August 14, 2018

Duos Technologies Reports Record Second Quarter 2018 Results; Increases Full Year 2018 Revenue Guidance to $10.1 Million

JACKSONVILLE, Fla., Aug. 14, 2018 (GLOBE NEWSWIRE) -- **Duos Technologies Group, Inc. ("Duos" or the "Company") (OTCQB: DUOT)**, a provider of advanced intelligent security and analytical technology solutions, reported financial results for the second quarter ended June 30, 2018.

Second Quarter 2018 and Recent Operational Highlights

- Awarded multi-million-dollar contract from CN, a leading North American Class-1 transportation and logistics company (NYSE: CNI), to implement new measures targeted at preventative maintenance, improved reliability, dwell reduction and overall performance
- Deployment of $3+ million contract with one of the nation's largest retail chains to streamline and automate gatehouse operations across the corporation's national distribution centers, delivering significant operational efficiencies for a rapid return on investment
- Opened "Engineering and Operations Center of Excellence" facility to be used for pre-assembly and testing of Duos' proprietary intelligent technologies and sub-systems as well as to house its rapidly growing engineering and operations teams
- Launched proprietary dcVue™ software platform, which is designed to enable automation and mobile verification of large data center IT assets, supporting the Company's potential for future growth into adjacent and new industries

Second Quarter 2018 Financial Results

Total revenue increased 179% to a record $3.2 million from $1.2 million in the same quarter last year. The significant increase in total revenue was driven by an increase in project revenue, which was offset by decreases in both maintenance and technical support as well as IT asset management services revenues. The increase in project revenue is a result of the Company's ongoing transition to new offerings, including intelligent analytics and machine learning, from traditional legacy security-centric offerings.

Gross profit increased 118% to $1.3 million from $577,000 in the same quarter last year. The increase in gross profit was due to the increase in project revenues as discussed above. On a "like for like" comparison to the equivalent quarter in 2017, gross profit in 2018 was impacted by certain accounting changes related to the implementation of Accounting Standards Codification (ASC) 606. The Company anticipates these profits will be recorded later in the year and, therefore, the current quarter's accounting changes will have no material impact on the results for the full year.

Operating expenses increased 39% to $1.9 million from $1.4 million in the same quarter last year. The increase in operating expenses was mainly due to a non-cash expense for incentive stock options granted in the quarter. Excluding this amount, operating expenses increased by less than 10% on a cash basis.

Net loss totaled $634,000 or $(0.03) per share, an improvement from net loss of $1.3 million, or $(0.70) per share, in the same quarter a year-ago. The improvement in net loss was primarily attributable to the non-cash charges in 2017 of $832,690 in debt discount expense and $295,061 warrant derivative gain on debt related to debt financing. On an adjusted EBITDA basis, the net loss for the second quarter of 2018 was $203,000 where the non-cash compensation expense is excluded along with interest costs, depreciation and amortization.

Financial Outlook
For the fiscal year ending December 31, 2018, the Company has increased its revenue outlook to $10.1 million from $9.3 million, which would represent an approximate 160% increase as compared to the $3.9 million reported revenue in the fiscal year ended December 31, 2017. The Company's guidance is based on numerous contracts in backlog that are already performing and scheduled to be executed during or before the fourth quarter of 2018. Management also anticipates receiving additional awards over the course of 2018.

Management Commentary
"Our record performance in the second quarter represented a successful milestone in our long-term plan to significantly scale our business," said Duos Chairman and CEO Gianni Arcaini. "In addition to growing our topline nearly 180%, we also made meaningful strides toward our goal of achieving GAAP profitability despite certain non-cash compensation charges that we recognized in the quarter. With the opening of our new engineering and operations facility, we can continue efficiently and organically expanding our operations to meet our current needs as well as our future growth plans.

"As a result of the ongoing success of our operations and increasing business momentum, we are increasing our revenue outlook to approximately $10.1 million in 2018, an approximate 160% increase as compared to the $3.9 million reported revenue in the fiscal year ended December 31, 2017. With our core technology now fully developed and ready to deploy, we anticipate this growth to continue as we win new business and begin deployments throughout the remainder of the year and beyond."

Conference Call
Duos Technologies management will host a conference call on Tuesday, August 14 at 11:00 a.m. Eastern time (8:00 a.m. Pacific time) to discuss these results, followed by a question and answer period.

Date: Tuesday, August 14, 2018
Time: 11:00 a.m. Eastern time (8:00 a.m. Pacific time)
U.S. dial-in: (888) 339-2688
International dial-in: (617) 847-3007
Passcode: 74066735

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with

the conference call, please contact Matt Glover or Tom Colton at Liolios at (949) 574-3860.

The conference call will be broadcast live and available for replay via the investor section of the Company's website here.

About Duos Technologies Group Inc.
Duos Technologies Group, Inc. (OTCQB: DUOT), based in Jacksonville, FL, through its wholly owned subsidiary, Duos Technologies, Inc., provides advanced intelligent security and analytical technology solutions with a strong portfolio of intellectual property. Duos Technologies' core competencies include intelligent technologies that combine machine learning, artificial intelligence and advanced video analytics 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 transportation, retail, petrochemical, government, and banking sectors. Duos Technologies Group also offers professional and consulting services for large data centers. For more information, visit www.duostech.com.

Regarding Forward-Looking Statements
This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking terminology such as "believes," "expects," "may," "will," "should," "anticipates," "plans," and their opposites or similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks, uncertainties and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based and could cause Duos Technologies Group, Inc.'s actual results to differ materially from those anticipated by the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Item 1A in Duos' Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described in Duos' filings with the SEC.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
REVENUES:				
Project	$ 2,940,992	$ 591,119	$ 3,785,706	$ 951,606
Maintenance and technical support	252,447	310,974	509,893	626,301
IT asset management services	46,617	260,411	92,386	620,327
Total Revenues	3,240,056	1,162,504	4,387,985	2,198,234
COST OF REVENUES:				
Project	1,846,871	375,729	2,394,670	721,856
Maintenance and technical support	108,193	87,592	211,516	234,994
IT asset management services	27,751	122,181	47,989	260,039
Total Cost of Revenues	1,982,815	585,502	2,654,175	1,216,889
GROSS PROFIT	1,257,241	577,002	1,733,810	981,345
OPERATING EXPENSES:				
Selling and marketing expenses	74,403	50,182	115,624	118,929
Salaries, wages and contract labor	1,315,240	840,286	2,081,111	1,575,887
Research and development	143,081	72,380	278,361	159,998
Professional fees	59,937	84,580	123,801	204,733
General and administrative expenses	295,141	310,220	504,976	558,208
Total Operating Expenses	1,887,802	1,357,648	3,103,873	2,617,755
LOSS FROM OPERATIONS	(630,561)	(780,646)	(1,370,063)	(1,636,410)
OTHER INCOME (EXPENSES):				
Interest Expense	(4,438)	(832,689)	(10,166)	(1,754,004)
Gain on settlement of debt	-	-	-	64,647
Warrant derivative gain (loss)	-	295,061	-	(287,327)
Other income, net	636	-	2,762	1
Total Other Income (Expense)	(3,802)	(537,628)	(7,404)	(1,976,683)
NET LOSS	(634,363)	(1,318,274)	(1,377,467)	(3,613,093)
Series A preferred stock dividends	-	(5,920)	-	(11,840)
Net loss applicable to common stock	$ (634,363)	$ (1,324,194)	$ (1,377,467)	$ (3,624,933)
NET LOSS APPLICABLE TO COMMON STOCK PER COMMON SHARE:				
Basic & Diluted	$ (0.03)	$ (0.70)	$ (0.07)	$ (1.91)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic & Diluted	20,707,153	1,894,923	20,706,712	1,894,549

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,753,596	$ 1,941,818
Accounts receivable, net	751,780	298,304
Contract assets	339,921	423,793
Prepaid expenses and other current assets	439,811	90,923
Total Current Assets	3,285,108	2,754,838
Property and equipment, net	169,171	65,362
OTHER ASSETS:		
Software Development Costs, net	50,000	-
Patents and trademarks, net	44,270	45,978
Total Other Assets	94,270	45,978
TOTAL ASSETS	$ 3,548,548	$ 2,866,178
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 1,154,824	$ 812,618
Accounts payable - related parties	14,598	12,598
Notes payable - financing agreements	109,572	49,657
Notes payable - related parties	-	9,078
Line of credit	32,833	34,513
Payroll taxes payable	178,390	149,448
Accrued expenses	378,787	497,277
Contract liabilities	1,768,966	200,410
Deferred revenue	188,732	438,907
Total Current Liabilities	3,826,702	2,204,506
Notes payable - related party	-	39,137
Total Liabilities	3,826,702	2,243,643
Commitments and Contingencies (Note 6)		
STOCKHOLDERS' EQUITY (DEFICIT):		
Preferred stock: $0.001 par value, 10,000,000 authorized, 9,485,000 shares available to be designated		
Series A redeemable convertible cumulative preferred stock, $10 stated value per share, 500,000 shares designated; 0 issued and outstanding at June 30, 2018 and December 31, 2017, convertible into common stock at $6.30 per share	-	-
Series B convertible cumulative preferred stock, $1,000 stated value per share, 15,000 shares designated; 2,830 issued and outstanding at June 30, 2018 and December 31, 2017, convertible into common stock at $0.50 per share	2,830,000	2,830,000
Common stock: $0.001 par value; 500,000,000 shares authorized, 20,710,437 and 20,657,850 shares issued, 20,707,157 and 20,654,570 shares outstanding at June 30, 2018 and December 31, 2017, respectively	20,710	20,658
Additional paid-in capital	27,085,549	26,608,823
Total stock & paid-in-capital	29,936,259	29,459,481
Accumulated deficit	(30,066,413)	(28,688,946)
Sub-total	(130,154)	770,535

Less: Treasury stock (3,280 shares of common stock)	(148,000)	(148,000)
Total Stockholders' Equity (Deficit)	(278,154)	622,535
Total Liabilities and Stockholders' Equity (Deficit)	$ 3,548,548	$ 2,866,178

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

	For the Six Months Ended June 30,	
	2018	**2017**
Cash from operating activities:		
Net loss	$ (1,377,467)	$ (3,613,093)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	43,714	24,599
Gain on settlement of debt	-	(64,647)
Stock based compensation	403,070	-
Stock issued for services	-	15,000
Interest expense related to debt discounts of notes payable	-	1,607,026
Warrant derivative loss	-	287,327
Changes in assets and liabilities:		
Accounts receivable	(453,476)	(11,503)
Contract assets	83,872	191,504
Prepaid expenses and other current assets	(150,340)	123,750
Accounts payable	351,832	190,335
Accounts payable-related party	2,000	4,198
Payroll taxes payable	28,942	526,861
Accrued expenses	(54,781)	123,779
Contract liabilities	1,568,554	47,133
Deferred revenue	(250,175)	(300,532)
Net cash provided by (used in) operating activities	195,745	(848,263)
Cash flows from investing activities:		
Software development costs	(60,000)	-
Purchase of patents/trademarks	(1,000)	-
Purchase of fixed assets	(134,814)	(22,009)
Net cash used in investing activities	(195,814)	(22,009)
Cash flows from financing activities:		
Repayments of line of credit	(1,305)	-
Repayments of related party notes	(48,215)	(17,791)
Repayments of insurance and equipment financing	(138,633)	(94,960)
Repayments of notes payable	-	(172,500)
Proceeds of notes payable, net of 152,750 cash fees	-	1,022,250
Net cash (used in) provided by financing activities	(188,153)	736,999
Net decrease in cash	(188,222)	(133,273)
Cash, beginning of period	1,941,818	174,376
Cash, end of period	1,753,596	41,103
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 5,327	$ 109,884
Supplemental Non-Cash Investing and Financing Activities:		
Common stock issued for accrued BOD fees	$ 73,709	$ -
Accrued interest forgiven related to note payable settlement	$ -	$ 20,697
Debt discount related to notes payable	$ -	$ 1,295,592
Note issued for financing of insurance premiums	$ 198,548	$ 189,136

Source: Duos Technologies Group, Inc.