
**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 14, 2018

Duos Technologies Group, Inc.

(Exact name of registrant as specified in its charter)

Florida
*(State or Other Jurisdiction
of Incorporation)*

000-55497
*(Commission
File Number)*

65-0493217
*(I.R.S. Employer
Identification No.)*

**6622 Southpoint Drive S., Suite 310
Jacksonville, Florida 32216**
(Address of Principal Executive Office) (Zip Code)

(904) 652-1601
(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))

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 checkmark 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 14, 2018, Duos Technologies Group, Inc. (the “Company”) issued a press release announcing the financial and operating results of the Company for the quarter ended September 30, 2018. The text of the press release is furnished as Exhibit 99.1 and incorporated herein by reference.

Additionally, on November 15, 2018, the Company held an earnings phone call open to the public (the “Earnings Call”). Mr. Gianni B. Arcaini, Chairman of the Company’s Board of Directors and Chief Executive Officer along with Mr. Adrian G. Goldfarb, the Company’s Chief Financial Officer, discussed the financial and operating results of the Company for the quarter ended September 30, 2018 as well as the Company’s guidance for fiscal year 2019. The script for the Earnings Call is furnished hereto 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.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K includes information that may constitute forward-looking statements. These forward-looking statements are based on the Company’s current beliefs, assumptions and expectations regarding future events, which in turn are based on information currently available to the Company. By their nature, forward-looking statements address matters that are subject to risks and uncertainties. Forward looking statements include, without limitation, statements relating to projected industry growth rates, the Company’s current growth rates and the Company’s present and future cash flow position. A variety of factors could cause actual events and results, as well as the Company’s expectations, to differ materially from those expressed in or contemplated by the forward-looking statements. Risk factors affecting the Company are discussed in detail in the Company’s filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws.

The information in Item 2.02 and Item 7.01 to 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 script of the Earnings Call can also be found on our website at <https://duostechologies.com>.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
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99.1	Press Release dated November 14, 2018
99.2	Script of Earnings Call with Mr. Gianni B. Arcaini and Mr. Adrian G. Goldfarb, dated November 15, 2018

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 16, 2018

By: /s/ Adrian Goldfarb
Adrian Goldfarb
Chief Financial Officer

Duos Technologies Group Reports Third Quarter 2018 Results

Company Increases Full Year 2018 Revenue Guidance to \$11.0 Million

Jacksonville, FL/ Globe Newswire/ November 14, 2018 -Duos Technologies Group, Inc. (“Duos” or the “Company”) (OTCQB: DUOT), a provider of intelligent security analytical technology solutions, reported financial results for the third quarter ended September 30, 2018.

Third Quarter 2018 and Recent Operational Highlights

- Awarded contract in the aggregate of \$1.0 million from a regional bank (the “Bank”) with a national footprint for the installation of Duos’ praesidium® and centraco® systems, which will provide comprehensive security solutions for 19 of the Bank’s sites in 14 locations across the United States
- Awarded a software license and application model agreement from a leading North American Class-1 transportation and logistics company to develop enhanced inspection algorithms, which covers the development and licensing of 17 artificial intelligence-based detection algorithm models
- Awarded a patent by the U.S. Patent and Trademark Office for the Company’s Linear Speed Measurement technology, which enables the “stitching” of images that are a single pixel wide into an accurate high-definition image of a train with up to 100 or more cars, significantly increasing the accuracy of the speed information compared to commercially available measurement devices
- Completed integration and received certification under the Lenel Open Access Alliance Program (“OAAP”) for enhanced security offerings, which greatly expands the capabilities of the Physical Security Information Management (“PSIM”) component of the Duos centraco® 3.0 platform
- Increased headcount to 50 staff during the quarter
- Opened Operations Center of Excellence site, housing the company’s technical staff, research and development and testing facility

Third Quarter 2018 Financial Results

Total revenue increased 388% to a Company record \$5.1 million, from \$1.0 million in the same quarterly period last year. The significant increase in total revenue was driven by an increase in project revenue and maintenance and technical support, which was offset by a decrease in 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 501% to more than \$2.3 million, from \$387,000 in the same quarterly period last year. The significant increase in gross profit was due to the increase in project revenues as discussed above. In previous quarters, gross profit was impacted by certain accounting changes related to the implementation of Accounting Standards Codification (ASC) 606. The Company had anticipated these profits to be recorded later in the year and, therefore, the third quarter’s accounting is directly comparable with the equivalent quarter in 2017. Gross profit was slightly impacted by revenues related to construction on two projects that were essentially “pass-through” or low margin. Management anticipates gross profit to be close to historical norms for the full year.

Operating expenses increased 44% to \$1.7 million from \$1.2 million in the same quarterly period last year. The increase in operating expenses was mainly due to an increase in resources related to the significant increase in revenues for the period. Selling and marketing as well as research and development both increased in line with the Company's investment in resources to grow the business. The increase in salaries, wages and contract labor was higher during the period due to an increase in number of employees and additional contract expenses related to the overall significant increase in revenues.

Net Income totaled \$633,000, or \$0.03 per share, an improvement from net loss of \$125,000, or \$(0.07) per share (basic), in the same quarter a year-ago. The improvement in net income was primarily attributable to the increase in project revenue mentioned above.

Financial Outlook

For the fiscal year ending December 31, 2018, the Company has increased its revenue outlook to \$11.0 million from \$10.1 million, which would represent an approximate 183% 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 contracts in backlog that are already performing and scheduled to be executed during, or which have been executed before, the fourth quarter of 2018. Management also anticipates receiving additional awards in the remainder of 2018.

Management Commentary

"We delivered yet another record financial performance in the third quarter of this year and continued to make significant operational progress in our long-term growth plan," said Duos Chairman and CEO Gianni Arcaini. "We expect our performance and growth to continue through the remainder of the year. With our new engineering and operations facility up and running, as well as the addition of several key executives to our management team, we believe we have the tools and the talent to take our success to new heights.

"Looking ahead, we are in discussions with a number of multi-national organizations to partner on expanded technologies and distribution of our systems to the global markets. Furthermore, we are in the process of consolidating our machine learning and artificial intelligence program in a new division which will operate under the brand 'TrueVue360'."

Conference Call

The Company's management will host a conference call on Thursday, November 15, 2018 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: Thursday, November 15, 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: 92814227

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 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.

About Duos Technologies Group, Inc.

Duos Technologies Group, Inc. (OTCQB: DUOT), based in Jacksonville, Florida, through its wholly owned subsidiary, Duos Technologies, Inc., provides advanced intelligent security and analytical technology solutions with a strong portfolio of intellectual property. The Company's 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 centraco® platform. 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 also offers professional and consulting services for large data centers. For more information, visit www.duostech.com.

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," or similar expressions or the negative of these terms and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which 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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Investor Relations

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
REVENUES:				
Project	\$ 4,731,106	\$ 561,022	\$ 8,516,812	\$ 1,512,628
Maintenance and technical support	371,110	288,137	881,004	914,438
IT asset management services	—	196,576	92,386	816,903
Total Revenues	5,102,216	1,045,735	9,490,202	3,243,969
COST OF REVENUES:				
Project	2,684,785	458,337	5,079,455	1,180,193
Maintenance and technical support	89,077	131,363	300,593	366,357
IT asset management services	—	68,691	47,989	328,730
Total Cost of Revenues	2,773,862	658,391	5,428,037	1,875,280
GROSS PROFIT	2,328,354	387,344	4,062,165	1,368,689
OPERATING EXPENSES:				
Selling and marketing expenses	73,468	27,104	189,092	146,031
Salaries, wages and contract labor	1,072,029	784,012	3,153,138	2,359,899
Research and development	122,755	65,984	401,116	225,982
Professional fees	63,878	87,366	187,679	292,099
General and administrative expenses	359,991	210,398	864,969	768,606
Total Operating Expenses	1,692,121	1,174,864	4,795,994	3,792,617
INCOME (LOSS) FROM OPERATIONS	636,233	(787,520)	(733,829)	(2,423,928)
OTHER INCOME (EXPENSES):				
Interest Expense	(4,589)	(1,525,894)	(14,755)	(3,279,898)
Gain on settlement of debt	—	—	—	64,647
Warrant derivative gain	—	2,188,546	—	1,901,219
Other income, net	981	—	3,742	1
Total Other Income (Expense)	(3,608)	662,652	(11,013)	(1,314,031)
NET INCOME (LOSS)	632,625	(124,868)	(744,842)	(3,737,959)
Series A preferred stock dividends	—	(5,920)	—	(17,760)
Net income (loss) applicable to common stock	\$ 632,625	\$ (130,788)	\$ (744,842)	\$ (3,755,719)
Basic Net Income (Loss) Per Share	\$ 0.03	\$ (0.07)	\$ (0.04)	\$ (1.98)
Diluted Net Income(Loss) Per Share	\$ 0.02	\$ (0.07)	\$ (0.04)	\$ (1.98)
Weighted Average Shares-Basic	20,752,450	1,899,716	20,724,153	1,896,578
Weighted Average Shares-Diluted	26,412,450	1,899,716	20,724,153	1,896,578

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,572,051	\$ 1,941,818
Accounts receivable, net	1,391,447	298,304
Contract assets	347,565	423,793
Prepaid expenses and other current assets	249,162	90,923
Total Current Assets	3,560,225	2,754,838
Property and equipment, net	170,899	65,362
OTHER ASSETS:		
Software Development Costs, net	45,000	—
Patents and trademarks, net	47,428	45,978
Total Other Assets	92,428	45,978
TOTAL ASSETS	\$ 3,823,552	\$ 2,866,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 981,310	\$ 812,618
Accounts payable - related parties	13,473	12,598
Notes payable - financing agreements	69,038	49,657
Notes payable - related parties	—	9,078
Line of credit	31,516	34,513
Payroll taxes payable	200,119	149,448
Accrued expenses	441,091	497,277
Contract liabilities	1,258,159	200,410
Deferred revenue	279,375	438,907
Total Current Liabilities	3,274,081	2,204,506
Notes payable - related party	—	39,137
Total Liabilities	3,274,081	2,243,643
Commitments and Contingencies (Note 6)		
STOCKHOLDERS' EQUITY:		
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 September 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 September 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, 21,010,437 and 20,657,850 shares issued, 21,007,157 and 20,654,570 shares outstanding at September 30, 2018 and December 31, 2017, respectively	21,010	20,658
Additional paid-in capital	27,280,249	26,608,823
Total stock & paid-in-capital	30,131,259	29,459,481
Accumulated deficit	(29,433,788)	(28,688,946)
Sub-total	697,471	770,535

Less: Treasury stock (3,280 shares of common stock)	<u>(148,000)</u>	<u>(148,000)</u>
Total Stockholders' Equity	549,471	622,535
Total Liabilities and Stockholders' Equity	<u>\$ 3,823,552</u>	<u>\$ 2,866,178</u>

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

	For the Nine Months Ended	
	September 30,	
	2018	2017
Cash from operating activities:		
Net loss	\$ (744,842)	\$ (3,737,959)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	71,318	36,519
Gain on settlement of debt	—	(64,647)
Stock based compensation	403,070	—
Stock issued for services	—	40,000
Interest expense related to debt discounts of notes payable	—	3,064,086
Warrant derivative gain	—	(1,901,219)
Changes in assets and liabilities:		
Accounts receivable	(1,093,143)	(326,160)
Contract assets	76,228	131,587
Prepaid expenses and other current assets	58,934	207,936
Accounts payable	168,692	622,946
Accounts payable-related party	875	1,238
Payroll taxes payable	50,671	734,190
Accrued expenses	17,523	455,780
Contract liabilities	1,057,747	23,221
Deferred revenue	(159,532)	(333,626)
Net cash used in operating activities	(92,459)	(1,046,108)
Cash flows from investing activities:		
Software development costs	(60,000)	—
Purchase of patents/trademarks	(5,500)	—
Purchase of fixed assets	(157,804)	(22,549)
Net cash used in investing activities	(223,304)	(22,549)
Cash flows from financing activities:		
Bank overdraft		688
Repayments of line of credit	(2,997)	—
Repayments of related party notes	(48,215)	(19,911)
Repayments of insurance and equipment financing	(197,792)	(153,496)
Repayments of notes payable	—	(172,500)
Proceeds from warrants exercised	195,000	—
Proceeds of notes payable, net of 185,250 cash fees	—	1,239,750
Net cash (used in) provided by financing activities	(54,004)	894,531
Net decrease in cash	(369,767)	(174,126)
Cash, beginning of period	1,941,818	174,376
Cash, end of period	1,572,051	250
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 7,411	\$ 110,919
Supplemental Non-Cash Investing and Financing Activities:		
Common stock issued for accrued BOD fees	\$ 73,708	\$ —
Accrued interest forgiven related to note payable settlement	\$ —	\$ 20,697
Debt discount related to notes payable	\$ —	\$ 1,571,250
Note issued for financing of insurance premiums	\$ 217,173	\$ 208,201

Client: Duos Technologies, Inc.
BT Transcription Ref: K6529465
Date: 15th November 2018 @ 11.00 EST

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Transcriber's name: Michelle R.

Transcriber's Notes:

Please find attached your transcript for the above referenced conference call.

Whilst every effort is made to ensure that the attached transcript is an accurate record of your taped conference call, sometimes difficulties are encountered in understanding technical words, people speaking with a foreign accent and in some cases when somebody is speaking from a crowded room with a lot of background noise and from mobile phones.

Where we have had difficulty understanding words we have indicated this as *[indiscernible]*, or simply attempted to spell the word phonetically but follow it with [ph].

Additionally, please note, whilst we try to be as accurate as possible when inserting the names of speakers we would suggest that they are checked.

BT Conference call

TTIrequests@btci.com

START OF RECORDING

Attendance List: Gianni Arcaini – Chairman and Chief Executive Officer
Adrian Goldfarb – Chief Financial Officer
David Ponevac – Chief Technology Officer

Title of Meeting: Q3 2018 Earnings Call

Hosted By: Gianni Arcaini

Coordinator Good morning. Welcome to Duos Technologies' Third Quarter 2018 Earnings Conference Call. Joining us for today's call are Duos' Chairman and CEO, Gianni Arcaini; CFO, Adrian Goldfarb; and CTO, David Ponevac.

Following their remarks we will open up the call for questions. Then before we conclude today's call I will provide the necessary cautions regarding forward-looking statements made by management during this call.

Now I'd like to turn the call over to Duos' Chairman and CEO, Gianni Arcaini. Sir, please proceed.

G. Arcaini Thank you very much, Ian. Welcome, everyone and thank you for joining us. Yesterday morning we issued a press release announcing our financial results for the third quarter ended September 30 and other highlights. A copy of the press release will be available in the Investor Relations section of our website.

Now before we begin with the discussion of our results, I'd like to take a few minutes, as we always do, to provide a brief overview of who we are and what we do, particularly for those of you who may be less familiar with our company.

At Duos we provide advanced intelligent security and analytical technology solutions. In simple terms, we create custom, flexible and highly sophisticated technology solutions for our wide range of customers. We focus on improving the business processes to ultimately provide a measurable return on the investment.

To that end, we have, and continue to develop, a broad range of proprietary state-of-the-art and patented technologies which we typically deploy as turnkey systems. These advanced tools include machine-learning and other forms of artificial intelligence as well as advanced video analytics, which we deliver through a combination of our image capture portals, back end middleware and customer-facing software platforms branded as Praesidium and Centraco.

Our chief focus is on mission critical security inspection and operations, and our target markets are in the rail transportation, retail distribution as well as in the critical infrastructure security and the law enforcement sectors. We estimate that the total addressable market opportunity in our combined core target markets exceeds \$100 billion.

In addition to our strength in technology development, one major differentiator is that our technologies do not require a change in our customers' business practices or processes. A significant aspect of our core platforms is the adaptability to various verticals requiring very little adjustments to our core code. Our diversified long-term market strategy is designed to significantly minimize cyclical market segment vulnerabilities.

With that overview now complete, I'd like to provide a brief summary of our results. Simply put, we believe Q3 was a phenomenal quarter for us. We delivered yet another record financial performance and continued to make significant operational progress in our long-term growth plan. Most notably, we grew total revenues 388%, to a record \$5.1 million for the quarter, and improved gross profit by more than 500% over the prior year, both of which contributed to our first profitable quarter since significantly altering the focus of our business.

Combined with our efforts last quarter, which included the opening of our new engineer and operations facility that is now up and running, as well as the additional several key executives to our management team, we now have the tools and the talent to take our success to new heights. As the next step in that process, during the third quarter we successfully completed a number of major deliverables and finalized a few key developments, which I plan to highlight later in our presentation.

Where we are, of course focused on generating and accelerating new business. We have remained dedicated to providing superior quality in our products, as evidenced in some of our recent announcements.

However, before I go any further into these highlights and updates, I'm going to turn the call over to our CFO, Adrian Goldfarb, who will walk us through the financial results for the third quarter. After Adrian's presentation I will further discuss our recent progress during the quarter, before finishing with a brief update on our outlook for the remainder of the year and for 2019. Adrian?

A. Goldfarb

Thank you, Gianni. Before getting into my discussion of the third quarter's results, I would like to remind listeners of certain changes that have been implemented in our financial reporting. The Financial Accounting Standards Board, or FASB, gives guidance to issuers for reporting financial results through Accounting Standards Codification, or ASC. As I have mentioned on previous calls, our company adopted ASC 606 covering revenue recognition for contracts with customers in the first quarter of 2018. Specifically, where previously we reported revenues on a percentage completion basis, we have refined and adjusted our reporting to conform with the new standard using the input method, which recognizes revenue based on costs incurred until delivery to the customer.

As also stated in previous calls, we believed that this would have a minimal impact on our reported revenues for 2018, and I'm pleased to report that for this quarter and for the first nine months of the year, our results are directly comparable to equivalent periods in 2017. I would like to stress that our financial reporting continues to give an accurate reflection of the overall performance of the business.

Now turning to our financial results for the third quarter ended September 30, 2018. Total revenue increased 388%, to a record \$5.1 million from \$1 million for the same period in the prior year. The significant increase in total revenue was driven by an increase in project revenues and maintenance and technical support, but was offset by decreased asset management services revenues. The increase in project revenue is a result of our ongoing introduction of new offerings, including intelligent analytics and machine-learning and transition from traditional legacy security-centric offerings.

Gross profit increased 501% to \$2.3 million or 46% of total revenue, compared to \$387,000 or 37% of total revenue in Q3 of last year. Although earlier quarters were impacted by certain accounting changes related to the implementation of ASC 606, this quarter and the associated nine-month period are directly comparable to equivalent periods in 2017. We do not anticipate these prior variances will be a factor going forward when comparing equivalent periods.

Turning to our costs, operating expenses increased 44%, to \$1.7 million from \$1.2 million in Q3 of last year. The increase in operating expenses was mainly due to an increase in resources related to the significant increase in revenues for the period, as I just mentioned.

Selling and marketing, as well as R&D, both increased in line with our investment in resources to grow the business. The increase in full-time and contract labour was higher during the period due to an increase in number of employees and additional contract expenses related to the overall significant increase in revenues.

From a profitability standpoint, I'm encouraged to report that we had positive GAAP net income in the quarter totalling \$633,000, or \$0.02 per share on a fully diluted basis. This is an improvement from a net loss of \$125,000 or a loss of \$0.07 per diluted share in the third quarter of 2017. The improvement in net income was primarily attributable to the overall increase in revenues mentioned previously.

Let's now discuss the balance sheet. As of September 30, 2018 we had \$1.6 million in cash and cash equivalents as well as net receivables of approximately \$1.4 million, which we expect payment within the next 30 to 45 days. As I mentioned on our previous call, we expect that our capital raise late last year gives us sufficient runway to execute on our business plan in 2018, and we do not expect to need to raise funds for our current operations in the foreseeable future.

We remain comfortable with our financial position and anticipate continuing improvement in our balance sheet through the remainder of the year and beyond. In addition to our stable cash position, we now have positive working capital and shareholders' equity.

And finally, shifting gears to our outlook for the fiscal year ending December 31, 2018, based on our financial performance to date along with our current pipeline of business, we are again raising our revenue guidance by another 9%. We now expect total revenue to be \$11 million, which would represent a 183% increase from the \$3.9 million reported in 2017.

It's worth mentioning that our guidance is based on already recognized revenues as well as numerous contracts in backlog that are already performing and scheduled to be executed before the end of this year. We are currently reviewing our backlog for 2019, and Gianni will address our initial outlook going forward.

This completes my financial summary. I'd now like to turn the call back over to Gianni for additional insights into our recent operational progress as well as our outlook for the remainder of 2018. Gianni?

G. Arcaini

Thank you, Adrian. Building on my earlier remarks, 2018 has been the beginning of what we anticipate will be a transformative period for our company. With our performance for Q2 and now Q3, we have established significant growth momentum that we plan to build on through the balance of this year and for the foreseeable future. For the purpose of today's call, my remarks will be limited to recent updates so that we can get right to questions and answers.

First, I'd like to expand on a few key wins from the third quarter and more recently. As you may have seen, in September we were awarded a software license and application model agreement from a leading North American Class 1 transportation logistics company. Under the terms of that agreement, Duos will be developing enhanced inspection algorithms, which cover the development and licensing of 17 artificial intelligence based detection algorithm models.

More specifically, this agreement allows rail operators working for this customer to deploy our sophisticated algorithms to optimize and automate a lot of what is currently done manually. Once used, we expect these algorithms to first [ph] multiply and streamline their overall inspection process. Our technology will enable rail operators to increase the speed and accuracy by which potential mechanical defects can be identified as well as collected.

All algorithms we will develop are adapted to multiple customers, without requiring any code modification. For Duos, this project will enable us to further demonstrate how significantly our automated inspection strategies can impact rail operations in general, and in particular the safety and efficiency of traditional mechanical inspection practices.

Additionally, at the end of October we were awarded a contract for installation of our Praesidium and Centraco systems from a regional bank with a national footprint. When completed, Duos will provide comprehensive security solutions at 14 of the banks' sites across the United States. Development will include 19 separate projects overall and carries a total contract value of approximately a million.

While we are indeed focused intently on winning new business, we are also continuing to devote a significant amount of time and attention on enhancing our current products. To that end, this quarter we made a few announcements that I'd like to highlight here.

Earlier this month we were awarded our 10th patent, which covers our Linear Speed Sensor technology, as we like to call it. On a very basic level, the LSS provides light and speed information of rolling stock passing our portal. With an accuracy of 0.01 miles per hour, this LSS information enables the precise taking of thousands of one single-pixel wide image segments into an accurate, high definition, panoramic image of an entire train. Without it, images would appear compressed or scratched, reducing the effectiveness of both operator inspection and algorithmic detection of mechanical issues.

The LSS has undergone extensive field testing, and we believe it is an important underlying technology as we continue in the advancement of our AI capabilities.

Beyond product enhancement, however, [indiscernible – 43:28] build out and enhance our operations on a logistical level as well. As we mentioned last quarter, our new operations center is now up and running. This new 4,400 square foot facility is located just a few minutes from our headquarters, and is now home to our expanded engineering and operations staff. The facility also serves as our product research testing and demonstration center.

On a further positive note, while we are still filling some technical positions, we were able to identify and hire most of the necessary positions, increasing our headcount from approximately 40 in early 2018 to now about 50. With the new facility completed and a majority of the expanded team in place, we have been able to execute all projects to date, and we believe we'll now be able to meet the demand of larger orders we expect to receive. And the increased bandwidth and resources are expected to allow us to continue to develop new technologies that will drive greater, more diversified revenue streams.

I'm also pleased to share that we recently created a new division within our organization to focus on artificial intelligence. We expect that future technologies will rely significantly on enhancements provided by artificial intelligence. While our company has already established the capability of delivering machine-learning applications, we are still relying on third party AI platforms to provide certain analytics components. Licensing these self-learning applications is becoming more and more expensive, and such a dependency creates a potential risk of delays in delivery of our solutions.

We have already identified the team who are expected to develop the IAI platform under the leadership of our CTO, David Ponevac. In fact, our Chief Technology Officer, David Ponevac is also on the line, and he will be able to field some of your questions if you have any technical questions.

The division spearheaded by Mr. Ponevac will operate within our TruVue 360 subsidiary. We are contemplating funding the subsidiary under a separate funding structure, and we expect to share more details with you on our next call. We are very excited about this new venture, which we believe adds significant synergy to all our product offerings.

Let's talk a little bit about our outlook. As Adrian mentioned, with our continued success in Q3 and now into the current quarter, we are again in a position to increase our full year revenue outlook. We now expect to record at least \$11 million in revenues for 2018, which will represent a 183% increase over last year.

As we have said on previous calls, we like to be conservative when providing guidance, recognizing the importance of executing on the plan we have laid out for ourselves. Just to be sure, the \$11 million is based on our current results to date as well as contracts currently in our backlog that we are already performing as well as pending purchase orders we expect to receive which are scheduled to be executed between now and the end of this year.

In addition, based on current and pending orders, we are giving preliminary revenue guidance for 2019 of between \$14 million and \$15 million. We will refine that number after the next earnings call. We plan to provide additional details early next year about the 2019 outlook.

To close, we believe Duos is in the best position it's ever been, and we now have the resources team and plan in place to build on our initial success and take our operational and financial performance to the next level. Going forward, we believe our future is very bright and the opportunity is abundant. We have been executing our strategy to systemically scale our business, which we believe will drive shareholder value over the long term.

With that, we are ready to open the call to your questions. Operator, please provide the appropriate instructions.

Coordinator Thank you. [Operator instructions].

G. Arcaini Okay.

Coordinator At this time, this concludes our question and answer session. I would now like to turn the call back over to Mr. Arcaini for his closing remarks.

G. Arcaini Again, thank you very much for participating on this call. I hope you are equally excited as we are. We are very bullish with our future and hope to see you sometime soon. Thank you very much. Operator, you can complete the call now.

Coordinator Before we conclude today's call, I would like to provide the US 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 terminology, such as belief, expect, may, will, should, anticipate, 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 risks, uncertainties and other influences, many of which are beyond our control, which may influence the accuracy of statements and the projections upon which the statements are based and could cause Duos Technologies Group'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 Form 10-K which is expressly incorporated herein by reference, and other factors that could be described in Duos' filing with the SEC.

Thank you for joining us today for Duos Technologies Group's Third Quarter 2018 Earnings Conference Call. You may now disconnect.

[END OF CALL]