

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____.

Commission File Number 001-40447

ORBSAT CORP

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

65-0783722

(I.R.S. Employer
Identification No.)

**18851 NE 29th Avenue, Suite 700
Aventura, FL**

(Address of principal executive offices)

33180

(Zip Code)

(305)-560-5355

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.0001	OSAT	The Nasdaq Stock Market Inc.
Warrants	OSATW	The Nasdaq Stock Market Inc.

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

<u>Class</u>	<u>Outstanding at August 16, 2021</u>
Common Stock, \$0.0001 par value	6,406,826

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Part I Financial Information

Item 1. Financial Statements

The unaudited financial statements of Orbsat Corp (“Orbsat,” the “Company,” “we,” or “our”), for the six months ended June 30, 2021 and for comparable periods in the prior year are included below. The financial statements should be read in conjunction with the notes to financial statements that follow.

ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF

	<u>June 30, 2021</u> (unaudited)	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash	\$ 14,415,649	\$ 728,762
Accounts receivable, net	339,183	177,031
Inventory	1,151,958	361,422
Unbilled revenue	85,727	75,556
VAT receivable	279,215	-
Prepaid expenses	1,784	1,784
Other current assets	31,576	27,912
Total current assets	<u>\$ 16,305,092</u>	<u>1,372,467</u>
Property and equipment, net	998,964	1,106,164
Right of use	40,130	55,606
Intangible assets, net	87,500	100,000
Total assets	<u>\$ 17,431,686</u>	<u>\$ 2,634,237</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,714,625	\$ 1,052,603
Contract liabilities	41,173	36,704
Note payable – current portion	-	121,848
Note payable Coronavirus loans– current portion	51,686	41,831
Due to related party	217,041	102,060
Lease liabilities – current	30,484	30,125
Provision for income taxes	19,184	18,957
Liabilities from discontinued operations	112,397	112,397
Total current liabilities	<u>2,186,590</u>	<u>1,516,525</u>
Long term liabilities:		
Convertible debt, net of discount, unamortized, \$0 and \$1,084,944, respectively	-	209,323
Note payable Coronavirus loans– long term	294,014	320,626
Lease liabilities – long term	6,703	22,574

Total Liabilities	<u>2,487,307</u>	<u>2,069,048</u>
Stockholders' Equity:		
Common stock, (\$0.0001 par value; 50,000,000 shares authorized, 5,476,918 shares issued and outstanding as of June 30, 2021 and 817,450 shares issued and outstanding at December 31, 2020, respectively)	548	82
Additional paid-in capital	31,139,486	14,486,492
Accumulated (deficit)	(16,140,089)	(13,878,553)
Accumulated other comprehensive income	(55,566)	(42,832)
Total stockholders' equity	<u>14,944,379</u>	<u>565,189</u>
Total liabilities and stockholders' equity	<u>\$ 17,431,686</u>	<u>\$ 2,634,237</u>

See the accompanying notes to the unaudited condensed consolidated financial statements.

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ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net sales	\$ 1,956,260	\$ 1,220,254	\$ 3,417,688	\$ 2,688,357
Cost of sales	<u>1,414,770</u>	<u>962,562</u>	<u>2,438,681</u>	<u>2,082,664</u>
Gross profit	<u>541,490</u>	<u>257,692</u>	<u>979,007</u>	<u>605,693</u>
Operating expenses:				
Selling and general administrative	282,006	146,965	443,696	304,171
Salaries, wages and payroll taxes	479,538	150,404	687,712	346,046
Professional fees	256,034	76,776	548,916	191,665
Depreciation and amortization	73,248	72,791	146,948	144,295
Total operating expenses	<u>1,090,826</u>	<u>446,936</u>	<u>1,827,272</u>	<u>986,177</u>
Loss before other expenses and income taxes	(549,336)	(189,244)	(848,265)	(380,484)
Other (income) expense				
Other income	-	(31,525)	-	(31,525)
Gain on debt extinguishment	(20,832)	(269,261)	(20,832)	(269,261)
Interest earned	-	(13)	-	(13)
Interest expense	940,907	65,094	1,461,601	156,347
Foreign currency exchange rate variance	(11,017)	19,895	(27,498)	22,262
Total other (income) expense	<u>909,058</u>	<u>(215,810)</u>	<u>1,413,271</u>	<u>(122,190)</u>
Net (loss) income before tax expense	<u>\$ (1,458,394)</u>	<u>\$ 26,566</u>	<u>\$ (2,261,536)</u>	<u>\$ (258,294)</u>
Provision for income taxes	-	-	-	-
Net (loss) income	(1,458,394)	26,566	(2,261,536)	(258,294)
Comprehensive Income:				
Net (loss) income	(1,458,394)	26,566	(2,261,536)	(258,294)
Foreign currency translation adjustments	(14,345)	5,602	(12,734)	(8,866)
Comprehensive income (loss)	<u>\$ (1,472,738)</u>	<u>\$ 32,168</u>	<u>\$ (2,274,269)</u>	<u>\$ (267,160)</u>
NET LOSS INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Weighted number of common shares outstanding – basic & diluted	2,480,235	51,066	1,736,865	33,243
Basic and diluted net (loss) income per share	<u>\$ (0.58)</u>	<u>\$ 0.63</u>	<u>\$ (1.30)</u>	<u>\$ (8.04)</u>

See the accompanying notes to the unaudited condensed consolidated financial statements.

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ORBSAT CORP. AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Six Months Ended June 30, 2021

Common Stock \$0.0001 Par Value		Additional Paid in	Accumulated	Comprehensive	Stockholders'
Shares	Amount	Capital	Deficit	Income (Loss)	Equity

Balance, December 31, 2020	817,450	\$ 82	\$ 14,486,492	\$ (13,878,553)	\$ (42,832)	\$ 565,189
Issuance common stock from convertible debt	1,345,468	135	1,644,132	-	-	1,644,267
Issuance of common related to offering	2,880,000	288	12,661,696	-	-	12,661,984
Issuance of common for over-allotment	432,000	43	1,983,226	-	-	1,983,269
Issuance of warrants for over-allotment	-	-	4,320	-	-	4,320
Issuance of common stock from exercise of warrant	1,000	-	5,000	-	-	5,000
Issuance of common for services	1,000	-	14,200	-	-	14,200
Beneficial conversion feature of convertible debt	-	-	340,420	-	-	340,420
Comprehensive loss	-	-	-	-	(12,734)	(12,734)
Net loss	-	-	-	(2,261,536)	-	(2,261,536)
Balance, June 30, 2021	<u>5,476,918</u>	<u>\$ 548</u>	<u>\$ 31,139,486</u>	<u>\$ (16,140,089)</u>	<u>\$ (55,566)</u>	<u>\$ 14,944,379</u>

For the Six Months Ended June 30, 2020

	Common Stock \$0.0001 Par Value		Additional Paid in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2019	24,243	\$ 2	\$ 11,757,037	\$ (11,115,178)	\$ (2,152)	\$ 639,709
Issuance common stock from convertible debt	26,823	3	14,752	-	-	14,755
Comprehensive loss	-	-	-	-	(8,866)	(8,866)
Net loss	-	-	-	(258,294)	-	(258,294)
Balance, June 30, 2020	<u>51,066</u>	<u>\$ 5</u>	<u>\$ 11,771,789</u>	<u>\$ (11,373,472)</u>	<u>\$ (11,018)</u>	<u>\$ 387,304</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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**ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

For the Three Months Ended June 30, 2021

	Common Stock \$0.0001 Par Value		Additional Paid in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, March 31, 2021	1,236,887	\$ 124	\$ 15,299,161	\$ (14,681,695)	\$ (41,221)	\$ 576,369
Issuance common stock from convertible debt	927,031	93	1,186,083	-	-	1,186,176
Issuance of common related to offering	2,880,000	288	12,661,696	-	-	12,661,984
Issuance of common for over-allotment	432,000	43	1,983,226	-	-	1,983,269
Issuance of warrants for over-allotment	-	-	4,320	-	-	4,320
Issuance of common stock from exercise warrant	1000	-	5,000	-	-	5,000
Comprehensive loss	-	-	-	-	(14,345)	(14,345)
Net loss	-	-	-	(1,458,394)	-	(1,458,394)
Balance, June 30, 2021	<u>5,476,918</u>	<u>\$ 548</u>	<u>\$ 31,139,486</u>	<u>\$ (16,140,089)</u>	<u>\$ (55,566)</u>	<u>\$ 14,944,379</u>

For the Three Months Ended June 30, 2020

	Common Stock \$0.0001 Par Value		Additional Paid in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, March 31, 2020	46,895	\$ 5	\$ 11,768,360	\$ (11,400,038)	\$ (11,346)	\$ 356,981
Issuance common stock from convertible debt	4,171	-	3,429	-	-	3,429
Comprehensive loss	-	-	-	-	328	328
Net income	-	-	-	26,566	-	26,566
Balance, June 30, 2020	<u>51,066</u>	<u>\$ 5</u>	<u>\$ 11,771,789</u>	<u>\$ (11,373,472)</u>	<u>\$ (11,018)</u>	<u>\$ 387,304</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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**ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED**

	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,261,536)	\$ (258,294)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	134,448	131,795
Amortization of intangible asset	12,500	12,500

Stock base compensation	14,200	-
Amortization of right to use	15,476	19,163
Amortization of convertible debt, net	1,425,365	128,702
Gain on debt extinguishment	(20,832)	(269,261)
Change in operating assets and liabilities:		
Accounts receivable	(158,079)	91,738
Inventory	(790,536)	7,877
Unbilled revenue	(10,171)	11,114
VAT receivable	(279,215)	-
Prepaid expense	-	14,506
Other current assets	(3,664)	72,392
Accounts payable and accrued liabilities	662,022	109,681
Lease liabilities	(15,512)	(17,200)
Provision for income taxes	227	(1,330)
Contract liabilities	4,469	(5,493)
Net cash (used in) provided by operating activities	(1,270,837)	47,890
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(27,248)	(26,159)
Net cash used in investing activities	(27,248)	(26,159)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible note payable	350,000	157,500
Proceeds from related party note payable	114,981	58,917
Proceeds from common stock offering	12,661,984	-
Proceeds from warrant offering	1,987,589	-
Proceeds from exercise of warrant	5,000	-
Repayments of line of credit	-	(12,048)
Repayment of note payable	(121,848)	-
Proceeds of note payable	-	20,832
Net cash provided by financing activities	14,997,706	225,201
Effect of exchange rate on cash	(12,734)	(5,779)
Net increase in cash	13,686,887	241,153
Cash beginning of period	728,762	75,362
Cash end of period	<u>\$ 14,415,649</u>	<u>\$ 316,515</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	<u>\$ 3,228</u>	<u>\$ -</u>
Income tax	<u>\$ -</u>	<u>\$ -</u>
Non-cash adjustments during the period for		
Beneficial conversion feature on convertible debt	<u>\$ 340,420</u>	<u>\$ 128,702</u>
Conversion of convertible debt into common shares	<u>\$ 1,644,268</u>	<u>\$ 14,755</u>
Obtaining right of use asset for lease liability	<u>\$ -</u>	<u>\$ 19,163</u>

See the accompanying notes to the unaudited condensed consolidated financial statements.

ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all adjustments, consisting only of normal recurring items which are, in the opinion of management, necessary in order to make the financial statements not misleading. The unaudited financial statements for the six months ending June 30, 2021, are not necessarily indicative of the results for the remainder of the fiscal year. The consolidated financial statements as of December 31, 2020, have been audited by an independent registered public accounting firm. The accounting policies and procedures employed in the preparation of these condensed consolidated financial statements have been derived from the audited financial statements of Orbsat Corp F/K/A/ Orbital Tracking Corp. (the “Company”) for the year ended December 31, 2020, which are contained in the Company’s annual report on Form 10-K as filed with the Securities and Exchange Commission (the “SEC”) on March 22, 2021. The consolidated balance sheet as of December 31, 2020 was derived from those financial statements.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The consolidated financial statements of the Company include the Company and its wholly-owned subsidiaries, Orbital Satcom Corp. and Global Telesat Communications Ltd. All material intercompany balances and transactions have been eliminated in consolidation.

Description of Business

Orbsat Corp is a provider of satellite-based hardware, airtime and related services both in the United States and internationally. The Company’s principal focus is on growing the Company’s existing satellite-based hardware, airtime and related services business line and developing the Company’s own tracking devices for use by retail customers worldwide.

The Company was originally incorporated in 1997 in Florida. On April 21, 2010, the Company merged with and into a wholly-owned subsidiary for the purpose of changing its state of incorporation to Delaware, effecting a 2:1 forward split of its common stock, and changing its name to EClips Media Technologies, Inc. On April 25, 2011,

the Company changed its name to Silver Horn Mining Ltd. pursuant to a merger with a wholly-owned subsidiary.

GTC was formed under the laws of England and Wales in 2008. On February 19, 2015, we entered into a share exchange agreement with GTC and all of the holders of the outstanding equity of GTC pursuant to which GTC became a wholly owned subsidiary of ours.

On March 28, 2014, we merged with a newly-formed wholly-owned subsidiary of ours solely for the purpose of changing our state of incorporation to Nevada from Delaware, effecting a 1:150 reverse split of our common stock, and changing our name to Great West Resources, Inc. in connection with the plans to enter into the business of potash mining and exploration. During late 2014, we abandoned our efforts to enter the potash business.

A wholly-owned subsidiary, Orbital Satcom Corp. (“Orbital Satcom”), a Nevada corporation was formed on November 14, 2014.

On January 22, 2015, we changed our name to “Orbital Tracking Corp” from “Great West Resources, Inc.” pursuant to a merger with a newly formed wholly owned subsidiary.

Effective March 8, 2018, following the approval of a majority of our shareholders, we effected a reverse split of our common stock at a ratio of 1 for 150. On August 19, 2019, we effected a reverse split of our common stock at a ratio of 1 for 15. As a result of the reverse split, our common stock now has the CUSIP number: 68557F100. All share and per share, information in the accompanying consolidated financial statements and footnotes has been retroactively restated to reflect these reverse splits.

Also, on August 19, 2019, we changed our name to “Orbsat Corp.” from “Orbital Tracking Corp.” pursuant to a merger with a newly formed wholly owned subsidiary.

On March 24, 2021, the Company’s shareholders via majority shareholder consent authorized a stock split not to exceed 1 for 5 reverse stock split. A definitive Information Statement relating to the shareholder consent was filed with the SEC on March 13, 2021. The Company’s Board of Directors subsequently approved a 1-for-5 reverse stock split. The Company has filed a Certificate of Change to its Amended and Restated Articles of Incorporation to effect a reverse stock split of its issued and outstanding common stock, at a ratio of 1-for-5. The effective time of the reverse stock split was 12:01 a.m. ET on May 28, 2021. The Company’s common stock began trading on a split-adjusted basis commencing upon market open on May 28, 2021. The common stock has been assigned a new CUSIP number, 68557F 209. The warrants were assigned the CUSIP number, 68557F 118. No fractional shares of common stock were issued as a result of the reverse stock split. Stockholders of record who would otherwise be entitled to receive a fractional share were received a whole share.

All information presented in this Annual Report on Form 10-K other than in Company’s consolidated financial statements and the notes thereto assumes a 1-for-5 reverse stock split of Company’s outstanding shares of common stock and unless otherwise indicated, all such amounts and corresponding conversion price or exercise price data set forth in this Annual Report on Form 10-K have been adjusted to give effect to such assumed reverse stock split.

On May 28, 2021, our common stock and Warrants commenced trading on Nasdaq under the symbols “OSAT” and “OSATW,” respectively

ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Global Telesat Communications Limited (“GTCL”) was formed under the laws of England and Wales in 2008. On February 19, 2015, the Company entered into a share exchange agreement with GTCL and all of the holders of the outstanding equity of GTCL pursuant to which GTCL became a wholly-owned subsidiary of the Company.

Liquidity

As an early-stage growth company, Orbsat’s ability to access capital is critical. On June 2, 2021, through an upsized underwritten public offering of 2,880,000 units at a price to the public of \$5.00 per unit, the Company received gross proceeds of \$14,404,666.

In connection with closing of the June Offering, the Underwriter partially exercised its over-allotment option and purchased an additional 432,000 warrants at \$0.01 per warrant for additional gross proceeds to the Company of \$4,320. On June 28, 2021, the Underwriter, upon the exercise in full of the balance of its over-allotment option, purchased 432,000 additional shares of the common stock for additional gross proceeds of \$2,155,680 from the sale of the Shares. Orbsat management has plans to raise additional capital in 2021.

As of the date of this report, the Company’s existing cash resources and existing borrowing availability are sufficient to support planned operations for the next 12 months. As a result, management believes that the Company’s existing financial resources are sufficient to continue operating activities for at least one year past the issuance date of the financial statements.

These financial statements have been prepared by management in accordance with GAAP and this basis assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. These financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities and common stock issued for services.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with a high credit quality financial institution. The Company’s account at this institution is insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. All cash amounts in excess of \$250,000, \$14,165,649, are unsecured. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

Accounts receivable and allowance for doubtful accounts

The Company has a policy of reserving for questionable accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are offset against sales and relieved from accounts receivable, after all means of collection have been exhausted and the potential for recovery is considered remote. As of June 30, 2021, and 2020, there is an allowance for doubtful accounts of \$15,782 and \$14,155, respectively.

ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Inventories

Inventories are valued at the lower of cost or net realizable value, using the first-in first-out cost method. The Company assesses the valuation of its inventories and reduces the carrying value of those inventories that are obsolete or in excess of the Company's forecasted usage to their estimated net realizable value. The Company estimates the net realizable value of such inventories based on analysis and assumptions including, but not limited to, historical usage, expected future demand and market requirements. A change to the carrying value of inventories is recorded to cost of goods sold.

Prepaid expenses

Prepaid expenses amounted to \$1,784, at June 30, 2021 and December 31, 2020, respectively. Prepaid expenses include prepayments in cash for accounting fees, prepayments in equity instruments and license fees which are being amortized over the terms of their respective agreements and product costs associated with deferred revenue. The current portion consists of costs paid for future services which will occur within a year.

Foreign Currency Translation

The Company's reporting currency is U.S. Dollars. The accounts of one of the Company's subsidiaries, GTCL, is maintained using the appropriate local currency, Great British Pound, as the functional currency. All assets and liabilities are translated into U.S. Dollars at balance sheet date, shareholders' equity is translated at historical rates and revenue and expense accounts are translated at the average exchange rate for the year or the reporting period. The translation adjustments are reported as a separate component of stockholders' equity, captioned as accumulated other comprehensive (loss) gain. Transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of operations.

The relevant translation rates are as follows: for the six months ended June 30, 2021, closing rate at 1.382800 US\$: GBP, quarterly average rate at 1.397146 US\$: GBP and yearly average rate at 1.388107 US\$: GBP, for the six months ended June 30, 2020, closing rate at 1.2402 US\$: GBP, quarterly average rate at 1.241159 US\$: GBP, for the year ended 2020 closing rate at 1.260983 US\$: GBP, average rate at 1.260983 US\$: GBP.

Revenue Recognition and Unearned Revenue

The Company recognizes revenue from satellite services when earned, as services are rendered or delivered to customers. Equipment sales revenue is recognized when the equipment is delivered to and accepted by the customer. Only equipment sales are subject to warranty. Historically, the Company has not incurred significant expenses for warranties. Equipment sales which have been prepaid, before the goods are shipped are recorded as contract liabilities and once shipped is recognized as revenue. The Company also records as contract liabilities, certain annual plans for airtime, which are paid in advance. Once airtime services are incurred, they are recognized as revenue. Unbilled revenue is recognized for airtime plans whereby the customer is invoiced for its data usage the following month after services are incurred.

The Company's customers generally purchase a combination of our products and services as part of a multiple element arrangement. The Company's assessment of which revenue recognition guidance is appropriate to account for each element in an arrangement can involve significant judgment. This assessment has a significant impact on the amount and timing of revenue recognition.

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The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. The five-step model is applied to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services transferred to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. We then recognize revenue in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

In accordance with ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedient*, which is to (1) clarify the objective of the collectability criterion for applying paragraph 606-10-25-7; (2) permit an entity to exclude amounts collected from customers for all sales (and other similar) taxes from the transaction price; (3) specify that the measurement date for noncash consideration is contract inception; (4) provide a practical expedient that permits an entity to reflect the aggregate effect of all modifications that occur before the beginning of the earliest period presented when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations; (5) clarify that a completed contract for purposes of transition is a contract for which all (or substantially all) of the revenue was recognized under legacy GAAP before the date of initial application, and (6) clarify that an entity that retrospectively applies the guidance in Topic 606 to each prior reporting period is not required to disclose the effect of the accounting change for the period of adoption. The amendments of this ASU are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. There was no impact as a result of adopting this ASU on the financial statements and related disclosures. Based on the terms and conditions of the product arrangements, the Company believes that its products and services can be accounted for separately as its products and services have value to the Company's customers on a stand-alone basis. When a transaction involves more than one product or service, revenue is allocated to each deliverable based on its relative fair value; otherwise, revenue is recognized as products are delivered or as services are provided over the term of the customer contract.

Contract liabilities is shown separately in the unaudited consolidated balance sheets as current liabilities. At June 30, 2021 and December 31, 2020, we had contract liabilities of \$41,173 and \$36,704, respectively.

Cost of Product Sales and Services

Cost of sales consists primarily of materials, airtime and overhead costs incurred internally and amounts incurred to contract manufacturers to produce our products, airtime and other implementation costs incurred to install our products and train customer personnel, and customer service and third-party original equipment manufacturer costs to provide continuing support to our customers. There are certain costs which are deferred and recorded as prepaids, until such revenue is recognized. Refer to revenue recognition above as to what constitutes deferred revenue.

Shipping and handling costs are included as a component of costs of product sales in the Company's consolidated statements of operations because the Company includes in revenue the related costs that the Company bills its customers.

Intangible assets

Intangible assets include customer contracts purchased and recorded based on the cost to acquire them. These assets are amortized over 10 years. Useful lives of intangible assets are periodically evaluated for reasonableness and the assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

Goodwill and other intangible assets

In accordance with ASC 350-30-65, "Intangibles - Goodwill and Others", the Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors the Company considers to be important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. The Company recorded an impairment charge of \$0 and \$0, during the six months ended June 30, 2021 and for the year ended December 31, 2020, respectively.

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Property and Equipment

Property and equipment are carried at historical cost less accumulated depreciation. Depreciation is based on the estimated service lives of the depreciable assets and is calculated using the straight-line method. Expenditures that increase the value or productive capacity of assets are capitalized. Fully depreciated assets are retained in the property and equipment, and accumulated depreciation accounts until they are removed from service. When property and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Repairs and maintenance are expensed as incurred.

The estimated useful lives of property and equipment are generally as follows:

	Years
Office furniture and fixtures	4
Computer equipment	4
Rental equipment	4
Appliques	10
Website development	2

Depreciation expense for the six months ended June 30, 2021 and 2020 were \$34,448 and \$131,795, respectively.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. The Company did not consider it necessary to record any impairment charges during the periods ended June 30, 2021 and June 30, 2020, respectively.

Accounting for Derivative Instruments

Derivatives are required to be recorded on the balance sheet at fair value. These derivatives, including embedded derivatives in the Company's structured borrowings, are separately valued and accounted for on the Company's balance sheet. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market-based pricing models incorporating readily observable market data and requiring judgment and estimates.

The Company did not identify any assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with the accounting guidance. The carrying amounts reported in the balance sheet for cash, accounts payable, and accrued expenses approximate their estimated fair market value based on the short-term maturity of the instruments.

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Stock Based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 718, for share-based payments to consultants and other third-parties, compensation expense is determined at the “measurement date.” The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date. Further, ASC Topic 718, provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718, such as the repricing of share options, which would revalue those options and the accounting for the cancellation of an equity award whether a replacement award or other valuable consideration is issued in conjunction with the cancellation. If not, the cancellation is viewed as a replacement and not a modification, with a repurchase price of \$0.

Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, “Accounting for Income Taxes” (“ASC 740-10”) which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach require the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold is measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, “Definition of Settlement,” which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

Leases

Effective January 1, 2019, the Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company’s incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right of use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right of use asset and lease liability, the Company has elected to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term.

The Company continues to account for leases in the prior period financial statements under ASC Topic 840.

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Research and Development

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. For the six months ended June 30, 2021 and 2020, there were no expenditures on research and development.

Earnings per Common Share

Net income (loss) per common share is calculated in accordance with ASC Topic 260: Earnings per Share (“ASC 260”). Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. The computation of diluted net loss per share does not include dilutive common stock equivalents in the weighted average shares outstanding as they would be anti-dilutive. In periods where the Company has a net loss, all dilutive securities are excluded.

The following are dilutive common stock equivalents during the quarter ended:

	June 30, 2021	June 30, 2020
Convertible notes payable (1)	-	790,245
Stock Options	550,009	7,809
Stock Warrants	3,455,000	800
Total	4,005,009	798,854

(1) There were 0 and 790,245 shares of our common stock issuable upon conversion of \$790,245 of Convertible Notes Payable at a conversion rate of \$1.00 per share, as of June 30, 2020, not accounting for 9.99% beneficial ownership limitation.

Related Party Transactions

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under

common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party, (see Note 13).

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Recent Accounting Pronouncements

In November 2018, the FASB amended Topic 842, Leases, by issuing ASU No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 with *ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842*; *ASU No. 2018-10, Codification Improvements to Topic 842, Leases*; and *ASU No. 2018-11, Targeted Improvements*. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard was effective for us on January 1, 2019, however the Company did not have any leases that met the criteria as established above, until July 24, 2019, when the Company entered into a three-year lease for its UK office and warehouse for annual rent of £25,536 or GBP: USD using exchange rate close for the six months ended June 30, 2021, for liability of £3828 or \$35,311. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019.

At June 30, 2021, the Company had current and long-term operating lease liabilities of \$30,484 and \$6,703, respectively, and right of use assets of \$40,130.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

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NOTE 2 - INVENTORIES

At June 30, 2021 and December 31, 2020, inventories consisted of the following:

	June 30, 2021	December 31, 2020
Finished goods	\$ 1,151,958	\$ 361,422
Less reserve for obsolete inventory	-	-
Total	\$ 1,151,958	\$ 361,422

For the six months ended June 30, 2021 and the year ended December 31, 2020, the Company did not make any change for reserve for obsolete inventory.

NOTE 3 – VAT RECEIVABLE

On January 1, 2021, VAT rules relating to imports and exports between the UK and EU changed as a result, of the UK’s departure from the EU, (“BREXIT”). For the six months ending June 30, 2021, the Company recorded a receivable in the amount of \$279,215 for amounts available to reclaim against the tax liability from UK and EU countries. Subsequently to June 30, 2021, the Company has received a total of £104,875 or \$145,346, using an exchange rate close of 1.3859 GBP:USD, in regards to this receivable.

NOTE 4 – PREPAID EXPENSES

Prepaid expenses amounted to \$1,784 at June 30, 2021 and at December 31, 2020. Prepaid expenses include prepayments in cash for accounting fees, prepayments in equity instruments, which are being amortized over the terms of their respective agreements, as well as cost associated with certain contract liabilities. The current portion consists of costs paid for future services which will occur within a year.

NOTE 5 - PROPERTY AND EQUIPMENT

At June 30, 2021 and December 31, 2020, property and equipment, net of fully depreciated assets, consisted of the following:

	June 30, 2021	December 31, 2020
Office furniture and fixtures	\$ 28,261	\$ 6,470
Computer equipment	24,189	33,361
Rental equipment	48,761	48,187
Appliques	2,160,096	2,160,096
Website development	83,992	69,149
	2,345,299	2,317,263
Less accumulated depreciation	(1,346,335)	(1,211,099)
Total	\$ 998,964	\$ 1,106,164

Depreciation expense was \$134,448 and \$131,795 for the six months ended June 30, 2021 and 2020, respectively. For the three months ended June 30, 2021 and 2020, depreciation expense was \$66,998 and \$66,541, respectively.

NOTE 6 – INTANGIBLE ASSETS

On December 10, 2014, the Company entered the satellite voice and data equipment sales and service business through the purchase of certain contracts from Global Telesat Corp. (“GTC”). These contracts permit the Company to utilize the Globalstar, Inc. and Globalstar LLC (collectively, “Globalstar”) mobile satellite voice and data network. The purchase price for the contracts of \$250,000 was paid by the Company under an asset purchase agreement by and among the Company, its wholly owned subsidiary, Orbital Satcom, GTC and World Surveillance Group, Inc.

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Included in the purchased assets are: (i) the rights and benefits granted to GTC under each of the Globalstar Contracts, subject to certain exclusions, (ii) account and online access to the Globalstar Cody Simplex activation system, (iii) GTC’s existing customers who are serviced pursuant to the Globalstar Contracts (only as to their business directly and exclusively related to the Globalstar Contracts), and (iv) all of GTC’s rights and benefits directly and exclusively related to the Globalstar Contracts.

Amortization of customer contracts are included in depreciation and amortization. For the six months ended June 30, 2021 and 2020, the Company amortized \$2,500, respectively. Future amortization of intangible assets is as follows:

2021	\$	12,500
2022		25,000
2023		25,000
2024		25,000
Total	\$	<u>87,500</u>

For the six months ended June 30, 2021 and 2020, there were no additional expenditures on research and development.

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED OTHER LIABILITIES

Accounts payable and accrued other liabilities consisted of the following:

	June 30, 2021	December 31, 2020
Accounts payable	\$ 1,365,790	\$ 747,476
Rental deposits	10,889	10,761
Customer deposits payable	55,150	53,570
Accrued wages & payroll liabilities	13,369	1,913
VAT liability & sales tax payable	59,503	50,453
Pre-merger accrued other liabilities	65,948	65,948
Accrued interest	121,476	99,982
Accrued other liabilities	22,500	22,500
Total	<u>\$ 1,714,625</u>	<u>\$ 1,052,603</u>

NOTE 8 – LINE OF CREDIT

On October 9, 2019, Orbital Satcom Corp, entered into a short-term loan agreement for \$9,000, with Amazon. The one-year term loan is paid monthly, has an interest rate of 9.72%, with late payment penalty interest of 11.72%. For the six months ended June 30, 2021 and 2020, the Company recorded interest expense of \$0 and \$725, respectively. The short-term line of credit balance as of June 30, 2021 and December 31, 2020, was \$0 and \$0.

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NOTE 9 – NOTE EXCHANGE AGREEMENT

On April 30, 2019, the Company entered into a Shares for Note Exchange Agreement (each, an “Agreement” and collectively, the “Agreements”) with certain holders of the Company’s preferred stock (the “Converting Stockholders”). Pursuant to the terms of the Agreements, the Company agreed to exchange the preferred shares held by the respective Converting Stockholders for promissory notes as follows:

Series of Preferred Stock	No. of Converting Holders of Preferred Stock	Aggregate No. of Shares Held by Converting Stockholders	Aggregate Principal Amount of Notes into which Shares Converted
B	1	222	\$ 11
C	1	123,526	\$ 12,353
D	3	147,577	\$ 29,516
E	—	—	\$ —
F	1	23,333	\$ 233
G	2	346,840	\$ 3,468
H	3	916	\$ 916
I	3	3,241	\$ 3,241
J	5	4,296	\$ 42,961
K	7	70,571	\$ 70,571

L	3	1,333	\$	5,000
TOTAL:		721,855	\$	168,270

In exchange for the above-referenced shares of preferred stock, the Company issued a promissory note (each, a “Note” and collectively, the “Notes”) to each of the Converting Stockholders on April 30, 2019. Each Note bears interest at a rate of 6% per annum and is due on the second anniversary of the issuance date. Interest accrues on a simple interest, non-compounded basis and will be added to the principal amount on the maturity date. In the event that any amount due under a Note is not paid as and when due, such amounts will accrue interest at the rate of 12% per year, simple interest, non-compounding, until paid. The Company may prepay the Notes at any time.

During the periods ended June 30, 2021 and December 31, 2020, the Company repaid \$21,848 and \$0 of the notes, leaving a balance of \$0 and \$121,848, respectively as short-term notes payable. For the six months ended June 30, 2021, the Company recorded interest in relation to the note of \$2,503.

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NOTE 10 – CONVERTIBLE NOTES PAYABLE

Convertible notes payable – long term

March 2021 Financing

On March 5, 2021, the Company entered into a Note Purchase Agreement (the “March 2021 NPA”) by and between the Company and one individual accredited investor (the “Lender”). Pursuant to the terms of the March 2021 NPA, the Company sold a convertible promissory note with a principal amount of \$350,000 (the “March 2021 Note”). The March 2021 Note is a general, unsecured obligation of the Company and bears simple interest at a rate of 7% per annum, and matures on the third anniversary of the date of issuance (the “Maturity Date”), to the extent that the March 2021 Note and the principal amount and any interest accrued thereunder have not been converted into shares of the Company’s common stock. In the event that any amount due under the March 2021 Note is not paid as and when due, such amount will accrue interest at the rate of 12% per year, simple interest, non-compounding, until paid. The Company may not pre-pay or redeem the March 2021 Note other than as required by the Agreement. The Noteholder have an optional right of conversion such that a Noteholder may elect to convert his March 2021 Note, in whole or in part, outstanding as of such time, into the number of fully paid and non-assessable shares of the Company’s common stock as determined by dividing the indebtedness under the March 2021 Note price equal to the lesser of (a) \$7.50 per share, and (b) a 30% discount to the price of the common stock in the qualified transaction. Following an event of default, the conversion price shall be adjusted to be equal to the lower of: (i) the then applicable conversion price or (ii) the price per share of 85% of the lowest traded price for the Company’s common stock during the 15 trading days preceding the relevant conversion. In addition, subject to the ownership limitations, if a qualified transaction is completed, without further action from the Noteholder, on the closing date of the qualified transaction, 50% of the principal amount of this March 2021 Note and all accrued and unpaid interest shall be converted into Company common stock at a conversion price equal to the 30% discount to the offering price in such qualified transaction, which price shall be proportionately adjusted for stock splits, stock dividends or similar events. A “Qualified Transaction” refers the completion of the public offering of the Company’s securities stock with gross proceeds of at least \$10,000,000 pursuant to which the Company’s securities become registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, or a merger with a company listed on the Nasdaq or Canadian stock exchanges, as amended. The Noteholder is granted registration rights and pre-emptive rights. In addition, the March 2021 NPA includes customary events of default, including, among others: (i) non-payment of amounts due thereunder, (ii) non-compliance with covenants thereunder, (iii) bankruptcy or insolvency. The Company’s issuance of the March 2021 Note under the terms of the March 2021 NPA was made pursuant to an exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”) in reliance on Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The investor in the March 2021 Note is an “accredited investor” as such term is defined in Rule 501(a) of Regulation D under the Securities Act. There were no discounts or brokerage fees associated with this offering. The Company used the offering proceeds for working capital and general corporate purposes.

The balances of the Company’s convertible notes payable consist of the following:

	June 30, 2021	December 31, 2020
May 2019 Notes	\$ -	\$ 462,085
August 2020 Notes	-	588,182
December 2020 Notes	-	244,000
March 2021 Notes	-	-
	-	1,294,267
Debt Discount	-	(1,084,944)
	-	-
Total	\$ -	\$ 209,323

For the six months ended June 30, 2021 and 2020, we amortized the discount on the debt, to interest expense of \$425,365 and \$128,702.

For the six months ended June 30, 2021, the Holders converted a total of \$1,644,268 of the convertible debt to 1,345,468 shares of common shares.

On June 15, 2020, the change in conversion price from \$0.50 to \$1.00 per share, resulted in a difference in the carrying value of the balance of the note payable. Under ASC 470-50-40-13, if it is determined that the original and new debt instruments are substantially different, the new debt instrument shall be initially recorded at fair value, and that amount shall be used to determine the debt extinguishment gain or loss to be recognized and the effective rate of the new instrument. The original debt had a carrying value of \$269,262 as of June 15, 2020, the fair value of the amended debt was \$0 (\$792,932 principle netted with the \$792,392 note payable discount), which resulted a gain from the extinguishment of debt \$269,262. Further, as of June 30, 2020, the Company recorded a beneficial conversion feature of the amended note of \$17,041, resulting in a balance of unamortized discount notes payable of \$775,892 as of June 30, 2020.

For the six months ended June 30, 2020, the Holders converted \$2,068 of the convertible debt to common stock, resulting in an issuance of 24,135 common shares at the conversion rate of \$0.50 per share. Following the change in conversion rate on June 15, 2020, the Holders converted an additional \$,687 of the convertible debt to common stock, resulting in an issuance of 2,687 common shares at the conversion rate of \$1.00 per share. The balance of the convertible notes at June 30, 2020 was \$790,245.

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NOTE 11 CORONA VIRUS LOANS

On April 20, 2020, the Board, approved for its wholly owned UK subsidiary, Global Telesat Communications LTD (“GTC”), to apply for a Coronavirus Interruption Loan, offered by the UK government, for an amount up to £250,000. On July 16, 2020 (the “Issue Date”), GTC, entered into a Coronavirus Interruption Loan Agreement (the “Debtenture”) by and among the Company and HSBC UK Bank PLC (the “Lender”) for an amount of £250,000, or USD\$345,700 at an exchange rate of GBP:USD of 1.3828. The Debtenture bears interest beginning July 16, 2021, at a rate of 3.99% per annum over the Bank of England Base Rate (0.1% as of July 16, 2020), payable monthly on the outstanding principal amount of the Debtenture. The Debtenture has a term of 6 years from the date of drawdown, July 15, 2026, the “Maturity Date”. The first repayment of £4,167 (exclusive of interest) will be made 13 month(s) after July 16, 2020. Voluntary prepayments are allowed with 5 business days’ written notice and the amount of the prepayment is equal to 10% or more of the limit or, if less, the balance of the debtenture. The Debtenture is secured by all GTC’s assets as well as a guarantee by the UK government, with the proceeds of the Debtenture are to be used for general corporate and working capital purposes. The Debtenture includes customary events of default, including, among others: (i) non-payment of amounts due thereunder, (ii) non-compliance with covenants thereunder, (iii) bankruptcy or insolvency (each, an “Event of Default”). Upon the occurrence of an Event of Default, the Debtenture becomes payable upon demand. As of June 30, 2021, the Company has recorded \$51,686 as current portion of notes payable and \$294,014 as notes payable long term.

On May 8, 2020, Orbsat Corp was approved for the US funded Payroll Protection Program, (“PPP”) loan. The loan is for \$0,832 and has a term of 2 years, of which the first 6 months are deferred at an interest rate of 1%. On May 23, 2021, BlueVine, the Company’s SBA approved mortgage lender and originator, notified the Company, that the loan in the amount of \$20,832, has been forgiven. As of June 30, 2021, the Company has recorded \$0,832 as forgiveness of debt.

NOTE 12 - STOCKHOLDERS’ EQUITY

Capital Structure

On March 28, 2014, in connection with the Reincorporation (see Note 1), all share and per share values for all periods presented in the accompanying condensed consolidated financial statements are retroactively restated for the effect of the Reincorporation.

On March 5, 2016, the Company shareholders voted in favour of an amendment to its Articles of Incorporation to increase the total number of shares of authorized capital stock to 800,000,000 shares consisting of (i) 750,000,000 shares of common stock and (ii) 50,000,000 shares of preferred stock from 220,000,000 shares consisting of (i) 200,000,000 shares of common stock and (ii) 20,000,000 shares of preferred stock.

Effective March 8, 2018, we conducted a reverse split of our common stock at a ratio of 1 for 150. All share and per share information in the accompanying condensed consolidated financial statements and footnotes has been retroactively restated to reflect the reverse split.

On July 24, 2019, the Company filed a Certificate of Change (the “Certificate of Change”) with the Nevada Secretary of State. The Certificate of Change provides for (i) a 1-for-15 reverse split (the “Reverse Split”) of the Company’s common stock, \$0.0001 par value per share, and the Company’s preferred stock, \$0.0001 par value per share, (ii) a reduction in the number of authorized shares of common stock in direct proportion to the Reverse Split (i.e. from 750,000,000 shares to 50,000,000 shares), and (iii) a reduction in the number of authorized shares of preferred stock in direct proportion to the Reverse Split (i.e. from 50,000,000 shares to 3,333,333 shares). No fractional shares will be issued in connection with the Reverse Split. Stockholders who otherwise would be entitled to receive fractional shares of common stock or preferred stock, as the case may be, will have the number of post-Reverse Split shares to which they are entitled rounded up to the nearest whole number of shares. No stockholders will receive cash in lieu of fractional shares. The Reverse Split was approved by FINRA on August 19, 2019.

On May 28, 2021, the Company effected a reverse stock split of its common stock at a ratio of 1-for-5 (the “Reverse Split”). No fractional shares of common stock were issued as a result of the Reverse Split. Stockholders of record who were otherwise entitled to receive a fractional share received a whole share. The conversion or exercise prices of Company’s issued and outstanding convertible securities, stock options and warrants will be adjusted accordingly. All information presented in this Quarterly Report on Form 10Q, other than in Company’s consolidated financial statements and the notes thereto assumes a 1-for-5 reverse stock split of Company’s outstanding shares of common stock, and unless otherwise indicated, all such amounts and corresponding conversion price or exercise price data set forth in this Quarterly Report on Form 10Q have been adjusted to give effect to such assumed reverse stock split.

Listing on the Nasdaq Capital Market

On May 28, 2021, our common stock and Warrants commenced trading on Nasdaq under the symbols “OSAT” and “OSATW,” respectively.

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As of June 30, 2021, the authorized capital of the Company consists of 50,000,000 shares of common stock, par value \$0.0001 per share, 3,333,333 shares of preferred stock, par value \$0.0001 per share.

Preferred Stock

As of June 30, 2021, there were 3,333,333 shares of Preferred Stock authorized, none of which are issued and outstanding.

Warrants

As of June 30, 2021, there were 3,311,000 registered warrants authorized to purchase of common stock and 3,311,000 registered warrants issued and outstanding.

On June 2, 2021, the Company issued 2,880,000 warrants to purchase 2,880,000 shares of common stock in an offering, at an exercise price of \$.00 and a term of 5 years.

On June 10, 2021, the Company issued 1,000 shares of common stock in our June Offering, as described below, for the exercise of 1,000 warrants, at an exercise price of \$5.00, for cash consideration of \$5,000.

On June 28, 2021, the Company issued an additional 432,000 warrants to purchase 432,000 shares of common stock in June Offering, at an exercise price of \$.00 and a term of 5 years.

Underwriter Warrants

In addition to, but separate from, the registered warrants included in the units sold in the June Offering, the Company issued 144,000 warrants to Maxim Group LLC, the underwriter (the “Underwriter Warrants”) in connection with the June Offering. The Underwriter Warrants expire five years from the effective date of the June Offering and are exercisable at a per share price equal to \$5.50 per share, or 110% of the public offering price per unit in the June Offering.

As of June 30, 2021, there were 144,000 Underwriter Warrants issued and outstanding.

Common Stock

As of June 30, 2021, there were 50,000,000 shares of common stock authorized and 5,476,918 shares issued and outstanding.

On February 19, 2021, the Board of Directors of the Company unanimously adopted an amendment to the Company's Articles of Incorporation to effect a reverse stock split at a ratio of (i) no less than 1-for-2 shares of Common Stock, and (ii) no more than 1-for-5 shares of Common Stock, the exact ratio to be determined in the sole discretion of the Board of Directors, at any time before August 31, 2021. The Board of Directors has obtained (by written consent) the approval of the Company's stockholders who, in the aggregate, own 2,686,337 shares of Common Stock, or 63.5% of the outstanding shares of Common Stock of the Company prior to the Reverse Split Action.

On January 12, 2021, the Company issued an aggregate of 30,000 shares of common stock upon the conversion of \$30,000 of its convertible debt, at the conversion rate of \$1.00 per share.

On February 23, 2021, the Company issued an aggregate of 80,289 shares of common stock upon the conversion of \$80,289 of its convertible debt, at the conversion rate of \$1.00 per share.

On February 23, 2021, the Company issued an aggregate of 120,000 shares of common stock upon the conversion of \$150,000 of its convertible debt, at the conversion rate of \$1.25 per share.

On February 23, 2021, the Company issued an aggregate of 1,000 shares of common stock for services in the amount of \$14,200.

On March 1, 2021, the Company issued an aggregate of 149,532 shares of common stock upon the conversion of \$149,532 of its convertible debt, at the conversion rate of \$1.00 per share.

On March 1, 2021, the Company issued an aggregate of 38,616 shares of common stock upon the conversion of \$48,270 of its convertible debt, at the conversion rate of \$1.25 per share.

On March 24, 2021, the Company's shareholders via majority shareholder consent authorized a stock split not to exceed 1 for 5 reverse stock split. A definitive Information Statement relating to the shareholder consent was filed with the SEC on March 13, 2021. The Company's Board of Directors subsequently approved a 1-for-5 reverse stock split. The Company has filed a Certificate of Change to its Amended and Restated Articles of Incorporation to effect a reverse stock split of its issued and outstanding common stock, at a ratio of 1-for-5. The effective time of the reverse stock split will be 12:01 a.m. ET on May 28, 2021. The Company's common stock will begin trading on a split-adjusted basis commencing upon market open on May 28, 2021. The common stock will be assigned a new CUSIP number, 68557F 209. The warrants will be assigned the CUSIP number, 68557F 118. No fractional shares of common stock will be issued as a result of the reverse stock split. Stockholders of record who would otherwise be entitled to receive a fractional share will receive a whole share.

On May 20, 2021, Company issued an aggregate of 29,800 shares of common stock upon the conversion of \$29,800 of its convertible debt, at a weighted average conversion rate of \$1.00.

On May 27, 2021, Company issued an aggregate of 897,231 shares of common stock upon the conversion of \$1,156,377 of its convertible debt, at a weighted average conversion rate of \$1.28.

On May 28, 2021, Company entered into an Underwriting Agreement (the "Underwriting Agreement") with Maxim Group LLC (the "Underwriter"), pursuant to which the Company agreed to issue and sell to the Underwriter in an underwritten public offering 2,880,000 units consisting of one share of common stock and one warrant, exercisable for one share of common stock at a public offering price of \$5.00 per unit, (after giving effect to a 1-for-5 reverse stock split, discussed above) for aggregate gross proceeds of approximately \$14,400,000 before deducting underwriting discounts, commissions, and other offering expenses (the "June Offering"). The common stock and warrants were immediately separable and were issued separately. The common stock and warrants began trading on the Nasdaq Capital Market, on May 28, 2021, under the symbols "OSAT" and "OSATW," respectively. In addition, the Company has granted the Underwriter a 45-day option to purchase an additional 432,000 shares of common stock and/or warrants to purchase up to an aggregate of 432,000 shares of common stock, in any combination thereof, at the public offering price per security, less the underwriting discounts and commissions, to cover over-allotments, if any. The June Offering closed on June 2, 2021. In connection with closing of the June Offering, the Underwriter partially exercised its over-allotment option and purchased an additional 432,000 warrants at \$0.01 per warrant for additional gross proceeds to the Company of \$4,320. On June 28, 2021, the Underwriter, upon the exercise in full of the balance of its over-allotment option, purchased 432,000 additional shares of the common stock for additional gross proceeds to the Company of \$2,155,680.

We have issued to the Underwriter warrants to purchase up to a total of 144,000 shares of common stock (5% of the shares of common stock included in the Units, excluding the over-allotment, if any) (the "Underwriter Warrants"). The Underwriter Warrants are exercisable at any time, and from time to time, in whole or in part, during the period commencing 180 days from the effective date of the registration statement, and expire five years from the effective date of the offering, which period is in compliance with FINRA Rule 5110(e). The Underwriter Warrants are exercisable at a per share price equal to \$5.50 per share, or 110% of the public offering price per unit in the offering. The Underwriter Warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(e)(1) of FINRA. The underwriter (or permitted assignees under Rule 5110(e)(2)) will not sell, transfer, assign, pledge, or hypothecate these warrants or the securities underlying these warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days from the effective date of the registration statement. In addition, the warrants provide for certain piggyback registration rights. The piggyback registration rights provided will not be greater than five years from the effective date of the registration statement in compliance with FINRA Rule 5110(g)(8). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the Underwriter Warrants. The exercise price and number of shares issuable upon exercise of the Underwriter Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying shares will not be adjusted for issuances of shares of common stock at a price below the warrant exercise price.

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A summary of the status of the Company's outstanding stock options and changes during the six months ended June 30, 2021 is as follows:

Stock Options

Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
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Balance at January 1, 2021	600,009	\$	2.35	9.91
Granted	-		-	-
Exercised	-		-	-
Forfeited	-		-	-
Cancelled	(50,000)		-	9.51
Balance outstanding at June 30, 2021	550,009	\$	2.56	9.39
Options exercisable at June 30, 2021	550,009	\$	2.56	9.39

A summary of the status of the Company's outstanding warrants and changes during the six months ended June 30, 2021 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at January 1, 2021	800	\$ 300.00	0.37
Granted	3,456,000	5.00	-
Exercised	(1,000)	5.00	-
Forfeited	-	-	-
Cancelled	(800)	300.00	-
Balance outstanding and exercisable at June 30, 2021	3,455,000	\$ 5.00	4.93

As of June 30, 2021, and December 31, 2020, there were 3,455,000 and 800 warrants outstanding, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

As of June 30, 2021, the accounts payable due to related party includes advances for inventory, services and other expenses due to David Phipps of \$53,579, accrued wages and expenses due to Charles M. Fernandez \$46,497, accrued salary, and expenses due to Sarwar Uddin and Theresa Carlise \$8,170 and \$8,795, respectively. Total related party payments due as of June 30, 2021, and December 31, 2020, are \$217,041 and \$102,060, respectively. These related party payables were non-interest bearing and have been repaid in full.

The Company's UK subsidiary, GTCL has an over-advance line of credit with HSBC, for working capital needs. The over-advance limit is £25,000 or \$34,570 at an exchange rate of 1.3828, with interest at 3.95% over Bank of England's base rate or current rate of 4.05% variable. The advance is guaranteed by David Phipps, the Company's Chief Executive Officer. The Company has an American Express account for Orbital Satcom Corp. and an American Express account for GTCL, both in the name of David Phipps who personally guarantees the balance owed.

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The Company employs three individuals who are related to Mr. Phipps, of which earned gross wages totaling \$76,416 and \$37,196 for the six months ended June 30, 2021 and 2020, respectively.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") a global pandemic prompting government-imposed quarantines, suspension of in-person attendance of academic programs, and cessation of certain travel and business closures. The United States has entered a recession as a result of the COVID-19 pandemic, which may prolong and exacerbate the negative impact on us. Although we expect the availability of vaccines and various treatments with respect to COVID-19 to have an overall positive impact on business conditions in the aggregate over time, the exact timing of these positive developments is uncertain. In December 2020, the United States began distributing two vaccines that, in addition to other vaccines under development, are expected to help to reduce the spread of the coronavirus that causes COVID-19 once they are widely distributed. If the vaccines prove less effective than currently understood by the scientific community and the United States Food and Drug Administration, or if there are problems with the acceptance, availability, timing or other difficulties with widely distributing the vaccines, the pandemic may last longer, and could continue to impact our business for longer, than we currently expect. In response to COVID-19, governmental authorities have implemented numerous measures to try to contain the virus, such as travel bans and restrictions, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter in place orders and recommendations to practice social distancing. Although many governmental measures have had specific expiration dates, some of those measures have already been extended more than once, and there is considerable uncertainty regarding the duration of such measures and the implementation of any potential future measures, especially if cases increase again across the United States, with the potential for additional challenges resulting from the emergence of new variants of COVID-19, some of which may be more transmissible than the initial strain. Such measures have impacted, and may continue to affect, our workforce, operations, suppliers and customers. We reduced the size of our workforce following the onset of COVID-19 and may need to take additional actions to further reduce the size of our workforce in the future; such reductions incur costs, and we can provide no assurance that we will be able to rehire our workforce in the event our business experiences a subsequent recovery. We took steps to curtail our operating expenses and conserve cash. We may elect or need to take additional remedial measures in the future as the information available to us continues to develop, including with respect to our workforce, relationships with our third-party vendors, and our customers. There is no certainty that the remedial measures we have implemented to date, or any additional remedial steps we may take in the future, will be sufficient to mitigate the risks posed by COVID-19. Further, such measures could potentially materially adversely affect our business, financial condition and results of operations and create additional risks for us. Any escalation of COVID-19 cases across many of the markets we serve could have a negative impact on us. Specifically, we could be adversely impacted by limitations on our employees to perform their work due to illness caused by the pandemic or local, state, or federal orders requiring our stores to close or employees to remain at home; limitation of carriers to deliver our product to customers; product shortages; limitations on the ability of our customers to conduct their business and purchase our products and services; and limitations on the ability of our customers to pay us in a timely manner. These events could have a material, adverse effect on our results of operations, cash flows and liquidity.

The ultimate magnitude of COVID-19, including the full extent of the material negative impact on our financial and operational results, will depend on future developments. The resumption of our normal business operations may be delayed or constrained by lingering effects of COVID-19 on our customers, suppliers and/or third-party service providers. Furthermore, the extent to which our mitigation efforts are successful, if at all, is not currently ascertainable. Due to the daily evolution of the COVID-19 pandemic and the responses to curb its spread, we cannot predict the full impact of the COVID-19 pandemic on our business and results of operations, but our business, financial condition, results of operations and cash flows have already been materially adversely impacted, and we anticipate they will continue to be adversely affected by the COVID-19 pandemic and its negative effects on global economic conditions. Any recovery from the COVID-19 pandemic and related economic impact may also be slowed or reversed by a variety of factors, such as any increase in COVID-19 infections. Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impacts to our business as a result of its national and, to some extent, global economic impact, including the current recession and any recession that may occur in the future.

The success of our business depends on our global operations, including our supply chain and consumer demand, among other things. As a result of COVID-19, we have experienced shortages in inventory due to manufacturing issues, a reduction in the volume of sales in some parts of our business, such as rental sales and direct website sales, and a reduction in personnel due to lockdown related issues. Our results of operations for the six months ended June 30, 2021 and for the year ended December 31, 2020, reflect this impact; however, we expect that this trend may continue, and the full extent of the impact is unknown. In recent months, some governmental agencies in the US and Europe, where we produce the largest percentage of our sales, have lifted certain restrictions. However, if customer demand continues to be low, our future equipment sales, subscriber activations and sales margin will be impacted.

Employment Agreements

Phipps Employment Agreement

On June 5, 2021, the Board of Directors of the Company also caused the Company to enter into new three year employment agreements with David Phipps, as effective June 2, 2021.

The employment agreement with Mr. Phipps replaced his existing employment agreement and has an initial term of three years. Pursuant to the Phipps Agreement, Mr. Phipps will serve as the President and Chief Executive Officer of Global Operations. The term will be automatically extended for additional one-year terms thereafter unless terminated by the Company or Mr. Phipps by written notice. CEO's annual base compensation is an aggregate of \$350,000. The Company may increase (but not decrease his compensation during its term. In addition, Mr. Phipps will be entitled to receive an annual cash bonus if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board of Directors. Mr. Phipps is also entitled to participate in any other executive compensation plans adopted by the Board of Directors, and is eligible for such grants of awards under stock option or other equity incentive plans as the Compensation Committee of the Company may from time to time determine (the "Share Awards"). Share Awards shall be subject to the applicable Plan terms and conditions, provided, however, that Share Awards shall be subject to any additional terms and conditions as are provided herein or in any award certificate(s), which shall supersede any conflicting provisions governing Share Awards provided under the Company is required to pay or to reimburse the Employee for all reasonable out-of-pocket expenses actually incurred or paid by the Employee in the course of his employment, consistent with the Company's policy. Mr. Phipps shall be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company provides to its senior Employees. The employment agreement may be terminated based on death or disability of the executive, for cause or without good reason, for cause or with good reason, and as a result of the change of control of the Company. The employment agreement also contains certain provisions that are customary for agreements of this nature, including, without limitation, non-competition and non-solicitation covenants, indemnification provisions, etc. On August 7, 2021, on the approval and recommendation of the Compensation Committee of the Board of Directors of Orbsat Corp, the Company entered into an amendment to the current employment agreement. The Amendment for Mr. Phipps amends his Employment Agreement in order to, among other things, (i) change Mr. Phipps' title to "President of Orbsat Corp and Chief Executive Officer of Global Operations" and (ii) to increase Mr. Phipps's compensation by providing for an auto allowance \$1,000 a month.

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Fernandez May Employment Agreement

On May 23, 2021, the Company entered into a three (3) year Employment Agreement (the "Fernandez Agreement") with Mr. Fernandez to serve as Chairman of the Board. Such agreement includes provision for automatic one (1) year extensions. Mr. Fernandez's employment will commence on the later of our receipt of an approval for listing letter from Nasdaq and the effectiveness of the registration statement. Under the Fernandez Agreement, Mr. Fernandez will serve as the Company's Executive Chairman and a director and will receive an annual base salary equal to the sum of \$12,000. Mr. Fernandez will also be entitled to such cash bonus opportunity and equity compensation arrangements as the Compensation Committee may determine following the effectiveness of this registration statement. The Fernandez Agreement also provides for the Company to reimburse Mr. Fernandez for any and all premium payments made by him to obtain and continue in full force and effect throughout the entire period of employment personal catastrophe and disability insurance coverages for Mr. Fernandez. Such insurance shall be obtained through any insurance carrier of Mr. Fernandez's choosing, and shall have premium limits not to exceed one hundred percent (100%) of Mr. Fernandez's Base Salary per annum. In addition, Mr. Fernandez will be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company provides to its senior Executives. Under the agreement, the Company is also obligated to reimburse Mr. Fernandez for up to \$10,000 per year related to Mr. Fernandez's business and personal travel and/or that of his immediate family members, as well as up to \$10,000 per year for professional fees incurred by Mr. Fernandez, whether in connection with Mr. Fernandez's association with the Company or otherwise. The Fernandez Agreement is terminable by the Company for Cause (as that term is defined in the Fernandez Employment Agreement), by Mr. Fernandez for Good Reason (as that term is defined in the Fernandez Employment Agreement), or by Mr. Fernandez at his option upon 30 days' prior written notice to the Company. The Fernandez Agreement provides that Mr. Fernandez may not solicit the Company's employees or customers for a one-year period after the termination of the agreement nor compete with the Company for a three-month period after the termination of the agreement; provided that such non-competition and non-solicitation agreement shall not apply to any persons or entities with which Mr. Fernandez is currently affiliated or associated. Mr. Fernandez has also been given the right to nominate two individuals to serve on the Board of Directors. The appointment of any such nominee(s) to the Board of Directors will be subject to approval of the Board of Directors (and compliance with applicable law and Nasdaq continuing listing requirements). Upon the pricing of this offering, the Company will grant Mr. Fernandez an award of restricted stock with a grant date fair value equal to \$3,000,000 determined at the per unit offering price (the "RSA"), which RSA will vest 1/3 at each of the three anniversaries of the grant date. Notwithstanding the vesting schedule, full vesting will occur upon a Change in Control, as that term is defined in the RSA. The Company at its sole expense is obligated to register the reoffer and resale by Mr. Fernandez of the securities granted to Employee pursuant to the RSA. The Fernandez Employment Agreement and the RSA are filed as Exhibits 10.20 and 10.19, respectively to Form 8-K as filed on May 28, 2021. The foregoing descriptions of the material terms of the Fernandez Employment Agreement and the RSA do not purport to be complete and are qualified in its entirety by reference to such exhibits, which are incorporated by reference.

Fernandez June Employment Agreement

On June 2, 2021, the Company entered into a new employment agreement (the "June Agreement") with Charles M. Fernandez, with an initial term of 5 years effective on May 28, 2021. The June Agreement replaced his then existing employment agreement dated May 23, 2021 (the "May Agreement"). Under the June Agreement, Mr. Fernandez will serve as the Chairman and Chief Executive Officer of the Company. The June Agreement will be automatically extended for additional one-year terms unless terminated by the Company or Mr. Fernandez by written notice. Mr. Fernandez's annual base compensation under the June Agreement is \$ 350,000 per year. The Company may increase (but not decrease) his compensation during the June Agreement's term. In addition, Mr. Fernandez is entitled to receive an annual cash bonus if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board. Mr. Fernandez is also entitled to participate in any other executive compensation plans adopted by the Board, and is eligible for such grants of awards under stock option or other equity incentive plans as the Compensation Committee of the Board may from time to time determine (the Share Awards). Share Awards will be subject to the applicable Plan terms and conditions, provided, however, that Share Awards will be subject to any additional terms and conditions as are provided therein or in any award certificate(s), which will supersede any conflicting provisions governing Share Awards provided under the equity incentive plan. The Company is required to pay or to reimburse Mr. Fernandez for all reasonable out-of-pocket expenses actually incurred or paid by Mr. Fernandez in the course of his employment, consistent with the Company's policy.

Mr. Fernandez will also be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company provides to its senior employees. The June Agreement may be terminated based on death or disability of Mr. Fernandez, for cause or without good reason, for cause or with good reason, as a result of the change of control of the Company and at the option of Mr. Fernandez with or

The Company will also reimburse Mr. Fernandez for any and all premium payments made by him to obtain and continue personal catastrophe and disability insurance coverages for himself, which policy will have policy limits not to exceed one hundred percent (100%) of his base salary per annum at any given time. In addition, the Company will pay for any and all travel-related expenses incurred by Mr. Fernandez and/or his immediate family members, not to exceed \$10,000.00 per fiscal year, regardless of whether or not such expenses are incurred by Mr. Fernandez in connection with services or duties to be performed by him as an employee of the Company. The Company will also pay for any and all fees and costs incurred by Mr. Fernandez in connection with professional services provided to him, not to exceed \$10,000 per year, including, without limitation, services provided to the Company by attorneys, accountants, financial planners and the like, regardless of whether or not such services are provided to Mr. Fernandez in connection with his employment with the Company.

In addition, the June Agreement (which repeats, but not duplicates, a grant of restricted stock made under the May Agreement), Mr. Fernandez received an award of restricted stock with a grant date fair value equal to \$3,000,000 determined at the per unit offering price in the June Offering (\$5 per Unit) (the "RSA"), which RSA will vest 1/3 at each of the three anniversaries of the grant date. The Grant Date for the RSA is May 28, 2021, as determined pursuant to the May Agreement. Notwithstanding the vesting schedule, full vesting will occur upon a Change in Control, as that term is defined in the Restricted Stock Agreement pursuant to which the RSA was made. The Company at its sole expense is obligated to register the reoffer and resale by Mr. Fernandez of the securities granted to him pursuant to the Restricted Stock Agreement.

If Mr. Fernandez' employment is terminated for any reason at any time by the Company prior to the full vesting of the RSA without "Cause" (as that term is defined in the June Agreement), the RSA will vest and Mr. Fernandez will receive all right, title and interest in the balance of the securities granted to him in the RSA.

During the term of the June Agreement and so long as Mr. Fernandez is employed by the Company, he may nominate two directors to the Company's Board of Directors. The appointment of these directors to the Board is subject to approval by the Board of Directors.

On August 7, 2021, the June Agreement was amended in order to, among other things, increase Mr. Fernandez's compensation by (i) providing for medical plan coverage for Mr. Fernandez and his family at the expense of the Company, and (ii) providing for an auto allowance \$1,000 per month.

Uddin Employment Agreement

On June 22, 2021, the Company appointed Sarwar Uddin as the Chief Financial Officer of the Company. Mr. Uddin replaced Thomas Seifert, whose employment by the Company terminated on the same date. The initial term of Mr. Uddin's agreement is one year commencing on June 22, 2021. The term of the employment agreement will be automatically extended for additional one-year terms unless terminated by the Company or Mr. Uddin by written notice. Mr. Uddin's annual base compensation is \$ 240,000. The Company may increase (but not decrease) his compensation during its term. In addition, Mr. Uddin will be entitled to receive an annual cash bonus if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board of Directors. Mr. Uddin is also entitled to participate in any other executive compensation plans adopted by the Board of Directors and is eligible for such grants of awards under stock option or other equity incentive plans as the Compensation Committee of the Company may from time to time determine (the "Share Awards"). The Company is required to pay or to reimburse Mr. Uddin for all reasonable out-of-pocket expenses actually incurred or paid by Mr. Uddin in the course of his employment, consistent with the Company's policy. Mr. Uddin shall be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company provides to its senior Employees. The employment agreement may be terminated based on death or disability of the executive, for cause or without good reason, for cause or with good reason, and as a result of the change of control of the Company. The employment agreement also contains certain provisions that are customary for agreements of this nature, including, without limitation, non-competition and non-solicitation covenants, indemnification provisions, etc. On August 7, 2021, on the approval and recommendation of the Compensation Committee of the Board of Directors of Orbsat Corp, the Company entered into an amendment to the current employment agreement to increase Mr. Uddin's compensation by providing for an allowance of \$600 per month for the payment of medical plan coverage for Mr. Uddin and his family.

Carlise Employment Agreement

On June 22, 2021, the Company appointed Theresa Carlise, Controller, Treasurer and Secretary. The initial term of Ms. Carlise agreement is one year. The term of the employment agreement will be automatically extended for additional one-year terms unless terminated by the Company or Ms. Carlise by written notice. Ms. Carlise's annual base compensation is \$180,000. The agreement provides for medical plan coverage and an auto allowance. The Company may increase (but not decrease) her compensation during its term. In addition, Ms. Carlise will be entitled to receive an annual cash bonus if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board of Directors. Ms. Carlise is also entitled to participate in any other executive compensation plans adopted by the Board of Directors and is eligible for such grants of awards under stock option or other equity incentive plans as the Compensation Committee of the Company may from time to time determine (the "Share Awards"). The Company is required to pay or to reimburse Ms. Carlise for all reasonable out-of-pocket expenses actually incurred or paid by Ms. Carlise in the course of her employment, consistent with the Company's policy. Ms. Carlise shall be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company provides to its senior Employees. The employment agreement may be terminated based on death or disability of the executive, for cause or without good reason, for cause or with good reason, and as a result of the change of control of the Company. The employment agreement also contains certain provisions that are customary for agreements of this nature, including, without limitation, non-competition and non-solicitation covenants, indemnification provisions, etc. On August 7, 2021, on the approval and recommendation of the Compensation Committee of the Board of Directors of Orbsat Corp, the Company entered into an amendment to the current employment agreement. The Amendment for Ms. Carlise amends her Employment Agreement in order to, among other things, change Ms. Carlise's title to "Chief Accounting Officer, Secretary and Treasurer.

Lease Agreement

Effective July 24, 2019, a three-year lease was signed for 2,660 square feet for £25,536 annually, for our facilities in Poole, England for £2,128 per month, or \$2,717 per month at the yearly average conversion rate of 1.276933, or \$2,738 using exchange rate close at December 31, 2020 of 1.286618. The lease has been renewed until July 23, 2022.

On June 21, 2021, the Company entered into a lease agreement for office space in Aventura, FL. The term of the lease commenced on June 23, 2021 and has a minimum six month term. The monthly rent for this office space is \$1,210. The lease agreement can be terminated with 60 days' notice.

Such leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Variable expenses generally represent the Company's share of the landlord's operating expenses. The Company does not have any leases classified as financing leases.

At June 30, 2021, the Company had current and long-term operating lease liabilities of \$30,304 and \$6,703, respectively, and right of use assets of \$40,130.

Net rent expense for the six months ended June 30, 2021 and 2020 were \$8,933 and \$15,891, respectively.

Litigation

On June 22, 2021, Thomas Seifert's employment as the Company's Chief Financial Officer was terminated for cause. Mr. Seifert asserts that the termination was not for cause and that he is owed all compensation payable under his employment agreement executed in June 2021. The Company's position is that Mr. Seifert is not owed any additional consideration or compensation relating to his prior service with the Company, or arising under any employment agreement. The Company believes it has adequate defenses to any such claims. The Company has determined to initiate litigation against Mr. Seifert asserting a number of claims including, but not limited to, rescission of the employment agreement, fraud in the inducement in connection with the execution of the employment agreement, and breach of the fiduciary duties of good faith and loyalty. The Company does not expect to seek substantial monetary relief in the litigation.

From time to time, the Company may become involved in litigation relating to claims arising out of our operations in the normal course of business. The Company is not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which the Company is a party or to which any of the Company's properties is subject, which would reasonably be likely to have a material adverse effect on the Company's business, financial condition and operating results.

ORBSAT CORP AND SUBSIDIARIES
FKA: ORBITAL TRACKING CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - CONCENTRATIONS

Customers:

Amazon accounted for approximately 64.6% and 57.5% of the Company's revenues during the six months ended June 30, 2021 and 2020, respectively. No other customer accounted for 10% or more of the Company's revenues for either period.

Suppliers:

The following table sets forth information as to each supplier that accounted for 10% or more of the Company's purchases for the six months ended June 30, 2021 and 2020.

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Globalstar Europe	\$ 445,615	18.7%	\$ 213,656	10.2%
Garmin	\$ 521,219	21.9%	\$ 277,725	13.2%
Network Innovations	\$ 434,875	18.3%	\$ 518,711	24.6%
Cygnus Telecom	\$ 407,311	17.16%	\$ 275,595	13.1%

The following table sets forth information as to each supplier that accounted for 10% or more of the Company's purchases for the three months ended June 30, 2021 and 2020.

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Globalstar Europe	\$ 152,393	8.1%	\$ 75,477	8.1%
Garmin	\$ 284,975	15.1%	\$ 118,115	12.7%
Network Innovations	\$ 152,471	8.1%	\$ 184,764	19.8%
Cygnus Telecom	\$ 274,792	14.6%	\$ 137,068	14.7%

Geographic:

The following table sets forth revenue as to each geographic location, for the six months ended June 30, 2021 and 2020:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Europe	\$ 2,462,148	70.0%	\$ 1,700,813	63.3%
North America	709,797	20.2%	748,354	27.8%
South America	15,839	0.5%	14,404	0.5%
Asia & Pacific	290,582	8.3%	198,680	7.4%
Africa	40,142	1.1%	26,106	1.0%
	<u>\$ 3,518,508</u>		<u>\$ 2,688,357</u>	

The following table sets forth revenue as to each geographic location, for the three months ended June 30, 2021 and 2020:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Europe	\$ 1,430,559	70.5%	\$ 708,873	58.1%
North America	395,832	19.5%	385,408	31.6%
South America	7,825	0.4%	3,599	0.3%
Asia & Pacific	182,985	9.0%	104,877	8.6%
Africa	12,022	0.6%	17,497	1.4%
	<u>\$ 2,029,223</u>		<u>\$ 1,220,254</u>	

NOTE 16 – SUBSEQUENT EVENTS

On July 6, 2021, the Company issued 8,500 shares of common stock, for the exercise of 8,500 warrants, at an exercise price of \$5.00, for cash consideration of \$42,500.

On July 8, 2021, the Company issued 495,000 shares of common stock, for the exercise of 495,000 warrants, at an exercise price of \$5.00, for cash consideration of

\$2,475,000.

On July 12, 2021, the Company issued 2,000 shares of common stock, for the exercise of 2,000 warrants, at an exercise price of \$5.00, for cash consideration of \$10,000.

On July 13, 2021, the Company issued 9,853 shares of common stock, for the exercise of 9,853 warrants, at an exercise price of \$5.00, for cash consideration of \$49,265.

Also, on July 13, 2021, Orbsat Corp announced that its Global Telesat Communications (“GTC”) unit has entered into an agreement with Alibaba.com, the B2B (Business-to-Business) e-commerce website owned and operated by Alibaba Group Holding Limited, also known as Alibaba Group (NYSE: BABA; HKEX: 9988), a Chinese multinational technology company specializing in e-commerce, retail, internet, and technology. GTC will be a Gold-level Supplier on Alibaba.com, the world’s largest Business-to-Business (B2B) e-commerce website.

Under the agreement, GTC significantly expands its 24/7/365 e-commerce presence with the launch of its latest global storefront. Orbsat expects to launch its new storefront during the third quarter with an extensive range of satellite IoT and connectivity products. These will include Orbsat’s specialized satellite tracking products, some of which operate using the Company’s many ground station based network processors, and can be used to track and monitor the location of cars, trucks, trailers, boats, containers, animals, and other remote assets. Orbsat’s full catalog of 500+ products and connectivity services will be available on Alibaba.com by the start of the first quarter of 2022. The Company will pay an annual fee of \$5,999 under the agreement. The agreement will continue on an year-to-year basis.

On July 14, 2021, the Company issued 133,555 shares of common stock, for the exercise of 133,555 warrants, at an exercise price of \$5.00, for cash consideration of \$667,775.

On July 15, 2021, the Company issued 195,000 shares of common stock, for the exercise of 195,000 warrants, at an exercise price of \$5.00, for cash consideration of \$975,000.

On July 19, 2021, the Company issued 1,000 shares of common stock, for the exercise of 1,000 warrants, at an exercise price of \$5.00, for cash consideration of \$5,000.

On July 22, 2021, the Company issued 5,000 shares of common stock, for the exercise of 5,000 warrants, at an exercise price of \$5.00, for cash consideration of \$25,000.

On August 2, 2021, the Company issued 80,000 shares of common stock, for the exercise of 80,000 warrants, at an exercise price of \$5.00, for cash consideration of \$400,000.

On August 7, 2021, on the approval and recommendation of the Compensation Committee of the Board, the Company entered into amendments (each an “Amendment”) to the current employment agreements (each, an “Employment Agreement”) of Charles M. Fernandez, the Company’s Executive Chairman and Chief Executive Officer; David Phipps, a Director and the Company’s President and the Chief Executive Officer of Global Operations; Sarwar Uddin, the Company’s Chief Financial Officer; and Theresa Carlise, the Company’s Chief Accounting Officer, Treasurer and Secretary.

The Amendment for Mr. Fernandez amends his Employment Agreement in order to, among other things, increase Mr. Fernandez’s compensation by (i) providing for medical plan coverage for Mr. Fernandez and his family at the expense of the Company, and (ii) providing for an auto allowance \$ 1,000 per month. The Amendment for Mr. Phipps amends his Employment Agreement in order to, among other things, (i) change Mr. Phipps’ title to “President of Orbsat Corp and Chief Executive Officer of Global Operations” and (ii) increasing Mr. Phipps’ compensation by providing for an auto allowance \$ 1,000 a month. The Amendment for Mr. Uddin amends his Employment Agreement in order to, among other things, increase Mr. Uddin’s compensation by providing for an allowance of \$ 600 per month for the payment of medical plan coverage for Mr. Uddin and his family. The Amendment for Ms. Carlise amends her Employment Agreement in order to, among other things, change Ms. Carlise’s title to “Chief Accounting Officer, Secretary and Treasurer.”

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the condensed consolidated financial statements and the notes thereto contained elsewhere in this report. Statements made in this Item 2, “Management’s Discussion and Analysis and Plan of Financial Condition and Results of Operations,” and elsewhere in this quarterly report on Form 10-Q that do not consist of historical facts, are “forward-looking statements.” Statements accompanied or qualified by, or containing words such as “may,” “will,” “should,” “believes,” “expects,” “intends,” “plans,” “projects,” “estimates,” “predicts,” “potential,” “outlook,” “forecast,” “anticipates,” “presume,” and “assume” constitute forward-looking statements, and as such, are not a guarantee of future performance. The statements involve factors, risks and uncertainties, the impact or occurrence of which can cause actual results to differ materially from the expected results described in such statements. Risks and uncertainties can include, among others, fluctuations in general business cycles and changing economic conditions; changing product demand and industry capacity; increased competition and pricing pressures; advances in technology that can reduce the demand for the Company’s products, as well as other factors, many or all of which may be beyond the Company’s control. Consequently, investors should not place undue reliance upon forward-looking statements as predictive of future results. The Company disclaims any obligation to update the forward-looking statements in this report.

You should read the following information in conjunction with our financial statements and related notes contained elsewhere in this report. You should consider the risks and difficulties frequently encountered by early-stage companies, particularly those engaged in new and rapidly evolving markets and technologies. Our limited operating history provides only a limited historical basis to assess the impact that critical accounting policies may have on our business and our financial performance.

We encourage you to review our periodic reports filed with the SEC and included in the SEC’s EDGAR database, including the Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 22, 2021, and the Company’s subsequent public filings with the SEC.

Corporate Information

We are a provider of satellite-based hardware, airtime and related services both in the United States and internationally. We sell equipment and airtime for use on all of the major satellite networks including Globalstar, Inmarsat, Iridium and Thuraya and operate a short-term rental service for customers who desire to use our equipment for a limited time period. Our acquisition of GTCL in February 2015 expanded our global satellite-based infrastructure and business, which was first launched in December 2014 through the purchase of certain contracts.

COVID-19 Update

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) a global pandemic prompting government-imposed quarantines, suspension of in-person attendance of academic programs, and cessation of certain travel and business closures. The United States has entered a recession as a result of the COVID-19 pandemic, which may prolong and exacerbate the negative impact on us. Although we expect the availability of vaccines and various treatments with respect to COVID-19 to have an overall positive impact on business conditions in the aggregate over time, the exact timing of these positive developments is uncertain. In December 2020, the United States began distributing two vaccines that, in addition to other vaccines under development, are expected to help to reduce the spread of the coronavirus that causes COVID-19 once they are widely distributed. If the vaccines prove less effective than currently understood by the scientific community and the United

States Food and Drug Administration, or if there are problems with the acceptance, availability, timing or other difficulties with widely distributing the vaccines, the pandemic may last longer, and could continue to impact our business for longer, than we currently expect. In response to COVID-19, governmental authorities have implemented numerous measures to try to contain the virus, such as travel bans and restrictions, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter in place orders and recommendations to practice social distancing. Although many governmental measures have had specific expiration dates, some of those measures have already been extended more than once, and there is considerable uncertainty regarding the duration of such measures and the implementation of any potential future measures, especially if cases increase across the United States, with the potential for additional challenges resulting from the emergence of new variants of COVID-19, some of which may be more transmissible than the initial strain. Such measures have impacted, and may continue to affect, our workforce, operations, suppliers and customers. We reduced the size of our workforce following the onset of COVID-19 and may need to take additional actions to further reduce the size of our workforce in the future; such reductions incur costs, and we can provide no assurance that we will be able to rehire our workforce in the event our business experiences a subsequent recovery. We took steps to curtail our operating expenses and conserve cash. We may elect or need to take additional remedial measures in the future as the information available to us continues to develop, including with respect to our workforce, relationships with our third-party vendors, and our customers. There is no certainty that the remedial measures we have implemented to date, or any additional remedial steps we may take in the future, will be sufficient to mitigate the risks posed by COVID-19. Further, such measures could potentially materially adversely affect our business, financial condition and results of operations and create additional risks for us. Any escalation of COVID-19 cases across many of the markets we serve could have a negative impact on us. Specifically, we could be adversely impacted by limitations on our employees to perform their work due to illness caused by the pandemic or local, state, or federal orders requiring our stores to close or employees to remain at home; limitation of carriers to deliver our product to customers; product shortages; limitations on the ability of our customers to conduct their business and purchase our products and services; and limitations on the ability of our customers to pay us in a timely manner. These events could have a material, adverse effect on our results of operations, cash flows and liquidity.

The ultimate magnitude of COVID-19, including the full extent of the material negative impact on our financial and operational results, will depend on future developments, such as the duration and severity of the pandemic, the extent of any additional increases in cases across the United States, and the related length of its impact on the global economy, as well as the timing and availability of effective medical treatments and vaccines, which remain uncertain and cannot be predicted at this time. The resumption of our normal business operations may be delayed or constrained by lingering effects of COVID-19 on our customers, suppliers and/or third-party service providers. Furthermore, the extent to which our mitigation efforts are successful, if at all, is not currently ascertainable. Due to the daily evolution of the COVID-19 pandemic and the responses to curb its spread, we cannot predict the full impact of the COVID-19 pandemic on our business and results of operations, but our business, financial condition, results of operations and cash flows have already been materially adversely impacted, and we anticipate they will continue to be adversely affected by the COVID-19 pandemic and its negative effects on global economic conditions. Any recovery from the COVID-19 pandemic and related economic impact may also be slowed or reversed by a variety of factors, such as any increase in COVID-19 infections. Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impacts to our business as a result of its national and, to some extent, global economic impact, including the current recession and any recession that may occur in the future.

The success of our business depends on our global operations, including our supply chain and consumer demand, among other things. As a result of COVID-19, we have experienced shortages in inventory due to manufacturing issues, a reduction in the volume of sales in some parts of our business, such as rental sales and direct website sales, and a reduction in personnel due to lockdown related issues. Our results of operations for the six months ended June 30, 2021 and the year ended December 31, 2020 reflect this impact; however, we expect that this trend may continue and the full extent of the impact is unknown. In recent months, some governmental agencies in the US and Europe, where we produce the largest percentage of our sales, have lifted certain restrictions. However, if customer demand continues to be low, our future equipment sales, subscriber activations and sales margin will be impacted. We have implemented several measures to minimize the impact on our operations and sustain our liquidity position, including receiving support through the US payroll protection program loan ("PPP"), a low interest, fixed rate loan provided under the UK's Coronavirus Business Interruption Loan ("CBILS") and the deferral of certain UK taxes.

Recent Events

As of June 30, 2021, there were 50,000,000 shares of common stock authorized and 5,476,918 shares issued and outstanding.

On February 19, 2021, the Board of Directors of the Company unanimously adopted an amendment to the Company's Articles of Incorporation to effect, a reverse stock split at a ratio of (i) no less than 1-for-2 shares of Common Stock, and (ii) no more than 1-for-5 shares of Common Stock, the exact ratio to be determined in the sole discretion of the Board of Directors, at any time before August 31, 2021. The Board of Directors has obtained (by written consent) the approval of the Company's stockholders who, in the aggregate, own 2,686,337 shares of Common Stock, or 63.5% of the outstanding shares of Common Stock of the Company prior to the Reverse Split Action.

On January 12, 2021, the Company issued an aggregate of 30,000 common stock upon the conversion of \$30,000 of its convertible debt, at the conversion rate of \$1.00 per share.

On February 23, 2021, the Company issued an aggregate of 80,289 common stock upon the conversion of \$80,289 of its convertible debt, at the conversion rate of \$1.00 per share.

On February 23, 2021, the Company issued an aggregate of 120,000 common stock upon the conversion of \$150,000 of its convertible debt, at the conversion rate of \$1.25 per share.

On February 23, 2021, the Company issued an aggregate of 1,000 common stock for services in the amount of \$14,200.

On March 1, 2021, the Company issued an aggregate of 149,532 common stock upon the conversion of \$149,532 of its convertible debt, at the conversion rate of \$1.00 per share.

On March 1, 2021, the Company issued an aggregate of 38,616 common stock upon the conversion of \$48,270 of its convertible debt, at the conversion rate of \$1.25 per share.

On March 24, 2021, the Company's shareholders via majority shareholder consent authorized a stock split not to exceed 1 for 5 reverse stock split. A definitive Information Statement relating to the shareholder consent was filed with the SEC on March 13, 2021. The Company's Board of Directors subsequently approved a 1-for-5 reverse stock split. The Company has filed a Certificate of Change to its Amended and Restated Articles of Incorporation to effect a reverse stock split of its issued and outstanding common stock, at a ratio of 1-for-5. The effective time of the reverse stock split was 12:01 a.m. ET on May 28, 2021. The Company's common stock began trading on a split-adjusted basis commencing upon market open on May 28, 2021. The common stock has been assigned a new CUSIP number, 68557F 209. The warrants were assigned the CUSIP number, 68557F 118. No fractional shares of common stock will be issued as a result of the reverse stock split. Stockholders of record who would otherwise be entitled to receive a fractional share received a whole share.

On May 20, 2021, the Company issued an aggregate of 29,800 common stock upon the conversion of \$29,800 of its convertible debt, at the conversion rate of \$1.00 per share.

On May 27, 2021, the Company issued an aggregate of 897,231 common stock upon the conversion of \$1,156,377 of its convertible debt, at a weighted average conversion rate of \$1.28

On Nasdaq on May 28, 2021, our common stock and Warrants commenced trading on Nasdaq under the symbols “OSAT” and “OSATW,” respectively.

June Public Offering

On May 28, 2021, Company, entered into an Underwriting Agreement with Maxim Group LLC (the “Underwriter”) pursuant to which the Company agreed to issue and sell to the Underwriter in an underwritten public offering (the June Offering) 2,880,000 units consisting of one share of common stock and one warrant exercisable for one share of common stock at a public offering price of \$5.00 per unit (after giving effect to a 1-for-5 reverse stock split, discussed above) for aggregate gross proceeds of approximately \$14,400,000 before deducting underwriting discounts, commissions, and other offering expenses. The common stock and warrants were immediately separable and were issued separately. The common stock and warrants began trading on the Nasdaq Capital Market, on May 28, 2021, under the symbols “OSAT” and “OSATW,” respectively. In addition, the Company granted the Underwriter a 45-day option to purchase an additional 432,000 shares of common stock and/or warrants to purchase up to an aggregate of 432,000 shares of common stock, in any combination thereof, at the public offering price per security, less the underwriting discounts and commissions, to cover over-allotments, if any. The June Offering closed on June 2, 2021.

In connection with closing of the June Offering, the Underwriter partially exercised its overallotment option and purchased an additional 432,000 warrants at \$0.01 per warrant for additional gross proceeds to the Company of \$4,320. On June 28, 2021, the Underwriter, upon the exercise in full of the balance of its over-allotment option, purchased 432,000 additional shares of the common stock for additional gross proceeds to the Company of \$2,155,680.

We have issued to the Underwriter warrants to purchase up to a total of 144,000 shares of common stock (5% of the shares of common stock included in the Units, excluding the over-allotment, if any) (the “Underwriter Warrants”). The Underwriter Warrants are exercisable at any time, and from time to time, in whole or in part, during the period commencing 180 days from the effective date of the registration statement, and expire five years from the effective date of the offering, which period is in compliance with FINRA Rule 5110(e). The Underwriter Warrants are exercisable at a per share price equal to \$5.50 per share, or 110% of the public offering price per unit in the offering. The Underwriter Warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(e)(1) of FINRA. The underwriter (or permitted assignees under Rule 5110(e)(2)) will not sell, transfer, assign, pledge, or hypothecate these warrants or the securities underlying these warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days from the effective date of the registration statement. In addition, the warrants provide for certain piggyback registration rights. The piggyback registration rights provided will not be greater than five years from the effective date of the registration statement in compliance with FINRA Rule 5110(g)(8). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the Underwriter Warrants. The exercise price and number of shares issuable upon exercise of the Underwriter Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying shares will not be adjusted for issuances of shares of common stock at a price below the warrant exercise price.

On June 10, 2021, the Company issued 1,000 shares of common stock, for the exercise of 1,000 warrants, at an exercise price of \$5.00, for cash consideration of \$5,000.

Enterprise Resource Planning System (ERP)

On August 10, 2021, the Company signed an agreement with NetSuite to purchase and implement an enterprise resource planning ERP system to replace our legacy business applications. The new ERP platform will provide better support for our changing business needs and plans for future growth. The project includes software, external implementation assistance, testing, training, and support. The entire cost of the ERP software and implementation will be deferred until 2022. We anticipate that approximately 40% of the cost will be expensed in the period incurred and 60% will be capitalized and depreciated over its useful life.

Results of Operations for the Three and Six Months Ended June 30, 2021, compared to the Three and Six Months Ended June 30, 2020

Revenue. Net Sales for the six months ended June 30, 2021, consisted primarily of sales of satellite phones, tracking devices, accessories and airtime plans. For the six months ended June 30, 2021, revenues generated were \$3,417,688 compared to \$2,688,357 of revenues for the six months ended June 30, 2020, an increase in total revenues of \$729,331 or 27.14%. Total net sales for Global Telesat Communications Ltd. were \$2,398,012 for the six months ended June 30, 2021, as compared to \$1,666,937 for the six months ended June 30, 2020, an increase of \$731,075 or 43.9%. Total net sales for Orbital Satcom Corp. were \$1,018,776 for the six months ended June 30, 2021, as compared to \$1,021,420, for the six months ended June 30, 2020, a decrease of \$2,642 or 0.2%. The Company attributes the changes in revenue to new product lines and significant increases in US Amazon sales, offset by the change in exchange rates from GBP:USD.

Net sales for the three months ended June 30, 2021, consisted primarily of sales of satellite phones, tracking devices, accessories and airtime plans. For the three months ended June 30, 2021, revenues generated were \$1,956,260 compared to \$1,220,254 of revenues for the three months ended June 30, 2020, a increase in total revenues of \$736,005 or 60.3%. Total net sales for Global Telesat Communications Ltd. were \$1,392,322 for the three months ended June 30, 2021, as compared to \$716,820 for the three months ended June 30, 2020, an increase of \$675,502 or 94.3%. Total net sales for Orbital Satcom Corp. were \$563,938 for the three months ended June 30, 2021 as compared to \$503,434, for the three months ended June 30, 2020, an increase of \$60,504 or 12.0%.

Cost of Sales. During the six months ended June 30, 2021, cost of sales increased to \$2,438,681 compared to \$2,082,664, for the six months ended June 30, 2020, an increase of \$356,017 or 17.09%. Gross profit margins during the six months ended June 30, 2021 were 28.65% as compared to 22.53% for the comparable period in the prior year. During the three months ended June 30, 2021, cost of sales increased to \$1,414,770 compared to \$962,562, for the three months ended June 30, 2020, an increase of \$452,208 or 46.98%. Gross profit margins during the three months ended June 30, 2021, were 27.69% as compared to 21.12% for the comparable period in the prior year. As indicated by the results for the three and six months, our sales margins have increased by 6.57% and 6.12%, respectively. However, we cannot be certain that we can maintain the increased margin levels. The increase is primarily due to a greater percentage of high margin sales in the second quarter ended June 30, 2021, as compared to the same period in 2020, as well to an increase in margins on certain sales that resulted from customers bearing value added tax (VAT) that was previously borne by the Company.

Operating Expenses. Total operating expenses for the six months ended June 30, 2021 were \$1,827,272, an increase of \$841,096 or 85.29%, from total operating expenses for the six months ended June 30, 2020 of \$986,177. Total operating expenses for the three months ended June 30, 2021 were \$1,090,826, an increase of \$643,890 or 144.07%, from total operating expenses for the three months ended June 30, 2020 of \$446,936. Factors contributing to the decrease are described below.

Selling, general and administrative expenses were \$443,696 and \$304,171 for the six months ended June 30, 2021 and 2020, respectively, an increase of \$139,525 or 45.87%. Selling, general and administrative expenses were \$282,006 and \$146,965 for the three months ended June 30, 2021 and 2020, respectively, an increase of \$135,041 or 91.89%. The increase, for the three and six months ended June 30, 2021, is attributable to certain SG&A expenses such bank charges, credit card fees, Amazon fees, and shipping charges that fluctuate with sales volatility.

Salaries, wages and payroll taxes were \$687,712 and \$346,046 for the six months ended June 30, 2021 and 2020, respectively, an increase of \$341,666, or 98.73%.

Salaries, wages and payroll taxes were \$479,538 and \$150,404 for the three months ended June 30, 2021, and 2020, respectively, an increase of \$329,134, or 218.83%. The increase is a result of executive management adjusted salaries, increased regular staff, and the payment of executive bonuses related to successful up-listing to Nasdaq approved by the board, for the three and six months ended June 30, 2021.

Professional fees were \$548,916 and \$191,665 for the six months ended June 30, 2021 and 2020, respectively, an increase of \$357,251, or 186.39%. Professional fees were \$256,034 and \$76,776 for the three months ended June 30, 2021 and 2020, respectively, an increase of \$179,258, or 233.48%. The increase during the three and six months ended June 30, 2021 as compared to the same period in 2020, is attributable to an increase in board members, increased investor relations and other professional fees to assist in capital raising efforts as well as up-listing to Nasdaq.

Depreciation and amortization expenses were \$146,948 and \$144,295 for the six months ended June 30, 2021 and 2020, respectively, an increase of \$2,653 or 1.84%. Depreciation and amortization expenses were \$73,248 and \$72,791 for the three months ended June 30, 2021 and 2020, respectively, an increase of \$457 or 0.63%. The increase was primarily attributable to the addition of fixed assets offset by fully amortized assets, as compared to the same period in the prior year.

We expect our expenses in each of these areas to continue to increase during fiscal 2021 and beyond as we expand our operations and begin generating additional revenues under our current business. Similarly, we are unable at this time to estimate the amount of the expected increases.

Total Other (Income) Expense. Our total other expense (income) were \$1,413,271 compared to \$(122,190) during the six months ended June 30, 2021 and 2020, respectively, an increase of \$1,535,461 or 1,256.62%. Our total other expense was \$909,058 compared to income of \$(215,810) during the three months ended June 30, 2021 and 2020, respectively. The increase in the three and six months ended June 30, 2021, as compared to the prior year, is attributable to increased interest expense \$940,907 and \$1,461,601, respectively, relating the beneficial conversion feature for the convertible debt.

Net Loss. We recorded net loss before income tax of \$1,458,394 and \$2,261,536 for the three and six months ended June 30, 2021 as compared to a net income of \$26,566 and a net loss of \$258,294, for the three and six months ended June 30, 2020. The increase in the loss is a result of the factors as described above.

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Comprehensive Gain (Loss). We recorded a loss for foreign currency translation adjustments for the three and six months ended June 30, 2021 of \$14,345 and \$12,734. For the three and six months ended June 30, 2020 we recorded a gain of \$5,602 and a loss of \$8,866.

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. At June 30, 2021, we had a cash balance of \$14,415,649. Our working capital is a positive \$14,118,502 at June 30, 2021.

Our current assets at June 30, 2021 increased \$14,932,625 or 1,088% from December 31, 2020 and included cash, accounts receivable, VAT receivable, prepaid expenses, unbilled revenue, inventory and other current assets.

Our current liabilities at June 30, 2021 increased \$670,065 or 44.18% from December 31, 2020 and included our accounts payable, due to related party, provision for income taxes, contract liabilities, lease liabilities and other liabilities in the ordinary course of our business.

At June 30, 2021, the Company had an accumulated deficit of \$16,140,089, positive working capital of approximately \$14,118,502 and net loss of approximately \$2,261,536 during the six months ended June 30, 2021. For the year ended December 31, 2020, the auditors' opinion contained a going concern paragraph, which stated that the Company had an accumulated deficit of \$13,878,553, negative working capital of \$567,022 and net loss of \$2,763,375, during the year ended December 31, 2020. As of the date of this report, the Company's existing cash resources and existing borrowing availability are sufficient to support planned operations for the next 12 months. As a result, management believes that the Company's existing financial resources are sufficient to continue operating activities for at least one year past the issuance date of the financial statements.

These financial statements have been prepared by management in accordance with GAAP and this basis assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. These financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Operating Activities

Net cash flows used by operating activities for the six months ended June 30, 2021 amounted to \$1,270,837 and were primarily attributable to our net loss of \$2,261,536, total amortization expense of \$12,500 and depreciation of \$134,448, amortization of discount on debt of \$1,425,365, amortization of right to use of \$15,476 gain on extinguishment of debt of \$20,832, stock based compensation of \$14,200 and net change in assets and liabilities of \$590,459, primarily attributable to an increase in accounts receivable of \$158,079, an increase in inventory of \$790,536, an increase in unbilled revenue of \$10,171, an increase in VAT receivable of \$279,215, an increase in other current assets of \$3,664, increase in accounts payable of \$662,022, an increase in contract liabilities of \$4,469, a decrease in lease liabilities of \$15,512, and an increase in provision for income taxes of \$227.

Net cash flows provided by operating activities for the six months ended June 30, 2020 amounted to \$47,890 and were primarily attributable to our net loss of \$258,294, total amortization expense of \$12,500 and depreciation of \$131,795, amortization of discount on debt of \$128,702 gain on extinguishment of debt of \$269,261 and net change in assets and liabilities of \$283,285, primarily attributable to a decrease in accounts receivable of \$91,738, a decrease in inventory of \$7,877, decrease in prepaid expenses of \$14,506, a decrease in unbilled revenue of \$11,114, a decrease in right of use of \$19,163, a decrease in other current assets of \$72,392, increase in accounts payable of \$109,681, a decrease in contract liabilities of \$5,493, a decrease in lease liabilities of \$17,200, and a decrease in provision for income taxes of \$1,330.

Investing Activities

Net cash flows used in investing activities were \$27,248 and \$26,159 for the six months ended June 30, 2021 and 2020, respectively. During the six months ended June 30, 2021 and June 30, 2020, we purchased property and equipment of \$27,248 and \$26,159, respectively.

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Financing Activities

Net cash flows provided by financing activities were \$14,997,706 for the six months ended June 30, 2021 and were for, proceeds from; a convertible note payable of \$350,000, related party payable of \$114,981, the June Offering, of \$14,649,573, proceeds of warrant exercise of \$5,000 which was offset by repayments of notes payable for \$121,848.

Net cash flows provided by financing activities were \$225,201 and \$602,691, for the six months ended June 30, 2020 and 2019, respectively. Net cash flows provided by financing activities were \$225,201 for the six months ended June 30, 2020 and were for proceeds from related party payable of \$58,917, proceeds from convertible notes payable of \$157,500, proceeds from note payable provided by the US Payroll Protection Program ("PPP") of \$20,832 and offset by repayments of line of credit for \$12,048.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our stockholders.

Our company has not entered into any transaction, agreement or other contractual arrangement with an entity unconsolidated with us under which we have

- an obligation under a guarantee contract, although we do have obligations under certain sales arrangements including purchase obligations to vendors
- a retained or contingent interest in assets transferred to the unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets,
- any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, or
- any obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by us and material to us where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with us.

Critical Accounting Policies and Estimates

Critical accounting estimates are those that management deems to be most important to the portrayal of our financial condition and results of operations, and that require management's most difficult, subjective or complex judgments, due to the need to make estimates about the effects of matters that are inherently uncertain. We have identified our critical accounting estimates which are discussed below.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities and common stock issued for services.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The consolidated financial statements of the Company include the Company and its wholly-owned subsidiaries, Orbital Satcom Corp. and Global Telesat Communications Ltd. All material intercompany balances and transactions have been eliminated in consolidation.

Accounts Receivable

The Company has a policy of reserving for questionable accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are offset against sales and relieved from accounts receivable, after all means of collection have been exhausted and the potential for recovery is considered remote. As of June 30, 2021, and 2020, there is an allowance for doubtful accounts of \$15,782 and \$14,155, respectively.

Inventories

Inventories are valued at the lower of cost or net realizable value, using the first-in first-out cost method. The Company assesses the valuation of its inventories and reduces the carrying value of those inventories that are obsolete or in excess of the Company's forecasted usage to their estimated net realizable value. The Company estimates the net realizable value of such inventories based on analysis and assumptions including, but not limited to, historical usage, expected future demand and market requirements. A change to the carrying value of inventories is recorded to cost of goods sold.

Research and Development

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. For the six months ended June 30, 2021 and 2020, there were no additional expenditures on research and development.

Foreign Currency Translation

The Company's reporting currency is U.S. Dollars. The accounts of one of the Company's subsidiaries, GTCL, is maintained using the appropriate local currency, Great British Pound, as the functional currency. All assets and liabilities are translated into U.S. Dollars at balance sheet date, shareholders' equity is translated at historical rates and revenue and expense accounts are translated at the average exchange rate for the year or the reporting period. The translation adjustments are reported as a separate component of stockholders' equity, captioned as accumulated other comprehensive (loss) gain. Transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of operations.

The relevant translation rates are as follows: for the six months ended June 30, 2021, closing rate at 1.382800 US\$: GBP, quarterly average rate at 1.397146 US\$: GBP and yearly average rate at 1.388107 US\$: GBP, for the six months ended June 30, 2020, closing rate at 1.245481 US\$: GBP, quarterly average rate at 1.281097 US\$: GBP, for the year ended 2020 closing rate at 1.3665 US\$: GBP, average rate at 1.286618 US\$: GBP.

Revenue Recognition and Unearned Revenue

The Company recognizes revenue from satellite services when earned, as services are rendered or delivered to customers. Equipment sales revenue is recognized when the equipment is delivered to and accepted by the customer. Only equipment sales are subject to warranty. Historically, the Company has not incurred significant expenses for warranties.

The Company's customers generally purchase a combination of our products and services as part of a multiple element arrangement. The Company's assessment of which revenue recognition guidance is appropriate to account for each element in an arrangement can involve significant judgment. This assessment has a significant impact on the amount and timing of revenue recognition.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. The five-step model is applied to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services transferred to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. We then recognize revenue in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

We recognize revenue in accordance with Accounting Standards Codification (“ASC”) 606, *Narrow-Scope Improvements and Practical Expedient*, which is to (1) clarify the objective of the collectability criterion for applying paragraph 606-10-25-7; (2) permit an entity to exclude amounts collected from customers for all sales (and other similar) taxes from the transaction price; (3) specify that the measurement date for noncash consideration is contract inception; (4) provide a practical expedient that permits an entity to reflect the aggregate effect of all modifications that occur before the beginning of the earliest period presented when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations; (5) clarify that a completed contract for purposes of transition is a contract for which all (or substantially all) of the revenue was recognized under legacy GAAP before the date of initial application, and (6) clarify that an entity that retrospectively applies the guidance in Topic 606 to each prior reporting period is not required to disclose the effect of the accounting change for the period of adoption. The amendments of this ASU are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. There was no impact as a result of adopting this ASU on the financial statements and related disclosures.

The Company provides product warranties with varying lengths of time and terms. The product warranties are considered to be assurance-type in nature and do not cover anything beyond ensuring that the product is functioning as intended. Based on the guidance in ASC 606, assurance-type warranties do not represent separate performance obligations. The Company also sells separately priced maintenance service contracts which qualify as service-type warranties and represent separate performance obligations. The Company has historically experienced a low rate of product returns under the warranty program.

A variety of technical services can be contracted by our customers for a designated period of time. The service contracts allow customers to call the Company for technical support, replace defective parts and to have onsite service provided by the Company’s third-party contract service provider. The Company records revenues for contract services at the amount of the service contract, but such amount is deferred at the beginning of the service term and amortized prorated over the life of the contract.

The Company believes that its products and services can be accounted for separately as its products and services have value to the Company’s customers on a stand-alone basis. When a transaction involves more than one product or service, revenue is allocated to each deliverable based on its relative fair value; otherwise, revenue is recognized as products are delivered or as services are provided over the term of the customer contract.

Contract liabilities is shown separately in the condensed consolidated balance sheets as current liabilities. At June 30, 2021, we had contract liabilities of approximately \$41,173. At December 31, 2020, we had contract liabilities of approximately \$36,704.

Property and Equipment

Property and equipment are carried at historical cost less accumulated depreciation. Depreciation is based on the estimated service lives of the depreciable assets and is calculated using the straight-line method. Expenditures that increase the value or productive capacity of assets are capitalized. Fully depreciated assets are retained in the property and equipment, and accumulated depreciation accounts until they are removed from service. When property and equipment are retired, sold or otherwise disposed of, the asset’s carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Repairs and maintenance are expensed as incurred.

The estimated useful lives of property and equipment are generally as follows:

	Years
Office furniture and fixtures	4
Computer equipment	4
Rental equipment	4
Appliques	10
Website development	2

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset’s estimated fair value and its book value. The Company did not consider it necessary to record any impairment charges during the periods ended June 30, 2021 and December 31, 2020, respectively.

Fair value of financial instruments

The Company adopted FASB ASC 820, “Fair Value Measurements and Disclosures”, for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing US GAAP that require the use of fair value measurements which establishes a framework for measuring fair value and expands disclosure about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with the accounting guidance. The carrying amounts reported in the balance sheet for cash, accounts payable, and accrued expenses approximate their estimated fair market value based

on the short-term maturity of the instruments.

Share-Based Payments

Compensation cost relating to share-based payment transactions are recognized in the financial statements. The cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award).

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Recent Accounting Pronouncements

In November 2018, the FASB amended Topic 842, Leases, by issuing ASU No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 with *ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842*; *ASU No. 2018-10, Codification Improvements to Topic 842, Leases*; and *ASU No. 2018-11, Targeted Improvements*. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard was effective for us on January 1, 2019, however the Company did not have any leases that met the criteria as established above, until July 24, 2019, when the Company entered into a three-year lease for its UK office and warehouse for annual rent of £25,536 or GBP: USD using exchange rate close for the six months ended June 30, 2021, for liability of 1.3828 or \$35,311. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019.

At June 30, 2021, the Company had current and long-term operating lease liabilities of \$30,484 and \$6,703, respectively, and right of use assets of \$40,130.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Under the supervision and with the participation of our management, we conducted an evaluation, as of June 30, 2021, of the effectiveness of the design and operations of our disclosure controls and procedures. Based upon our evaluation, our management, including our principal executive officer and principal financial officer, has concluded that, as of June 30, 2021, our disclosure controls and procedures were not effective due to our limited internal audit functions and lack of ability to have multiple levels of transaction review.

The Company intends to address the foregoing deficiency by upgrading its accounting software to an ERP ("Enterprise Resource Planning"), a cloud-based solution, which would add the necessary controls to manage day to day activities such as accounting, procurement, project management, risk management and compliance as well as to automate the consolidation process of its entities, adding a level of reliability to the Company's financial reporting. The Company proposes to add personnel to address the lack of ability to have multiple level transaction review. Management is addressing these steps immediately and has executed an agreement on August 11, 2021, to start implementation of replacing its current software to an ERP cloud-based solution. Management anticipates being fully operational by the second quarter of 2022.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting during the six months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On June 22, 2021, Thomas Seifert's employment as the Company's Chief Financial Officer was terminated for cause. Mr. Seifert asserts that the termination was not for cause and that he is owed all compensation payable under his employment agreement executed in June 2021. The Company's position is that Mr. Seifert is not owed any additional consideration or compensation relating to his prior service with the Company, or arising under any employment agreement. The Company believes it has adequate defenses to any such claims. The Company has determined to initiate litigation against Mr. Seifert asserting a number of claims including, but not limited to, rescission of the employment agreement, fraud in the inducement in connection with the execution of the employment agreement, and breach of the fiduciary duties of good faith and loyalty. The Company does not expect to seek substantial monetary relief in the litigation.

ITEM 1A. RISK FACTORS

In evaluating us and our common stock, we urge you to carefully consider the risks and other information in this Quarterly Report on Form 10-Q, as well as the risk factors disclosed in Item 1A to Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which we filed with the SEC on March 22, 2021, and in the registration statement and related amendments and supplements (including prospectus supplements) relating to the June Offering.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 5, 2021, the Company entered into a Note Purchase Agreement by and between the Company and one individual accredited investor (the “Noteholder”) where the Company sold a convertible promissory note with a principal amount of \$350,000 (the “March 2021 Note”). The Noteholder has an optional right of conversion such that the Noteholder may elect to convert his Note, in whole or in part, outstanding as of such time, into the number of fully paid and non-assessable shares of the Company’s common stock as determined by dividing the indebtedness under the March 2021 Note by a price equal to the lesser of (a) \$1.50 per share, and (b) a 30% discount to the price of the common stock in the qualified transaction, subject to certain adjustments. Following an event of default, the conversion price will be adjusted to be equal to the lower of: (i) the then applicable conversion price or (ii) the price per share of 85% of the lowest traded price for the Company’s common stock during the 15 trading days preceding the relevant conversion. In addition, subject to the ownership limitations, if a qualified transaction is completed, without further action from the Noteholder, on the closing date of the qualified transaction, 50% of the principal amount of this March 2021 Note and all accrued and unpaid interest shall be converted into Company common stock at a conversion price equal to the 30% discount to the offering price in such qualified transaction, which price shall be proportionately adjusted for stock splits, stock dividends or similar events. A “qualified transaction” refers the completion of the public offering of the Company’s securities stock with gross proceeds of at least \$10,000,000 pursuant to which the Company’s securities become registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, or a merger with a company listed on the Nasdaq or Canadian stock exchanges, as amended. The Company’s issuance of the March 2021 Note was made pursuant to an exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. On May 27, 2021, 100,00 common shares were issued for the convertible debt for a value of \$350,000, at conversion rate of \$3.50.

On May 20, 2021, the Company issued an aggregate of 29,800 common stock upon the conversion of \$29,800 of its convertible debt, at the conversion rate of \$1.00 per share.

Additionally on May 27, 2021, 897,231 common shares were issued for convertible debt, for a value of \$1,156,377, at a weighted average conversion rate of \$1.28

On June 10, 2021, the Company issued 1,000 shares of common stock, for the exercise of 1,000 warrants, at an exercise price of \$5.00, for cash consideration of \$5,000.

These shares were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, as there was no general solicitation, and the transaction did not involve a public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- 1.1 [Underwriting Agreement, dated May 28, 2021, by and between Orsat Corp and Maxim Group LLC \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on May 28, 2021\).](#)
- 3.1 [Certificate of Change to the Amended and Restated Articles of Incorporation \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on May 28, 2021\).](#)
- 4.1 [Form of Common Stock Purchase Warrant \(Incorporated by reference to Exhibit 4.1 to the Company’s Form S-1/A filed on April 7, 2021\).](#)
- 4.2 [Form of Warrant Agent Agreement \(Incorporated by reference to Exhibit 4.2 to the Company’s Form S-1/A filed on April 7, 2021\).](#)
- 4.3 [Form of Underwriter’s Warrant \(Incorporated by reference to Exhibit 4.3 to the Company’s Form S-1/A filed on April 7, 2021\).](#)
- 10.1+ [Form Fernandez Restricted Stock Agreement \(incorporated from Exhibit 10.19 to Amendment No.4 to the registration statement filed on Form S-1 on May 25, 2021 File No. 333-253027\)](#)
- 10.2+ [Fernandez Employment Agreement, dated May 23, 2021 \(incorporated from Exhibit 10.20 to Amendment No.4 to the registration statement filed on Form S-1 on May 25, 2021 File No. 333-253027\)](#)
- 10.3+ [Fernandez Employment Agreement, dated June 2, 2021](#)
- 10.4 [Form of Director Offer Letter \(Incorporated by reference to Exhibit 10.17 to the Company’s Form S-1/A filed on April 7, 2021\).](#)
- 10.5 [Form of Maxim Lockup Agreement \(Included in Underwriting Agreement, Exhibit 1.1\).](#)
- 10.6+ [Hector Delgado Independent Director Agreement \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 7, 2021\).](#)

- 10.7+ [Louis Cusimano Independent Director Agreement \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 7, 2021\).](#)
- 10.8+ [John E. Miller Independent Director Agreement \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 7, 2021\).](#)
- 10.9+ [Kendall W. Carpenter Independent Director Agreement \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 7, 2021\).](#)
- 10.10+ [David Phipps Employment Agreement \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 7, 2021\).](#)
- 10.11+ [Thomas Seifert Employment Agreement \(Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 7, 2021\).](#)

10.12+	Sarwar Uddin Employment Agreement (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 23, 2021).
10.13+	Theresa Carlise Employment Agreement (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 23, 2021).
10.14	Alibaba.com Supplemental Services Agreement (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on July 13, 2021).
10.15	Alibaba.com Transaction Services Agreement (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on July 13, 2021).
10.16	Alibaba.com Terms of Use (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on July 13, 2021).
10.17+	Amendment No. 1 Employment Agreement, dated August 7, 2021, by and between Orbsat Corp and Charles M. Fernandez (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 12, 2021).
10.18+	Amendment No. 1 Employment Agreement, dated August 7, 2021, by and between Orbsat Corp and David Phipps (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 12, 2021).
10.19+	Amendment No. 1 Employment Agreement, dated August 7, 2021, by and between Orbsat Corp and Sarwar Uddin (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 12, 2021).
10.20+	Amendment No. 1 Employment Agreement, dated August 7, 2021, by and between Orbsat Corp and Theresa Carlise (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 12, 2021).
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.ins	XBRL Instance Document
101.sch	XBRL Taxonomy Schema Document
101.cal	XBRL Taxonomy Calculation Document
101.def	XBRL Taxonomy Linkbase Document
101.lab	XBRL Taxonomy Label Linkbase Document
101.pre	XBRL Taxonomy Presentation Linkbase Document
+	Management contract or compensatory plan.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: August 16, 2021

ORBSAT CORP

By: /s/ Charles M. Fernandez

Charles M. Fernandez
 Chief Executive Officer and Chairman
 (principal executive officer)

/s/ Sarwar Uddin

Chief Financial Officer
 (principal financial officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into as of this day of June 2021 (the “Effective Date”), by and between **ORBSAT CORP**, a Nevada corporation with offices at 18851 N.E. 29th Ave, Suite 700, Aventura, FL 33180 (the “Corporation”), and **CHARLES M. FERNANDEZ** (the “Employee”), under the following circumstances:

RECITALS:

- A. The Corporation desires to secure the services of the Employee upon the terms and conditions hereinafter set forth; and
- B. The Employee desires to render services to the Corporation upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment. The Corporation hereby employs the Employee, and the Employee hereby accepts employment as an Employee of the Corporation, subject to the terms and conditions set forth in this Agreement.

2. Duties. The Employee shall serve as **Chairman and Chief Executive Officer** of the Corporation, with such duties, responsibilities, and authority as are commensurate and consistent with his position, as may be, from time to time, assigned to him by the Board of Directors (the “Board”) of the Corporation. The Employee shall also serve as a member of the Company’s Board. During the Term (as defined in Section 3), the Employee shall devote a reasonable amount of time and efforts to the performance of his duties hereunder unless otherwise authorized by the Board. Notwithstanding the foregoing, the expenditure of reasonable amounts of time by the Employee for the making of personal investments, the conduct of other business affairs and charitable and professional activities shall be allowed, provided such activities do not materially interfere with the performance of services required to be rendered to the Corporation hereunder and do not violate the restrictive covenants set forth in Section 9 below. Employee shall notify Corporation of any physical, mental or emotional incapacity resulting from injury, sickness or disease that affects Employee’s ability to carry out the duties and responsibilities of Employee’s position.

3. Term of Employment. The term of the Employee’s employment hereunder, unless sooner terminated as provided herein (the “Initial Term”), shall be for a period of five (5) years commencing on the later of the Corporation’s receipt of an approval for listing letter issued by The Nasdaq Stock Market, Inc, and the effectiveness of the registration statement filed by the Corporation pursuant to the Securities Act of 1933. The term of this Agreement shall automatically be extended for additional terms of one (1) year each (each a “Renewal Term”) unless either party gives prior written notice of non-renewal to the other party no later than thirty (30) days prior to the expiration of the Initial Term (“Non-Renewal Notice”), or the then current Renewal Term, as the case may be. For purposes of this Agreement, the Initial Term and any Renewal Term are hereinafter collectively referred to as the “Term.”

4. Compensation of Employee.

(a) The Corporation shall pay the Employee as compensation for his services hereunder, in monthly installments during the Term, the sum of \$350,000 (the “Annual Base Salary”), less such deductions as shall be required to be withheld by applicable law and regulations and monthly advances against the salary. The Corporation shall review the Base Salary on an annual basis and has the right, but not the obligation, to increase it but such salary shall not be decreased during the Term.

(b) In addition to the Base Salary set forth in Section 4(a), the Employee shall be entitled to receive (i) an annual cash bonus if the Corporation meets or exceeds criteria adopted by the Compensation Committee of the Board of Directors (the “Compensation Committee”) for earning bonuses which criteria shall be adopted by the Compensation Committee annually. Bonuses shall be paid by the Corporation to the Employee promptly after determination that the relevant targets have been met, it being understood that the attainment of any financial targets associated with any bonus shall not be determined until following the completion of the Corporation’s annual audit and public announcement of such results and bonuses shall be paid promptly following the Corporation’s announcement of earnings; and (ii) the Employee shall receive a Restricted Stock Award (the “RSA”) of \$3,000,000.00 of the Corporation’s stock (the number of shares to be determined by dividing \$3,000,000 by the public offering price of the Corporation’s Common Stock in its Nasdaq uplisting firm commitment offering). Vesting of the RSA shall occur as follows; the first third shall vest on the last day of Employee’s first full year of employment by the Corporation; the second third shall vest on the last day of Employee’s second full year of employment by the Corporation; and the last third shall vest on the last day of Employee’s third full year of employment by the Corporation. The Corporation at its sole expense shall make provision for the registration of the reoffer and resale by Employee of the securities granted to Employee pursuant to the RSA. Notwithstanding anything in this Agreement to the contrary, if Employee’s employment is terminated for any reason at any time by the Corporation prior to the full vesting of the RSA the without Cause (as that term is defined below), the Employee shall vest in and receive all right, title and interest in the balance of the securities granted to him in the RSA. In addition, the Corporation will cooperate with the employee to find the most tax advantageous manner to the Employee in transferring the stock.

(c) Equity Awards. Employee shall be eligible for such grants of awards under stock option or other equity incentive plans of the Corporation adopted by the Board and approved by the Corporation’s stockholders (or any successor or replacement plan adopted by the Board and approved by the Corporation’s stockholders) (the “Plan”) as the Compensation Committee of the Corporation may from time to time determine (the “Share Awards”). Share Awards shall be subject to the applicable Plan terms and conditions, provided, however, that Share Awards shall be subject to any additional terms and conditions as are provided herein or in any award certificate(s), which shall supersede any conflicting provisions governing Share Awards provided under the Plan.

(d) The Corporation shall pay or reimburse the Employee for all reasonable out-of-pocket expenses actually incurred or paid by the Employee in the course of his employment, consistent with the Corporation’s policy for reimbursement of expenses which may be modified from time to time without notice.

(e) The Employee shall be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Corporation provides to its senior Employees (the “Benefit Plans”).

(f) The Corporation shall reimburse Employee for any and all premium payments made by Employee to obtain and continue in full force and effect throughout the entire Employment Period personal catastrophe and disability insurance coverages for himself, which policy shall be obtained through any insurance carrier of Employee’s choosing, and which policy shall have policy limits not to exceed one hundred percent (100%) of Employee’s Base Salary per annum at any given time. Each such reimbursement shall be made to the Employee within five (5) days following the Company’s receipt from the Employee of an appropriate premium invoice statement and proof of payment thereof. In addition, throughout the entire Employment Period, the Corporation shall pay for at least one (1) physical examination of Employee per Fiscal Year, which examination shall be performed upon Executive in Executive’s sole and absolute discretion and only if Employee shall so desire, and which examination shall be performed by a physician of Employee’s choosing. In addition, throughout the entire Employment Period, the Corporation shall pay for any and all travel-related expenses incurred by Employee and/or his immediate family members, not to exceed Ten Thousand and No/100 Dollars (\$10,000.00) U.S. per Fiscal Year, including, without limitation, airfare and fares for other modes of transportation, lodging expenses, food expenses and the like, regardless of whether or not such expenses are incurred by Employee in

connection with services or duties to be performed by Employee as an employee of the Corporation. In addition, throughout the entire Employment Period, the Corporation shall pay for any and all fees and costs incurred by Employee in connection with professional services provided to Employee, not to exceed Ten Thousand and No/100 Dollars (\$10,000.00) U.S. per Fiscal Year, including, without limitation, services provided to Corporation by attorneys, accountants, financial planners and the like, regardless of whether or not such services are provided to Employee in connection with his employment with the Corporation; provided, however, that the aforesaid \$10,000.00 limitation shall not, under any circumstances, be construed so as to limit any obligations otherwise imposed upon the Corporation pursuant to any other provisions this Agreement.

5. Termination.

(a) This Agreement and the Employee's employment hereunder shall terminate upon the happening of any of the following events:

(i) upon the Employee's death;

(ii) upon the Employee's "Total Disability" (as defined in Section 22e(3) of the Internal Revenue Code of 1986, as amended);

(iii) upon the expiration of the Initial Term of this Agreement or any Renewal Term thereof, if either party has provided a timely notice of non-renewal in accordance with Section 3, above;

(iv) at the Employee's option, with or without cause, and for any reason or no reason, upon thirty (30) days prior written notice to the Corporation;

(v) at the Employee's option, in the event of an act by the Corporation, defined in Section 5(c), below, as constituting "Good Reason" for termination by the Employee; and

(vi) at the Corporation's option, in the event of an act by the Employee, defined in Section 5(d), below, as constituting "Cause" for termination by the Corporation.

(vii) Nothing in this Section 5(b) shall be construed to waive the Employee's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. s.2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. s12101 *et seq.*

(b) For purposes of this Agreement, the term "Good Reason" shall mean that the Employee has resigned due to (i) any diminution of duties inconsistent with Employee's title, authority, duties and responsibilities (including, without limitation, a change in the chain of reporting); (ii) any reduction of or failure to pay Employee compensation provided for herein, except to the extent Employee consents in writing prior to any reduction, deferral or waiver of compensation, which non-payment continues for a period of ten (10) days following written notice to the Corporation by Employee of such non-payment; (iii) any relocation of the principal location of Employee's employment outside of Aventura, Florida without the Employee's prior written consent; (iv) at any time following the consummation of any Change in Control Transaction (as defined below); (v) any material violation by the Corporation of its obligations under this Agreement that is not cured within thirty (30) days after receipt of written notice thereof from the Employee. For purposes of this Agreement, the term "Change in Control Transaction" means the sale of the Corporation or its predecessor to an un-affiliated person or entity or group of un-affiliated persons or entities pursuant to which such party or parties acquire (i) shares of capital stock of the Corporation representing at least fifty percent (50%) of outstanding capital stock or sufficient to elect a majority of the Board of the Corporation (whether by merger, consolidation, sale or transfer of shares (other than a merger where the Corporation is the surviving corporation and the shareholders and directors of the Corporation prior to the merger constitute a majority of the shareholders and directors, respectively, of the surviving corporation (or its parent)) or (ii) all or substantially all of the Corporation's assets determined on a consolidated basis.

(c) For purposes of this Agreement, the term "Cause" shall mean:

(i) conviction with no available appeal of a felony or a crime involving fraud or moral turpitude; or

(ii) conviction with no available appeal or admission of theft, material act of dishonesty or fraud, intentional falsification of any employment or Corporation records, or commission of any criminal act which impairs Employee's ability to perform appropriate employment duties for the Corporation; or

(iii) intentional or reckless conduct or gross negligence materially harmful to the Corporation or the successor to the Corporation as reasonably determined by two-thirds (2/3) of the Board after a Change in Control Transaction, including violation of a non-competition or confidentiality agreement; or

(iv) willful failure to follow lawful and reasonable instructions of the person or body to which Employee reports, which failure, if curable, is not cured within thirty (30) days after written notice to the Employee thereof; or

(v) gross negligence or willful misconduct in the performance of Employee's assigned duties as reasonably determined by two-thirds (2/3) of the Board; or

(vi) any material breach of this Agreement by Employee, which breach, if curable, is not cured within fifteen (15) days after written notice to the Employee of such breach.

6. Effects of Termination.

(a) Upon termination of the Employee's employment pursuant to Section 5(a)(i) or (ii), in addition to the accrued but unpaid compensation through the date of death or Total Disability and any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Employee or his estate or beneficiaries, as applicable, shall be entitled to the following severance benefits: (i) continued provision for a period of twelve (12) months following the Employee's death or Total Disability of benefits under Benefit Plans extended from time to time by the Corporation to its senior Employees; and (ii) payment on a pro-rated basis of any bonus or other payments earned in connection with any bonus plan to which the Employee was a participant as of the date of death or Total Disability earned prior to the date of termination.

(b) Upon termination of the Employee's employment pursuant to Section 5(a)(iii), where the Corporation has offered to renew the term of the Employee's employment for an additional one (1) year period and the Employee chooses not to continue in the employ of the Corporation, the Employee shall be entitled to receive only the accrued but unpaid compensation through the date of termination and any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date. In the event the Corporation tenders a Non-Renewal Notice to the Employee, then the Employee shall be entitled to the same severance benefits as if the Employee's employment were terminated pursuant to Section 5(a)(v); provided, however, if such Non-Renewal Notice was triggered due to the Corporation's statement that the Employee's employment was terminated due to Section 5(a)(vi) (for "Cause"), then payment of severance benefits will be contingent upon a determination by a state or federal court in Miami Dade County Florida as to whether termination was properly for "Cause."

(c) Upon termination of the Employee's employment pursuant to Section 5(a)(v) or other than pursuant to Section 5(a)(i), 5(a)(ii), 5(a)(iii), 5(a)(iv), or 5(a)(vi) (i.e., without "Cause"), in addition to the accrued but unpaid compensation and vacation pay through the end of the Term or any then applicable extension of the Term and any

other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Employee shall be entitled to the following severance benefits: (i) a cash payment, based on the current scale of Employee's Base Salary, equal to six months of Base Salary, to be paid in a single lump sum payment not later than sixty (60) days following such termination, less withholding of all applicable taxes; (ii) continued provision for a period of twelve (12) months after the date of termination of the benefits under Benefit Plans extended from time to time by the Corporation to its senior Employees; and (iii) payment on a pro-rated basis of any bonus or other payments earned in connection with any bonus plan to which the Employee was a participant as of the date of the Employee's termination of employment. In addition, any options or restricted stock shall be immediately vested upon termination of Employee's employment pursuant to Section 5(a)(v) or by the Corporation without "Cause".

(d) Upon termination of the Employee's employment pursuant to Section 5(a)(iv) or (vi), in addition to the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Employee shall be entitled to the following severance benefits: (i) accrued and unpaid Base Salary through the date of termination, less withholding of applicable taxes and any other benefits accrued to him under any Benefit Plans outstanding at such time; and (ii) continued provision, for a period of one (1) month after the date of the Employee's termination of employment, of benefits under Benefit Plans extended to the Employee at the time of termination. Employee shall have any conversion rights available under the Corporation's Benefit Plans and as otherwise provided by law, including the Comprehensive Omnibus Budget Reconciliation Act.

(e) Any payments required to be made hereunder by the Corporation to the Employee shall continue to the Employee's beneficiaries in the event of his death until paid in full.

7. Time Off. In addition to standard holidays, the Employee shall be entitled to take reasonable amounts of time off for vacation, illness, and personal matters during which period his salary shall be paid in full. For purposes of this Agreement, "reasonable amounts of time" shall be thirty (30) days each Fiscal Year (prorated for partial years). Vacation days, holidays and sick days that are not used by the Employee during any Fiscal Year may be used in any subsequent Fiscal Year and shall accumulate from one Fiscal year to the next. In addition, upon termination of his employment with the Corporation for any reason whatsoever, the Employee shall be reimbursed for any and all unused vacation days, holidays and sick days in accordance with the following formula: For each unused vacation day, holiday and sick day, the Employee shall receive an amount equal to 1/365 of Employee's Base Salary per annum as of the last day of said Employee's employment with the Corporation.

8. Disclosure of Confidential Information.

(a) The Employee recognizes, acknowledges and agrees that he has had and will continue to have access to secret and confidential information regarding the Corporation, its subsidiaries and their respective businesses ("Confidential Information"), including but not limited to, its products, methods, formulas, software code, patents, sources of supply, customer dealings, data, know-how, trade secrets and business plans, and Employee shall keep such information confidential unless such information (i) is in or has become part of the public domain, (ii) became known to others through no fault of the Employee (iii) was disclosed by a third party who has an independent right to such information prior to the date of this Agreement or (iv) was available to Employee prior to this Agreement on a non-confidential basis from a party not bound by a confidentiality agreement with the Corporation. The Employee acknowledges that such information is of great value to the Corporation, is the sole property of the Corporation, and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by the Corporation herein, the Employee will not, at any time, during or after his employment hereunder, reveal, divulge or make known to any person, any Confidential Information acquired by the Employee during the course of his employment, which is treated as confidential by the Corporation, and not otherwise in the public domain, except as required by law (but only after Employee has provided the Corporation with reasonable notice and opportunity to take action against any legally required disclosure. The provisions of this Section 8 shall survive the termination of the Employee's employment hereunder.

(b) The Employee affirms that he does not possess and will not rely upon the protected trade secrets or confidential or proprietary information of any prior employer(s) in providing services to the Corporation or its subsidiaries.

(c) In the event that the Employee's employment with the Corporation terminates for any reason, and the Employee does not remain on the Board, the Employee shall deliver forthwith to the Corporation any and all originals and copies, including those in electronic or digital formats, of Confidential Information; provided, however, Employee shall be entitled to retain (i) papers and other materials of a personal nature, including, but not limited to, photographs, correspondence, personal diaries, calendars and rolodexes, personal files and phone books, (ii) information showing his compensation or relating to reimbursement of expenses, (iii) information that he reasonably believes may be needed for tax purposes and (iv) copies of plans, programs and agreements relating to his employment, or termination thereof, with the Corporation.

(d) Post-Termination Assistance. Upon the Employee's termination of employment with the Company, the Employee agrees to fully cooperate in all matters relating to the winding up or pending work on behalf of the Company and the orderly transfer of work to other employees of the Company following any termination of the Employees' employment. The Employee further agrees that Employee will provide, upon reasonable notice, such information and assistance to the Company as may reasonably be requested by the Company in connection with any audit, governmental investigation, litigation, or other dispute in which the Company is or may become a party and as to which the Employee has knowledge; provided, however, that (i) the Company agrees to reimburse the Employee for any related out-of-pocket expenses, including travel expenses, and (ii) any such assistance may not unreasonably interfere with Employee's then current employment.

(e) No Mitigation or Set-Off. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement and such amounts shall not be reduced, regardless of whether the Employee obtains other employment. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Employee or others; provided, however, the Company shall have the right to offset the amount of any funds loaned or advanced to the Employee and not repaid against any severance obligations the Company may have to the Employee hereunder.

9. Non-Competition and Non-Solicitation.

(a) The Employee agrees and acknowledges that the Confidential Information that the Employee has already received and will receive is valuable to the Corporation and that its protection and maintenance constitutes a legitimate business interest of the Corporation, to be protected by the non-competition restrictions set forth herein. The Employee agrees and acknowledges that the non-competition restrictions set forth herein are reasonable and necessary and do not impose undue hardship or burdens on the Employee. The Employee also acknowledges that the Corporation's business is conducted worldwide (the "Territory"), and that the Territory, scope of prohibited competition, and time duration set forth in the non-competition restrictions set forth below are reasonable and necessary to maintain the value of the Confidential Information of, and to protect the goodwill and other legitimate business interests of, the Corporation, its affiliates and/or its clients or customers. The provisions of this Section 9 shall survive the termination of the Employee's employment hereunder for a period of 3 months after the termination of Employee's employment for whatever reason, and regardless of whether the termination is voluntary or involuntary, within the Territory.

(b) The Employee hereby agrees and covenants that he shall not without the prior written consent of the Corporation, directly or indirectly, in any capacity whatsoever, including, without limitation, as an employee, employer, consultant, principal, partner, shareholder, officer, director or any other individual or representative

capacity (other than (i) as a holder of less than five (5%) percent of the outstanding securities of a company whose shares are traded on any national securities exchange or (ii) as a limited partner, passive minority interest holder in a venture capital fund, private equity fund or similar investment entity which holds or may hold an equity or debt position in portfolio companies that are competitive with the Corporation; provided however, that the Employee shall be precluded from serving as an operating partner, general partner, manager or governing board designee with respect to such portfolio companies), whether on the Employee's own behalf or on behalf of any other person or entity **except for and with any entities in which Employee is currently affiliated or associated with** or otherwise howsoever, during the Term and for a period of one (1) year after the termination of the Employee's employment for whatever reason, and regardless whether the termination is voluntary or involuntary, within the Territory.

(1) Engage, own, manage, operate, control, be employed by, consult for, participate in, or be connected in any manner with the ownership, management, operation or control of any business in competition with the Business of the Corporation, as defined in the next sentence. "Business" shall mean mobile satellite products and services sector of the global communications industry.

(2) Recruit, solicit or hire, or attempt to recruit, solicit or hire, any employee, or independent contractor of the Corporation to leave the employment (or independent contractor relationship) thereof, whether or not any such employee or independent contractor is party to an employment agreement, for the purpose of competing with the Business of the Corporation;

(3) Attempt in any manner to solicit or accept from any customer of the Corporation, with whom Employee had significant contact during Employee's employment by the Corporation (whether under this Agreement or otherwise), business competitive with the Business done by the Corporation with such customer or to persuade or attempt to persuade any such customer to cease to do business or to reduce the amount of business which such customer has customarily done with the Corporation, or if any such customer elects to move its business to a person other than the Corporation, provide any services of the kind or competitive with the Business of the Corporation for such customer, or have any discussions regarding any such service with such customer, on behalf of such other person for the purpose of competing with the Business of the Corporation; provided that the foregoing prohibition shall not apply to any customer introduced to the Corporation by Employee; or

(4) Interfere with any relationship, contractual or otherwise, between the Corporation and any other party, including, without limitation, any supplier, distributor, co-venturer or joint venturer of the Corporation, for the purpose of soliciting such other party to discontinue or reduce its business with the Corporation for the purpose of competing with the Business of the Corporation provided that the foregoing prohibition shall not apply to any supplier, distributor, co-venturer or joint venturer of the Corporation introduced to the Corporation by Employee;

With respect to the activities described in Paragraphs (1), (2), (3) and (4) above, the restrictions of this Section 9 shall continue during the Employment Period and, upon termination of the Employee's employment for a period of one (1) year thereafter.

(5) The Corporation acknowledges that the Employee has, or throughout the Employment Period may have, commitments and business activities not related to the Corporation. In this regard, there shall be no restriction on the Employee's ability to fulfill such commitments or to engage in such business activities. Moreover, nothing in this Agreement shall preclude the Employee from devoting time during reasonable periods required for investing personal assets and/or those of family members in such form or manner that will not violate this Agreement. Intentionally Omitted.

10. Section 409A.

The provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and guidance promulgated thereunder ("Section 409A") and shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Corporation and Employee agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Employee under Section 409A.

To the extent that Employee will be reimbursed for costs and expenses or in-kind benefits, except as otherwise permitted by Section 409A, (a) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; provided that the foregoing clause (b) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect and (c) such payments shall be made on or before the last day of the taxable year following the taxable year in which you incurred the expense.

A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination constitutes a "Separation from Service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement references to a "termination," "termination of employment" or like terms shall mean Separation from Service.

Each installment payable hereunder shall constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii). Each payment that is made within the terms of the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) is intended to meet the "short-term deferral" rule. Each other payment is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), et. seq., to the maximum extent permitted by that regulation, with any amount that is not exempt from Code Section 409A being subject to Code Section 409A.

Notwithstanding anything to the contrary in this Agreement, if Employee is a "specified employee" within the meaning of Section 409A at the time of Employee's termination, then only that portion of the severance and benefits payable to Employee pursuant to this Agreement, if any, and any other severance payments or separation benefits which may be considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits"), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Employee's termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Employee on or within the six (6) month period following Employee's termination will accrue during such six (6) month period and will become payable in one lump sum cash payment on the date six (6) months and one (1) day following the date of Employee's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following termination but prior to the six (6) month anniversary of Employee's termination date, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

For purposes of this Agreement, "Section 409A Limit" will mean a sum equal (x) to the amounts payable prior to March 15 following the year in which Employee terminations plus (y) the lesser of two (2) times: (i) Employee's annualized compensation based upon the annual rate of pay paid to Employee during the Corporation's taxable year preceding the Corporation's taxable year of Employee's termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A) (1) and any IRS guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee's employment is terminated.

11. Board Nomination

During the term of this Agreement and so long as the Employee is employed by the Company, the Employee may nominate two directors to the Company's Board of Directors. The appointment of these directors to the Board is subject to approval by the Board of Directors.

12. Miscellaneous.

a. The Employee acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Accordingly, the Employee agrees that any breach or threatened breach by him of Sections 8 or 9 of this Agreement shall entitle the Corporation, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Employee hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Corporation seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Corporation may have at law or in equity.

b. Neither the Employee nor the Corporation may assign or delegate any of their rights or duties under this Agreement without the express written consent of the other; provided however that the Corporation shall have the right to delegate its obligation of payment of all sums due to the Employee hereunder, provided that such delegation shall not relieve the Corporation of any of its obligations hereunder.

c. This Agreement constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Employee's employment by the Corporation, supersedes all prior understandings and agreements, whether oral or written, between the Employee and the Corporation, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

d. This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

e. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

f. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by private overnight mail service (e.g. Federal Express) to the party at the address set forth above or to such other address as either party may hereafter give notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after sending.

g. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Florida without reference to principles of conflicts of laws and each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and state courts located in the State of Florida.

h. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above. Electronic, PDF and facsimile signatures shall constitute original signatures.

i. In the event of litigation or arbitration arising out of this Agreement, the prevailing party shall be entitled to the award of actual attorney and paralegal fees and costs at the trial and appellate levels.

CORPORATION:

ORBSAT CORP

/s/ David Phipps

By: David Phipps

EMPLOYEE:

/s/ Chares M. Fernandez

By: Charles M. Fernandez

CERTIFICATIONS

I, Charles M. Fernandez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orbsat Corp for the quarter ended June 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

/s/ Charles M. Fernandez

Charles M. Fernandez
Chief Executive Officer
(principal executive officer)

CERTIFICATIONS

I, Sarwar Uddin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orbsat Corp for the quarter ended June 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

/s/ Sarwar Uddin

Sarwar Uddin
Chief Financial Officer
(principal financial officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Orbsat Corp (the "Company") on Form 10-Q for the fiscal period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Fernandez, Chief Executive Officer of the Company, and I, Sarwar Uddin, Chief Financial Officer of the Company, duly certify pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results operations of the Company.

Dated: August 16, 2021

By: /s/ Charles M. Fernandez

Charles M. Fernandez
Chief Executive Officer
(principal executive officer)

/s/ Sarwar Uddin

Sarwar Uddin
Chief Financial Officer
(principal financial officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
