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Orbital Tracking Corp. Reports First Quarter 2017 Financial Results

Quarterly Revenue Continues to Reach Record Levels Despite the Impact of Continuing Currency Devaluations

AVENTURA, FL -- (Marketwired) -- 05/15/17 -- Orbital Tracking Corp. (OTCQB: TRKK) ("Orbital Tracking" or the "Company") today reported financial results for the three months ended March 31, 2017.

First Quarter 2017 Highlights

- During the quarter, the Company's wholly owned subsidiaries [Global Telesat Communications Ltd.](#) ("GTC") and [Orbital Satcom Corp.](#) ("OSC") both recorded sales at record levels due to continued demand for products from customers around the world, the introduction of new product lines, and a growing international reseller base.
- Notable orders received by the Company during the quarter in terms of sales revenue included the supply of satellite phones and airtime for use by the United Nations in Colombia, and annual renewal of the UK's Forestry Commission's 700+ SPOT Gen3 messaging plans. The Company also recorded a record number of recurring revenue customers, who have opted to buy monthly or annual recurring airtime plans through the Company.
- In addition to this record quarter for sales, the Company also reported a decrease in total operating expenses of approximately \$209,000 or 28.2%. Total operating expenses are inclusive of selling, general and administrative expenses, professional fees, salaries, wages and payroll taxes, depreciation and amortization.

"Our first quarter 2017 results provide continued evidence of our success in penetrating the global Mobile Satellite Solutions market, while at the same time controlling operating expenses," said David Phipps, Chief Executive Officer of Orbital Tracking Corp. "Although recent currency devaluations have reduced the effect of our revenue growth when reported in US\$, our trend of overall growth in consolidated income continues, not only in year-on-year comparisons, but also with an increase of 72.9% or \$582,632, from the revenue reported for the quarter ended March 31, 2015 of \$799,698 as compared to the quarter ended March 31, 2017 of \$1,382,330. Looking ahead, we are confident in our optimism for further international demand for our products, particularly with our plans to continue introducing new product lines, new digital store fronts and capitalize from our recent appointment as a Garmin distributor in the UK."

First Quarter 2017 Financial Results

Comparable revenue for the Company's wholly owned subsidiary, Global Telesat Communications, increased 21.9% in its home currency, GBP, for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016. When converted to US\$ for reporting purposes, total sales for Global Telesat Communications were \$977,141 for the three months ended March 31, 2017 as compared to \$927,493 for the three months ended March 31, 2016, an increase of \$49,648 or 5.4%.

Comparable revenue for the Company's wholly owned subsidiary, Orbital Satcom Corp. was \$405,189 for the three months ended March 31, 2017 as compared to \$367,771 for the three months ended March 31, 2016, an increase of \$37,418 or 10.2%.

For the three months ended March 31, 2017, consolidated revenues reached record levels, increasing 6.7% to approximately \$1,382,330 as compared to approximately \$1,295,264 as reported for the quarter ended March 31, 2016. Although product volume sales were at record levels during the quarter, results continued to show the negative impact of recent depreciation in the GBP and EUR against the US\$.

The Company recorded a net loss before income tax of approximately \$219,262 for the three months ended March 31, 2017 as compared to a profit of \$59,946, for the three months ended March 31, 2016. The increase in the loss for the three months ended March 31, 2017 is attributable to certain non-cash income realized in the three months ended March 31, 2016, of \$357,578, representing derivative and interest expense resulting from convertible notes

payable received in December of 2015. For the three months ended March 31, 2017, the Company had a reduction of \$84,048 or 38.1%, in net loss from operations to \$136,806 from \$220,853, as compared to the same period in 2016.

The Company recorded a reduction in gross profit margin on sales during the three months ended March 31, 2017, to 22.8% from 33.8% as compared to the comparable period in the prior year. This decrease is attributable to a high margin, significant revenue value contract awarded to the Company during the three months ended March 31, 2016, which inflated average profit margins for this period, and a subsequent devaluation of GBP against US\$ following the UK's BREXIT vote which has had a negative impact on profit margins. Additionally, the reduction in gross profit margin on sales can be further attributed to a growing number of sales to international resellers, which attract high value, lower margin sales as compared to general consumers.

About Orbital Tracking Corp.

Orbital Tracking Corp. provides satellite based tracking, services as well as mobile voice and data communications services globally via satellite to the commercial and government users. Orbital specializes in services related to the Globalstar satellite constellation, including ground station construction, simplex tracking services and satellite telecommunications voice airtime. Orbital operates various e-commerce retail and tracking portals where users around the world can purchase satellite hardware and track assets in real-time on mobile devices or PCs. For more information regarding Orbital, please visit www.orbitaltracking.com.

Forward-Looking Statements

Certain statements in this release constitute forward-looking statements. These statements include the capabilities and success of the Company's business and any of its products, services or solutions. The words "believe," "forecast," "project," "intend," "expect," "plan," "should," "would," and similar expressions and all statements, which are not historical facts, are intended to identify forward-looking statements. These forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors, any of which could cause the Company to not achieve some or all of its goals or the Company's previously reported actual results, performance (finance or operating) to change or differ from future results, performance (financing and operating) or achievements, including those expressed or implied by such forward-looking statements. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the SEC, copies of which may be obtained from the SEC's website at www.sec.gov. The Company assumes no, and hereby disclaims any, obligation to update the forward-looking statements contained in this press release.

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