May 17, 2016

Duos Technologies Group Reports First Quarter 2016 Results

Anticipated 2016 Revenue Growth Fueled by New Signed and Pending Contracts

JACKSONVILLE, FL -- (Marketwired) -- 05/17/16 -- Duos Technologies Group (OTCQB: DUOT), a provider of intelligent security analytical technology solutions, today reported its operating results for the first quarter ended March 31, 2016.

Following the merger, which became effective in April of 2015, the two companies have successfully integrated all operations and continue to grow the business in all of its target markets. Based on current growth projections, the Company anticipates that by year end 2016, it will operate at or very close to breakeven on an annual basis, albeit with anticipated losses in specific quarters. Duos also continues to build a solid pipeline of business which is translating into firm orders on a consistent basis.

Key Highlights for the Quarter ended:

- Revenues of $1.0 Million, Despite Two Project Delays;
- Gross Margins Remain Above 50%;
- Backlog of $4.0 Million, of which 90% is Expected to be Recorded as Revenue During 2016;
- Closed Senior Secured Non-Convertible Debt Financing with Aggregate Proceeds of Approximately $1.5 million;
- Settled and Satisfied Pending Lawsuit;
- Received Contract Award from Class I Railroad for Proprietary Rail Inspection Portal as Image Portal for Mechanical Inspection; and
- Awarded Major Contract Award in IT Services for International Mobile Telecommunications Operator

Gianni Arcaini, Chairman and CEO of Duos Technologies Group, stated, "Over the past several years, we have made substantial investments in product research and development, and achieved significant milestones in the development of our technology solutions. We have made progress in penetrating the market with our proprietary technology solutions, more particularly in the rail industry, which is currently undergoing a major shift in maintenance strategies. We believe that this shift will be a significant motivating factor for using our technologies. We also continue to expand our IT professional services business." Mr. Arcaini further noted that one of the two delayed projects expected to start in the first quarter has since commenced. "Our recently expanded key hires and infrastructure make us well-positioned to deliver upon our increased backlog and signed and pending contracts for the remainder of 2016. We expect a robust year-over-year revenue growth in 2016, with a goal of operating profits."

A detailed description of Duos' business, our results of operations and financial statements are contained in the Quarterly Report on Form 10-Q filed on May 16, 2016.

Financial Results for the Quarter Ended March 31, 2016:
Total revenue was $1.0 million for the three months ended March 31, 2016, a 9% decrease from $1.1 million for the corresponding prior year quarter. The decrease in revenue for 2016 was mainly caused by the delay of two projects, which were anticipated to start during the quarter ended March 31, 2016. The revenue breakdown consisted of $0.2 million of new projects, $0.6 million of maintenance and technical support and $0.2 million of IT asset management services.

Gross profit was $0.5 million, or 52% gross profit margin. Operating expenses for the quarter ended March 31, 2016 were $1.3 million, an increase of $0.4 million from $0.9 million during the same period of 2015. The 40% increase in operating expenses was mainly due to increases in salaries, wages and contract labor of $0.3 million, which is attributable to expansion of the employee base in anticipation of new projects starting later in the year.

Operating loss for the three months ended March 31, 2016 was $0.8 million, an increase of $0.4 million from a $0.4 million operating loss for the three months ended March 31, 2015. Much of the additional increase in expenses and loss from operations is related to operating as a public company, the anticipated growth resulting from signed and pending contracts, and the addition of key employees in the areas of sales, support and research and development.

Net loss for the three months ended March 31, 2016 was $838,381, an increase of $85,957 from a $752,424 net loss for the three months ended March 31, 2015. The resulting EPS remained flat at ($0.01), as compared to ($0.01) for the prior year ago quarter.

At March 31, 2016, Duos Technologies Group had 65.7 million shares issued and outstanding.

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 anticipated breakeven and in 2016, 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, the timing and delivery of purchase orders and receipt of payment, year-over-year growth in 2016, 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

	March 31, 2016	***December 31, 2015***
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash	$ 250	$ 140,129
Accounts receivable	137,436	452,235
Costs and estimated earnings in excess of billings on uncompleted contracts	434,291	421,116
Prepaid expenses and other current assets	409,543	165,095
Total Current Assets	981,520	1,178,575
Property and equipment, net	80,901	72,544
OTHER ASSETS:		
Patents and trademarks, net	55,649	57,006
Total Other Assets	55,649	57,006
TOTAL ASSETS	$ 1,118,070	$ 1,308,125
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Bank overdraft	$ 3,604	$ -
Accounts payable	1,179,885	1,061,961
Accounts payable - related parties	41,205	30,070
Commercial insurance/office equipment financing	133,133	44,024
Notes payable - related parties	495,786	486,964
Notes payable	189,108	196,608
Convertible notes payable, including premiums	193,950	193,950
Line of credit	40,822	40,216
Payroll taxes payable	456,368	296,215
Accrued expenses	1,032,683	955,570
Billings in excess of costs and estimated earnings on uncompleted contracts	420,048	303,064
Deferred revenue	609,316	908,206
Contingent lawsuit payable	550,000	550,000
Total Current Liabilities	5,345,908	5,066,848
Total Liabilities	5,345,908	5,066,848
Commitments and Contingencies (Note 5)		
STOCKHOLDERS' 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 65,716,721 and 64,777,621 shares issued and issuable, and outstanding at March 31, 2016 and December 31, 2015, respectively	65,718	64,778
Additional paid-in capital	17,496,001	17,127,675
Accumulated deficit	(21,789,557)	(20,951,176)
Total Stockholders' Deficit	(4,227,838)	(3,758,723)
Total Liabilities and Stockholders' Deficit	$ 1,118,070	$ 1,308,125

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

	For the Three Months Ended March 31,	
	2016	***2015***
REVENUES:		
Project	$ 229,123	$ 504,969
Maintenance and technical support	607,879	597,126
IT asset management services	167,241	-
Total Revenues	1,004,243	1,102,095
COST OF REVENUES:		
Project	141,078	334,495
Maintenance and technical support	267,581	214,395
IT asset management services	77,758	-
Total Cost of Revenues	486,417	548,890
GROSS PROFIT	517,826	553,205
OPERATING EXPENSES:		
Selling and marketing expenses	86,040	59,329
Salaries, wages and contract labor	886,167	589,627
Research and development	55,487	49,836
Professional fees	77,229	90,305
General and administrative expenses	180,285	128,639
Total Operating Expenses	1,285,208	917,736
LOSS FROM OPERATIONS	(767,382)	(364,531)
OTHER INCOME (EXPENSES):		
Interest expense	(72,305)	(391,094)
Gain on settlement of accounts payable	-	3,200
Other income, net	1,306	1
Total Other Income (Expense)	(70,999)	(387,893)
Loss before income taxes	(838,381)	(752,424)
Income tax	-	-
NET LOSS	(838,381)	(752,424)
Preferred stock dividends	-	-
Net loss applicable to common stock	$ (838,381)	$ (752,424)
NET LOSS APPLICABLE TO COMMON STOCK PER COMMON SHARE:		
Basic	$ (0.01)	$ (0.01)
Diluted	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	65,655,807	57,738,209
Diluted	65,655,807	57,738,209

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

	For the Three Months Ended March 31,	
	2016	***2015***
Cash from operating activities:		
Net loss	$ (838,381)	$ (752,424)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,099	12,596
Gain on settlement of accounts payable	-	3,200
Stock and warrants issued for services	95,036	-
Loss on conversion of notes payable included in interest expense	-	352,093
Amortization of stock based prepaid consulting fees	198,068	-
Loss related to warrants exchanged for stock	630	-
Changes in assets and liabilities:		
Accounts receivable	314,797	(580,739)
Costs and estimated earnings on uncompleted contracts	(13,175)	(74,617)
Prepaid expenses and other current assets	(45,336)	(67,017)
Accounts payable	118,522	333,672
Accounts payable-related party	11,135	(9,269)
Interest from premium accretion on convertible notes	-	10,384
Payroll taxes payable	160,153	(34,520)
Accrued expenses	77,114	54,322
Billings in excess of costs and earnings on uncompleted contracts	116,984	714,042
Deferred revenue	(298,890)	(256,538)
Net cash used in operating activities	(91,245)	(294,815)
Cash flows from investing activities:		
Purchase of patents/trademarks	(70)	(1,600)
Purchase of fixed assets	(19,029)	(1,897)
Net cash used in investing activities	(19,099)	(3,497)
Cash flows from financing activities:		
Bank overdraft	3,604	13,534
Proceeds from related party notes	50,000	118,500
Repayments of related party notes	(41,178)	-
Proceeds (repayments) of insurance and equipment financing	(34,461)	10,000
Proceeds (repayments) of notes payable	(7,500)	71,093
Net cash (used in) provided by financing activities	(29,535)	213,127
Net decrease in cash	(139,879)	(85,185)
Cash, beginning of period	140,129	85,435
Cash, end of period	250	250
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 5,969	$ 22,129
Taxes paid	$ -	$ 800
Supplemental Non-Cash Investing and Financing Activities:		
Stock issued to convert convertible notes and accrued interest	$ -	$ 1,415,546
Common stock issued for prepaid consulting services	$ 273,600	$ -
Common stock issued to settle accounts payable	$ -	$ 16,800
Write-off balance of put premium liability related to convertible notes	$ -	$ 37,120
Note issued for financing of insurance premiums	$ 123,580	$ -

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