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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 16, 2026

Duos Technologies Group, Inc.

(Exact name of registrant as specified in its charter)

Florida	**001-39227**	**65-0493217**
(State or Other Jurisdiction of Incorporation)	*(Commission File Number)*	*(I.R.S. Employer Identification No.)*

6651 Gate Parkway, 4th Floor, Jacksonville, Florida 32256
(Address of Principal Executive Offices) (Zip Code)

(904) 296-2807
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:
☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value $0.001 per share)	DUOT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 2.02. Results of Operations and Financial Condition.

On November 16, 2026, Duos Technologies Group, Inc. (the "Company") issued a press release announcing the financial and operating results of the Company for the quarter and nine months ended September 30, 2026. The text of the press release is furnished as Exhibit 99.1 and incorporated herein by reference.

Additionally, on November 16, 2026, the Company held an earnings call open to the public (the "Earnings Call"). Mr. Doug Recker, the Company's Chief Executive Officer, and Mr. Christopher DeAlmeida, the Company's Chief Financial Officer, discussed the financial and operating results of the Company for the quarter and nine months ended September 30, 2026. The transcript of the Earnings Call is furnished as Exhibit 99.2 and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

The information set forth in Item 2.02 of this Current Report on Form 8-K is incorporated by reference into this Item 7.01.

The information in Item 2.02 and Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

The press release and transcript of the Earnings Call may also be found on our website at https://ir.duostechnologies.com/

Forward-Looking Statements

This Current Report on Form 8-K includes forward-looking statements regarding the Company's financial results and estimates and business prospects that involve substantial risks and uncertainties that could cause actual results to differ materially. Forward-looking statements relate to future events and typically address the Company's expected future business and financial performance. The forward-looking statements in this Current Report on Form 8-K relate to, among other things, information regarding anticipated timing for the installation, development and delivery dates of our systems; anticipated entry into additional contracts; anticipated effects of macro-economic factors (including effects relating to supply chain disruptions and inflation); timing with respect to revenue recognition; trends in the rate at which our costs increase relative to increases in our revenue; anticipated reductions in costs due to changes in the Company's organizational structure; potential increases in revenue, including increases in recurring revenue; potential changes in gross margin (including the timing thereof); statements regarding our backlog and potential revenues deriving therefrom; and statements about future profitability and potential growth of the Company. Words such as "believe," "expect," "anticipate," "should," "plan," "aim," "will," "may," "should," "could," "intend," "estimate," "project," "forecast," "target," "potential" and other words and terms of similar meaning, typically identify such forward-looking statements. Forward-looking statements involve risks and uncertainties and there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the Company's ability to generate sufficient cash to expand operations, the competitive environment generally and in the Company's specific market areas, changes in technology, the availability of and the terms of financing, changes in costs and availability of goods and services, economic conditions in general and in the Company's specific market areas, changes in federal, state and/or local government laws and regulations potentially affecting the use of the Company's technology, changes in operating strategy or development plans and the ability to attract and retain qualified personnel. The Company cautions that the foregoing list of risks, uncertainties and factors is not exclusive. Additional information concerning these and other risk factors is contained in the Company's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other filings filed by the Company with the U.S. Securities and Exchange Commission (the "SEC"), which are available at the SEC's website, http://www.sec.gov. The Company believes its plans, intentions and expectations reflected in or suggested by these forward-looking statements are based on reasonable assumptions. No assurance, however, can be given that the Company will achieve or realize these plans, intentions or expectations. Indeed, it is likely that some of the Company's assumptions may prove to be incorrect. The Company's actual results and financial position may vary from those projected or implied in the forward-looking statements and the variances may be material. Each forward-looking statement speaks only as of the date of the particular statement. We do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any forward-looking statement is based, except as required by law.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release, dated November 16, 2026
99.2	Transcript of Earnings Call with Mr. Doug Recker and Mr. Christopher DeAlmeida, dated November 16, 2026
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

DUOS TECHNOLOGIES GROUP, INC.

Dated: November 17, 2026

By: /s/ *F. Douglas Recker*
F. Douglas Recker
Chief Executive Officer

Duos Technologies Reports Third Quarter 2026 Results

Q3 2026 Revenue Increased 103%, Driven by Technology Solutions Demand and Infrastructure Development Activity

Signed 10-Year, 20 MW, $400 Million Colocation Agreement with a Publicly Traded Cloud Services Provider

Reaffirms 2026 Outlook of Over $50 Million in Revenue and Adjusted EBITDA Positivity

JACKSONVILLE, FL / Globe Newswire / November 16, 2026 - Duos Technologies Group, Inc. ("Duos" or the "Company") (Nasdaq: DUOT), a provider of adaptive, modular architecture compute center colocation and infrastructure solutions, reported financial results for the third quarter ended September 30, 2026 ("Q3 2026").

Third Quarter 2026 and Recent Operational Highlights

- Completed the strategic repositioning of the Company into a colocation and infrastructure business for compute centers. Using its modular data center architecture, the Company is focused on distributed sites of 5 to 20 MW.
- Secured a 10-year, 20 MW colocation agreement from a mature, publicly traded Cloud Service Provider ("CSP"). The agreement is valued at more than $400 million in total contract value, and deployment is expected to commence in Q2 2027.
- Completed the sale of the Company's GPU-as-a-Service Entity to Axe Compute. The sale eliminated approximately $87.8 million of prospective equipment debt and frees capital to support future modular data center development.
- Advanced development plans to secure approximately 100 MW of additional powered, data center-zoned land across multiple U.S. markets. Of that total, approximately 25 MW is currently under contract across multiple sites, and the Company is in active negotiations on an additional 75 MW.
- Strengthened the executive leadership team with appointments of Dipan Patel as Chief Operating Officer, Christopher DeAlmeida as Chief Financial Officer, and Matthew Polimeni as Chief Legal Officer.

Third Quarter 2026 Consolidated Financial Results

Revenues for Q3 2026 increased 103% to $10.50 million compared to $5.18 million for the third quarter of 2025 ("Q3 2025"). Consolidated revenue was comprised of approximately $6.84 million of Technology Solutions, $3.61 million of Services and Consulting (including related-party activity), and $0.05 million of Hosting and Colocation revenue. The increase was primarily driven by Technology Solutions growth and revenue associated with a data center site-development advisory agreement, partially offset by the wind-down of legacy asset-management activity.

The Technology Solutions business unit provides manufacturer-agnostic infrastructure sourcing, integration, and value-added supply chain services for data center, AI, and enterprise deployments. It also gives the Company procurement scale and supply chain access that supports its own modular data center buildout. Looking ahead, the Company expects revenue to shift toward long-term, recurring colocation and infrastructure contracts as it builds out distributed compute sites in the 5 to 20 MW range using its modular architecture. That growth is expected to come from three sources: capacity coming online at existing sites, the 20 MW CSP deployment expected to commence in Q2 2027, and development of the approximately 100 MW of powered land the Company is securing across multiple U.S. markets. Technology Solutions is expected to keep growing alongside demand in the broader data center market.

Cost of revenues for Q3 2026 increased 76% to $6.14 million compared to $3.48 million for Q3 2025. The increase was primarily driven by higher equipment and integration costs associated with Technology Solutions deliveries and costs associated with the Company's infrastructure-related services.

Gross profit for Q3 2026 increased 156% to $4.36 million compared to $1.70 million for Q3 2025. The increase reflected greater Technology Solutions activity and revenue associated with the Company's infrastructure-development arrangements. As a percentage of revenue, gross margin improved to 41.6% from 32.9% in Q3 2025.

Operating expenses for Q3 2026 increased 140% to $6.22 million compared to $2.59 million for Q3 2025. The increase was primarily driven by higher stock-based compensation, sales and marketing expenses, and professional fees associated with the Company's strategic transactions and business transformation. Noncash stock-based compensation totaled approximately $2.30 million in the quarter.

Loss from operations for Q3 2026 totaled $1.86 million compared to $0.89 million for Q3 2025. Gross profit increased approximately $2.66 million, but this was more than offset by a $3.63 million increase in operating expenses, primarily due to higher noncash stock-based compensation.

Loss before income taxes from continuing operations for Q3 2026 totaled $0.49 million compared with a loss of $0.81 million for Q3 2025. The narrower pretax loss reflected approximately $1.37 million of net other income, including a $4.70 million gain on the GPU-as-a-Service deconsolidation and $0.74 million of interest income, partly offset by a $2.82 million loss on debt extinguishment and $1.56 million of interest expense. Including discontinued operations, the Company reported a net income of $864 thousand versus a net loss of $1.04 million in Q3 2025. Basic and diluted net income per common share were $0.02 for Q3 2026 versus a net loss of $0.06 per common share for Q3 2025.

Cash and cash equivalents as of September 30, 2026, totaled $44.81 million compared to $15.47 million as of December 31, 2025. In addition, the September 30, 2026, balance sheet included approximately $9.76 million in net accounts receivable, $3.46 million in contract assets, $10.01 million in a transaction holdback receivable, and $42.90 million in deferred transaction consideration receivable.

Nine-Month 2026 Consolidated Financial Results

Revenues for the first nine months of 2026 increased 36% to $18.82 million compared to $13.87 million in the same period of 2025. Revenue comprised approximately $10.64 million of Technology Solutions, $8.07 million of Services and Consulting (including related-party activity), and $0.11 million of Hosting and Colocation. Growth reflected Technology Solutions activity and data center site-development advisory revenue, partly offset by reduced revenue from the legacy asset-management arrangement.

Cost of revenues for the first nine months of 2026 increased 9% to $9.96 million compared to $9.13 million in the same period of 2025. Increased Technology Solutions fulfillment costs and infrastructure-services activity were partly offset by lower costs following the wind-down of the legacy asset-management arrangement.

Gross profit for the first nine months of 2026 increased 87% to $8.86 million compared to $4.74 million in the prior-year period. Revenue grew 36% while cost of revenues increased 9%. As a percentage of revenue, gross margin improved to 47.1% from 34.2%.

Operating expenses for the first nine months of 2026 increased 80% to $13.85 million compared to $7.70 million in the prior-year period. The increase was primarily driven by noncash stock-based compensation, expanded sales and marketing activity, and professional fees related to strategic transactions and the Company's infrastructure development.

Loss from operations for the first nine months of 2026 totaled $4.98 million compared to $2.96 million for the same period in 2025. A $6.15 million increase in operating expenses more than offset a $4.13 million increase in gross profit.

Income before income taxes from continuing operations for the first nine months of 2026 totaled $50.11 million compared to a pretax loss of $3.25 million in the prior-year period. The improvement was primarily driven by the gain associated with the New APR Energy investment sale and other nonoperating gains, partly offset by the operating loss. After income taxes and discontinued operations, consolidated net income was $45.22 million compared with a net loss of $6.64 million in 2025. Basic and diluted net income per common share were $1.51 and $1.29, respectively, for the first nine months of 2026, compared with a net loss of $0.49 per share (basic and diluted) in 2025.

Financial Outlook

The Company enters the fourth quarter with its strategic repositioning into a compute center colocation and infrastructure provider complete. Its operating model is now built around long-term, recurring contracts. Fourth-quarter results are expected to reflect a full quarter of contribution from the hosting capacity that came online at the end of the third quarter, along with continued Technology Solutions deliveries under existing customer orders. Based on contracts already performing and orders scheduled for delivery in the fourth quarter, the Company continues to expect that its total revenue for 2026 will exceed $50 million.

Looking ahead, the Company's near-term priorities are:

- Finalizing site agreements on approximately 100 MW of powered, data center-zoned land;
- Preparing for commencement of the 20 MW CSP deployment in Q2 2027;
- Securing non-dilutive financing to fund its modular buildout.

The Company believes these steps position it to scale recurring colocation revenue across distributed 5 to 20 MW sites in a market where demand for available, powered capacity continues to exceed supply.

Adjusted EBITDA for the third quarter of 2026 was $493 thousand. The Company did not report adjusted EBITDA in the prior-year period. The Company expects profitability to continue to improve as revenue ramps over the coming quarters and anticipates achieving positive adjusted EBITDA for the full year 2026.

Management Commentary

"In the third quarter we fully completed our evolution into a pure-play colocation company, and our focus is now strictly on acquiring, developing, and operating additional 5 to 20 MW modular colocation sites across the U.S.," said Duos CEO Doug Recker. "We have multiple long-term contracts with high-quality customers, an operating flagship campus with additional sites identified, and a strong backlog across multiple business lines providing a visible path to scale. The job now is to advance the platform. Our recent $400 million, 20 MW colocation agreement with a major CSP, combined with our plans to finalize up to 100 MW of additional powered, data center-zoned land, underscore the increasing demand we are seeing from customers seeking scalable, power-dense infrastructure that can be deployed quickly and efficiently. As a result of our progress to date, we remain on track to meet our goals for the year, including revenue north of $50 million and positive adjusted EBITDA."

Conference Call
The Company's management will host a conference call on Monday, November 16, 2026, at 4:30 p.m. Eastern Time to discuss these results, followed by a question-and-answer period.

Date:	**Monday, November 16, 2026**
Time:	**4:30 p.m. Eastern Time (1:30 p.m. Pacific Time**
U.S. dial-in:	**+1 877-407-3088**
International:	**Dial-In Matrix Link**
Webcast:	**Link**
Confirmation:	**13763733**

If you experience any difficulty accessing the call or wish to submit questions in advance, please contact the Company at DUOT@duostech.com. A replay of the call will also be available in the Investor Relations section of the Company's website following the event.

For additional information about the Company, please visit: www.duostechnologies.com | www.duosedge.ai.

About Duos Technologies Group, Inc.
Duos Technologies Group, Inc. (Nasdaq: DUOT), headquartered in Jacksonville, Florida, provides and manages modular architecture colocation data centers and infrastructure solutions. Through its Duos Edge AI brand, the Company delivers high-performance computing infrastructure built on its proprietary, scalable Duos Modular Architecture, designed to support the high-power environments required for AI and enterprise computing. Separately, Duos Technology Solutions provides manufacturer-agnostic sourcing and fulfillment services that enable efficient deployment of data centers and IT environments. Together, these platforms position the Company to address growing demand for distributed digital infrastructure in underserved Tier 3 and Tier 4 markets. For more information, visit www.duostech.com and www.duosedge.ai.

Forward- Looking Statements
This news release includes forward-looking statements regarding the Company's financial results and estimates and business prospects that involve substantial risks and uncertainties that could cause actual results to differ materially. Forward-looking statements relate to future events and typically address the Company's expected future business and financial performance. The forward-looking statements in this news release relate to, among other things, information regarding anticipated timing for the installation, development and delivery dates of our systems; anticipated entry into additional contracts; anticipated effects of macro-economic factors (including effects relating to supply chain disruptions and inflation); timing with respect to revenue recognition; trends in the rate at which our costs increase relative to increases in our revenue; anticipated reductions in costs due to changes in the Company's organizational structure; potential increases in revenue, including increases in recurring revenue; potential changes in gross margin (including the timing thereof); statements regarding our backlog and potential revenues deriving therefrom; and statements about future profitability and potential growth of the Company. Words such as "believe," "expect," "anticipate," "should," "plan," "aim," "will," "may," "should," "could," "intend," "estimate," "project," "forecast," "target," "potential" and other words and terms of similar meaning, typically identify such forward-looking statements. Forward-looking statements involve risks and uncertainties and there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the Company's ability to generate sufficient cash to expand operations, the competitive environment generally and in the Company's specific market areas, changes in technology, the availability of and the terms of financing, changes in costs and availability of goods and services, economic conditions in general and in the Company's specific market areas, changes in federal, state and/or local government laws and regulations potentially affecting the use of the Company's technology, changes in operating strategy or development plans and the ability to attract and retain qualified personnel. The Company cautions that the foregoing list of risks, uncertainties and factors is not exclusive. Additional information concerning these and other risk factors is contained in the Company's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other filings filed by the Company with the U.S. Securities and Exchange Commission (the "SEC"), which are available at the SEC's website, http://www.sec.gov. The Company believes its plans, intentions and expectations reflected in or suggested by these forward-looking statements are based on reasonable assumptions. No assurance, however, can be given that the Company will achieve or realize these plans, intentions or expectations. Indeed, it is likely that some of the Company's assumptions may prove to be incorrect. The Company's actual results and financial position may vary from those projected or implied in the forward-looking statements and the variances may be material. Each forward-looking statement speaks only as of the date of the particular statement. We do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any forward-looking statement is based, except as required by law. All subsequent written and oral forward-looking statements concerning the Company or other matters attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

Contacts
Investor Relations
Tom Colton and Greg Bradbury
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DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
REVENUES:				
Technology solutions	$ 6,841,915	$ 6,500	$ 10,635,913	$ 6,500
Services and consulting - related parties	68,683	5,152,805	4,532,585	13,827,958
Services and consulting	3,540,434	—	3,540,434	—
Hosting and colocation	48,750	24,000	111,574	32,000
Total Revenues	10,499,782	5,183,305	18,820,506	13,866,458
COST OF REVENUES:				
Technology solutions	5,818,853	5,000	8,729,531	5,000
Services and consulting - related parties	57,907	3,440,635	828,019	9,075,172
Services and consulting	178,090	—	178,090	—
Hosting and colocation	81,751	34,193	220,148	49,536
Total Cost of Revenues	6,136,601	3,479,828	9,955,788	9,129,708
GROSS MARGIN	4,363,181	1,703,477	8,864,718	4,736,750
OPERATING EXPENSES:				
Sales and marketing	745,860	63,982	1,488,222	145,279
General and administration	5,474,378	2,528,524	12,358,736	7,553,247
Total Operating Expenses	6,220,238	2,592,506	13,846,958	7,698,526
INCOME (LOSS) FROM OPERATIONS	(1,857,057)	(889,029)	(4,982,240)	(2,961,776)
OTHER INCOME (EXPENSES):				
Interest expense	(1,560,174)	(29,334)	(1,560,295)	(435,995)
Loss on extinguishment of debt	(2,819,654)	(95,718)	(2,819,654)	(95,718)
Gain on deconsolidation of GPUaaS	4,702,041	—	4,702,041	—
Interest income on lease receivable	3,208	3,665	9,973	4,913
Interest income	740,349	200,607	1,237,398	240,214
Other income, net	—	(3,494)	—	(1,806)
Gain on sale of investments	299,400	—	53,525,505	—
Total Other Income (Expenses), net	1,365,170	75,726	55,094,968	(288,392)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ (491,887)	$ (813,303)	$ 50,112,728	$ (3,250,168)
Income tax expense	$ (8,671,296)	$ —	$ (13,655,466)	$ —
NET INCOME (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	$ (9,163,183)	$ (813,303)	$ 36,457,262	$ (3,250,168)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX	$ 10,027,447	$ (226,951)	$ 8,759,187	$ (3,387,780)
NET INCOME (LOSS)	$ 864,264	$ (1,040,254)	$ 45,216,449	$ (6,637,948)
Basic Net Income (Loss) Per Share From Continuing Operations	$ (0.26)	$ (0.05)	$ 1.22	$ (0.24)
Basic Net Income (Loss) Per Share From Discontinued Operations	$ 0.28	$ (0.01)	$ 0.29	$ (0.25)
Basic Net Income (Loss) Per Share	$ 0.02	$ (0.06)	$ 1.51	$ (0.49)
Diluted Net Income (Loss) Per Share From Continuing Operations	$ (0.22)	$ (0.05)	$ 1.04	$ (0.24)
Diluted Net Income (Loss) Per Share From Discontinued Operations	$ 0.24	$ (0.01)	$ 0.25	$ (0.25)
Diluted Net Income (Loss) Per Share	$ 0.02	$ (0.06)	$ 1.29	$ (0.49)
Weighted Average Shares-Basic	35,761,823	17,310,133	29,885,780	13,537,365
Weighted Average Shares-Diluted	41,028,327	17,310,133	35,214,756	13,537,365

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
CURRENT ASSETS:		
Cash	$ 44,805,403	$ 15,472,229
Accounts receivable, net	9,755,869	621,927
Accounts receivable, net - related parties	44,601	5,304,231
Holdback receivable - related parties	10,013,872	—
Lease receivable	36,789	35,361
Contract assets	3,463,511	—
Inventory	50,347	2
Note receivable	42,900,000	—
Prepaid expenses and other current assets	14,608,701	487,660
Total Current Assets	125,679,093	21,921,410
Prepaid expenses and other non-current assets	962,675	—
Deposits on equipment	18,046,179	—
Deposit on real estate	1,250,000	—
Lease receivable, less current portion	199,856	227,629
Interest receivable	42,373	—
Property and equipment, net	101,419,968	27,311,933
Finance lease right of use asset – FF&E, net	98,766	—
Operating lease right of use asset - Office Lease, net	865,224	—
Operating lease right of use asset - Land, net	590,864	357,561
Note receivable - related party	2,919,728	—
OTHER ASSETS:		
Equity Investment - Sawgrass APR Holdings LLC	—	7,233,000
Patents and trademarks, net	19,809	15,111
Total Other Assets	19,809	7,248,111
Total non-current Assets	126,415,442	35,145,234
Assets held for sale	—	6,342,772
TOTAL ASSETS	$ 252,094,535	$ 63,409,416
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 9,678,513	$ 4,592,930
Notes payable - financing agreements	161,431	—
Accrued expenses	1,656,647	185,194
Income tax payable	840,772	—
Operating lease obligation - Office Lease - current portion	268,132	—
Finance lease obligation – FF&E - current portion	31,632	—
Operating lease obligation- Land - current portion	43,984	53,000
Contract liabilities, current - Technology Solutions	2,477,952	1,132,164
Contract liabilities, current – Hosting and Colocation	4,972,045	—
Contract liabilities, current - related parties	—	3,616,500
Total Current Liabilities	20,131,108	9,579,788
Contract liabilities, Hosting and Colocation, less current portion	19,888,183	—
Finance lease obligation – FF&E, less current portion	68,778	—
Operating lease obligation - Office Lease, less current portion	616,864	—
Operating lease obligation - Land, less current portion	571,713	311,457
Total non-current liabilities	21,145,538	311,457
Liabilities held for sale	—	4,965,605
Total Liabilities	41,276,646	14,856,850
Commitments and Contingencies (Note 14)		
STOCKHOLDERS' EQUITY:		
Preferred stock: $0.001 par value, 10,000,000 authorized, 9,441,000 shares available to be designated		

Series A redeemable convertible preferred stock, $10 stated value per share, 500,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $6.30 per share	—	—
Series B convertible preferred stock, $1,000 stated value per share, 15,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $7 per share	—	—
Series C convertible preferred stock, $1,000 stated value per share, 5,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $5.50 per share	—	—
Series D convertible preferred stock, $1,000 stated value per share, 4,000 shares designated; 999 and 999 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $3.00 per share	1	1
Series E convertible preferred stock, $1,000 stated value per share, 30,000 shares designated; 12,500 and 12,500 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $2.61 per share	13	13
Series F convertible preferred stock, $1,000 stated value per share, 5,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $6.20 per share	—	—
Common stock: $0.001 par value; 500,000,000 shares authorized, 32,584,789 and 20,449,462 shares issued, 32,583,465 and 20,448,138 shares outstanding at September 30, 2026 and December 31, 2025, respectively	32,586	20,449
Additional paid-in-capital	249,929,332	132,892,595
Accumulated deficit	(38,986,591)	(84,203,040)
Sub-total	210,975,341	48,710,018
Less: Treasury stock (1,324 shares of common stock at September 30, 2026 and December 31, 2025)	(157,452)	(157,452)
Total Stockholders' Equity	210,817,889	48,552,566
Total Liabilities and Stockholders' Equity	$ 252,094,535	$ 63,409,416

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

	For the Nine Months Ended September 30,	
	2026	**2025**
Cash from operating activities:		
Net income (loss)	$ 45,216,449	$ (6,637,948)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Impairment of property, plant & equipment	—	72,872
Depreciation and amortization	151,153	39,286
Gain on sale of investments	(53,525,505)	—
Non-cash component of the loss on deconsolidation of rail	2,517,652	—
Gain on deconsolidation of GPUaaS	(4,702,041)	—
Stock based compensation	4,070,683	3,103,309
Stock issued for services	347,500	134,333
Noncash interest income	(77,101)	—
Non-cash interest expense settled by buyer of GPUaaS subsidiary	888,999	—
Amortization of debt discount related to warrant liabilities	—	345,886
Loss on extinguishment of debt	2,819,654	95,718
Amortization of finance lease right-of-use asset	8,979	—
Amortization of operating lease right of use asset - Office Lease	63,174	—
Amortization of right of use asset – land	22,014	2,578
Amortization of lease right of use asset - Edge Data Centers	—	150,821
Provision for credit losses, accounts receivable	40,561	—
Changes in assets and liabilities:		
Accounts receivable	(9,174,505)	—
Accounts receivable-related parties	5,259,630	(1,797,233)
Lease receivable	26,345	11,229
Contract assets	(3,463,511)	—
Inventory	(50,346)	—
Prepaid expenses and other current and non current assets	(14,483,894)	120,434
Accounts payable	5,085,583	(81,030)
Accrued expenses	14,286,152	110,458
Income tax payable	840,772	—
Operating lease obligation - Office Lease	(43,401)	—
Operating lease obligation – land	(11,008)	1,680
Financing lease obligations - Edge Data Centers	—	(12,358)
Contract liabilities, Technology solutions	1,345,788	—
Contract liabilities, related parties	(3,616,500)	(6,462,375)
Contract liabilities, Hosting	18,770,228	—
Net cash provided by (used in) operating activities - continuing operations	12,613,504	(10,802,340)
Net cash used in operating activities - discontinued operations	(13,392,670)	(229,603)
Net cash provided by (used in) operating activities	(779,166)	(11,031,943)
Cash flows from investing activities:		
Purchase of patents/trademarks	—	(13,432)
Deposits on equipment	(18,046,179)	—
Proceeds from sale of investments	50,692,331	—
Purchase of Marketable Securities	(29,693,638)	—
Sale of Marketable Securities	29,745,940	—
Deposit on real estate	(1,250,000)	—
Cash disposed upon deconsolidation of Rail subsidiary, net of consideration paid	(3,465,173)	—
Purchase of property and equipment	(109,950,534)	(7,813,557)
Net cash used in investing activities - continuing operations	(81,967,253)	(7,826,989)
Net cash used in investing activities - discontinued operations	(15,087)	(46,090)
Net cash used in investing activities	(81,982,340)	(7,873,079)
Cash flows from financing activities:		
Repayments on financing agreements	(528,667)	(450,566)
Principal payments on finance lease liabilities	(7,335)	—
Repayments of lease financing	—	(2,150,000)
Repayments of notes payable, related parties	—	(2,200,000)
Proceeds from common stock issued	120,096,195	53,960,455
Proceeds from exercise of stock options	466,039	144,777
Stock issuance costs	(7,983,869)	(3,579,166)
Proceeds from shares issued under Employee Stock Purchase Plan	52,317	114,724
Net cash provided by financing activities - continuing operations	112,094,680	45,840,224
Net increase in cash	29,333,174	26,935,202

Cash, beginning of period	15,472,229	6,266,296
Cash, end of period	$ 44,805,403	$ 33,201,498
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 671,296	$ 191,622
Taxes paid	$ —	$ 41,098
Supplemental Non-Cash Investing and Financing Activities:		
Notes issued for financing of insurance premiums	$ 688,058	$ 477,727
Transfer of inventory to property and equipment	$ —	$ 49,609
Transfer of property and equipment to lease receivable	$ —	$ 282,772
Non-cash financing activity: Warrants issued as part of equity raise	$ 2,305,016	$ 836,989
Conversion of Series E Preferred Stock to common stock	$ —	$ 1
Transfer of finance lease asset to property and equipment	$ —	$ 1,938,662
Right of use asset and liability for land lease	$ —	$ 251,016
Right-of-use assets obtained in exchange for operating lease liabilities	$ 928,398	$ —
Right-of-use assets obtained in exchange for finance lease liabilities	$ 107,745	$ —
Initial ROU asset and liability	$ 256,765	$ —
Non-cash consideration and activity – sale of GPUaaS subsidiary:		
Subsidiary debt settled directly by buyer	$ 87,817,973	$ —
Deferred revenue	$ 6,090,000	$ —
Net assets transferred upon sale of GPUaaS	$ 32,107,959	$ —
Property and equipment financed directly by lender	$ 84,109,320	$ —
Non-cash consideration – sale of Rail subsidiary:		
Note receivable received as consideration, at fair value	$ 2,885,000	$ —

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA
(Unaudited)

GAAP-to-Adjusted EBITDA reconciliation		**Q3 2026**
Net income	$	864,264
Less: income from discontinued operations, net of tax	$	(10,027,447)
Net loss from continuing operations	$	(9,163,183)
Add: income tax expense	$	8,671,296
Add: interest expense	$	1,560,174
Less: interest income	$	(743,557)
Add: depreciation and amortization	$	54,503
EBITDA	$	379,233
Add: stock-based compensation	$	2,295,379
Add: loss on extinguishment of debt	$	2,819,654
Less: gain on deconsolidation of GPUaaS	$	(4,702,041)
Less: gain on sale of investments	$	(299,400)
Adjusted EBITDA	**$**	**492,825**

Duos Technologies Group, Inc.
Third Quarter 2026 Earnings Call
November 16, 2026

Presenters
Doug Recker – Chief Executive Officer, President & Director
Christopher DeAlmeida – Chief Financial Officer

Q&A Participants
Scott Buck - Titan Partners Securities
Ed Woo - Ascendiant Capital Markets
Bill Papanastasiou - Chardan Capital Markets

Operator
Good afternoon and welcome to Duos Technologies' third quarter 2026 earnings presentation. I'd like to remind everyone that this call is being recorded.

Earlier this afternoon, the company released its third quarter 2026 financial results via press release and filed its Form 10-Q for the three months ended September 30, 2026.

Joining us for today's call are Duos CEO, Doug Recker, and CFO, Chris DeAlmeida. And following management's remarks, we will open the call to questions from the company's covering analysts. Individual investors who have additional questions not addressed through live Q&A may contact Duos' investor relations team at duot@duostech.com.

Before we conclude today's call, I'll provide the necessary cautions regarding the forward-looking statements made by management during this call.

With that, I'll turn it over to Doug. Sir, you may proceed.

Doug Recker
Thank you. Welcome, and thank you all for joining us this afternoon. I'm going to spend most of my time today on where Duos is going, not on walking through the quarter line by line. Chris will take you through the numbers, but this quarter's numbers are a snapshot of the company in the middle of change. The more useful conversation is about who we are, where we're going, and what we're building.

So here are the headlines. In the third quarter, we completed the transformation of Duos into a colocation compute center company. We develop, own, and operate compute centers built on our modular architectural design. We're targeting sites from 1 to 20 meg across the United States, with a driving focus on sites between 5 and 10 megawatts going forward. We provide the building, the power, the cooling, the connectivity, and the security. Our customers bring the compute.

That's the business now. During the year, we've executed three major transformations, starting with selling our legacy rail business. We also wound down the asset management work for the New APR Energy. And on September 30, we sold our GPU-as-a-Service entity to Axe Compute. Every dollar of capital, every hour of management time now goes to one thing, compute centers. I want to spend a moment on the last step because it's the deliberate choice we made. Our GPU business did its job. It proved we could find sites, bring power online, and stand up high-density AI infrastructure for demanding customers. But owning GPUs is a different business from owning the compute center. GPUs can lose value and carry technology risk. Compute centers give us long-term contracts and assets that hold their value.

With the GPU-as-a-Service SPV sale that we announced at the end of the quarter, Axe covered approximately $87.8 million of debt tied to the GPU fleet. And Axe will pay us an additional $42.9 million in monthly installments of $715,000, with the remaining balance due no later than September 30, 2027, or earlier if Axe or an affiliate obtains financing secured by the GPU cluster.

As for Duos, we continue to serve the end customer from our Columbus campus just as before. But now, under an extended five-year agreement, we've entered into a lease of the GPUs with Axe to service the customer. Additionally, as our balance sheet no longer carries GPU risk, our capital now goes to compute centers development.

So why compute centers, and why focus on the 5 to 10 MW range? The demand for high-performance computing keeps growing, but the bottleneck has moved. It's no longer chips. It's power, and it's time. Large hyperscale campuses can take years to permit, connect to the grid, and build. Meanwhile, cloud providers, AI platforms, and enterprise need capacity now. The capacity is beyond everyday life. It shows you in stream at night, on the online game your kids play, the AI tool the students use to study for exams, and the telehealth visits with doctors in other cities. More and more, the capacity needs to be spread across more locations closer to the people and businesses using it.

That's the gap we're built for. A 5 to 10 megawatt size site is big enough to matter to a cloud provider, yet small enough that we are able to find stranded power without waiting years in utility queue. That opens up markets the large developers are overlooking, includes Tier 3 and Tier 4 markets. And because our architecture is modular, we can bring capacity online in months, not years, and add more in phases as additional customers sign.

Just as important, we build differently. Our compute centers use closed-loop cooling so they don't consume the millions of gallons of water many large facilities need. We go where the power already exists, open capacity that's sitting unused. That's stranded power, so we're not adding strain to the grid that local families and businesses depend on. And we aim to leave every community better than we found it. Better connectivity in areas that have been underserved, local jobs in engineering, construction, and operations, and new tax revenue for schools, roads, public services, and local infrastructure. In many of the towns where we operate, this makes a real difference.

Columbus, Georgia is the proof. We acquired the campus in July of this year. Within about 75 days, we had installed more than 7 megawatts of new infrastructure, all with local workforce, and the campus began full operation in October. Today, it supports a cluster of 2,304 NVIDIA B300 GPUs, and we have a five-year, 5 megawatt agreement now.

Speed of power is what our customers are paying for, and Columbus shows we can deliver it. It's also our template. What we did in Columbus is what we intend to repeat in every site.

The second proof point is who's signing with us. Last month, we signed a 10-year, 20 megawatt colocation agreement with a mature, publicly traded cloud service provider. It's valued at more than $400 million in total contract value, and deployment is expected to begin in the second quarter of 2027.

That agreement tells you three things. A 10-year term is twice as long as our earlier agreements. It came from a sophisticated counterparty that did its due diligence and chose Duos. And the 20 megawatt is exactly the size of site we're built to deliver.

So where are we headed? Let me be specific about the next 12 months. First, power and land - we're working to secure approximately 100 megawatts of additional powered compute center zoned land across multiple U.S. markets. About 25 megawatts of that is already under contract, and we're in active negotiations on the other 75.

Second, delivery - just as we did in Columbus, we're already developing the 20 megawatt site for our new cloud customer, which is scheduled to go live in the second quarter of 2027. And we're on track to deliver at or before the ready for service date. We're also developing an additional site in Georgia that could go live as early as the first quarter of 2027. Stay tuned for more information on that in the future.

Additionally, we are seeing stronger demand from a larger, better financed, and more diversified customer base than we did six months ago. This is a strong indication of how far we have come in such a short period of time and where we are headed.

Third, funding - we plan to fund our growth primarily with non-dilutive financing at both the project level and the corporate level, matched the contracts we've signed. Chris will say more about that in a few minutes.

Additionally, let me update you where we are with the other agreements we have announced. We are still progressing with the 10 megawatt site announced earlier this year, but working through the additional power delivery from Georgia Power has delayed the project. However, our equipment is already on site, and we have a solution that we expect will be up in Q2 of 2027. Additionally, we are still progressing on the 55 megawatts and actively looking at sites to support that capacity.

Finally, our technology solutions group is growing rapidly. Duos Technology Solutions became our largest revenue line this year, and the amazing team is not stopping any time soon. This group serves customers building data center and AI infrastructure across the country. It also gives us sourcing scale and supply chain assets for our own compute centers built. When long-lead equipment decides who delivers on time, that's a real advantage.

Before I turn it over to Chris, I want to thank our team. What we have done this year is remarkable. In less than 12 months, this team has sold our legacy rail business, wound down the New APR agreement, raised more than $120 million, acquired and stood up a Columbus campus, completed the sale of the GPU business, and signed a 10-year agreement with a publicly traded cloud service provider. Any one of those would be huge, big, big year for a company our size. This team did all of them while running the business every day.

I especially want to recognize our field and construction crews in Columbus. They installed more than 7 megawatts in about 75 days, and that's the kind of execution our customers need. I also want to thank our Technology Solutions team, who built our largest revenue line from zero in about a year. And thank you to our board and our shareholders who backed us through a year of big decisions.

We've also strengthened our leadership team this next phase. During that past few months, we've welcomed Dipan Patel, our new Chief Operating Officer, who is leading the build-out of our sites, as well as Matt Polimeni, who joined September as our Chief Legal Officer. And also, I'm glad to have Chris DeAlmeida, our new CFO. Chris is actually helping to guide the capital raise decisions and focus on funding the business with minimal equity dilution.

With that, I'll turn it over to Chris. Chris?

Chris DeAlmeida
Thanks, Doug, and thanks again for joining us. Since this is my first call with Duos, a quick introduction - I joined as CFO in late August after spending most of my career as a CFO in the publicly traded construction and infrastructure industries. My priorities are simple - give investors a clear, consistent view of how this business makes money, fund our growth in a way that protects shareholders, and build the financial discipline and reporting structure a company at our stage needs.

Because the business has changed so much this quarter, let me start with three things that will help you read the results. First, the rail business, which we sold on August 5, is presented as discontinued operations. Second, this quarter shows the business in transition. The asset management revenue that drove the third quarter of last year has wound down. Technology Solutions is now our largest revenue line, and recurring colocation compute center revenue is just starting, with the Columbus site having begun full operations in October after the quarter closed. Third, the quarter includes several items tied to the GPU sale, including a gain on the sale and a loss on paying off the related debt.

Now, beginning with our top line, total revenue for the third quarter 2026 was $10.5 million, up over 100% from $5.2 million in the third quarter of 2025. Technology Solutions contributed $6.8 million compared with virtually nothing a year ago. Services and consulting revenue was $3.5 million, which was primarily related to work for a new colocation customer. Related party services and consulting revenue for the third quarter 2026 was approximately $70,000, down from $5.2 million in the prior year period as the asset management agreement wound down.

Gross profit for the third quarter 2026 was $4.4 million, up 150% as compared to the same period a year ago. This led to a gross margin of 42% for the third quarter of 2026, as compared to a 33% gross margin for the prior year period. This improvement came from a shift in the revenue mix away from the asset management work. Technology Solutions earned a margin of about 15%, which is typical for a sourcing and integration business. The professional services work carried a much higher margin. Over time, we expect recurring colocation revenue to become the main driver of our margin, which will continue to drive gross margin improvement as more megawatts come online.

Operating expense for the third quarter 2026 was $6.2 million compared with $2.6 million a year ago. The increase came mainly from higher non-cash stock-based compensation, along with investment in business development and the team we need to scale. Stock-based compensation for the third quarter 2026 was $2.3 million. This resulted in a third quarter 2026 loss from operations of $1.9 million compared with a loss of operations of $900,000 in the prior year period.

Other income for the third quarter 2026 was $1.4 million. This included a $4.7 million gain on the deconsolidation of the GPU-as-a-Service business and $740,000 of interest income. These were partially offset by a $2.8 million loss on extinguishment of debt and $1.6 million of interest expense, both tied to the GPU facility that Axe paid at closing. Loss from continuing operations before income taxes was $500,000 compared with a loss of $800,000 in the prior year period.

Net income for the third quarter 2026 was $864,000 or $0.02 per fully diluted share, as compared with a net loss of $1 million or a loss of $0.06 per diluted share -- fully diluted share, sorry -- in the prior year period. Adjusted EBITDA for the third quarter 2026 was approximately $500,000. The company did not report adjusted EBITDA in the prior year period. For the first nine months of 2026, revenue was $18.8 million, up 36% from the prior year period, with a gross profit of $8.9 million for the first nine months of 2026, or an increase of 87% from the prior year period. Income from continuing operations before tax was $50.1 million, which includes a one-time $53.5 million gain during the second quarter from realizing our interest in the parent of New APR Energy. Excluding this gain, loss from continuing operations before income tax for the first nine months of 2026 was $3.4 million compared with a loss of $3.3 million in the prior year period.

We ended the quarter with $44.8 million in cash compared with $15.5 million at the end of 2025. During the quarter, we spent significant cash on ordering long lead items for current and future projects as well as securing additional sites for development and the finalization of the Columbus build-out. As of September 30, 2026, we had essentially zero debt outstanding. We remain comfortable that cash flow from operations and current receivables will continue to support the ongoing operations of the business outside of future site developments.

Now, for anyone modeling the company, here’s how our revenue works. We track each site in three stages - signed, in service, and billing. Recurring revenue starts when a customer’s capacity is ready and accepted, not when the contract is signed. That’s why recurring colocation revenue starts to materially show in the fourth quarter as the Columbus site has a full quarter of operations.

Several of you have asked us to be clear on what a site earns, so let me take this opportunity to clarify the details for the framework going forward. Now I realize some of these numbers are updated from what we said previously, but this is a business that has moved quickly and refined its focus and operating model in real time. As a result, we have streamlined our approach to the markets and reduced operating costs for future sites. Moving forward, our total CapEx built per megawatt, including land and site work, is approximately $6.5 million. This is the per megawatt CapEx level we can expect on each site for the total available megawatts per site, not just the critical IT load.

Now, let’s look at each megawatt from a return perspective. At our current contract rates, each billable megawatt generates roughly $2 million to $2.5 million of revenue per year. A billable megawatt is what we can contractually bill the customer for. Typically, this is the critical IT load. On the cost side, we expect to pass power through to the customer going forward, eliminating power costs for the critical IT load from our operating site expenses. Therefore, after site operating costs, each megawatt should produce around $1.5 million of site-level EBITDA on an annual basis.

I also want to clear up the payback question. Some of our earlier materials referred to a payback of about less than three years. That figure compared revenue to build cost. Measured on a site-level EBITDA, excluding financing costs, but including non-critical IT power costs, which we would pay for, the payback is just under five years. With project debt or lower non-critical IT power costs, the payback on our own equity is considerably shorter.

However, returns will vary by site. The biggest drivers are the contract rate, the cost of power, and how much additional work a site needs to be fully operational. That's why we pick sites with stranded power first and sign the customer before we build.

Now as we enter the fourth quarter, the transformation of Duos into a colocation compute center company is materially complete. Our operating model is now built around long-term recurring contracts, plus the addition of our rapidly growing technology solutions infrastructure business.

Based on contracts already performing, a full quarter of colocation revenues, and orders scheduled for delivery in the fourth quarter, we expect fourth quarter 2026 revenue to be at least $30 million. As a result, we remain comfortable that total revenue for 2026 will exceed $50 million, and we expect positive adjusted EBITDA for the full year.

I want to point out that the sale of the GPU-as-a-Service transaction will impact EBITDA going forward, including the fourth quarter. Specifically, we are no longer paying interest on the GPU financing, but now we are paying GPU rent that runs through cost of revenues. This, of course, moves the expense from an EBITDA add-back to a site-specific operating expense. As a result, selling the GPUs changes the EBITDA calculation and will affect Q4, but as I just said, we still expect positive adjusted EBITDA for the full year 2026.

Regarding the full year 2027 guidance, I have been here a little less than three months and still trying to fully clarify all the puts and takes in a very fast-changing business. Additionally, I always want to provide relevant, clear guidance so investors can understand where we are and what we are looking to achieve. In that regard, we are not changing the previously stated $160 million of full year 2027 revenues. However, given some of the recent changes in the business, it is premature to provide a full year 2027 EBITDA range. In any case, we anticipate we will see solid EBITDA growth in 2027 and plan to give full year guidance on our year-end 2026 earnings call.

Now, with the transformation of the business materially complete, our near-term priorities are clear. We'll finalize site agreements on approximately 100 megawatts of powered land, and we'll prepare for commencement of the 20 megawatt cloud deployment in the second quarter of 2027.

With that, let's talk about the question we hear most from shareholders - how are we going to pay for this? Starting with the size of it - at roughly $6.5 million per megawatt, our next 75 to 100 megawatts is a program of roughly $480 million to $650 million built over several years. That's a big number for a company our size, but we won't build it all at once. We'll build it site by site and in phases, and we'll continue to commit construction capital to a site once a customer has signed.

Here's how we will fund each site going forward. Our goal is to fund the majority of each site using non-dilutive project-level debt and debt-like instruments secured by site and its customer contracts. Long-term contracts with creditworthy customers, like our 10-year cloud service agreement, are exactly what lenders want to finance. The rest of the site build is equity in the project, and we have several sources for it, including cash on our balance sheet, receivables that are on our balance sheet today, continuing cash flow from operating sites, and, where it makes sense, partners to invest alongside of us at the project level. Corporate-level financing sits on top of that and gives us the flexibility across the portfolio.

So what does this capital cost? Well, I won't quote rates before terms are final, but what I can tell you is how we think about returns. A site must earn a yield well above what it costs to finance it. With unlevered returns in the mid-20% levels, that spread gives us room for today's debt rate levels while still creating value for shareholders.

On dilution, our clear preference is not to issue common equity to fund the business. That said, we are evaluating a range of structures, and we won't rule out any tool, but every financing decision gets the same test. Does it grow megawatts and recurring cash flow per share? Equity remains one of the tools available to us, and if we were to use it, it would be to fund growth with returns we believe are clearly accretive to shareholders over time. But let me be clear, our number one focus and top priority is non-dilutive financing at the project and corporate level.

With that said, here's where things stand today. Columbus has been funded from our balance sheet. For the 20 megawatt cloud deployment and our next sites, we're in active discussions with several potential lenders and capital providers at both the project and corporate level, and we'll update the market as agreements are finalized. However, we are not stopping. We have already begun work securing sites and ordering of equipment for upcoming contracts. This is reflected in the cash we used during the third quarter, and that is solely focused on driving site development and increased future EBITDA. Like I said earlier, our cash and expected ongoing cash flow from operations will cover our current non-site-related commitments. External financing is what lets us build the next sites at the pace our customers want.

To sum it up, the business model is now straightforward. We sign the customer, build in phases, and finance each site against its contracted cash flows, with a clear preference for non-dilutive capital. We'll measure our success by megawatts in service and recurring cash flow per share, and we'll keep reporting our progress on that basis. Going forward, my job is to make sure every dollar we put to work earns its keep for shareholders.

With that, I'll turn the call back over to Doug.

Doug Recker
Thanks, Chris. Let me leave you with three things. One, Duos is now a colocation compute center company. The model is simple. We build, run the compute center, and our customers bring the compute. Two, the model works. In Columbus, we installed more than 7 megawatts in about 75 days, and the campus is in full operation. Additionally, a publicly traded cloud service provider just chose to partner with us for a 10-year deal. Why? Because they've seen what we can deliver. Three, the runway in front of us, about 100 megawatt of powered land in development, focused on distributed sites from 5 to 10 megawatt in markets and communities that we partner with that others overlook. And each one funded site by site against signed contracts. That's key. We're building something durable, and we appreciate your support.

Operator, we would like to open it up for questions please.

Operator
Thank you. The company will now be taking questions from its covering analysts. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys.

Now our first question will come from Scott Buck with Titan Partners. Please proceed with your question.

Scott Buck
Hi, good afternoon, guys. And I appreciate all the added color over the prepared commentary, especially around the financing. First question - I'm curious, Doug, the 20-megawatt CSP contract, is the 2Q start a full 20 megawatts? Or is that a phased ramp?

Doug Recker
[Audio gap] megawatt on when it's delivered, whether the customer is installed or not.

Scott Buck
Okay. But if -- so if you deliver a full 20 by the second quarter, they're paying for a full 20?

Doug Recker
That's correct. That's correct. Yeah.

Scott Buck
Okay. Perfect. And then that CSP deployment, that's on the existing flagship campus or that's on a new site?

Doug Recker
I'm sorry, you broke up. So the 10 meg, is that what you're asking, the additional 10 meg?

Scott Buck
No, no. The 20 meg, the 20 meg contract--

Doug Recker
--No, no, no. The 20 meg is not in Columbus. It is not. It's a new facility.

Scott Buck
Okay. All right. Perfect. And then I guess my last question on the land pipeline, with a 100-megawatt land pipeline, you said you have about 25 megawatts currently under contract and 75 megawatts in negotiation. What is the time line to close there? And then are any of these sites tied to specific customer demand, or is this somewhat of a speculative build?

Doug Recker
Sure. The 75 megawatts, actually, most of it is under LOI and hard money down. So deposits are down. I think we should know a majority of that by the end of this year, so -- or going into January. But those sites -- there are multiple sites, obviously, average about 10 to 20 meg per site. Those are going to be picked based on customer worthiness, basically, creditworthy.

So we're in a position now where we can pick and choose. Our backlog is huge. And six, eight months ago, it would have been a different story. But now, we're looking for the future. We're looking for longer-term deals and high creditworthy customers.

Christopher DeAlmeida
And one thing to keep in mind, Scott, is we don't do speculative. So we look for signed contracts with customers before we build.

Scott Buck
Perfect. That's it for me, guys. I appreciate the time. Thank you.

Doug Recker
Thank you.

Operator
Thank you. And as a reminder, if anyone has any questions, you may press star, one on your telephone keypad to join the queue.

Our next question comes from the line of Ed Woo with Ascendiant Capital Markets. Please proceed with your question.

Ed Woo
Yeah, congratulations on all the progress. So you guys are very close to, obviously, what's going on with all the data centers and AI trends. Are you seeing any big changes so far, particularly obviously with the recent political -- change in political landscape?

Doug Recker
Yeah, actually, great question. So our secret sauce right now is, obviously, if you've followed us for the last year, you see where we deploy in Tier 3 and Tier 4 markets, right? So we've actually had the pitch down pretty well. We go into these markets first, and we actually sell the community first before we actually engage in the land because what we don't want to do is basically buy the land or put money down in the land and find out the community does not want us.

So every piece of property that we're talking about today and in the future, we've already vetted the community. Their buy-in is there. There is one site where we have a final buy-in; I believe that's mid-December in Ohio. And that's one of our larger sites.

But, yeah, the key here is to educate the market. When we go into a market right now, the first thing you're getting is we don't want data centers. And we understand that. We totally understand that. So what we do, and Dipan has been excellent at this and our marketing team, is they go into the market and they do basically a show and tell. So they'll go into the community center and they'll have booths set up where the community can come in and we show them what we're building. We also show them what a mega campus looks like because that's what they think everybody is building when you say data center. So when they actually see our layout and how we build and we don't use water and we're in the community, we're actually there to help them grow their connectivity and everything, they actually like it.

And what's very interesting, what's really cool about what we're doing is the majority of our sites, I would say, 9 out of 10 of them, they come to our Columbus facility. So just last week, we had one of the towns come with their Chamber of Commerce, with their elected officials, and they came in and toured the facility. We've had a couple of other folks do that, as well, and we welcome that because they can see the size of the facility we're building that's totally different.

They actually bring -- they calculate the noise; they look at the water intake. So it's not we're just saying it. They're actually -- we're willing, hey, come look at it, come and see what we're doing, and we actually educate the community. So that's worked out huge for us.

And plus, we're going to where the power is already, right? So they're not building new infrastructure out in the town. They're not -- we're not taking and using power that the community is already using. It's stranded power basically is what we call it. So it's at the transformer level, and it's sitting there at the substation. That's our approach.

Ed Woo
Great. That's a great answer to my question. Thank you, and I wish you guys continued good luck. Thank you.

Doug Recker
Thank you, sir.

Operator
Thank you. Our next question comes from the line of Bill Papanastasiou with Chardan Capital Markets. Please proceed with your question.

Bill Papanastasiou
Yeah, good evening. Thank you, gentlemen, for taking my questions. Just wanted to--

Doug Recker
Yes, sir.

Bill Papanastasiou
Great. Just wanted to add on to the prior question. Doug, I was hoping you'd be able to share a boots-on-the-ground perspective of the supply-demand environment for data center colo capacity and how you expect it to evolve. I'm curious to hear how availability of powered-land opportunities are trending and whether you're seeing market dynamics shift, given the regulatory headwinds? Do you anticipate new entrants will start seeking out smaller-scale deployments? And how do you see competition kind of sifting out here? Thank you so much.

Doug Recker
Yeah, Bill. Yeah, great question. I think that it would be crazy if we don't start to see other folks getting into that space because the demand is obviously there. We didn't invent the demand. The demand is there, and now they're seeing it's easier to get to the 5 to 20 megawatt, not just for inference, but actually even for enterprise or even for regular compute. We're deploying -- obviously, we're deploying 5 megawatts of B300s right now, right? So -- or 7 megawatts. So the need is there and they can use it.

The question everybody is asking is is that going to be affected like the big ones are? And I can tell you right now from being boots on the ground -- I go to every one of those communities before we get engaged. And the 20 megawatt doesn't really move the needle for them. Now, they're interested. They want to understand it, but it's a lot easier to deploy in the 5 to 20 megawatt. And I don't mean easier, but it's easier to get past the political piece and it's easier to find the 5 to 20 megawatt. You see a lot of bit mining sites, right, that were out there, and people are going crazy over those. There's 5 and 10 megawatts available. The problem with a lot of those sites is they're not in heavy industrial usually, and you can't put generators.

So there's tons of land out there right now with 5 to 10 megawatts that people could buy tomorrow. But if you do your due diligence, you find out you can't put generators there. If I can't put generators there, it does me no good. So they're out there. You got to find them, and you want to make sure that they're zoned correctly and the community still knows what you're doing. They don't like it when you backdoor them at all, and they'll shut you down. And we've seen that with another person that's deploying. So that's why our key is to get out there first and see if we're even welcomed before we get engaged.

Operator
Thank you. And this concludes our question-and-answer session. If your question was not addressed on the call, you can reach out to the company's Investor Relations team at duot@duostech.com.

I would now like to turn the call back over to Mr. Recker for his closing remarks.

Doug Recker
Thanks, operator. And thank you all for the support and joining us today. We look forward to talking to you in the future. Have a great night. Thank you so much.

Operator
Thank you. Before we conclude today's call, I would like to provide Duos' Safe Harbor statement that includes important cautions regarding forward-looking statements made during this call.

This earnings call contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking terminologies such as believe, 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 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.

During this call, Duos also referred to adjusted EBITDA, which is a non-GAAP measure. A reconciliation to the most comparable GAAP measure is in today's press release, available in the Investor Relations section of the company's website.

Thank you for joining us today for Duos Technologies Group's Third Quarter 2026 Earnings Call. You may now disconnect.