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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

Commission file number 000-55497

Duos Technologies Group, Inc.
(Exact name of registrant as specified in its charter)

Florida	**65-0493217**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*

6622 Southpoint Drive South, Suite 310,
Jacksonville, Florida, 32216
(Address of principal executive offices)

(904) 652-1616
(Registrant's telephone number, including area code)

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	**DUOT**	**The Nasdaq Capital Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑	Smaller reporting company ☑
	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. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☑

As of May 11, 2020, Duos Technologies Group, Inc. had outstanding 3,524,514 shares of common stock, par value $0.001 per share.

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PART I – FINANCIAL INFORMATION

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2020 (Unaudited)	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash	$ 6,552,888	$ 56,249
Accounts receivable, net	645,536	2,611,608
Contract assets	383,700	1,375,920
Prepaid expenses and other current assets	887,035	716,598
Total Current Assets	8,469,159	4,760,375
Property and equipment, net	246,811	260,181
Operating lease right of use asset	374,287	430,146
OTHER ASSETS:		
Software Development Costs, net	15,000	20,000
Patents and trademarks, net	67,566	61,598
Total Other Assets	82,566	81,598
TOTAL ASSETS	$ 9,172,823	$ 5,532,300

(Continued)

See accompanying notes to the unaudited consolidated financial statements.

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

		March 31, 2020 (Unaudited)		December 31, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Accounts payable	$	663,746	$	2,641,437
Accounts payable - related parties		12,491		12,791
Notes payable - financing agreements		184,580		42,299
Notes payable - related parties, net of discounts		954,299		905,373
Line of credit		65		27,615
Payroll taxes payable		12,390		115,111
Accrued expenses		150,969		393,272
Current portion - financing lease agreements		46,520		45,072
Current portion-operating lease obligations		248,985		239,688
Contract liabilities		10,170		8,661
Deferred revenue		681,673		936,428
Total Current Liabilities		2,965,888		5,367,747
Finance lease payable		76,876		89,026
Operating lease obligations		137,535		202,797
Total Liabilities		3,180,299		5,659,570
Commitments and Contingencies (Note 6)				
STOCKHOLDERS' EQUITY (DEFICIT):				
Preferred stock: $0.001 par value, 10,000,000 authorized, 9,485,000 shares available to be designated				
Series A redeemable convertible cumulative preferred stock, $10 stated value per share, 500,000 shares designated; 0 issued and outstanding at March 31, 2020 and December 31, 2019, 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; 1,705 and 1,705 issued and outstanding at March 31, 2020 and December 31, 2019, convertible into common stock at $7 per share		1,705,000		1,705,000
Common stock: $0.001 par value; 500,000,000 shares authorized, 3,525,838 and 1,982,039 shares issued, 3,524,514 and 1,980,715 shares outstanding at March 31, 2020 and December 31, 2019, respectively		3,526		1,982
Additional paid-in capital		39,329,214		31,063,915
Total stock & paid-in-capital		41,037,740		32,770,897
Accumulated deficit		(34,887,764)		(32,740,715)
Sub-total		6,149,976		30,182
Less: Treasury stock (1,324 shares of common stock at March 31, 2020 and December 31, 2019)		(157,452)		(157,452)
Total Stockholders' Equity (Deficit)		5,992,524		(127,270)
Total Liabilities and Stockholders' Equity (Deficit)	$	9,172,823	$	5,532,300

See accompanying notes to the unaudited consolidated financial statements.

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

	For the Months Ended March 31, 2020	2019
REVENUES:		
Technology systems	$ 513,674	$ 3,918,438
Technical support	345,187	321,474
Consulting services	132,084	112,169
Total Revenues	990,945	4,352,081
COST OF REVENUES:		
Technology systems	581,544	2,092,994
Technical support	234,276	105,324
Consulting services	72,260	22,919
Total Cost of Revenues	888,080	2,221,237
GROSS PROFIT	102,865	2,130,844
OPERATING EXPENSES:		
Sales and marketing	139,852	250,425
Engineering	312,428	465,907
Research and development	406,392	383,421
Administration	1,015,559	803,327
AI technologies	316,549	181,314
Total Operating Expenses	2,190,780	2,084,394
PROFIT (LOSS) FROM OPERATIONS	(2,087,915)	46,450
OTHER INCOME (EXPENSES):		
Interest Expense	(68,932)	(2,621)
Other income, net	9,798	340
Total Other Income (Expense)	(59,134)	(2,281)
NET PROFIT (LOSS)	$ (2,147,049)	$ 44,169
Basic Net Profit (Loss) Per Share	$ (0.80)	$ 0.03
Diluted Net Profit (Loss) Per Share	$ (0.80)	$ 0.01
Weighted Average Shares-Basic	2,687,482	1,547,946
Weighted Average Shares-Diluted	2,687,482	3,485,891

See accompanying notes to the unaudited consolidated financial statements.

DUOS TECHNOLOGIES GROUP, INC. SUBSIDIARIES
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the Three Months ended March 31, 2019

	Preferred Stock		Common Stock		Additional			
	# of Shares	Amount	# of Shares	Amount	Paid-in-Capital	Accumulated Deficit	Treasury Stock	Total
Balance December 31, 2018	2,830	$ 2,830,000	1,505,883	$ 1,505	$ 27,416,802	$(30,269,833)	$ (149,459)	(170,985)
Commons stock issued for warrants exercised	—	—	214,286	214	1,649,786	—	—	1,650,000
Stock options granted to employees	—	—	—	—	21,892	—	—	21,892
Net Income for the three months ended March 31, 2019	—	—	—	—	—	44,169	—	44,169
Balance March 31, 2019	2,830	$ 2,830,000	1,720,169	$ 1,719	$ 29,088,480	$(30,225,664)	$ (149,459)	1,545,076

See accompanying notes to the unaudited consolidated financial statements.

DUOS TECHNOLOGIES GROUP, INC. SUBSIDIARIES
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the Three Months ended March 31, 2020

	Preferred Stock		Common Stock		Additional Paid-in- Capital	Accumulated Deficit	Treasury Stock	Total
	# of Shares	Amount	# of Shares	Amount				
Balance December 31, 2019	1,705	$ 1,705,000	1,982,039	$ 1,982	$ 31,063,915	$(32,740,715)	$ (157,452)	$ (127,270)
Common stock issued	—	—	1,542,188	1,542	9,251,586	—	—	9,253,128
Stock options granted to employees	—	—	—	—	8,100	—	—	8,100
Stock issuance cost	—	—	—	—	(1,001,885)	—	—	(1,001,885)
Common stock issued for services	—	—	1,611	2	7,498	—	—	7,500
Net Loss for the three months ended March 31, 2020	—	—	—	—	—	(2,147,049)	—	(2,147,049)
Balance March 31, 2020	1,705	$ 1,705,000	3,525,838	$ 3,526	$ 39,329,214	$(34,887,764)	$ (157,452)	$ 5,992,524

See accompanying notes to the unaudited consolidated financial statements.

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

	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019
Cash from operating activities:		
Net profit (loss)	$ (2,147,049)	$ 44,169
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	48,647	41,132
Stock based compensation	8,100	21,892
Interest expense related to debt discounts	48,926	—
Changes in assets and liabilities:		
Accounts receivable	1,966,072	(2,084,943)
Contract assets	992,220	921,608
Prepaid expenses and other current assets	(5,062)	91,898
Operating lease right of use asset	55,858	(557,485)
Accounts payable	(1,970,190)	643,916
Related payable-related party	(300)	—
Payroll taxes payable	(102,721)	(156,843)
Accrued expenses	(242,303)	26,265
Operating lease obligation	(55,965)	571,245
Contract liabilities	1,509	(999,048)
Deferred revenue	(254,755)	(63,965)
Net cash used in operating activities	(1,657,013)	(1,500,159)
Cash flows from investing activities:		
Purchase of patents/trademarks	(7,310)	(3,000)
Purchase of fixed assets	(28,935)	(88,511)
Net cash used in investing activities	(36,245)	(91,511)
Cash flows from financing activities:		
Repayments of line of credit	(27,550)	(921)
Repayments of insurance and equipment financing	(23,094)	(64,295)
Payment of finance lease	(10,702)	—
Proceeds from common stock issued	9,253,128	—
Issuance cost	(1,001,885)	—
Proceeds from warrants exercised	—	1,650,000
Net cash provided by financing activities	8,189,897	1,584,784
Net increase (decrease) in cash	6,496,639	(6,886)
Cash, beginning of period	56,249	1,209,301
Cash, end of period	6,552,888	1,202,415
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 6,643	$ 1,536
Supplemental Non-Cash Investing and Financing Activities:		
Common stock issued for accrued BOD fees	$ 7,500	$ —
Note issued for financing of insurance premiums	$ 165,375	$ 165,864

See accompanying notes to the unaudited consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Duos Technologies Group, Inc. (the "duostech Group"), through its operating subsidiaries, Duos Technologies, Inc. ("duostech") and TrueVue360, Inc ("TrueVue360", duostech Group and duostech, collectively the "Company") is primarily engaged in the design and deployment of state-of-the-art, artificial intelligence driven intelligent technologies systems. duostech converges traditional security measures with information technologies to create "actionable intelligence." duostech's IP is built upon two of its core technology platforms (praesidium**®** and centraco®), both distributed as licensed software suites, and natively embedded within engineered turnkey systems. praesidium**®** is a modular suite of analytics applications which process and simultaneously analyze data streams from a virtually unlimited number of conventional sensors and/or data points. Native algorithms compare analyzed data against user-defined criteria and rules in real time and automatically report any exceptions, deviations and/or anomalies. This application suite also includes a broad range of conventional operational system components and sub-systems, including an embedded feature-rich video management engine and a proprietary Alarm Management Service (AMS). This unique service provides continuous monitoring of all connected devices, processes, equipment and sub-systems, and automatically communicates to the front end-user interface, if and when an issue, event or performance anomalies are detected. centraco® is a comprehensive user interface that includes the functionalities of a Physical Security Information Management (PSIM) system as well as those of an Enterprise Information System (EIS). This multi-layered interface can be securely installed as a stand-alone application suite inside a local area network or pushed outside a wide area network using the same browser-based interface. It leverages industry standards for data security, access, and encryption as appropriate. The platform also operates as a cloud-hosted solution.

The Company provides a broad range of sophisticated intelligent technology solutions with an emphasis on security, inspection and operations for critical infrastructure within a variety of industries including transportation, retail, law enforcement, oil, gas and utilities sectors. In January 2019, the Company launched a dedicated Artificial Intelligence software platform, truevue360™, through its subsidiary TrueVue360 with the objective of focusing the Company's advanced intelligent technologies in the areas of Artificial Intelligent, Deep Machine Learning and Advance Algorithms to further support our business growth. Consequently, our business operations are now in three business units: intelligent technologies, AI/machine learning platforms and IT asset management.

The Company's strategy includes expansion of its technology base through organic development efforts, strategic partnerships, and growth through accretive acquisitions. The Company provides its broad range of technology solutions with an emphasis on mission critical security, inspection and operations within the rail transportation, commercial, petrochemical, government, and banking sectors. The Company also offers professional and consulting services for large data centers.

Basis of Presentation

The accompanying unaudited condensed unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (all of which are of a normal recurring nature) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2020 are not indicative of the results that may be expected for the year ending December 31, 2020 or for any other future period. These unaudited consolidated financial statements and the unaudited condensed notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission (the "SEC") on March 30, 2020.

Reverse Stock-Split

All share and per share amounts have been presented to give retroactive effect to a 1 for 14 reverse stock-split that occurred in January 2020.

Reclassifications

The Company reclassified certain operating expenses for the three months ended March 31, 2019 to conform to 2020 classification. There was no net effect on the total operating expenses of such reclassification.

The following table reflects the reclassification adjustment effect in the three months ended March 31, 2019:

		Before Reclassification For the Three Months Ended March 31, 2019			After Reclassification For the Three Months Ended March 31, 2019
OPERATING EXPENSES:					
Selling and marketing expenses	$	109,616	Sales and marketing	$	250,425
Salaries, wages and contract labor		1,268,779	Engineering		465,907
Research and development		112,694	Research and development		383,421
Professional fees		127,919	AI technologies		181,314
General and administrative expenses		465,386	Administration		803,327
Total Operating Expenses	$	2,084,394		$	2,084,394

Principles of Consolidation

The unaudited consolidated financial statements include duostech Group and its wholly owned subsidiaries, Duos Technologies, Inc. and TrueVue360, Inc. All inter-company transactions and balances are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The most significant estimates in the accompanying unaudited consolidated financial statements include the allowance on accounts receivable, valuation of deferred tax assets, valuation of intangible and other long-lived assets, estimates of net contract revenues and the total estimated costs to determine progress towards contract completion, valuation of derivatives, valuation of warrants issued with debt, valuation of beneficial conversion features in convertible debt, and valuation of stock-based awards. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Concentrations

Cash Concentrations

Cash is maintained at financial institutions and at times, balances may exceed federally insured limits. We have not experienced any losses related to these balances. As of March 31, 2020, balance in one financial institution exceeded federally insured limits by approximately $6,361,792.

Significant Customers and Concentration of Credit Risk

The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable, as follows:

For the three months ended March 31, 2020, three customers accounted for 44%, 13% and 13% of revenues, respectively. For the three months ended March 31, 2019,two customers accounted for 78%and 11% of revenues, respectively.

At March 31, 2020, three customers accounted for 28%, 21% and 18% of accounts receivable, respectively. At December 31, 2019,two customers accounted for 68% and 10% of accounts receivable, respectively.

Geographic Concentration

Approximately 54% of revenue is generated from two customers outside of the United States.

Fair Value of Financial Instruments and Fair Value Measurements

We measure our financial assets and liabilities in accordance with generally accepted accounting principles. For certain of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, the carrying amounts approximate fair value due to their short maturities. Amounts recorded for notes payable, net of discount, and loans payable also approximate fair value because current interest rates available to us for debt with similar terms and maturities are substantially the same.

We follow accounting guidance for financial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost).

The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

Software Development Costs

Software development costs incurred prior to establishing technological feasibility are charged to operations and included in research and development costs. The technological feasibility of a software product is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product meets its design specifications, including functionality, features, and technical performance requirements. Software development costs incurred after establishing technological feasibility for software sold as a perpetual license, as defined within ASC 985-20 (Software – Costs of Software to be sold, Leased, or Marketed) are capitalized and amortized on a product-by-product basis when the product is available for general release to customers.

Earnings (Loss) Per Share

Basic earnings per share (EPS) are computed by dividing net loss applicable to common stock by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss applicable to common stock by the weighted average number of common shares outstanding for the period and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, stock warrants, convertible debt instruments, convertible preferred stock or other common stock equivalents. Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive. At March 31, 2020, there was an aggregate of 1,588,750 outstanding warrants to purchase shares of common stock. At March 31, 2020, there was an aggregate of 163,010 shares of employee stock options to purchase shares of common stock. Also, at March 31, 2020, 243,571 common shares were issuable upon conversion of Series B convertible preferred stock, all of which were excluded from the computation of dilutive earnings per share because their inclusion would have been anti-dilutive.

Revenue Recognition

As of January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASC 606"), that affects the timing of when certain types of revenues will be recognized. The basic principles in ASC 606 include the following: a contract with a customer creates distinct unrecognized contract assets and performance obligations; satisfaction of a performance obligation creates revenue; and a performance obligation is satisfied upon transfer of control to a good or service to a customer.

Revenue is recognized for sales of systems and services over time using cost-based input methods, in which significant judgement is required to evaluate assumptions including the amount of net contract revenues and the total estimated costs to determine our progress towards contract completion and to calculate the corresponding amount of revenue to recognize.

Revenue is recognized by evaluating our revenue contracts with customers based on the five-step model under ASC 606:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to separate performance obligations; and
5. Recognize revenue when (or as) each performance obligations are satisfied.

Accordingly, the Company now bases its revenue recognition on ASC 606-10-25-27, where control of a good or service transfers over time if the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date including a profit margin or reasonable return on capital. Control is deemed to pass to the customer instantaneously as the goods are manufactured and revenue is recognized accordingly.

In addition, the Company has adopted ASC 606-10-55-21 such that if the cost incurred is not proportionate to the progress in satisfying the performance obligation, we adjust the input method to recognize revenue only to the extent of the cost incurred. Therefore, the Company will recognize revenue at an equal amount to the cost of the goods to satisfy the performance obligation. To accurately reflect revenue recognition based on the input method, the Company has adopted the implementation guidance as set out in ASC-606-10-55-187 through 192. (see Note 9)

Segment Information

The Company operates in one reportable segment.

Stock Based Compensation

The Company accounts for employee stock-based compensation in accordance with ASC 718-10, "*Share-Based Payment*," which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, restricted stock units, and employee stock purchases based on estimated fair values.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718). This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. Management implemented this standard on January 1, 2019.

Determining Fair Value Under ASC 718-10

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The Company's determination of fair value using an option-pricing model is affected by the stock price as well as assumptions regarding the number of highly subjective variables.

The Company estimates volatility based upon the historical stock price of the Company and estimates the expected term for employee stock options using the simplified method for employees and directors and the contractual term for non-employees. The risk-free rate is determined based upon the prevailing rate of United States Treasury securities with similar maturities.

Recent Accounting Pronouncements

From time to time, the FASB or other standards setting bodies will issue new accounting pronouncements. Updates to the FASB ASC are communicated through issuance of an Accounting Standards Update ("ASU").

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 2 – LIQUIDITY

As reflected in the accompanying unaudited consolidated financial statements, the Company had a net loss of $2,147,049 for the three months ended March 31, 2020. During the same period, net cash used in operating activities was $1,657,013. The working capital surplus and accumulated deficit as of March 31, 2020 were $5,503,723 and $34,887,764 respectively. In previous financial reports, the Company had raised substantial doubt about continuing as a going concern. This was principally due to a lack of working capital prior to an underwritten offering which was completed during the quarter (the "2020 Offering").

Upon completion of the 2020 Offering during this quarter, management raised sufficient working capital to meet its needs for the next 12-months without the need to raise further capital. The Company continues to be successful in attracting new business and establishing a backlog of projects. Most importantly, the Company's success in increasing its working capital surplus after receiving proceeds from the 2020 Offering of more than $8.1 million after payment of banking fees and expenses in connection with an up listing to Nasdaq.

Management believes that we have eliminated the substantial doubt for the Company to continue as a going concern. We are executing the plan to grow our business and achieve profitability without the requirement to raise additional capital for existing operations. In the long run, the continuation of the Company as a going concern is dependent upon the ability of the Company to continue executing the plan described above, generate sufficient revenue and to attain consistently profitable operations. Although the current Novel Coronavirus (Covid-19) issue has affected our operations, and this is not expected to be a long-term issue, the Company cannot currently quantify the uncertainty related to the recent pandemic and its effects on the business in the coming quarters. We have analyzed our cash flow under "stress test" conditions and have determined that we have sufficient liquid assets on hand to maintain operations for at least 12 months from the date of this report.

NOTE 3 – SOFTWARE DEVELOPMENT COSTS

In 2018, the Company capitalized $60,000, relating to the development of new software products. These software products were developed by a third-party and had passed the preliminary project stage prior to capitalization. At March 31, 2020 and December 31, 2019, software development costs consisted of the following:

Software development costs consisted of the following at March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
Software Development Costs	$ 60,000	$ 60,000
Less: Accumulated amortization	(45,000)	(40,000)
Total	$ 15,000	$ 20,000

Amortization expense of software development costs for the three months ended March 31, 2020 and 2019, was $5,000 and $5,000, respectively.

NOTE 4 – DEBT

Notes Payable - Financing Agreements

The Company's notes payable relating to financing agreements classified as current liabilities consist of the following as of:

	March 31, 2020		December 31, 2019	
Notes Payable	**Principal**	**Interest**	**Principal**	**Interest**
Third Party - Insurance Note 1	$ 15,076	7.31%	$ 28,500	7.31%
Third Party - Insurance Note 2	—	6.36%	—	6.36%
Third Party - Insurance Note 3	4,129	10.75%	13,799	—
Third Party - Insurance Note 4	165,375	—	—	6.36%
Total	$ 184,580		$ 42,299	

The Company entered into an agreement on December 23, 2019 with its insurance provider by issuing a $28,500 note payable (Insurance Note 1) for the purchase of an insurance policy, secured by that policy with an annual interest rate of 7.31% payable in monthly installments of principal and interest totaling $2,218 through October 23, 2020. The balance of Insurance Note 1 as of March 31, 2020 and December 31, 2019 was $15,076 and $28,500, respectively.

The Company entered into an agreement on April 15, 2019 in the amount of $51,940 with an annual interest rate of 6.36% payable (Insurance Note 2) with monthly installments of principal and interest totaling $5,326 through December 15, 2019. At March 31, 2020 and December 31, 2019, the balance of Insurance Note 2 was zero.

The Company entered into an agreement on September 15, 2019 in the amount of $13,799 with its insurance provider by issuing a note payable (Insurance Note 3) for the purchase of an insurance policy, secured by 5 installment payments. At March 31, 2020 and December 31, 2019, the balance of Insurance Note 3 was $4,129 and $13,799, respectively.

The Company entered into an agreement on February 3, 2019 in the amount of $141,058 with an annual interest rate of 6.36% payable in monthly installments of principal and interest totaling $14,520 (Insurance Note 4) through December 3, 2019. The policy renewed on February 3, 2020 in the amount of $165,375 with seven monthly installments of $13,726. At March 31, 2020 and December 31, 2019, the balance of Insurance Note 4 was $165,375 and zero, respectively.

Finance Lease

The Company entered into an agreement on August 26, 2019 with an equipment leasing provider by issuing a $147,810 equipment finance lease payable, secured by a note, with an annual interest rate of 12.72% payable in monthly installments of principal and interest totaling $4,963 through August 1, 2022. At March 31, 2020 and December 31, 2019, the balance of the note was $123,396 and $134,098 and zero, respectively.

At March 31, 2020, future minimum lease payments due under Finance Lease is as follows:

As of March 31,	Amount
2020	$ 44,668
2021	59,558
2022	39,705
Total minimum financial lease payments	$ 143,931
Less: interest	(20,535)
Total lease liability at March 31, 2020	$ 123,396
Less: current portion of Finance Lease	(46,520)
Long Term portion of Finance Lease	$ 76,876

Notes Payable – Related Parties

	March 31, 2020		December 31, 2019	
Payable To	**Principal**	**Interest**	**Principal**	**Interest***
Related party	$ 267,000	3%	$ 267,000	3%
Related party	733,000	3%	733,000	3%
Total	1,000,000		1,000,000	
Less unamortized discounts	(45,701)		(94,627)	
Total, net	$ 954,299		$ 905,373	

The Company entered into an agreement with a related party on September 25, 2019 whereby the related party loaned the Company the aggregate principal amount of $267,000, pursuant to a note, repayable on June 25, 2020. The note carries an annual interest rate of 3%. In addition, the Company issued warrants permitting the related party to purchase for cash 11,920 shares of the Company's common stock at a price of $7.70 per share. The balance of this note as of March 31, 2020 was $267,000.

The Company entered into an agreement with a related party on September 25, 2019 whereby the related party loaned the Company the principal aggregate in the amount of $733,000, pursuant to a note, repayable on June 25, 2020. The note carries an annual interest rate of 3%. In addition, the Company issued warrants permitting the related party to purchase for cash 32,724 shares of the Company's common stock at a price of $7.70 per share. The balance of this note as of March 31, 2020 was $733,000.

The Company determined the relative fair value between the notes and the warrants on the issue date utilizing the Bi-nominal Lattice Pricing Model for the warrants. As a result, the Company allocated $146,779 to the warrants and was recorded as a debt discount with an offset to additional paid in capital in the accompanying unaudited consolidated financial statements. The fair value pricing model used the following assumptions; stock price $7.00, warrant exercise price $7.70, expected term of 5 years, expected volatility of 86% and discount rate of 1.609%.

For the three months ended March 31, 2020, the Company recorded $48,926 for amortization of the debt discount discussed above to interest expense in the accompanying unaudited consolidated financial statements.

Notes Payable

The Company entered into an agreement on August 12, 2019 with a shareholder by executing a short-term $262,500 note repayable on November 11, 2019. This note was issued with a 5% original issue discount and the Company received a net amount of $250,000. No other consideration was given. On November 12, 2019, the Company repaid this short-term note in the amount of $262,500. The original issue discount of $12,500 was fully amortized in 2019.

NOTE 5 – LINE OF CREDIT

The Company assumed a line of credit with Wells Fargo Bank upon merger with ISA on April 1, 2015. The line of credit provided for borrowings up to $40,000 but is now closed to future borrowing. The balance as of March 31, 2020 and December 31, 2019, was $65 and $27,615, respectively, including accrued interest. This line of credit has no maturity date. The annual interest rate is 9.75% at March 31, 2020. The former CEO of ISA is the personal guarantor.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Delinquent Payroll Taxes Payable

As of the date hereof, the Company has paid its delinquent payroll taxes and late fees in full. At March 31, 2020 and December 31, 2019, the payroll taxes payable balance of $12,390 and $115,111 includes accrued late fees in the amount of zero and $37,210, respectively.

Operating Lease Obligations

The Company has an operating lease agreement for office space of approximately 8,308 square feet that was amended on May 1, 2016 and again on April 1, 2019, increasing the office space to approximately 10,203 square feet, with the lease ending on October 31, 2021. The rent is subject to an annual escalation of 3%, beginning May 1, 2017.

The Company entered a new lease agreement of office and warehouse combination space of approximately 4,400 square feet on June 1, 2018 and ending May 31, 2021. This additional space allows for resource growth and engineering efforts for operations before deploying to the field. The rent is subject to an annual escalation of 3%.

The Company now has a total of office and warehouse space of approximately 14,603 square feet.

At March 31, 2020, future minimum lease payments due under Operating Leases are as follows:

As of March 31,		Amount
2020	$	211,312
2021		213,568
Total minimum financial lease payments	$	424,880
Less: interest		(38,360)
Total lease liability at March 31, 2020	$	386,520
Less: current portion of Operating lease obligations		(248,985)
Long Term portion of Operating lease obligations	$	137,535

In February 2016, the FASB issued ASU No. 2016-02*Leases (Topic 842)* ("ASU 2016-02"), which requires all leases with a term greater than 12 months to be recognized on the balance sheet, while lease expenses would continue to be recognized in the statement of operations in a manner similar to current accounting guidance. We adopted ASU 2016-02 effective January 1, 2019, on a modified retrospective basis, without adjusting comparative periods presented. Effective January 1, 2019, the Company established a right-of-use model (ROU) asset and operating lease liability in the amount of $644,245. The right of use asset balance at March 31, 2020 was $374,287, the operating lease liability – current portion was $248,985 and the operating lease liability – long term portion was $137,535. This is the Company's only lease whose term is greater than 12 months. The adoption of ASU 2016-02 did not materially affect our unaudited consolidated statement of operations or our unaudited consolidated statements of cash flows. We made an accounting policy election to keep leases with an initial term of 12 months or less off the balance sheet and to recognize all lease payments for leases with a term greater than 12 months on a straight-line basis over the lease term in our unaudited consolidated statements of operations.

NOTE 7 – STOCKHOLDERS' EQUITY

Common stock issued

On February 12, 2020, Duos Technologies Group, Inc., a Florida corporation (the "Company") entered into an underwriting agreement (the "Underwriting Agreement") with ThinkEquity, a division of Fordham Financial Management, Inc. ("ThinkEquity"), as representative of the underwriters listed therein (the "Underwriters"), pursuant to which the Company agreed to sell to the Underwriters in a firm commitment underwritten public offering (the "Offering") an aggregate of 1,350,000 shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), at a public offering price of $6.00 per share. In addition, the Underwriters were granted an over-allotment option (the "Over-allotment Option") for a period of 45 days to purchase up to an additional 202,500 shares of Common Stock. The Offering closed on February 18, 2020. The Common Stock began trading on the Nasdaq Capital Market under the symbol DUOT on February 13, 2020.

On February 20, 2020, pursuant to and in compliance with the terms and conditions of the aforementioned Underwriting Agreement and the Offering, the Underwriters provided notice that they would partially exercise the Over-allotment Option to purchase 192,188 shares of Common Stock at $6.00 per share (the "Over-Allotment Exercise"). The sale of the Over-Allotment Exercise to purchase 192,188 shares of Common Stock closed on February 21, 2020.

In total, the Company issued 1,542,188 shares of common stock in connection with these underwritten public offerings and up listing to the Nasdaq Capital Market national exchange. The securities were issued pursuant to a Registration Statement on Form S-1 (File No. 333- 235455), as amended, which was declared effective by the United States Securities and Exchange Commission on February 12, 2020 (the "Registration Statement"). The Company received gross proceeds of approximately $9.25 million for the Offering to date, including the exercise of the Over-Allotment Exercise, prior to deducting underwriting discounts and commissions and offering expenses payable by the Company.

Common stock issued for exercise of warrants

During the first quarter of 2019, the Company entered into an agreement with two shareholders who were also holders of warrants to purchase shares of common stock in the aggregate amount of 214,286 shares, to reduce the exercise price of these warrants to $7.70 from the original exercise price of $9.10 based on immediate exercise. Both shareholders exercised these warrants in March 2019 for proceeds to the Company of $1,650,000.

Stock-Based Compensation

Stock-based compensation expense recognized under ASC 718-10 for the three months ended March 31, 2020 and 2019, was $8,100 and $21,892, respectively, for stock options granted to employees and directors. This expense is included in selling, general and administrative expenses in the unaudited consolidated statements of operations. Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. At March 31, 2020, the total compensation cost for stock options not yet recognized was $21,198. This cost will be recognized over the remaining vesting term of the options of approximately one year.

Employee Stock Options

A maximum of 178,572 shares were made available for grant under the 2016 Plan, as amended, and all outstanding options under the Plan provide a cashless exercise feature. The maximum number of shares was increased by shareholder approval to 321,429. The identification of individuals entitled to receive awards, the terms of the awards, and the number of shares subject to individual awards, are determined by our Board of Directors or the Compensation Committee, at their sole discretion. The aggregate number of shares with respect to which options or stock awards may be granted under the 2016 Plan and the purchase price per share, if applicable, shall be adjusted for any increase or decrease in the number of issued shares resulting from a stock dividend, stock split, reverse stock split, recapitalization or similar event. As of March 31, 2020, and December 31, 2019, options to purchase 163,010 shares of common stock and 163,010 shares of common stock were outstanding under the 2016 Plan, respectively.

The Company has no expired employee stock options under the 2016 Plan at March 31, 2020.

	Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2018	160,152	$	14.00	4.4	—
Granted	17,144	$	14.00	5.0	—
Forfeited	(14,286)	$	14.00	—	—
Outstanding at December 31, 2019	163,010	$	14.00	3.4	—
Exercisable at December 31, 2019	154,438	$	14.00	3.4	—
Outstanding at December 31, 2019	163,010	$	14.00	3.4	—
Granted	—	$	14.00	—	—
Outstanding at March 31, 2020	163,010	$	14.00	3.1	—
Exercisable at March 31, 2020	158,724	$	14.00	3.1	—

On January 29, 2019, the Board of Directors appointed a new independent director and Chairman of the Compensation Committee. As a result of the appointment, the new director was granted 8,572 stock options exercisable at $14.00 per share vesting one year from the date of grant. On March 31, 2019, the President and Chief Operating Officer of Duos Technologies Inc., resigned from her positions. Due to the resignation, the individual forfeited 14,286 stock options previously granted. On August 15, 2019, the Board of Directors appointed a new independent director and Chairman of the Audit Committee. As a result of the appointment, the new director was granted 8,572 stock options exercisable at $14.00 per share vesting one year from the date of grant. As of March 31, 2020, the remaining option expense is $29,298 of which $15,834 will be expensed during the remaining quarters of 2020 and the balance of $13,464 will be expensed in 2021.

Warrants

The following is a summary of activity for warrants to purchase common stock for the three months ended March 31, 2020:

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2018	1,815,181	$	9.52	3.9	—
Warrants expired, forfeited, cancelled or exercised	(338,575)				
Warrants issued	44,644	$	7.70	4.9	—
Outstanding at December 31, 2019	1,521,250	$	8.78	2.8	—
Exercisable at December 31, 2019	1,521,250	$	8.78	2.8	—
Outstanding at December 31, 2019	1,521,250	$	8.78	3.0	—
Warrants expired, forfeited, cancelled or exercised	—				
Warrants issued	67,500	$	9.00	4.9	—
Outstanding at March 31, 2020	1,588,750	$	8.79	2.7	—
Exercisable at March 31, 2020	1,588,750	$	8.41	2.7	—

NOTE 8 - REVENUE

Revenue Recognition and Contract Accounting

The Company generates revenue from four sources: (1) Technology Systems; (2) Technical Support; (3) Consulting Services and (4) AI Technology.

The Company constructs intelligent technology systems consisting of materials and labor under customer contracts. Revenues and related costs on technology systems revenue are recognized based on ASC 606-10-25-27, where control of a good or service transfers over time if the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date including a profit margin or reasonable return on capital. Control is deemed to pass to the customer instantaneously as the goods are manufactured and revenue is recognized accordingly.

In addition, the Company has adopted ASC 606-10-55-21 such that if the cost incurred is not proportionate to the progress in satisfying the performance obligation, we adjust the input method to recognize revenue only to the extent of the cost incurred. Therefore, the Company will recognize revenue at an equal amount to the cost of the goods to satisfy the performance obligation. To accurately reflect revenue recognition based on the input method, the Company has adopted the implementation guidance as set out in ASC 606-10-55-187 through 192.

Under this method, contract revenues are recognized over the performance period of the contract in direct proportion to the costs incurred. Costs include direct material, direct labor, subcontract labor and other allocable indirect costs. All un-allocable indirect costs and corporate general and administrative costs are also charged to the periods as incurred. Any recognized revenues that have not been billed to a customer are recorded as an asset in "contract assets". Any billings of customers more than recognized revenues are recorded as a liability in "contract liabilities". However, in the event a loss on a contract is foreseen, the Company will recognize the loss when such loss is determined.

NOTE 9 – CONTRACT ACCOUNTING

Contract Assets

Contract assets on uncompleted contracts represents costs and estimated earnings in excess of billings and/or cash received on uncompleted contracts accounted for under the input method, which recognizes revenue only to the extent of the cost incurred.

At March 31, 2020 and December 31, 2019, contract assets on uncompleted contracts consisted of the following:

	March 31, 2020	December 31. 2019
Costs and estimated earnings recognized	$ 2,650,012	$ 3,700,124
Less: Billings or cash received	(2,266,312)	(2,324,204)
Contract assets	$ 383,700	$ 1,375,920

Contract Liabilities

Contract liabilities on uncompleted contracts represents billings and/or cash received that exceed accumulated revenues recognized on uncompleted contracts accounted for under the input method, which recognizes revenue only to the extent of the cost incurred.

At March 31, 2020 and December 31, 2019, contract liabilities on uncompleted contracts consisted of the following:

	March 31, 2020	December 31. 2019
Billings and/or cash receipts on uncompleted contracts	$ 34,673	$ 35,665
Less: Costs and estimated earnings recognized	(24,503)	(27,004)
Contract liabilities	$ 10,170	$ 8,661

A contract is considered complete when all costs except insignificant items have been incurred and the installation is operating according to specifications or has been accepted by the customer.

The Company has contracts in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Costs estimates are reviewed periodically on a contract-by-contract basis throughout the life of the contract such that adjustments to the profit resulting from revisions are made cumulative to the date of the revision. Significant management judgments and estimates, including the estimated costs to complete projects, must be made and used in connection with the revenue recognized in the accounting period. Current estimates may be revised as additional information becomes available.

Technical Support

Maintenance and technical support services are provided on both an as-needed and extended-term basis and may include providing both parts and labor. Maintenance and technical support provided outside of a maintenance contract are on an as-requested basis, and revenue is recognized as the services are provided. Revenue for maintenance and technical support provided on an extended-term basis is recognized ratably over the term of the contract.

For sales arrangements that do not involve multiple elements such as professional services, which are of short-term duration, revenues are recognized when services are completed.

Consulting Services

The Company's consulting services business generates revenues under contract with customers from three sources: (1) Professional Services (consulting and auditing); (2) Software licensing with optional hardware sales; and (3) Customer Service (training and maintenance support).

For sales arrangements that do not involve performance obligations:

(1) Revenues for professional services, which are of short-term duration, are recognized when services are completed;
(2) For all periods reflected in this report, software license sales have been one-time sales of a perpetual license to use our software product and the customer also has the option to purchase third-party manufactured handheld devices from us if they purchase our software license. Accordingly, the revenue is recognized upon delivery of the software and delivery of the hardware, as applicable, to the customer;
(3) Training sales are one-time upfront short-term training sessions and are recognized after the service has been performed; and
(4) Maintenance/support is an optional product sold to our software license customers under one-year contracts. Accordingly, maintenance payments received upfront are deferred and recognized over the contract term.

Artificial Intelligence

Beginning in 2020, the Company will begin to derive revenue from applications that incorporate artificial intelligence (AI) in the form of predetermined algorithms to provide important operating information to the users of our systems. The revenue generated from these applications of AI consists of an annual application maintenance fee which will be recognized ratably over the year, plus fees for the design, development, testing and incorporation of new algorithms into the system which will be recognized upon completion of each deliverable.

Multiple Elements

Arrangements with customers may involve multiple elements including project revenue and maintenance services in our Intelligent Technology Systems business. Maintenance will occur after the project is completed and may be provided on an extended-term basis or on an as-needed basis. In our consulting services business, multiple elements may include any of the above four sources. Training and maintenance on software products may occur after the software product sale while other services may occur before or after the software product sale and may not relate to the software product. Revenue recognition for multiple element arrangement is as follows:

Each element is accounted for separately when each element has value to the customer on a standalone basis and there is Company specific objective evidence of selling price of each deliverable. For revenue arrangements with multiple deliverables, the Company allocates the total customer arrangement to the separate units of accounting based on their relative selling prices as determined by the price of the items when sold separately. Once the selling price is allocated, the revenue for each element is recognized using the applicable criteria under GAAP as discussed above for elements sold in non-multiple element arrangements. A delivered item or items that do not qualify as a separate unit of accounting within the arrangement are combined with the other applicable undelivered items within the arrangement. The allocation of arrangement consideration and the recognition of revenue is then determined for those combined deliverables as a single unit of accounting. The Company sells its various services and software and hardware products at established prices on a standalone basis which provides Company specific objective evidence of selling price for purposes of multiple element relative selling price allocation. The Company only sells maintenance services or spare parts based on its established rates after it has completed a system integration project for a customer. The customer is not required to purchase maintenance services. All elements in multiple element arrangements with Company customers qualify as separate units of account for revenue recognition purposes.

Deferred Revenue

Deferred revenues represent billings or cash received in excess of revenue recognizable on service agreements that are not accounted for under the percentage of completion method.

Disaggregation of Revenue

The Company is following the guidance of ASC 606-10-55-296 and 297 for disaggregation of revenue. Accordingly, revenue has been disaggregated according to the nature, amount, timing and uncertainty of revenue and cash flows. We are providing qualitative and quantitative disclosures.

Qualitative:

1. We have three distinct revenue sources:
    a. Turnkey, engineered projects;
    b. Associated maintenance and support services; and
    c. Licensing and professional services related to auditing of data center assets.
2. We currently operate in North America including the USA, Mexico and Canada.
3. Our customers include rail transportation, commercial, petrochemical, government, banking and IT suppliers.
4. Our contracts are fixed price and fall into two duration types:
    a. Turnkey engineered projects and professional service contracts that are less than 1 year in duration and are typically three to three months in length; and
    b. Maintenance and support contracts ranging from one to five years in length.
5. Transfer of goods and services are over time.

Quantitative:

For the Three Months Ended March 31, 2020

Segments	Rail	Commercial	Petrochemical	Government	Banking	IT Suppliers	Total
Primary Geographical Markets							
North America	$ 713,258	$ 74,335	$ —	$ 27,149	$ 44,119	$ 132,084	$ 990,945
Major Goods and Service Lines							
Turnkey Projects	$ 481,110	$ 8,622	$ —	$ —	$ 23,942	$ —	$ 513,674
Maintenance & Support	232,148	65,713	—	27,149	20,177	—	345,187
Data Center Auditing Services	—	—	—	—	—	129,699	129,699
Software License	—	—	—	—	—	2,385	2,385
	$ 713,258	$ 74,335	$ —	$ 27,149	$ 44,119	$ 132,084	$ 990,945
Timing of Revenue Recognition							
Goods transferred over time	$ 481,110	$ 8,622	$ —	$ —	$ 23,942	$ 132,084	$ 645,758
Services transferred over time	232,148	65,713	—	27,149	20,177	—	345,187
	$ 713,258	$ 74,335	$ —	$ 27,149	$ 44,119	$ 132,084	$ 990,945

For the Three Months Ended March 31, 2019

Segments	Rail	Commercial	Petrochemical	Government	Banking	IT Suppliers	Total
Primary Geographical Markets							
North America	$ 3,671,797	$ 19,922	$ 34,353	$ 43,493	$ 470,347	$ 112,169	$ 4,352,081
Major Goods and Service Lines							
Turnkey Projects	$ 3,389,656	$ (29,884)	$ 26,547	$ 23,272	$ 461,237	$ —	$ 3,870,828
Maintenance & Support	282,141	49,806	7,806	20,221	9,110	—	369,084
Data Center Auditing Services	—	—	—	—	—	64,769	64,769
Software License	—	—	—	—	—	47,400	47,400
	$ 3,671,797	$ 19,922	$ 34,353	$ 43,493	$ 470,347	$ 112,169	$ 4,352,081
Timing of Revenue Recognition							
Goods transferred over time	$ 3,389,656	$ (29,884)	$ 26,547	$ 23,272	$ 461,237	$ 112,169	$ 3,982,997
Services transferred over time	282,141	49,806	7,806	20,221	9,110	—	369,084
	$ 3,671,797	$ 19,922	$ 34,353	$ 43,493	$ 470,347	$ 112,169	$ 4,352,081

NOTE 10 – SUBSEQUENT EVENTS

On April 1, 2020, the Company issued 149,424 new non-qualified options to certain Officers, Directors and staff members. The options have a strike price of $4.74 per share, have a term of 5-years and vest in two equal tranches on January 1, 2021 and 2022.

Also, on April 1, 2020, the Company issued 160,866 replacement options for an equal amount of options previously issued at a strike price of $6.00 per share, a 5-year term with immediate vesting.

On April 23, 2020, the Company entered into a promissory note (the "Note") with BBVA USA, which provides for a loan in the amount of $1,410,270 (the "Loan") pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Loan has a two-year term and bears interest at a rate of 1.00% per annum (APR 1.014%). Monthly principal and interest payments are deferred for six months after the date of disbursement. The Loan may be prepaid at any time prior to maturity with no prepayment penalties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

This quarterly report on Form 10-Q and other reports filed by Duos Technologies Group, Inc. (the "duostech Group"), through its operating subsidiaries, Duos Technologies, Inc. ("duostech") and TrueVue360, Inc ("TrueVue360", duostech Group and duostech, collectively the "Company" "we", "our", and "us") from time to time with the U.S. Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, relating to the Company's industry, the Company's operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this report.

Overview

Duos Technologies Group, Inc. (the "Company") was incorporated in Florida on May 31, 1994 under the original name of Information Systems Associates, Inc. ("ISA"). Initially, our business operations consisted of consulting services for asset management of large corporate data centers and the development and licensing of information technology ("IT") asset management software. In late 2014, ISA entered negotiations with Duos Technologies, Inc. ("duostech"), for the purposes of executing a reverse triangular merger. This transaction was completed on April 1, 2015, whereby duostech became a wholly owned subsidiary of the Company. duostech was incorporated under the laws of Florida on November 30, 1990 for design, development and deployment of proprietary technology applications and turn-key engineered systems. The Company, based in Jacksonville, Florida, employs approximately 65 people and is a technology and software applications company with a strong portfolio of intellectual property. The Company's core competencies, including advanced intelligent technologies, are delivered through its proprietary integrated enterprise command and control platform, centraco®.

The Company provides a broad range of sophisticated intelligent technology solutions with an emphasis on security, inspection and operations for critical infrastructure within a variety of industries including transportation, retail, law enforcement, oil, gas and utilities sectors. In January 2019, the Company launched a dedicated Artificial Intelligence program through its wholly owned subsidiary TrueVue360, Inc., marketing its services and solutions under the brand name truevue360. The Company is committed to adding significant focus on the development, marketing and deployment of advanced convolutional neural network-based Artificial Intelligence ("AI"), Deep Machine Learning and Advanced Algorithms applications. While TrueVue360 will chiefly support DTI's business growth, it will also develop and market its significant library of AI applications following a stand-alone business development strategy. Accordingly, our business is now operating in two equally important business units which complement each other and provide comprehensive turnkey, end-to-end, solutions to our customers.

The Company's growth strategy includes expansion of its technology base through organic development efforts, strategic partnerships, and through strategic acquisitions. The Company provides its broad range of technology solutions with an emphasis on mission critical security, inspection and operations within the rail transportation, commercial, petrochemical, government, and banking sectors. The Company also offers professional and consulting services for large data centers.

Specifically, based upon the current and anticipated business growth, the Company is investing in resources to focus on execution within its target markets, including but not limited to rail, distribution centers and security. We continue to evaluate key requirements within those markets and add development resources to allow us to compete for additional projects to drive additional revenue growth.

In the Consulting Services area, the Company is now deploying its dcVue software which replaced OSPI.OSPI was used by Duos' consulting auditing teams until last year. dcVue is based upon the Company's OSPI patent which was awarded in 2010. The Company offers dcVue available for license to our customers later this year as a licensed software product.

Prospects and Outlook

Over the past several years, we have made substantial investments in product research and development and achieved significant milestones in the development of our technology and turnkey solutions. We have made significant progress in penetrating the market with our proprietary technology solutions, specifically in the rail industry which is currently undergoing a major shift in maintenance strategies. We believe that this shift will be a significant motivating factor for the industry's use of our technologies.

Our business success in the immediate future will largely depend on the increased penetration into our target markets for our proprietary intelligent analytical technology solutions.

Notwithstanding the foregoing, no assurance can be provided that our product offerings will generate significant orders or maintain market acceptance.

Results of Operation

The following discussion should be read in conjunction with the unaudited financial statements included in this report.

Comparison for the Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

The following table sets forth a modified version of our unaudited Consolidated Statements of Operations that is used in the following discussions of our results of operations:

	For the Three Months Ended March 31,	
	2020	2019
Revenue	$ 990,945	$ 4,352,081
Cost of revenue	888,080	2,221,237
Gross profit	102,865	2,130,844
Operating expenses	2,190,780	2,084,394
Income (loss) from operations	(2,087,915)	46,450
Other income (expense)	(59,134)	(2,281)
Net income (loss)	$ (2,147,049)	$ 44,169

Revenues

	For the Three Months Ended March 31,		
	2020	2019	% Change
Revenues:			
Technology systems	$ 513,674	$ 3,918,438	-87%
Technical support	345,187	321,474	7%
Consulting services	132,084	112,169	18%
Total revenue	$ 990,945	$ 4,352,081	-77%

The majority of the decrease in overall revenues for the quarter is due to slower than anticipated contract awards by two customers pending resolution of certain terms and conditions. One of these orders have now been received, however, some execution delays by one customer for customer acceptance in the projects portion of our business continue to have an impact. In addition, the current pandemic related to the Novel Coronavirus (COVID-19) has impacted both expected receipt of awards and delays in execution due to travel and other restrictions. These delays will impact the technology systems revenue portion of our business, but the impact for the full year is uncertain at this time. The Company continues to make improvements in our project build and delivery process largely as a result of the investment in the establishment of the Engineering and Operations center in 2018 which has shortened delivery times on major projects.

Technical support revenues were higher in the quarter as the result of higher than normal service support. The renewals of existing contracts have somewhat offset this impact and we believe that a shift to the next generation of technology systems which are currently being installed will have a positive impact going forward. The maintenance and technical support revenues are driven by successful completion on projects and represent services and support for those installations. The Company expects to continue the growth with new, long term recurring revenue from new customers which will be coming on-line in the next several months.

The Consulting services recorded an increase in revenue in the first three months of 2020. The increase in consulting revenues is due to the consulting services division release of a new version of its software which is anticipated to broaden market acceptance of its offerings and we anticipate a positive impact on revenues in 2020.

Cost of Revenues

	For the Three Months Ended March 31,		
	2020	2019	% Change
Cost of revenues:			
Technology systems	$ 581,544	$ 2,092,994	-72%
Technical support	234,276	105,324	122%
Consulting services	72,260	22,919	215%
Total cost of revenues	$ 888,080	$ 2,221,237	-60%

Cost of revenues on technology systems decreased in line with the decrease in revenues. The overall gross margin was much lower during the period compared to the equivalent period in 2019 but due to a continued focus on build costs and savings through efficiency the overall impact was mitigated. The previously reported significant increase in personnel in anticipation of increased execution and support requirements for the second half of 2020 which we saw in 2019 was a factor in the current quarter and management will continue to review pending orders to ensure appropriate staffing. Cost of Revenues increased on maintenance and technical support as a result of additional investments in staffing to support a greater number of current and anticipated installations.

Gross Profit

	For the Three Months Ended March 31,		
	2020	2019	% Change
Revenues	$ 990,945	$ 4,352,081	-77%
Cost of revenues	888,080	2,221,237	-60%
Gross profit	$ 102,865	$ 2,130,844	-95%

Overall Gross Profit was $102,865 or 10% of revenues compared to $2,130,844 or 49% of revenues for the three months ended March 31, 2020 and 2019, respectively. The overall decrease in gross profit of 95% reflects the lower revenues for the quarter and costs for equipment related to project implementation which was not offset in the current quarter due to certain customer delays for project implementation. Although this has had a negative overall effect on the typical project gross margin of at least 50%, management anticipates the overall gross margins for the full year to be close to historical norms.

Operating Expenses

	For the Three Months Ended March 31,		
	2020	2019	% Change
Operating expenses:			
Sales and marketing	$ 139,852	$ 250,425	-44%
Engineering	312,428	465,907	-33%
Research and development	406,392	383,421	6%
Administration	1,015,559	803,327	26%
AI technologies	316,549	181,314	75%
Total operating expense	$ 2,190,780	$ 2,084,394	5%

Operating expenses were higher by 5% than the equivalent period in 2019 reflecting the increase in resources related to the Company's anticipated growth. Research and development expenses increased in line with the Company's investment in resources to support that growth. The decrease in engineering during the period is a result of less outside engineering services and a reclass in personnel to administration expense. Sales and marketing expense decreased due to fluctuation in personnel. Administration expenses increased mostly due to reclassing senior management from the individual departments to administration and onetime expenses related to the fundraising and to the Company's listing on the Nasdaq during the quarter. AI technologies costs were higher as the result of additional growth in this area.

Income (Loss) From Operations

The loss from operations for the three months ended March 31, 2020 was $2,087,915 versus a profit from operations for the same period in 2019 of $46,450. The increase in losses from operations are the result of significantly lower revenues and gross margins for the period together with an increase in operating expenses. The losses are expected to be temporary but with the uncertainty of the current Novel Coronavirus (Covid-19) crisis they are unlikely to be offset for the full year as the anticipated growth in business from new contracts is expected to be delayed by at least six months.

Other Income/Expense

Interest expense for the three months ended March 31, 2020 was $68,932 versus interest expense of $2,621 in the equivalent period in 2019. The increase is mainly due to the non-cash debt discount amortization. Interest income will be more significant during the year due to the large amount of cash on deposit as a result of the 2020 Offering. Interest expense is expected to be minimal and will be offset by earnings from cash on deposit in the amount of $9,798 at March 31, 2020 versus $340 in the same period of 2019.

Net Income (Loss)

The net loss for the three months ended March 31, 2020 was $2,147,049 against a net profit for the same period in 2019 of $44,169. The $2,191,218 negative change in net loss is primarily attributable to the significant decrease in technology systems revenue. Net loss per common share was $0.80 versus a profit of $0.03 per share for the three months ended March 31, 2020 and 2019, respectively.

Liquidity and Capital Resources

As of March 31, 2020, the Company has a working capital of $5,703,723. We generated a net loss of $2,147,049 for the three months ended March 31, 2020.

Cash Flows

The following table sets forth the major components of our statements of cash flows data for the periods presented:

	March 31, 2020	March 31, 2019
Net cash used in operating activities	$ (1,657,013)	$ (1,500,159)
Net cash used in investing activities	(36,245)	(91,511)
Net cash provided by financing activities	8,189,897	1,584,784
Net increase (decrease) in cash	$ 6,496,639	$ (6,886)

Net cash used in operating activities for the three months ended March 31, 2020 was $1,657,013 and net cash used during the same period of 2019 was $1,500,159. The increase in net cash used in operations for the three months ended March 31, 2020 was the result of higher expenditures related to current and future project execution in anticipation of new projects. In addition, there are a number of changes in assets and liabilities compared to the previous period that added to the use of cash in operations. Notable changes were a significant decrease in accounts payable and along with decrease in accrued expenses reflecting better availability of working capital as a result of the recent capital raise. In addition, cash is being used to further development activities within our TrueVue360 subsidiary where there are no current offsetting revenues during this period.

Net cash used in investing activities for the three months ended March 31, 2020 and 2019 were $36,245 and $91,511, respectively representing a decrease in investments in various fixed assets during the first three months of 2020.

Net cash provided in financing activities for the three months ended March 31, 2020 was $8,189,897 and for the same period of 2019 was $1,584,784. Cash flows provided in financing activities during the three-month period in 2020 were primarily attributable to a significant capital raise undertaken during the quarter in conjunction with listing on the Nasdaq Capital Market. Cash flows used by financing activities during 2019 were primarily attributable to support of operations and repayment of one short term note and short-term credit facilities offset by proceeds from a warrant exercise from which the Company derived cash proceeds.

Previously, we have funded our operations primarily through the sale of our equity (or equity linked) and debt securities. During 2020, we have funded our operations through revenues generated and cash received from ongoing project execution and associated maintenance revenues as well as funds from a recent capital raise. As of May 11, 2020, we had cash on hand of approximately $7,890,000. We have approximately $135,000 in monthly lease and other mandatory payments, not including payroll and ordinary expenses which are due monthly.

On a long-term basis, our liquidity is dependent on continuation and expansion of operations and receipt of revenues. Our current capital and revenues are sufficient to fund operations for at least the next 12 months. However, the Company cannot currently quantify the uncertainty related to the recent pandemic and its effects on the business in the coming quarters.

Demand for the products and services will be dependent on, among other things, continuing market acceptance of our products and services, the technology market in general, and general economic conditions, which are cyclical in nature and are currently impacted by the Novel Coronavirus (Covid-19). In as much as a major portion of our activities is the receipt of revenues from the sales of our products and services, our business operations may be adversely affected by this situation and potential for a prolonged recession period and are considered to be a factor at present.

Liquidity

Under Accounting Standards Update, or ASU, 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) ("ASC 205-40"), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company's ability to continue as a going concern in accordance with the requirement of ASC 205-40.

As reflected in the accompanying unaudited consolidated financial statements, the Company had working capital of $5,703,723 and an accumulated deficit of $34,887,764 at March 31, 2020. During the same period in 2019, the Company had negative working capital of $607,372 and an accumulated deficit of $32,740,715.

Upon completion of the Company's 2020 Offering, management raised sufficient working capital to meet its needs for the next 12-months without the need to raise further capital. The Company continues to be successful in attracting new business and establishing a backlog of projects. Most importantly, the Company's was successful in increasing its working capital cushion substantially upon completion of the 2020 Offering, receiving proceeds of more than $8.1 million after payment of banking fees and expenses in connection with an up listing to Nasdaq.

Management believes that we have eliminated the substantial doubt for the Company to continue as a going concern. We are executing the plan to grow our business and achieve profitability without the requirement to raise additional capital for existing operations other than encouraging early conversions of cash warrants. In the long run, the continuation of the Company as a going concern is dependent upon the ability of the Company to continue executing the plan described above, generate sufficient revenue and to attain consistently profitable operations. Although the current pandemic related to the Novel Coronavirus (Covid-19) has affected our operations, we have analyzed our cash flow under "stress test" conditions and have determined that we have sufficient liquid assets on hand to maintain operations for at least 12 months from the date of this report.

Off Balance Sheet Arrangements

We have no-off balance sheet contractual arrangements, as that term is defined in Item 303(a)(4) of Regulation S-K.

Critical Accounting Policies and Estimates

We have identified the accounting policies below as critical to our business operations and the understanding of our results of operations.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Accounts receivable are comprised of balances due from customers net of estimated allowances for uncollectible accounts. In determining the collections on the account, historical trends are evaluated, and specific customer issues are reviewed to arrive at appropriate allowances. The Company reviews its accounts to estimate losses resulting from the inability of its customers to make required payments. Any required allowance is based on specific analysis of past due accounts and also considers historical trends of write-offs. Past due status is based on how recently payments have been received from customers.

Share-Based Compensation

The Company accounts for employee stock-based compensation in accordance with ASC 718-10, "*Share-Based Payment*," which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, restricted stock units, and employee stock purchases based on estimated fair values.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718). This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. Management implemented on January 1, 2019. The standard was applied in a retrospective approach for each period presented.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The most significant estimates in the accompanying unaudited consolidated financial statements include the allowance on accounts receivable, valuation of deferred tax assets, valuation of intangible and other long-lived assets, estimates of net contract revenues and the total estimated costs to determine progress towards contract completion, valuation of derivatives, valuation of warrants issued with debt, valuation of beneficial conversion features in convertible debt and valuation of stock-based awards. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

With the participation of our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this Report. Based upon such evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer have concluded that, as of the end of such period, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC’s rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the first quarter ended March 31, 2020 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors.

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K, filed with the U.S Securities and Exchange Commission on April 15, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The Company issued 1,611 shares of common stock for services to the members of the board during the first quarter of 2020.

The above securities were issued in reliance on the exemption under Section 4(a)(2) of the Securities Act. These securities qualified for exemption under Section 4(a)(2) since the issuance by us did not involve a public offering. The offerings were not "public offerings" as defined in 4(a)(2) due to the insubstantial number of persons involved in the transactions, manner of the issuance and number of securities issued. We did not undertake an offering in which we sold a high number of securities to a high number of investors. In addition, the investors had the necessary investment intent as required by Section 4(a)(2) since they agreed to and received securities bearing a legend stating that such securities are restricted pursuant to Rule 144 of the Act. This restriction ensures that these securities would not be immediately redistributed into the market and therefore not be part of a "public offering". Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(a)(2) of the Securities Act for these transactions.

Item 3. Defaults Upon Senior Securities.

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

We are providing the following disclosure relating to Item 5.02(e) of Current Report on Form 8-K.

On April 1, 2020, the Company entered into revised Non-Qualified Stock Option Agreements (the "Revised Option Agreements") with each of its directors and officers listed in the table below (each, an "Optionee" and together, the "Optionees"), pursuant to the Duos Technologies Group, Inc. 2016 Equity Incentive Plan (the "Incentive Plan"). The Revised Option Agreements were entered into in order to replace the previously entered into stock options agreements between the Company and the Optionees (the "Previous Option Agreements"). With the exception of the exercise price of the options previously granted, the terms of the Revised Option Agreements are substantially the same as the Previous Option Agreements. The exercise price of options was revised from $14.00 to $6.00 (the "Revised Options") and may be exercised within five years from the date of grant of the Revised Options.

Additionally, on April 1, 2020, the Company entered into new Non-Qualified Stock Option Agreements (the "New Option Agreements") with each of the Optionees, pursuant to the Incentive Plan, as amended. The options (the "April Options") granted pursuant to the Optionees pursuant to the New Options Agreements are exercisable at $4.74 per share. The April Options will vest in accordance with the following schedule: (i)50% on January 1, 2021, and (ii) 50% shall vest on January 1, 2022.

The table below sets forth the name and position of each Optionee and number of options granted to said Optionee pursuant to each of the Revised Option Agreements and the New Option Agreements.

Name of Optionee	Position	Number of Revised Options	Number of New Options
Gianni B. Arcaini	Chairman, Chief Executive Officer, President	50,358	50,358
Adrian G. Goldfarb	Chief Financial Officer	18,929	18,929
Connie L. Weeks	Chief Accounting Officer	18,929	18,929
Ken Ehrman	Director	8,572	8,572
Blair M. Fonda	Director	8,572	8,572
Ned Mavrommatis	Director	8,572	8,572

Item 6. Exhibits.

Exhibit No.	Description
10.1*	Form of Non-Qualified Stock Option Agreement
31.1*	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
31.2*	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
32.1**	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith
** Furnished herewith

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, there unto duly authorized.

DUOS TECHNOLOGIES GROUP, INC.

Date: May 15, 2020

By: /s/ Gianni B. Arcaini
Gianni B. Arcaini
Chairman and Chief Executive Officer

Date: May 15, 2020

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

EXHIBIT 10.1

DUOS TECHNOLOGIES GROUP, INC.
NON-QUALIFIED STOCK OPTION AGREEMENT

DIRECTOR

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (the "**Agreement**") entered into as of the 1st day of ________, 20__, by and between Duos Technologies Group, Inc. (the "**Company**") and _____________ (the "**Optionee**").

WHEREAS, pursuant to the authority of the Board of Directors (the "**Board**"), the Company has granted the Optionee the right to purchase common stock, $0.001 par value per share ("**Common Stock**") of the Company pursuant to stock options, at not less than 100% of fair market value, granted under the Duos Technologies Group, Inc. 2016 Equity Incentive Plan, as amended, approved by the Board.

NOW THEREFORE, in consideration of the mutual covenants and promises hereafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Non-Qualified Options. The Company hereby irrevocably grants to the Optionee, as a matter of separate agreement and not in lieu of salary or other compensation for services, the right and option to purchase all or any part of an aggregate of _________________ shares of authorized but unissued or treasury common stock of the Company (the "**Options**") on the terms and conditions herein set forth. The Common Stock shall be unregistered under the Securities Act of 1933, as amended (the "**Securities Act**"), unless the Company voluntarily files a registration statement covering such shares of Common Stock with the Securities and Exchange Commission. The Options are not intended to be Incentive Stock Options as defined by Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**").

2. Price. The exercise price of the shares of Common Stock subject to the Options granted hereunder shall be $____.

3. Vesting.

(a) The Options shall vest on _______, 20___, subject to the terms herein and the Optionee continuing to perform services for the Company in the capacity in which they serve on the date of grant on each applicable vesting date. In lieu of fractional vesting, the number of Options shall be rounded up each time until fractional Options are eliminated.

(b) Subject to Sections 3(c) and 4 of this Agreement, Options may be exercised by providing to the Company the Notice of Option Exercise in the form attached hereto as Exhibit A after vesting and remain exercisable until 5:30 p.m. New York time on the date that is the fifth (5th) year anniversary of the date of this Agreement.

(c) However, notwithstanding any other provision of this Agreement, at the option of the Board in its sole and absolute discretion, all Options shall be immediately forfeited in the event any of the following events occur:

(i) The termination of the services provided to the Company by Optionee in his/her capacity as a director of the Company for Cause or without Good Reason, as such terms are defined in a service and/or director agreement of such Optionee, or if such term or terms is not defined in a service and/or director agreement or there is not a service agreement, as defined by the Duos Technologies Group, Inc. 2016 Equity Incentive Plan, as amended;

(ii) The Optionee purchases or sells securities of the Company without written authorization in accordance with the Company's insider trading policy then in effect, if any;

(iii) The Optionee (A) discloses, publishes or authorizes anyone else to use, disclose or publish, without the prior written consent of the Company, any proprietary or confidential information of the Company, including, without limitation, any information relating to existing or potential customers, business methods, financial information, trade or industry practices, sales and marketing strategies, employee information, vendor lists, business strategies, intellectual property, trade secrets or any other proprietary or confidential information or (B) directly or indirectly uses any such proprietary or confidential information for the individual benefit of the Optionee or the benefit of a third party;

(iv) During the term of service and for a period of two (2) years thereafter, the Optionee disrupts or damages, impairs or interferes with the business of the Company or its Affiliates by recruiting, soliciting or otherwise inducing any of their respective employees to enter into employment or other relationship with any other business entity, or terminate or materially diminish their relationship with the Company or its Affiliates, as applicable;

(v) During the term of employment and for a period of one (1) year thereafter, the Optionee solicits or directs business of any person or entity who is (A) a customer of the Company or its Affiliates at any time or (B) solicited to be a "prospective customer" of the Company or its Affiliates, in any case either for such Optionee or for any other person or entity. For purposes of this clause (v), "**prospective customer**" means a person or entity who contacted, or is contacted by, the Company or its Affiliates regarding the provision of services to or on behalf of such person or entity; *provided* that the Optionee has actual knowledge of such prospective customer;

(vi) The Optionee fails to reasonably cooperate to effect a smooth transition of the Optionee's duties and to ensure that the Company is apprised of the status of all matters the Optionee is handling or is unavailable for consultation after termination of employment of the Optionee if such availability is a condition of any agreement to which the Company and the Optionee are parties;

(vii) The Optionee fails to assign all of such Optionee's rights, title and interest in and to any and all ideas, inventions, formulas, source codes, techniques, processes, concepts, systems, programs, software, computer data bases, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable or subject to copyright or trademark or trade secret protection, developed and produced by the Optionee used or intended for use by or on behalf of the Company or the Company's clients;

(viii) The Optionee acts in a disloyal manner to the Company, such as making comments, whether oral or in writing, that tend to disparage or injure (i) the reputation or business of the Company or its Affiliates, or is likely to result in discredit to, or loss of business, reputation or goodwill of, the Company or its Affiliates or (ii) its directors, officers or stockholders; or

(ix) A finding by the Board that the Optionee has acted against the interests of the Company or in a manner that has or may have a detrimental effect on the Company.

(d) For purposes of this Agreement, "**Affiliate**" means with respect to a person or entity, any other person or entity controlled by, in control of or under common control with such person or entity, and "controlled," "controlled by," and "under common control with" shall mean direct or indirect possession of the power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract or otherwise) of a person or entity.

4. Termination of Relationship.

(a) If for any reason, except death or disability as provided below, the Optionee ceases to perform the services for which the Options were granted, all unvested options shall be automatically and irrefutably forfeited effective three months from the date the Optionee ceases to perform such services, except as otherwise provided herein.

(b) If the Optionee shall die while performing services for the Company, such Optionee's estate or any Transferee (as defined hereinafter) shall have the right within twelve (12) months from the date of death to exercise the Optionee's vested Options, subject to Section 3(c) hereof. For the purpose of this Agreement, "**Transferee**" shall mean an individual to whom such Optionee's vested Options are transferred by will or by the laws of descent and distribution.

(c) If the Optionee shall become disabled while performing services for the Company within the meaning of Section 22(e)(3) of the Code, the three-month period referred to in Section 4(a) of this Agreement shall be extended to one year.

5. Profits on the Sale of Certain Shares; Redemption. If any of the events specified in Section 3(c) of this Agreement occur within one (1) year from the last date the Optionee performed services for which the Options were granted (the "**Termination Date**"), all profits earned from the sale of the Company's securities, including the sale of shares of Common Stock underlying the Options, during the two (2) year period commencing one (1) year prior to the Termination Date shall be forfeited and forthwith paid by the Optionee to the Company within ten (10) days after the Optionee receives written demand from the Company for such payment and a copy of the documentation of the sale, including, without limitation, the purchase price therefor. Further, in such event, the Company may at its option redeem shares of Common Stock acquired upon exercise of the Options by payment of the exercise price to the Optionee. The Company's rights under this Section 5 do not lapse one year from the Termination Date, but are a contract right subject to any appropriate statutory limitation period.

6. Transfer. No transfer of the Options by the Optionee by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the letters testamentary or such other evidence as the Board may deem necessary to establish the authority of the estate and the acceptance by the Transferee or Transferees of the terms and conditions of the Options.

7. Method of Exercise. The Options shall be exercisable by a written notice in the manner and form identified on Exhibit A hereto which information shall include:

(a) state the election to exercise the Options, the number of shares to be exercised, the natural person in whose name the stock certificate or certificates for such shares of Common Stock is to be registered and such person's address and social security number (or if more than one, the names, addresses and social security numbers of such persons);

(b) contain such representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as set forth in Section 11 hereof;

(c) be signed by the person or persons entitled to exercise the Options and, if the Options are being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to counsel for the Company, of the right of such person or persons to exercise the Options; and

(d) be accompanied by full payment of the purchase or exercise price in United States dollars in cash or by bank or cashier's check, certified check or money order or if permitted by the Company, by executing a "cashless exercise" through the Company's designated broker to promptly deliver to the Company the amount of proceeds from the sale of shares having a fair market value equal to the purchase price on the date of exercise.

The certificate or certificates for shares of Common Stock as to which the Options shall be exercised shall be registered in the name of the person or persons exercising the Options.

8. Sale of Shares Acquired Upon Exercise of Options. If the Optionee is an officer (as defined by Section 16(b) of the Securities Exchange Act of 1934, as amended ("**Section 16(b)**"), any shares of the Company's Common Stock acquired pursuant to Options granted hereunder cannot be sold by the Optionee, subject to Rule 144 promulgated under the Securities Act, until at least six (6) months elapse from the date of grant of the Options, except in the case of death or disability or if the grant was exempt from the short-swing profit provisions of Section 16(b).

9. Adjustments. Upon the occurrence of any of the following events, the Optionee's rights with respect to Options granted to such Optionee hereunder shall be adjusted as hereinafter provided unless otherwise specifically provided in a written agreement between the Optionee and the Company relating to such Options:

(a) Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Stock Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Stock Right have yet been granted or which have been returned to the Plan upon cancellation or expiration of a Stock Right, as well as the price per share of Common Stock (or cash, as applicable) covered by each such outstanding Option or SAR, shall be proportionately adjusted for any increases or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company or the voluntary cancellation whether by virtue of a cashless exercise of a derivative security of the Company or otherwise shall not to be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board or Compensation Committee, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall effect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to a Stock Right. No adjustments shall be made for dividends or other distributions paid in cash or in property other than securities of the Company;

(b) In the event of the proposed dissolution or liquidation of the Company, the Board or Compensation Committee shall notify each participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, a Stock Right will terminate immediately prior to the consummation of such proposed action;

(c) In the event of a merger of the Company with or into another corporation, or a Change of Control, each outstanding Stock Right shall be assumed (as defined below) or an equivalent option or right substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Stock Rights, the participants shall fully vest in and have the right to exercise their Stock Rights as to which it would not otherwise be vested or exercisable. If a Stock Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board or Compensation Committee shall notify the participant in writing or electronically that the Stock Right shall be fully vested and exercisable for a period of at least 15 days from the date of such notice, and any Options or SARs Shall terminate one minute prior to the closing of the merger or sale of assets. For the purposes of this section 9(c), the Stock Right Shall be considered "assumed" if, following the merger or Change of Control, the option or right confers the right to purchase or receive, for each share of Common Stock subject to the Stock Right immediately prior to the merger or Change of Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its parent, the Board or Compensation Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Stock Right, for each share of Common Stock subject to the Stock Right, to be solely common stock of the successor corporation or its parent equal in Fair Market Value to the per share consideration received by holders of Common Stock in the merger or Change in Control;

(d) Notwithstanding the foregoing, any adjustments made pursuant to Section 14(a), (b) or (c) of the Duos Technologies Group, Inc. 2016 Equity Incentive Plan, as amended, with respect to ISOs shall be made only after the Board or Compensation Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 425(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Board or Compensation Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs it may refrain from making such adjustments;

(e) No fractional shares shall be issued and the Optionee shall receive from the Company cash based on the fair market value of the shares of Common Stock in lieu of such fractional shares; or

(f) The Board or the Compensation Committee shall determine the specific adjustments to be made under this Section 9, and its determination shall be conclusive.

10. Necessity to Become Holder of Record. Neither the Optionee, the Optionee's estate, nor the Transferee have any rights as a shareholder with respect to any shares of Common Stock covered by the Options until such Optionee, estate or Transferee, as applicable, shall have become the holder of record of such shares of Common Stock. No adjustment shall be made for cash dividends or cash distributions, ordinary or extraordinary, in respect of such shares of Common Stock for which the record date is prior to the date on which such Optionee, estate or Transferee, as applicable, shall become the holder of record thereof.

11. Conditions to Exercise of Options.

(a) In order to enable the Company to comply with the Securities Act and relevant state law, the Company may require the Optionee, the Optionee's estate or any Transferee, as a condition of the exercise of the Options granted hereunder, to give written assurance satisfactory to the Company that the shares of Common Stock subject to the Options are being acquired for such Optionee's, estate's or Transferee's, as applicable, own account, for investment only, with no view to the distribution of same, and that any subsequent resale of any such shares of Common Stock either shall be made pursuant to a registration statement under the Securities Act and applicable state law which has become effective and is current with regard to the shares of Common Stock being sold, or shall be pursuant to an exemption from registration under the Securities Act and applicable state law.

(b) The Options are subject to the requirement that, if at any time the Board shall determine, in its sole and absolute discretion, that the listing, registration or qualification of the shares of Common Stock subject to the Options upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with the issue or purchase of such shares of Common Stock under the Options, the Options may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected.

12. Duties of Company. The Company will at all times during the term of the Options:

(a) Reserve and keep available for issue such number of shares of its authorized and unissued shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement;

(b) Pay all original issue taxes with respect to the issue of shares of Common Stock pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith; and

(c) Use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

13. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

14. Arbitration. Any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties hereto are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in Duval County, Florida (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the rules of the American Arbitration Association then in effect. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

15. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their legal representatives, successors and assigns.

16. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or by facsimile delivery as follows:

The Optionee:	[●] Telephone: [●]
The Company:	Duos Technologies Group, Inc. 6622 Southpoint Drive South, Suite 310 Jacksonville, FL 32216 Telephone: (904) 652-1616

or to such other address as either of them, by notice to the other, may designate from time to time. The transmission confirmation receipt from the sender's facsimile machine shall be evidence of successful facsimile delivery. Time shall be counted to, or from, as the case may be, the delivery in person or by mailing.

17. Attorney's Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled from the non-prevailing party to its reasonable attorneys' fee, costs and expenses.

18. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance, shall be governed or interpreted according to the laws of the State of Florida without regard to choice of law considerations.

19. Oral Evidence. This Agreement, along with the Duos Technologies Group, Inc. 2016 Equity Incentive Plan, as amended, the Offer Letter and the Employee Agreement, constitute the entire agreement between the parties hereto and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be made by facsimile signature, which shall be deemed to be an original.

21. Section Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part, any of the terms or provisions of this Agreement.

IN WITNESS WHEREOF the parties hereto have set their hand the day and year first above written.

DUOS TECHNOLOGIES GROUP, INC.

By: ____________________________

Name:
Title:

OPTIONEE:

By: ____________________________
Name:
Address:

[Signature page to Non-qualified Stock Option Agreement]

EXHIBIT A

FORM OF NOTICE OF OPTION EXERCISE

To: Duos Technologies Group, Inc. (the “Company”)

(1) The undersigned hereby elects to purchase __________ shares of Common Stock of the Company (the “Shares”) pursuant to the terms of the Option Agreement by and between the Company and the undersigned dated as of __________ ___, 20__, and tenders herewith payment of the exercise price in full as set forth below.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States in the form of cash or by a bank check or cashier’s check made payable by the undersigned to the Company;

[ ] in lawful money of the United States in the form of a wire transfer to the account specified by the Company;

[ ] in the form of shares of a “cashless exercise”; or

[ ] in the form of shares of Common Stock pursuant to Section 24 of the Plan.

(3) Please issue a certificate or certificates representing the Shares in the name of the undersigned or in such other name as is specified below:

____

The Shares shall be delivered via overnight courier (with tracking information to be provided to the undersigned) to the following address:

____
____
____
Attn: _______________________
Tel: ________________________

OPTIONEE

____

[Exhibit A to Non-qualified Stock Option Agreement]

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Gianni B. Arcaini, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Duos Technologies Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2020

By: /s/ Gianni B. Arcaini
Gianni B. Arcaini
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Adrian G. Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Duos Technologies Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2020

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

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Duos Technologies Group, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Gianni B. Arcaini, Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2020

By: */s/ Gianni B. Arcaini*
Gianni B. Arcaini
Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of Duos Technologies Group, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Adrian G. Goldfarb, Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2020

By: */s/ Adrian G. Goldfarb*
Adrian G. Goldfarb
Chief Financial Officer