

Duos Technologies Group, Inc.

Q1 about inline and maintained strong 2025 guidance. Growth for its RIP, data center, and power businesses over the next year should drive stock much higher. Raising P/T to \$11.

United States
Technology

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COMPANY UPDATE

Rating: BUY

Ticker: DUOT

Price: \$7.78

Target: \$11.00
(from \$9.00)

Q1 about inline: Duos recently (on May 15) reported its fiscal Q1 2025 (ending March) results. Revenue was \$5.0 million (+363% y-o-y), compared to our estimates of \$4.0 million and consensus of \$4.3 million. EPS was \$(0.18), compared to our estimate of \$(0.19) and consensus of \$(0.18). Q1 guidance was for revenue of \$4 – 5 million.

APR Energy strong: In Q1, Duos had revenue of \$3.9 million for its Asset Management Agreement (“AMA”) with New APR Energy (Duos Energy).

Strong 2025 guidance: The company maintained 2025 guidance for revenue of \$28 – 30 million. The company provided initial Q2 2025 guidance for revenue of ~\$5 million.

Maintaining estimates: We are maintaining our 2025 estimates for revenue of \$28 million, and for EPS of \$(0.38).

RIP (Railcar Inspection Portal) system and benefits: The company has developed the Railcar Inspection Portal (RIP) that provides both freight and transit railroad customers and select government agencies the ability to conduct fully automated inspections of trains while they are in transit. The RIP system, which incorporates a variety of sophisticated optical technologies, illumination and other sensors, scans each passing railcar to create an extremely high-resolution image set from a variety of angles including the undercarriage. These images are then processed through various methods of artificial intelligence (“AI”) algorithms to identify specific defects and/or areas of interest on each railcar.

~10 million scans in 2024: Duos believes the market opportunity for its Rail Inspection Portal (RIP) business is substantial. In 2024, the company estimated that it performed ~10 million comprehensive railcar scans (up from 8.5 million in 2023). Of this, it estimated that 70,000 were unique railcars, representing ~44% of the total freight car population in North America.

Major expansion to 2 new businesses: In 2024, the company announced a major push into 2 new businesses, data centers and power. Duos Edge AI, Inc. is a provider of adaptive, versatile, and streamlined Edge Data Center (“EDC”) solutions tailored to meet evolving needs in any environment. The company also announced Duos Energy Corporation, aimed at additional market expansion into the increasing demand for power to support new data centers.

Duos Edge AI and Duos Energy progress: These two new businesses are already operational, ramping up quickly, and are expected to drive strong revenue growth in 2025.

New major energy contract: In November 2024, Duos announced a major new contract for \$42 million to deploy and operate a fleet of mobile gas turbine for affiliates with Fortress Investment Group. Duos has signed numerous power contracts already including a recent 150 (MW) deal in Baja California.

15 data centers in 2025: Duos Edge AI is on pace to have 15 Edge Data Centers under contract by the end of 2025.

Positive risks versus rewards: Duo’s new 3 businesses have long commercialization challenges ahead, but we believe the ~billion dollars market potential presents high rewards for the risks.

Current valuation attractive: We are maintaining our BUY rating, but raising our 12-month price target to \$11.00 from \$9.00 based on a NPV analysis. This represents significant upside from the current share price and we believe appropriately balances out the high risks with large upside opportunities.

Company Description

Duos Technologies Group, based in Jacksonville, FL develops and operates intelligent vision based inspection technology solutions for rail, logistics, intermodal, and government customers.

Stock Data

Exchange:	NasdaqCM
52-week Range:	2.03 – 9.27
Shares Outstanding (million):	12
Market cap (\$million):	\$93
EV (\$million):	\$90
Debt (\$million):	\$1
Cash (\$million):	\$4
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	8
Short Interest (million shares):	0.1
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	5.0A	4.0E	7.4E	6.0E
Q2 Jun	5.0E	5.3E	6.2E	6.6E
Q3 Sep	7.3E	8.1E	8.7E	9.7E
Q4 Dec	<u>10.8E</u>	<u>10.6E</u>	<u>12.7E</u>	
Total	28.0E		35.0E	
EV/Revs	3.2x		2.6x	

Earnings per Share (pro forma)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	(0.18)A	(0.19)E	(0.09)E	(0.08)E
Q2 Jun	(0.19)E	(0.18)E	(0.05)E	(0.06)E
Q3 Sep	(0.08)E	(0.09)E	0.06E	
Q4 Dec	<u>0.06E</u>	<u>0.08E</u>	<u>0.19E</u>	<u>0.17E</u>
Total	(0.38)E		0.10E	
P/E	N/A		78x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 16.

OVERVIEW

- Duos recently (on May 15) reported its fiscal Q1 2025 (ending March) results.
- Revenue was \$5.0 million (+363% y-o-y), compared to our estimates of \$4.0 million and consensus of \$4.3 million.
- EPS was \$(0.18), compared to our estimate of \$(0.19) and consensus of \$(0.18).
- Q1 guidance was for revenue of \$4 – 5 million.
- The company maintained 2025 guidance for revenue of \$28 – 30 million.
- The company provided initial Q2 2025 guidance for revenue of ~\$5 million.
- We are maintaining our 2025 estimates for revenue of \$28 million, and for EPS of \$(0.38).
- We are maintaining our 2026 estimates for revenue of \$35 million, and for EPS of \$0.10.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$1.3 million, compared with our estimate of \$1.0 million.
- Gross margin for the quarter was 27%, versus 9% last year and our expectation of 25%.
- Operating expenses were \$3.1 million, versus our expectation of \$3.2 million.
- Operating loss was \$1.8 million, versus our expectation of a loss of \$2.2 million.
- Net loss was \$2.1 million, versus our expectation of a loss of \$2.2 million.

In November 2024, Duos announced that its operating subsidiary Duos Energy Corporation has signed a two-year Asset Management Agreement (“AMA”) to deploy and operate a fleet of mobile gas turbines and balance-of-plant inventory that has a combined generation capacity of 850 megawatts with affiliates of Fortress Investment Group.

This includes the deployment and operation of a fleet of 30 mobile gas-powered turbines collectively capable of generating 850 megawatts of power, which have been acquired by funds managed by affiliates of Fortress Investment Group. Through the AMA, Duos will oversee the management and deployment of the assets. The deal closed in December 2024. The deal is estimated at \$42 million in revenue over two years and Duos received a 5% equity stake in the parent of the owners of the assets

The company’s balance sheet had \$4 million in cash and \$1 million in debt, compared with \$6 million in cash and \$2 million in debt at the end of December.

Exhibit 1: Duos Technologies Group Corporate Overview



THE STORY SO FAR



THE BIG PICTURE


3 Main Markets:

- Intelligent Technologies
- Edge Data Centers
- Infrastructure | Power


DUOT

- Company founded 2008
- Merged in 2015 – Adopted Duos Technologies name
- Listed on Nasdaq in 2020 and installed new senior management team
- Founded Duos EDGE AI in 2024
- Founded Duos Energy in 2024
- Partnered with Fortress Investment Group to manage acquisition of assets from APR Energy


DUOT - Duos Technologies Group



Duos Technologies, Inc.




Duos Edge AI, Inc.



Duos Energy Corporation

APR Energy



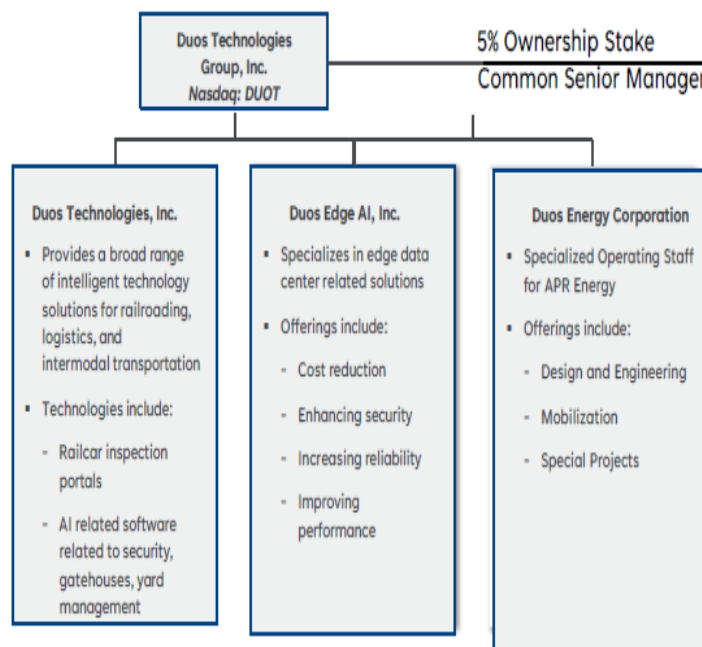
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Source: Company reports.

Exhibit 2: Duos Technologies Group Overview

Duos Technologies Group Overview

- Duos Technologies Group, Inc. through its wholly owned subsidiaries, Duos Technologies, Duos Edge AI, and Duos Energy Corporation and its 5% holding in APR Energy, designs, develops, deploys, and operates intelligent technology solutions for Machine Vision and Artificial Intelligence ("AI") applications including real-time analysis of fast-moving vehicles, Edge Data Centers and power consulting
- Headquartered in Jacksonville Florida and founded in 2008



APR Energy

- Duos Management and Staff oversees APR Energy to deploy and service mobile gas powered turbines via AMA
- Builds, owns and operates efficient and environmentally friendly US energy projects to support Edge Data Centers
- Rapid-response power plants are designed to meet urgent demands, particularly in emergency scenarios providing reliable and flexible energy solutions

44

Countries

Built and operated mission-critical advanced energy sites

3

Months

Power plants can be constructed in 3-12 months

120

Years of Experience

Combined team experience in the power and energy sector

APR Energy Offerings



Natural Gas & Clean Energy Solutions



Data Center Project Commissioning



Primary Off-Grid Data Center Power Solution



Hybrid & Fast-Track Power Plants

Source: Company reports.

Exhibit 3: Duos Railcar Inspection Portal (RIP)

Our Rail Solution

rip® is a **modular** intelligent visualization system that provides **real-time**, high resolution, **four-sided 360° imagery** of railcars at high speeds.

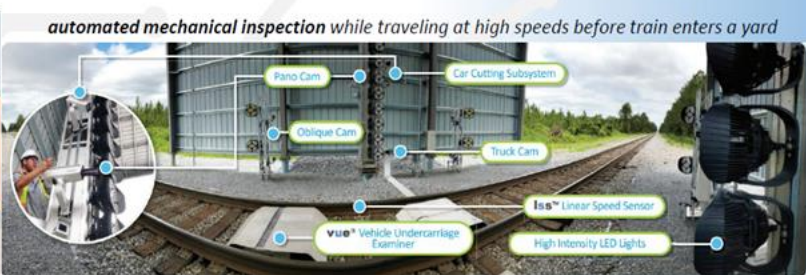
Railcar Inspection Portal (**rip**®) modules

apis® Automated Pantograph Inspection System

vue® Vehicle Undercarriage Examiner

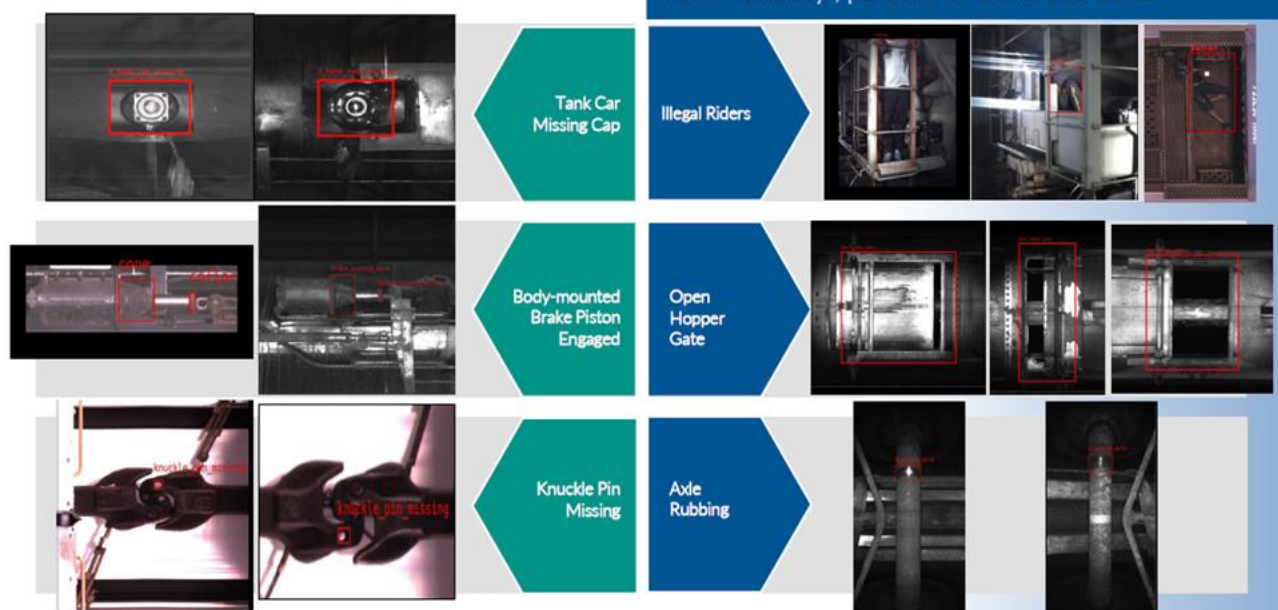
t-vue™ Thermal Vehicle Undercarriage Examiner

obliquevue™ Oblique Vehicle Undercarriage Examiner



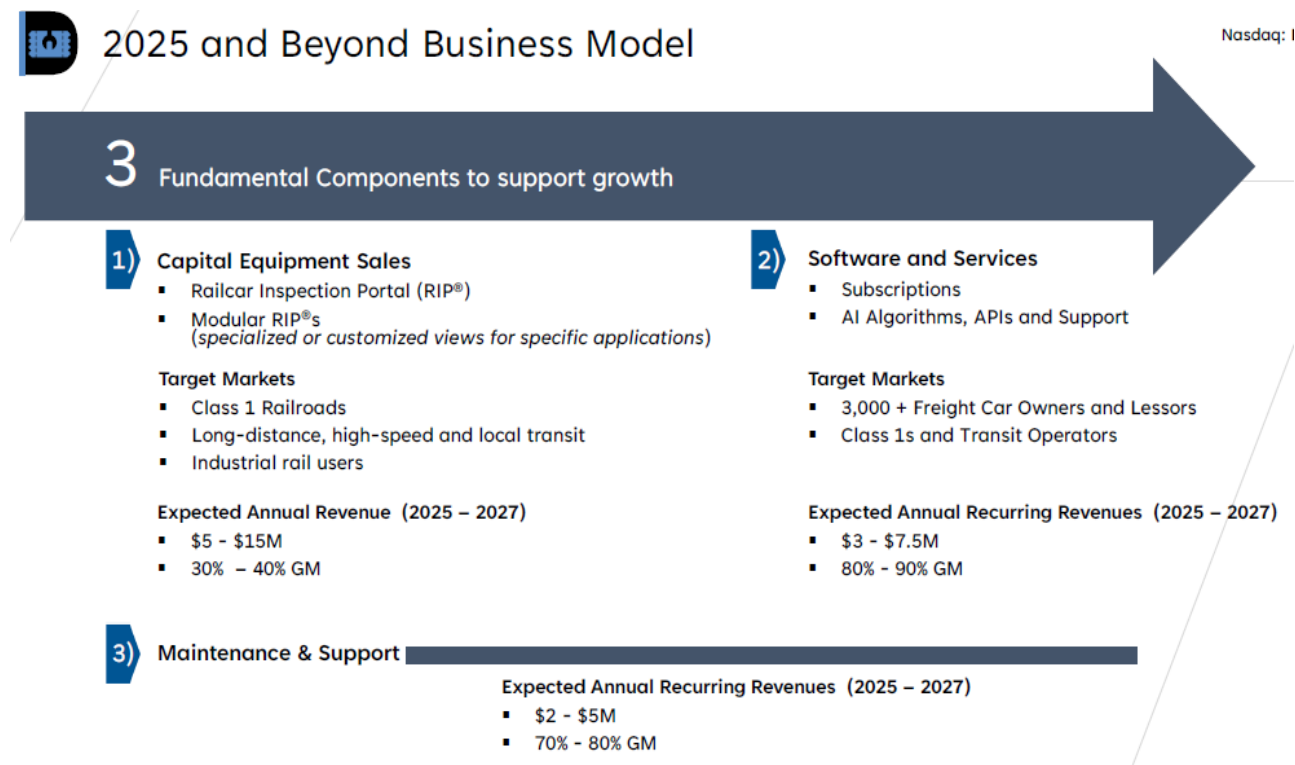
Examples of Freight Railcar AI Detections

95%+ reliability ; portfolio of 28 AI Use Cases

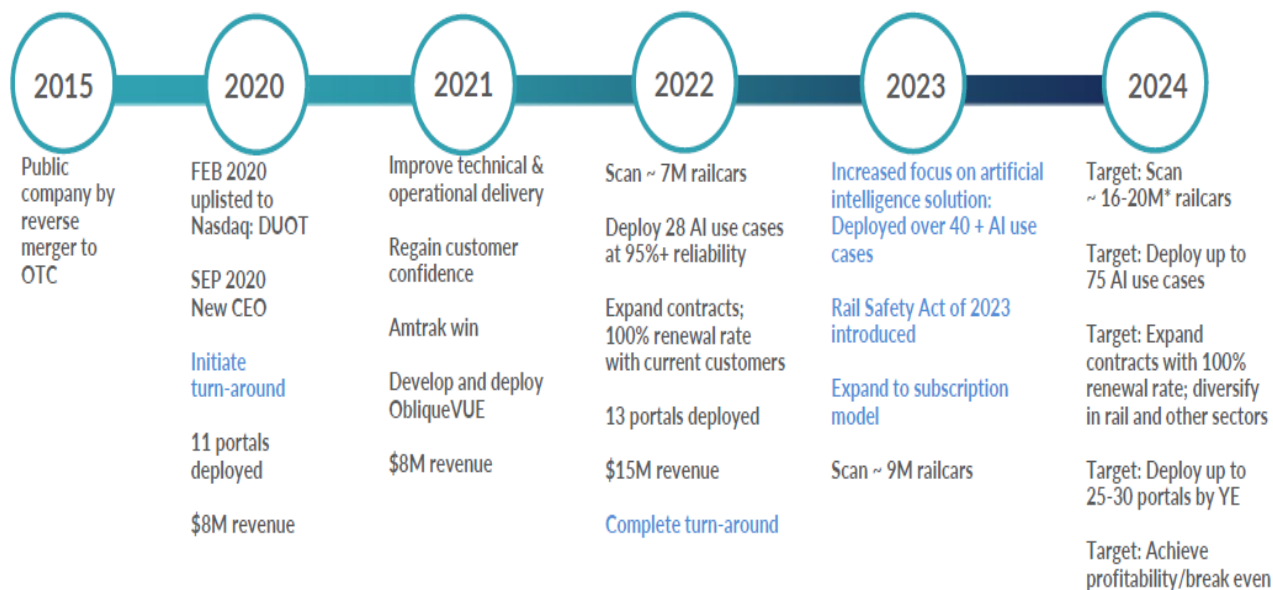


Source: Company reports.

Exhibit 4: Duos Recent History and Future Growth Plans

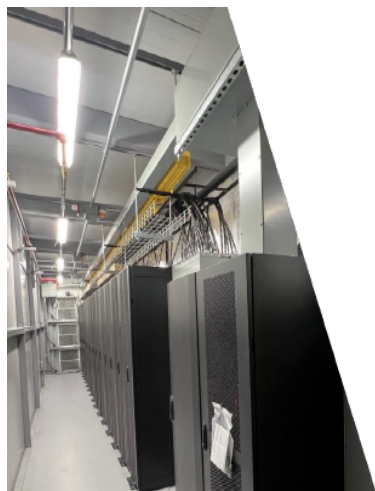


History and Future Pathway



Source: Company reports.

Exhibit 5: Duos Edge AI



DUOS EDGE AI EXECUTIVE SUMMARY

- Duos Edge AI, Inc. (a subsidiary of Duos Technologies Group, Inc.) develops, owns, and operates multiple Edge Data Center (EDC)s that provide edge co-location services
- Outgrowth from extensive Edge Computing experience with the Railcar Inspection Portals
- Installation of the first three standalone EDCs completed by '25Q1; three additional secured and scheduled for deployment in '25Q2.
- Installation frequency will accelerate in FY2025 with 15 total targeted for 2025
- Doug Recker, Duos Edge AI President and Founder, has previously built and sold two similar businesses and has already generated a diverse pipeline of 150+ EDC locations and customers
- This line of business expected to generate annual recurring revenue and producing 70% gross margins
- Expected ARR's \$3.5M to \$65M* (2025 – 2027)



13 Existing Rail EDCs

- Winnipeg, MB (4)
- Toronto, ON
- Tennessee (1)
- Mississippi (1)
- Georgia (3)
- Ramos, Mexico (1)
- Fresnillo, Mexico (1)
- Secaucus, NJ (2, under construction)



15 EDCs for 2025

- Region 16, Amarillo, TX (1)
- City of Pampa, TX (2)
- Other Regions in TX (12)

DUOS EDGE AI OPPORTUNITY AND FOCUS

The Broadband Equity Access and Deployment Program (BEAD) provides \$42.45 billion to expand access to affordable, reliable, high-speed Internet through grants to individual states.



Texas was awarded \$363.8 million in broadband funding through the American Rescue Plan Act of 2021. Applicants to that program said they are frustrated with how slow the rollout has been. The state's broadband office initially said that it would announce who is receiving those funds in the summer or fall of 2023.



Florida was awarded \$400 million, provides funding for the installation and deployment of broadband Internet infrastructure in unserved Florida communities, providing valuable telehealth, economic, educational, and workforce development opportunities to offer a brighter future for all Floridians.

Universal Service Program for Schools and Libraries (E Rate) provides eligible schools with high-speed internet. Discounts range from 20 to 90 percent and are based on the poverty level of the schools. **Example is a Texas Regional School District which was recently awarded \$37M and is expected to be our first EDC customer located in TX in Oct. 2024.**

Resound Networks (WISP) in Pampa, TX was awarded \$303M to bring high-speed internet to rural, unserved areas in seven states.

Source: Company reports.

Exhibit 6: Duos Energy

DUOS ENERGY

- **Duos Energy Corporation** (a subsidiary of Duos Technologies Group, Inc.) will primarily build, own, and operate environmentally-friendly energy projects to support small, medium and large Edge Data Centers in the US, where utility-level electric capacity is struggling to keep up with demand
- Our offerings include clean-burning natural gas generation assets and other complementary green solutions, including PV solar and battery energy storage
- We enable fast-track data center project commissioning by locating our dedicated power plants directly next to the fuel source, bypassing the requirement, cost and wait for utility power
- Bolstering our primary off-grid data center power solution, Duos Energy will also engage in offering similar hybrid dedicated power plants to other industrial customers (e.g. manufacturing, chemicals, oil & gas, mining, microgrids) and fast-track power plants to address near-term demands due to emergencies
- Duos is prepared to execute multiple power projects in the United States to support the demand of Data Center expansion

DUOS ENERGY DATA CENTER USE CASE

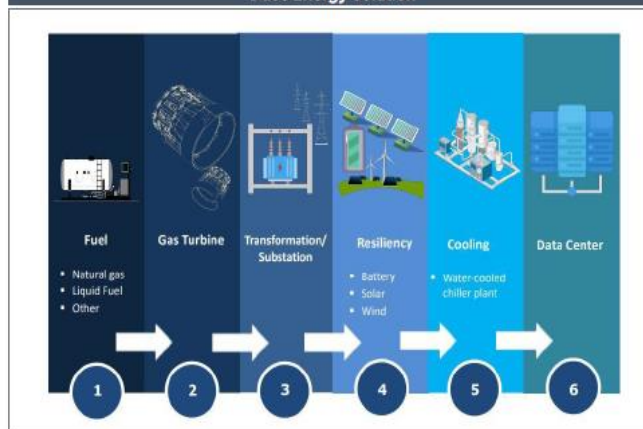
Data Center Demand and Utility Issues

- Upward pressure on industrial utility prices from surging data center power demands
- Competition between data centers and commercial & residential customers for utility power

Duos Solution

- Dedicated off-grid power plant adjacent to gas supply eliminates utility reliance
- Improves data center construction speed and adds reliability from colocation enabling efficient management of both power plant and data center assets
- Off-grid power plants can be constructed in < 12 months as opposed to several years for traditional utilities
- Duos Energy's access to currently-available generating equipment couples with our experience constructing fast-track power plants in less than 12 months
- Innovative solution focuses on generation of clean energy without the need to connect to the grid
- Duos Energy's solutions guarantees N+1 or N+2 redundancy from gas source to the data center
- The power plants can be combined with solar, battery and green hydrogen to create clean hybrid solutions

Duos Energy Solution



Modular Approach



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Source: Company reports.

Exhibit 7: Duos Energy

DUOS CLOSES ASSET MANAGEMENT DEAL WITH FORTRESS INVESTMENT GROUP

JANUARY 06, 2025 8:00AM EST

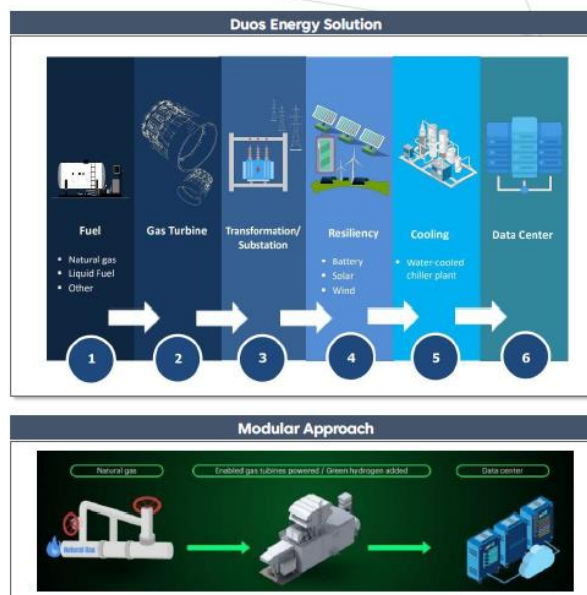
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Deal estimated at \$42 Million revenue over two years and a 5% equity stake in the new venture

JACKSONVILLE, Fla., Jan. 06, 2025 (GLOBE NEWSWIRE) -- **Duos Technologies Group, Inc.** ("Duos" or the "Company") (Nasdaq: DUOT), is excited to announce the successful closing of an Asset Management Agreement ("AMA") through its operating subsidiary, **Duos Energy Corporation**. The AMA – announced on November 20, 2024 – encompasses the deployment and operation of a fleet of 30 mobile gas-powered turbines and associated balance-of-plant inventory ("the Assets"), collectively capable of generating 850 megawatts of power, which have been acquired by funds managed by affiliates of Fortress Investment Group ("Fortress").



The assets will be managed in partnership with affiliates of Fortress, and are immediately deployable, providing a fast-track solution to meet the urgent energy demands of data centers and other industries. The transaction was finalized on December 31, 2024, following the fulfillment of customary closing conditions and regulatory approvals.



DUOS CLOSES ASSET MANAGEMENT DEAL WITH FORTRESS INVESTMENT GROUP

JANUARY 06, 2025 8:00AM EST

[Download as PDF](#)

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The assets will be managed in partnership with affiliates of Fortress, and are immediately deployable, providing a fast-track solution to meet the urgent energy demands of data centers and other industries. The transaction was finalized on December 31, 2024, following the fulfillment of customary closing conditions and regulatory approvals.

Fortress has entered into this strategic agreement with Duos Energy Corporation, whose leadership includes the former executive management team of APR Energy – from which the Assets were acquired. Duos Energy will oversee the management and deployment of the mobile gas-powered turbine fleet to meet growing energy demands across critical sectors, including Data Centers such as those deployed by subsidiary **Duos Edge AI** as well as emergency power solutions.

Further solidifying this partnership, Duos has secured a 5% equity stake in the parent of the owner of the assets. This equity position reflects Duos' integral role in the commercialization, operation and management of these critical power assets.

Source: Company reports.

Exhibit 8: Q1 2025 Results and Recent Highlights (as of May 15, 2025)

Duos Technologies Group Reports First Quarter 2025 Results

Company records approximately \$5 million in revenue, a 363% revenue increase with a strong start in its services and consulting business for fast power.

JACKSONVILLE, Fla., May 15, 2025 (GLOBE NEWSWIRE) -- [Duos Technologies Group, Inc.](#) ("Duos" or the "Company") (Nasdaq: DUOT), a provider of machine vision and artificial intelligence that analyzes fast moving vehicles, reported financial results for the first quarter ("Q1 2025") ended March 31, 2025.

First Quarter 2025 and Recent Operational Highlights

- Recorded over \$4.8 million in Services and Consulting revenue including \$3.9 million for services related to the Asset Management Agreement ("AMA") with New APR Energy.
- Significant improvement in Gross Margin compared to the same quarter one year ago and further improvements expected in Q2.
- Showcased the first production standalone Edge Data Center with revenues starting April 1.
- Placed orders for 4 additional data centers for a total of 10 units so far all of which have identified locations and expect to meet goal of 15 deployed units by year end.
- Over 2.3 million comprehensive railcar scans performed in the first quarter across 13 portals, of which more than 379,000 were unique railcars. This metric encompasses all

railcars scanned at locations across the U.S., Canada, and Mexico, representing approximately 24% of the total freight car population in North America.

- As of the end of the first quarter, the Company had \$17.8 million of revenue in backlog plus \$7.0 - \$8.0 million near-term awards and renewals to be recognized during the remainder of 2025.

Source: Company reports.

Exhibit 9: Q1 and 2025 Outlook (as of May 15, 2025)**Financial Outlook**

At the end of the first quarter, the Company's contracts in backlog represented approximately \$45.4 million in revenue, of which approximately \$17.4 million is expected to be recognized in calendar 2025 not including an estimated \$7.0 - \$8.0 million in expected near-term awards and renewals. The remaining contract backlog consists of multi-year service and software agreements, along with project revenues extending beyond 2025, related to Duos, Duos Edge AI, and Duos Energy.

Based on these committed contracts and near-term pending orders that are already performing or scheduled to be executed throughout the course of 2025, the Company is reiterating its previously stated revenue expectations for the fiscal year ending December 31, 2025. The Company expects total revenue for 2025 to range between \$28 million and \$30 million, representing an increase of 285% to 312% from 2024. Duos expects this improvement in operating results to be reflected over the course of the full year in 2025.

Management Commentary

"I am delighted with the progress we have made in the first quarter and am very impressed at the speed at which the Duos team has adapted to the new opportunities in the Data Center and Power business," said Chuck Ferry, Duos CEO. "While our Q1 results were anticipated, my expectation is that we will deliver growth, particularly in the second half, as the results of all our initiatives become booked revenues as indicated by the increase in backlog."

Source: Company reports.

Exhibit 10: Duos Technologies Group, Inc. Stock Price (5-Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 11: Consensus Expectations (as of May 15, 2025)

	Revenue (mil)			EPS	
	2025E	2026E		2025E	2026E
Q1 Mar	\$4.3E		Q1 Mar	\$(0.18)E	
Q2 Jun	\$5.7E		Q2 Jun	\$(0.17)E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$28.3E	\$40.5E	Total	\$(0.38)E	\$0.24E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Duos Technologies Group, Inc.

Income Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	2.6	1.8	1.5	1.5	7.5	1.1	1.5	3.2	1.5	7.3	5.0	5.0	7.3	10.8	28.0	7.4	6.2	8.7	12.7	35.0
Cost of Revenues	2.1	1.5	1.3	1.2	6.2	1.0	1.7	2.3	1.8	6.8	3.6	3.5	4.7	6.0	17.8	3.7	3.1	4.4	6.3	17.5
Gross Profit	0.5	0.2	0.2	0.3	1.3	0.1	(0.2)	0.9	(0.3)	0.5	1.3	1.5	2.5	4.9	10.2	3.7	3.1	4.4	6.3	17.5
Sales & marketing	0.3	0.3	0.4	0.5	1.5	0.6	0.7	0.5	0.4	2.1	0.3	0.7	0.6	0.5	2.2	1.1	0.9	0.7	0.6	3.4
Research & development	0.4	0.5	0.5	0.4	1.8	0.4	0.4	0.4	0.4	1.5	0.4	0.7	0.7	0.6	2.5	1.1	0.9	0.8	0.8	3.6
General and administration	2.0	2.6	2.4	2.5	9.4	1.9	1.9	2.0	2.0	7.8	2.4	2.2	2.2	2.7	9.5	2.6	1.9	2.2	2.6	9.2
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	2.7	3.4	3.2	3.5	12.8	2.9	3.0	2.8	2.8	11.5	3.1	3.7	3.4	3.9	14.1	4.8	3.7	3.7	4.0	16.2
Operating income (loss)	(2.1)	(3.1)	(3.0)	(3.2)	(11.4)	(2.8)	(3.2)	(1.9)	(3.1)	(11.0)	(1.8)	(2.2)	(0.9)	1.0	(3.9)	(1.1)	(0.6)	0.7	2.3	1.3
Interest income (expense)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(0.3)	(0.0)	(0.0)	(0.0)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Other income (expense)	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.6	(0.2)	0.5	0.0	0.0	0.0	(0.2)	(0.2)	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(2.1)	(3.0)	(2.9)	(3.2)	(11.2)	(2.8)	(3.2)	(1.4)	(3.4)	(10.8)	(2.1)	(2.3)	(0.9)	0.8	(4.5)	(1.1)	(0.6)	0.7	2.3	1.2
Income taxes					0.0					0.0					0.0					0.0
Net income (loss)	(2.1)	(3.0)	(2.9)	(3.2)	(11.2)	(2.8)	(3.2)	(1.4)	(3.4)	(10.8)	(2.1)	(2.3)	(0.9)	0.8	(4.5)	(1.1)	(0.6)	0.7	2.3	1.2
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
Net income (pro forma)	(2.1)	(3.0)	(2.9)	(3.2)	(11.2)	(2.8)	(3.2)	(1.4)	(3.4)	(10.8)	(2.1)	(2.3)	(0.9)	0.8	(4.5)	(1.1)	(0.6)	0.7	2.3	1.2
EBITDA	(1.9)	(2.6)	(2.5)	(2.7)	(9.7)	(2.3)	(2.4)	(1.3)	(2.1)	(8.2)	0.1	(1.1)	0.3	2.1	1.4	0.0	0.5	1.8	3.5	5.9
Shares, Basic	7.2	7.2	7.2	7.2	7.2	7.3	7.5	7.7	8.4	7.7	11.4	11.7	11.8	11.9	11.7	12.0	12.1	12.2	12.3	12.2
Shares, Diluted	7.2	7.2	7.2	7.2	7.2	7.3	7.5	7.7	8.4	7.7	11.4	11.7	11.8	11.9	11.7	12.0	12.1	12.2	12.3	12.2
EPS Basic (pro forma)	(\$0.30)	(\$0.42)	(\$0.41)	(\$0.44)	(\$1.56)	(\$0.38)	(\$0.43)	(\$0.18)	(\$0.41)	(\$1.39)	(\$0.18)	(\$0.19)	(\$0.08)	\$0.06	(\$0.38)	(\$0.09)	(\$0.05)	\$0.06	\$0.19	\$0.10
EPS Diluted (pro forma)	(\$0.30)	(\$0.42)	(\$0.41)	(\$0.44)	(\$1.56)	(\$0.38)	(\$0.43)	(\$0.18)	(\$0.41)	(\$1.39)	(\$0.18)	(\$0.19)	(\$0.08)	\$0.06	(\$0.38)	(\$0.09)	(\$0.05)	\$0.06	\$0.19	\$0.10
Margins																				
Gross margin	20%	14%	15%	20%	18%	9%	-14%	28%	-23%	6%	27%	30%	35%	45%	36%	50%	50%	50%	50%	50%
Sales & marketing	12%	17%	23%	35%	20%	52%	47%	15%	27%	29%	6%	15%	8%	5%	8%	15%	15%	8%	5%	10%
Research & development	15%	30%	29%	28%	24%	36%	26%	12%	25%	21%	9%	15%	9%	6%	9%	15%	15%	9%	6%	10%
General and administration	75%	144%	156%	166%	126%	179%	126%	61%	136%	107%	48%	45%	30%	25%	34%	35%	30%	25%	21%	26%
Operating margin	-81%	-178%	-194%	-208%	-153%	-258%	-213%	-59%	-211%	-151%	-36%	-45%	-12%	9%	-14%	-15%	-10%	8%	19%	4%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-81%	-169%	-193%	-207%	-150%	-257%	-212%	-43%	-233%	-148%	-42%	-45%	-12%	7%	-16%	-15%	-10%	8%	18%	3%
YY % change																				
Total Revenue	84%	-51%	-62%	-74%	-50%	-60%	-15%	112%	-4%	-3%	363%	229%	124%	641%	285%	50%	25%	20%	17%	25%
Gross margin	142%	-81%	-79%	-86%	-72%	-82%	-189%	306%	-209%	-64%	1288%	-795%	176%	-1577%	2077%	183%	108%	71%	30%	71%
Sales & marketing	-77%	-2%	17%	50%	12%	-63%	29%	-34%	-15%	43%	-86%	153%	-22%	-7%	1%	-48%	-16%	-25%	-9%	56%
Research & development	-75%	33%	-16%	-7%	10%	-79%	2%	2%	-9%	-16%	-72%	76%	-12%	0%	61%	-55%	-16%	-16%	-3%	45%
General and administration	-77%	29%	-6%	6%	10%	-80%	-1%	4%	1%	-18%	-69%	-6%	-3%	24%	22%	-73%	-28%	17%	19%	-3%
Operating income (loss)	-19%	126%	59%	231%	67%	29%	2%	-35%	-3%	-4%	-35%	-30%	-55%	-132%	-64%	-38%	-72%	-180%	141%	-133%
Net income (loss)	-19%	123%	53%	232%	64%	28%	7%	-52%	8%	-4%	-24%	-29%	-36%	-122%	-58%	-45%	-71%	-175%	209%	-127%
EPS Diluted (pro forma)	-39%	89%	36%	216%	40%	26%	3%	-55%	-7%	-11%	-52%	-55%	-58%	-116%	-72%	-48%	-72%	-173%	199%	-126%

Source: Company reports and Ascendant Capital Markets estimates.

Duos Technologies Group, Inc.

Balance Sheet (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	4.3	2.5	3.3	2.4	3.0	0.5	0.6	6.3	3.8	2.7	0.7	1.3	2.7	1.2	(0.4)	1.0
Short term investments										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	0.7	0.3	0.3	1.5	0.6	0.1	1.6	0.4	2.0	2.2	3.2	4.8	3.3	2.8	3.9	5.6
Contract assets	1.4	1.0	1.3	0.6	0.9	1.1	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Inventory	1.5	1.5	1.5	1.5	1.5	1.1	1.0	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	0.5	0.5	0.4	0.2	0.4	0.6	0.5	0.2	0.5	0.5	0.7	1.0	2.7	2.3	3.2	4.7
Total current assets	8.5	5.8	6.8	6.3	6.4	3.4	4.4	8.1	7.5	6.6	5.8	8.4	10.0	7.5	7.9	12.6
Property and equipment, net	0.6	0.6	0.6	0.7	0.6	1.7	2.3	2.8	3.3	3.5	5.2	5.7	7.4	7.9	11.1	12.8
Inventory									0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Operating lease	4.6	4.5	4.5	4.4	4.3	4.2	4.1	6.0	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Intangibles, net	0.5	0.7	0.9	0.8	0.7	11.3	10.7	10.1	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Equity Investment								7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.6	0.7	0.7	0.7	0.7	0.5	0.5	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total assets	14.9	12.3	13.4	12.8	12.7	21.2	22.0	35.0	34.1	33.4	34.4	37.4	40.7	38.7	42.3	48.7
Liabilities and stockholders' equity																
Accounts payable	1.3	0.8	0.6	0.6	0.2	0.8	1.7	1.0	0.7	0.7	1.0	1.5	4.2	3.5	4.9	7.1
Accounts payable - related party										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued expenses	0.4	0.3	0.3	0.2	0.2	0.3	0.3	0.4	0.5	1.0	1.5	2.2	3.0	1.2	1.7	2.5
Leases								1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Deferred revenue										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract liabilities	2.1	2.4	1.6	1.7	1.7	3.7	3.0	11.8	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Warrant liabilities										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.8	0.8	0.8	0.8	0.8	0.8	0.8			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term debt	0.2	0.3	0.1	0.0	0.2	0.2	0.1	1.8	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total current liabilities	4.7	4.5	3.4	3.2	3.1	5.8	6.0	16.1	14.0	14.5	15.3	16.5	19.9	17.5	19.4	22.4
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract liabilities						8.5	7.9	11.0	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
Leases	4.5	4.4	4.3	4.2	4.1	4.1	4.0	5.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Deferred revenue										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt							1.6			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total other liabilities	4.5	4.4	4.3	4.2	4.1	12.5	13.6	16.6	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	2.1	3.1	4.2	5.2	6.3	7.3
Additional paid-in capital	60.4	61.0	66.3	69.1	72.0	72.6	73.6	76.8	81.7	81.7	81.7	81.7	81.7	81.7	81.7	81.7
Retained earnings	(54.5)	(57.5)	(60.4)	(63.6)	(66.4)	(69.6)	(71.0)	(74.4)	(76.4)	(78.7)	(79.6)	(78.8)	(80.0)	(80.6)	(80.0)	(77.6)
Other	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Accumulated other comprehensive income										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	5.7	3.4	5.7	5.4	5.5	2.9	2.5	2.3	5.2	3.9	4.1	5.9	5.8	6.2	7.9	11.3
Total stockholders' equity and liabil	14.9	12.3	13.4	12.8	12.7	21.2	22.0	35.0	34.1	33.4	34.4	37.4	40.7	38.7	42.3	48.7

Balance Sheet Drivers

	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	20%	28%	23%	12%	37%	39%	16%	12%	9%	9%	9%	9%	37%	37%	37%	37%
A/P as % of total rev	48%	43%	40%	39%	17%	56%	53%	66%	14%	14%	14%	14%	56%	56%	56%	56%
Accrued exp related as % of total rev	14%	17%	18%	11%	22%	17%	10%	26%	9%	20%	20%	20%	40%	20%	20%	20%
Activity Ratios																
A/R Days Sales Outstanding	24	15	15	86	50	8	44	25	36	40	40	40	40	40	40	40
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$0.80	\$0.47	\$0.78	\$0.74	\$0.76	\$0.38	\$0.33	\$0.27	\$0.45	\$0.34	\$0.35	\$0.49	\$0.48	\$0.51	\$0.65	\$0.92
Cash per Share (diluted)	\$0.61	\$0.34	\$0.45	\$0.34	\$0.41	\$0.07	\$0.08	\$0.75	\$0.33	\$0.23	\$0.06	\$0.11	\$0.22	\$0.10	-\$0.03	\$0.09
Net cash per Share (diluted)	\$0.58	\$0.31	\$0.43	\$0.33	\$0.38	\$0.04	-\$0.15	\$0.53	\$0.23	\$0.13	-\$0.04	\$0.01	\$0.13	\$0.00	-\$0.13	-\$0.01

Source: Company reports and Ascendant Capital Markets estimates

Duos Technologies Group, Inc.

Cash Flow Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(2.1)	(3.0)	(2.9)	(3.2)	(11.2)	(2.8)	(3.2)	(1.4)	(3.4)	(10.8)	(2.1)	(2.3)	(0.9)	0.8	(4.5)	(1.1)	(0.6)	0.7	2.3	1.2
Depreciation	0.1	0.1	0.2	0.2	0.6	0.2	0.6	0.7	0.7	2.2	0.7	0.1	0.1	0.1	1.0	0.1	0.1	0.1	0.1	0.4
Amortization		0.2	0.1	0.1	0.3	0.1	0.1	(0.2)	0.4	0.4	0.2				0.2					0.0
Debt related amortization expense					0.0					0.0	0.3				0.3					0.0
Dividend					0.0					0.0					0.0					0.0
Stock comp	0.1	0.3	0.2	0.2	0.9	0.2	0.1	0.1	(0.1)	0.3	1.0	1.0	1.0	1.0	4.2	1.0	1.0	1.0	1.0	4.2
Deferred rent					0.0					0.0					0.0					0.0
A/R reserves					0.0				0.2	0.2					0.0					0.0
Deferred income taxes					0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of warrant liability					0.0			(0.2)	(0.3)	(0.4)					0.0	0.0	0.0	0.0	0.0	0.0
Writedowns and impairments					0.0				0.1	0.1	0.0				0.0					0.0
Other gains/losses					0.0			(0.4)	0.4	0.0					0.0					0.0
Other	0.1	(0.1)	0.0	0.0	0.0			0.3	(0.3)	0.0					0.0					0.0
Changes in operating assets and liabilities:																				
Accounts receivable	2.7	0.4	0.0	(1.2)	2.0	0.9	0.5	(1.5)	1.1	1.0	(1.6)	(0.2)	(1.0)	(1.6)	(4.4)	1.5	0.5	(1.1)	(1.8)	(0.8)
Contract assets	(1.0)	0.3	(0.2)	0.7	(0.2)	(0.3)	(0.2)	0.5	(0.0)	0.0	(0.1)				(0.1)					0.0
Inventory	(0.1)	(0.0)	0.0	(0.0)	(0.1)	0.0	0.1	0.0	(0.1)	0.1	0.0				0.0					0.0
Prepaid expenses & other curre	0.2	0.2	0.1	(0.0)	0.6	0.1	(0.1)	0.3	0.1	0.4	(0.0)	(0.0)	(0.2)	(0.3)	(0.6)	(1.7)	0.5	(0.9)	(1.5)	(3.7)
Income tax					0.0					0.0					0.0					0.0
Other assets			(0.2)	0.2	0.1	(0.0)	0.0	(0.0)	0.1	0.1		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	(1.0)	(0.5)	(0.1)	(0.0)	(1.7)	(0.4)	0.6	1.0	(0.8)	0.4	(0.3)	0.0	0.3	0.5	0.6	2.6	(0.7)	1.4	2.2	5.6
Accrued expenses	(0.1)	(0.1)	(0.0)	(0.1)	(0.3)	0.1	0.3	(0.2)	0.0	0.2	0.1	0.5	0.5	0.7	1.8	0.8	(1.7)	0.5	0.8	0.4
Contract liabilities	1.1	0.4	(0.9)	0.1	0.7	0.0	(0.7)	(1.2)	4.7	2.8	(2.9)				(2.9)					0.0
Deferred revenue					0.0					0.0					0.0					0.0
Other liabilities	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Net cash (used in) provided by	(0.0)	(1.9)	(3.7)	(3.1)	(8.7)	(2.0)	(1.9)	(2.3)	2.7	(3.5)	(4.7)	(0.8)	(0.2)	1.2	(4.5)	3.2	(0.9)	1.7	3.3	7.2
Cash flow from investing activities																				
Purchases of property and equi	(0.0)	(0.1)	(0.0)	(0.3)	(0.5)	(0.0)	(0.9)	(0.7)	(0.3)	(1.8)	(0.6)	(0.3)	(1.8)	(0.6)	(3.3)	(1.8)	(0.6)	(3.3)	(1.8)	(7.5)
Purchases of short-term investments					0.0					0.0					0.0					0.0
Acquisitions	(0.2)	(0.2)	(0.3)	0.1	(0.6)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)				(0.0)					0.0
Other					0.0					0.0					0.0					0.0
Net cash used in investing activ	(0.3)	(0.3)	(0.4)	(0.2)	(1.1)	(0.0)	(0.9)	(0.7)	(0.3)	(1.8)	(0.6)	(0.3)	(1.8)	(0.6)	(3.3)	(1.8)	(0.6)	(3.3)	(1.8)	(7.5)
Cash flow from financing activities																				
Issuance of debt					0.0				2.2	2.2		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt	(0.2)	(0.1)	(0.1)	(0.2)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(1.1)				(1.1)					0.0
Issuance of stock	3.7	0.3	5.0	2.5	11.5	2.7	0.3	2.1	1.2	6.3	3.8	0.0	0.0	0.0	3.8	0.0	0.0	0.0	0.0	0.0
Proceeds from stock option exercises	0.1	(0.0)	0.1		0.2		0.1	1.1	(0.1)	1.1	0.1				0.1					0.0
Other					0.0					0.0					0.0					0.0
Dividends and distributions					0.0					0.0					0.0					0.0
Cash provided by (used in) fina	3.5	0.3	4.9	2.5	11.2	2.6	0.3	3.1	3.2	9.2	2.8	0.0	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0
Effect of exchange rate on cash					0.0					0.0					0.0					0.0
Net increase (decrease) in cash	3.2	(1.9)	0.8	(0.8)	1.3	0.5	(2.5)	0.1	5.6	3.8	(2.5)	(1.1)	(2.0)	0.6	(5.0)	1.4	(1.5)	(1.6)	1.4	(0.2)
Beginning cash and equivalents	1.1	4.3	2.5	3.3	1.1	2.4	3.0	0.5	0.6	2.4	6.3	3.8	2.7	0.7	6.3	1.3	2.7	1.2	(0.4)	1.3
Ending cash and equivalents	4.3	2.5	3.3	2.4	2.4	3.0	0.5	0.6	6.3	6.3	3.8	2.7	0.7	1.3	1.3	2.7	1.2	(0.4)	1.0	1.0

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Duos Technologies Group, Inc.



Source: <https://bigcharts.marketwatch.com/>

	Report Date		Price
Report	Date	Rating	Target
1	1/18/2023	Buy	5.00
2	4/2/2023	Buy	5.25
3	6/1/2023	Buy	8.50
4	10/5/2023	Buy	8.25
5	12/17/2023	Buy	6.50
6	4/30/2024	Buy	6.00
7	6/6/2024	Buy	5.75
8	9/10/2024	Buy	6.00
9	12/16/2024	Buy	7.50
10	4/27/2025	Buy	9.00

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

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Risks & Considerations

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Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 11, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	21	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	21	40%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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