



Equity Research

3545 SW Corporate Parkway, Palm City, FL 34990

RESEARCH REPORT

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duostech

OTCQB: DUOT

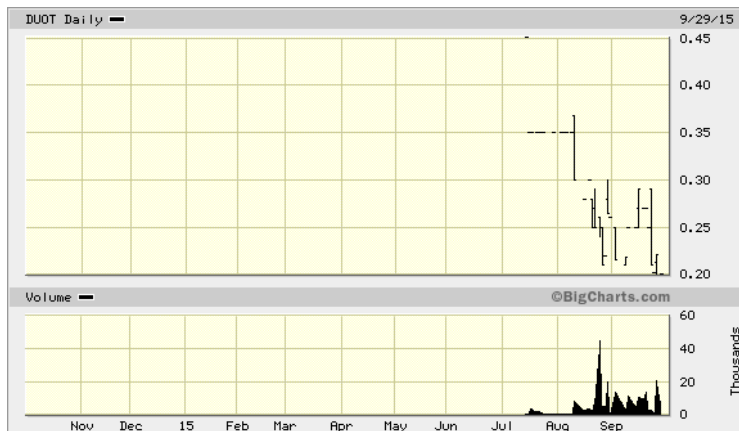
Sector: Technology

Industry: Software

Risk Level: Aggressive Growth

Statistics	
10/1/15 Closing Price	\$0.20
Coverage Initiation Price	\$0.20
52 Week High	\$3.20
52 Week Low	\$0.20
Market Cap (Fully Diluted)	\$12.2M
Enterprise Value	\$13.6M
Shares Outstanding:	
-Primary (6/30/15)	60.8M
-Fully Diluted (6/30/15)	60.8M
-Float (Approximate)	1.0M
-10 Day Average Volume	5,895
Balance Sheet Data (6/30/15):	
-Current Assets	\$1.2M
-Current Liabilities	\$6.7M
-Total Assets	\$1.3M
-Total Liabilities	\$6.7M
Forward Fiscal 2015 P/E	N/A
Price to Sales 2015 E	1.9x

Rating - Buy	Current
Target Value – Baseline Scenario	\$0.61
Target Value – Upside Scenario	\$1.24
Target Value Average - Blended	\$0.92



Source: BigCharts.com

Fiscal Year -End Dec.	Actual 2014	Estimated 2015	Estimated 2016	Estimated 2017
Baseline Revenue	\$4.6M	\$6.2M	\$9.0M	\$11.5M
Net Income (Loss)	-\$3.6M	-\$3.4M	-\$0.3M	\$0.7M
EPS – basic	N/A	-\$0.06	-\$0.00	\$0.01
EPS – diluted	N/A	-\$0.06	-\$0.00	\$0.01

Investment Highlights:

- Duos converges traditional sensor technologies with information technologies to create “actionable intelligence”.
- Duos not only develops and owns the application software source code for the various analytics processes, with focus on its proprietary video analytics, but it also designs, develops and deploys turnkey engineered solutions.
- Duos has a substantial IP portfolio and continues to develop and innovate new technologies.
- Duos’ customer base consists predominantly of Fortune 500 companies and major governmental agencies.
- Very strong growth in Duos’ target markets.
- Duos’ market focus includes transportation and border security including rail, distribution centers, entry ports, as well as healthcare, utilities, oil, gas and chemical industries, as well as various other commercial and government sectors.
- Duos’ current pipeline of opportunities is approximately \$125 million. Of this total, there is, at present, approximately \$15.3 million in currently awarded business and strong open opportunities of \$8.9 million, equating to \$24.2 million in identified pending business for execution over the next three years.
- The Company is currently transitioning from its current baseline forecast towards an upside scenario because of the strength of the backlog with the potential of 2017 revenues of \$26.6 million.

Investment Consideration:

We are initiating coverage of the combined company with a Buy rating with a new weighted average blended target value of \$0.92 per share.



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Important Note: This report contains forward-looking statements, particularly as related to pro forma financial statements, earnings estimates and business expectations, within the meaning of Section 27A of the Securities Act of 1933 and Sections 21E of the Securities Exchange Act of 1934, and is subject to the safe harbor created by these sections. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These forward-looking statements are only made as of the date of their release and Wall Street Resources and the featured Company in this report do not undertake any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

I. OVERVIEW

Company

Duos Technologies Group, Inc. (“Duos¹” or the “Company”), formerly known as Information Systems Associates, Inc., is a software technology company that designs, develops and deploys advanced intelligent technologies and turnkey engineered solutions. It is primarily focused on the homeland security and critical infrastructure protection markets. Duos converges traditional video security measures with advanced information technologies to create “actionable intelligence”. Some of Duos’ customers include Baptist Health South Florida, Chicago METRA, Conrail, CSX, Union Pacific, Kansas City Southern, Amtrak, U.S. Army, U.S. Customs and Border Protection and the U.S. Department of Homeland Security.



Duos’ IP is built upon two core technology platforms (praesidium® and centraco™), both distributed as licensed software suites and natively embedded within engineered turnkey systems. Duos is headquartered in Jacksonville, Florida and its shares trade on the OTC under the ticker symbol DUOT. It is a fully reporting company, which was recently verified by the OTC and upgraded to QB.

Overview

Duos’ proprietary **praesidium**® modular analytics suite processes and simultaneously analyzes data streams from a virtually unlimited number and/or types of conventional sensors and/or data points. Its algorithms compare the analyzed data against user-defined rules in real time and automatically report any anomaly via its proprietary Distributive Alarm Management module. 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. All devices and systems can be networked into a common framework which provides secure, remote access to each node on the network, real-time alert capabilities at the sensor level, integration into the client’s operating environment and automated detection points of failure anywhere along the network. This provides a seamless, cost-effective solution for its customers. The centraco™ suite of broad based solutions is designed to be hardware agnostic.

¹ In this report, Duos Technologies, Inc. (or duostech), Duos Technologies Group’s primary operating subsidiary, will be known simply as Duos.



What significantly distinguishes Duos from its competitors is the fact that it not only develops and owns the application software source code for the various analytics processes, but it also designs, develops and deploys turnkey engineered solutions, which integrates the Company's own proprietary applications with any third-party technology through its native centraco™ platform. Typically, competitors specialize either on analytics software, command and control software or technology integration. The feedback from actual field deployments has enabled Duos to develop superior artificial intelligence-based analytics applications and is one of the major contributing factors as to why its intelligent analytics applications register the lowest false alarm rate in the industry.

The Company's strategy includes continuously expanding its technology base through organic development efforts and strategic partnerships. The Company made its initial mark with the development and deployment of a comprehensive homeland and border security-centric critical infrastructure applications suite. These applications are currently operated by major (Class-1) freight rail operators and by various divisions of the Department of Homeland Security (DHS). After achieving initial success in the transportation industry, the Company broadened its market reach and expanded into servicing the commercial, industrial, healthcare, utilities and government sectors. Duos' revenue is derived from a combination of turnkey project delivery (predominantly to its Fortune 500 client base) and post-sales technical support contracts (TSC).

Background

Prior to its name change and merger with Duos, the Company was known as Information Systems Associates, Inc. (ISA). It was incorporated in May, 1994 to engage in the business of developing software for the financial and asset management industries. ISA developed a methodology for the efficient data collection of assets contained within large data centers and was awarded a patent in 2010.

ISA's original mission was to develop, market and implement software and professional services to the world's largest data centers in the area of IT Asset Management (ITAM). The Company developed a methodology for the efficient data collection of assets contained within large data centers and was awarded a patent in 2010 for specific methods to collect and audit data. From the Company's inception, ISA's strategy included expanding its technology base through organic development efforts and strategic partnerships. In early 2014, the Company engaged in discussions with multiple companies with the objective of merging with or being acquired by a strategic partner. In late 2014, ISA entered into negotiations with Duos Technologies, Inc., which led to a reverse merger agreement that closed on March 31, 2015. While, the recent merger with Duos will drive significant emphasis and focus to Duos' core business of creating and marketing sophisticated, proprietary technology applications and turnkey engineered systems, ISA's services combined with Duos' security applications create a great solution for data center asset management and security. The true need for the solution is validated by a service contract awarded from a major national retailer that was announced on September 8, 2015. Duos' R&D team is also evaluating applying new methodologies to the original IT professional services offerings which would significantly enhance the Company's technological solutions.

Financial Review and Outlook

Duos' revenue is derived from a combination of turnkey project delivery and post-sales technical support contracts (TSC). Recurring TSC revenue, which primarily consists of rail and commercial clients, is highly predictable and has grown from \$1.5 million in fiscal year 2011 to \$2.4 million in fiscal year 2014. Project delivery revenue, which is the Company's primary organic growth driver, has been subject to volatility caused by the timing of major project awards. As a privately held corporation, raising working capital had been challenging which severely limited the scaling of its technology and sales force. The



majority of the Duos' project revenue is generated from its loyal existing customer base, and the infusion of working capital will be utilized in part to accelerate both organic and inorganic growth in an industry that is growing rapidly.

During the past three years, the Company reinvested its cash flow primarily in the development and advancement of its core technologies. As such, it now has a plan on executing a multi-faceted growth strategy, which consists of emphasizing organic growth by reinvesting in sales and marketing and inorganically by executing on an aggressive M&A strategy.

In 2014, the Company's combined revenues were approximately \$4.5 million and we are forecasting 2015 revenues of greater than \$6 million (33% year-over-year growth), the majority of which is already under contract or being billed as of the date of this report. This revenue forecast is divided between TSC recurring revenues of \$2.2 million (with \$2.2 million under contract for 2016 and \$1.3 million under contract in 2017) with margins in the 60-65% range; and project revenue of \$3.6 million with margins in the 45-50% range. We are also including sales of \$400,000 from ISA's legacy business. We forecast total 2016 revenues of \$9.0 million (44% year-over-year growth), 2017 revenues of \$11.5 million (28% year-over-year growth), and 2018 revenues of \$14.2 million (24% year-over-year growth). **We note that our forecast is a conservative baseline forecast based largely on Duos' rail and homeland security business pipeline and does not include any contribution from selling into its other target industries or any future M&A transactions.** As such, we believe our financial projections in this report to be skewed to the conservative side of the spectrum.

Investment Positives

- *Competitive advantage*

What significantly distinguishes Duos from its competitors is the fact that it not only develops and owns the application software source code for the various analytics processes, but it also designs, develops and deploys turnkey engineered solutions, which integrates the Company's own proprietary applications with any third-party technology.

- *Large opportunity pipeline and backlog*

According to Duos management, its current pipeline of opportunities is approximately \$125 million. Of this total, there is, at present, approximately \$15.3 million in currently awarded (incl. imminently expected to be awarded) business and strong open opportunities of \$8.9 million, equating to \$24.2 million in identified pending business for execution over the next three years.

- *Significant Upside*

The Company has the elements in place to move from a baseline forecasts to an upside forecast as detailed in this report.

- *Substantial IP Portfolio*

Duos has a high-quality IP portfolio (17 patents) built upon two core technology platforms distributed as licensed software suites and natively embedded within engineered turnkey systems.



- *Experienced management team with significant ownership stake*

Collectively, the executive management team has over 120 years of experience in the industry. Together, the Board of Directors and Executive management team own 8% of the outstanding common shares.

- *Diverse list of target markets*

Although initially focused on the freight rail transportation sector, Duos' target markets include passenger rail, airports, sea and inland ports, as well as healthcare, utilities, oil, gas and chemical industries, as well as various commercial and government sectors.

- *Multi-billion dollar markets*

The Intelligent Video Surveillance (IVS), Intelligence, Surveillance, and Reconnaissance (ISR) Analytics and Video Analytics (VA) industry is forecasted to experience decades of rapid growth. The industry revenues totaled \$13.5 billion in 2012, and are expected to grow at a 13.8% CAGR from 2012 to 2020. The Company's proprietary flagship technology, the rail inspection portal, represents significant upside potential for the Company's future revenues. With respect to just the rail inspection portal, the total addressable market is estimated to exceed \$2.5 billion in the next three to five years.

- *Lean and nimble publicly traded company*

With a small staff of only 35 people, Duos currently reports low operating expenses which have been averaging \$375,000 per month.

- *Attractive Valuation*

With DUOT shares currently trading at a \$12.2 million market cap, this represents 1.95x our conservative baseline 2015 revenue forecast and only 1.36x our baseline 2016 revenue forecast. For a small cap growth stock in a multi-billion dollar growth industry, we believe this valuation is compelling.

Investment Summary/Conclusion

We are initiating coverage of the combined company with a Buy rating. Now that Duos and ISA have merged, the combined publicly traded company is poised to leverage its patented, commercially proven technology solutions to penetrate a number of multi-billion dollar growth markets. Duos now has the publicly traded vehicle combined with the necessary human capital and the technical know-how to become a high growth technological innovator and developer of cutting edge security solutions over the foreseeable future. Over the next 12-18 months, we also expect the Company to uplist which should provide better, cheaper access to capital as well as an increased level of awareness in the public markets. Given the Company's unique IT security solutions in an increasingly uncertain world, we believed that Duos is an attractive investment for anyone seeking to get exposure to this non-discretionary growth sector. Additionally, at a market cap of only \$12 million, we believe that the upside for shares of DUOT over the next 12 months is significant.



II. CORPORATE STRATEGY

Overview

The successful completion of the merger was preceded by a reverse split (1:200) and followed by a name change to Duos Technologies Group, Inc. The name change will allow the Company to benefit from Duos Technologies' (duostech) brand value and name recognition. Since the merger, the Company up-listed to OTC QB and submitted to mandatory filing. The combined entities will now have better access to growth capital enabling it to successfully execute on its growth strategy by investing more capital into sales and marketing and R&D. This investment is expected to broaden the Company's brand recognition and reach by demonstrating financial viability to new and potential customers in a public setting, allowing it to tap into the total available market that is expected to grow to well over \$2.5 billion by 2017. The Company intends to up-list to a national exchange at the earliest opportune time. In the meantime, Duos will focus on expanding its customer base both in numbers of customers and average revenue per customer as its offerings deliver greater value. In particular, Duos' strategy is comprised of the following key components:

The Company is pursuing a two pronged strategy:

Organic Growth

The Company intends to raise working capital to scale its core businesses by expanding Duos' R&D and business development resources. With the merger, the Company has become the owner of Duos' current project portfolio and a substantial pipeline of business opportunities with many project opportunities expected to solidify in the immediate future. The Company will continue to expand its IP library, which is expected to broaden market reach and increase sales.

Strategic Acquisitions

The Company intends to identify strategic acquisition opportunities that will enhance value growth beyond what the core business is able to deliver on its own, can be acquired at an attractive price, and are accretive to earnings. Such new targets may have complementary products and services, complementary technologies, additional customers, engineering and development teams, increased capabilities, new distribution channels, and attractive geographic locations.

Operations

Products and Services

The Company's enterprise command and control platform (centraco™) is central to its digital products offering as it will be distributed as the "aggregator" of its family of proprietary applications and third party applications. Additional services and/or products developed or acquired through mergers in the future will be bolted on to the centraco™ platform, thereby taking advantage of the economies of scale of the Company's marketing campaigns. The centraco™ platform is modular and was designed to be agnostic with respect to third-party hardware and applications, hence the incorporation i.e. development of new applications and services into additional "modules" (each new technology will represent a new module which will expand the diversified application suite of this platform), will require minimal effort to become "market ready".



Sales and Marketing

The Company plans to implement a combination of product and corporate marketing campaigns to boost its brand and corporate name recognition. The product marketing campaign includes a significant refresh of its web presence, advertising in trade publications, increased presence at trade shows, with focus on the rail and homeland security sectors, increased participation at industry seminars and conventions as guest presenters, and the organization of “lunch and learn” sessions, hosted by national engineering firms and tear one and tear two integrators.

The corporate marketing campaign includes a coordinated series of “non-deal” road shows, extended presence and presentations at investor conferences, extended research coverage, implementation of regular investor and shareholder conference calls, and the quarterly publication of a CEO report with updates on the Company’s R&D news. The Company will continue releasing PRs of all relevant project awards, technology achievements and new technology initiatives.

Research and Development

The Company’s R&D achievements to date have been very impressive. One of the most significant accomplishments is Duos’ proprietary automated rail inspection portal, which has been successfully deployed at most of the US/Mexican border crossings, and which the Company continues to maintain and support on behalf of Union Pacific and the US Customs and Border Protection (CBP). The technology has been upgraded to perform inspections on train assets traveling at high speeds of up to 70 mph adopted to both the freight and the transit rail environments. Several units are currently installed at various sites for evaluation by a variety of interested stakeholders. Development efforts that are currently under way, include the addition of capabilities to identify mechanical defects and missing rail undercarriage components, and the capability of generating extreme high definition panoramic views of sides and tops of rail cars, which, once completed, will be a significant “game changer” to the rail industry’s current CONOPS, as it will enable rail operators to inspect their rail assets remotely from a central dispatch location without being vulnerable to weather conditions and field personnel. For example, the expanded capabilities will include detecting missing bolts, multi spectral thermal identification of hot spots on rail car under carriages, and identification of many more rail car-specific mechanical and safety vulnerabilities. Rail maintenance operations will become more efficient and reliable in an order of magnitude. The Company’s R&D efforts further include the expansion of its centraco platform to allow enterprise level customers to conglomerate many different access control, security, fire alarm systems into one central user interface (the centraco platform is continuously expanded with third-party technologies), the development of an automated inspection technology for container trucks entering and exiting distribution centers (pilot to be deployed in Q1 of FY’16), and the development of an automated subway platform fall protection system (scheduled for deployment in Q1 of FY’16). There are several additional development initiatives in the “drawing board” stage. The expansion of the Company’s R&D team and resources will significantly accelerate the completion of the systems currently under development.

Opportunities

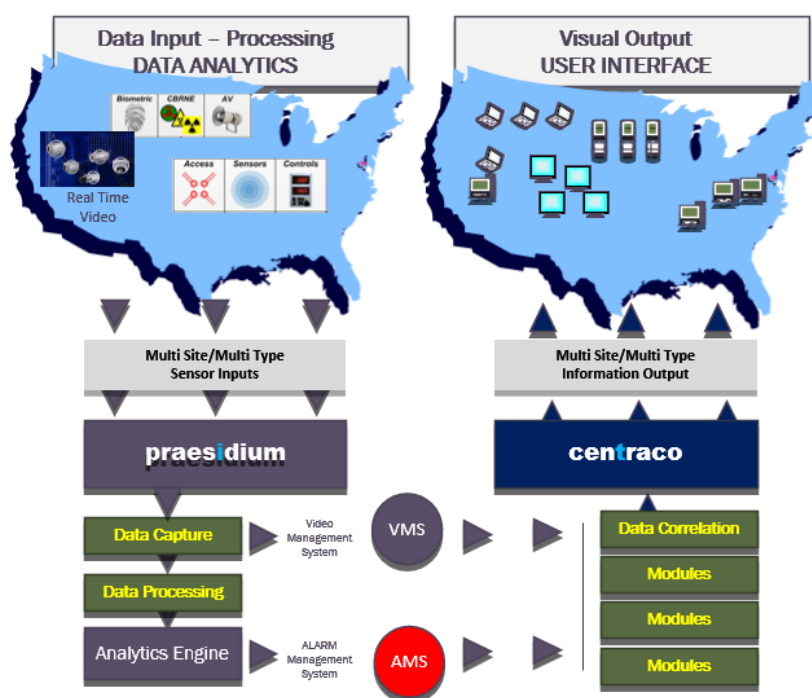
In addition to growing its sales and operations through its two business units, management continues to work closely with other companies to allow for participation in additional opportunities. Specifically management plans to expand by seeking technologies, products, and services that complement its existing business. If appropriate opportunities are available, Duos may acquire businesses, technologies or products or enter into strategic relationships that may further diversify revenue sources and product offerings, expand its customer base or enhance its technology platform.

III. TECHNOLOGY

praesidium® Platform

The praesidium® platform essentially acts as the “backend” process that captures, organizes, analyzes and classifies the data streams. The built-in Alarm Management Module (AMS), which includes a powerful rules-based engine, automatically dispatches events considered actionable breaches of any rule. All data is passed on to and graphically visualized in its centraco® Physical Security Information Management (PSIM) user interface, which enables operators to view and respond to actionable events.

The following diagram is a simplified topology of the interaction between the praesidium® back end process and the centraco® front end interface. The praesidium® platform consists of a large number of responsive and analytical modules.



Each module acts as an essential building block for the adaptations of existing applications and/or the development of new applications. A major natively embedded sub system includes its proprietary praesidium® Intelligent Video Analytics Suite, which encompasses a substantial number of application-specific “analytics” modules.

praesidium® Intelligent Video Analytics Suite

The intelligent video analytics suite was originally developed and customized to meet the specific homeland security challenges faced by the Class 1 (freight) railroad industry and has been successfully applied for over ten years to secure critical rail infrastructure. The software is programmed to generate alarms whenever any user-definable rule is compromised with special emphasis on mitigation i.e. suppression of alarms triggered by trivial movements (wind-blown debris, small animal activity, permissible activities).



The video analytics software logic is based on the principal of behavioral analytics and employs differential layer analysis (DLA) technology for optimal video analytics accuracy. DLA splits a video scene into three separate layers, and independently analyzes each layer to allow for statistical variations in the scene.

Some of the major algorithmic components designed to minimize false alarms include:

Continuously adaptive background modeling

A statistical model of the background is automatically built and adapted every frame to ensure the best representation of the scene. This allows for detecting and tracking foreground objects which may not necessarily be moving at that time. This method allows for statistical variations in the scene that could be nuisance motion to be automatically ignored, a significant component for the mitigation of false positives.

Prediction based saliency estimation

Several cues such as speed and multiple movement patterns are considered and analyzed by its algorithms. Each frame analysis renders a prediction of speed and directional movement expected in the following frame. The real-time information is compared to the expected (i.e. predicted behavior) and matched against a set of rules that define permissible vs. non-permissible behavior for the specific detection strategy.

Weather filters to ignore ambient motion

Weather conditions like rain and snow are the bane of video surveillance systems. They provide significant ambient motion that causes most intelligent video systems to either throw incessant false alarms or fail to detect a true intrusion. A statistical model of this motion is developed and incorporated into its algorithms. This model is used to filter weather motion and detect only purposeful motion (coupled with the saliency estimation).

Elimination of shadows

Other important cues used for accurate classification are the dimension and the aspect ratio of an object. For example, the dimension and aspect ratio of a human are quite different from those of an animal or vehicle. A shadow cast by an object on the ground masks these dimensions. In order to be able to detect intruders with acceptable sensitivity, most video surveillance systems either decrease the detection thresholds or decrease the weight of the variables used for detection. This leads to an increased false alarm rate. Using a patent pending Drop Histogram method, the width and the height of the unfiltered object (object with the shadow attached to it) are adjusted to the contour of just the object, thereby eliminating shadows as a cause for false alarms.

Modeling accuracy of the scene surface by using piece-wise planar models

Dimensions of a potential intruder at any point (coordinate) in the field of view (FOV) are predicted based on site calibration. A typical calibration procedure includes fitting a plane (or two) onto the FOV surface. However, real world scenes are not planar, so predictions using these planar models can lead to inaccurate results. Duos' algorithms include a piece-wise planar model in which a surface is approximated and sub-divided into a number of small planes (from tens to hundreds of planes, depending on the scene surface) resulting in improved dimensional prediction accuracy, further minimizing false alarms.

praesidium® Applications

Duos has developed, tested, and deployed the following rail-based engineered solutions to production sites:

- **Rail Inspection Portal (rip™)**

A suite of several sub-systems for the automated inspection of freight or transit rail cars while in motion. The objective is to automatically detect a variety of anomalies such as open or missing hatches, open cargo doors, illegal riders hiding in cargo wells, and foreign objects hidden under a car undercarriage, all while the train is travelling through various strategic areas (i.e. border crossings or inspection areas).

The rip™ system uses multiple technologies and sub-systems to remotely scan all railcars passing through the inspection portal, then displays stitched 360-degree views of the entire rail consist. It uses sensors and analytical algorithms to prescreen railcars and to automatically detect and report anomalies and deviations from established norms. After successfully passing rigorous testing, this systems has now been adopted into the U.S. CBP standard concept of operation for South Western rail border crossings and has been deployed to most South Western border locations, with a few remaining locations currently under negotiation.

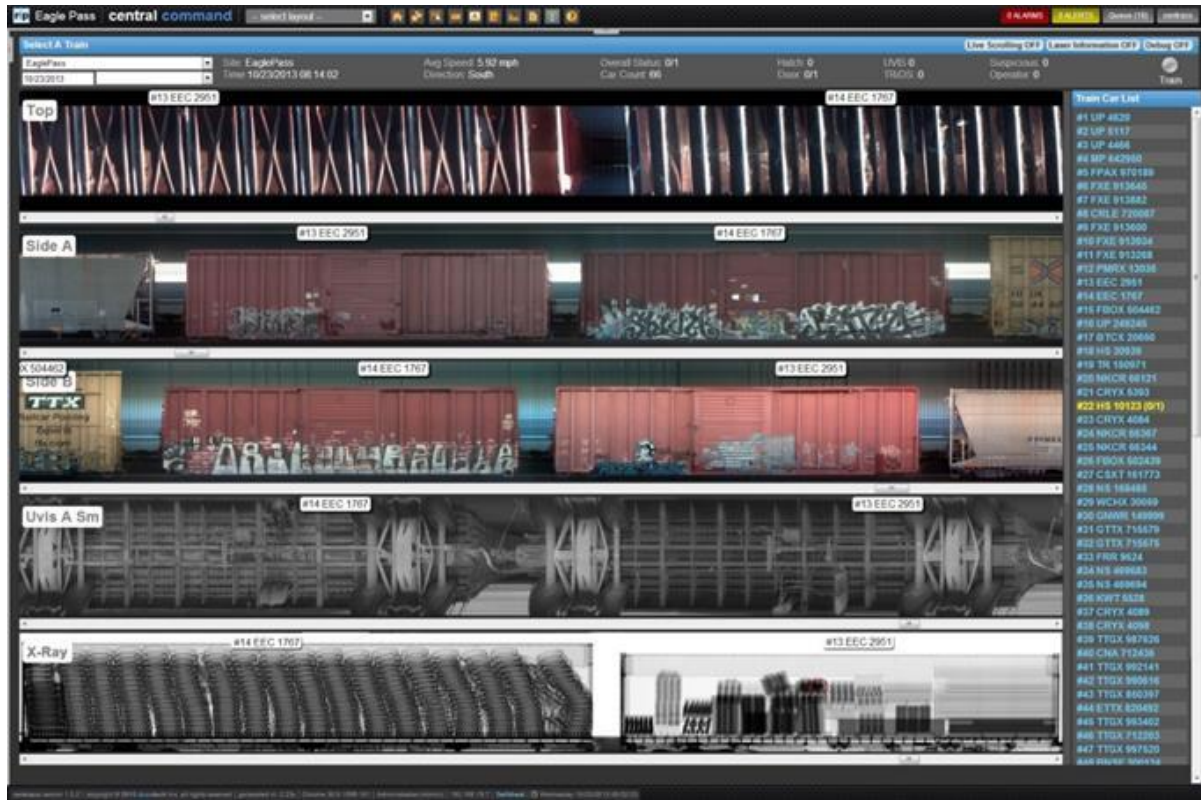


The rip™ application provides the following modules for automated analysis, detection and inspection:

- Linear Panorama Generator
- Automated Detection of Open Doors
- Automated Detection of Open/Missing Hatches
- Train Rider Detection System (trids™)
- Under Vehicle Inspection with Foreign Object Detection (vue™)
- Gondola Car Inspection System
- Automated Pantograph Inspection System (apis™)
- 3D modeling using LIDAR technology

Linear Panorama Generator

The Linear Panorama Generator (LPG) assembles images gathered from cameras on all four sides of the train and stitches all frames to create a continuous 360 degree view of the entire train. Operators can quickly inspect the entire train consist by selecting the side of interest and scrolling through the continuous panorama view. The main purpose of the linear panorama is to provide inspection personnel with geo-spatial information of detections. The system marks the approximate location of detection on the linear panorama image and displays the target car location specifying the car sequence number and the approximate distance from the locomotive and/or the AEI tag data if available. The operator can select areas to enlarge, tag, save, or print any image of interest. Panoramas are stored indefinitely and dependent only on the size of the storage drives.



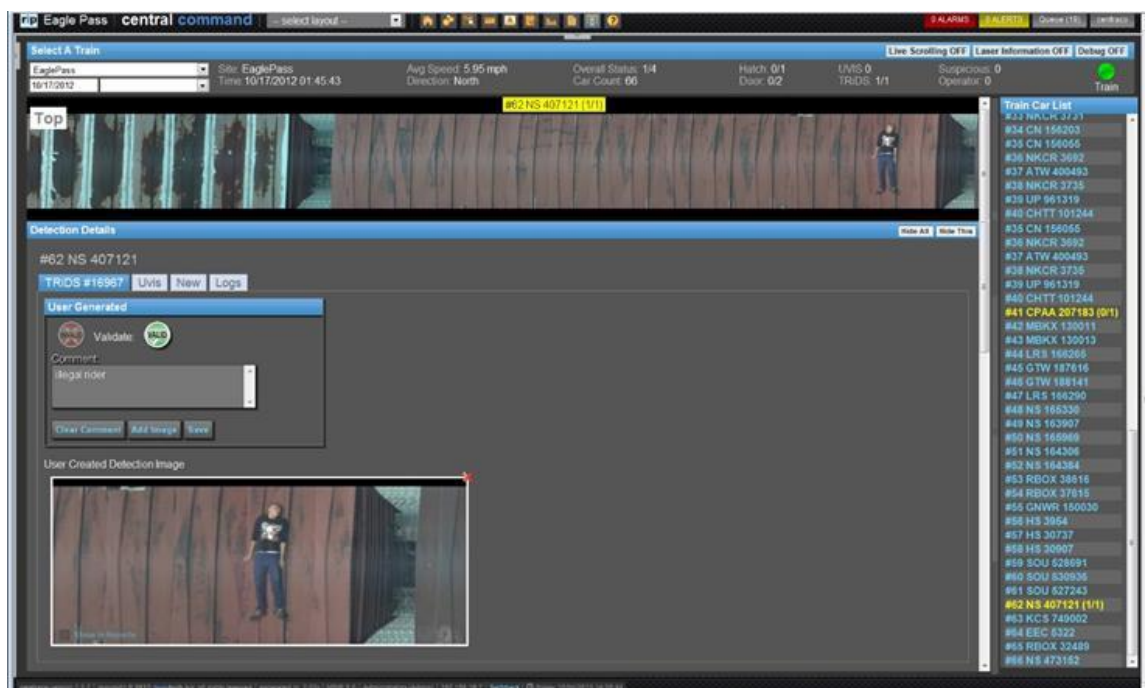
Automated Detection of Open Doors and Missing or Open Hatches

As the train passes, multiple sensors scan the top and sides of the train to detect open/missing hatches and open doors. In the event of a potential detection, the system saves a series of images and enters the corresponding car information into a database. The detections are marked on the Panorama images and presented to the operator who will either acknowledge the suggested detection as valid (green button) or reject the detection as invalid. The operator can expand the event to view car and consist information, additional images, or can enlarge specific areas for a closer view of the detection.



Illegal Train Rider Detection System (trids™)

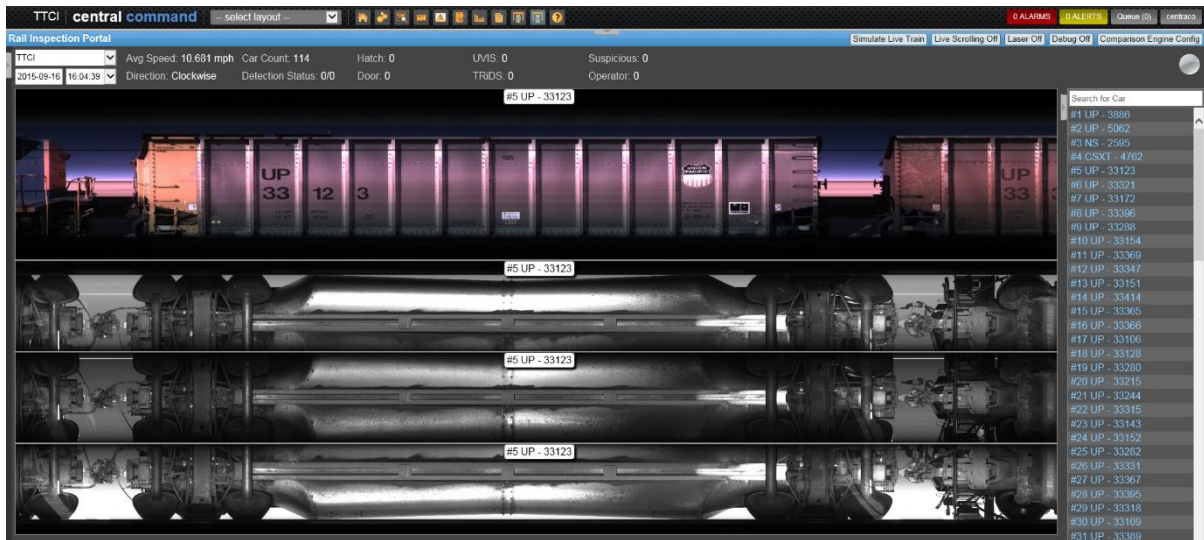
The Train Rider Detection System (trids™) automatically inspects trains moving at speeds of up to 70 MPH searching for illegal riders hiding in wells of passing container cars and underneath tractor trailers on flatbed cars. trids™ is designed to offer inspection personnel an expedient and efficient method of isolating and identifying anomalies of interest, particularly unauthorized train riders.



Images of areas of interest are identified automatically by the software algorithms and presented to the operator for validation. The system is intentionally set to a high sensitivity to avoid false negatives. A version upgrade has just been completed which expands the detection area to the entire rail car.

Vehicle Undercarriage Examiner (vue™)

The Vehicle Undercarriage Examiner (vue™) is embedded between the rails and captures a dual view of the undercarriages of rail cars and locomotives at opposing angles in order to maximize the visual information. The images are assembled using Duos' proprietary stitching algorithms to create a continuous panoramic view of the entire length of the rail car's undercarriage. Images are stored indefinitely depending on the size of the storage drives. By employing the vue™ the undercarriage can be inspected from a remote location safely and efficiently.



The system features an automated Foreign Object Detection (FOD) algorithm that compares the undercarriage images to reference images taken from the same car during an earlier scan. The vue™ images are “matched up” for comparison by using the unique car identification code provided by the AEI tag system². The detection algorithm looks for “all” differences and highlights respective detections for closer inspection by an operator. Detections can be filtered through sensitivity variables.

² Automatic Equipment Identification (AEI) is a RF-based electronic recognition system in use by the North American railroad industry. It consists of passive tags mounted on each side of rolling stock and active trackside readers. All railcars that go through interchange in North America are equipped with these RF identification tags.



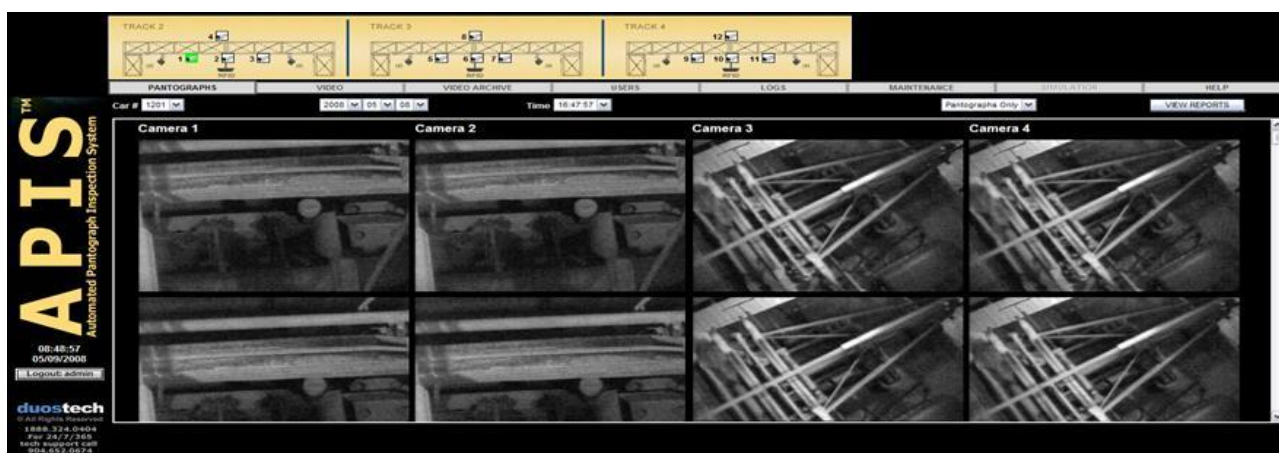
To date, the vue™ technology has predominantly been deployed in the context of border security and this (deployed) version is designed for trains moving at low speeds (up to 20 mph). In 2014, Duos was retained to develop a second generation of its vue™ technology with the main objective of adding the capability of inspecting trains moving at high speeds (up to 70 mph). The development is in its final stage and was funded under two separate programs, i.e. one version for the transit rail, funded/spearheaded by the Johns Hopkins University Applied Physics Laboratory, who received funding for this project from the TSA, and one version for the freight rail, funded/spearheaded by the TTCI³. The high speed freight rail prototype is currently being tested at the TTCI testing facility and the transit rail prototype is currently being tested at an undisclosed location in the Northeastern United States. More recently, Duos was retained to expand the detection capability of the vue™ to target/detect mechanical defects of locomotive and rail car undercarriages with the ultimate goal of automating the mechanical inspection process currently performed manually by rail operators. Transforming the time-consuming manual process of mechanical inspection even partially to an automated process would represent very significant savings to the rail operators and more importantly, will result in increased velocity of the carrier's rolling stock. Completion of this latest version is expected to have a very significant impact on Duos' revenues as it would establish this system as a standard for both the freight and the mass transit rail industry.

³ **Transportation Technology Center, Inc. (TTCI)** is a wholly owned subsidiary of the Association of American Railroads (AAR). Headquartered at TTC, Pueblo, CO, TTCI the site is home to numerous test tracks and laboratories. TTCI's mission is to vet and test all technologies used by the freight rail industry.

Automated Pantograph Inspection System (apis™)

Duos developed and deployed a system that incorporates ultrahigh resolution cameras, structured lighting, speed and proximity sensors, and Radio Frequency identification (RFID) technology to inspect the condition of pantographs on passing railcars. apis™ includes the following capabilities:

- Captures high-resolution images of each pantograph and carbon strip as trains pass through an inspection station.
- Uses software algorithms to process the images for examination by rail engineers to detect signs of pantograph and carbon strip wear or defects/anomalies.
- Creates a searchable record of the inspection and generates inspection reports regularly and on demand.
- Performs in all light and weather conditions.



Since maintenance is a huge expense for the industry participants (From 1980 to 2013, freight railroads reinvested \$550 billion of their own funds in cap ex and maintenance projects), this ability to proactively identify maintenance issues is a tremendous opportunity for Duos.

In addition to Duos' rail centric rip™ and vue™, the Company has developed, tested, and commercially deployed the following engineered solutions to production sites:

- **Tunnel and Bridge Security**

A suite of artificial intelligence-based homeland security applications for the security of critical tunnels and bridges



- **Virtual Security Shield**

A suite of artificial intelligence-based homeland security applications for the security of critical areas and buffer zones. This application includes intrusion detection zone, RFID tracking and discriminating “Friend or Foe” modules.



*Please refer to important disclosures at the end of this report.
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- **Facility Safety and Security**

A suite of artificial intelligence-based homeland security applications for the “hardening” of critical facilities (energy, water, chemical facilities). Duos and its entire staff are CFATS (Chemical Facility Anti-Terrorism Standards) certified.

- **Remote Bridge Operation**

Proprietary system for remote control of draw bridges.

- **Collision Alert, Monitoring and Impact Analysis System**

A system designed to automatically detect, document and record maritime vessels colliding with bridge structures, thereby reporting significant damages, in real-time.

Several significant new programs and technologies are currently under development and in various stages of maturity. Some of the more significant developments are:

- **Addition of x-ray capabilities to its Rail Inspection Portal**

Most rail cars entering the United States are currently undergoing an x-ray examination for the purpose of detecting illegal cargos inside box or container cars. These systems are currently operated in “parallel” to Duos’ inspection portal. The US Customs and Border Protection (CBP) has expressed an interest to combining this x-ray technology with and integrating these systems into Duos’ inspection portal.

- **Addition of multi spectral thermal imaging capabilities to the vue™**

The addition of thermal/multi spectral image capture will allow the detection of “hot spots” emanating at various areas of the rail car under carriage providing significant intelligence to allow rail operators to extract proactively rail cars for maintenance.

- **Addition of Ultra-High Definition Train Imaging**

The addition of an ultra-high definition imaging systems will allow remote side and top car inspection. This technology will be a further evolution to Duos’ rail inspection portal technology and is sought by rail operators to enhance their inspection capabilities from a central point.

- **Transit Rail Platform Analytics**

Duos has been selected by the N.Y. City Transit System to provide a pilot (proof of concept) of its Platform Analytics Technology concept. The technology is designed to automatically detect objects falling on tracks adjacent to transit passenger platform, and to alert incoming rail traffic to that effect.

- **Intelligent Pedestrian Identification Portal**

A system that will integrate several biometric data from inbound and outbound pedestrians to and from the U.S. The system will enable U.S. Immigration and Customs to automatically capture critical biometric data from visitors entering and leaving the U.S. without slowing down pedestrian traffic. The data would be processed by its combined praesidium and centraco platforms and result in the capability of tracking inbound visitors that overstay their permitted visa duration. Duos has submitted a comprehensive proposal and hopes to receive an award for a pilot system for proof of concept during FY'16

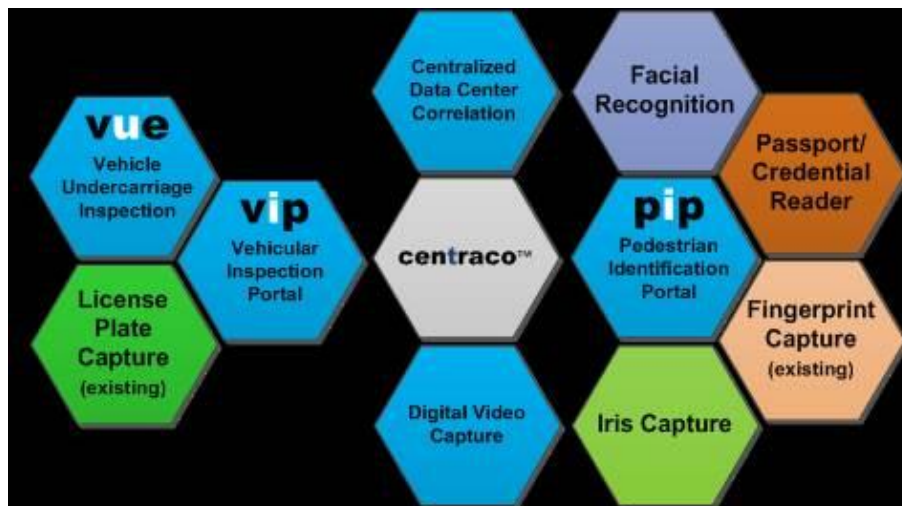


- **National Retail Distribution and Gatehouse Automation**

Duos has been selected to develop a smart system that will automate the distribution center and gatehouse interaction at multiple locations. National distribution/retail organizations will be able to leverage technology as a force multiplier and achieve significant economies of scale.

centraco™ Command & Control Platform

centraco™ is a dynamic and flexible command and control platform that combines the functionalities of what is referred to in the industry as a Physical Security Information Management (PSIM) system with the capabilities of a Enterprise Information System (EIS). It consolidates data and alarm events from an unlimited number of sensor and information sources into a unified, interactive user



interface, which is customized to the individual customer's concept of operations. It provides situational awareness and data visualization for security and operational objectives.

The system is capable of supporting the integration of data from legacy systems (existing camera and unlimited number and type of third party sensor infrastructures) with new technologies or systems, on the same graphical user interface. The unintended consequences of joining in to the rapidly evolving digital revolution of the past decade have left enterprise operations with an array of different proprietary operating technologies that cannot be correlated to each other. Operating staff is usually burdened with the impossible task of monitoring and controlling many independent systems simultaneously. Imagine the typical team of security officers in charge of monitoring 2,000 cameras, 100 emergency/panic emission locations, thousands of restricted access controls while required to be ready to respond to a major emergency situation. Duos' centraco™ platform acts like the much needed "data fusion" center.

Combining centraco™ and praesidium® not only creates a common operating platform, but relieves the operator from the impossible task of monitoring large numbers of devices and data sources. Actionable events from the various analytics processes generated by the praesidium® analytics suite are combined with data and information from any other (existing or new) source and presented to the operator in a logical and seamlessly organized user interface.

Projects

The combination of the two proprietary platforms with its many variants has and continues to deliver comprehensive "end-to-end" solutions, some of which play a significant role in proactive homeland security. Following are a few significant rail-centric projects that Duos has delivered turnkey.

National Capital Region Railroad Pilot Program (NCRPP)

Customer: U.S. Department of Homeland Security—Revenue from project \$13M

Under a congressional \$15 million budget earmark, Duos designed, developed and deployed the first "virtual security fence" technology which applies a combination of its video-analytics based system monitoring over 200 fixed and PTZ cameras with a myriad of other sensing technologies to remotely protect a seven-mile rail track through Washington D.C. The project was structured as a public-private



partnership between the DHS, CSX Transportation (CSXT) and AMTRAK. Duos delivered this as a turnkey design/build project to DHS using in-house developed technologies. Duos has been responsible for the maintenance and 24/7 technical support of this project.

Train Rider Detection System (trids™)

Customers: Union Pacific Railroad & U.S. Customs and Border Protection—Revenue from project \$1M+

This was the first cooperative technology effort between Union Pacific Railroad and U.S. Customs and Border Protection (CBP) to provide a system to automatically detect illegal riders on freight trains in order to mitigate manual and random inspection processes, historically conducted by CBP. This project was also the foundation project for the development of the future Rail Inspection Portal (rip™) systems currently in use at the U.S./Mexican Rail Border Crossings.

Border Security Rail Inspection Portalk⁴ (rip™)

Customers: Union Pacific Railroad, U.S. Customs and Border Protection and Kansas City Southern de Mexico—Revenue from projects \$8.5M+ 5-year tech support agreements currently totaling over \$1M annually.

The Duos Rail Inspection Portal (rip™) is the latest technological innovation and deployment for rail security and inspection at border, yards and inspection areas. Under a Union Pacific (UP)-funded pilot program at the Eagle Pass, TX border crossing, Duos designed and developed a leading edge portal to provide U.S. Customs and Border Protection (CBP) agency a tool that would aid customs officers in the inspection of inbound and outbound rail cars. After successful completion of the pilot, the system has been expanded to include three other Union Pacific South Western border crossings and two additional systems have been deployed in Mexico for the Kansas City Southern de Mexico Railroad. All systems are under a technical support and maintenance contract which will be subject to renewal in 2018.

Vehicle Undercarriage Examiner (vue™)

Customers: Johns Hopkins University Applied Physics Laboratory, Transportation Security Administration, N.J. Transit, AMTRAK, Transportation Technology Center – Revenue from projects \$1M+

The Vehicle Undercarriage Examiner system is the first of its kind to incorporate line scan camera technology to provide extremely high resolution images (over 200 megapixel) of trains moving at speeds up to 60 MPH. It is currently being utilized for both security and operational inspection applications. With regards to security, it has been successfully used to screen passenger trains for improvised explosive devices (IEDs) mounted on the undercarriage of cars. This technology is expected to generate significant revenue for the Company once the testing cycle is completed.

Railroad Tunnel & Bridge Security

Customers: CSX, Maryland Transit Administration, Union Pacific, LA Metrolink – Revenues from projects \$3.5M+

Duos' entry into the security marketplace began in 2001 with the development of a fully automated intelligent intrusion detection system for railroad tunnels. Originally designed and developed for CSX, this system has evolved and is the standard for tunnel security around the United States. It features both praesidium® and centraco™ and upon an incursion into the defined sterile area around the tunnel portals,

⁴ There are currently eight railroad lines coming in from Mexico. Duos' vue™ systems are installed on four of those eight lines.



annunciates in multiple languages, activates strobe lights and notifies operation centers in real-time for every intrusion. Operators also have the ability to “speak” remotely to the intruders using voice over IP technology.

Bridge security projects employ digital video surveillance to create a virtual perimeter at either end of select critical infrastructure railroad bridges in the U.S. These systems include motion detection and intrusion detection with alarms to provide greatly improved real-time situational awareness to stakeholders. .

Tank Farm Surveillance

Customers: CSXT, Union Pacific, National Grid—Revenue from project \$1M+

Duos has designed and deployed intelligent perimeter surveillance systems to secure tank farms for both fuel storage and liquefied petroleum gas (LPG) for the above-listed companies. Digital video cameras and intelligent video analytics combine to create a virtual perimeter around the tank area and vital structures on the site, automatically notifying company personnel of a security breach. The use of day/night cameras and software-based video enhancement delivers a system that works in all light conditions and in bad weather, with the industry’s lowest rate of false alarms.

Rail Yard Security

Customers: CSXT, Conrail, Union Pacific—Revenue from project \$4M+

Duos has designed and deployed intelligent security perimeter and anomaly detection systems for many U.S. rail yards. These systems employ the company’s proprietary video analytics technology to provide secure perimeters around the facilities.

Remote Bridge Controls

Customer: CSXT—Revenue from project \$1M+

Duos designed a system that eliminated the need for local drawbridge operators, allowing centralized and remote control of the drawbridges from a single location. This system has received U.S. Coast Guard accreditation and approval for use. It consists of a combination of PLC technology integrated with multiple sensors to provide operators complete situational awareness of the drawbridge.

Virtual Fence/Secure Rail Corridor

Customer: CSX, Union Pacific—Revenue from projects \$4M+

Due to the success of the NCRPP and ASPP projects, railroads began to expand and deploy the virtual fencing technology developed by Duos to include other critical infrastructure areas and for other identified high-threat areas along their routes. These included rail yards, sidings and other wayside areas.

Healthcare Projects

Customer: Baptist Health South Florida – Revenue from projects \$15M+

Over the past 12 years, Duos has exclusively provided all video and integration services for Baptist Health South Florida. This includes seven (7) separate hospitals and over 40 other Baptist owned facilities in the South Florida area. Additionally, Duos designed, outfitted, and deployed a state-of-the-art Security Command (SECOM) center that consolidates information and events from all sites into a single 24/7/365 manned operation. This unique facility includes an interactive 40’ long video wall and operates



on Duos' centraco™ command and control platform. Duos has also developed specialized hardware for Baptist Health by building the 1st of its kind Smart Emergency Contact (EMCON) button with integrated Power over Ethernet (PoE).

Industrial Projects

Customers: National Grid, Olin Chlor-Alkali – Revenue from projects \$2.1M

Duos' entire staff is certified for the handling of Chemical Vulnerability Information (CVI) under the Department of Homeland Security's Chemical Facility Anti-Terrorism Standards (CFATS) compliance program. Under this program, Duos has hardened multiple facilities to meet and exceed government standards for protection. These facilities include chlorine manufacturing and distribution, power plants, and liquefied natural gas (LNG) distribution and transfer operations. As these facilities are rated on a "tier" scale with a Tier 1 being the most critical, Duos systems is responsible for securing the number one, Tier 1 CFATS facility in the United States.

Projects under development

Several significant new programs and technologies are currently under development and in various stages of maturity. Some of the more significant developments are:

Addition of x-ray capabilities to our Rail Inspection Portal

Integration of this technology into Duos' Rail Inspection Portal technology will provide the CBP with the capability of remotely inspecting the 4 sides of a railcar (Duos' current system) and the interior content of cargo cars (x-ray) simultaneously..

Transit Rail Platform Analytics

The Company expects to receive a formal award to deploy a pilot/proof of concept during the fourth quarter of FY'15 and to deploy the pilot during Q1 of FY'16. Once the pilot is approved, NY Transit is expected to roll out the selected solution to its 460+ transit stations, of which Duos expects to be considered for between 30% and 50% of the stations.

National Retail Distribution and Gatehouse Automation for National Retailer

Duos has been selected to develop a smart system that will automate the distribution center and gatehouse interaction at multiple locations. National distribution/retail organizations will be able to leverage technology as a force multiplier and achieve significant economies of scale. The national retail chain has earmarked to roll out this technology on a national bases, once the pilot has been successfully completed.

Ultra-High Definition Train Imaging

Duos has been selected to develop an ultra-high definition imaging systems that will allow remote side and top car inspection. This technology will be a further evolution to Duos' rail inspection portal technology and is sought by rail operators to enhance their inspection capabilities from a central point. Once the concept and design is approved, the Company expects to receive an initial award for the roll out of at least 16 systems.

IV. INDUSTRY

Total Addressable Market (TAM)

The combination of ISA's legacy services with Duos Technologies' IP and project experience significantly expands the technology portfolio of the combined entity. Duos will continue to focus on the design, development and deployment of "Intelligent Technologies" with specialization in the areas of video analytics for security applications, data analytics of a wide range of sensor outputs, and specialized applications for a broad range of industries. One of Duos' flagship technologies is its comprehensive automated rail inspection portal system.

Intelligent Video Analytics

The Company's proprietary Intelligent Video Analytics technology is primarily focused on the video surveillance market, which according to Homeland Security Research Corporation represents the fastest growing segment within the homeland security market. According to the Homeland Security Research group: "The Intelligent Video Surveillance (IVS), Intelligence, Surveillance, and Reconnaissance (ISR) Analytics and Video Analytics (VA) industry is forecasted to experience decades of rapid growth. The industry revenues totaled \$13.5 billion in 2012, and are expected to grow at a 13.8% CAGR from 2012 to 2020." This growth is being driven by the following industry trends:

- Increased use of video surveillance.
- Migration from analog to digital and IP-based cameras.
- Technology maturity: Video analytics algorithms, processors, applications and products underwent a decade of technological evolution to intelligent video processing, based on advancements in image processing, enabling automatic detection and identification of signatures.
- Cost reduction of video analytic systems: Driven by the falling prices of image processing DSPs and communication systems.
- Improved cost-performance of new edge-based video analytics DSP technologies (e.g., Intel & Texas Instruments DSPs).
- Human operators entail high cost & high rate of overlooked events. Real time analysis of video images and recorded footage is a need that cannot be solved efficiently solely by human operators due to manpower costs. Furthermore, human operators fatigue and boredom cause a high rate of overlooked events.
- IVS, ISR and VA process trillions of video surveillance-hours annually: By 2012, over 200 million video surveillance cameras (including ISR cameras) deployed worldwide captured 1.6 trillion video-hours. Growing at a CAGR of 9-11%, captured video surveillance is forecasted to reach approximately 3.3 trillion video-hours in 2020. A hypothetical analysis assuming that 20% of the most critical video streams should have been reviewed by human operators, results in a (hypothetical) need to employ (in 2012) a workforce of over 110 million operators (working 8 hours daily, 300 days a year).

Rail Inspection Market Overview

One of the Company's most significant technological developments is the next generation vue™ (automated vehicle undercarriage examiner) system. This proprietary new system can be commercialized as part of the rail inspection portal (rip™) for both security and mechanical inspection applications, or as a standalone mechanical inspection system.



There are approximately 200,000 miles of rail tracks throughout North America which are populated by over two million freight cars. The most important driver of profitability in any rail operation is the “velocity” of its rolling stock. This determines how much freight or how many passengers they can transport between destinations and at what average speeds. Railroads implement their own speed limits within FRA guidelines. Speed restrictions are primarily based on curvature, signaling, track condition (class), grade crossing and the physical condition of a train. Freight trains are very heavy, so worn or broken parts can drag, pound, and destroy the cars and the track structure. So quicker detection can prevent costly car/track repairs and dramatically increase velocity and direct profitability.

For example, at rail border crossings, each incoming train is inspected by U.S. Customs and Border Protection (CBP) agents, often leading to significant delays. Another lengthy process is the mechanical inspection under Federal Railroad Administration (FRA) regulations. This process requires that each time a rail car departs a yard, terminal, or industrial facility, it is required to be inspected by either a qualified mechanical inspector or a train crew member for possible defects that would adversely affect the safe operation of the train. The average time it takes to manually inspect a rail car has improved over time and presently approximates 1.5 to 3 minutes per single car inspection. Essentially, a one hundred car consist typically necessitates 2-4 men per car and can take as long as 1-2 hours to complete the required inspections. The current railcar inspection process is tedious, labor intensive, and in general lacks the level of objectivity that may be achievable through the use of new technology. In addition to the inherent safety and efficiency challenges of manual inspections, records of these inspections are generally not retained unless a billed repair is performed. As a result, the maintenance of railcar structural components is almost entirely reactive rather than predictive, making repairs and maintenance less efficient.

An optimal solution to this problem would be to utilize a complete, automated system that will inspect the entire car via a system of wayside cameras, including machine vision cameras located below the car. In this way, freight cars will be inspected more thoroughly and efficiently and the safety risks associated with manual car inspection will be minimized through reduced exposure to potential yard hazards.

Additionally, reducing inspection time will increase yard efficiency and improve overall network capacity by reducing the time needed to process inbound and outbound trains. In order to improve network efficiency by reducing the duration of car inspections, a majority of freight car inspection tasks will need to be automated. This type of rail inspection system brings railroad mechanical departments closer to achieving fully-automated car inspections. As a result of implementing machine vision technology and other automated inspection systems, North America’s railroads will be poised to improve system-wide safety and efficiency by taking advantage of preventative maintenance strategies and by reducing rail network costs associated with the current inspection process.

Freight industry revenues exceeded \$85 billion in 2012. Unlike trucks, barges, and airlines, these privately-owned freight railroads operate almost exclusively on infrastructure that they own, build, and maintain. From 1980 to 2013, freight railroads reinvested \$550 billion of their own funds in capital expenditures and maintenance projects related to locomotives, freight cars, tracks, bridges, tunnels and other infrastructure related equipment. According to the American Association of Railroads (AAR), more than 40 cents out of every revenue dollar is invested right back into a rail network that keeps the U.S. economy moving. In recent years, the industry has been reinvesting more than ever before, including more than \$25 billion per year in 2012 and 2013, on their nearly 200,000-mile network.

**Total Addressable Market (TAM)**

Estimating the Total Addressable size of the rail inspection market, deployment and market revenue from intelligent inspection portals includes both the use of the technology and its derivative information, with the following targets for deployment throughout North America:

The TAM for the Company's inspection portal includes not only undercarriage structural inspection but all inspections (inclusive of FRA safety appliances, car readiness inspections, security inspections as well as structural) that are and can typically run at inspection points/yards today. The TAM assumes inspection checkpoints every 50 miles estimating 5,000 total checkpoints in North America (200,000 miles/50 miles = 4,000 checkpoints plus 500 yards x 2 (entry and exit) for an additional 1,000 checkpoints). With these targets, the inspection portal TAM is estimated to exceed \$2.5 billion in the next three to five years. SAM, which is the Segmented Addressable Market (aka Served Available Market) portion of the TAM that Duos is targeting with its product is based on its vue™ deployments (automated inspection for undercarriage inspections and security applications) which it can estimate at 60% of the TAM or \$1.5 billion.

Metrics	Total Addressable Market (TAM)	Served Addressable Market (SAM)
Number of Inspection Checkpoints	5,000	3,000
vue Estimated Product Cost and Labor	\$140,000	\$140,000
vue average selling price	\$350,000	\$350,000
rip Estimated Product Cost and Labor	\$290,000	\$290,000
rip average selling price	\$750,000	\$750,000
Product ASP Mix vue	60%	60%
Product ASP Mix rip	40%	40%
Average Selling Price per Checkpoint	\$510,000	\$510,000
TOTAL	\$2,550,000,000	\$1,530,000,000

Competition

Duos' **praesidium**® platform competes currently with the following sector specific private companies⁵:

Video Analytics Market	Rail Inspection Portal *1)	
Security	Mechanical	Security
Agent VI (Israel)	Beena Vision (USA -wheels and wayside only)	Freight rail - NONE
BRS Labs (USA, recently left the market place)	LYNXRAIL (Australia - tracks, wheels and wayside only)	Beena Vision (dev stage)
IntelliVision (USA)	KDLabs (USA - tracks, wheels and wayside only)	
Video IQ/sold to Avigilon	MERMEC (Italy - tracks, wheels and wayside only)	

Duos' **centraco**® is an open architecture “fusion” engine which functions as a comprehensive “front end” user interface. This platform includes both the traditional Physical Security Information Management (PSIM) systems as well as a full scale Enterprise Information Management System (EIS). None of Duos' competitors include both PSIM and EIS, nor do any of the competing products allow for the integration of embedded engineered solutions.

PSIM
Security
Nice Situator (Israel)
VidSys (USA)
Proximex (USA)
DICE (USA)

It should be noted that the PSIM market is rapidly expanding and Duos management expects that capability requirements will substantially increase. Companies increasingly require expanded capabilities to justify the investment in their digital infrastructure for use by multiple corporate disciplines (security, building management, IT, network access control management).

⁵ *1) Note: Duos invented the concept of a rail inspection portal used for comprehensive inspection of security threats. As a result, we were unable to identify any competitor in this sector. Recently, the American Association of Railroads (AAR), through its technology research subsidiary TTCI, has engaged Duos to adapt its security portal technology to an automated mechanical inspection system. Duos is in stage 2 of 3 on this development. There are no competitors engaged in this effort and the potential competitors are currently only focusing on the inspection of wheels, bearings, breaks and track alignment. The Company expects that any competitor interested in expanding their inspection technologies to the ones Duos has developed over the past 4 years would require at least 2-3 years of research and development before they would be able to produce similar systems for real time testing. The testing cycle will take at least an additional 1-2 years. The AAR/TTCI is currently conducting beta testing only with Duos' systems. Likewise, the CBP (US Customs and Border Protection) and Union Pacific R/R are using Duos' systems as their only security inspection infrastructure at the U.S. border.



Given that Duos has no direct competition with publicly traded companies, we have identified the following five companies are the closest comparable publicly traded companies to Duos.

Company Name	Ticker	Share Price	Trailing P/E	Forward P/E	Price/Sales	EV/Revenue	EV/EBITDA	Total Market Cap
		9/29/2015	Multiple	Multiple	Multiple	Multiple	Multiple	(\$ million)
Qlik Technology, Inc.	QLIK	\$35.29	N/A	67.87	5.85	5.32	N/A	\$3,260
Nice Systems Ltd.	NICE	\$53.22	24.05	15.52	3.10	2.80	14.23	\$3,170
Verint Systems, Inc.	VRNT	\$41.71	758.36	10.59	2.19	2.52	18.10	\$2,590
Mattersight Corp.	MATR	\$7.52	N/A	N/A	5.75	5.70	N/A	\$193
Imageware Systems	IWSY	\$1.60	N/A	N/A	29.25	27.92	N/A	\$150
Market CapWeighted Average			334.34	48.81	6.57	6.23	15.07	
Median			391.21	15.52	5.75	5.32	16.17	
Mean			391.21	31.33	9.23	8.85	16.17	
Source: Yahoo Finance								

NOTE: Informatica Corporation (INFA), a provider of enterprise data integration software and services, was an additional comp but was excluded from the chart because it recently went private. The deal valued the company at \$5.3 billion, or 5.1x 2014 revenues and 46.1x 2014 net income. Both Microsoft and Salesforce Ventures became strategic partners as the deal closed.

Qlik Technology, Inc.

Qlik Technologies Inc. provides user-driven business intelligence solutions that enable customers to make business decisions. The company develops, commercializes, and implements software products and related services. It offers QlikView, which enables business users to explore data; ask and answer their own stream of questions; and follow their own path to insight on their own, or collaborate across teams and organizations. The company also provides license, maintenance, and professional services. It serves customers in various industry verticals, such as consumer packaged goods, financial services, pharmaceuticals, retail, manufacturing, technology, and healthcare. The company sells its products through its direct sales force, as well as through indirect channel partners, including distribution partners, value-added resellers, system integrators, and original equipment manufacturers to license and support its software platform.

Nice Systems

NICE Systems Ltd. provides software solutions that enable enterprises and security-sensitive organizations to prevent financial crimes and fraud, ensure security and public safety, and provide enhanced customer experiences. The company operates in three segments: Customer Interactions Solutions, Security Solutions, and Financial Crime and Compliance Solutions. Its customer interactions solutions transform the way organizations engage with their customers in communication channels and touch points; and helps organizations know their customers, take the next-best-action in real time, and engage employees to continuously enhance performance. The company provides customer interactions solutions for the communications, banking, insurance, health care, outsourcing, utilities, travel, and entertainment industries. It also offers security solutions that help organizations capture, analyze, and leverage Big Data to anticipate, manage, and mitigate security and safety risks, enhance operations, and ensure the safety of the general public. In addition, the company provides public safety solutions; physical security information management and situation management solutions; video surveillance and analytics solutions; and intelligence solutions to banks, utility companies, airports, seaports, city centers, transportation systems, and tourist attractions, as well as sporting events and diplomatic meetings.

**Verint Systems**

Verint Systems Inc. provides actionable intelligence solutions and value-added services worldwide. The company operates through three segments: Enterprise Intelligence Solutions, Communications and Cyber Intelligence Solutions, and Video and Situation Intelligence Solutions. The Enterprise Intelligence Solutions segment provides engagement, speech, text, and desktop and process analytics; enterprise feedback, case, knowledge, email and whitemail, quality, customer communities, workforce, and performance management; identity authentication and fraud detection, and employee desktop; Web self-service; live chat and co-browse; social engagement; recording; and eLearning and coaching solutions. The Communications and Cyber Intelligence Solutions segment offers cyber security threat protection; network, tactical, Web, cloud, and open source intelligence; and service provider compliance solutions. The Video and Situation Intelligence Solutions segment provides situational awareness platform, enterprise video management software, video analytics, edgeVMS, and public safety media recorder solutions. It serves government, law enforcement, transportation, critical infrastructure, and commercial organizations; and financial services, retail, and telecommunications service provider industries.

Mattersight Corporation

Mattersight Corporation provides enterprise analytics services with a focus on customer and employee interactions and behaviors in the United States and the United Kingdom. It offers behavioral analytics service that captures and analyzes customer and employee interactions, employee desktop data, and other contextual information to enhance operational performance, and predict future customer and employee outcomes. The company also provides marketing managed services comprising application hosting services; and operational consulting services, which enhance business performance through process efficiencies and redesign of workflows. It serves companies in the healthcare, insurance, financial services, telecommunications, cable, utilities, education, hospitality, and government industries.

ImageWare Systems

ImageWare Systems, Inc. provides biometrically enabled software-based identity management solutions for biometrics, secure credential, and law enforcement and public safety markets worldwide. Its principal product is the patented IWS Biometric Engine, a multi-biometric software platform enabling the enrollment and management of unlimited population sizes. The company also offers GoMobile Interactive, a mobile biometric identity management platform that allows business, service, and content providers to offer users biometric security for their products, services, and content. It primarily serves corporations, border crossings, airports, hospitals, universities, and government agencies.



V. FINANCIALS

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- Income Statement and Financial Projections
- Balance Sheet
- Statement of Cash Flows
- Comparison Table and Valuation Metrics

Income Statement and Financial Projections

Duos Technologies Group, Inc. Pro Forma Income Statement					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues					
Project revenue	\$1,802,930	\$3,602,824	\$5,760,000	\$7,200,000	\$8,640,000
Maintenance and technical support	2,399,527	2,238,139	2,700,000	3,500,000	4,300,000
Misc.	401,311	400,000	500,000	750,000	1,250,000
Total revenues	\$4,603,768	\$6,240,963	\$8,960,000	\$11,450,000	\$14,190,000
Cost of revenues:					
Project revenue	1,034,012	2,008,384	3,052,800	3,744,000	4,320,000
Maintenance and technical support	493,143	857,789	1,026,000	1,260,000	1,505,000
Misc.	168,293	200,000	250,000	375,000	625,000
Total cost of revenues	\$1,695,448	\$3,066,173	\$4,328,800	\$5,379,000	\$6,450,000
Gross profit	\$2,908,320	\$3,174,790	\$4,631,200	\$6,071,000	\$7,740,000
GP %	63%	51%	52%	53%	55%
Operating expenses					
Selling and marketing	283,440	269,478	280,307	324,778	376,304
Salaries, wages and contract labor	2,988,766	2,445,698	2,636,697	2,910,420	3,212,559
R&D	191,662	198,769	248,657	302,244	367,380
Professional fees	141,121	218,580	194,008	203,891	214,279
G&A	1,528,315	1,047,540	1,247,994	1,445,989	1,675,395
Impairment loss		1,578,816	0	0	0
Total operating expenses	\$5,133,304	\$5,758,881	\$4,607,663	\$5,187,322	\$5,845,917
Adj. EBITDA	(\$1,576,111)	(\$1,005,275)	\$23,537	\$883,678	\$1,894,083
Other Income					
Interest expense	(670,731)	(843,431)	(368,121)	(230,444)	(169,338)
Gain on settlement of A/P	5,200				
Other income, net	(155,365)				
Total Other Income	(820,896)	(840,220)	(368,121)	(230,444)	(169,338)
Income (Loss) before income taxes	(3,045,880)	(3,424,310)	(344,583)	653,234	1,724,745
Taxes	(3,860)				
Net Income (Loss)	(\$3,042,020)	(\$3,424,310)	(\$344,583)	\$653,234	\$1,724,745
Preferred stock dividends	(536,376)				
Net Income (Loss) applicable to common stock	(3,578,396)	(3,424,310)	(344,583)	653,234	1,724,745
Net Income per share (Diluted)		(\$0.06)	\$0.00	\$0.01	\$0.02
Weighted Average Common Shares Outstanding		59,278,951	69,278,951	74,278,951	79,278,951

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In 2014, combined company's revenues were approximately \$4.6 million with a negative \$1.6 million in adjusted EBITDA. Through the first six months of 2015, the Company reported \$2.7 million in revenues with gross profit at approximately \$1.4 million (52% gross margin) and a net loss of \$2.8 million⁶. We are projecting that Duos will incur no income tax expense through 2018 due to NOL Carryforwards of \$12.1 million as of 6/30/15.

We note that we projected revenues for 2015-2018 based on a conservative percentage of the Company's current business development pipeline. We consider this to be a baseline projection. We believe that the Company is in between the baseline projections as laid out on the previous page and a more aggressive growth upside scenario forecast printed on the following page, contingent upon a number of key variables including adequate access to working capital and growth capital, as well as the overall health of the U.S. economy.

⁶ Includes a non-cash charge related to loss on impairment of goodwill and intangible assets during the second quarter of 2015 of \$1.6 million. Adjusted EBITDA for the first six months of 2015 was negative \$605,420.



Upside Scenario

Duos Technologies Group, Inc. Pro Forma Income Statement					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues					
Project revenue	\$1,802,930	\$3,602,824	\$12,940,000	\$22,370,000	\$40,330,000
Maintenance and technical support	2,399,527	2,238,139	2,700,000	3,500,000	4,300,000
Misc.	401,311	400,000	500,000	750,000	1,250,000
Total revenues	\$4,603,768	\$6,240,963	\$16,140,000	\$26,620,000	\$45,880,000
Cost of revenues:					
Project revenue	1,034,012	2,008,384	6,858,200	11,632,400	20,165,000
Maintenance and technical support	493,143	857,789	1,026,000	1,260,000	1,505,000
Misc.	168,293	200,000	250,000	375,000	625,000
Total cost of revenues	\$1,695,448	\$3,066,173	\$8,134,200	\$13,267,400	\$22,295,000
Gross profit	\$2,908,320	\$3,174,790	\$8,005,800	\$13,352,600	\$23,585,000
GP %	63%	51%	50%	50%	51%
Operating expenses					
Selling and marketing	283,440	269,478	407,227	514,141	659,170
Salaries, wages and contract labor	2,988,766	2,445,698	4,090,078	5,760,435	7,188,946
R&D	191,662	198,769	270,208	651,699	792,144
Professional fees	141,121	218,580	499,680	769,674	890,397
G&A	1,528,315	1,047,540	1,311,454	1,752,204	2,157,112
Impairment loss		1,578,816	0	0	0
Total operating expenses	\$5,133,304	\$5,758,881	\$6,578,646	\$9,448,152	\$11,687,769
Adj. EBITDA	(\$1,576,111)	(\$1,005,275)	\$1,427,154	\$3,904,448	\$11,897,231
Other Income					
Interest expense	(670,731)	(843,431)	(368,121)	(230,444)	(169,338)
Gain on settlement of A/P	5,200				
Other income, net	(155,365)				
Total Other Income	(820,896)	(840,220)	(368,121)	(230,444)	(169,338)
Income (Loss) before income taxes	(3,045,880)	(3,424,310)	1,059,033	3,674,004	11,727,893
Taxes	(3,860)	0	0	0	2,158,118
Net Income (Loss)	(\$3,042,020)	(\$3,424,310)	\$1,059,033	\$3,674,004	\$9,569,775
Preferred stock dividends	(536,376)				
Net Income (Loss) applicable to common stock	(3,578,396)	(3,424,310)	1,059,033	3,674,004	9,569,775
Net Income per share (Diluted)		(\$0.06)	\$0.02	\$0.05	\$0.12
Weighted Average Common Shares Outstanding		59,278,951	69,278,951	74,278,951	79,278,951

In our upside scenario shown above, we projected revenues based our baseline projections plus an estimated additional number of units sold under Duos' conventional ownership model and units sold through licensed channel partners. Duos provided unit sales estimates based on their expectations and assuming adequate access to capital and a stable U.S. economy. To be conservative, we cut these estimates by 50% to arrive at the pro forma income statement above.

We believe that these upside scenario figures are achievable; however given the limited operational history of these business models in this nascent sector, we are basing our primary valuation target on the more conservative pro forma model shown on the previous page.

**Balance Sheet**

Duos Technologies Group, Inc. Balance Sheet		
	30-Jun-15	31-Dec-14
Current Assets:		
Cash	5,999	85,435
Accounts receivable, net	562,780	317,933
Cost and estimated earnings in excess of billings on uncompleted contracts	352,476	218,309
Prepaid expenses and other current assets	242,155	92,859
Total Current Assets	<u>\$1,163,410</u>	<u>\$714,536</u>
Property and equipment, net	44,900	44,883
Other Assets		
Patents and trademarks, net	51,187	52,496
Total Other Assets	51,187	52,496
Total Assets	<u>\$1,259,497</u>	<u>\$811,915</u>
Current Liabilities		
Accounts payable	1,236,902	550,455
Accounts payable-related party	36,293	53,122
Commercial insurance/office equipment financing	107,666	33,055
Notes payable-related party	812,434	75,000
Notes payable-net of discounts	70,185	0
Convertible notes payable	561,991	1,425,106
Line of credit	40,333	0
Payroll taxes payable	306,263	600,181
Accrued expenses	894,292	694,498
Billings in excess of costs and estimated earnings on uncompleted contracts	720,980	153,783
Deferred revenue	511,810	865,394
Contingent lawsuit payable	1,411,650	1,411,650
Total Current liabilities	<u>\$6,710,799</u>	<u>\$5,862,244</u>
Total Liabilities	<u>\$6,710,799</u>	<u>\$5,862,244</u>
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock		
Common stock	61,549	57,738
Additional paid in capital	15,917,121	13,517,159
Accumulated deficit	(21,429,972)	(18,625,226)
Total Stockholders' Equity (Deficit)	<u>(\$5,451,302)</u>	<u>(\$5,050,329)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$1,259,497</u>	<u>\$811,915</u>



Statement of Cash Flows

Duos Technologies Group, Inc. Statement of Cash Flows		
	For the Six Months	
	Ended June 30th	
	2015	2014
Cash from operating activities:		
Net loss	(\$2,804,746)	(\$521,408)
Adjustments		
Depreciation and amortization	23,088	28,631
Stock based compensation	98,000	
Interest expense related to premiums	485,818	
Impairment loss	1,578,816	
Warrant expense	3,062	
Changes in assets and liabilities:		
Accounts receivable	(244,846)	287,462
Costs and estimated earnings on projects	(134,167)	(69,438)
Prepaid expenses and other current assets	27,775	(41,843)
Accounts payable	486,787	(339,088)
Accounts payable--related parties	(16,829)	(10,229)
Payroll taxes payable	(341,686)	189,254
Accrued expenses	91,680	(27,659)
Billings in excess of costs and earnings on uncompleted contracts	567,197	66,038
Deferred revenue	(355,393)	30,819
Net cash used in operating activities	(\$535,444)	(\$407,461)
Cash flows from investing activities		
Cash acquired in acquisition	1,346	
Purchase of patents/trademarks	(1,600)	(1,500)
Purchase of fixed assets	(20,196)	(19,673)
Net cash used in investing activities	(\$20,450)	(\$21,173)
Cash flows from financing activities:		
Bank overdraft proceeds		(97,491)
Proceeds from borrowings under convertible notes	605,965	
Proceeds of borrowings under convertible notes	(129,507)	548,370
Proceeds of insurance and equipment financing		45,544
Net cash provided by financing activities	\$476,458	\$496,423
Net increase (decrease) in cash	(\$79,436)	\$67,789
Cash, beginning of period	\$85,435	\$250
Cash, end of period	\$5,999	\$68,039



Comparisons

The following are the closest publicly traded comparables we were able to identify for Duos:

Company Name	Ticker	Share Price	Trailing P/E	Forward P/E	Price/Sales	EV/Revenue	EV/EBITDA	Total Market Cap
		9/29/2015	Multiple	Multiple	Multiple	Multiple	Multiple	(\$ million)
Qlik Technology, Inc.	QLIK	\$35.29	N/A	67.87	5.85	5.32	N/A	\$3,260
Nice Systems Ltd.	NICE	\$53.22	24.05	15.52	3.10	2.80	14.23	\$3,170
Verint Systems, Inc.	VRNT	\$41.71	758.36	10.59	2.19	2.52	18.10	\$2,590
Mattersight Corp.	MATR	\$7.52	N/A	N/A	5.75	5.70	N/A	\$193
Imageware Systems	IWSY	\$1.60	N/A	N/A	29.25	27.92	N/A	\$150
Market CapWeighted Average			334.34	48.81	6.57	6.23	15.07	
Median			391.21	15.52	5.75	5.32	16.17	
Mean			391.21	31.33	9.23	8.85	16.17	

Source: Yahoo Finance

Valuation Metrics

BASELINE

Year	Revenue per share Estimate	Price to Revenue Multiple (X)	Future Value	Discount Rate	12-Month Target Value
2015	\$0.11	5.75	\$0.61	35%	\$0.61
2016	\$0.13	5.75	\$0.74	35%	\$0.69
2017	\$0.15	5.75	\$0.89	35%	\$0.61
2018	\$0.18	5.75	\$1.03	35%	\$0.52
Average:					\$0.61

The aforementioned projections and valuation metrics were calculated and illustrated by applying various assumptions. Based on pro forma expectations and applying a 5.75x (median from comps above) revenue multiple with a 35% discount rate, we calculate a 12-month target value of \$0.61 for Duos' common shares. Given our 4 year forecast revenue CAGR of 32.5%, we believe this multiple to be conservative and in-line with its peers. We note that this valuation calculation is based on our conservative baseline forecast for Duos.

UPSIDE

Year	Revenue per share Estimate	Price to Revenue Multiple (X)	Future Value	Discount Rate	12-Month Target Value
2015	\$0.11	5.75	\$0.61	35%	\$0.61
2016	\$0.23	5.75	\$1.34	35%	\$1.24
2017	\$0.36	5.75	\$2.06	35%	\$1.42
2018	\$0.58	5.75	\$3.33	35%	\$1.69
Average:					\$1.24



The second valuation chart shows the valuation based on the upside scenario shown on page 32. Based on pro forma expectations and applying a 5.75x (median from comps above) revenue multiple with a 35% discount rate, we calculate a 12-month target value of \$1.24 for Duos' common shares.

We caution investors that Duos is in the early stages of an aggressive growth plan, and any material change to the assumptions may positively or negatively impact this valuation calculation. We are excluding any financial contribution from future M&A activity, which could materially impact our earnings estimates. We believe that this decision is reasonable and conservative.

Cap Table (as of 6/30/2015 – all amounts x1,000)

	Common Stock		Additional	Accumulated	
	# of Shares	Amount	Paid-in-Capital	Deficit	Total
December 31, 2014	57,738,209	\$57,738	\$13,517,159	(\$18,625,226)	(\$5,050,329)
Common stock issued for convertible debt	2,211,791	\$2,212	\$1,802,547		\$1,804,759
Common stock issued for settlement of accounts payable	50,000	\$50	\$16,750		\$16,800
Net Loss for the 3 months ended March 31, 2015				(\$752,424)	(\$752,424)
Balance March 31, 2015	60,000,000	\$60,000	15,336,456	(\$19,377,650)	(\$3,981,194)
Deemed Issuance to ISA shareholders	1,246,870	\$1,247	\$392,682		\$393,929
Other Share Issuances	301,842	\$302	\$187,984	(\$2,052,322)	(\$1,864,036)
Balance June 30, 2015	61,548,712	\$61,549	\$15,917,122	(\$21,429,972)	(\$5,451,301)

VI. RISKS

General Risk Factors

Following are some general risk factors: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects.

Risk Factors Specific to Industry

The markets for the Company's products are characterized by rapidly changing technology and evolving industry standards. The introduction of products embodying new technology, new delivery platforms, the commoditization of older technologies, and the emergence of new industry standards and technological hurdles can exert pricing pressure on existing products and/or render them unmarketable or obsolete. Moreover, the market potential and growth rates of the markets it serves are not uniform and are evolving. It is critical to the Company's success that it is able to anticipate and respond to changes in technology and industry standards and new customer challenges by consistently developing new, innovative, high-quality products and services that meet or exceed the changing needs of our customers. It must also successfully identify, enter, and prioritize areas of growing market potential, including by launching and driving demand for new and enhanced solutions and services. If the Company is unable to execute on these strategic priorities, it may lose market share or experience slower growth, and its profitability and other results of operations may be materially adversely affected.

Risk Factors Specific to Company

Competition Risk

The Company faces aggressive competition from numerous and varied competitors in all of its markets, making it difficult to maintain market share, remain profitable, invest, and grow. The Company is also encountering new competitors as it expands into new markets. Its competitors may be able to more quickly develop or adapt to new or emerging technologies, better respond to changes in customer needs or preferences, better identify and enter into new areas of growth, or devote greater resources to the development, promotion, and sale of their products. Some competitors have, in relation to the Company, longer operating histories, larger customer bases, longer standing relationships with customers, superior brand recognition, and significantly greater financial, technical, marketing, customer service, public relations, distribution, or other resources, especially in new markets it may enter. Consolidation among competitors may also improve their competitive position. In recent years, several companies significantly larger than the Company have also entered or increased their presence in its markets through internal development, partnerships, and acquisitions, and the Company has encountered larger competitors as it has expanded into new markets. The Company also faces competition from solutions developed internally by its customers or partners. To the extent that it cannot compete effectively, the Company's market share and, therefore, results of operations could be materially adversely affected.

**Execution Risk**

As with any early stage company implementing an aggressive growth plan, Duos' success or failure will depend on management's ability to execute their business plan in an efficient and timely manner.

Key Management Risk

Management's skill and experience is a key determinant of success. Duos, like most small companies, is heavily dependent on key management, the loss of any of which could seriously, adversely affect the company. An offsetting factor would be that with the exception of CFO Adrian Goldfarb, Duos' entire management team has been with the Company over ten years.

Micro-capital Investment Risk

Micro-capital investing involves inherent risk and investors should carefully research any company considered for investment. Micro-capital companies are usually early in their market cycle and vulnerable to significant price volatility.

Risk Categories

WSR's investment universe revolves around undiscovered emerging growth companies that possess higher risk profiles than established "blue chip" companies. Presently WSR maintains three risk categories including growth, aggressive growth and speculative with the later assigned to higher risk companies.

Growth – Lower risk investment relative to small capital company investments with a defined revenue pattern, reasonable earnings predictability and sound balance sheet.

Aggressive Growth – Average to higher risk investment relative to small capital company investments in a high growth stage or industry. May have limited history of generating revenue or be operating in a highly competitive or rapidly changing environment. Investors must have the financial capacity to lose a significant portion of his or her investment.

Speculation - High risk investment with short or unprofitable operating history and limited revenue or earnings predictability. Companies are typically early stage and in the process of commercializing a new and often potentially disruptive technology into a large market. Investors must have the financial capacity to lose his or her entire investment.

VII. MANAGEMENT AND DIRECTORS

Officers, Directors and Key Management

<u>Name</u>	<u>Age</u>	<u>Position</u>
Gianni B. Arcaini	67	Chairman and Chief Executive Officer
Adrian Goldfarb	58	Chief Financial Officer, Director
Gijs van Thiel	48	Director
Joseph S. Glodek	54	Director
Alfred J. Mulder	40	Director

Gianni B. Arcaini

On April 1, 2015, following the Effective Time of the Merger, the Company's board of directors appointed Gianni Arcaini, as the Chairman of the Company's board of directors and the Company's Chief Executive Officer, to serve at the discretion of the Company's board of directors. In 1990, Gianni Arcaini, together with a group of European investors primarily from The Netherlands, founded Environmental Capital Holdings, Inc. (ECH) a company engaged in the technology transfer from Europe to the US. Shortly thereafter, ECH acquired a Dutch engineering company (Duos Engineering B.V.) and subsequently formed Duos Engineering (USA), Inc., the forerunner to Duos, as a fully owned subsidiary of ECH. In 2002, Duos was spun off from ECH as part of a restructuring process and, under the leadership of Mr. Arcaini, expanded into a broad based technology company with special focus on homeland security. Prior to his involvement with ECH, Mr. Arcaini spent over 10 years in various executive capacities with Robex International, a joint venture of Royal Volker Stevin, Royal Bijenkorf and the Westland Utrecht Bank, ultimately acquiring the company in a management buyout after having expanded its operations into the United States. In 1984, he sold the company's European operations and immigrated with his family to the United States. Mr. Arcaini subsequently founded and later sold Strategic Planning Group, Inc., an economic and strategic planning, research and international permitting firm. Mr. Arcaini completed his early education at a Jesuit Boarding school in Austria and Germany, and graduated from a state business school in Frankfurt, Germany. He is fluent in German, Dutch, Italian, Spanish and English.

Adrian G. Goldfarb

Mr. Goldfarb became a director of the Company in April 2010. On June 26, 2012, he was appointed as President and Chief Financial Officer, effective July 1, 2012 charged with rebuilding the company. Mr. Goldfarb also currently serves as a director of Gelstat Corporation, a small public company engaged in the development, manufacturing and marketing of homeopathic and natural supplements. Mr. Goldfarb is a 30-year industry veteran including more than 20 years in information technology. He began his career with IBM as a financial specialist in an enterprise systems group focused on the IT solutions in the oil industry. Over a more than 33-year career span he has worked in marketing, operations and finance with both large and small organizations. Mr. Goldfarb will continue as Chief Financial Officer of Duos and remain on the Board of Directors.

Directors

Alfred J. (Fred) Mulder

Fred Mulder was appointed to serve on the Board of ISA effective April 1, 2015. He is an independent consultant (M&A / Corporate Finance) and informal investor in various companies in the USA and Europe, including Duos. Between 2001 and 2013, Mr. Mulder served as Executive Chairman of the Board of LBI International N.V. and from 2009 until 2014 as non-executive member of the board of W.P. Stewart in New York. He also was, Chairman of the Supervisory Board of Stahomij B.V., Amsterdam (vehicle traffic management), Member of the Board of Aleri / MPCT Solutions - Chicago/London (financial data base management solutions), Member of the Supervisory Board of Debitel N.V. – Hoofddorp (mobile telecom operations), Environmental Capital Holdings – Jacksonville, Florida. He also serves as Chairman of the Investment Committee of Nethave N.V. (ICT Technology), Berghave N.V. (Turnaround/reshaping funding) and the Pension Fund of Radio Holland N.V. In 1993, Mr. Mulder was co-founder and became Chairman and Managing Director of Greenfield Capital Partners N.V., an independent private equity and corporate finance group headquartered in The Netherlands. From 1981 to 1993, he held positions of Managing Director, Chief Executive Officer of Transmark Holding B.V. and Managing Director of Pon Holdings B.V. and subsequently was a non-executive board member of companies such as HAL Investments N.V. (the holding company of Holland America Line), Pon Holdings B.V., and Transmark Holding B.V., Meulenhoff en Co N.V., SAIT Radio Holland SA, Lacis Communication N.V., Meijn Processing Industrie B.V., and CapCorp Investments N.V. During his early career (1963 - 1981), Mr. Mulder worked at Rank Xerox where he held various executive positions starting as a Manager of, Marketing, Sales and Planning, throughout the 60's, as Deputy Managing Director of the Dutch Region during the 70's, and finally, as International Marketing Director, based in London, England and Stanford, Connecticut. Mr. Mulder obtained his PMD in 1973 from the Harvard Business School, with special emphasis on Marketing & Corporate Strategy.

Gijs van Thiel

Gijs Van Thiel was appointed to serve on the Board of ISA effective April 1, 2015. He is co-founder and Managing Partner of 747 Capital, a private equity investment firm focused on investments in private equity funds. 747 Capital, through fund and managed accounts, focuses exclusively on the small-cap private equity market in the U.S. and Canada. Mr. van Thiel is responsible for the firm's new product development and is actively involved in the portfolio management, due diligence and manager selection process. He has been active in private equity since 1997. Prior to 747 Capital, Mr. van Thiel was founder and General Partner of Triad Media Ventures, a \$50 million venture capital fund that made direct investments in US companies. In addition, he was Director of Financial Services for Icon International, a member of Omnicom Group. He started his career at the Netherlands Foreign Investment Agency, a diplomatic function, in New York in 1993. Mr. van Thiel holds an M.B.A. in international management from Thunderbird School of Global Management and a B.A. from Webster University.

Joseph S. Glodek

Joseph Glodek was appointed to serve on the Board of ISA effective April 1, 2015. He is a Managing Principal and Co-Founder of Black River Wealth Management and heads the firm's Executive Committee. He co-founded Black River Wealth Management LTD in 2008 with the senior management team of William Scott and Co. LLC. While Mr. Glodek oversees Black River's long-term strategy and growth, he also plays a very active role in many of the firm's key client relationships. Under his leadership, Black River has continuously built upon its longstanding strengths in the investment management process. Mr. Glodek began his 20+ year career in the financial services industry in 1991. In



1993, at the age of 23, Mr. Glodek acquired a controlling interest of William Scott & Co. LLC, a full service investment bank where he was acting President for over 12 years. Simultaneously to working in the financial services industry, Mr. Glodek served his country for just under ten years in the United States as Counterintelligence/HUMINT Specialist I, II, and III in the Marine Air-Ground Task Force. Each of the non-employee directors will be paid an annual fee of \$15,000 for his services on the Company's board of directors. Committee chairs will receive an additional annual fee of \$5,000. Payment terms will be subject to the Company's cash flow and will be determined by the Company's compensation committee at a later time.



VIII. CORPORATE OFFICES & ADVISORS

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About the Analyst:

Mr. Silver joined Wall Street Resources in 2006 as the Director of Research. He has been in the financial services industry since 1995 and began his professional career in auditing with a Big Four accounting firm in New York City. Mr. Silver made the move to Wall Street as a sell-side research analyst for two global investment banks in New York City including Salomon Smith Barney and UBS Paine Webber. At Salomon Smith Barney he was a member of the firm's research team covering REITs that was consistently ranked #1 by Institutional Investor magazine. Most recently, Mr. Silver worked for a private equity firm as its Chief Investment Strategist. Mr. Silver is a graduate of the College of William and Mary in Virginia with a BA in liberal arts and New York University's Stern Business School with an MBA in International Finance and Accounting.