

PRESS RELEASE

DIVERGENT Energy Services Announces the Release of 2021 Year End Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – March 16, 2021. **DIVERGENT Energy Services Corp.** ("**Divergent**", the "**Company**", or "**DVG**") announces the release of its financial results for the year ended December 31, 2021. All amounts are in thousands (000's) of United States Dollars, unless otherwise noted.

HIGHLIGHTS FOR THE YEAR

- Revenues of \$8,362, an increase of 93% over 2021.
- Operating income of \$397 and adjusted EBITDA of \$767 in 2021 as compared to (\$65) and (\$481) in 2020 demonstrated improved operating performance year over year.
- The Company received confirmation of forgiveness of the Payroll Protection Plan ("PPP") loan of \$226.
- On January 19, 2021 the Company completed a corporate restructuring which improved its working capital position and consolidated its outstanding shares.

INDUSTRY OUTLOOK

The continuing strength of oil and gas commodity prices, which have demonstrated a strong recovery since the onset of COVID, should increase submersible pump sales across the United States for at least the next 12 months as customers are expected to optimize production using commodity price hedges to ensure revenue certainty. The amount of work available for the Company over the next twelve months is also dependent on how each client makes its internal decisions for the allocation of its capital, be it improving its balance sheet by way of paying down debt or increasing production through investment in field operations.

The Company's largest client has indicated that, based on its commodity price assumptions, it intends to continue its CBM workover program for the next 12 months at a pace similar to that experienced during the second half of 2021, barring interruptions due to weather or supply chain. While drilling rig counts are recovering in Wyoming, they remain roughly sixty percent lower than pre-COVID rig counts. Our customer base in Wyoming that relies on ESPs to produce their wells have not yet begun to significantly increase drilling or making new investments in their field operations despite their improved balance sheet positions.

The Company continues to seek and evaluate strategic growth opportunities to both diversify its product offerings and drive continuous margin improvements.

FINANCIAL AND OPERATING HIGHLIGHTS – YEAR MONTHS ENDED DECEMBER 31, 2021

Select Financial Information for the year ended December 31, 2021 have been summarized below. Tables contain results for 2021 and 2020. Refer to the Company’s audited 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)

Audited Condensed Consolidated Statements of Net Income and Comprehensive Income

	Year ended December 31,	
	2021	2020
Revenue	\$8,362	\$4,332
Cost of sales	(6,466)	(3,247)
Reversal of provision for slow moving inventory	181	934
Gross profit	2,077	2,019
General and administration	(1,639)	(2,054)
Depreciation and amortization	(10)	(20)
Share-based compensation	(31)	(10)
Results from operating activities	397	(65)
Forgiveness of paycheck protection loan	226	-
Benefit on low interest government loans	-	182
Finance income	1,839	12
Net income	2,462	129
Other comprehensive income being foreign exchange gains	27	91
Total comprehensive income	\$2,489	\$220
Income per share		
Net income – basic and dilutive - cents ⁽¹⁾	\$0.08	\$0.01

Audited Condensed Consolidated Statements of Financial Position

	At December 31, 2021	At December 31, 2020
ASSETS		
Current assets		
Cash	\$607	\$63
Prepaid expenses, deposits and advances	104	77
Trade receivables	877	975
Inventories	711	1,261
	<u>2,299</u>	<u>2,376</u>
Non-current assets		
Property and equipment	133	171
Right-of-use assets	535	630
Total Assets	<u>\$2,967</u>	<u>\$3,177</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,438	\$1,401
Current portion of lease obligations	156	170
Interest payable	183	91
Pay check protection program loan	-	53
Promissory notes	216	156
Debentures	-	4,356
	<u>1,993</u>	<u>6,227</u>
Non-current liabilities		
Lease obligations	353	452
Promissory notes	2,061	2,300
Government loans	26	186
Debentures	654	-
Total Liabilities	<u>\$5,087</u>	<u>\$9,165</u>
SHAREHOLDERS' DEFICIT		
Share capital	\$19,613	\$18,364
Contributed surplus	5,972	5,800
Warrants	99	141
Accumulated other comprehensive loss	(1,018)	(1,045)
Accumulated deficit	(26,786)	(29,248)
Total Shareholders' Deficit	<u>(\$2,120)</u>	<u>(\$5,988)</u>
Total Liabilities and Shareholders' Deficit	<u>\$2,967</u>	<u>\$3,177</u>

The Company's complete set of December 30, 2021 year 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.

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.

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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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