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duostech

Duos Technologies Group Announces Record Second Quarter Results

Record Quarterly Revenue of $1.6 Million; 40 Percent Year-Over-Year Growth; Expect Revenue Growth of 25-35% in 2015

JACKSONVILLE, FL -- (Marketwired) -- 08/20/15 -- Duos Technologies Group (OTCQB: DUOT), a provider of intelligent security analytical technology solutions, today announced record results for the second quarter ended June 30, 2015. Record quarterly revenue of $1.6 million demonstrated 40% year-over-year growth resulting in a reduced adjusted operating loss of $298,393. The 10-Q quarterly report and quarterly results for the second quarter ended June 30, 2015 was filed on August 19, 2015 and is available on the SEC's website at http://edgar.sec.gov. As of August 14, 2015, there were approximately 61.5 million shares issued and outstanding.

Q2 Highlights:

- Closed Merger Combining Operations Effective as of April 1, 2015
- Up-Listed to OTCQB Marketplace
- Revenues of $1.6 Million in the Second Quarter of 2015, up 40% from the Second Quarter of 2014
- Gross Margins Improved to 53%, from 47% in the Comparable Quarter a Year Earlier
- Dramatically Reduced Adjusted Operating Loss to $298,393
- Awarded Contract from Raytheon Intelligence, Information and Services
- Completed Critical Security Upgrade for Major Chemical Facility
- Awarded Contract By Major Independent Oil and Gas Company
- Awarded Contract and Follow-Up Contract for Rail Undercarriage Program
- Awarded Contract from Department of Homeland Security

Gianni Arcaini, Chairman and CEO of Duos Technologies Group, stated, "We are delighted to report this significant growth in our business and to share our excitement in our business prospects with our shareholders. We expect between 25% and 35% year-over-year revenue growth in 2015. Our investment in R&D continues to be substantial, and I am particularly proud of the significant progress we have made towards completing several landmark technology solutions. Stay tuned for some major announcements later this year. We will continue to report our progress through regular press releases." Mr. Arcaini, added, "We have validated our technologies and applications with significant project awards, and we look forward to a year with strong revenue growth, as well as continued transparency and consistent communication with our shareholders."

Financial Results:
Second Quarter 2015 Compared to Second Quarter 2014
Revenues were $1,608,869 and $1,149,499 for the three months ended June 30, 2015 and 2014, respectively. The increase in revenue for 2015 is due to increased project activity

amounting to $443,368, in addition to an increase in service of $16,002. Gross profits were $855,586 and $581,793 for the three months ended June 30, 2015 and 2014, respectively, equating to 53% and 51%, respectively.

The loss from operations for the three months ended, June 30, 2015 and 2014 was $1,877,209 and $107,995, respectively. The increase in loss from operations can be attributed to the increase in overall cost of the merger impairment charge and operating as a public entity; specifically an impairment charge was recorded during the three month ended June 30, 2015 of $1,578,816, resulting in an adjusted operating loss of $298,393.

The increase in operating expenses resulted from an increase in administrative and general expense, salaries, wages and contract labor and professional fees expense of $126,014 and $38,127, respectively. The significant increase in administration and general expense of $285,479 includes an extension fee for UDC acquisition of $150,000, a decrease in the same period in 2014 with over $45,000 in write off's and $19,500 increase in 2015 for director fees. The increase in salaries, wages and contract is due to adding the employee's from the merger and an increase in commissions due to the increase in revenue. The increase in professional fees is mainly due to legal and accounting services related to the merger. Additionally, an impairment charge was recorded during the three month ended June 30, 2015 of $1,578,816.

Net loss for the three month period ended June 30, 2015 and 2014 was $2,052,322 and $275,287, respectively. The approximate $1,777,035 increase in net loss was due to the impairment loss of $1,578,816 for goodwill and intangible assets, increases in other operating expenses of $190,398 and an increase in interest expense of $142,768. Net loss per common share was $0.03 and $0.01 for the three month period ended June 30, 2015 and 2014, respectively. Weighted average common shares outstanding for the three month period ended June 30, 2015 and 2014 were 60,811,682 shares and 56,605,329 shares, respectively.

Year-to-Date 2015 Compared to Year-to-Date 2014

Revenues were $2,710,963 and $2,209,922 for the six months ended June 30, 2015 and 2014, respectively. The increase in revenue for 2015 is due to increased project activity amounting to $467,590, in addition to an increase in service of $33,410. Gross profits were $1,408,790 and $1,048,174 for the three months ended June 30, 2015 and 2014, respectively, equating to 52% and 47%, respectively.

The loss from operations for the six months ended, June 30, 2015 and 2014 was $2,241,740 and $462,051, respectively. The $1,779,689 increase in loss from operations can be attributed to the increase in overall cost of the merger, impairment charges and operating as a public entity; specifically an impairment charge was recorded during the three month ended June 30, 2015 of $1,578,816; resulting in an adjusted operating loss of $662,924.

Operating expenses for the six months ended June 30, 2015 and 2014 were $3,650,530 and $1,510,225, respectively. The increase in operating expenses resulted from an increase in administrative and general expense, salaries, wages and contract labor and professional fees expense of $152,315, and $124,207, respectively. The significant increase in administration and general expense of $282,314 includes the extension fee for UDC acquisition of $150,000, a decrease in the same period in 2014 with over $45,000 in write off's and $19,500 increase in 2015 for director fees. The increase in salaries, wages and contract is due to adding the employee's from the merger and an increase in commissions due to the increase in revenue. The increase in professional fees is mainly due to legal and accounting services related to the merger. Additionally, the Company recorded an impairment charge of $1,578,816 for the six months ended June 30, 2015.

Interest expense for the six months ended June 30, 2015 and 2014 was $566,212 and $58,512, respectively. The $507,700 increase in interest expense primarily resulted primarily from an increase in non-cash note payable discount interest expense and other non-cash financing costs as a result of the settlement of certain convertible notes and other financing costs related to on- going working capital requirements during the transition period prior to the merger.

Net loss for the six month period ended June 30, 2015 and 2014 was $2,804,746 and $789,596, respectively. The $2,015,149 increase in net loss was due to the impairment loss of $1,578,816 for goodwill and intangible assets, increases in other operating expenses of $561,489 and an increase in interest expense of $520,548. Net loss per common share was $0.05 and $0.01 for the six month period ended June 30, 2015 and 2014, respectively. Weighted average common shares outstanding for the six month period ended June 30, 2015 and 2014 were 59,278,951 shares and 56,605,329 shares, respectively.

Duos Technologies Group, Inc.

Duos Technologies Group, Inc. (OTCQB: DUOT), based in Jacksonville, FL, provides intelligent security analytical technology solutions with a strong portfolio of intellectual property. The Company's core competencies include advanced intelligent technologies that are delivered through its proprietary integrated enterprise command and control platform, centraco™. The Company provides its broad range of technology solutions with an emphasis on mission critical security, inspection and operations within the rail, utilities, petrochemical, healthcare, and hospitality sectors.

For more information, check out: http://www.duostech.com.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
REVENUES:				
Project revenue	$1,017,855	$574,487	$1,522,824	$1,055,234
Maintenance and technical support	591,014	575,012	1,188,139	1,154,689
Total Revenues	1,608,869	1,149,499	2,710,963	2,209,922
COST OF REVENUES:				
Project revenue	529,889	388,410	864,384	773,701
Maintenance and technical support	223,394	179,295	437,789	388,048
Total Cost of Revenues	753,283	567,706	1,302,173	1,161,748
GROSS PROFIT	855,586	581,793	1,408,790	1,048,174
OPERATING EXPENSES:				
Selling and marketing expenses	84,736	65,198	144,064	134,475
Salaries, wages and contract labor	632,226	506,212	1,221,853	1,069,538
Research and development	41,661	46,630	91,497	98,433
Professional fees	34,827	(3,300)	125,132	925
General and administrative expenses	360,527	75,049	489,168	206,854
Impairment loss	1,578,816	-	1,578,816	-
Total Operating Expenses	2,732,793	689,788	3,650,530	1,510,225
LOSS FROM OPERATIONS	(1,877,209)	(107,995)	(2,241,740)	(462,051)
OTHER INCOME (EXPENSES):				
Interest expense	(175,118)	(32,350)	(566,212)	(58,512)
Gain on settlement of accounts payable	-	-	3,200	-
Other income, net	5	11	6	14
Total Other Income (Expense)	(175,113)	(32,339)	(563,006)	(58,497)
Loss before income taxes	(2,052,322)	(140,333)	(2,804,746)	(520,548)
Franchise tax	-	(860)	-	(860)
NET LOSS	(2,052,322)	(141,193)	(2,804,746)	(521,408)
Preferred stock dividends	-	-134,094	-	-268,188
Net loss applicable to common stock	$(2,052,322)	$(275,287)	$(2,804,746)	$(789,596)
NET LOSS APPLICABLE TO COMMON STOCK PER COMMON SHARE:				
Basic	$(0.03)	$(0.01)	$(0.05)	$(0.01)
Diluted	$(0.03)	$(0.01)	$(0.05)	$(0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	60,811,682	56,605,329	59,278,951	56,605,329
Diluted	60,811,682	56,605,329	59,278,951	56,605,329

Forward-Looking Statements

This press release and links to prior Company press releases which contains forward-looking statements that involve substantial uncertainties and risks. These forward-looking statements are based upon our current expectations, estimates and projections and reflect our beliefs and assumptions based upon information available to us at the date of this release. We caution readers that forward-looking statements are predictions based on our *current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors, including but not limited to, our expectations as to continued revenues growth and ultimate profitability, our business environment and industry trends, competitive environment, the sufficiency and availability of working capital, ability to raise working capital and general changes in economic conditions. Further information on our risk factors is contained in our filings with the SEC, including the Form 10-K for the year ended December 31, 2014. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them.We undertake no obligation to revise or update any forward-looking statement for any reason.*

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