OTCQB: DUOT

connected intelligence

INVESTOR PRESENTATION March 2019



UTILITIES

OIL AND GAS

RAIL

CHEMICAL

DISTRIBUTION

MURICICICI

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This presentation, as well as other written or oral statements made from time to time, includes "forward-looking statements," within the meaning of the U.S. Securities Act of 1934, as amended, or the "Exchange Act." Forward-looking statements are not based on historical information and include, without limitation, statements regarding our future financial condition and results of operations, business strategy and plans and objectives of management for future operations. Forward-looking statements reflect our current views with respect to future events. The words "may," "will," "expect," "intend," "anticipate," "believe," "project," "estimate," "plans," "continuing," or the negative of these words and similar expressions identify forward-looking statements. These forward-looking statements are based upon estimates and assumptions made by us or our officers that, although believed to be reasonable, are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially and adversely as compared to those contemplated or implied by such forward-looking statements.

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Who We Are

Headquartered in Jacksonville, FL

Staff of **50** and projected to grow to **64** by the end of 2019

Design, develop and implement **advanced intelligent technologies**

- Intelligent Sensor and Data Analytics
 - Ability to provide valuable information from virtually any sensor or data input
- Enterprise Information Management (EIM)
 - Translate that information from data analytics into actionable insights, creating:
- Turnkey Engineered Solutions

Industry-agnostic with current focus on:

- rail transportation
- retail distribution centers
- **critical infrastructure security**
- රීර law enforcement

10 patents granted and **1** patent pending





centraco®

duostech Our Technologies, Products and Applications



praes dium®

rip® Railcar Inspection Portal

Mechanical Inspection (second generation)



Problem and Opportunity

Mechanical inspection of all rail cars and locomotives is **mandatory** as they leave the yard.¹

Current Practices



Every time a train enters each yard, car inspectors must: conduct visual, physical inspection of mechanical components "walking" on both sides of each car



Process is inefficient and ineffective depending on factors such as weather and the availability, motivation and capability of inspectors

Time consuming process dwell time 3-4 hrs.+ per train while train is immobilized in an inspection yard



Industry Objective

Replace/ significantly reduce current in-yard physical inspection practice with an **automated process, conducted prior** to train entering a yard.



1. Source: US Federal Railroad Administration (FRA) Regulation

MECHANICAL FIELD INSPECTIONS ARE:

✓ Costly
✓ Inconsistent
✓ Long Dwell Time

The Number of Required Daily Inspections is Enormous

> **1.56M** Freight Cars

26,500 Locomotives

500+ Freight Rail Yards

Source: US Federal Railroad Administration

rip® Railcar Inspection Portal

Mechanical Inspection (second generation)

The Future of Railcar Mechanical Inspections

Remote, four-sided (360°), **automated mechanical inspection** while traveling at speeds of up to 120 MPH before train enters a yard

Benefits:

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Reduction of field labor



Substantial reduction of dwell time per train

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Increased safety, accuracy and efficiencies

- Increase in average system velocity
 - Prevent derailments (see ROI Study)



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Substantial savings and positive impact on rail operator's bottom line



Yard 1

Remote Rail Inspection Portal

Yard 2

Recent Developments:

Duos currently has **5** systems in operation

Recently received order From **CN** for 3 more systems to be Installed in Canada and USA.

Value between **\$5M** and **\$10M**



\$60B North American Rail Market

While inspections are **mandated** by the FRA, the market for automated solutions is virtually unpenetrated



NORTH

MARKET

AMERICAN RA

Our Target Markets

Total Addressable Market is **Global** and the North American Markets Exceed **\$100B** Alone



Select Customers



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Financial Overview

Income Statement

| (in '000s) | | Q3 2018 (Unaudited) | <u>Q3 2017</u> | Nine Months 2018 (Unaudited) | <u>Nine Months 2017</u> |
|-------------------------------|--|-------------------------------|----------------|---------------------------------|-------------------------|
| Revenue | | \$5,102 | \$1,046 | \$9,490 | \$3,244 |
| Cost of Sales | | 2,774 | 658 | 5,428 | 1,875 |
| Gross Margin | | 2,328 | 387 | 4,062 | 1,369 |
| % of Revenue | | 46%* | 37% | 43% | 42% |
| Operating Expenses | | 1,692 | 1,175 | 4,796 | 3,793 |
| Income (Loss) from Operations | | 636 | (788) | (734) | (2,424) |
| Other Income (Expense) | | (4) | <u>(663)</u> | (11) | (1,314) |
| Net Income (Loss) | | \$633 | (\$131) | (\$745) | (\$3,756) |
| EPS (LPS) | Earnings Per Share on a fully dilutive bas | sis 0.02 | (0.07) | (0.04) | (1.98) |

FINANCIAL REVIEW (2017 – 2018)

Revenue growth and transition to profitability

Building momentum for 2019 with key wins in target markets

2018/2019 GUIDANCE

2018 total revenue expected to be >\$11 million

2019 revenue initial guidance is \$14 to \$15 million

*Excluding certain "one-off" pass through revenues for construction, the Gross Margin on Revenue was closer to historical norms of >50%



12 Month Backlog

(As of December '18)

| Revenue Type | Vertical | Contract Size \$ |
|---|------------|------------------|
| Projects | Rail | \$6.0M |
| | Commercial | <u>\$1.6M</u> |
| Total Projects | | \$7.6M |
| | | |
| Service and Support (Recurring) | Rail | \$1.3M |
| | Commercial | <u>\$0.2M</u> |
| Total Recurring (12 Months) | | \$1.5M |
| | | |
| Licensing, Professional Services & Consulting | | \$0.1M |
| Estimated Rolling Total Backlog Pending Orders | | \$9.2M \$5.2M |



Capital Structure

| as of 12/01/2018 | | | |
|--------------------------------|--|--|--|
| Common Stock | 21,047,734 | | |
| Warrants Options | 24,471,231* 1,067,320** 2,242,000** | | |
| Series B Convertible Preferred | 5,660,000*** | | |

* Exercise Price : \$0.65

** Exercise Price : \$1.00+

*** Equivalent Common Shares as Converted



Experienced Leadership Team

Gianni Arcaini

Chairman, President, CEO

Mr. Arcaini's thirty-five year executive career began in Europe, leading a range of companies, spanning multiple industries. After immigrating to the United States, Mr. Arcaini formed Environmental Capital Holdings, Inc. ("ECH"), a company focusing on the transfer of technologies from Europe to the U.S. ECH later acquired Duos Engineering B.V. which was later rebranded as Duos Technologies (USA), Inc., the predecessor company of Duos. In 2002, Duos Technologies (USA) spun off from ECH and under the leadership of Mr. Arcaini expanded into a broad-based technology company with a special focus on developing technologies for the homeland security industry. Mr. Arcaini is the inventor or co-inventor of all current technologies offered by Duos and is signatory to 14 patents granted or pending. He graduated from the State Business School in Frankfurt, Germany and is fluent in five languages.

Adrian Goldfarb

EVP, Chief Financial Officer, Director

Mr. Goldfarb is an industry veteran including more than 35 years in information technology beginning at IBM. For the last 20 years, Mr. Goldfarb has specialized in new venture and early stage organizations where he has assumed roles of increasing responsibility and leadership including CFO, President, and Board Member. Mr. Goldfarb currently serves as our CFO and member of the Board of Directors and oversees the Company's IT Asset Management business unit. He holds a Bachelors of Arts in Business Administration with a concentration in Finance.

Connie Weeks

EVP, Chief Accounting Officer

Ms. Weeks has over twenty-five years of accounting experience and is responsible for all aspects of financial reporting, internal controls, and cash management. She has been a key member of the Duos team for almost 30 years. She also oversees the Company's Human Resources function.

Wm. Scott Carns

SVP, Solutions & Innovations | Operating Subsidiary

Mr. Carns has extensive experience in information technology with an emphasis on intelligent video analytics and centralized command and control applications. Prior to joining Duos, Mr. Carns was Information Technologies Coordinator for Environmental Capital Holdings, Inc. and was President of Software Solutions Group, Inc. Mr. Carns supports the sales teams for project implementation. He also served in the US Army and attended Kansas State University.



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Noel Heiks

President, Chief Operating Officer | Operating Subsidiary

Ms. Heiks is a technology entrepreneur and a C-Level executive with a career spanning over twenty years in both operational and business development roles. Her science, technology and engineering backgrounds are a valuable combination to effectively lead our business development, engineering and operations teams. She has worked within government and commercial organizations and is proficient in driving business growth through direct customer relations with large organizations. She has a Bachelors degree in Physics, and a Masters in Electrical Engineering from Virginia Tech and authored a thesis in Computer Vision.

David Ponevac

SVP, Chief Technology Officer | Operating Subsidiary

Mr. Ponevac has over fifteen years of software engineering experience concentrating on web and mobile environments. He has considerable expertise in Objective-C, Java, C#, PHP and many other scripting languages. He is also driving the Company's Artificial Intelligence efforts including platform development. Previously, he was CTO of Luceon LLC and worked with a range of domestic and international clients operating in the public and private sectors. He holds a Bachelors of Science in Electrical Engineering and a Masters in Computer Science.

John Stuckey

VP, Sales & Marketing | Operating Subsidiary

Mr. Stuckey is an experienced business development and marketing leader with over 20 years of experience across several business and consumer-facing technical industries. He has an extensive background launching and growing new products and businesses in both early-stage companies as well as large global enterprises from senior leadership positions. Mr. Stuckey serves as our Vice President of Sales & Marketing. He holds both a BA and MBA from Indiana University and received an Online Marketing Professional certification from Duke University.

Mike Halter

VP, Engineering | Operating Subsidiary

Mr. Halter is an accomplished technical leader with 29 years of experience in multiple engineering disciplines including electrical, mechanical, chemical, manufacturing, test and software engineering. His career ranges from leading large groups of engineers in multibillion-dollar corporations to directing small engineering teams in start-up companies and driving them from start-up through acquisition. He has served as the technical team lead in obtaining and maintaining ISO9001 and AS9100 certifications with multiple organizations. He currently serves as our Vice President of Engineering and has primary oversight for the development and delivery of Duos products. He holds a Master of Science degree in Electronic Engineering and Instrumentation as well as a Bachelor of Science degree in Physics.

duostech NEURAL NETWORKING

The Future of Duos Technologies

Investment Highlights



Significant, global market opportunities

- Combined North American markets exceed \$100B
 - *\$60B* North American rail industry
 - *\$53B* Enterprise Information Management (EIM) Market
 - *\$ 2B Video Analytics Market*



Strong rail industry tailwinds

Industry moving toward automation and optimization to reduce costs, increase safety and improve efficiency



Superior, proprietary technology

Spent majority of 2017 on developing in-house technologies to enable exponential scaling in 2018



Growing, tier-one customer base

Multiple, multi-million dollar deployments announced in the first nine months of 2018 alone



Improving financial position

- Fortified balance sheet with no current need to raise capital
- 2018 revenue guidance of \$11 million, representing a 183% increase compared to 2017
- 2019 preliminary revenue guidance of \$14 to \$15 million



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