March 31, 2016

Duos Technologies Group Reports Strong Full Year 2015 Results

Annual Revenue Growth of 61% to $6.8 Million

JACKSONVILLE, FL -- (Marketwired) -- 03/31/16 -- Duos Technologies Group (OTCQB: DUOT), a provider of intelligent security analytical technology solutions, today reported strong operating results for the year ended December 31, 2015. Significant revenue growth, operating income improvements and efficiency and growing backlog of business all validate Duos' patented technology and services to its growing customer base. Of note, Duos has continued to grow organically from business operations.

Key Highlights:

- Revenues of $6.8 Million for 2015, up 61% from 2014
- Revenues of $1.8 Million in the Fourth Quarter of 2015
- Gross Margins Consistently above 50% for 2015
- Operating Loss of $0.6 Million for 2015, Excluding One-Time Non-Cash Impairment Charge as a Result of the Merger
- Improved Balance Sheet with Increases in Cash, Working Capital and Shareholders Equity and Less Debt
- Upgraded and Released New Generation of Technology Platforms of praesidium 3.0 and centraco 3.0
- Completed significant improvements to Rail Inspection Portal Technology
- Awarded Contract by Class I Railroad for Proprietary Rail Inspection Portal as Image Portal for Mechanical Inspection
- Received Renewal of SAFETY Act Designation from the U.S. Department of Homeland Security

The increase in revenue is primarily the result of three quarters of operations reflecting the reverse merger with Duos Technologies, Inc., which was completed in April 2015 and reflects a more than doubling on project revenue as investments in sales and R&D over the past two years deliver significant return on investment and position our company to capture substantial market share within our target verticals. All revenue categories showed increases year-over-year including a more than 30% growth in IT asset management services, our legacy business prior to the reverse merger, as compared to its standalone business in 2014.

Gianni Arcaini, Chairman and CEO of Duos Technologies Group, stated, "We are thrilled to report this significant growth in our business and to share our excitement in our business prospects with our shareholders. We expect at least 25% year-over-year revenue growth in 2016, with a goal of operating profits. Our investment in R&D continues to be substantial, and I am particularly proud of the significant progress we have made towards achieving several important milestones in the evolution of our technology solutions. Our proprietary

technology solutions are being well-received by our customers in general and particularly in the rail industry which is undergoing a major shift in maintenance strategies to become safer and more efficient." Mr. Arcaini, added, "We have validated our technologies and applications with significant project awards, and we look forward to another year with strong revenue growth, as well as continued transparency and consistent communication with our shareholders."

Financial Results for the Year ended December 31, 2015:
Total revenue was $6.8 million for the year ended December 31, 2015, a 61% increase from $4.2 million for the same period of 2014. The revenue breakdown consisted of $3.8 million of project revenue and $3 million of maintenance, technical support and IT professional services.

Gross profit was $3.6 million, or 53% gross profit margin. Operating expenses for the year ended, December 31, 2015 were $5.8 million, an increase of $1.5 million from $4.3 million during the same period of 2014. The 36% increase in operating expenses was primarily due to a one-time, non-cash impairment loss of $1.6 million as a result of the write-off of intangible assets associated with the merger with Duos Technologies, Inc. which was completed in April 2015. Excluding this one-time charge as well as a one-time write-off of accrued salaries, operating expenses slightly declined as a result of tight cost controls. This very low expense growth versus revenue is partially attributable to a reallocation of some expenses to cost of sales. On a "like-for-like" basis, the increase in overall operating expenses excluding one-time, non-cash charges was in line with the revenue growth.

The loss from operations for the year ended, December 31, 2015 was $2.2 million, compared to $1.6 million for the prior year 2014. The increase in loss from operations was primarily due to a one-time impairment loss of $1.6 million from the write-off of intangible assets recorded in connection with the merger. Excluding this one-time, non-cash charge, the loss from ongoing operations was reduced by more than 41%.

Net loss for the year ended, December 31, 2015 was $2.3 million, an increase from a net loss of $2.1 million for the prior year 2014. The increase in net loss was due to the non-cash impairment loss of $1.6 million for goodwill and intangible assets.

Duos Technologies Group, Inc.
Duos Technologies Group, Inc. (DUOT), based in Jacksonville, FL, provides intelligent security analytical technology solutions with a strong portfolio of intellectual property. The Company's core competencies include advanced intelligent technologies that are delivered through its proprietary integrated enterprise command and control platform, centraco™. The Company provides its broad range of technology solutions with an emphasis on mission critical security, inspection and operations within the rail, utilities, petrochemical, healthcare, and hospitality sectors.

For more information, check out: http://www.duostech.com.

Forward-Looking Statements
This press release contains forward-looking statements that involve substantial uncertainties and risks. These forward-looking statements are based upon our current expectations, estimates and projections and reflect our beliefs and assumptions based upon information available to us at the date of this release. We caution readers that forward-looking

statements are predictions based on our current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors, including but not limited to, our expectations as to continued revenues growth and profitability in 2016 and beyond, our ability to raise working capital to further grow our business and the impact thereon of the going concern qualification in our auditors report for 2015, our business environment and industry trends, competitive environment, the sufficiency and availability of working capital, general changes in economic conditions and other risks and uncertainties described in our filings with the Securities and Exchange Commission, including our Annual Report Form 10-K for the year ended December 31, 2015. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to revise or update any forward-looking statement for any reason.

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	***December 31, 2014***
ASSETS		
CURRENT ASSETS:		
Cash	$ 140,129	$ 85,435
Accounts receivable	452,235	317,934
Costs and estimated earnings in excess of billings on uncompleted contracts	421,116	218,309
Prepaid expenses and other current assets	165,095	92,859
Total Current Assets	1,178,575	714,537
Property and equipment, net	72,544	44,883
OTHER ASSETS:		
Patents and trademarks, net	57,006	52,496
Total Other Assets	57,006	52,496
TOTAL ASSETS	$ 1,308,125	$ 811,916
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 1,061,961	$ 550,456
Accounts payable - related party	30,070	53,122
Commercial insurance/office equipment financing	44,024	33,055
Notes payable-related parties	486,964	75,000
Notes payable	52,500	-
Convertible notes payable, including premiums	338,058	1,425,106
Line of credit	40,216	-
Payroll taxes payable	296,215	600,181
Accrued expenses	955,570	694,498
Billings in excess of costs and estimated earnings on uncompleted contracts	303,064	153,783
Deferred revenue	908,206	865,394
Contingent lawsuit payable	550,000	1,411,650
Total Current Liabilities	5,066,848	5,862,245
Total Liabilities	5,066,848	5,862,245
Commitments and Contingencies		
STOCKHOLDERS' EQUITY (DEFICIT):		
Preferred stock, $0.001 par value 10,000,000 authorized, none issued or outstanding	-	-
Common stock: $0.001 par value; 500,000,000 shares authorized 64,777,621 and 57,738,209 shares issued and issuable, and outstanding at December 31, 2015 and December 31, 2014, respectively	64,778	57,738
Additional paid-in capital	17,127,675	13,517,159
Accumulated deficit	(20,951,176)	(18,625,226)
Total Stockholders' Equity (Deficit)	(3,758,723)	(5,050,329)
Total Liabilities and Stockholders' Equity (Deficit)	$ 1,308,125	$ 811,916

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2015	***2014***
REVENUES:		
Project	$ 3,758,653	$ 1,802,930
Maintenance and technical support	2,481,183	2,399,527
IT asset management services	527,927	-
Total Revenues	6,767,763	4,202,457
COST OF REVENUES:		
Project	2,051,969	1,146,045
Maintenance and technical support	958,995	986,058
IT asset management services	185,212	-
Total Cost of Revenues	3,196,176	2,132,103
GROSS PROFIT	3,571,587	2,070,354
OPERATING EXPENSES:		
Selling and marketing expenses	254,083	283,440
Salaries, wages and contract labor	2,586,735	2,264,333
Research and development	216,806	191,662
Professional fees	256,111	83,538
General and administrative expenses	906,344	835,073
Impairment loss on intangible assets and goodwill acquired	1,578,816	-
Total Operating Expenses	5,798,895	3,658,046
INCOME (LOSS) FROM OPERATIONS	(2,227,308)	(1,587,692)
OTHER INCOME (EXPENSES):		
Interest expense	(744,343)	(515,539)
Gain (loss) on settlement of debt, net	(216,271)	-
Other income, net	861,973	76
Total Other Income (Expense)	(98,641)	(515,463)
Loss before income taxes	(2,325,950)	(2,103,155)
Franchise tax	-	(3,860)
NET LOSS	(2,325,950)	(2,107,015)
Preferred stock dividends	-	(536,376)
Net loss applicable to common stock	$ (2,325,950)	$ (2,643,391)
NET LOSS APPLICABLE TO COMMON STOCK PER COMMON SHARE:		
Basic	$ (0.04)	$ (0.05)
Diluted	$ (0.04)	$ (0.05)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	61,250,974	56,611,537
Diluted	61,250,974	56,611,537

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended

	December 31,	
	2015	2014
Cash from operating activities:		
Net loss	$ (2,325,950)	$ (2,107,015)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	44,411	55,162
Gain on settlement of accounts payable/note conversion	(27,194)	-
Stock issued for services	58,775	-
Loss on settlement of debt	243,465	-
Amortization of stock based prepaid consulting fees	41,126	-
Loss related to warrants exchanged for stock	3,082	
Common Stock issued for inducement	-	380,947
Impairment loss on intangible assets and goodwill acquired	1,578,816	-
Changes in assets and liabilities:		
Accounts receivable	(134,301)	337,689
Costs and estimated earnings on uncompleted contracts	(202,807)	(23,211)
Prepaid expenses and other current assets	(35,526)	(5,463)
Accounts payable	(657,920)	(365,547)
Accounts payable-related party	(23,052)	(7,589)
Interest from premium accretion on convertible notes	-	25,889
Payroll taxes payable	(303,966)	143,226
Accrued expenses	294,117	(36,650)
Billings in excess of costs and earnings on uncompleted contracts	149,281	144,266
Contingent lawsuit payable	(861,650)	409,326
Deferred revenue	42,812	63,320
Net cash used in operating activities	(2,116,481)	(985,650)
Cash flows from investing activities:		
Cash acquired in acquisition	1,346	-
Purchase of patents/trademarks	(10,420)	(5,500)
Purchase of fixed assets	(66,162)	(24,846)
Net cash used in investing activities	(75,236)	(30,346)
Cash flows from financing activities:		
Bank overdraft proceeds	-	(97,491)
Proceeds from bank line of credit	40,216	-
Proceeds from related party notes	464,464	-
Proceeds from borrowings under convertible notes and other debt	1,730,772	1,198,370
Proceeds of insurance and equipment financing	10,959	302
Net cash provided by financing activities	2,246,411	1,101,181
Net increase (decrease) in cash	54,694	85,185
Cash, beginning of period	85,435	250
Cash, end of period	140,129	85,435
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 59,398	$ 52,062
Taxes paid	$ 3,136	$ 4,243
Supplemental Non-Cash Investing and Financing Activities:		
Preferred stock dividends	$ -	$ 536,376
Common stock issued upon conversion of convertible debt	$ 2,258,071	$ -
Common stock issued to settle notes payable and accrued interest	$ 610,802	$ -
Common stock issued to settle accounts payable	$ 16,800	$ -
Common stock issued for accrued salary	$ 56,482	$ -
Reclassification of put premium liability on convertible notes to paid-in capital	$ 111,058	$ -
Increase in debt discount and paid-in capital for warrants issued with debt	$ 30,722	$ -
Liabilities assumed in share exchange	$ 1,186,234	$ -
Less: assets acquired in share exchange	(1,347)	-
Net liabilities assumed	1,184,887	-
Fair value of shares exchanged	393,929	-

Increase in intangible assets	$ 1,578,816	$ -

Contacts:
Corporate
Jean Martin
904-652-1601
jmm@duostech.com

Investors Relations
Adrian Goldfarb
904-652-1616
agg@duostech.com

Hayden IR
917-658-7878
hart@haydenir.com

Source: Duos Technologies Group, Inc.