

PRESS RELEASE

DIVERGENT Energy Services Announces the Release of 2022 Year End Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – March 15, 2023. **DIVERGENT Energy Services Corp.** ("**Divergent**", the "**Company**", or "**DVG**") announces the release of its financial results for the year ended December 31, 2022. All amounts are in thousands (000's) of United States Dollars, unless otherwise noted.

HIGHLIGHTS FOR THE YEAR

- \$12.5 million of revenue for the year is an of 50% increase over the prior year.
- Adjusted EBITDA of \$1.1 million in 2022 is an increase of 43% over the prior year.
- \$3.0 million of revenue in the fourth quarter of 2022, despite significant activity interruptions due to severe winter storms in the Company's operating region.
- Adjusted EBTIDA of \$143 thousand in the fourth quarter of 2022 represents the ninth consecutive quarter of positive adjusted EBITDA.

INDUSTRY OUTLOOK

Divergent's overall outlook for services for 2023 remains positive. Global demand for energy remains strong as the world's major economies continue to rely on petroleum products in everyday life. Macroeconomic factors including continued inflationary pressures, escalation of geopolitical tension, and the elimination of the remaining COVID-19 restrictions throughout the world all point to continued strong commodity pricing into 2024. At these commodity price levels we anticipate generally robust oilfield service activity levels as our customers remain very positive on their current capital spending plans for 2023.

Customers continue to demonstrate an urgency in returning wells to production and overall demand for services is increasing. Despite the current low prices for natural gas, the demand for CBM services is expected to remain relatively consistent throughout the year as the reservoir requires constant de-watering to maintain the integrity and value of the field. While Divergent is working to increase its market share, it is constrained by supply chain delays and staffing availability. Attracting and retaining additional personnel continues to be a challenge across the industry making it much more difficult than in past upturns to supply additional crews. The Company's customer base has indicated that it intends to continue their workover programs for the next 12 months at a pace consistent with that experienced during the previous year, with limiting factors being supply chain, service rig availability, labour and unseasonable or severe weather.

While the cost of sales in the second half of 2022 were negatively impacted by inflationary price increases to parts, components and logistics, the Company was successful in working with its customer base to recover most of these cost increases. There is no guarantee that all future cost increases can likewise be recovered.

The positive oil price trends the industry is currently experiencing is in part caused by a structural shortfall in supply which will be difficult for the industry to overcome for some time. As a result, the demand for

energy services and the ability for the sector to improve over the next few years is seen as highly likely. In this environment the Company intends 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, 2022

Select Financial Information for the year ended December 31, 2022 have been summarized below. Tables contain results for 2022 and 2021. 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,	
	2022	2021
Revenue	\$12,506	\$8,362
Cost of sales	(9,900)	(6,466)
(Provision) reversal of provision for slow moving inventory	(40)	181
Gross profit	2,566	2,077
General and administration	(1,802)	(1,639)
Depreciation and amortization	(10)	(10)
Share-based compensation	(44)	(31)
Income from operating activities	710	397
Forgiveness of paycheck protection loan	-	226
Finance (expense) income	(149)	1,839
Net income	561	2,462
Other comprehensive income - foreign exchange gains (losses)	(411)	27
Total comprehensive income	\$150	\$2,489
Income per share		
Basic and dilutive ⁽¹⁾	\$0.02	\$0.08

Audited Condensed Consolidated Statements of Financial Position

	At December 31, 2022	At December 31, 2021
ASSETS		
Current assets		
Cash	\$556	\$607
Prepaid expenses, deposits and advances	134	104
Trade receivables	1,114	877
Inventories	680	711
	2,484	2,299
Non-current assets		
Property and equipment	171	133
Right-of-use assets	457	535
Total Assets	\$3,112	\$2,967
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,566	\$1,438
Current portion of lease obligations	168	156
Interest payable	132	183
Promissory notes	457	216
	2,323	1,993
Non-current liabilities		
Lease obligations	257	353
Promissory notes	1,726	2,061
Government loans	30	26
Debentures	702	654
Total Liabilities	\$5,038	\$5,087
SHAREHOLDERS' DEFICIT		
Share capital	\$19,613	\$19,613
Contributed surplus	6,016	5,972
Warrants	99	99
Accumulated other comprehensive loss	(1,429)	(1,018)
Accumulated deficit	(26,225)	(26,786)
Total Shareholders' Deficit	(\$1,926)	(\$2,120)
Total Liabilities and Shareholders' Deficit	\$3,112	\$2,967

The Company's complete set of December 30, 2022 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:

Ken Berg, President and Chief Executive Officer, kberg@divergentenergyservices.com

Ken Olson, Chief Financial Officer, ken.olson@divergentenergyservices.com

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.

DIVERGENT Energy Services Corp., 2020, 715 – 5th Ave SW, Calgary, AB T2P 2X6, (403) 543-0060, (403) 543-0069 (fax), www.divergentenergyservices.com

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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