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Orbital Tracking Corp. Reports Second Quarter 2016 Financial Results

Company Strengthens Balance Sheet and Improves Cash Flow Through Elimination of Outstanding Long-Term Debt

AVENTURA, FL -- (Marketwired) -- 08/10/16 -- Orbital Tracking Corp. (OTCQB: TRKK) ("Orbital Tracking" or the "Company"), today reported financial results for the three and six months ended June 30, 2016.

Second Quarter 2016 Highlights

- On May 17, 2016, Orbital Tracking Corp. entered into exchange agreements with holders of the Company's outstanding \$504,168 convertible notes in exchange for newly designated Preferred Series G Stock. This transaction eliminated all outstanding long-term debt of the Company, significantly improving both its balance sheet and cash flows.
- In May, the Company announced the continued Asian expansion of the business with the launch of its first commercial retail site on Alibaba.com's wholesale marketplace and sales inquiries from the region continue to increase.
- The Company's subsidiary, Global Telesat Communications Ltd. ("GTCL") was chosen by a number of leading organizations to provide satellite communications devices for use by security personnel at high profile events, including the UEFA European Football Championships, the Rio 2016 Olympics, and was chosen by the Endurance Rally Association ("ERA") (<http://endurorally.com/>) as the preferred mobile satellite communications provider for the Peking to Paris Motor Challenge 2016, supporting rally racers and all ERA staff, for the three months ended June 30, 2016.
- In June, GTCL reached a new European sales milestone, selling its 3,000th DeLorme® inReach 2-Way Satellite Communicator. This milestone is the result of a growing three-year European sales partnership between DeLorme and GTCL serving the needs of adventurers, recreational users, lone workers, governments, law enforcement and military customers.
- The Company continued to expand the range of satellite-enabled devices offered for sale to consumers through signed Distributor Agreements with leading suppliers of Personal Locator Beacons (PLB's) and Emergency Position Indicating Radio Beacons (EPIRBs). These new products are GPS-enabled rescue beacons that when activated, broadcast the users' location to Search and Rescue services during an emergency making them an ideal addition to the Company's existing range of satellite-enabled communication and emergency messenger devices.
- At the end of Q2, the Company's subsidiary GTCL launched a new mobile friendly website in June of 2016, which has been positively impacting website sales year-to-date.

"The second quarter of 2016 was impacted by the expected seasonality of sales, as well as the dramatic events occurring in the UK which affected pricing and profitability due to significant volatility in global currencies. We are pleased with the operating trends in the business despite these events and remain optimistic about the early performance of newly launched Asian markets. The Company will continue to execute on its growth plan as supported by an improved balance sheet and cash flows, following the elimination of the Company's outstanding long-term debt," said David Phipps, Chief Executive Officer of Orbital Tracking Corp. "Entering the third quarter, as the conditions in the UK, Europe and world currency markets have stabilized, we are already witnessing a return to normalized growth across our global footprint. Our long-term plans for the business remain on track and we remain committed to capitalizing on the continued global demand for satellite communications services and to delivering the financial returns our business model is capable of generating."

Second Quarter 2016 Financial Results

For the three months ended June 30, 2016, consolidated revenues were approximately \$1,188,593 as compared to approximately \$1,188,867 as reported for the quarter ended June 30, 2015. Consolidated revenues for the six months ended June 30, 2016 increased 26% to approximately \$2,483,857 vs approximately \$1,972,677 reported in the comparable 2015 period. It should be noted that revenues during the quarter were significantly impacted by volatility in global currencies, in particular, depreciation in GBP and EUR currencies against the US\$ which offset a continuing increase in product volume sales.

Comparable revenue for the Company's wholly owned subsidiaries, GTCL and Orbital Satcom Corp. ("OSC"), increased 10.4% and decreased 19.4%, respectively for the three months ended June 30, 2016. Total GTCL sales for the three months ended June 30, 2016, were \$853,880 as compared to \$773,741 for the three months ended June 30, 2015. Total sales for OSC were \$334,713 for the three months ended June 30, 2016 as compared to \$415,126 for the three months ended June 30, 2015. For the three months ended June 30, 2015, OSC's sales included significant initial revenue from a new customer contract.

Sales for the six months ended June 30, 2016 generated approximately \$2,483,857 compared to approximately \$1,972,677 of revenues during the six months ended June 30, 2015, a \$511,180 increase in total revenues or 25.9%. Factors relative to the increase in sales for the six months ended June 30, 2016 are: an increase in comparable revenue of 25.1% and 28.0% for its wholly owned subsidiaries, Global Telesat Communication Ltd and Orbital Satcom Corp.

The Company recorded net loss before income tax of \$1,173,757 for the three months ended June 30, 2016 as compared to a net loss of \$214,873, for the three months ended June 30, 2015. For the six months ended June 30, 2016, the Company recorded a net loss of \$1,113,791 as compared to a net loss of \$654,601. The decrease in income included interest attributable to the convertible notes of \$527,107, which was offset as equity towards additional paid in capital, upon the conversion of the notes to preferred stock. Decreases in Selling, General & Administrative expenses were offset by expected modest increases in costs related to higher headcounts necessary to support the expansion of the business into new markets. Increase in certain non-recurring Professional fees contributed to the loss.

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.

Contacts:

Michael Glickman
MWGCO, Inc.
917-397-2272
mike@mwgco.net

Source: Orbital Tracking Corp.