2021 Financial Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – May 12, 2021. **DIVERGENT Energy Services Corp.** (“**Divergent**”, the “**Company**”, or “**DVG**”) announces the release of its financial results for the three months ended March 31, 2021.

HIGHLIGHTS FOR THE QUARTER

- Revenues of \$1,721 consistent with Q1 2020.
- Operating income of \$113 and adjusted EBITDA of \$62 as compared to (\$571) and (\$264) demonstrated improved performance over prior period.
- Financial restructuring was approved by debenture holders and shareholders in December 2020 and was approved by the TSX-V on January 19, 2021, allowing the debenture conversion and share consolidation to be completed.
- Cash flow was sufficient to pay interest on debentures in cash, as planned, and not in shares of the Company.

INDUSTRY OUTLOOK

The improvements in the oil and gas markets and the growing confidence in the United States of a controlled COVID-19 pandemic is expected to increase submersible pump sales across the United States in 2021. Both markets demonstrated strong pricing during the 2020/2021 winter months, a trend which has continued into the second quarter. The amount of work available for the remainder of the year is dependent on the price of gas and how each client makes its internal decisions for the use of its working capital such as improving its balance sheet versus drilling new wells.

In the ongoing COVID-19 pandemic, the Company continues its commitment to a "work from home" protocol, where practical, and has limited access to our facilities by non-essential and third-party personnel.

The Company’s largest client has indicated that it intends to perform workovers for the remainder of the year at a pace similar to Q1 2021, with the caution that Q2 historically experiences reduced activity due to spring storms that limit access to remote wellsites.

FINANCIAL AND OPERATING HIGHLIGHTS – THREE MONTHS ENDED MARCH 31, 2021

Select Financial Information for the three month period ended March 31, 2021 have been summarized below. Tables contain first quarter results for 2021 and 2020. Refer to the Company’s unaudited condensed

consolidated financial statements and related management’s discussion and analysis (“MD&A”) for a full description.

(All figures in ‘000’s of US dollars except number of shares and per share data, unless otherwise stated)

Unaudited Condensed Consolidated Statements of Net Loss and Comprehensive Loss

	Three months ended March 31,	
	2021	2020
Revenue	\$1,721	\$1,764
Cost of sales	(1,283)	(1,499)
Provision for slow moving inventory	124	(195)
Gross profit	562	70
General and administration	(446)	(623)
Depreciation and amortization	(2)	(12)
Stock based compensation	(1)	(6)
Results from operating activities	113	(571)
Finance income (expense)	2,134	763
Net income (loss)	2,247	192
Other comprehensive (loss) income being foreign exchange (losses) gains	91	(505)
Total comprehensive loss for the period	\$2,338	(\$313)
Income (loss) per share		
Net income (loss) – basic and dilutive	\$0.08	\$0.02

Unaudited Condensed Consolidated Statements of Financial Position

	March 31,	December 31,
	2021	2020
ASSETS		
Current assets		
Cash	\$400	\$63
Prepaid expenses, deposits and advances	57	77
Trade receivables	608	975
Inventories	1,066	1,261
	2,131	2,376

Non-current assets		
Right-of-use assets	632	630
Property and equipment	180	171
Total Assets	\$2,943	\$3,177
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,221	\$1,401
Current portion of lease obligations	189	170
Interest payable	127	91
Government loans	57	53
Promissory notes	287	156
Debentures	-	4,356
	1,881	6,227
Non-current liabilities		
Lease obligations	418	452
Promissory notes	2,161	2,300
Government loans	190	186
Debentures	594	-
Total Liabilities	\$5,244	\$9,165
SHAREHOLDERS' DEFICIT		
Share capital	\$19,613	\$18,364
Contributed surplus	5,801	5,800
Warrants	240	141
Accumulated other comprehensive loss	(954)	(1,045)
Accumulated deficit	(27,001)	(29,248)
Total Shareholders' Deficit	(\$2,301)	(\$5,988)
Total Liabilities and Shareholders' Deficit	\$2,943	\$3,177

The Company's complete set of March 31, 2021 quarter end filings have been filed on the SEDAR website at www.sedar.com and are also available on the Company's website at www.divergentenergyservices.com.

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For Further Information:

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ABOUT DIVERGENT ENERGY SERVICES CORP.

Headquartered in Calgary, Alberta, Divergent provides Artificial Lift products and services that are used in the oil and gas industry. Product lines including Electric Submersible Pumps, and the future development of an Electromagnetic Pump technology.

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FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including, without limitation, statements pertaining to anticipated future operational activity levels of Divergent and of a majority of its customers, and statements pertaining to interest payments on the Company's debentures. . All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties, including: the risk that the anticipated slowdown in sales and service of submersible pumps by Divergent's customers lasts longer than expected or impacts Divergent's revenues more severely than expected, the risk that the COVID-19 pandemic and the low oil and gas price environment cause additional negative effects on Divergent's business, the risk that the suspension of trading of the Company's common shares by the TSXV cannot be lifted in a timely manner or at all, and the risk that the Company cannot remedy the outstanding interest payments under the terms of its debenture indenture in a timely manner or at all . There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. A description of assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Forward-looking statements are based on estimates and opinions of management of the Company at the time the information is presented, including expectations provided to Divergent by its customers. The Company may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but the Company undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

This press release contains financial outlook information ("FOFI") about prospective revenue reductions, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date hereof and was provided for the purpose of providing an update regarding an anticipated material reduction in near-term revenue. Divergent disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

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