

PRESS RELEASE

DIVERGENT Energy Services Announces the Release of Q2 2021 Financial Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – August 12, 2021. **DIVERGENT Energy Services Corp.** ("**Divergent**", the "**Company**", or "**DVG**") announces the release of its financial results for the three and six months ended June 30, 2021. All amounts are in thousands (000's) of United States Dollars, unless otherwise noted.

HIGHLIGHTS FOR THE QUARTER

- Revenues of \$1,991, an increase of 427% over Q2 2020.
- Operating income of (\$57) and adjusted EBITDA of (\$13) in Q2 2021 as compared to (\$316) and (\$201) in Q2 2020 demonstrated improved operating performance year over year.
- Cash flow in the quarter was sufficient to pay interest on debentures in cash, and not in shares of the Company as done in previous quarters.

INDUSTRY OUTLOOK

The continuous increases in the oil and gas commodity prices are expected to increase submersible pump sales across the United States in 2021. Both markets demonstrated strong pricing over the 2020/2021 winter months, a trend which has continued into the third quarter 2021. 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 increasing production.

In the ongoing COVID-19 pandemic, the Company continues to maintain its health and safety protocols, working from home when necessary and where practical, and actively monitoring the health of our employees.

The Company's largest client has indicated that it intends to perform workovers for the remainder of the year at a pace similar to H1 2021, with the expectation that activity could increase should commodity prices continue on their current trend.

During the second quarter, the Small Business Administration (the "SBA") was accepting applications for forgiveness of loans under its Paycheck Protection Program (the "PPP"). As previously announced, the Company anticipates that its \$226 PPP loan will be forgiven as the funds had been used in accordance with the SBA guidelines for the loan. The Company has completed its application through its banking institution and has received notification from the bank that its use of funds meets the SBA guidelines for forgiveness. The bank has passed the application on to the SBA for final approval, for which we are still awaiting. Should the loan receive final approval, its forgiveness will have a positive impact on the Company's working capital.

FINANCIAL AND OPERATING HIGHLIGHTS – THREE AND SIX MONTHS ENDED JUNE 30, 2021

Select Financial Information for the three and six month period ended June 30, 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 Interim Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue	\$1,991	\$378	\$3,712	\$2,142
Cost of sales	(1,678)	(203)	(2,961)	(1,702)
Provision for slow moving inventory	36	-	160	(195)
Gross profit	349	175	911	245
General and administration	(397)	(439)	(843)	(1,062)
Depreciation and amortization	(3)	(50)	(5)	(62)
Stock based compensation	(6)	(2)	(7)	(8)
Results from operating activities	(57)	(316)	56	(887)
Finance (expense) income	(251)	(550)	1,883	213
Net income (loss)	(308)	(866)	1,939	(674)
Other comprehensive income (loss)	95	224	186	(281)
Total comprehensive income (loss) for the period	(\$213)	(\$642)	\$2,125	(\$955)
Income (loss) per share				
Net income (loss) – basic and dilutive	(\$0.01)	(\$0.01)	\$0.06	(\$0.01)

Unaudited Interim Condensed Consolidated Statements of Financial Position

	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	\$403	\$63
Prepaid expenses, deposits and advances	38	77
Receivables, net of allowance	789	975
Inventories	880	1,261
	2,110	2,376
Non-current assets		
Property and equipment	151	171
Right-of-use assets	589	630
Total Assets	\$2,850	\$3,177
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,322	\$1,401
Current portion of lease obligations	191	170
Interest payable	158	91
Paycheck protection program loan	226	53
Promissory notes	357	156
Debentures	-	4,356
	\$2,254	6,227
Non-current liabilities		
Lease obligations	371	452
Promissory notes	2,084	2,300
Government loan	25	186
Debentures	624	-
Total Liabilities	\$5,358	\$9,165
SHAREHOLDERS' DEFICIT		
Share capital	\$19,613	\$18,364
Contributed surplus	5,807	5,800
Warrants	240	141
Accumulated other comprehensive loss	(859)	(1,045)
Accumulated deficit	(27,309)	(29,248)
Total Shareholders' Deficit	(\$2,508)	(\$5,988)
Total Liabilities and Shareholders' Deficit	\$2,850	\$3,177

The Company's complete set of June 30, 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 fluids management products and services for the water, gas and oil industries through its wholly owned subsidiary Extreme Pump Solutions LLC. 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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