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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

OR

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

For the transition period from _____ to _____

Commission file number 001-39227

Duos Technologies Group, Inc.

(Exact name of registrant as specified in its charter)

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

6651 Gate Parkway, 4th Floor, Jacksonville, Florida 32256
(Address of principal executive offices)

(904) 296-2807
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001	**DUOT**	**The Nasdaq Capital Market**

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

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

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

Large accelerated filer ☐
Non-accelerated filer ☒
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of November 13, 2026, the registrant has one class of common equity, and the number of shares outstanding of such common equity is 34,283,465.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
CURRENT ASSETS:		
Cash	$ 44,805,403	$ 15,472,229
Accounts receivable, net	9,755,869	621,927
Accounts receivable, net - related parties	44,601	5,304,231
Holdback receivable - related parties	10,013,872	—
Lease receivable	36,789	35,361
Contract assets	3,463,511	—
Inventory	50,347	2
Note receivable	42,900,000	—
Prepaid expenses and other current assets	14,608,701	487,660
Total Current Assets	125,679,093	21,921,410
Prepaid expenses and other non-current assets	962,675	—
Deposits on equipment	18,046,179	—
Deposit on real estate	1,250,000	—
Lease receivable, less current portion	199,856	227,629
Interest receivable	42,373	—
Property and equipment, net	101,419,968	27,311,933
Finance lease right of use asset – FF&E, net	98,766	—
Operating lease right of use asset - Office Lease, net	865,224	—
Operating lease right of use asset - Land, net	590,864	357,561
Note receivable - related party	2,919,728	—
OTHER ASSETS:		
Equity Investment - Sawgrass APR Holdings LLC	—	7,233,000
Patents and trademarks, net	19,809	15,111
Total Other Assets	19,809	7,248,111
Total non-current Assets	126,415,442	35,145,234
Assets held for sale	—	6,342,772
TOTAL ASSETS	$ 252,094,535	$ 63,409,416
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 9,678,513	$ 4,592,930
Notes payable - financing agreements	161,431	—
Accrued expenses	1,656,647	185,194
Income tax payable	840,772	—

Operating lease obligation - Office Lease - current portion	268,132	—
Finance lease obligation – FF&E - current portion	31,632	—
Operating lease obligation- Land - current portion	43,984	53,000
Contract liabilities, current - Technology Solutions	2,477,952	1,132,164
Contract liabilities, current – Hosting and Colocation	4,972,045	—
Contract liabilities, current - related parties	—	3,616,500
Total Current Liabilities	20,131,108	9,579,788
Contract liabilities, Hosting and Colocation, less current portion	19,888,183	—
Finance lease obligation – FF&E, less current portion	68,778	—
Operating lease obligation - Office Lease, less current portion	616,864	—
Operating lease obligation - Land, less current portion	571,713	311,457
Total non-current liabilities	21,145,538	311,457
Liabilities held for sale	—	4,965,605
Total Liabilities	41,276,646	14,856,850
Commitments and Contingencies (Note 14)		
STOCKHOLDERS' EQUITY:		
Preferred stock: $0.001 par value, 10,000,000 authorized, 9,441,000 shares available to be designated		
Series A redeemable convertible preferred stock, $10 stated value per share, 500,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $6.30 per share	—	—
Series B convertible preferred stock, $1,000 stated value per share, 15,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $7 per share	—	—
Series C convertible preferred stock, $1,000 stated value per share, 5,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $5.50 per share	—	—
Series D convertible preferred stock, $1,000 stated value per share, 4,000 shares designated; 999 and 999 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $3.00 per share	1	1
Series E convertible preferred stock, $1,000 stated value per share, 30,000 shares designated; 12,500 and 12,500 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $2.61 per share	13	13
Series F convertible preferred stock, $1,000 stated value per share, 5,000 shares designated; 0 and 0 issued and outstanding at September 30, 2026 and December 31, 2025, respectively, convertible into common stock at $6.20 per share	—	—
Common stock: $0.001 par value; 500,000,000 shares authorized, 32,584,789 and 20,449,462 shares issued, 32,583,465 and 20,448,138 shares outstanding at September 30, 2026 and December 31, 2025, respectively	32,586	20,449
Additional paid-in-capital	249,929,332	132,892,595
Accumulated deficit	(38,986,591)	(84,203,040)
Sub-total	210,975,341	48,710,018
Less: Treasury stock (1,324 shares of common stock at September 30, 2026 and December 31, 2025)	(157,452)	(157,452)
Total Stockholders' Equity	210,817,889	48,552,566
Total Liabilities and Stockholders' Equity	$ 252,094,535	$ 63,409,416

See accompanying condensed notes to the unaudited consolidated financial statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
REVENUES:				
Technology solutions	$ 6,841,915	$ 6,500	$ 10,635,913	$ 6,500
Services and consulting - related parties	68,683	5,152,805	4,532,585	13,827,958
Services and consulting	3,540,434	—	3,540,434	—
Hosting and colocation	48,750	24,000	111,574	32,000
Total Revenues	10,499,782	5,183,305	18,820,506	13,866,458
COST OF REVENUES:				
Technology solutions	5,818,853	5,000	8,729,531	5,000

Services and consulting - related parties	57,907	3,440,635	828,019	9,075,172
Services and consulting	178,090	—	178,090	—
Hosting and colocation	81,751	34,193	220,148	49,536
Total Cost of Revenues	6,136,601	3,479,828	9,955,788	9,129,708
GROSS MARGIN	4,363,181	1,703,477	8,864,718	4,736,750
OPERATING EXPENSES:				
Sales and marketing	745,860	63,982	1,488,222	145,279
General and administration	5,474,378	2,528,524	12,358,736	7,553,247
Total Operating Expenses	6,220,238	2,592,506	13,846,958	7,698,526
INCOME (LOSS) FROM OPERATIONS	(1,857,057)	(889,029)	(4,982,240)	(2,961,776)
OTHER INCOME (EXPENSES):				
Interest expense	(1,560,174)	(29,334)	(1,560,295)	(435,995)
Loss on extinguishment of debt	(2,819,654)	(95,718)	(2,819,654)	(95,718)
Gain on deconsolidation of GPUaaS	4,702,041	—	4,702,041	—
Interest income on lease receivable	3,208	3,665	9,973	4,913
Interest income	740,349	200,607	1,237,398	240,214
Other income, net	—	(3,494)	—	(1,806)
Gain on sale of investments	299,400	—	53,525,505	—
Total Other Income (Expenses), net	1,365,170	75,726	55,094,968	(288,392)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ (491,887)	$ (813,303)	$ 50,112,728	$ (3,250,168)
Income tax expense	$ (8,671,296)	$ —	$ (13,655,466)	$ —
NET INCOME (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	$ (9,163,183)	$ (813,303)	$ 36,457,262	$ (3,250,168)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX	$ 10,027,447	$ (226,951)	$ 8,759,187	$ (3,387,780)
NET INCOME (LOSS)	$ 864,264	$ (1,040,254)	$ 45,216,449	$ (6,637,948)
Basic Net Income (Loss) Per Share From Continuing Operations	$ (0.26)	$ (0.05)	$ 1.22	$ (0.24)
Basic Net Income (Loss) Per Share From Discontinued Operations	$ 0.28	$ (0.01)	$ 0.29	$ (0.25)
Basic Net Income (Loss) Per Share	$ 0.02	$ (0.06)	$ 1.51	$ (0.49)
Diluted Net Income (Loss) Per Share From Continuing Operations	$ (0.22)	$ (0.05)	$ 1.04	$ (0.24)
Diluted Net Income (Loss) Per Share From Discontinued Operations	$ 0.24	$ (0.01)	$ 0.25	$ (0.25)
Diluted Net Income (Loss) Per Share	$ 0.02	$ (0.06)	$ 1.29	$ (0.49)
Weighted Average Shares-Basic	35,761,823	17,310,133	29,885,780	13,537,365
Weighted Average Shares-Diluted	41,028,327	17,310,133	35,214,756	13,537,365

See accompanying condensed notes to the unaudited consolidated financial statements.

DUOS TECHNOLOGIES GROUP, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED September 30, 2026 and 2025
(Unaudited)

	Preferred Stock D		Preferred Stock E		Common Stock					
	# of Shares	Amount	# of Shares	Amount	# of Shares	Amount	Additional Paid-in-Capital	Accumulated Deficit	Treasury Stock	Total
Balance December 31, 2024	1,299	$ 1	13,500	$ 14	8,922,576	$ 8,921	$ 76,777,856	$ (74,368,009)	$ (157,452)	$ 2,261,331
Series D convertible preferred stock converted to common stock	(300)	—	—	—	100,000	100	(100)	—	—	—
Common stock issued for cash under ATM	—	—	—	—	633,683	634	3,954,306	—	—	3,954,940
Stock options compensation	—	—	—	—	—	—	22,030	—	—	22,030

Restricted stock compensation	—	—	—	—	1,961,898	1,962	950,011	—	—	951,973
Stock issuance costs	—	—	—	—	—	—	(138,226)	—	—	(138,226)
Stock options exercised	—	—	—	—	27,712	28	107,897	—	—	107,925
Stock issued for services	—	—	—	—	9,360	9	49,991	—	—	50,000
Stock compensation under ESPP	—	—	—	—	—	—	21,644	—	—	21,644
Net loss for the three months ended March 31, 2025	—	—	—	—	—	—	—	(2,079,663)	—	(2,079,663)
Balance March 31, 2025	999	$ 1	13,500	$ 14	11,655,229	$ 11,654	$ 81,745,409	$ (76,447,672)	$ (157,452)	$ 5,151,954
Series E convertible preferred stock converted to common stock	—	$ —	(1,000)	$ (1)	383,143	$ 384	$ (383)	$ —	$ —	$ —
Common stock issued for cash under ATM	—	—	—	—	238,145	238	1,835,636	—	—	1,835,874
Stock options compensation	—	—	—	—	—	—	22,204	—	—	22,204
Restricted stock compensation	—	—	—	—	—	—	1,028,012	—	—	1,028,012
Restricted stock issued	—	—	—	—	10,000	10	44,590	—	—	44,600
Stock issuance costs	—	—	—	—	—	—	(67,012)	—	—	(67,012)
Stock options exercised for cash	—	—	—	—	6,667	7	36,845	—	—	36,852
Stock options exercised - cashless	—	—	—	—	3,576	3	(3)	—	—	—
Stock issued for services	—	—	—	—	5,419	5	39,995	—	—	40,000
Stock issued under the Employee Stock Purchase Plan for cash and compensation	—	—	—	—	18,983	19	158,175	—	—	158,194
Net loss for the three months ended June 30, 2025	—	—	—	—	—	—	—	(3,518,031)	—	(3,518,031)
Balance June 30, 2025	999	$ 1	12,500	$ 13	12,321,162	$ 12,320	$ 84,843,468	$ (79,965,703)	$ (157,452)	$ 4,732,647
Common stock issued for cash under ATM	—	$ —	—	$ —	427,795	$ 428	$ 3,136,105	$ —	$ —	$ 3,136,533
Common stock issued for cash in equity offering	—	—	—	—	7,505,518	7,506	45,025,602	—	—	45,033,108
Stock options compensation	—	—	—	—	—	—	21,405	—	—	21,405
Restricted stock compensation	—	—	—	—	—	—	979,130	—	—	979,130
Restricted stock issued	—	—	—	—	175,000	175	56,919	—	—	57,094
Restricted stock forfeited	—	—	—	—	(112,500)	(112)	(112,013)	—	—	(112,125)
Warrants issued with equity offering	—	—	—	—	—	—	836,989	—	—	836,989
Stock issuance costs	—	—	—	—	—	—	(4,210,917)	—	—	(4,210,917)
Stock issued for services	—	—	—	—	5,965	6	44,327	—	—	44,333
Stock Compensation under ESPP	—	—	—	—	—	—	23,872	—	—	23,872
Net loss for the three months ended September 30, 2025	—	—	—	—	—	—	—	(1,040,254)	—	(1,040,254)
Balance September 30, 2025	999	$ 1	12,500	$ 13	20,322,940	$ 20,323	$130,644,887	$ (81,005,957)	$ (157,452)	$ 49,501,815
Balance December 31, 2025	999	$ 1	12,500	$ 13	20,449,462	$ 20,449	$132,892,595	$ (84,203,040)	$ (157,452)	$ 48,552,566

Common stock issued for cash in equity offering	—	—	—	—	8,666,666	8,667	64,991,328	—	—	64,999,995
Warrants issued with equity offering	—	—	—	—	—	—	2,305,016	—	—	2,305,016
Stock options compensation	—	—	—	—	—	—	20,000	—	—	20,000
Restricted stock compensation	—	—	—	—	—	—	1,001,170	—	—	1,001,170
Stock issuance costs	—	—	—	—	—	—	(6,980,016)	—	—	(6,980,016)
Restricted stock issued for compensation	—	—	—	—	420,000	420	341,421	—	—	341,841
Stock options exercised for cash	—	—	—	—	2,500	3	16,022	—	—	16,025
Stock options exercised - cashless	—	—	—	—	5,556	6	(6)	—	—	—
Stock issued for services	—	—	—	—	14,193	14	94,986	—	—	95,000
Stock compensation under ESPP	—	—	—	—	—	—	16,318	—	—	16,318
Net loss for the three months ended March 31, 2026	—	—	—	—	—	—	—	(3,492,245)	—	(3,492,245)
Balance March 31, 2026	999	$ 1	12,500	$ 13	29,558,377	$ 29,559	$194,698,834	$ (87,695,285)	$ (157,452)	$106,875,670
Common stock issued for cash in Equity Offering	—	$ —	—	$ —	2,000,000	$ 2,000	$ 18,998,000	$ —	$ —	$ 19,000,000
Pre-funded warrants issued with equity offering	—	—	—	—	—	—	36,096,200	—	—	36,096,200
Stock options compensation	—	—	—	—	—	—	3,361	—	—	3,361
Restricted stock compensation	—	—	—	—	—	—	1,183,344	—	—	1,183,344
Stock issuance costs	—	—	—	—	—	—	(3,308,869)	—	—	(3,308,869)
Restricted stock forfeited	—	—	—	—	(417,277)	(417)	(824,453)	—	—	(824,870)
Warrants exercised - cashless	—	—	—	—	28,584	29	(29)	—	—	—
Stock options exercised for cash	—	—	—	—	71,247	71	358,230	—	—	358,301
Stock options exercised - cashless	—	—	—	—	17,756	18	(18)	—	—	—
Stock issued for services	—	—	—	—	9,437	9	113,741	—	—	113,750
Stock issued under the Employee Stock Purchase Plan for cash and compensation	—	—	—	—	5,699	6	63,488	—	—	63,494
Net income for the three months ended June 30, 2026	—	—	—	—	—	—	—	47,844,430	—	47,844,430
Balance June 30, 2026	999	$ 1	12,500	$ 13	31,273,823	$ 31,275	$247,381,829	$ (39,850,855)	$ (157,452)	$207,404,811
Stock options compensation	—	$ —	—	$ —	—	$ —	$ 8,700	$ —	$ —	$ 8,700
Restricted stock compensation	—	—	—	—	—	—	1,890,900	—	—	1,890,900
Restricted stock issued	—	—	—	—	1,280,000	1,280	394,499	—	—	395,779
Stock options exercised for cash	—	—	—	—	15,432	15	91,698	—	—	91,713
Stock issued for services	—	—	—	—	15,534	16	138,734	—	—	138,750
Stock compensation under ESPP	—	—	—	—	—	—	22,972	—	—	22,972
Net income for the three months ended September 30, 2026	—	—	—	—	—	—	—	864,264	—	864,264
Balance September 30, 2026	999	$ 1	12,500	$ 13	32,584,789	$ 32,586	$249,929,332	$ (38,986,591)	$ (157,452)	$210,817,889

See accompanying condensed notes to the unaudited consolidated financial statements.

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

	For the Nine Months Ended September 30,	
	2026	**2025**
Cash from operating activities:		
Net income (loss)	$ 45,216,449	$ (6,637,948)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Impairment of property, plant & equipment	—	72,872
Depreciation and amortization	151,153	39,286
Gain on sale of investments	(53,525,505)	—
Non-cash component of the loss on deconsolidation of rail	2,517,652	—
Gain on deconsolidation of GPUaaS	(4,702,041)	—
Stock based compensation	4,070,683	3,103,309
Stock issued for services	347,500	134,333
Noncash interest income	(77,101)	—
Non-cash interest expense settled by buyer of GPUaaS subsidiary	888,999	—
Amortization of debt discount related to warrant liabilities	—	345,886
Loss on extinguishment of debt	2,819,654	95,718
Amortization of finance lease right-of-use asset	8,979	—
Amortization of operating lease right of use asset - Office Lease	63,174	—
Amortization of right of use asset – land	22,014	2,578
Amortization of lease right of use asset - Edge Data Centers	—	150,821
Provision for credit losses, accounts receivable	40,561	—
Changes in assets and liabilities:		
Accounts receivable	(9,174,505)	—
Accounts receivable-related parties	5,259,630	(1,797,233)
Lease receivable	26,345	11,229
Contract assets	(3,463,511)	—
Inventory	(50,346)	—
Prepaid expenses and other current and non current assets	(14,483,894)	120,434
Accounts payable	5,085,583	(81,030)
Accrued expenses	14,286,152	110,458
Income tax payable	840,772	—
Operating lease obligation - Office Lease	(43,401)	—
Operating lease obligation – land	(11,008)	1,680
Financing lease obligations - Edge Data Centers	—	(12,358)
Contract liabilities, Technology solutions	1,345,788	—
Contract liabilities, related parties	(3,616,500)	(6,462,375)
Contract liabilities, Hosting	18,770,228	—
Net cash provided by (used in) operating activities - continuing operations	12,613,504	(10,802,340)
Net cash used in operating activities - discontinued operations	(13,392,670)	(229,603)
Net cash provided by (used in) operating activities	(779,166)	(11,031,943)
Cash flows from investing activities:		
Purchase of patents/trademarks	—	(13,432)
Deposits on equipment	(18,046,179)	—
Proceeds from sale of investments	50,692,331	—
Purchase of Marketable Securities	(29,693,638)	—
Sale of Marketable Securities	29,745,940	—
Deposit on real estate	(1,250,000)	—
Cash disposed upon deconsolidation of Rail subsidiary, net of consideration paid	(3,465,173)	—
Purchase of property and equipment	(109,950,534)	(7,813,557)
Net cash used in investing activities - continuing operations	(81,967,253)	(7,826,989)
Net cash used in investing activities - discontinued operations	(15,087)	(46,090)
Net cash used in investing activities	(81,982,340)	(7,873,079)
Cash flows from financing activities:		
Repayments on financing agreements	(528,667)	(450,566)
Principal payments on finance lease liabilities	(7,335)	—
Repayments of lease financing	—	(2,150,000)
Repayments of notes payable, related parties	—	(2,200,000)
Proceeds from common stock issued	120,096,195	53,960,455
Proceeds from exercise of stock options	466,039	144,777
Stock issuance costs	(7,983,869)	(3,579,166)

Proceeds from shares issued under Employee Stock Purchase Plan	52,317	114,724
Net cash provided by financing activities - continuing operations	112,094,680	45,840,224
Net increase in cash	29,333,174	26,935,202
Cash, beginning of period	15,472,229	6,266,296
Cash, end of period	$ 44,805,403	$ 33,201,498
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 671,296	$ 191,622
Taxes paid	$ —	$ 41,098
Supplemental Non-Cash Investing and Financing Activities:		
Notes issued for financing of insurance premiums	$ 688,058	$ 477,727
Transfer of inventory to property and equipment	$ —	$ 49,609
Transfer of property and equipment to lease receivable	$ —	$ 282,772
Non-cash financing activity: Warrants issued as part of equity raise	$ 2,305,016	$ 836,989
Conversion of Series E Preferred Stock to common stock	$ —	$ 1
Transfer of finance lease asset to property and equipment	$ —	$ 1,938,662
Right of use asset and liability for land lease	$ —	$ 251,016
Right-of-use assets obtained in exchange for operating lease liabilities	$ 928,398	$ —
Right-of-use assets obtained in exchange for finance lease liabilities	$ 107,745	$ —
Initial ROU asset and liability	$ 256,765	$ —
Non-cash consideration and activity – sale of GPUaaS subsidiary:		
Subsidiary debt settled directly by buyer	$ 87,817,973	$ —
Deferred revenue	$ 6,090,000	$ —
Net assets transferred upon sale of GPUaaS	$ 32,107,959	$ —
Property and equipment financed directly by lender	$ 84,109,320	$ —
Non-cash consideration – sale of Rail subsidiary:		
Note receivable received as consideration, at fair value	$ 2,885,000	$ —

See accompanying condensed notes to the unaudited consolidated financial statements.

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NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Duos Technologies Group, Inc. (together with its subsidiaries, the "Company") develops and operates colocation compute centers and provides related infrastructure solutions for compute center deployments generally ranging from 1 to 20 megawatts. The Company's offerings include colocation services, infrastructure procurement, logistics and deployment services, and related consulting services.

During the periods presented, the Company's operating subsidiaries were Duos Technologies, Inc. ("DTI") (the rail business), Duos Edge AI, Inc. ("Edge"), Duos Energy Corporation ("Duos Energy"), Duos GPUaaS, LLC, and Duos Technology Solutions, Inc. ("Duos Technology Solutions"). As described below and in Note 3, effective August 5, 2026, the Company completed the transfer of all the issued and outstanding shares of DTI to new ownership, and the results of the DTI business are presented as discontinued operations for all periods presented. The Company's continuing operations are conducted principally through Edge and Duos Technology Solutions. Duos Energy continues to support the wind-down of the Asset Management Agreement described below.

The Company develops and operates colocation compute centers that provide customers with the space, power, cooling and connectivity required for artificial intelligence, high-performance computing and enterprise workloads. Supported by an experienced engineering and operations team, the Company designs, deploys and operates compute centers built on its Duos Modular Architecture in markets outside traditional compute center hubs, where available power and the need for localized, real-time computing create demand for capacity.

The Company's operations are organized around the development and delivery of digital infrastructure and technology-enabled services that support data processing, automation, and operational efficiency for commercial, industrial, and public sector customers.

The Company's principal business activities include:

- the development and deployment of compute center infrastructure and related colocation services, serving compute centers with power requirements of between 1 MW and up to 20 MW; and
- the provision of technology solutions services, including procurement, logistics coordination, and deployment support for compute center and digital infrastructure projects.

In 2024, the Company formed Duos Edge AI, Inc. ("Edge") to expand into the compute center market, building on the Company's experience deploying and operating technology infrastructure in remote locations. Edge initially focused on deploying modular compute centers in rural and underserved markets, providing localized, low-latency computing capacity as an alternative to transmitting data to distant centralized facilities.

As demand for artificial intelligence and high-performance computing capacity grew, the Company expanded its strategy to focus on colocation compute centers

generally ranging from 1 to 20 megawatts. These facilities are developed using the Company's proprietary Duos Modular Architecture into existing facilities or new greenfield custom-built sites to support high-density computing. In July 2026, the Company completed the acquisition of its first purpose-built compute center facility in Columbus, Georgia, as described in Note 14, and that site began full operations in October 2026.

In late 2024, the Company formed Duos Energy Corporation ("Duos Energy") to provide consulting services and solutions related to electrical power outside of traditional utilities. In connection with this, the Company assisted Fortress Investment Group ("FIG") in the acquisition of approximately 850 megawatts of electrical generation capacity, consisting of 30 mobile gas turbine generators and associated balance-of-plant equipment, from Atlas Corporation, APR Energy Holdings Limited and certain of its wholly-owned affiliates (collectively, "APR"). Chuck Ferry, the Company's Chief Executive Officer at the time, served as CEO of APR from 2018 to 2020.

The transaction closed on December 31, 2024. At closing, the purchaser, Sawgrass Buyer LLC, an entity formed and owned by FIG and subsequently renamed New APR Energy, LLC ("New APR"), entered into an Asset Management Agreement ("AMA") with the Company. Under the AMA, a substantial portion of the Company's staff provided management, sales and operations services to New APR. The Company also received a 5% non-voting ownership interest in Sawgrass APR Holdings, LLC ("Sawgrass Parent"), the ultimate parent company of New APR.

Effective January 1, 2026, the AMA was amended to establish a reciprocal services arrangement under which New APR may also provide certain administrative, technical and support services to the Company. In connection with the amendment, the staff supporting the AMA were transferred out of the Company and substantially all related staffing costs were eliminated. Residual billings under the arrangement occurred in the first, second and third quarters of 2026.

Under the AMA, Duos Energy provided management, sales and operations services to New APR, including managing the deployment and operation of its fleet of mobile gas turbines and balance-of-plant equipment. As consideration for these services, the Company received an initial cash payment from New APR and a 5% non-voting common unit interest in Sawgrass Parent. Although the Company had a representative on the board of directors of Sawgrass Parent, it did not control the board.

Prior to the sale of New APR's assets, the Company evaluated its interest in Sawgrass Parent under the variable interest entity ("VIE") guidance. Sawgrass Parent was determined to be a VIE. Because the Company did not have the power to direct the activities that most significantly impacted Sawgrass Parent's economic performance, the Company was not the primary beneficiary and did not consolidate Sawgrass Parent. Because the Company had significant influence over Sawgrass Parent, including through its board representation, it accounted for its 5% non-voting interest as an equity method investment under ASC 323-30. The common units represented non-cash consideration within the scope of ASC 606. The initial carrying value of the investment as of December 31, 2024, was $7.2 million, measured at the fair value of the common units received for future services to be performed under the AMA, with a corresponding $7.2 million recorded as deferred revenue.

On May 26, 2026, substantially all New APR's assets were sold to a third party. In connection with the sale, the Company received net proceeds of approximately $50.4 million attributable to its ownership interest. An additional approximately $10.0 million of the Company's pro rata share was withheld to satisfy potential indemnification and other obligations under the asset purchase agreement and is recorded as a holdback receivable – related parties on the accompanying consolidated balance sheet. Any amounts remaining at the end of the 12-month holdback period will be distributed to the Company. The Company recognized a gain of $53,525,505 in connection with the transaction, recorded in gain on sale of investments. As of September 30, 2026, the carrying amount of the investment in Sawgrass Parent was $0. See Note 9 for additional information.

Colocation Compute centers

Through its subsidiary Edge, the Company develops, owns and operates colocation compute centers, generally ranging from 1 to 20 megawatts, built on its proprietary Duos Modular Architecture or adapted from existing facilities. These compute centers provide customers with the space, power, cooling and connectivity required for artificial intelligence, high-performance computing and enterprise workloads.

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The Company targets markets with available power and fiber connectivity, including markets underserved by traditional compute center capacity. The Company's compute center platform is designed to generate recurring revenues through colocation services under multi-year customer agreements.

The Company has committed significant capital and operational resources toward the expansion of this platform, which represents the Company's primary business following the divestiture of DTI.

Technology Solutions and Infrastructure Services

In 2025, the Company established a Technology Solutions business, now conducted through Duos Technology Solutions. This business provides manufacturer-agnostic infrastructure-related services, including procurement, logistics coordination, vendor management, integration, and deployment support for compute center and digital infrastructure projects.

These services support both the Company's own compute center deployments and third-party customer engagements.

Technology Solutions became the Company's largest source of revenue from continuing operations during the second quarter of 2026 and remained so in the third quarter of 2026. The increase in customer prepayments and contract liabilities during 2026 reflects the growth in the volume of customer orders (see Note 11). Because the business is order-driven, the timing of revenue recognition depends on the fulfillment of customer orders, and quarterly revenues may be uneven.

The Company generates Technology Solutions revenue through the sale of products to customers.

Contract Terms: Contracts for Technology Solutions provide for the sale and delivery of products to customers. Contracts generally specify the products to be delivered, quantities, pricing, delivery terms, and other customary terms and conditions. Certain contracts may include installation, implementation, customization, or

other services. Contracts are generally short-term in duration. Depending on product availability, delivery typically occurs within seven days to three months of the order date, and up to approximately nine months for certain products built to customer specifications.

Shipping Terms: Shipments from the vendor to the customer are FOB Shipping Point.

Payment Terms: Customers are typically invoiced based on shipment of the product to the customer. Terms of payment are determined at the time of order, typically Net 30 days. Some products that have long lead times may require a non-refundable deposit in advance from the customer with the balance due upon shipment. The deposit from the customer covers the deposit paid to the vendor upon order of the product. For those items, revenue recognition is deferred until the Company's performance obligation is satisfied upon shipment from the vendor.

Services and Consulting

Through Duos Energy, the Company provided asset management services, including management, sales and operations services, to New APR under the AMA. Following the amendment of the AMA effective January 1, 2026, residual billings occurred in the first, second and third quarters of 2026. The Company's power and energy infrastructure experience is currently applied to support its compute center expansion initiatives, including the evaluation of power requirements and energy infrastructure for its compute center deployments. We do not expect any additional revenue or costs associated with the AMA after September 30, 2026.

In connection with the sale of Duos Technologies, Inc. (the Rail business) to Sandbank Acosta, LLC, a related party, the Company entered into a Transition Services Agreement and an employee leasing agreement under which it provides certain administrative and employee support services to Sandbank Acosta through December 31, 2026, for reimbursement of specified costs plus a 5% handling fee. (see Note 18)

On September 30, 2026, Duos Edge AI, Inc. entered into a Professional Services Agreement (the "PSA") with Meta 1 Network Group Limited for a fixed fee of $4.6 million to identify and assess potential compute center sites, prepare conceptual designs and deliver a consolidated report. Revenue under the PSA is recognized over time as the services are performed (see Note 11).

Discontinued Operations

On August 5, 2026 (the "Closing Date"), the Company entered into and completed the transactions contemplated by a definitive Stock Transfer Agreement, with an economic effective date of June 30, 2026, providing for the sale of DTI, which was previously reported as the Company's Technologies segment. Under the agreement, Sandbank Acosta, LLC, a Florida limited liability company (the "Purchaser"), acquired all of the issued and outstanding shares of capital stock of DTI. The transaction is a related-party transaction because Adrian Goldfarb, who was serving as the Company's Chief Financial Officer at the time of the transaction and is currently a strategic advisor to the Company, is a 50% owner of the Purchaser. The Company and the Purchaser also entered into a transition services agreement (the "TSA") and an employee leasing agreement on the Closing Date (see Note 3).

The sale of DTI represents a strategic shift that has had a major effect on the Company's operations and financial results. Accordingly, the financial results of DTI are presented as discontinued operations for all periods presented within the accompanying consolidated statements of operations and cash flows. The assets and liabilities of DTI are classified as held for sale on the condensed consolidated balance sheet as of December 31, 2025. Because the sale was completed during the third quarter of 2026, no assets or liabilities associated with DTI remain on the consolidated balance sheet as of September 30, 2026. The Company recognized a loss of $2,877,194 on the sale, included in loss from discontinued operations (see Note 3).

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (all of which are of a normal recurring nature) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026, or for any other future period. These unaudited consolidated financial statements and the unaudited condensed notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (the "SEC") on March 31, 2026.

Principles of Consolidation

The consolidated financial statements include Duos Technologies Group, Inc. and its wholly owned subsidiaries, Duos Technologies, Inc. (sold on August 5, 2026, and presented as discontinued operations; see Note 3), Duos GPUaaS, LLC (sold on September 30, 2026), Duos Edge AI, Inc., Duos Energy Corporation, and Duos Technology Solutions, Inc. (collectively the "Company"). All inter-company transactions and balances are eliminated in consolidation.

Reclassification

The Company reclassified certain prior period balances to conform to current period presentation related to Discontinued Operations. See Note 3 Discontinued Operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The most significant estimates in the accompanying consolidated financial statements include estimates of total costs to complete used to measure progress toward satisfaction of performance obligations recognized over time under the cost-to-cost input method, the valuation of intangible assets for impairment analysis, allowance on accounts receivable, holdback receivable and notes receivable, estimated useful life of long-lived assets, valuation of free colocation services provided to a vendor, valuation of prepaid assets, valuation of deferred tax assets, valuation of other long-lived assets, valuation of inventory, valuation of right of use assets and corresponding lease liabilities and related non-cash consideration provided to lessors, valuation of warrants issued with debt and stock, valuation of stock-based awards and the valuation of a minority interest in Sawgrass Parent. Under the cost-to-cost input method, revenue is recognized based on the ratio of costs incurred to date to total estimated costs at completion, and changes in estimated total costs are recognized as cumulative catch-up adjustments to revenue in the

period in which the change is identified. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The Company "as lessor" entered into a master capital lease agreement with Region 16 Education Service Center for the lease of a 500kW generator. The lease commenced on June 1, 2025, and includes 84 monthly payments of $4,035.38, with a $1 buyout option at the end of the lease term. In accordance with ASC 842, the lease has been classified as a sales-type finance lease. The present value of the lease payments was calculated using an implied annual interest rate of 5.29%, which equates to the present value of the lease payments and buyout to the fair value of the generator at inception of $282,772. The resulting lease receivable and interest income are recognized over the lease term based on the amortization schedule derived from this rate.

Concentrations

Cash Concentrations

Cash is maintained at financial institutions and at times, balances may exceed federally insured limits. We have not experienced any losses related to these balances. As of September 30, 2026, the Company had balances in two financial institutions which combined exceeded federally insured limits by approximately $44,177,625. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's consolidated financial condition, results of operations and cash flows.

Significant Customers and Concentration of Credit Risk

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

For the nine months ended September 30, 2026, three customers accounted for 25%, 20%, and 19% of revenues. For the nine months ended September 30, 2025, two customers accounted for 80% (related party) and 20% (related party) of revenues.

At September 30, 2026, two customers accounted for 36% and 32% of accounts receivable. At December 31, 2025, one customer, a related party, accounted for 90% of accounts receivable. Much of the credit risk is mitigated due to historical timely payments of our customers.

Geographic Concentration

For the nine months ended September 30, 2026, and September 30, 2025, no revenue from continuing operations was generated from any customer outside of the United States.

Significant Vendors and Supplier Concentration

In some instances, the Company relies on a limited pool of vendors for key components related to the manufacturing of its subsystems. These vendors are primarily focused on compute center colocation services. Where possible, the Company seeks multiple vendors for key components to mitigate vendor concentration risk.

Fair Value of Financial Instruments and Fair Value Measurements

The Company follows Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

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These inputs are prioritized below:

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions that market participants would use in the valuation of the asset or liability based on the best available information.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standards Board's ("FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The estimated fair value of certain financial instruments, including accounts receivable, holdback receivables, prepaid expenses, accounts payable, accrued expenses and notes payable are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Investments

The Company may invest excess cash in highly liquid, investment-grade financial debt instruments. These investments are classified as trading securities and are recorded at fair value. Changes in fair value, including realized and unrealized gains and losses, are recognized in earnings within other income (expense).

The Company's investment portfolio is intended to preserve liquidity and provide a return on excess cash. Investments are evaluated on an ongoing basis to ensure they continue to meet trading classification criteria. Because the investments are classified as trading, no amounts are recorded in other comprehensive income.

Accounts Receivable

The Company follows ASC 326, "Financial Instruments - Credit Losses" for accounts receivable. In accordance with ASC 326, an allowance for credit losses is maintained for estimated forward-looking losses resulting from the possible inability of customers to make required payments (current expected losses). The amount of the allowance is determined principally on the basis of past collection experience and known financial factors regarding specific customers.

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

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient permitting entities to assume that current economic conditions as of the reporting date remain unchanged over the remaining life of current accounts receivable and current contract assets arising from ASC 606 transactions. The Company adopted ASU 2025-05 effective January 1, 2026, and elected the practical expedient, under which expected credit losses are estimated using historical loss experience adjusted for current conditions. Adoption of this guidance did not have a material impact on the Company's contract assets, current receivables, allowance for credit losses, or consolidated financial statements.

Inventory

Inventory consists primarily of consumables and long-lead-time components used in the production and deployment of the Company's technology solutions. Inventory is stated at the lower of cost or net realizable value, with cost determined primarily using the first-in first-out (FIFO) method. Inventory that is determined to be obsolete or otherwise not recoverable is written down to its estimated net realizable value. The Company has no obsolete inventory.

The Company generally classifies inventory as a current asset when it expects the inventory to be sold, consumed in production, or utilized in connection with customer maintenance agreements during its normal operating cycle, which is typically approximately 24 months. Inventory that is not expected to be sold or utilized within the applicable operating cycle may be classified as non-current inventory.

Management evaluates inventory for potential obsolescence and impairment based on historical utilization and sales trends, anticipated customer demand, demand forecasts, the expected timing of future projects and maintenance requirements, and prevailing market conditions. This assessment involves management judgment and estimates regarding future inventory utilization. As of the reporting date, the Company had no inventory classified as non-current and no inventory identified as slow-moving or obsolete requiring a material write-down related to current operations.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided by the straight-line method over the estimated economic life of the property and equipment (three to fifteen years). When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations. Leasehold improvements are expensed over the shorter of the term of our lease or their useful lives.

Patents and Trademarks

Patents and trademarks, which are stated at amortized cost, relate to the development of modular compute center infrastructure and are being amortized over 17 years.

Long-Lived Assets

The Company evaluates the recoverability of its property, equipment, and other long-lived assets, including finite-lived intangible assets, in accordance with FASB ASC 360-10-35-15 "Impairment or Disposal of Long-Lived Assets", which requires recognition of impairment of long-lived assets in the event there are indicators of impairment and the net book values of such assets exceed the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate. This guidance requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Equity Method Investments

If an investment qualifies for the equity method of accounting, the Company's investment is recorded initially at cost and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. The net income or loss of an unconsolidated equity method investment is allocated to its investors in accordance with the provisions of the operating agreement of the entity. The allocation provisions in these agreements may differ from the ownership interest held by each investor. Differences, if any, between the carrying amount of our investment in the respective equity method investee and the Company's share of the underlying equity of such equity method investee are amortized over the respective lives of the underlying assets as applicable. These items are reported as a single line item in the consolidated statements of operations as income or loss from investments in unconsolidated equity method investees. Investments are reviewed for changes in circumstance or the occurrence of events that suggest an other-than-temporary event where our investment may not be recoverable.

On December 31, 2024, the Company entered into an Asset Management Agreement (the "AMA") with New APR, an entity formed by affiliates of FIG. Under the AMA, Duos Energy managed the deployment and operations of a fleet of mobile gas turbines and balance-of-plant inventory, providing management, sales and operations functions to New APR in connection with the assets. In exchange for services to be performed under the AMA, the Company received an initial cash payment and common units in Sawgrass Parent. While the Company has board representation in Sawgrass Parent, its common units are non-voting and the Company does not control the board of directors of Sawgrass Parent.

Where the Company has an interest in a Variable Interest Entity ("VIE"), it will consolidate any VIE in which the Company has a controlling financial interest and is deemed to be the primary beneficiary. A controlling financial interest has both of the following characteristics: (1) the power to direct the activities of the VIE that most significantly impact its economic performance; and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could be significant to the VIE. If both characteristics are met, the Company is considered to be the primary beneficiary and therefore will consolidate that VIE into the consolidated financial statements.

Investments in partnerships, unincorporated joint ventures and LLCs that maintain specific ownership accounts for each investor are excluded from the scope of ASC 323-10. However, ASC 323-30 provides guidance on applying the criteria for equity method accounting to investments in partnerships, unincorporated joint ventures and LLCs. When an investor in a partnership, unincorporated joint venture or LLC has the ability to exercise significant influence over that investment, it should apply the equity method (ASC 323-10) by analogy (ASC 323-30-25-1).

Sawgrass Parent was deemed to be a VIE, and the Company held a 5% interest in Sawgrass Parent and an interest in the subsidiary New APR through the AMA, both of which were considered variable interests. However, the Company was not the primary beneficiary, as it did not possess the ability to direct the activities that most significantly impacted the economic performance of Sawgrass Parent. Accordingly, the Company did not consolidate Sawgrass Parent. Because the Company had significant influence over Sawgrass Parent, it accounted for its investment as an equity method investment until the investment was realized upon the sale of substantially all of New APR's assets in May 2026, at which point the carrying amount of the investment was reduced to $0 (see Note 9).

On December 31, 2024, the Company entered into the AMA with New APR. The Company also concluded that the arrangement with Sawgrass Parent was within the scope of ASC 606, Revenue from Contracts with Customers, and the common units issued to the Company by Sawgrass Parent represented non-cash consideration. The initial carrying value of the equity method investment, as of December 31, 2024, of $7.2 million was measured equal to the fair value of the common units received for future services to be performed under the AMA, and the Company recorded $7.2 million of deferred revenue for services to be performed under the AMA. Revenue recognition started January 1, 2025. During the nine months ended September 30, 2026, New APR completed the sale of substantially all of its operating assets. Following the transaction, Sawgrass Parent continues to exist as a holding company while it completes the wind-up of its remaining affairs. In connection with the sale, Sawgrass Parent made cash distributions to its members, including the Company. The Company received distributions of approximately $50.4 million during the nine months ended September 30, 2026, and recognized a gain on sale of investments of $53,173,803, with an additional $10,013,872 of the Company's pro rata share of proceeds held back to satisfy potential indemnification and other obligations, recorded as a holdback receivable – related parties. As of September 30, 2026, the carrying amount of the Company's investment in Sawgrass Parent was $0. The Company recognized revenue of $3,616,500 related to the AMA non-cash consideration during the nine months ended September 30, 2026, including the accelerated recognition of the remaining deferred revenue balance following the sale. This revenue was included in services and consulting – related parties in the accompanying consolidated statement of operations. Deferred revenue associated with the non-cash consideration was $0 as of September 30, 2026.

The Company assesses its equity method investment for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. No impairment losses on this equity method investment were recognized during the nine months ended September 30, 2026 or 2025. See further disclosure of accounting policies related to this equity method investment above under "Use of Estimates."

Product Warranties

The Company does not provide product warranties to its customers. Accordingly, no warranty liability was recorded as of September 30, 2026 or December 31, 2025.

Loan Costs

Loan costs paid to lenders or third parties are recorded as debt discounts to the related loans and amortized to interest expense over the loan term.

Sales Returns

The Company generally does not provide customers with a right of return and has historically experienced no sales returns.

Revenue Recognition

The Company follows Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"), which affects the timing of when certain types of revenues will be recognized. The basic principles in ASC 606 include the following: a contract with a customer creates distinct contract assets and performance obligations, satisfaction of a performance obligation creates revenue, and a performance obligation is satisfied upon transfer of control of a good or service to a customer.

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

1. Identify the contract with the customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to separate performance obligations; and

5. Recognize revenue when (or as) each performance obligation is satisfied.

The Company generates revenue from three sources:

(1) Technology Solutions
(2) Services and Consulting Services (which, through the wind-down of the AMA and the current TSA, includes related party revenues)
(3) Hosting and Colocation Services

Technology Solutions

Integrated infrastructure solutions, including procurement, logistics, and deployment support services, was introduced as a business vertical in 2025. Technology Solutions provides infrastructure-related services, including manufacturer-agnostic sourcing of equipment, logistics coordination, supply chain management, and fulfillment services in support of digital infrastructure and compute center deployments. These services are designed to complement the Company's compute center platform and address customer requirements for supply chain efficiency, reduced lead times, and execution support.

Performance Obligations and Timing of Revenue Recognition: Technology Solutions revenue is recognized at a point in time when the product is shipped to the customer, which is the point at which the customer obtains control of the product and the Company's performance obligation is satisfied. In those cases where revenue is deferred but deposits from the customer have been received, the Company records a contract liability. Once the product is shipped and all performance obligations are met, revenue from the contract is recognized in accordance with ASC 606.

Services and Consulting Services

The Company's consulting services business generates revenues under contracts with customers from professional services (consulting advising), which are of short-term duration and are recognized when services are completed. Historically, consulting services also included related party revenues under the AMA, which was revised after one year.

Consulting services are provided on both an as-needed and extended-term basis and may include providing both parts and labor. Maintenance and technical support provided outside of a maintenance contract are on an "as-requested" basis, and revenue is recognized over time as the services are provided. Revenue for maintenance and technical support provided on an extended-term basis is recognized over time ratably over the term of the contract. Historically, this also included related party revenue under the AMA, which began on January 1, 2025 and was amended and wound down after one year, related to the installation and maintenance of certain assets deployed by New APR. AMA-related revenue was recognized through the third quarter of 2026, including the accelerated recognition of the remaining AMA-related deferred revenue following the sale of substantially all of New APR's assets, and no further revenue is expected under the AMA. Due to the Rail divestiture, a Transition Services Agreement was entered into with Sandbank Acosta LLC under which the Company provides certain support services through December 31, 2026 (see Note 18, Related Party Transactions).

On September 30, 2026, Duos Edge AI, Inc. entered into a Professional Services Agreement (the "PSA") with Meta 1 Network Group Limited for a fixed fee of $4.6 million to identify and assess potential compute center sites and future locations. Services and Consulting revenue is recognized over time as the services are performed; revenue under the PSA is measured using a cost-to-cost input method.

Colocation services

The Company provides Colocation services under a master services agreement and related service order with Axe Compute, Inc. ("Axe"), entered into in connection with the sale of the GPUaaS SPV on September 30, 2026. Under this arrangement, the Company hosts Axe's GPU cluster at its Columbus, Georgia compute center, providing space, power, cooling, physical security and connectivity, while Axe retains ownership of, and responsibility for operating, its equipment. The hosting and colocation services are a distinct performance obligation. Because the agreement does not separately state a fee for the initial deployment, the Company allocated approximately $6.09 million of the transaction consideration from the GPUaaS sale to the hosting and colocation services based on their estimated standalone selling price. This amount was recorded as a contract liability and is recognized as hosting and colocation revenue ratably over the five-year service period as the Company provides continuous access to the hosted capacity. Utility and other pass-through charges billed to Axe under the hosting agreement are recognized in the period consumed.

The Company also generates colocation revenue by providing customers with dedicated compute center capacity in Company-operated facilities. This includes space, critical IT power, cooling, physical security and connectivity to house customer-owned or customer-controlled computing equipment. Fees consist primarily of fixed monthly charges based on contracted power capacity and/or space and, in certain contracts, metered or pass-through power charges. Fixed fees are recognized ratably over the contract term as the Company provides continuous access to the contracted capacity. Variable power charges are recognized in the period consumed.

Multiple Performance Obligations and Allocation of Transaction Price

Arrangements with customers may involve multiple performance obligations, which may include technical support, consulting services, hosting and colocation services and related infrastructure services, and technology solutions deliverables. Maintenance or support services may be provided on an extended-term basis or on an as-needed basis after other performance obligations are completed. Revenue recognition for a multiple performance obligations arrangement is as follows:

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

Cost of Revenues

Cost of revenues consists primarily of expenses related to our three lines of business: Consulting, Hosting and Colocation Services and Technology Solutions. These costs include inventory, shipping, certain fixed labor and overhead, and allocated depreciation and amortization, as applicable to each line of business.

Advertising

The Company expenses the cost of advertising. During the nine months ended September 30, 2026 and 2025, there were no advertising costs.

Stock-Based Compensation

The Company accounts for employee and non-employee stock-based compensation in accordance with ASC 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors, including stock options, restricted stock units, and employee stock purchases based on estimated fair values. The stock-based compensation carries a graded vesting feature subject to the condition of time of employment service with awarded stock-based compensation tranches vesting evenly upon the anniversary date of the award.

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. In accordance with ASC 718-10-35-8, the Company elected to recognize the fair value of the stock award using the graded vesting method as time of employment service is the criterion for vesting. The Company's determination of fair value using an option-pricing model is affected by the stock price as well as assumptions regarding a number of highly subjective variables. The Company estimates volatility based upon the historical stock price of the Company and estimates the expected term for stock options using the simplified method for employees and directors and the contractual term for non-employees. The risk-free rate is determined based upon the prevailing rate of United States Treasury securities with similar maturities.

For restricted stock awards, fair value is measured at the closing market price of the Company's common stock on the grant date. That value is then recognized over the requisite vesting period.

The Company accounts for forfeitures as they occur.

Income Taxes

The Company accounts for income taxes in accordance with the Financial Accounting Standards Board FASB Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

During the three months ended September 30, 2026, the Company completed the sale of DTI and recognized the related tax effects as a discrete item. The transaction generated a tax loss significantly greater than the book disposal loss, and the related income tax benefit was allocated to discontinued operations. Federal and state net operating loss carryforwards attributable to DTI were removed, with substantially all of the state NOLs attributable to Florida and Georgia. The related deferred tax assets and valuation allowance were removed on a gross basis with no separate net income tax expense or benefit because the deferred tax assets were fully reserved. The Company also completed the sale of its equity interests in GPUaaS, LLC, which was treated as an asset sale for income tax purposes. The related tax effects were recognized as a discrete item. Book and tax basis in the underlying assets were the same at closing; therefore, no permanent book-tax gain difference was recorded.

For the three and nine months ended September 30, 2026, the Company recorded income tax expense from continuing operations of approximately $8.7 million and $13.7 million, respectively. The effective income tax rate differs from the U.S. federal statutory rate primarily due to the tax effects associated with the gain recognized on the Company's investment in New APR Energy, state income taxes, stock-based compensation and other permanent differences. Substantially all of the state income tax expense for the three and nine months ended September 30, 2026 related to Florida, primarily because the gain on the Company's investment in New APR Energy was treated as allocable to Florida. For the three and nine months ended September 30, 2025, the Company recorded an effective income tax rate of approximately 0% due to a full valuation allowance maintained against substantially all of its net deferred tax assets. The Company also maintained a full valuation allowance against substantially all of its net deferred tax assets as of December 31, 2025, 2024 and 2023.

During the three and nine months ended September 30, 2026, the Company reduced its gross deferred tax assets and related valuation allowance primarily due to the removal of federal and state net operating loss carryforwards attributable to Duos Technologies, Inc. ("DTI"). Because the affected deferred tax assets were fully offset by a valuation allowance, the gross removal did not result in a separate net income tax expense or benefit. At September 30, 2026, the Company continued to maintain a valuation allowance against deferred tax assets that are not expected to be realized based on the weight of available evidence. The Company will continue to evaluate the realizability of its remaining deferred tax assets during the year ending December 31, 2026.

During the three and nine months ended September 30, 2026, the Company allocated approximately $12.8 million and $12.8 million, respectively, of income tax benefit

to discontinued operations in accordance with the intraperiod tax allocation guidance of ASC 740. Including the amounts allocated to discontinued operations, the Company recorded total income tax benefit of approximately $4.1 million for the three months ended September 30, 2026 and total income tax expense of approximately $0.8 million for the nine months ended September 30, 2026. No comparable discontinued-operations tax allocation was recorded for the three or nine months ended September 30, 2025.

Any penalties and interest assessed by income taxing authorities are included in operating expenses.

The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed. Tax years 2023, 2024 and 2025 remain open for potential audit.

Earnings (Loss) Per Share

Basic earnings per share (EPS) are computed by dividing the net loss applicable to common stock by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss applicable to common stock by the weighted average number of common shares outstanding for the period and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise or conversion of stock options, stock warrants, convertible debt instruments, convertible preferred stock or other common stock equivalents. Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive. (See Note 12).

Leases

The Company follows ASC 842 "Leases". This guidance requires lessees to recognize right-of-use ("ROU") assets and lease liabilities for most operating leases. In addition, this guidance requires that lessors separate lease and non-lease components in a contract in accordance with the revenue guidance in ASC 606.

The Company made an accounting policy election to not recognize short-term leases with terms of twelve months or less on the balance sheet and instead recognize the lease payments in expense as incurred. The Company has also elected to account for real estate leases that contain both lease and non-lease components as a single lease component.

Leases that are clearly insignificant will not be accounted for under ASC 842 and instead the Company will recognize lease payments in expense as incurred.

At the inception of a contract the Company assesses whether the contract is, or contains, a lease.

The Company's assessment is based on:

(1) whether the contract involves the use of a distinct identified asset,
(2) whether we obtain the right to substantially all the economic benefit from the use of the asset throughout the period, and
(3) whether we have the right to direct the use of the asset.

Operating ROU assets represent the right to use the leased asset for the lease term and operating lease liabilities are recognized based on the present value of minimum lease payments over the lease term at commencement date. As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the lease commencement date to determine the present value of future payments. The lease term includes all periods covered by renewal and termination options where the Company is reasonably certain to exercise the renewal options or not to exercise the termination options. Operating lease expense is recognized on a straight-line basis over the lease term and is included in general and administration expenses in the consolidated statements of operations.

The Company accounts for leases as a lessor in accordance with ASC 842-30. Under ASC 842-30, leases are classified as either operating, sales-type or finance leases based on the terms and characteristics of the lease agreement. The Company is the lessor in a master capital lease agreement entered into during the second quarter of 2025 with Region 16 Education Service Center. Under the terms of the agreement, Region 16 is leasing a 500kW generator for a period of 84 months beginning June 1, 2025. Monthly lease payments are $4,035.38, with a $1 buyout option at the end of the lease term. The lease meets the criteria for classification as a sale-type finance lease under ASC 842 due to the presence of a bargain purchase option and the lease term covering a substantial portion of the asset's useful life. At lease inception, the Company reclassified the generator from property and equipment and recognized a lease receivable equal to the present value of the lease payments. The present value of the lease payments was calculated to be $282,772, which approximates the fair value of the generator. The implied annual interest rate used to calculate the present value was 5.29%, determined using the internal rate of return (IRR) method. This rate reflects the financing component embedded in the lease payments. Over the lease term, the Company recognizes interest income on the lease receivable and reduces the receivable as payments are received. The final $1 payment at the end of the lease term will transfer ownership of the generator to Region 16. The Company believes this lease arrangement is appropriately accounted for under ASC 842 and reflects the economic substance of the transaction.

Recent Accounting Pronouncements

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

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40), which requires entities to provide more detailed disaggregation of expenses in the income statement, focusing on the nature of the expenses rather than their function. The new disclosures will require entities to separately present expenses for significant line items, including, but not limited to, depreciation, amortization, and employee compensation. Entities will also be required to provide a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, disclose the total amount of selling expenses and, in annual reporting periods, provide a definition of what constitutes

selling expenses. This pronouncement is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company does not expect the adoption of this new guidance to have a material impact on the consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles: Goodwill and Other–Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software (ASU 2025-06). The guidance modernizes the recognition and disclosure framework for internal-use software costs by removing all references to software development project stages so that the guidance is neutral to different software development methods. This ASU is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, and can be applied using a prospective, retrospective or modified transition approach with early adoption permitted. The Company is evaluating the impact of adopting ASU 2025-06.

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

NOTE 2 – LIQUIDITY

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

As reflected in the accompanying consolidated financial statements, the Company had net income of $45,216,449 for the nine months ended September 30, 2026. During the same period, cash used by operating activities was $779,166. The working capital surplus and accumulated deficit as of September 30, 2026, were $105,547,985 and $38,986,591, respectively.

Recently on February 26, 2026, the Company priced a public offering of its common stock for gross proceeds of approximately $65 million. The offering closed on March 2, 2026, and was conducted pursuant to the Company's effective shelf registration statement on Form S-3 and related prospectus supplements filed with the SEC. Additionally, on June 17, 2026, the Company priced an underwritten registered direct offering consisting of shares of its common stock and pre-funded warrants for gross proceeds of approximately $55 million. The offering closed on June 18, 2026, and was conducted pursuant to the same shelf registration statement and the related prospectus supplement filed with the SEC. The capital raised is expected to bolster the Company's balance sheet and position it to pursue strategic initiatives related to Duos Edge AI from a stronger financial foundation. In the long run, the continuation of the Company as a going concern is dependent upon the ability of the Company to continue executing its business plan, generate enough revenue, and attain consistently profitable operations. We have analyzed our cash flow under "stress test" conditions and have determined that we have sufficient liquid assets on hand or available via the capital markets to maintain operations for at least twelve months from the issuance date of this report.

Management believes that, following the divestiture of the rail technology business, the sale of the GPUaaS SPV and the wind-down of the AMA, the Company's liquidity position is strong. As of September 30, 2026, the Company had cash and cash equivalents of approximately $44.8 million and working capital of approximately $49.5 million, which includes the $42.9 million of deferred purchase consideration due from Axe no later than September 30, 2027. The Company expects steady cash flow from its hosting and colocation services and Technology Solutions businesses and has a demonstrated ability to raise capital in the public markets. The Company's principal cash requirements over the next twelve months include the build-out of its Columbus, Georgia compute center and other contracted sites and the $10.0 million escrow deposit for Project Atlas. The Company may selectively evaluate opportunities to raise additional capital, including debt financing to support asset acquisitions.

Management has evaluated the Company's cash requirements for at least the next twelve months from the date these consolidated financial statements were issued and has concluded that the Company has sufficient cash and access to capital to meet its obligations over that period.

NOTE 3 – DISCONTINUED OPERATIONS

During 2025, the Company initiated a strategic review of its rail technology business conducted through Duos Technologies, Inc. ("DTI"). The Company determined that the disposition represented a strategic shift with a major effect on its operations and financial results and presented DTI as discontinued operations in accordance with ASC 205-20.

On August 5, 2026, the Company completed the transfer of all outstanding shares of DTI to Sandbank Acosta, LLC ("Sandbank"), a related party, under an agreement with an economic effective date of June 30, 2026. The Company determined that control transferred on August 5, 2026 and deconsolidated DTI on that date. Accordingly, DTI's operating results through August 4, 2026 are included in discontinued operations.

Prior to closing, the Company funded $3,500,000 of cash into DTI and contributed approximately $64.9 million of intercompany receivables to DTI's capital. At closing, DTI issued the Company an unsecured promissory note with a contractual principal amount of $5,435,403. The Company recognized a loss on disposal of $2,877,194 in discontinued operations for the three and nine months ended September 30, 2026.

DTI's results are presented as discontinued operations, net of applicable income taxes, for all periods presented. Assets and liabilities of DTI were classified as held for sale at June 30, 2026; following completion of the sale, no DTI assets or liabilities remained consolidated as of September 30, 2026. The Company continues to have limited involvement through the promissory note and transition arrangements described in Note 18.

DTI was the Company's founding and legacy business, historically reported as the Technologies segment. It designed, developed, deployed and supported machine vision and artificial intelligence technologies for the inspection of moving railcars, principally the Railcar Inspection Portal, together with related technology systems and support services, and for much of the Company's history represented the substantial majority of the Company's operations, revenues and workforce. The sale completes the Company's exit from the rail technology industry, a major line of business, and allows the Company to redeploy its capital and management resources to its hosting and colocation services, services and consulting, and technology solutions businesses, which serve compute center and digital infrastructure customers, including colocation customers with power requirements of 1 MW to 20 MW.

The sale eliminated the Technologies segment in its entirety, including its engineering, manufacturing, installation and support activities and related facilities. The workforce dedicated to the rail technology business transferred with DTI at closing. Certain of those employees remain on the Company's payroll on a transitional

basis through December 31, 2026, under an employee leasing agreement, with all allocated employment costs reimbursed by the purchaser (see Note 18, Related Party Transactions). The Company's officers and directors who also served as officers or directors of DTI resigned those DTI positions at closing, except Mr. Goldfarb, who resigned as President of DTI but remains its Chairman. Together with the earlier transfer of personnel supporting the wind-down of the Asset Management Agreement, these changes substantially reduce the Company's ongoing compensation and related overhead costs.

The divested rail technology business generated declining revenues and recurring operating losses in recent periods. Its classification as discontinued operations removes these results from continuing operations and provides a clearer presentation of the financial results of the Company's continuing business. In connection with the August 5, 2026, closing, the Company funded $3.5 million of target cash into DTI and received a $5.4 million promissory note. This note equals the $3.5 million plus the net equity of DTI. on June 30, 2026. The Company recognized a loss of $2,877,194 on the sale, included in loss from discontinued operations. The Company will also provide transitional services to the buyer through December 31, 2026, on a cost-reimbursement basis.

During the third quarter of 2026, the Company completed the sale of its Duos Technologies, Inc. business, formerly reported as the Company's Technologies segment. Accordingly, the operating results of Duos Technologies, Inc., net of tax, have been presented as discontinued operations in the accompanying Condensed Consolidated Statements of Operations for all periods presented. As the sale was completed during the third quarter of 2026, no assets or liabilities associated with Duos Technologies, Inc. remain classified as held for sale as of September 30, 2026. The assets and liabilities associated with Duos Technologies, Inc. were reclassified as held for sale in the accompanying Condensed Consolidated Balance Sheet as of December 31, 2025.

In applying ASC 205-20, the Company adjusted the prior comparative periods discontinued operations results to exclude corporate overhead that previously had been allocated to the discontinued operations.

The following table summarizes the major components of the "Income (loss) from discontinued operations" included in the Condensed Consolidated Statements of Operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues	$ 122,870	$ 1,693,977	$ 1,315,274	$ 3,699,050
Cost of revenues	80,652	881,052	225,537	3,086,783
Operating expenses	(47,588)	1,039,876	2,268,194	3,996,780
Total costs and operating expenses	33,064	1,920,928	2,493,731	7,083,563
Income (loss) from operations	89,806	(226,951)	(1,178,457)	(3,384,513)
Other income (expense), net	142	—	145	(3,267)
Loss on deconsolidation of DTI	(2,877,194)	—	(2,877,194)	—
Income (loss) from discontinued operations	$ (2,787,246)	$ (226,951)	$ (4,055,506)	$ (3,387,780)
Income tax benefit	12,814,693	—	12,814,693	—
Income (loss) from discontinued operations, net of tax	$ 10,027,447	$ (226,951)	$ 8,759,187	$ (3,387,780)

The Company completed the sale of DTI during the third quarter of 2026. Accordingly, there were no assets or liabilities associated with DTI classified as held for sale as of September 30, 2026. The following table presents the major components of assets and liabilities classified as held for sale as of December 31, 2025:

	December 31, 2025
ASSETS	
Accounts receivable, net	$ 108,284
Contract assets	741,722
Inventory	306,757
Prepaid expenses and other current assets	1,412
Inventory - non current	391,770
Property and equipment, net	425,873
Operating lease right of use asset - Office Lease	3,650,717
Security deposit	450,000
Software development costs, net	95,275
Patents and trademarks, net	170,962
Total assets held for sale	$ 6,342,772
LIABILITIES	
Accounts payable	$ 267,852

Notes payable - financing agreements	2,041
Accrued expenses	121,012
Operating lease obligations - Office Lease -current portion	818,519
Contract liabilities, current - Technology Systems	134,331
Contract liabilities, current - Services and Consulting	169,369
Operating lease obligations - Office Lease, less current portion	3,452,481
Total liabilities held for sale	$ 4,965,605

NOTE 4 – ACCOUNTS RECEIVABLE AND ACCOUNTS RECEIVABLE, RELATED PARTIES

Accounts receivable were as follows at September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Accounts receivable	$ 9,796,430	$ 621,927
Accounts receivable - related parties	44,601	5,304,231
Holdback receivable - related parties	10,013,872	—
Total	19,854,903	5,926,158
Allowance for credit losses	(40,561)	—
Accounts receivable, net	$ 19,814,342	$ 5,926,158

The Company recorded credit loss (recovery) expense in the amount of $40,561 and $0 for the nine months ended September 30, 2026 and September 30, 2025, respectively.

The activity related to our allowance for credit losses at September 30, 2026 and December 31, 2025 is summarized below.

	September 30, 2026	December 31, 2025
Allowance for credit losses, beginning balance	$ —	$ —
Allowance for credit losses provision	(40,561)	—
Less recoveries	—	—
Allowance for credit losses, ending balance	$ (40,561)	$ —

NOTE 5 – NOTES RECEIVABLE AND NOTES RECEIVABLE, RELATED PARTIES

Axe Compute Inc. On September 30, 2026, the Company sold Duos Edge AI GPUaaS, LLC, the subsidiary that owned the Company's GPU cluster, to Axe Compute Inc. ("Axe"). The purchase price consisted of (i) Axe's payoff, at closing, of the subsidiary's outstanding GPU financing obligations of $87.8 million and (ii) deferred consideration of $42.9 million. Under the equity purchase agreement, the deferred consideration is payable in monthly installments of $715,000, in arrears, over a term of up to 60 months beginning in October 2026. However, Axe must pay the entire remaining balance on the earlier of (a) the date Axe or an affiliate obtains financing secured by the GPU cluster or (b) September 30, 2027. Because the full balance is due no later than September 30, 2027, the receivable is classified as current as of September 30, 2026. The deferred consideration is non-interest-bearing and is secured by a security interest in the GPU cluster, and payment is further supported by a payment guarantee side letter agreement with Axe Compute Inc.. The receivable is recorded at its face amount of $42.9 million, as the effect of discounting over a collection period of no more than twelve months was not material (see Note 14).

The Company evaluates expected credit losses on its notes receivable under ASC 326 based on the counterparty's financial condition, collateral, guarantees and payment history. As of September 30, 2026, no allowance was recorded

DTI note receivable (related party). In connection with the sale of Duos Technologies, Inc. ("DTI") to Sandbank Acosta, LLC ("Sandbank") on August 5, 2026, DTI issued the Company an unsecured promissory note with principal of $5,435,403, bearing simple interest at 5% per annum, with principal and accrued interest payable on the earlier of a change in control of DTI or August 5, 2031. DTI may offset against the note certain costs of completing specified Amtrak rail portal installations in excess of related payments received from Amtrak. The Company initially recorded the note at its estimated fair value of $2,919,728 and accretes the resulting discount to interest income using the effective interest method. The discount rate was 18.7%. As of September 30, 2026, the note's carrying amount was $2,919,728, net of an unamortized discount of $2,515,675. Interest income on the note, including discount accretion, was $77,101 for both the three and nine months ended September 30, 2026. DTI is wholly owned by Sandbank, which is a related party because it is 50% owned by Adrian Goldfarb, who served as the Company's Interim Chief Financial Officer at the time of the sale and currently serves as a strategic advisor to the Company (see Note 18, Related Party Transactions).

Notes receivable consisted of the following:

	September 30, 2026	December 31, 2025
Axe deferred consideration (face)	$ 42,900,000	$ —
Note receivable, net	$ 42,900,000	$ —

Note receivable – related party (Sandbank/DTI)	$ 5,435,403	$ —
Less: unamortized discount on DTI	$ (2,515,675)	$ —
Notes receivable, net of current portion related party	$ 2,919,728	$ —

Scheduled principal collections as of September 30, 2026:

Year ending December 31,	Axe	Sandbank/DTI (related party)	Total
2026 (remaining three months)	$ 2,145,000	$ —	$ 2,145,000
2027	40,755,000	—	40,755,000
2028	—	—	—
2029	—	—	—
2030	—	—	—
Thereafter	—	5,435,403	5,435,403
Total	$ 42,900,000	$ 5,435,403	$ 48,335,403

The Sandbank/DTI note, together with simple interest at 5% per annum, is due in a single payment on the earlier of a change in control of DTI or August 5, 2031. Assuming payment at maturity, total principal and interest due will be approximately $6.8 million.

NOTE 6 – PROPERTY AND EQUIPMENT

The major classes of property and equipment are as follows at September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Buildings	$ 13,810,380	$ —
Building Improvements	18,056,841	—
Office Equipment	7,750	—
Land	1,318,536	—
CC PODS and Generators	3,248,579	1,791,061
Construction in Progress *	65,196,664	25,589,371
	$ 101,638,750	$ 27,380,432
Accumulated Depreciation	(218,782)	(68,499)
Property and Equipment, net	$ 101,419,968	$ 27,311,933

* Construction in progress consists of costs incurred for the build-out of the Company's Columbus, Georgia compute center and for the completion of edge compute center (EDC) pods. These costs are not depreciated until the related assets are placed in service.

	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Depreciation Expense		
Property and equipment	$ 149,883	$ 39,142
	$ 149,883	$ 39,142

NOTE 7 – PATENTS AND TRADEMARKS

	September 30, 2026	December 31, 2025
Patents	$ 21,049	$ 15,482
Accumulated Amortization	(1,240)	(371)
Patents and trademarks, net	$ 19,809	$ 15,111

Amortization expense for the nine months ended September 30, 2026 and 2025 was $870 and $144, respectively.

NOTE 8 – CASH ADVANCE PAYMENT – SAWGRASS APR HOLDINGS LLC

	Amount
Cash as of December 31, 2024	$ 5,000,000
Contract liabilities, current as of December 31, 2025	—

Revenue recognized for the year ended December 31, 2025	$ 5,000,000

In December 2024, the Company entered into a series of contracts with New APR under which the Company deployed and operated a fleet of mobile gas turbines and balance-of-plant inventory, providing management, sales and operations functions to New APR in connection with the assets. In exchange for services performed under the Asset Management Agreement ("AMA"), the Company received an advance cash payment and common units in Sawgrass Parent (see Note 9). The Company accounted for the arrangement with New APR as Revenue from contracts with customers. New APR advanced the Company $5.0 million in cash upon execution of the contract, which was recorded as a contract liability and was applied ratably on a monthly basis against amounts incurred under the AMA for a period of 12 months in 2025. In the event that the AMA was terminated within the first 12 months, any balance remaining of the advanced funds would have been credited in full to the Company.

The advanced consideration did not provide the benefit of financing as the cash was consumed within the first year of the contract to align the interests of both parties under the AMA. As of September 30, 2026, deferred revenue under the arrangement was zero, comprised of the $5.0 million advance payment less $5.0 million recognized as earned revenue under the AMA for the 12 months ended December 31, 2025.

NOTE 9 – EQUITY INVESTMENT – SAWGRASS APR HOLDINGS LLC

	September 30, 2026	December 31, 2025
Equity Investment - Sawgrass APR Holdings LLC	$ —	$ 7,233,000

At the close of business December 31, 2024, Duos Energy Corporation, a subsidiary, executed the AMA with New APR to manage its operations. The Company's then CEO is currently a Director of the Company and also was CEO of New APR.

The Company was issued a 5% non-voting ownership interest in Sawgrass Parent, in the form of 25,882,353 common units, which have been accounted for using the equity method. The Company determined the equity method was appropriate since Sawgrass Parent is considered a related party due to common management and the Company can exert significant influence over the operations of New APR. The Company concluded that the arrangement with New APR is within the scope of ASC 606, Revenue from contracts with customers, and the common units issued to the Company by Sawgrass Parent represented non-cash consideration under ASC 606-10-32-31. The initial carrying value as of December 31, 2024 of $7.2 million was measured equal to the fair value of the common units received for future services to be performed under the AMA which was being recognized over a period of two years, the initial contractual term of the AMA. The Company recorded $ 7.2 million as an equity method investment asset and $7.2 million of contract liabilities for services to be performed under the AMA. Following the sale of substantially all of New APR's assets and the resulting change in facts and circumstances, the Company reassessed the remaining contract liability under ASC 606-10-32-31. As the remaining obligations and uncertainties associated with the arrangement were effectively resolved, recognition of the remaining deferred balance in the period of the sale was appropriate.

Sale of New APR Assets

As previously disclosed, the Company owned a 5% non-voting ownership interest in Sawgrass Parent, the ultimate parent company of New APR. On May 26, 2026, substantially all of the assets of New APR were sold to a third party. As a result of the sale, in connection with its ownership interest, the Company received net proceeds of approximately $50.4 million during the second quarter of 2026. During the three months ended September 30, 2026, the Company received additional proceeds of $299,400 in connection with the transaction bringing total cumulative proceeds received to approximately $50.7 million. An additional amount of approximately $10.0 million was withheld in connection with the Company's pro rata portion of any indemnity and other similar obligations that may be owed to the purchaser under the asset purchase agreement and is recorded as a holdback receivable – related parties on the accompanying consolidated balance sheet.

As a result of this transaction, the Company derecognized its equity method investment carrying value of $7,233,000 and recognized a gain on the disposition of its equity method investment of approximately $53.5 million during the nine months ended September 30, 2026, calculated as follows

	Amount
Net proceeds received	$ 50,692,331
Add: holdback receivable – related parties	10,013,872
Less: carrying value of equity method investment	(7,233,000)
Gain on disposition of equity method investment	$ 53,473,203

The $10.0 million holdback receivable is included in the gain on sale of investments recognized during the nine months ended September 30, 2026, and its ultimate realization is subject to the resolution of potential indemnity and other obligations under the asset purchase agreement. Any amounts remaining at the end of the 12-month holdback period will be distributed to the Company.

The AMA was amended after one year, with residual billings under the arrangement occurring in the first, second and third quarters of 2026. During the nine months ended September 30, 2026, the Company recognized $3,616,500 of contract liabilities as revenue, including the accelerated recognition of the remaining deferred revenue balance following the sale of substantially all of New APR's assets, and no contract liability associated with the AMA remained at September 30, 2026.

The gain on disposition is included in the gain on sale of investments of $53,525,505, on the accompanying consolidated statement of operations. which includes gains on sale of other investments of $52,302.

NOTE 10 – DEBT

Notes Payable – Insurance Premium Financing Agreements

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

	September 30, 2026		December 31, 2025	
Notes Payable	Principal	Interest	Principal	Interest

Third Party - Insurance Note 1	$ 66,049	6.90%	$ —	7.65%
Third Party - Insurance Note 2	18,072	—	2,041	—
Third Party - Insurance Note 3	77,310	—	—	—
Total	$ 161,431		$ 2,041	

The Company entered into an agreement on April 15, 2025, with its insurance provider by issuing a note payable (Insurance Note 1) for the purchase of an insurance policy in the amount of $207,207 with a down payment in the amount of $42,241 in the second quarter of 2025 and ten monthly installments of $17,140. The Company paid off the debt in the third quarter of 2025. The Company renewed its agreement on February 10, 2026, with its insurance provider by issuing a note payable (Insurance Note 1) for the purchase of an insurance policy in the amount of $401,042 with a down payment in the amount of $80,785 in the first quarter of 2026 and ten monthly installments of $33,047. At September 30, 2026, and December 31, 2025, the balance of Insurance Note 1 was $66,049 and $0, respectively.

The Company entered into an agreement effective February 3, 2025, with its insurance provider by issuing a note payable (Insurance Note 2) for the purchase of an insurance policy in the amount of $24,594 in the second quarter of 2025 and twelve monthly installments of $2,050. There were also audit premium adjustments in the amount of $6,084. The Company renewed its agreement effective March 31, 2026, with its insurance provider by issuing a note payable (Insurance Note 2) for the purchase of an insurance policy in the amount of $52,112 in the first quarter of 2026 and twelve monthly installments of $4,217. At September 30, 2026, and December 31, 2025, the balance of Insurance Note 2 was $18,072 and $2,041, respectively.

The Company entered into an agreement on February 3, 2025, with its insurance provider by issuing a note payable (Insurance Note 3) for the purchase of an insurance policy in the amount of $249,448, with a down payment paid in the amount of $119,535 in the first quarter of 2025 and seven monthly installments of $18,559. The Company paid off the balance early in the second quarter of 2025. The Company extended the policy period to March 31, 2026, in January of 2026, paying two monthly premiums totaling $69,112. The Company renewed its agreement on March 14, 2026, with its insurance provider by issuing a note payable (Insurance Note 3) for the purchase of an insurance policy in the amount of $218,680, with a down payment paid in the amount of $72,841 in the first quarter of 2026 and seven monthly installments of $16,207. At September 30, 2026, and December 31, 2025, the balance of Insurance Note 3 was $77,310 and $0, respectively, due to early payoff.

Notes Payable, Related Parties

On July 22, 2024, the Company and Duos Edge entered into secured promissory notes (the "Notes") with two institutional investors in the Company, 21 April Fund LP and 21 April Fund Ltd. These investors own more than 10% of the outstanding shares and are therefore considered related parties. The principal amounts of the Notes were $1,520,000 for the Note issued to 21 April Fund Ltd. and $680,000 for the Note issued to 21 April Fund LP. The Notes accrued interest at an annual rate of 10% and the principal and any accrued interest on the Notes were due on December 30, 2025. The Company guaranteed all of Duos Edge's obligations pursuant to the Notes.

The Company made early payments on the Notes in 2025, through August 2025 in the amount of $2,200,000 of principal and $188,356 of accrued interest.

GPUaaS Equipment Financing

In June 2026, the Company announced a three-year equipment financing facility of $98,135,008 to support the deployment of NVIDIA B300 GPUs and related equipment. Duos Edge AI GPUaaS, LLC ("GPUaaS"), then a wholly owned subsidiary of the Company, was the borrower, and GPU Finance Ltd. served as administrative agent and collateral agent. The facility was secured by the GPU equipment and related collateral. The Company pledged its equity interests in GPUaaS and provided a limited guaranty. The financing provided for a contractual interest rate of 12.0% per annum, with a separate rate applicable to funds held in escrow before release. Proceeds of the facility were not paid to GPUaaS. Instead, they were deposited directly into an escrow account held by Wilmington Trust, as escrow agent, to be released to the equipment supplier, Super Micro Computer, Inc., upon satisfaction of specified release conditions. GPUaaS did not have access to or control over the escrowed funds, and no funds were released to GPUaaS before the facility was repaid in connection with the sale. See Note 14, Commitments and Contingencies, for a description of the sale of GPUaaS and the repayment of the facility.

On September 30, 2026, in connection with the sale of GPUaaS, Axe Compute, Inc. paid $87,817,973 on behalf of GPUaaS to settle its obligations under the loan and security agreement. The payoff consisted of $84,109,320 of escrowed principal and $3,708,653 of fees and other amounts. Axe funded the payoff as part of the consideration for the sale. No borrowings under the facility were outstanding as of September 30, 2026. See Note 14 for additional Information.

NOTE 11 – REVENUES AND CONTRACT ACCOUNTING

Revenue Recognition and Contract Accounting

The Company accounts for revenue in accordance with ASC 606, Revenue from Contracts with Customers. The Company's continuing operations generate revenue from three sources, each presented as a separate line item in the consolidated statements of operations: (1) Services and Consulting, which consists of asset management services under the AMA, transition services provided to Sandbank Acosta LLC under the Transition Services Agreement and professional services provided to compute center customers; (2) Hosting and Colocation, which consists of hosting and colocation services provided by the Company's compute center business; and (3) Technology Solutions, which consists of the sale of products and related infrastructure sourcing, integration and supply chain services. Revenue from the Company's rail technologies business, including Technology Systems, AI Technology, Technical Support and the related service and subscription consulting contracts, is presented within discontinued operations following the divestiture of that business on August 5, 2026 for all periods presented herein.

The Company has entered into land lease arrangements at its Dumas and Hereford locations under which it provides rack capacity and related colocation services to the landowners in exchange for the right to use land for its edge data centers.

Under these arrangements, monthly contractual consideration of $1,801 per location consists of $1 in cash rent and $1,800 attributable to noncash colocation services

provided to the lessor by the Company. The Company recognizes the related colocation revenue over the period in which the contracted services are made available to the landowners, consistent with the commencement of the related consideration under the lease arrangements.

For the nine months ended September 30, 2026, the Company recognized $16,200 of noncash colocation revenue associated with these arrangements.

The Company accounts for the land-use rights under ASC 842, Leases, and the related colocation revenue under ASC 606, Revenue from Contracts with Customers. Revenue and the related lease cost is presented on a gross basis in the consolidated statements of operations: the colocation revenue is included in Hosting and colocation revenue, and the related lease cost is included in Cost of revenues – hosting and colocation.

Contract assets and contract liabilities on uncompleted contracts for revenues recognized over time are as follows:

Contract Assets

Contract assets represent revenue recognized in excess of amounts billed on contracts for which revenue is recognized over time and for which the Company's right to consideration is conditioned on something other than the passage of time.

At September 30, 2026 and December 31, 2025, contract assets consisted of the following:

As of September 30, 2026:

	Technology Solutions	Total
Deferred Cost	$ 3,463,511	$ 3,463,511
Cumulative revenues recognized	—	—
Less cumulative billings	—	—
Contract Assets	$ 3,463,511	$ 3,463,511

As of December 31, 2025:

	Technology Solutions	Total
Deferred Cost	$ —	$ —
Cumulative revenues recognized	—	—
Less cumulative billings	—	—
Contract Assets	$ —	$ —

Contract Liabilities

Contract liabilities consist of deferred revenue and customer deposits and represent consideration received or billed in advance of the Company's performance, including customer deposits under Technology Solutions contracts for which revenue is recognized at a point in time.

At September 30, 2026 and December 31, 2025, contract liabilities consisted of the following:

Nine months ended September 30, 2026

	Technology Solutions	Hosting and Colocation	Services and Consulting-Related Parties	Total
Beginning balance at December 31, 2025	$ 1,132,164	$ —	$ 3,616,500	$ 4,748,664
Revenue recognized from the beginning balance	—	—	(3,616,500)	(3,616,500)
Billings during the period	1,345,788	24,860,228	—	26,206,016
Revenue recognized from current billings	—	—	—	—
Ending balance at September 30, 2026	$ 2,477,952	$ 24,860,228	$ —	$ 27,338,180
Contract liabilities, current portion	$ 2,477,952	$ 4,972,045	$ —	$ 7,449,997
Contract liabilities, non-current portion	$ —	$ 19,888,183	$ —	$ 19,888,183

Services and Consulting-Related Parties

In December 2024, the Company entered into a series of contracts with New APR under which the Company deployed and operated a fleet of mobile gas turbines and balance-of-plant inventory, providing management, sales and operations functions to New APR in connection with the assets. In exchange for services performed under the Asset Management Agreement ("AMA"), the Company received an advance cash payment and common units in Sawgrass Parent (see Note 9). New APR advanced the Company $5.0 million in cash upon execution of the contract, which was recorded as a contract liability and was applied ratably on a monthly basis against amounts incurred under the AMA for a period of 12 months in 2025. In the event that the AMA was terminated within the first 12 months, any balance

remaining of the advanced funds would have been credited in full to Duos.

As of December 31, 2024 deferred revenue under the arrangement was $5.0 million, comprised of the $5.0 million advance payment. The Company recognized $5.0 million in revenue under the AMA during the year ended December 31, 2025. No revenues were recognized during the nine months ended September 30, 2026 related to the advance payment. However, $3,616,500 of previously deferred revenue was recognized as revenue during the nine months ended September 30, 2026 related to the AMA (see Note 9).

The Company also concluded that the arrangement with New APR is within the scope of ASC 606, Revenue from contracts with customers, and the common units issued to the Company by Sawgrass Parent represented non-cash consideration. The initial carrying value as of December 31, 2024 of $7.2 million was measured equal to the fair value of the common units received for future services to be performed under the AMA. The Company recorded $7.2 million of deferred revenue for services to be performed under the AMA (see Note 9). During the year ended December 31, 2024, the Company did not recognize any revenue associated with the AMA. The Company initially recorded the equity method investment in Sawgrass Parent of $7.2 million, equal to the fair value of the common units as of December 31, 2024.

As of September 30, 2026, the balance in contract liabilities pertaining to the value of the equity method interest will be recognized as revenue as follows:

Calendar Year	Amounts
2026 (Remaining)	$ —
Contract Liabilities	$ —

Disaggregation of Revenue

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

Qualitative:

1. We have three distinct revenue sources:
   a. Technology Solutions - delivers manufacturer-agnostic infrastructure sourcing, integration, and value-added supply chain services supporting compute center, AI, and enterprise deployments;
   b. Services and Consulting Services (including related parties); and
   c. Hosting and Colocation Services - deployment and operation of compute centers, providing customers with cabinet space and related infrastructure service.

2. We currently operate in North America.

Quantitative:

For the three months ended September 30, 2026

Segments	Technology Solutions	Hosting and Colocation	Services and Consulting	Total
Primary Geographical Markets				
North America	$ 6,841,915	$ 48,750	$ 3,609,117	$ 10,499,782
Major Goods and Service Lines				
Turnkey Projects	$ —	$ —	$ 3,540,434	$ 3,540,434
Maintenance and Support	6,841,915	48,750	68,683	6,959,348
	$ 6,841,915	$ 48,750	$ 3,609,117	$ 10,499,782
Timing of Revenue Recognition				
Recognized at a point in time	$ 6,841,915	$ —	$ 3,540,434	$ 10,382,349
Services transferred over time	—	48,750	68,683	117,433
	$ 6,841,915	$ 48,750	$ 3,609,117	$ 10,499,782

For the three months ended September 30, 2025

Segments	Technology Solutions	Hosting and Colocation	Services and Consulting	Total
Primary Geographical Markets				

North America	$ 6,500	$ 24,000	$ 5,152,805	$ 5,183,305
Major Goods and Service Lines				
Turnkey Projects	$ —	$ —	$ —	$ —
Maintenance and Support	6,500	24,000	5,152,805	5,183,305
	$ 6,500	$ 24,000	$ 5,152,805	$ 5,183,305
Timing of Revenue Recognition				
Recognized at a point in time	$ 6,500	$ —	$ —	$ 6,500
Services transferred over time	—	24,000	5,152,805	5,176,805
	$ 6,500	$ 24,000	$ 5,152,805	$ 5,183,305

For the nine months ended September 30, 2026

Segments	Technology Solutions	Hosting and Colocation	Services and Consulting	Total
Primary Geographical Markets				
North America	$ 10,635,913	$ 111,574	$ 8,073,019	$ 18,820,506
Major Goods and Service Lines				
Turnkey Projects	$ —	$ —	$ 3,540,434	$ 3,540,434
Maintenance and Support	10,635,913	111,574	4,532,585	15,280,072
	$ 10,635,913	$ 111,574	$ 8,073,019	$ 18,820,506
Timing of Revenue Recognition				
Recognized at a point in time	$ 10,635,913	$ —	$ 3,540,434	$ 14,176,347
Services transferred over time	—	111,574	4,532,585	4,644,159
	$ 10,635,913	$ 111,574	$ 8,073,019	$ 18,820,506

For the nine months ended September 30, 2025

Segments	Technology Solutions	Hosting and Colocation	Services and Consulting	Total
Primary Geographical Markets				
North America	$ 6,500	$ 32,000	$ 13,827,958	$ 13,866,458
Major Goods and Service Lines				
Turnkey Projects	$ —	$ —	$ —	$ —
Maintenance and Support	6,500	32,000	13,827,958	13,866,458
	$ 6,500	$ 32,000	$ 13,827,958	$ 13,866,458
Timing of Revenue Recognition				
Recognized at a point in time	$ 6,500	$ —	$ —	$ 6,500
Services transferred over time	—	32,000	13,827,958	13,859,958
	$ 6,500	$ 32,000	$ 13,827,958	$ 13,866,458

NOTE 12 – NET INCOME (LOSS) PER SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period, increased by the number of additional shares of common stock that would have been outstanding had the potentially dilutive shares been issued. Potentially dilutive shares consist of outstanding stock options and warrants, computed using the treasury stock method, and shares issuable upon conversion of the Company's convertible preferred stock, computed using the if-converted method.

The Company reported net income for the three and nine months ended September 30, 2026, and, accordingly, potentially dilutive securities were included in the computation of diluted net income per common share. There were 5,000 out-of-the-money stock options excluded from the computation of diluted net income per common share for the nine months ended September 30, 2026, because the effect of their inclusion would have been anti-dilutive.

The Company reported a net loss for the three and nine months ended September 30, 2025 and, as a result, all potentially dilutive securities outstanding during those periods were excluded from the computation of diluted net loss per common share because the effect of their inclusion would have been anti-dilutive. Basic and diluted net loss per common share are therefore the same for those periods.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net Income (loss) from continuing operations, net of tax	$ (9,163,183)	$ (813,303)	$ 36,457,262	$ (3,250,168)
Loss from discontinued operations, net of tax	10,027,447	(226,951)	8,759,187	(3,387,780)
Net Income (loss)	$ 864,264	$ (1,040,254)	$ 45,216,449	$ (6,637,948)
Denominator:				
Weighted average common shares outstanding	35,761,823	17,310,133	29,885,780	13,537,365
Preferred Stock	5,122,273	—	5,122,273	—
Warrants and options	144,231	—	206,703	—
Weighted average dilutive shares outstanding	41,028,327	17,310,133	35,214,756	13,537,365
Basic (loss) income per share:				
Basic income (loss) per share from continuing operations	$ (0.26)	$ (0.05)	$ 1.22	$ (0.24)
Basic income (loss) per share from discontinued operations	0.28	(0.01)	0.29	(0.25)
Basic income (loss) per share	$ 0.02	$ (0.06)	$ 1.51	$ (0.49)
Diluted (loss) income per share:				
Diluted income (loss) per share from continuing operations	$ (0.22)	$ (0.05)	$ 1.04	$ (0.24)
Diluted income (loss) per share from discontinued operations	0.24	(0.01)	0.25	(0.25)
Diluted earnings (loss) per share	$ 0.02	$ (0.06)	$ 1.29	$ (0.49)

NOTE 13 – SEGMENT REPORTING

During 2025, the Company operated in four operating and reportable segments: Technologies, Services and Consulting, Compute Center Colocation Services and Technology Solutions. As described in Notes 1 and 3, Duos Technologies, Inc. ("DTI"), which comprised the entire Technologies segment, was classified as held for sale and presented as discontinued operations beginning with the quarter ended June 30, 2026, and its sale was completed on August 5, 2026. Segment information for all prior periods presented has been recast to exclude the Technologies segment.

As a result, for the periods presented in this report, the Company has three operating and reportable segments, each reflecting continuing operations only:

(1) Compute Center Hosting and Colocation Services – developing, owning and operating compute centers that provide customers with space, power, cooling and connectivity for artificial intelligence, high-performance computing and enterprise workloads;

(2) Technology Solutions – manufacturer-agnostic infrastructure sourcing, integration and value-added supply chain services supporting compute center, artificial intelligence and enterprise deployments; and

(3) Services and Consulting – (a) asset management services provided to New APR under the AMA through its wind-down, (b) transition services provided to Sandbank Acosta, LLC under the Transition Services Agreement through December 31, 2026 and (c) professional services provided to compute center customers, including site identification and design services under the Professional Services Agreement with Meta 1 Network Group Limited.

The Company's reportable segments are strategic business units that offer different products and services and are managed separately based on the fundamental differences in their operations.

The Company's Compute Center Hosting & Colocation Services segment generates revenue by providing customers with dedicated compute center capacity, including space, power, cooling and connectivity, in Company-operated colocation compute centers. Hosting and colocation revenue is recognized over time as the services are made available to customers, generally on a monthly basis over the contract term.

The Company's Technology Solutions segment generates revenue from the sale and delivery of products and from manufacturer-agnostic infrastructure sourcing, integration and value-added supply chain services supporting compute center, artificial intelligence and enterprise deployments. Technology Solutions revenue is recognized at a point in time when control of the products transfers to the customer, generally upon shipment.

The Company's Services and Consulting segment generates revenue from asset management, transition and professional services. Through the AMA with New APR, Duos Energy oversaw the deployment and operation of a fleet of mobile gas turbines and balance-of-plant inventory and provided management, sales and operations support to New APR; the AMA has been wound down, and no further revenue is expected under it. Under the Transition Services Agreement, the Company provides administrative and employee support services to Sandbank Acosta, LLC through December 31, 2026. Under the Professional Services Agreement with Meta 1 Network Group Limited, the Company provides site identification, risk assessment and conceptual design services for future compute center locations. Services and Consulting revenue is recognized over time as the services are performed; revenue under the Professional Services Agreement is measured using a cost-to-cost input method.

Stock-based compensation expense, corporate operating expenses that are not attributable to a specific segment, other income (expense) that relates to the Company as a whole, and income taxes are not allocated to the reportable segments. These items are excluded from both measures of segment profit or loss and are presented as reconciling items in the reconciliations of total reportable segments' profit or loss to consolidated income (loss) before income taxes below.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The decisions concerning the allocation of the Company's resources are made by the CODM with oversight by the Board of Directors. The CODM uses segment net income (loss) to assess the performance of each segment and to decide how to allocate resources, including personnel, capital and investment in the build-out of the Company's Compute Center Colocation business. The CODM reviews segment net income (loss) at least quarterly and considers budget-to-actual variances when deciding whether to invest resources in particular segments or other parts of the Company. Because segment net income (loss) includes interest and other non-operating items attributable to each segment, the CODM also uses it to evaluate the effect of segment-level financing on each segment's results. The CODM also uses segment adjusted income (loss) from operations to evaluate each segment's operating performance before financing and other non-operating items. Segment assets are reviewed by the Company's CODM and are disclosed below. The accounting policies of the Compute Center Colocation Services & Related Services, Technology Solutions, and Services and Consulting segments are the same as those described in Note 1 of the Condensed Notes to the Consolidated Financial Statements.

Segment net income (loss) is the measure of segment profit or loss that management believes is determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the Company's consolidated financial statements, and is therefore the Company's required measure of segment profit or loss. Segment adjusted income (loss) from operations is presented as an additional measure of segment profit or loss.

Segment net income (loss) is defined as segment revenues less segment cost of revenues, segment operating expenses, segment depreciation and amortization, and other segment items. Other segment items consist of interest expense, gain (loss) on extinguishment of debt, and other income (expense) directly attributable to the segment, including interest income on lease receivables. Segment adjusted income (loss) from operations is segment net income (loss) before other segment items.

Both measures exclude the following items, which are not allocated to the segments and are presented as reconciling items: (i) stock-based compensation expense; (ii) corporate unallocated operating expenses, which consist of corporate costs not attributable to a specific segment; and (iii) other income (expense) that relates to the Company as a whole, such as interest income on corporate cash balances. Segment operating expenses exclude depreciation and amortization, which is presented as a separate line, and stock-based compensation expense. Income taxes are managed on a consolidated basis and are not included in either measure of segment profit or loss.

The significant segment expense categories regularly provided to the CODM for each reportable segment are cost of revenues, operating expenses (excluding depreciation, amortization and stock-based compensation), and depreciation and amortization. The CODM is not regularly provided with segment expense information at a more disaggregated level. Income and expense items included in segment net income (loss) that are not significant segment expenses are combined and presented as other segment items for each reportable segment.

Segment adjusted income (loss) from operations is a non-GAAP financial measure. The most directly comparable GAAP measure is segment net income (loss), which is presented with equal or greater prominence in the tables below, together with a reconciliation of total reportable segments' adjusted income (loss) from operations to consolidated income (loss) before income taxes. Management believes segment adjusted income (loss) from operations is useful to investors because it presents each segment's operating performance before financing and other non-operating items, consistent with how the CODM evaluates the segments' operating results.

The following tables present net revenues, significant segment expenses, other segment items, and the measures of segment profit or loss for each reportable segment, and reconcile total reportable segments' profit or loss to consolidated income (loss) before income taxes, for the three and nine months ended September 30, 2026 and 2025:

Three Months ended September 30, 2026

	Technology Solutions	Hosting and Colocation	Services and Consulting	Total Reportable Segments
Net revenues	$ 6,841,915	$ 48,750	$ 3,609,117	$ 10,499,782
Cost of revenues	5,818,853	81,751	235,997	
Operating expenses (excluding depreciation, amortization and stock-based compensation)	653,463	324,055	—	
Depreciation and amortization	—	764	—	
Segment adjusted income from operations	$ 369,599	$ (357,820)	$ 3,373,120	$ 3,384,899
Other segment items (1)	—	3,208	1,234	
Segment net income	$ 369,599	$ (354,612)	$ 3,374,354	$ 3,389,341

(1) Other segment items consist of interest expense, loss on extinguishment of debt, gain on deconsolidation, and other income (expense) directly attributable to the segment, including interest income and interest income on a lease receivable.

Reconciliation of segment net income (loss) to consolidated income (loss) before income taxes.

	Amount
Total reportable segments' net income	$ 3,389,341
Stock-based compensation	(2,295,379)
Corporate and unallocated operating expenses	(2,946,577)
Unallocated other income (expense)	1,360,728
Consolidated (loss) before income taxes	$ (491,887)

Reconciliation of segment adjusted income (loss) from operations to consolidated income (loss) before income taxes.

	Amount
Total reportable segments' adjusted income from operations	$ 3,384,899
Stock-based compensation	(2,295,379)
Corporate and unallocated operating expenses	(2,946,577)
Interest expense	(1,560,174)
Loss on extinguishment of debt	(2,819,654)
Gain on deconsolidation of GPUaaS	4,702,041
Interest income	743,557
Gain on sale of investments	299,400
Consolidated (loss) before income taxes	$ (491,887)

Three Months ended September 30, 2025

The Company reclassified certain prior period balances to conform to current period presentation related to Discontinued Operations. See Note 3 Discontinued Operations.

	Technology Solutions	Hosting and Colocation	Services and Consulting	Total Reportable Segments
Net revenues	$ 6,500	$ 24,000	$ 5,152,805	$ 5,183,305
Cost of revenues	5,000	34,193	3,440,635	
Operating expenses (excluding depreciation, amortization and stock-based compensation)	—	457,810	—	
Depreciation and amortization	—	39,286	—	
Segment adjusted income (loss) from operations	$ 1,500	$ (507,289)	$ 1,712,170	$ 1,206,381
Other segment items (1)	—	(119,059)	1,828	
Segment net income (loss)	$ 1,500	$ (626,348)	$ 1,713,998	$ 1,089,150

(1) Other segment items consist of interest expense, loss on extinguishment of debt, and other income (expense) directly attributable to the segment, including interest income and interest income on a lease receivable.

	Amount
Total reportable segments' net income	$ 1,089,150
Stock-based compensation	(945,504)
Corporate and unallocated operating expenses	(1,149,906)
Unallocated other income (expense)	192,957
Consolidated income loss before income taxes	$ (813,303)

Reconciliation of segment adjusted income (loss) from operations to consolidated income (loss) before income taxes.

	Amount
Total reportable segments' adjusted income from operations	$ 1,206,381
Stock-based compensation	(945,504)
Corporate and unallocated operating expenses	(1,149,906)
Interest expense	(29,335)
Loss on extinguishment of debt	(95,718)
Other expense	(3,493)
Interest income	204,272
Consolidated loss before income taxes	$ (813,303)

Nine Months ended September 30, 2026

	Technology Solutions	Hosting and Colocation	Services and Consulting	Total Reportable Segments
Net revenues	$ 10,635,913	$ 111,574	$ 8,073,019	$ 18,820,506
Cost of revenues	8,729,531	219,748	1,006,108	
Operating expenses (excluding depreciation, amortization and stock-based compensation)	1,670,823	1,538,801	—	
Depreciation and amortization	—	764	—	
Segment adjusted income from operations	$ 235,557	$ (1,647,739)	$ 7,066,912	$ 5,654,730
Other segment items (1)	11	12,455	7,573	
Segment net income	$ 235,568	$ (1,635,284)	$ 7,074,484	$ 5,674,769

(1) Other segment items consist of interest expense, loss on extinguishment of debt, gain on deconsolidation, and other income (expense) directly attributable to the segment, including interest income and interest income on a lease receivable.

	Amount
Total reportable segments' net income	$ 5,674,769
Stock-based compensation	(4,070,683)
Corporate and unallocated operating expenses	(6,566,288)
Unallocated other income (expense)	55,074,930
Consolidated income before income taxes	$ 50,112,728

Reconciliation of segment adjusted income (loss) from operations to consolidated income (loss) before income taxes.

	Amount
Total reportable segments' adjusted income from operations	$ 5,654,730
Stock-based compensation	(4,070,683)
Corporate and unallocated operating expenses	(6,566,288)
Interest expense	(1,560,295)
Loss on extinguishment of debt	(2,819,654)
Gain on deconsolidation of GPUaaS	4,702,041
Interest income	1,247,372
Gain on sale of investments	53,525,505
Consolidated income before income taxes	$ 50,112,728

Nine Months ended September 30, 2025

The Company reclassified certain prior period balances to conform to current period presentation related to Discontinued Operations. See Note 3 Discontinued Operations.

	Technology Solutions	Hosting and Colocation	Services and Consulting	Total Reportable Segments
Net revenues	$ 6,500	$ 32,000	$ 13,827,958	$ 13,866,458
Cost of revenues	5,000	49,536	9,075,172	
Operating expenses (excluding depreciation, amortization and stock-based compensation)	—	1,322,711	—	
Depreciation and amortization	—	144	—	
Segment adjusted income (loss) from operations	$ 1,500	$ (1,340,390)	$ 4,752,786	$ 3,413,896
Other segment items (1)	—	(509,624)	4,463	
Segment net income (loss)	$ 1,500	$ (1,850,014)	$ 4,757,249	$ 2,908,735

(1) Other segment items consist of interest expense, loss on extinguishment of debt, and other income (expense) directly attributable to the segment, including interest income and interest income on a lease receivable.

	Amount
Total reportable segments' net income	$ 2,908,735
Stock-based compensation	(3,014,323)
Corporate and unallocated operating expenses	(3,361,348)
Unallocated other income (expense)	216,768
Consolidated (loss) before income taxes	$ (3,250,168)

Reconciliation of segment adjusted income (loss) from operations to consolidated income (loss) before income taxes

	Amount
Total reportable segments' adjusted income from operations	$ 3,413,896
Stock-based compensation	(3,014,323)
Corporate and unallocated operating expenses	(3,361,348)
Interest expense	(435,996)
Loss on extinguishment of debt	(95,718)
Other expense	(1,806)
Interest income	245,127
Consolidated (loss) before income taxes	$ (3,250,168)

Total assets by reportable segment, reconciled to total consolidated assets, as of September 30, 2026 and December 31, 2025 were as follows:

	September 30, 2026	December 31, 2025
Technology Solutions	$ 10,966,418	$ 581,366
Compute Center Colocation Services & Related Services	178,564,488	28,024,994
Services and Consulting	24,080	12,537,718
Total reportable segment assets	$ 189,554,986	$ 41,144,078
Corporate and Unallocated	62,539,549	15,922,566
Technologies (Assets held for sale)	—	6,342,772
Total consolidated assets	$ 252,094,535	$ 63,409,416

Corporate and Unallocated assets consist of assets that are not directly attributable to or managed by any specific reportable segment, principally: (i) cash and cash equivalents, which are managed centrally on a consolidated basis, are not restricted to or dedicated for the use of any subsidiary or reportable segment, and may be deployed for any segment's operations or for general corporate purposes; (ii) the operating lease right-of-use asset for the Company's corporate headquarters; and (iii) office equipment, furniture, fixtures, leasehold improvements and other property and equipment used in corporate and administrative functions. Assets of discontinued operations relate to the former Technologies segment and are presented as a reconciling item.

All assets are located in the United States.

NOTE 14 — COMMITMENTS AND CONTINGENCIES

Leases

Former Corporate Office and Warehouse Lease

The Company's former corporate office and warehouse lease was held by the subsidiary disposed of on August 5, 2026. The former lease is excluded from the continuing-operations lease disclosures below. See Note 3, Discontinued Operations, for further information regarding the disposal. This former office lease is separate from the Jacksonville office lease described below.

Jacksonville Office Lease – Dark Matter Technologies LLC

On June 16, 2026, the Company entered into a sub-sublease agreement with Dark Matter Technologies LLC for approximately 15,050 square feet of office space in Jacksonville, Florida. The lease commenced on July 18, 2026 and expires on July 31, 2029. Monthly fixed rental payments begin at approximately $32,922 and increase annually by 3%. The Company provided a refundable security deposit of $200,000. The agreement also provides for the use of certain furniture, fixtures and equipment valued at fair market value of $107,745. The furniture passes to the Company at the end of the term for $1. It is treated as a separate lease component as a finance agreement amortized over 36 months.

As of September 30, 2026, the Company had operating lease right-of-use assets of $865,224 and related operating lease liabilities of $884,996 associated with the Jacksonville office component of the Dark Matter arrangement. Additionally, the Company had finance lease right-of-use assets of $ 98,766 and related finance lease liabilities of $100,410 associated with the furniture, fixtures and equipment component of the arrangement.

Land Leases (Compute Center Colocation Sites)

The Company leases multiple land locations for the deployment and operation of its modular Compute Centers ("CCs") under arrangements with varying payment structures. Certain arrangements provide for nominal monthly payments of $1, while others include variable payments based on a percentage of revenues generated from colocation services or noncash consideration through the provision of rack space within the CC. Variable lease payments are excluded from the measurement of operating lease liabilities and expensed as incurred. Certain landlords may also be customers of the Company, leasing server rack space within the compute centers.

As previously disclosed, the Company has entered into CC land leases in Abilene, Corpus Christi, Dumas, Hereford, Lubbock and Victoria, located primarily in Texas. In addition, the Company entered into a ground lease in Amarillo, Texas with Region 16 Education Service Center effective December 20, 2024. The related generator arrangement with Region 16 under which the Company is the lessor is separate from the land lessee obligations presented below.

These land leases generally have initial terms of five to ten years, with one five-year renewal option, and require the Company to pay real estate taxes, common area maintenance charges and utilities, and to maintain insurance coverage. The Company is also responsible for site preparation and installation of improvements, including modular structures and backup power systems.

Noncash Colocation Arrangements

The Company has entered into land lease arrangements at its Dumas and Hereford locations under which it provides rack capacity and related colocation services to the landowners in exchange for the right to use land for its edge data centers.

Under these arrangements, monthly contractual consideration of $1,801 per location consists of $1 in cash rent and $1,800 attributable to noncash colocation services. The Company recognizes the related colocation revenue over the period in which the contracted services are made available to the landowners, consistent with the commencement of the related consideration under the lease arrangements.

For the nine months ended September 30, 2026, the Company recognized $16,200 of noncash colocation revenue associated with these arrangements.

The Company accounts for the land-use rights under ASC 842, *Leases*, and the related colocation revenue under ASC 606, *Revenue from Contracts with Customers*. Revenue and the related lease expense are presented separately in the consolidated statements of operations.

As of September 30, 2026, the Company reflects operating lease right-of-use assets of $590,864 and related operating lease liabilities of $615,697 in connection with the Corpus Christi, Lubbock, Dumas and Hereford land leases. Certain land lease arrangements were remeasured during the period. These amounts are presented separately from the Jacksonville office lease.

The following table presents supplemental information related to the Company's operating leases, separately identifying land and office lease arrangements:

Right-of-Use Assets and Lease Liabilities

As of September 30, 2026, the right-of-use assets and corresponding lease liabilities included in continuing operations were as follows:

Lease classification / underlying asset	ROU asset	Current liability	Noncurrent liability	Total liability
Operating — Jacksonville office	$ 865,224	$ 268,133	$ 616,864	$ 884,997
Operating — EDC land leases	$ 590,864	$ 43,984	$ 571,713	$ 615,697
Total operating leases	**$ 1,456,088**	**$ 312,117**	**$ 1,188,577**	**$ 1,500,693**
Finance — Dark Matter FF&E	$ 98,766	$ 31,632	$ 68,777	$ 100,410
Total leases	**$ 1,554,854**	**$ 343,749**	**$ 1,257,354**	**$ 1,601,103**

Lease Cost

Lease cost for the three and nine months ended September 30, 2026 and 2025 was as follows:

Lease cost	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Operating lease cost — EDC land	$ 25,120	$ 6,758	$ 75,161	$ 6,758
Operating lease cost — office	$ 90,074	$ —	$ 90,074	$ —
Total operating lease cost	**$ 115,194**	**$ 6,758**	**$ 165,235**	**$ 6,758**
Finance lease amortization — FF&E	$ 8,979	$ —	$ 8,979	$ —
Finance lease interest — FF&E	$ 3,056	$ —	$ 3,056	$ —
Prior-year finance lease cost — MLA	$ —	$ —	$ —	$ 242,026

For the land operating leases reflected in the September 30, 2026 balances, the weighted-average discount rate was 10.0% and the weighted-average remaining lease term was 9.1 years.

As of September 30, 2026, the current and noncurrent portions of operating lease liabilities were $312,117 and $1,188,577, respectively. Current and noncurrent finance lease liabilities for furniture and fixtures were $31,632 and $68,777, respectively. The Company separately presents finance lease obligations and operating lease obligations on the consolidated balance sheets. The related finance lease right-of-use asset of $98,766 is presented as a separate line item on the consolidated balance sheets.

Certain land lease arrangements require the Company to provide rack capacity and related colocation services to landowners as noncash consideration for the use of land. The Company recognizes the related colocation revenue under ASC 606 and accounts for the land lease arrangements under ASC 842. During the nine months ended September 30, 2026, the Company recognized $16,200 of noncash colocation revenue associated with these arrangements. See Note 10, Revenue Recognition.

Supplemental Cash Flow and Noncash Lease Information

The following table presents supplemental lease information, including actual cash payments made during the periods presented and right-of-use assets obtained in exchange for lease liabilities. Cash payments exclude noncash rack and colocation services provided to landowners:

Other Information:	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Operating cash paid — EDC land leases	$ 15,006	$ 2,500	$ 41,016	$ 2,500
Operating cash paid — office	$ 70,301	$ —	$ 70,301	$ —

Finance lease interest paid — FF&E	$	3,056	$	—	$	3,056	$	—
Finance lease principal paid — FF&E	$	7,335	$	—	$	7,335	$	—
Former finance MLA payments (2025)	$	—	$	2,150,000	$	—	$	2,253,563
ROU assets obtained — operating EDC land	$	—	$	251,016	$	256,765	$	251,016
ROU assets obtained — operating office	$	928,398	$	—	$	928,398	$	—
ROU assets obtained — finance FF&E	$	107,745	$	—	$	107,745	$	—

Cash paid for finance lease principal is classified within financing activities, while cash paid for finance lease interest is classified within operating activities.

Weighted-Average Lease Assumptions

Lease class	Weighted-average discount rate	Weighted-average remaining lease term
Operating — EDC land	10.0%	9.1 years
Operating — Jacksonville office	12.0%	2.8 years
Weighted average — all operating leases	11.1%	5.4 years
Finance — FF&E	12.0%	2.8 years

Future Minimum Lease Payments

Future fixed minimum lease payments under the recognized operating and finance leases as of September 30, 2026 were as follows:

Calendar year:	Office — operating	EDC land — operating	FF&E — finance	Total
Remainder of 2026	$ 88,375	$ 25,806	$ 10,391	$ 124,572
2027	$ 359,444	$ 103,224	$ 41,564	$ 504,231
2028	$ 371,484	$ 103,224	$ 41,564	$ 516,271
2029	$ 221,308	$ 103,224	$ 24,245	$ 348,777
2030	$ —	$ 103,224	$ —	$ 103,224
Thereafter	$ —	$ 497,120	$ —	$ 497,120
Total undiscounted payments	**$ 1,040,610**	**$ 935,822**	**$ 117,764**	**$ 2,094,195**
Less: imputed interest	$ (155,613)	$ (320,125)	$ (17,354)	$ (493,092)
Present value of lease liabilities	**$ 884,997**	**$ 615,697**	**$ 100,410**	**$ 1,601,103**
Current portion	$ (268,133)	$ (43,984)	$ (31,632)	$ (343,749)
Lease liabilities, less current portion	**$ 616,864**	**$ 571,713**	**$ 68,778**	**$ 1,257,354**

Amounts may not total due to rounding. Future minimum payments exclude variable lease payments and other service-based charges excluded from lease measurement.

Right-of-Use Asset Carrying Values

The following table summarizes gross right-of-use assets, accumulated amortization, and net carrying amounts as of September 30, 2026:

Lease classification	Gross ROU Asset	Accumulated amortization	Net ROU asset
Operating — Jacksonville Office	$ 928,398	$ (63,174)	$ 865,224
Operating — EDC land leases	$ 614,744	$ (23,880)	$ 590,864
Total operating leases	**$ 1,543,142**	**$ (87,054)**	**$ 1,456,088**
Finance — furniture and fixtures	$ 107,745	$ (8,979)	$ 98,766
Total leases	**$ 1,650,887**	**$ (96,033)**	**$ 1,554,854**

Lease Liability Activity

The following table reconciles lease liabilities from June 30, 2026 to September 30, 2026:

Lease classification	June 30 liability	Q3 additions	Q3 interest	Q3 Settlements	September 30 liability
Operating — EDC land leases	$ 626,025	$ —	$ 15,478	$ (25,806)	$ 615,697
Operating — Jacksonville Office	$ —	$ 928,398	$ 26,900	$ (70,301)	$ 884,997
Total operating leases	**$ 626,025**	**$ 928,398**	**$ 42,377**	**$ (96,107)**	**$ 1,500,693**
Finance — furniture and fixtures	$ —	$ 107,745	$ 3,056	$ (10,391)	$ 100,410
Total leases	**$ 626,025**	**$ 1,036,143**	**$ 45,433**	**$ (106,498)**	**$ 1,601,103**

Lease liability settlements include $10,800 of noncash consideration provided under certain land leases. Cash payments for finance lease principal and interest are presented separately in the supplemental lease information table above. Amounts may not total due to rounding.

Master Lease Agreement

On November 1, 2024, the Company entered into a Master Lease Agreement (MLA) for equipment, classified as a finance lease due to a $1 bargain purchase option. During the third quarter of 2025, the Company exercised the pre-payment option, settled the remaining obligation and transferred the related equipment to property and equipment. No MLA finance lease liability or ROU asset remains as of September 30, 2026. Lease cost recognized under the MLA during the nine months ended September 30, 2025 was $242,026, as previously disclosed.

Lessor Arrangement — Region 16 Education Service Center

The Company is the lessor under a master capital lease arrangement entered into in the second quarter of 2025 with Region 16 Education Service Center for a 500kW generator. The arrangement commenced June 1, 2025 for 84 months, with monthly payments of approximately $4,035 and a $1 buyout option. It is classified as a sales-type finance lease under ASC 842. As of September 30, 2026, the Company's net investment in the lease was approximately $ 236,645, of which $36,789 was current

and $199,856 was noncurrent. Interest income related to the lease was approximately $3,208 and $9,973 for the three and nine months ended September 30, 2026, respectively.

Sale of GPU-as-a-Service Subsidiary

On September 30, 2026, the Company completed the sale of 100% of the membership interests in Duos Edge AI – GPUaaS, LLC (the "GPUaaS SPV") to Axe Compute, Inc. ("Axe"). The GPUaaS SPV held 288 Supermicro B300 servers containing 2,304 NVIDIA GPUs, associated networking equipment and related equipment supply obligations.

In connection with the sale, Axe settled $87.8 million of the GPUaaS SPV's outstanding financing obligations and agreed to pay the Company deferred purchase consideration of $42,900,000 in 60 monthly installments of $715,000. Under the equity purchase agreement, Axe must pay the entire remaining balance on the earlier of (i) the date Axe or an affiliate obtains financing secured by the GPU cluster or (ii) September 30, 2027. Because the full balance is contractually due within one year, the entire $42,900,000 was classified in current assets as of September 30, 2026. The Company determined that no financing discount was required and recognized the deferred purchase price receivable at its undiscounted contractual amount. The receivable is subject to evaluation for expected credit losses under ASC 326. Axe's obligation to pay the deferred purchase consideration is secured by a security interest in the GPU cluster, which the Company will release when the deferred consideration is paid in full.

Under a hosting master services agreement and related service order with Axe, the Company provides colocation services for Axe's GPU cluster at its Columbus, Georgia compute center for a five-year term. Axe retains sole ownership of the equipment and is responsible for all taxes and governmental charges related to the services, other than taxes based on the Company's income. Because the service order does not provide for a separately stated fee, the Company allocated approximately $6.09 million of the transaction consideration from the sale of the GPUaaS SPV to the hosting and colocation services, a distinct performance obligation, based on their estimated standalone selling price. This amount is recognized as hosting and colocation revenue ratably over the five-year service period. As of September 30, 2026, the related contract liability was $6,090,000, of which $1,218,000 was classified as current and $4,872,000 as noncurrent.

The Company deconsolidated the GPUaaS SPV as of September 30, 2026 upon the transfer of control to Axe and recognized a gain on disposal of $4,702,041, after considering the assets and liabilities derecognized, transaction-related adjustments and the allocation of consideration to continuing obligations.

Concurrently with the sale, the Company entered into an agreement to purchase GPU computing and storage capacity from Axe to fulfill its obligations under a revised five-year agreement with its existing end customer.

The Company's revised services agreement with its end customer has a term of 60 months and provides for fixed monthly fees based on full utilization of the GPU cluster, regardless of actual usage. The agreement includes service level commitments, with service credits payable to the customer if availability falls below specified levels. The Company's capacity purchase agreement with Axe has the same term and substantially the same service level commitments, so that Axe's performance obligations generally correspond to the Company's obligations to the customer.

Also on September 30, 2026, Duos Edge AI, Inc. entered into a Professional Services Agreement with the same customer for a fixed fee of $4.6 million to identify and assess potential compute center sites (see Note 11). The Company evaluated whether the Professional Services Agreement should be combined with the customer services agreement under ASC 606-10-25-9 and concluded that they are separate contracts.

Under a payment guarantee side letter, Axe unconditionally and irrevocably guaranteed to the Company the payment of amounts owed by the Company's customers under customer agreements whose terms Axe has approved in writing, including the services agreement with its end customer. The guarantee is a guarantee of payment, not of performance, and continues to apply if a customer becomes subject to bankruptcy or similar proceedings. If a customer later pays amounts that Axe has paid under the guarantee, the Company must remit those amounts to Axe.

Before the sale, the Company received a non-recurring payment of $18,770,228 from Hydra Host, Inc. ("Hydra") under its prior agreement with Hydra related to the GPU cluster. Under an indemnity agreement entered into in connection with the sale, Axe agreed to indemnify the Company, up to $18,770,228, against any claim by Hydra seeking repayment of that amount, and Axe received rights of subrogation against Hydra. The Company's agreement with Hydra was terminated in connection with the transaction. As of September 30, 2026, no such claim had been asserted, and the Company has not recorded a liability or an indemnification asset. On October 14, 2026, the Company and Hydra entered into a termination and mutual release agreement under which each party released the other from its obligations under the Hydra agreement, no refund was paid, and no amounts remain receivable from or payable to either party. The $18,770,228 was recorded as a current liability of $3,754,046 and non-current liability of $15,016,182 based on the expected timing of accretion into revenue.

Acquisition of Columbus Compute Center

On July 14, 2026, the Company completed the acquisition of a compute center facility at 8 Corporate Ridge Parkway, Columbus, Georgia, together with approximately 13.7 acres of land, for total consideration of up to $30.0 million. The consideration consisted of $15.0 million in cash and a $15.0 million three-year seller promissory note, secured by a first-lien security deed on the property, payable in three $5.0 million installments upon the achievement of specified additional power capacity milestones at the property, with any unearned amounts expiring to the extent the related milestones are not achieved by the maturity date. The facility houses the GPU cluster now owned by Axe and supports the Company's hosting and colocation services. As of September 30, 2026, the Company had recorded $15,125,416 in property and equipment for the acquisition, including transaction costs, consisting of $1,318,536 allocated to land and $13,806,880 allocated to buildings. In addition, as of September 30, 2026, the Company had recorded $18,056,841 of building improvements at the Columbus facility.

Membership Interest Purchase Agreement

On September 30, 2026, Duos Edge AI, Inc., a wholly owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement (the "MIPA") with

CTS Infrastructure LLC (the "Seller") to acquire 100% of the membership interests in CTS SC Holdings LLC.

Total consideration under the MIPA is $10.0 million, payable into escrow. The Company deposited $1.0 million on August 4, 2026 and the additional $9.0 million on October 5, 2026. At closing, the escrowed funds will be used to pay Lee County the purchase price for the site. Closing is conditioned on, among other things, Lee County's approval of the purchase and sale agreement and validation of electric service of at least 19.9 MW, which must occur by June 30, 2027. Either party may terminate the MIPA if closing has not occurred by June 30, 2027, and the Company may terminate it if the Seller materially breaches the agreement and does not cure the breach within 30 days. If closing does not occur because these conditions are not satisfied by June 30, 2027, or if the Company terminates the MIPA because of the Seller's uncured breach, all escrowed funds will be returned to the Company. In all other cases, including a termination by the Company for other reasons, a termination by the Seller because of the Company's uncured breach, or a failure by the Company to close within five business days after the conditions are satisfied, $1.0 million of the escrowed funds will be paid to the Seller as consideration for the exclusivity and access it granted, and the balance will be returned to the Company. Until closing, amounts held in escrow will be presented as restricted cash. The Company intends to develop Project Atlas as a 20 MW colocation compute center.

NOTE 15 – STOCKHOLDERS' EQUITY

Series B Convertible Preferred Stock

The following summary of certain terms and provisions of our Series B Convertible Preferred Stock (the "Series B Convertible Preferred Stock") is subject to, and qualified in its entirety by reference to, the terms and provisions set forth in our certificate of designation of preferences, rights and limitations of Series B Convertible Preferred Stock (the "Series B Convertible Preferred Certificate of Designation") as previously filed. Subject to the limitations prescribed by our articles of incorporation, our board of directors is authorized to establish the number of shares constituting each series of preferred stock and to fix the designations, powers, preferences, and rights of the shares of each of those series and the qualifications, limitations and restrictions of each of those series, all without any further vote or action by our stockholders. Our board of directors designated 15,000 of the 10,000,000 authorized shares of preferred stock as Series B Convertible Preferred Stock with a stated value of $1,000 per share. The shares of Series B Convertible Preferred Stock were validly issued, fully paid and non-assessable.

Each share of Series B Convertible Preferred Stock was convertible at any time at the holder's option into a number of shares of common stock equal to $1,000 divided by the conversion price of $7.00 per share. Notwithstanding the foregoing, we could not effect any conversion of Series B Convertible Preferred Stock, with certain exceptions, to the extent that, after giving effect to an attempted conversion, the holder of shares of Series B Convertible Preferred Stock (together with such holder's affiliates, and any persons acting as a group together with such holder or any of such holder's affiliates) would beneficially own a number of shares of our common stock in excess of 4.99% (or, at the election of the purchaser, 9.99%) of the shares of our common stock then outstanding after giving effect to such conversion. The Series B Convertible Preferred Certificate of Designation does not prohibit the Company from waiving this limitation. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders would be entitled to participate on an as-converted-to-common stock basis (without giving effect to the Beneficial Ownership Limitation) with holders of the common stock in any distribution of assets of the Company to the holders of the common stock. As of September 30, 2026 and December 31, 2025, respectively, there are zero and zero shares of Series B Convertible Preferred Stock issued and outstanding.

Series C Convertible Preferred Stock

The Company's Board of Directors designated 5,000 shares as the Series C Convertible Preferred Stock (the "Series C Convertible Preferred Stock"). Each share of the Series C Convertible Preferred Stock had a stated value of $1,000. The holders of the Series C Convertible Preferred Stock, the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock shall vote together as one class on all matters submitted to a vote of shareholders of the Company. Each share of Series C Convertible Preferred Stock had 172 votes (subject to adjustment); provided that in no event may a holder of Series C Convertible Preferred Stock be entitled to vote a number of shares in excess of such holder's Beneficial Ownership Limitation (as defined in the Certificate of Designation and as described below). Each share of Series C Convertible Preferred Stock was convertible, at any time and from time to time, at the option of the holder, into that number of shares of common stock (subject to the Beneficial Ownership Limitation) determined by dividing the stated value of such share ($1,000) by the conversion price, which is $5.50 (subject to adjustment). The Company shall not effect any conversion of the Series C Convertible Preferred Stock, and a holder shall not have the right to convert any portion of the Series C Convertible Preferred Stock, to the extent that after giving effect to the conversion sought by the holder such holder (together with such holder's Attribution Parties (as defined in the Certificate of Designation)) would beneficially own more than 4.99% (or upon election by a holder, 19.99%) of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon such conversion (the "Beneficial Ownership Limitation"). All holders of the Series C Preferred Stock elected the 19.99% Beneficial Ownership Limitation. As of September 30, 2026 and December 31, 2025, respectively, there are zero and zero shares of Series C Convertible Preferred Stock issued and outstanding.

Series D Convertible Preferred Stock

On September 28, 2022, the Company amended its articles of incorporation to designate 4,000 shares as the Series D Convertible Preferred Stock (the "Series D Convertible Preferred Stock"). Each share of the Series D Convertible Preferred Stock has a stated value of $1,000. The holders of the Series D Convertible Preferred Stock, the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock shall vote together as one class on all matters submitted to a vote of shareholders of the Company. Each share of Series D Convertible Preferred Stock has 333 votes (subject to standard anti-dilution adjustment); provided that in no event may a holder of Series D Convertible Preferred Stock be entitled to vote a number of shares in excess of such holder's Beneficial Ownership Limitation (as defined in the Certificate of Designation and as described below). Each share of Series D Convertible Preferred Stock is convertible, at any time and from time to time, at the option of the holder, into that number of shares of common stock (subject to the Beneficial Ownership Limitation) determined by dividing the stated value of such share ($1,000) by the conversion price, which is $3.00 (subject to adjustment). The Company shall not effect any conversion of the Series D Convertible Preferred Stock, and a holder shall not have the right to convert any portion of the Series D Convertible Preferred Stock, to the extent that after giving effect to the conversion sought by the holder such holder (together with such holder's Attribution Parties (as defined in the Certificate of Designation)) would beneficially own more than 4.99% (or upon election by a holder, 19.99%) of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon such conversion (the "Beneficial Ownership Limitation"). All but one of the holders of the Series D Preferred Stock elected the 19.99% Beneficial Ownership Limitation. The Company shall reserve and keep available out of its authorized and unissued Common Stock, solely for the issuance upon the conversion of the Series D Convertible Preferred Stock, such a number of shares of Common Stock as shall from time to time be issuable upon the conversion of all of the shares of the Series D Convertible Preferred Stock then outstanding. Additionally, the Series D Convertible Preferred Stock does not have the right to dividends and in the event of an involuntary liquidation, the Series D shares shall be treated as a pro rata equivalent of common stock outstanding at the date of the liquidation event and have no liquidation preference.

At the Annual Meeting on May 16, 2023, the stockholders approved the convertibility of the Series D Convertible Preferred Stock into common stock.

The Registration Rights Agreements relating to prior sales of Series D Convertible Preferred Stock contain provisions for liquidated damages equal to 1% multiplied by the aggregate subscription amount paid, paid each month, in the event certain deadlines are missed.

As of September 30, 2026, and December 31, 2025, there were 999 and 999 shares of Series D Convertible Preferred Stock issued and outstanding, respectively.

Series E Convertible Preferred Stock

The Company's Board of Directors has designated 30,000 shares as the Series E Convertible Preferred Stock (the "Series E Convertible Preferred Stock"). Each share of the Series E Convertible Preferred Stock has a stated value of $1,000. The holders of the Series E Convertible Preferred Stock, the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock shall vote as one class on all matters submitted to a vote of shareholders of the Company. Each share of Series E Convertible Preferred Stock has 333 votes (subject to adjustment); provided that in no event may a holder of Series E Convertible Preferred Stock be entitled to vote a number of shares in excess of such holder's Beneficial Ownership Limitation. Each share of Series E Convertible Preferred Stock is convertible at any time and from time to time, at the option of the holder, into that number of shares of common stock (subject to the Beneficial Ownership Limitation) determined by dividing the stated value of such share ($1,000) by the conversion price, which was $3.00 (subject to adjustment) (see adjustment below to $2.61). The Company shall not effect any conversion of the Series E Convertible Preferred Stock, and the holder shall not have the right to convert any portion of the Series E Convertible Preferred Stock, to the extent that after giving effect to the conversion sought by the holder such holder (together with such holder's Attribution Parties (as defined in the Certificate of Designation)) would beneficially own more than 4.99% (or upon election by a holder, 19.99%) of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon such conversion (the "Beneficial Ownership Limitation"). All but one of the holders of the Series E Convertible Preferred Stock elected the 19.99% Beneficial Ownership Limitation.

In connection with previous Purchase Agreements, the Company also entered into Registration Rights Agreements with the Purchasers. Pursuant to the Registration Rights Agreements, the Company filed with the SEC registration statements covering the resale by the Purchasers of the shares of common stock into which the shares of Series E Convertible Preferred Stock are convertible.

The Registration Rights Agreements contain customary representations, warranties, agreements and indemnification rights and obligations of the parties. The Registration Rights Agreements contain provisions for liquidated damages equal to 1% multiplied by the aggregate subscription amount paid, paid each month, in the event certain deadlines are missed.

On September 19, 2024, the conversion rate of the Series E Convertible Preferred Stock was lowered to $2.61 from $3.00 per share based on the down round protection provision triggered by the warrants induced exercise price of $2.61 per share. This resulted in the issuance of an additional 678,640 shares of common stock being issuable upon the conversion of the preferred shares.

On May 28, 2025, a shareholder converted 1,000 shares of Series E Convertible Preferred Stock with a stated value of $1,000,000 with a conversion price of $2.61 per common share resulting in the issuance of 383,143 shares of the Company's common stock.

As of September 30, 2026, and December 31, 2025, respectively, there were 12,500 and 12,500 shares of Series E Convertible Preferred Stock issued and outstanding.

Series F Convertible Preferred Stock

The Company's Board of Directors designated 5,000 shares as the Series F Convertible Preferred Stock (the "Series F Convertible Preferred Stock"). Each share of Series F Convertible Preferred Stock was convertible, at any time and from time to time, at the option of the holder, into that number of shares of common stock (subject to the beneficial ownership limitation described below) determined by dividing the stated value of such share ($1,000) by the conversion price, which is $6.20 (subject to adjustment) which equates to 161 common shares for each converted Series F preferred share. The Company, however, shall not effect any conversion of the Series F Convertible Preferred Stock, and the holder shall not have the right to convert any portion of the Series F Convertible Preferred Stock, to the extent that after giving effect to the conversion sought by the holder such holder (together with such holder's Attribution Parties (as defined in the Certificate of Designation)) would beneficially own more than 4.99% (or upon election by a holder, 19.99%) of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon such conversion. The purchasers of the Series F Convertible Preferred Stock elected that their ownership limitation would be 19.99%.

The holders of the Series F Convertible Preferred Stock, the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock shall vote together as one class on all matters submitted to a vote of shareholders of the Company. Each share of Series F Convertible Preferred Stock had 161 votes (subject to adjustment); provided that in no event may a holder of Series F Convertible Preferred Stock be entitled to vote a number of shares in excess of such holder's ownership limitation.

As of September 30, 2026, and December 31, 2025, respectively, there were zero and zero shares of Series F Convertible Preferred Stock issued and outstanding.

Common stock issued

2026 Transactions

On January 1, 2026, the Company issued restricted stock awards to an officer for a total of 150,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $1,687,504 based on a $11.25 price per share.

On January 1, 2026, the Company issued restricted stock awards to eight employees for a total of 145,000 shares of restricted stock with 25% vesting on January 1, 2027, 25% vesting on January 1, 2028 and 50% vesting on January 1, 2029 with an aggregate grant-date fair value of $1,631,254 based on a $11.25 price per share.

On January 15, 2026, a former employee exercised options to purchase 2,500 shares generating total gross proceeds of $19,009, incurring stock issuance cost of $101, payroll tax cost of $2,883, and yielding net proceeds of $16,025. The exercise was made pursuant to the Company's 2021 Equity Incentive Plan and was conducted in accordance with the applicable terms of the plan and the individual award agreements.

On February 1, 2026, the Company issued restricted stock awards to two employees for a total of 125,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $1,175,008 based on a $9.40 price per share.

On March 2, 2026, the Company issued 8,666,666 shares of its common stock under a public offering priced at $7.50 per share, resulting in net proceeds of approximately $60.3 million net of offering costs of $4.7 million. In connection with the offering on March 2, 2026, the underwriters were issued 433,334 warrants. See warrants disclosure below.

On March 3, 2026, a former employee completed a cashless exercise of stock options for 5,556 shares of the Company's common stock.

On March 31, 2026, the Company issued 14,193 shares of common stock for payment of board fees to four directors valued at $95,000 for services to the board which was expensed during the three months ended March 31, 2026. The volume-weighted average price (VWAP) on the grant date used to value the services was $6.69 per share.

Effective April 1, 2026, the former CEO (who remains a director of the Company) forfeited 261,444 shares of restricted stock under the Amended and Restated Equity Awards Agreement. In accordance with the Company's accounting policy to recognize forfeitures as they occur, previously recognized compensation expense of $651,432 related to the forfeited portion was reversed in the period of forfeiture.

Effective April 2, 2026, an employee left the Company and forfeited 10,000 shares of restricted stock. In accordance with the Company's accounting policy to recognize forfeitures as they occur, previously recognized compensation expense of $9,375 related to the forfeited portion was reversed in the period of forfeiture.

Effective May 8, 2026, an employee left the Company and forfeited 25,000 shares of restricted stock. In accordance with the Company's accounting policy to recognize forfeitures as they occur, previously recognized compensation expense of $23,438 related to the forfeited portion was reversed in the period of forfeiture.

On June 11, 2026, holders exercised 75,054 warrants on a cashless basis in accordance with the terms of the warrant agreement. As a result of the cashless exercise, the Company issued 28,584 shares of common stock, and no cash proceeds were received.

On June 18, 2026, the Company issued 2,000,000 shares of its common stock and 3,800,000 pre-funded warrants under a public offering priced at $9.50 per share, resulting in gross proceeds of approximately $55.0 million.

Effective June 26, 2026, the former CFO of the Company forfeited 120,833 shares of restricted stock under the Amended and Restated Equity Awards Agreement. In accordance with the Company's accounting policy to recognize forfeitures as they occur, previously recognized compensation expense of $140,625 related to the forfeited portion was reversed in the period of forfeiture.

During the three months ended June 30, 2026, certain employees exercised stock options to acquire a total of 71,247 shares of the Company's common stock, generating total gross proceeds of $517,355, payroll tax cost of $159,054 and yielding net proceeds of $358,301. Stock issuance costs of $2,889 were incurred. The exercises were made pursuant to the Company's 2021 Equity Incentive Plan and were conducted in accordance with the applicable terms of the plans and the individual award agreements.

On June 30, 2026, the Company issued 9,437 shares of common stock for payment of board fees to five directors valued at $113,750 for services to the board which was expensed during the three months ended June 30, 2026. The quoted trading price on the grant date used to value the services was $12.06 per share.

On June 30, 2026, the Company issued 5,699 shares of common stock to employees participating in the Company's Employee Stock Purchase Plan at the end of a six-month offering period. The employee contributions totaled $52,317 for the six months ended June 30, 2026 which represented a purchase price of approximately $9.18 per share. The purchase price for one share of Common Stock under the ESPP is equal to 85% of the fair market value of one share of Common Stock on the first trading day of the offering period or the purchase date, whichever is lower. In connection with these issuances, the Company also recognized compensation expense of $27,495 during the six months ended June 30, 2026.

On August 17, 2026, the Company entered into a new employment agreement with F. Douglas Recker, its Chief Executive Officer. Under the agreement, the Company granted Mr. Recker 880,000 shares of restricted common stock under the 2021 Equity Incentive Plan, as amended, in two tranches of 440,000 shares each, designated as the fiscal 2027 and fiscal 2028 tranches. Each tranche consists of 176,000 time-based shares and 264,000 performance-based shares. Vesting of all shares requires Mr. Recker's continued employment through the applicable vesting date. The time-based shares vest on January 1, 2029 (fiscal 2027 tranche) and January 1, 2030 (fiscal 2028 tranche), subject to acceleration to April 1, 2028 and April 1, 2029, respectively, if the Company achieves the applicable annual revenue and EBITDA margin targets set out in the agreement. The performance-based shares vest upon certification of the Company's fiscal 2027 and fiscal 2028 results. Each metric vests independently, and shares are forfeited to the extent a target is not achieved. Because the agreement fixes the vesting terms and performance targets for both tranches, the Company determined that all 880,000 shares have a grant date of August 17, 2026. The grant-date fair value was $10.28 per share, for an aggregate grant-date fair value of $9,046,400, consisting of $3,618,560 for the time-based shares and $5,427,840 for the performance-based shares at target. During the three months ended September 30, 2026, the Company recognized $156,279 of stock-based compensation expense related to this grant

Effective July 1, 2026, the Company issued a restricted stock award to its Chief Operating Officer for a total of 200,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $2,300,000 based on a $11.50 price per share. The share value will be recognized over the 36-month vesting period.

Effective September 1, 2026, the Company issued a restricted stock award to its Chief Financial Officer for a total of 200,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $1,722,000 based on a $8.61 price per share. The share value will be recognized over the 36-month vesting period.

During the three months ended September 30, 2026, certain employees exercised stock options to acquire a total of 15,432 shares of the Company's common stock, generating total gross proceeds of $113,202, payroll tax cost of $21,489 and yielding net proceeds of $91,713. The exercises were made pursuant to the Company's 2021 Equity Incentive Plan and were conducted in accordance with the applicable terms of the plan and the individual award agreements.

On September 30, 2026, the Company issued 15,534 shares of common stock for payment of board fees to six directors valued at $138,750 for services to the board which was expensed during the three months ended September 30, 2026. The quoted trading price on the grant date used to value the services was $8.93 per share.

2025 Transactions

Effective January 1, 2025, the Company's executive leadership team was granted a total of 1,841,898 shares of restricted stock, subject to a three-year cliff vesting schedule, with an aggregate grant-date fair value of $11,014,544 based on a $5.98 price per share.

On February 5, 2025, a holder of our Series D Convertible Preferred Stock converted 300 shares of Series D Convertible Preferred Stock into 100,000 shares of Common Stock.

Effective March 26, 2025, the Company issued a restricted stock award to an employee for a total of 100,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $604,000 based on a $6.04 price per share.

During the three months ended March 31, 2025, the Company issued an aggregate of 633,683 shares of common stock at a weighted average price of $6.24 per share through its At-The-Market (ATM) offering program, generating total gross proceeds of $3,954,940, incurring stock issuance costs of $137,851 and yielding net proceeds of $3,817,089.

On March 31, 2025, the Company issued 9,360 shares of common stock for payment of board fees to four directors valued at $50,000 for services to the board which was expensed during the three months ended March 31, 2025. The quoted trading price on the grant date used to value the services was $5.34 per share.

During the three months ended March 31, 2025, certain employees exercised stock options to acquire a total of 27,712 shares of the Company's common stock, generating total gross proceeds of $107,925, incurring stock issuance cost of $375 and yielding net proceeds of $107,550. The exercises were made pursuant to the Company's 2016 and 2021 Equity Incentive Plans and were conducted in accordance with the applicable terms of the plans and the individual award agreements.

During the three months ended March 31, 2025, the Company issued 10,000 shares of restricted common stock to each of Mr. Ehrman and Mr. Mavrommatis, directors of the Company, subject to a one-year cliff resting period. The shares had an aggregate grant-date fair value of $119,600, based on a $5.98 price per share.

On April 9, 2025, the Company issued 10,000 shares of restricted common stock to Mr. Ehrman, subject to a 90-day cliff vesting period. The shares had an aggregate grant-date fair value of $44,600 based on $4.46 price per share. The Company also removed the remaining vesting period for the 10,000 shares issued to Mr. Ehrman during the three months ended March 31, 2025.

On April 14, 2025, the Company entered into the First Amendment to At-The-Market Issuance Sales Agreement (the "First Amendment") with Ascendiant Capital Markets, LLC, as sales agent ("Ascendiant"). The First Amendment increased the aggregate dollar amount of common stock that may be sold under the At-The-Market Issuance Sales Agreement, originally entered into on May 17, 2024, by $8,850,000, for total capacity of $16,350,000. On April 14, 2025, the Company also filed a Prospectus Supplement with the SEC relating to the additional $8,850,000 of common stock that may be sold pursuant to the First Amendment.

On May 27, 2025, the Company entered into the Second Amendment to At-The-Market Issuance Sales Agreement (the "Second Amendment") with Ascendiant. The Second Amendment further increased the aggregate dollar amount of common stock that may be sold under the At-The-Market Sales Agreement from $8,850,000 to $10,500,000.

On May 28, 2025, the Company filed a Supplement to the Prospectus Supplement with the SEC relating to the $10,500,000 of common stock that may be sold pursuant to the Second Amendment.

On May 28, 2025, a shareholder converted 1,000 shares of Series E Convertible Preferred Stock with a stated value of $1,000,000 with a conversion price of $2.61 per common share resulting in the issuance of 383,143 shares of the Company's common stock.

During the three months ended June 30, 2025, an employee exercised stock options to acquire a total of 3,576 shares of the Company's common stock in the form of a cashless exercise.

During the three months ended June 30, 2025, an employee exercised stock options to acquire a total of 6,667 shares of the Company's common stock, generating total gross proceeds of $36,852, incurring stock issuance cost of $0 and yielding net proceeds of $36,852. The exercises were made pursuant to the Company's 2021 Equity Incentive Plan and were conducted in accordance with the applicable terms of the plan and the individual award agreement.

During the three months ended June 30, 2025, the Company issued an aggregate of 238,145 shares of common stock at a weighted average price of $7.71 per share through its At-The-Market (ATM) offering program, generating total gross proceeds of $1,835,874, incurring stock issuance costs of $55,216 and yielding net proceeds of $1,780,658.

On June 30, 2025, the Company issued 5,419 shares of common stock for payment of board fees to three directors valued at $40,000 for services to the board which was expensed during the three months ended June 30, 2025. The volume-weighted average price (VWAP) per share used to value the services was $7.38.

On June 30, 2025, the Company issued 18,983 shares of common stock to employees participating in the Company's Employee Stock Purchase Plan at the end of a six-month offering period. The employee contributions totaled $114,724 for the six months ended June 30, 2025 which represented a purchase price of approximately $6.04 per share. The purchase price for one share of Common Stock under the ESPP is equal to 85% of the fair market value of one share of Common Stock on the first trading day of the offering period or the purchase date, whichever is lower. In connection with these issuances, the Company also recognized compensation expense of $65,114 during the six months ended June 30, 2025.

On August 1, 2025, the Company issued 6,666,667 shares of its common stock under a public offering priced at $6.00 per share, resulting in net proceeds of approximately $37.1 million net of offering costs of $2.9 million.

On September 2, 2025, the Underwriter exercised the Over-Allotment Option in full to purchase 838,851 shares of Common Stock, generating net proceeds of approximately $4.7 million net of offering costs of $0.3 million.

In connection with the offerings on August 1, 2025 and September 2, 2025, the underwriters were issued 375,276 warrants. See warrants disclosure below.

Effective September 15, 2025, the Company issued a restricted stock award to an employee for a total of 175,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $1,370,249 based on a $7.83 price per share. The share value will be recognized over the 36 month vesting period. The Company expensed $57,094 through September 30, 2025.

Effective September 15, 2025, an employee of the Company forfeited 112,500 shares of restricted stock under the Amended and Restated Equity Awards Agreement. In accordance with the Company's accounting policy to recognize forfeitures as they occur, previously recognized compensation expense related to the forfeited portion was reversed in the period of forfeiture. Concurrent with the forfeiture, the remaining 112,500 shares were treated as a modification of the award and revalued as of September 15, 2025. The modification resulted in incremental fair value of approximately $208,122, which will be recognized as additional compensation expense through December 31, 2027 based on the passage of time.

During the three months ended September 30, 2025, the Company issued an aggregate of 427,795 shares of common stock at a weighted average price of $7.33 per share through its At-The-Market (ATM) offering program, generating total gross proceeds of $3,136,533, incurring stock issuance costs of $94,157 and yielding net proceeds of $3,042,376.

On September 30, 2025, the Company issued 5,965 shares of common stock for payment of board fees to four directors valued at $44,333 for services to the board which was expensed during the three months ended September 30, 2025. The volume-weighted average price (VWAP) on the grant date used to value the services was $7.44 per share.

Employee Stock Purchase Plan

In the fourth quarter of 2022, the board of directors adopted an Employee Stock Purchase Plan ("ESPP") which was effective as of January 1, 2023 with a term of 10 years. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discounted price, through payroll deductions from a minimum of 1% and up to 25% of their eligible compensation up to a maximum of $25,000 or the IRS allowable limit per calendar year. The Company's Chief Financial Officer administers the ESPP in conjunction with approvals from the Company's Compensation Committee, including with respect to the frequency and duration of offering periods, the maximum number of shares that an eligible employee may purchase during an offering period, and, subject to certain limitations set forth in the ESPP, the per-share purchase price. Currently, the maximum number of shares that can be purchased by an eligible employee under the ESPP is 10,000 shares per offering period and there are two six-month offering periods that begin in the first and third quarters of each fiscal year. The purchase price for one share of Common Stock under the ESPP is currently equal to 85% of the fair market value of one share of Common Stock on the first trading day of the offering period or the purchase date, whichever is lower (look-back feature). Although not required by the ESPP, all payroll deductions received or held by the Company under the ESPP are segregated and deemed as "restricted cash" until the completion of the offering period and redemption of the applicable shares and those withheld amounts are recorded as liabilities. The maximum aggregate number of shares of the Common Stock that may be issued under the ESPP is 1,000,000 shares.

Under ASC 718-50 "Employee Share Purchase Plans" the plan is considered a compensatory plan and the compensation for each six-month offering period is computed based upon the grant date fair value of the estimated shares to be purchased based on the estimated payroll deduction withholdings. The grant date fair value was computed as the sum of (a) 15% purchase discount off of the grant date quoted trading price of the Company's common stock and (b) the fair value of the look-back feature of the Company's common stock on the grant date which consists of a call option on 85% of a share of common stock and a put option on 15% of a share of common stock.

The Company computed the fair value of the look-back feature call and put options for January 1, 2026 to September 30, 2026 using a Black Scholes option pricing model using the following assumptions:

	At September 30, 2026
Grant date share price	$ 8.84
Grant date exercise price	$ 7.51
Expected term	0.5 years
Expected volatility	181.58%
Risk-free rate	4.33%
Expected dividend rate	0%

During the offer period, the Company records stock-based compensation pro rata as an expense and a credit to additional paid-in capital. The Company issued 5,699 and 18,983 common shares on the option exercise date of June 30, 2026 and June 30, 2025, respectively. The following table discloses relevant information for the ESPP for the nine months ended September 30, 2026 and September 30, 2025, respectively.

	For the Nine Months Ended September 30, 2026
Cash payment received from employee withholding	$ 82,365
Cash from employee withholdings used to purchase shares under ESPP	(52,317)
Accrued employee withholdings at September 30, 2026	$ 30,048

	For the Nine Months Ended September 30, 2025

Cash payment received from employee withholding	$ 173,102
Cash from employee withholdings used to purchase shares under ESPP	(114,724)
Accrued employee withholdings at September 30, 2025	$ 58,378

	For the Nine Months Ended September 30, 2026
Cash from employee withholdings used to purchase ESPP shares	$ 52,317
Stock based compensation expense	50,467
Total increase to equity for nine months ended September 30, 2026	$ 102,784

	For the Nine Months Ended September 30, 2025
Cash from employee withholdings used to purchase ESPP shares	$ 114,724
Stock based compensation expense	88,986
Total increase to equity for nine months ended September 30, 2025	$ 203,710

Stock-Based Compensation

Stock-based compensation expense recognized under ASC 718-10 for the nine months ended September 30, 2026 and 2025, was $32,060 and $65,639, respectively, for stock options granted to employees and directors. This expense is included in general and administration expenses in the consolidated statements of operations. Stock-based compensation expense recognized during the periods is based on the grant date fair value of the portion of share-based payment awards that is ultimately expected to vest during the period. At September 30, 2026, the total compensation cost for stock options that was not yet recognized was $31,016. This cost will be recognized over the remaining vesting term of the options ranging from 1.6 years to 2.3 years.

Stock-based compensation expense recognized under ASC 718-10 for the nine months ended September 30, 2026 and 2025, was $3,988,166 net of forfeitures and $2,948,684, respectively, for shares of restricted stock granted to employees. During the nine months ended September 30, 2026, the Company granted a total of 1,700,000 shares of restricted stock with an aggregate grant-date fair value of $17,562,150. This consisted of 295,000 shares at $11.25 per share, 125,000 shares at $9.40 per share, 200,000 shares at $11.50 per share, 200,000 shares at $8.61 per share and 880,000 shares at $10.28 per share. The 880,000 shares granted to the Company's Chief Executive Officer include 352,000 time-based shares and 528,000 performance-based shares, shown at target. The performance-based shares vest based on fiscal 2027 and fiscal 2028 revenue and EBITDA margin targets and can pay out at up to 200% of target. As of September 30, 2026, the Company did not consider these performance conditions probable of achievement, so it has recognized no compensation expense for the performance-based shares. This expense is included in general and administration expenses in the consolidated statements of operations. Stock-based compensation expense recognized during the periods is based on the grant-date fair value of the restricted stock units that are ultimately expected to vest. At September 30, 2026, the total compensation cost for restricted stock not yet recognized was $13,153,622. This cost will be recognized over the remaining vesting term of the restricted stock ranging from 0.5 to 3.3 years. If the performance conditions become probable, the Company would recognize up to $5,427,840 of additional cost at target.

Treasury Stock

At September 30, 2026, and December 31, 2025, the Company held 1,324 shares of Common Stock at an aggregate value of $157,452 of treasury stock.

NOTE 16 – COMMON STOCK OPTIONS, WARRANTS AND RESTRICTED STOCK

Options

2026

During the three months ended March 31, 2026, the Company's Board of Directors granted 5,000 5 year stock options with a strike price of $11.44 per share to one key employee. These options were awarded as a one-time award as a retention incentive and have a fair value of $40,948 and carry a three-year vesting period.

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	355,003	$ 5.00	1.8	$ 2,219,665
Granted	5,000	$ 11.44	4.8	$ —
Exercised	(135,013)	$ 4.88	—	$ —
Forfeited/Expired	(36,666)	$ 4.20	—	$ —
Outstanding at September 30, 2026	188,324	$ 5.41	1.1	$ 658,592
Exercisable at September 30, 2026	176,657	$ 5.23	1.0	$ 637,259

The fair value of the stock option grants during the nine months ended September 30, 2026 and 2025 were estimated using the following assumptions:

	During the Nine Months Ended September 30,	
	2026	2025
Stock price	$ 11.25	$ 5.64
Exercise Price	$ 11.44	$ 5.64
Risk free interest rate	3.55%	3.91%
Expected term in years	5	5
Dividend yield	—	—
Volatility of common stock	93.67%	72.00%

Weighted average grant date fair value per option was $8.19 for the nine months ended September 30, 2026.

Warrants

2026

In connection with the Company's equity financing completed during the quarter ended March 31, 2026, the Company issued 5-year warrants for 433,334 common shares at an exercise price of $9.00 per share to the investment bankers who facilitated the offering. The warrants were issued contemporaneously with the closing of the financing and were included as part of the negotiated engagement terms. The warrants are indexed to the Company's common stock, provide for settlement in a fixed number of shares for a fixed exercise price, and are freestanding equity instruments. Accordingly, they meet the criteria for equity classification under ASC 815-40 and are not subject to remeasurement in future periods.

The Company determined the warrants were non-compensatory pursuant to ASC 340-10-S99-1, as they were issued as part of the overall consideration for services directly related to the capital raise, were not tied to future performance, and did not include any vesting or service conditions.

The fair value of the warrants was determined using the Black-Scholes option-pricing model based on the following key assumptions: expected volatility, risk-free interest rate, expected term, and expected dividend yield as of the grant date. The resulting fair value of approximately $2,305,016 was recorded as a reduction to Additional Paid-In Capital (APIC) within stock issuance costs, with a corresponding credit to APIC for the issuance of the warrants.

The Company used the following assumptions in determining the fair value of the warrants:

Date of Grant	March 2, 2026
Stock Price	$ 7.61
Exercise Price	$ 9.00
Expected Remaining Term (Years)	5.00
Expected Volatility	92%
Dividend Yield	0%
Discount Rate - Bond Equivalent Yield	3.620%

No income statement impact is expected related to these warrants in future periods.

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	375,276	$ 7.20	4.6	$ 1,519,868
Warrants expired, forfeited, cancelled or exercised	(75,054)	$ 7.20	4.1	$ —
Warrants issued	433,334	$ 9.00	5.0	$ —
Outstanding at September 30, 2026	733,556	$ 8.26	4.2	$ 492,364
Exercisable at September 30, 2026	733,556	$ 8.26	4.2	$ 492,364

In connection with the June 2026 offering, the Company issued 3,800,000 pre-funded warrants to purchase shares of common stock at an exercise price of $0.001 per share. The pre-funded warrants are immediately exercisable and do not expire until exercised in full. As of September 30, 2026, all 3,800,000 pre-funded warrants remained outstanding.

	Number of Pre-funded Warrants	Exercise Price
Outstanding at December 31, 2025	—	$ —
Pre-funded warrants issued	3,800,000	$ 0.001
Outstanding at September 30, 2026	3,800,000	$ 0.001
Exercisable at September 30, 2026	3,800,000	$ 0.001

Restricted Stock

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Unvested at December 31, 2025	1,964,398	$ 6.15
Restricted stock granted	1,700,000	$ 8.11
Restricted stock forfeited	(417,277)	$ 7.95
Restricted stock vested	(10,000)	$ 5.98
Unvested at September 30, 2026	2,357,121	$ 8.11
Vested at September 30, 2026	30,000	$ 5.47

NOTE 17 – DEFINED CONTRIBUTION PLAN

The Company has a 401(k)-retirement savings plan (the "401(k) Plan") covering all eligible employees. The 401(k) Plan allows employees to defer a portion of their annual compensation, and the Company may match a portion of the employees' contributions generally after the first six months of service. During the nine months ended September 30, 2026, the Company matched 100% of the first 4% of eligible employee compensation that was contributed to the 401(k) Plan. For the nine months ended September 30, 2026, the Company recognized expense for matching cash contributions to the 401(k) Plan totaling $106,315.

NOTE 18 – RELATED PARTY TRANSACTIONS

Frank Lonegro serves on the Board of Directors and is a member of the Audit, Compensation and Corporate Governance and Nominating Committees. Mr. Lonegro is the Chief Executive Officer of Landstar System, Inc. ("Landstar"), based in Jacksonville, Florida. The Company has previously utilized Landstar for shipping services including transporting large items. Most recently, Landstar was the designated vendor involved in shipping a compute center to an Amtrak site in Secaucus, New Jersey. Mr. Lonegro was not involved in the selection of his company by the Company, with which there was an existing relationship pre-dating Mr. Lonegro's appointment to the Board of the Company. Mr. Lonegro did not participate in any Board discussions or votes relating to the selection of Landstar nor approval of the transactions with Landstar. The terms of these transactions were reviewed and approved by the management team. For the nine months ended September 30, 2026, and September 30, 2025, the Company expensed $720 and $16,962, respectively, on transactions relating to Landstar. At September 30, 2026, and December 31, 2025, the amounts owed were zero and zero, respectively.

Brian James serves on the Board of Directors and is the president of NAT Tech LLC dba National Technologies ("NTI"). The Company has provided equipment to NTI in the normal course of business. For the nine months ended September 30, 2026, and September 30, 2025, the Company recognized revenue, net of sales tax, of $133,391 and zero, respectively, on transactions relating to NTI. At September 30, 2026, and December 31, 2025, the amounts due were $2,990 and zero, respectively, and are included in accounts receivable in the accompanying balance sheets.

Adrian Goldfarb served as the Company's Chief Financial Officer from May 2024 through November 15, 2025 and as Interim Chief Financial Officer from June 2026 until August 24, 2026, and currently serves as a strategic advisor to the Company. Mr. Goldfarb is the managing member and a 50% owner of Sandbank Acosta, LLC ("Sandbank"). (See Note 3)

On August 5, 2026, while Mr. Goldfarb was serving as Interim Chief Financial Officer, the Company sold 100% of the outstanding stock of its rail subsidiary, Duos Technologies, Inc. ("DTI"), to Sandbank under a stock transfer agreement with an economic effective date of June 30, 2026. As consideration, DTI issued the Company an unsecured promissory note with principal of $5,435,403, bearing simple interest at 5% per annum, with principal and accrued interest payable on the earlier of a change in control of DTI or August 5, 2031. DTI may offset against the note certain costs of completing specified Amtrak rail portal installations in excess of related payments received from Amtrak. The Company recorded the note at its estimated fair value. As of September 30, 2026, its carrying amount was $2,919,728, net of an unamortized discount of $2,515,675 (see Note 5). The Company recognized a loss on the sale of $2,877,052, which is included in discontinued operations (see Note 3). The sale was approved by the Company's Board of Directors.

In connection with the disposition, the Company entered into transition services and employee leasing arrangements through December 31, 2026. Under these arrangements, the Company provides certain administrative services and remains the employer of record for 13 employees supporting DTI. The agreements provide for reimbursement of specified employee and other costs plus a 5% handling fee.

As of September 30, 2026, the Company had not issued invoices under these arrangements. The Company also received cash on behalf of DTI during the transition period. The amount of cash received on DTI's behalf exceeded the amounts recoverable under the arrangements, resulting in a net payable of approximately $70,000 included in accrued expenses and other current liabilities.

In late 2024, the Company assisted Fortress Investment Group ("FIG") in its acquisition of approximately 850 megawatts of electrical generation capacity (consisting of 30 mobile gas turbine generators) and associated equipment to support their installation and operation ("balance of plant"). In late November 2024, Sawgrass Buyer LLC, an entity formed and owned by FIG, executed an asset purchase agreement with Atlas Corporation, APR Energy Holdings Limited and a number of its wholly-owned affiliates (collectively, "APR"). Chuck Ferry, the Company's Chief Executive Officer at the time, served as CEO of APR from 2018 to 2020. The transaction closed on December 31, 2024, and Sawgrass Buyer LLC subsequently changed its name to New APR Energy, LLC ("New APR"). At closing, New APR entered into an Asset Management Agreement ("AMA") with the Company under which a substantial portion of Company staff, including certain members of the management team, oversaw operations of New APR. The AMA had an original two-year term but was amended after one year to establish a reciprocal services arrangement, with residual billings occurring in 2026, and the personnel who supported the AMA were transferred out of the Company, eliminating the related staffing expense. At closing, the Company also received a 5% non-voting equity ownership interest in Sawgrass APR Holdings, LLC ("Sawgrass Parent"), the ultimate parent company of New APR. Certain members of the Company's management team served in similar positions with New APR in addition to their roles at the Company, including Mr. Ferry, the Company's Chief Executive Officer through his resignation in March 2026, who also served as Executive Chairman and a member of the Board of New APR, and Christopher King, the Company's Chief Operating Officer through his resignation in September 2025. Mr. Goldfarb served as an observer on the board of New APR, with no executive role or management responsibilities at that entity, until he resigned as an observer in late 2025. The Company paid 50% of the compensation for Mr. Ferry through March 2026, totaling $56,254 for the nine months ended September 30, 2026.

As a result of the relationships between the Company and the FIG related entities described above, Sawgrass Parent and New APR are considered related parties to

the Company. In May 2026, substantially all of New APR's assets were sold to a third party, and the Company realized the value of its 5% interest in Sawgrass Parent, receiving cash distributions of approximately $50.4 million, with an additional $10,013,872 recorded as a holdback receivable – related parties on the accompanying consolidated balance sheet. The remaining AMA-related deferred revenue was fully recognized during the second quarter of 2026, and the carrying amount of the Company's investment in Sawgrass Parent was $0 as of September 30, 2026. (See Notes 3, 9, 10, and 12 for related party balances).

In 2024, the Company borrowed $2,200,000 from two lenders that are related parties because together they hold more than 10% of the Company's voting common stock. In the year ended December 31, 2025, the Company repaid the loan including interest in the amount of $2,388,356.

NOTE 19 – SUBSEQUENT EVENTS

Effective October 1, 2026, the Company issued a restricted stock award to its Chief Legal Officer for a total of 200,000 shares of restricted stock with 3-year cliff vesting with an aggregate grant-date fair value of $1,780,000 based on an $8.90 price per share. The share value will be recognized over the 36-month vesting period.

On October 21, 2026, Alyeska Master Fund, L.P. exercised pre-funded warrants to purchase 1,500,000 shares of the Company's common stock for $1,500. The pre-funded warrants were originally issued in connection with the Company's underwritten public offering on June 18, 2026 and had an exercise price of $0.001 per share. The 1,500,000 shares were issued from the Company's pre-funded warrant reserve as registered, unrestricted shares. Following this exercise, pre-funded warrants to purchase 2,300,000 shares of common stock remain outstanding.

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

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q and other reports that Duos Technologies Group, Inc. files with the Securities and Exchange Commission (the "SEC") from time to time contain or may contain forward-looking statements. In this report, "the Company," "we," "our" and "us" refer to Duos Technologies Group, Inc. and its operating subsidiaries: Duos Edge AI, Inc. ("Edge"), Duos Technology Solutions, Inc. ("Duos Technology Solutions") and Duos Energy Corporation ("Duos Energy"). For periods before its divestiture on August 5, 2026, the term also includes Duos Technologies, Inc. ("DTI"). Forward-looking statements are based on the beliefs of, and information currently available to, management, as well as estimates and assumptions made by management. Words such as "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," "aim," "project," "target," "will," "may," "should," "forecast," the negatives of these terms and similar expressions identify forward-looking statements. These statements typically address our expected future business and financial performance. They are only predictions, speak only as of the date they are made, and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied.

Factors that could cause actual results to differ include, but are not limited to:

- our ability to obtain project-level and corporate financing on acceptable terms and in the amounts and timing required to develop our compute center sites;
- our ability to secure sites with sufficient utility power, zoning and permits, and to complete construction on schedule and within budget;
- the availability, cost and lead times of electrical, mechanical and power-generation equipment;
- our dependence on a limited number of customers for a substantial portion of our revenue and contracted backlog, and those customers' ability to perform under their agreements;
- our ability to collect the deferred consideration due from the sale of our GPU-as-a-Service subsidiary and our other receivables;
- demand for artificial intelligence and high-performance computing capacity, and changes in technology that affect that demand;
- competition in the compute center and infrastructure solutions markets;
- the timing of customer orders and fulfillment in our Technology Solutions business, which may cause our quarterly results to fluctuate;
- our ability to generate sufficient cash to fund operations and growth;
- changes in federal, state and local laws and regulations, including those affecting energy, utilities and compute center development;
- our ability to attract and retain qualified personnel; and
- general economic and market conditions.

This list is not exhaustive. Additional risks are described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, in Part II, Item 1A of this report, and in our other filings with the SEC, which are available at www.sec.gov. We believe the expectations reflected in our forward-looking statements are based on reasonable assumptions, but we can give no assurance that they will be achieved, and actual results may vary materially. Readers are cautioned not to place undue reliance on these statements. Except as required by law, we undertake no obligation to update or revise any forward-looking statement to reflect new information, future events or changes in circumstances. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Use of Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. We believe these estimates are reasonable based on the information available when they are made, but actual results could differ materially. Our critical accounting estimates are described in

our Annual Report on Form 10-K for the year ended December 31, 2025. During the nine months ended September 30, 2026, there were no material changes to those estimates other than those related to the sale of DTI, the sale of the GPU-as-a-Service subsidiary and the measurement of the related deferred consideration. The following discussion should be read together with our consolidated financial statements and the notes to them included elsewhere in this report.

Overview

The following discussion is intended to help readers understand our consolidated financial statements, the changes in key items in those statements, the primary factors behind those changes, and how certain accounting principles affect our results. Unless otherwise noted, the discussion is presented on a continuing operations basis.

Third Quarter 2026 Financial Highlights

	Q3 2026	Q3 2025	Change
Total revenues (continuing operations)	$ 10,499,782	$ 5,183,305	+103%
Gross margin % (continuing operations)	41.6%	32.9%	+8.7 pts
Income (loss) from continuing operations	$ (491,887)	$ (813,303)	40%
Net income (loss) – consolidated	$ 864,264	$ (1,040,254)	n/m
Basic net income (loss) per share	$ 0.02	$ (0.06)	n/m
Cash (September 30, 2026 vs. December 31, 2025)	$ 44,805,403	$ 15,472,229	+$29.3M

Our Business

We develop, own and operate colocation compute centers, generally ranging from 1 to 20 megawatts, built on our proprietary Duos Modular Architecture. Our facilities provide customers with the space, power, cooling and connectivity required for artificial intelligence, high-performance computing and enterprise workloads, in markets with available power and fiber. Through Duos Technology Solutions, we also provide manufacturer-agnostic infrastructure services for compute center and digital infrastructure projects, including procurement, logistics coordination, vendor management, integration and deployment support.

We report three segments: Hosting and Colocation Services; Technology Solutions; and Services and Consulting. The Services and Consulting segment includes asset management services provided under the AMA with New APR through its wind-down (see Note 13).

Strategic Repositioning During 2026

During 2026, we completed our transition to a company focused on compute center colocation and infrastructure services:

- **Sale of the rail technology business.** Effective August 5, 2026, we sold DTI, which made up our former Technologies segment, to Sandbank Acosta, LLC, a related party. DTI's results are presented as discontinued operations for all periods. Our continuing involvement is limited to transition services provided to the purchaser on a cost-reimbursement basis through December 31, 2026 and the promissory note received in the sale (see Note 3).
- **Wind-down of the AMA and realization of our interest in Sawgrass Parent.** The AMA with New APR was amended after one year, residual billings ended in the third quarter of 2026, and the personnel who supported it were transferred out of the Company. In May 2026, substantially all of New APR's assets were sold. We received cash distributions of approximately $50.7 million for our 5% interest in Sawgrass Parent, and an additional approximately $10.0 million is held back pending the end of a 12-month holdback period (see Note 9). Duos Energy is now dormant. The power and energy expertise it developed is being applied to our compute center development.
- **Sale of our GPU-as-a-Service subsidiary.** On September 30, 2026, we sold the GPUaaS SPV, which held 2,304 NVIDIA B300 GPUs and related equipment, to Axe Compute, Inc. ("Axe"). Axe repaid the SPV's approximately $87.8 million of debt and agreed to pay us $42.9 million in monthly installments over 60 months. We continue to serve the existing end customer from our Columbus, Georgia facility, using GPU compute capacity obtained from Axe (see Note 14).
- **Columbus, Georgia campus.** In July 2026, we acquired our first purpose-built compute center facility, in Columbus, Georgia, for $30.0 million. The facility is contracted under a five-year colocation agreement for 10 MW of capacity.
- **Contracted growth.** In August 2026, we signed five-year colocation service orders with Axe for up to 55 MW of additional AI compute center capacity across multiple U.S. locations.
- **20 MW cloud services agreement (subsequent to quarter end)**. On October 20, 2026, we announced a ten-year colocation agreement with a publicly traded U.S. cloud services provider for 20 MW of capacity, representing more than $400 million of total contract value over the initial term. Deployment is expected in the second quarter of 2027 at one of our planned campuses.

Plan of Operation

Our plan of operation centers on three priorities.

Expanding our colocation platform.

We expect our colocation business to be the primary driver of our revenue growth. Our model is to contract customer demand for a site before committing significant capital to it. We then develop the site with a modular architecture designed to bring capacity online faster than traditional compute center construction. We own the site, the power infrastructure and the facility. Our customers own and operate their computing equipment and pay us recurring fees for capacity under multi-year agreements.

We have built a substantial contracted base in a short period. In 2026 we acquired our first purpose-built campus in Columbus, Georgia, and installed more than 7 MW of new infrastructure there within approximately 75 days of acquisition. Columbus is contracted under a five-year colocation agreement for 5 MW of capacity with total contract value of more than $400 million. In August 2026, we signed five-year hosting service orders with Axe for up to 55 MW of additional capacity across multiple U.S. locations, with total contract value of more than $500 million. In October 2026, after quarter end, we signed a ten-year agreement with a publicly traded U.S. cloud services provider for 20 MW of capacity, with total contract value of more than $400 million and deployment expected in the second quarter of 2027.

We intend to keep expanding the platform by adding capacity at existing campuses and by developing new sites, generally in the 1 to 20 MW range, that have available power, appropriate zoning and fiber connectivity. We focus on markets where power is available without lengthy utility interconnection processes and where demand for high-density AI and high-performance computing capacity is not being met by existing facilities. Contracting capacity before or during construction is intended to reduce leasing risk and support project-level financing. Each site requires significant capital and depends on securing power, permits, equipment and financing on schedule. Delays at any site could affect when revenue begins, and our contracted capacity is concentrated among a small number of

customers.

Growing Technology Solutions.

We launched Technology Solutions in 2025 to provide manufacturer-agnostic procurement, logistics, integration and deployment services for compute center and digital infrastructure projects. The business has grown quickly. It generated approximately $0.35 million of revenue in 2025, grew to $10.6 million in the nine months ended September 30, 2026, and has been our largest source of revenue from continuing operations since the second quarter of 2026. Customer prepayments and contract liabilities also increased during 2026 as order volume grew (see Note 11).

We believe continued investment in compute center construction and modernization, particularly to support artificial intelligence workloads, will create further opportunities for this business. We intend to grow Technology Solutions by expanding our customer base, adding vendor relationships and broadening the services we offer. The business also supports our own compute center deployments, giving us sourcing capabilities that we expect to help manage equipment cost and lead times as we build out our sites. Technology Solutions revenue is order-driven and depends on the timing of customer orders and fulfillment, so it may vary significantly from quarter to quarter. The business is also subject to supply chain conditions, vendor availability and competition.

Funding our growth.

Developing our sites will require significant capital over time. We expect to fund this development through a combination of ongoing operations as well as corporate-level and site- or project-level financing, which may include debt, equity, partnerships or other arrangements. The mix, structure and timing of financing will depend on market conditions, the needs of individual projects and other factors, and financing may not be available on acceptable terms or at all (see “Liquidity and Capital Resources”).

Outlook and Risks

Our results will depend on our ability to execute these priorities and on broader demand for compute center capacity and the power to support it. Key risks include:

- our ability to obtain financing on acceptable terms and in the amounts and timing required;
- securing sites with sufficient power and completing construction on schedule and within budget;
- dependence on a limited number of customers, including Axe, which is also our largest debtor and our supplier of GPU compute capacity;
- equipment availability, cost and lead times;
- the timing of Technology Solutions orders; and
- competition, technological change, and macroeconomic and regulatory conditions.

For a further discussion of these and other risks, see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025, and Part II, Item 1A of this report.

Results of Operations

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

Comparison for the Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025

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

	For the Three Months Ended September 30,	
	2026	2025
Revenues	$ 10,499,782	$ 5,183,305
Cost of revenues	6,136,601	3,479,828
Gross margin	4,363,181	1,703,477
Operating expenses	6,220,238	2,592,506
Income (loss) from operations	(1,857,057)	(889,029)
Other income	1,365,170	75,726
Net income (loss) from continuing operations before income taxes	$ (491,887)	$ (813,303)

Revenues

	For the Three Months Ended September 30,		
	2026	2025	% Change
Revenues:			
Technology solutions	$ 6,841,915	$ 6,500	105,160%
Services and consulting – related parties	68,683	5,152,805	-99%
Services and consulting	3,540,434	—	100%
Hosting and colocation	48,750	24,000	103%
Total revenues	$ 10,499,782	$ 5,183,305	103%

The Company began recognizing revenues from its Technology Solutions business unit during the second half of 2025 resulting in $6,841,915 of revenue for the three months ended September 30, 2026 compared to $6,500 in the prior-year period, when the business was in its initial stages of operations. The Technology Solutions

business unit provides manufacturer-agnostic procurement, logistics, integration and deployment services for compute center and digital infrastructure projects. The significant year-over-year increase in revenue reflects the continued expansion and growth of the business unit following its launch in 2025.

The decrease in related-party services and consulting revenue for the three months ended September 30, 2026 was driven by the continued reduction in the scope of services provided under the Asset Management Agreement ("AMA") established on December 31, 2024, and the sale by New APR of substantially all of its assets in May 2026. Under the AMA, Duos Energy oversaw the deployment and operation of a fleet of mobile gas turbines and related balance-of-plant inventory and provided management, sales, and operational support services to New APR. The Company generated $68,683 of revenue under the AMA during the three months ended September 30, 2026, compared to $4,248,680 during the comparable 2025 period. In addition, during the second quarter of 2026, following the sale of substantially all of New APR's assets, the Company recognized the remaining $2,712,375 of deferred revenue associated with the non-cash consideration received for its 5% non-voting equity interest in the ultimate parent of New APR. As a result, no revenue related to this deferred consideration was recognized during the three months ended September 30, 2026 compared to $904,125 recognized during the comparable 2025 period. Revenue generated under the AMA and from the 5% interest is reported within "Services and consulting – related parties" in the statements of operations.

During the three months ended September 30, 2026, the Company recognized $3,540,434 of services and consulting revenue under a $4,600,000 agreement with a customer for data center development advisory services. These services include site identification, risk assessment, conceptual design and preparation of a consolidated development report. Revenue recognized during the quarter reflects progress toward completion of the contracted services. This project-based revenue is separate from the Company's recurring compute and hosting services revenue, and no comparable revenue was recognized during the prior-year period.

During the second quarter of 2025, the Company began recognizing revenue from the deployment of its compute centers, which is reported within the "Hosting and Colocation" category. Colocation Services revenue increased to $48,750 for the three months ended September 30, 2026, compared to $24,000 for the corresponding period in 2025. The Company continues to invest in the expansion of its compute center and colocation network, with each facility expected to generate recurring revenue upon deployment and commencement of operations with its anchor tenant.

The Company expects revenue from both its Colocation Services and its Technology Solutions business to increase in the fourth quarter of 2026 and into 2027. Colocation Services revenue growth is expected to be driven by additional compute center capacity coming online. Technology Solutions revenue growth is expected to be driven by continued investment in compute center construction and modernization, although that revenue is order-driven and may vary significantly from quarter to quarter.

Cost of Revenues

	For the Three Months Ended September 30,		
	2026	2025	%Change
Cost of revenues:			
Technology solutions	$ 5,818,853	$ 5,000	116,277%
Services and consulting – related parties	57,907	3,440,635	-98%
Services and consulting	178,090	—	100%
Hosting and colocation	81,751	34,193	139%
Total cost of revenues	$ 6,136,601	$ 3,479,828	76%

Cost of revenues comprises equipment and labor necessary to support the implementation of new systems, support and maintenance of existing systems, software projects, and support of the AMA with New APR.

Cost of revenues for Technology Solutions was $5.8 million for the three months ended September 30, 2026, compared to $5 thousand for the same period in 2025. The increase was driven by the growth in Technology Solutions revenue. Cost of revenues for this business consist of equipment purchased from third-party manufacturers and distributors, along with related freight, logistics and integration costs. Gross margin for Technology Solutions was 15.0% for the three months ended September 30, 2026.

Cost of revenues related to services and consulting from related parties decreased significantly during the three months ended September 30, 2026, compared to the same period in the prior year. The reduction was driven by the reduced scope of services provided under the AMA and the wind-down of AMA-related activities following the sale of substantially all of New APR's assets in May 2026.

During the three months ended September 30, 2026, the Company recognized $178,090 of cost associated with the data center development advisory services agreement, under which the Company recognized $3,540,434 of services and consulting revenue. These costs were incurred in connection with the performance of the contracted services. No comparable costs were incurred during the prior-year period.

Cost of revenues for colocation and hosting services was $82 thousand for the three months ended September 30, 2026, compared to $34 thousand for the same period in 2025. These costs consist of depreciation of our compute center assets and the costs to operate them, including power, site leases and maintenance. The increase reflects additional compute center capacity placed in service. During the prior-year period, the business was in the early stages of deployment and had just begun generating revenue.

Gross Margin

	For the Three Months Ended September 30,		
	2026	2025	%Change
Revenues	$ 10,499,782	$ 5,183,305	103%
Cost of revenues	6,136,601	3,479,828	76%
Gross margin	$ 4,363,181	$ 1,703,477	156%

Gross margin improved from 32.9% for the three months ended September 30, 2025 to 41.6% for the same period in 2026. The improvement reflects a shift in revenue mix away from lower-margin services under the AMA, which were winding down, and toward Technology Solutions and colocation services. The current-year period also benefited from $3,540,434 of revenue associated with the data center development advisory services agreement, which generated a gross margin of approximately 95.0%, with $178,090 of associated cost of revenue. No comparable revenue was recognized in the prior-year period. These improvements were partially offset by the absence of revenue from the deferred consideration associated with the Company's 5% non-voting equity interest in the ultimate parent of New APR, which carried no associated cost of revenue. That revenue was $904,125 for the three months ended September 30, 2025, and none was recognized in the current-year period.

Operating Expenses

	For the Three Months Ended September 30,		
	2026	2025	% Change
Operating expenses:			
Sales and marketing	$ 745,860	$ 63,982	1,066%
General and administration	5,474,378	2,528,524	117%
Total operating expenses	$ 6,220,238	$ 2,592,506	140%

Total operating expenses from continuing operations increased to $6,220,238 for the three months ended September 30, 2026, from $2,592,506 for the comparable 2025 period, an increase of approximately 140%. Sales and marketing expenses increased by $681,878 to $745,860, reflecting additional resources to support business development for the colocation services and Technology Solutions businesses. General and administration expenses increased by $2,945,854, or approximately 117%, to $5,474,378, due to higher non-cash stock-based compensation. The increase in operating expenses reflects the Company's investment in personnel and infrastructure to support the growth of its compute center colocation platform and Technology Solutions businesses.

Income (Loss) from Operations

Loss from operations was $1,857,057 for the three months ended September 30, 2026, compared to $889,029 for the same period in 2025. The increase in operating loss was primarily driven by higher operating expenses and a decline in related-party revenue resulting from the wind-down of the AMA and the absence of revenue associated with the Company's 5% non-voting equity interest in the ultimate parent of New APR. These impacts were partially offset by improved gross margins, primarily driven by higher-margin revenue from the data center development advisory services agreement, which generated approximately $3.4 million in gross profit during the current-year period.

Other Income (Expense)

Other income, net was $1,365,170 for the three months ended September 30, 2026, compared to other income, net of $75,726 for the comparable 2025 period. The increase was attributable to a $4.7 million gain on the deconsolidation of the GPUaaS business, $740,349 in interest income, and a $299,400 gain on the sale of investments. These increases were partially offset by a $2.8 million loss on extinguishment of debt and $1.6 million in interest expense, both of which increased significantly compared to the prior-year period.

Net Income (Loss)

Loss from continuing operations before income taxes for the three months ended September 30, 2026 was $491,887, compared to $813,303 for the comparable period in 2025. The improvement in pre-tax results was attributable to the change in other income, net, including higher interest income. During the three months ended September 30, 2026, the Company recorded income tax expense from continuing operations of $8,671,296, compared to no income tax expense in the prior-year period, when the Company maintained a full valuation allowance against substantially all of its net deferred tax assets. As a result, net loss from continuing operations, net of tax, was $9,163,183, compared to $813,303 for the comparable 2025 period. Net income from discontinued operations, net of tax, was $10,027,447, compared to a net loss of $226,951 in the prior-year period, as the loss from discontinued operations before income taxes of $2,787,246 was more than offset by approximately $12.8 million of income tax benefit allocated to discontinued operations, primarily related to the sale of DTI. Including the results of discontinued operations, consolidated net income for the three months ended September 30, 2026 was $864,264, compared to a consolidated net loss of $1,040,254 in 2025. Basic net income per common share was $0.02 for the three months ended September 30, 2026, compared to basic net loss per share of $0.06 in the prior-year period.

Segment Net Income (Loss)

	For the Three Months Ended September 30, 2026	For the Three Months Ended September 30, 2025	% Change
Technology Solutions	$ 369,599	$ 1,500	n/m*
Hosting and Colocation	(354,612)	(626,348)	n/m*
Services and Consulting	3,374,354	1,713,998	n/m*

* "n/m" (not meaningful) is used where the percentage change is not meaningful because the prior-period amount was zero, the change reflects a shift from a loss to income (or from income to a loss), or the resulting percentage is so large that presenting it would not provide meaningful information to the reader.

Technology Solutions segment net income was $369,599 for the three months ended September 30, 2026, compared to $1,500 for the same period in 2025. The increase was driven by the growth of the business unit following its launch in the second half of 2025, which generated segment revenues of $6,841,915 and segment gross margin of $1,023,062, or approximately 15.0%, during the current-year period. These results were partially offset by $653,462 of segment operating expenses (excluding depreciation, amortization and stock-based compensation) incurred to support the growth of the business. The segment incurred no operating expenses in the prior-year period, when the business was in its initial stages of operations.

Hosting and colocation segment net loss was $354,612 for the three months ended September 30, 2026, compared to a segment net loss of $626,348 for the same period in 2025. The improvement was primarily attributable to a $173,041 decrease in segment operating expenses (excluding depreciation, amortization and stock-based compensation) to $324,055, and from other segment items of $3,208 of net income, compared to $119,059 of net expense in the prior-year period. Hosting and Colocation services generated revenue of $48,750 and cost of revenues of $81,751 during the current-year period, compared to $24,000 and $34,193, respectively, in the prior-year period, with the increase in both revenue and cost of revenues reflecting additional compute center capacity placed in service.

Services and consulting segment net income was $3,374,354 for the three months ended September 30, 2026, compared to $1,713,998 for the same period in 2025. The increase was primarily attributable to $3,540,434 of revenue recognized under the data center development advisory services agreement, with $178,090 of associated cost of revenues, for which there was no comparable activity in the prior-year period. This increase was partially offset by the continued reduction in the scope of services provided under the AMA and the wind-down of AMA-related activities following the sale by New APR of substantially all of its assets in May 2026, which reduced segment revenues, excluding the advisory services agreement, to $68,683 from $5,152,805 and the related cost of revenues to $57,907 from $3,440,635. The prior-year period also included $904,125 of revenue from the deferred consideration associated with the Company's 5% non-voting equity interest in the ultimate parent of New APR, which carried no associated cost of revenue; no such revenue was recognized in the current-year period.

Comparison for the Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025

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

	For the Nine Months Ended September 30,	
	2026	2025
Revenues	$ 18,820,506	$ 13,866,458
Cost of revenues	9,955,788	9,129,708
Gross margin	8,864,718	4,736,750
Operating expenses	13,846,958	7,698,526
Income (loss) from operations	(4,982,240)	(2,961,776)
Other income (expense)	55,094,968	(288,392)
Net income (loss) from continuing operations before income taxes	$ 50,112,728	$ (3,250,168)

Revenues

	For the Nine Months Ended September 30,		
	2026	2025	% Change
Revenues:			
Technology solutions	$ 10,635,913	$ 6,500	163,518%
Services and consulting – related parties	4,532,585	13,827,958	-67%
Services and consulting	3,540,434	—	*nm
Hosting and colocation	111,574	32,000	249%
Total revenues	$ 18,820,506	$ 13,866,458	36%

The Company began recognizing revenues from its Technology Solutions business unit during the second half of 2025, resulting in $10,635,913 of revenue for the nine months ended September 30, 2026, compared to $6,500 for the comparable 2025 period, when the business was in its initial stages of operations. The Technology Solutions business unit provides manufacturer-agnostic procurement, logistics, integration and deployment services for compute center and digital infrastructure projects.

The decrease in related-party services and consulting revenue for the nine months ended September 30, 2026, was driven by the continued reduction in the scope of services provided under the AMA following the sale by New APR of substantially all its assets in May 2026. The Company generated $895,564 of revenue under the AMA during the nine months ended September 30, 2026, compared to $11,115,583 during the comparable 2025 period. This decrease was partially offset by $3,616,500 of revenue recognized from the deferred consideration associated with the Company's 5% non-voting equity interest in the ultimate parent of New APR, including the remaining $2,712,375 recognized in the second quarter of 2026 following New APR's asset sale, compared to $2,712,375 during the comparable 2025 period. Revenue generated under the AMA and from the 5% interest is reported within "Services and consulting – related parties" in the consolidated statements of operations.

During the nine months ended September 30, 2026, the Company recognized $3,540,434 of services and consulting revenue under a $4,600,000 agreement with a customer for data center development advisory services. These services include site identification, risk assessment, conceptual design and preparation of a consolidated development report. Revenue recognized during the quarter reflects progress toward completion of the contracted services. This project-based revenue is separate from the Company's recurring compute and hosting services revenue, and no comparable revenue was recognized during the prior-year period.

The Company began recognizing Hosting and Colocation Services revenue in the third quarter of 2025. The Company recognized $111,574 of Hosting and Colocation services revenue during the nine months ended September 30, 2026, compared to $32,000 during the comparable 2025 period. The Company continues to invest in expanding its compute center capacity, and each site is expected to begin generating revenue once it is deployed and operating with its anchor tenant.

The Company expects revenue from both Hosting and Colocation services and Technology Solutions to increase in the fourth quarter of 2026 and into 2027. Hosting and Colocation services revenue growth is expected to be driven by additional compute center capacity coming online. Technology Solutions revenue growth is expected to be driven by continued investment in compute center construction and modernization, although that revenue is order-driven and may vary significantly from quarter to quarter.

Cost of Revenues

	For the Nine Months Ended September 30,		
	2026	2025	% Change
Cost of revenues:			
Technology solutions	$ 8,729,531	$ 5,000	174,491%
Services and consulting – related parties	828,019	9,075,172	-91%
Services and consulting	178,090	—	100%
Hosting and colocation	220,148	49,536	344%
Total cost of revenues	$ 9,955,788	$ 9,129,708	9%

Cost of revenues consists of the cost of equipment and materials sold through Technology Solutions; the costs of operating our compute center facilities, including power, depreciation of facilities and infrastructure, site personnel and maintenance; and, in prior periods, the personnel and related costs of supporting the AMA with New APR.

Technology Solutions cost of revenues consists of equipment and materials purchased for customers, along with freight, logistics and integration costs. The increase for the nine months ended September 30, 2026 reflects the growth in Technology Solutions revenue, since the business was in its first year of operations

during the prior-year period.

Services and consulting – related parties decrease reflects the reduced scope of services under the AMA following its amendment, the transfer of the supporting personnel out of the Company, and the completion of AMA-related activities after the sale of substantially all of New APR's assets in May 2026.

During the nine months ended September 30, 2026, the Company recognized $178,090 of cost associated with the data center development advisory services agreement, under which the Company recognized $3,540,434 of services and consulting revenue. These costs were incurred in connection with the performance of the contracted services. No comparable costs were incurred during the prior-year period.

Colocation services cost of revenues consists of power, depreciation of our modular compute center infrastructure and the Columbus, Georgia facility, and site operating costs. The increase reflects our modular compute center sites coming online and the start of operations at the Columbus campus in the third quarter of 2026. Colocation cost of revenues was not significant in the prior-year period because the business was in the early stages of deployment.

Gross Margin

	For the Nine Months Ended September 30,		
	2026	2025	% Change
Revenues	$ 18,820,506	$ 13,866,458	36%
Cost of revenues	9,955,788	9,129,708	9%
Gross margin	$ 8,864,718	$ 4,736,750	87%

Gross margin improved from 34.2% for the nine months ended September 30, 2025 to 47.1% for the same period in 2026. The improvement came from lower AMA-related cost of revenues and the contribution of the Technology Solutions business. Gross margin also benefited from recognizing AMA-related deferred revenue, which had no associated cost of revenues. This deferred revenue arose from the common units in Sawgrass Parent received as non-cash consideration for services under the AMA. The Company recognized $3,616,500 of it during the nine months ended September 30, 2026, including the acceleration of the remaining balance in the second quarter, compared with $2,712,375 in the 2025 period. All remaining AMA-related deferred revenue had been recognized by June 30, 2026, so it will not contribute to gross margin in future periods. The current-year period also benefited from $3,540,434 of revenue associated with the data center development advisory services agreement, which generated a gross margin of approximately 95.0%, with $178,090 of associated cost of revenue. No comparable revenue was recognized in the prior-year period. As a result, and as colocation and Technology Solutions become a larger share of revenue, we expect gross margin in future periods to reflect the margin profile of those businesses.

Operating Expenses

	For the Nine Months Ended September 30,		
	2026	2025	% Change
Operating expenses:			
Sales and marketing	$ 1,488,222	$ 145,279	924%
General and administration	12,358,736	7,553,247	64%
Total operating expenses	$ 13,846,958	$ 7,698,526	80%

Total operating expenses increased 80% for the nine months ended September 30, 2026 compared with the same period in 2025.

Sales and marketing expenses increased as we added resources for business development in our colocation and Technology Solutions businesses, including site development, customer contracting and business development efforts.

General and administration expenses increased 64% for the nine months ended September 30, 2026 as compared with the same period in the prior year. The main drivers of the increase were higher non-cash stock-based compensation from restricted stock awards, bonus expense in 2026 with no comparable amount in the prior-year period, as well as higher professional fees and public company costs. Professional fees rose because of legal and advisory costs associated with the rail divestiture, the sale of the GPUaaS SPV, the Columbus acquisition and the Company's site development activities.

Income (Loss) from Operations

Loss from operations was $4,982,240 for the nine months ended September 30, 2026, compared with $2,961,776 for the same period in 2025, an increase of $2,020,464. Gross profit increased $4,127,968, driven primarily by revenue from the data center development advisory services agreement, the growth of Technology Solutions, the expansion of colocation operations, and the recognition of deferred consideration associated with the Company's 5% non-voting equity interest in the ultimate parent of New APR, which had no associated cost of revenues, partially offset by lower revenue under the AMA. Total operating expenses increased $6,148,432, more than offsetting the gross profit increase, primarily due to higher non-cash stock-based compensation related to restricted stock awards, bonus expense with no comparable amount in the prior-year period, and higher professional fees and public company costs.

Other Income (Expense)

Other income, net was $55,094,968 for the nine months ended September 30, 2026, compared with other expense, net of $288,392 for the same period in 2025. The 2026 amount primarily reflects a $53,525,505 gain on sale of investments. Of that gain, $53,473,203 related to the realization of our 5% interest in Sawgrass Parent following the sale of substantially all of New APR's assets, including $53,173,803 recognized in the second quarter and $299,400 of additional proceeds received in the third quarter, and $52,302 related to the sale of marketable securities. Interest income increased to $1,247,372 because of our higher cash balances. Other income also included a $4,702,041 gain on the deconsolidation of the GPUaaS SPV in connection with its sale to Axe on September 30, 2026. These increases were partially offset by a $2,819,654 loss on extinguishment of debt and interest expense of $1,560,295, compared with interest expense of $435,995 in 2025.

Net Income (Loss)

Income from continuing operations before income taxes was $50,112,728 for the nine months ended September 30, 2026, compared with a loss of $3,250,168 for the same period in 2025. Income tax expense from continuing operations was $13,655,466 for 2026, an effective tax rate of approximately 27.2%. Tax expense reflects the gain recognized on our investment in Sawgrass Parent, partially offset by the utilization of net operating loss carryforwards and the related release of valuation allowance, as well as the effects of state income taxes, stock-based compensation and other permanent differences. There was no income tax expense or benefit in

2025 because the Company maintained a full valuation allowance against substantially all of its net deferred tax assets. Net income from continuing operations, net of tax, was $36,457,262 for 2026, compared with a net loss from continuing operations of $3,250,168 for 2025.

Income from discontinued operations, net of tax, was $8,759,187 for the nine months ended September 30, 2026, compared with a loss of $3,387,780 for the same period in 2025. The 2026 amount reflects DTI's operating results through the August 5, 2026 sale date, including a loss of $2,877,194 on the sale, and the income tax benefit allocated to discontinued operations, primarily related to the tax loss generated by the sale (see Note 3).

Including discontinued operations, consolidated net income was $45,216,449 for 2026, compared with a consolidated net loss of $6,637,948 for 2025. Basic net income per common share was $1.51 for 2026, compared with a basic net loss per share of $(0.49) for 2025. Diluted net income per common share was $1.29 for 2026.

Segment Net Income (Loss)

	For the Nine Months Ended September 30, 2026	For the Nine Months Ended September 30, 2025	% Change
Technology Solutions	$ 235,568	$ 1,500	n/m*
Hosting and Colocation	(1,635,284)	(1,850,014)	n/m*
Services and Consulting	7,074,484	4,757,249	n/m*

* "n/m" (not meaningful) is used where the percentage change is not meaningful because the prior-period amount was zero, the change reflects a shift from a loss to income (or from income to a loss), or the resulting percentage is so large that presenting it would not provide meaningful information to the reader.

Technology Solutions segment net income was $235,568 for the nine months ended September 30, 2026, compared to $1,500 for the same period in 2025. The increase was driven by the growth of the business unit following its launch in the second half of 2025, which generated segment revenues of $10,635,913 and segment gross margin of $1,906,382, or approximately 17.9%, during the current-year period. These results were partially offset by $1,670,823 of segment operating expenses (excluding depreciation, amortization and stock-based compensation) incurred to support the growth of the business. The segment incurred no operating expenses in the prior-year period, when the business was in its initial stages of operations.

Hosting and Colocation segment net loss was $1,635,284 for the nine months ended September 30, 2026, compared to a segment net loss of $1,850,014 for the same period in 2025. The improvement was primarily attributable to other segment items of $12,455 of net income, compared to $509,624 of net expense in the prior-year period. This improvement was partially offset by a $216,090 increase in segment operating expenses (excluding depreciation, amortization and stock-based compensation) to $1,538,801. Colocation services generated revenue of $111,574 and cost of revenues of $219,748 during the current-year period, compared to $32,000 and $49,536, respectively, in the prior-year period, with the increase in cost of revenues reflecting our modular compute center sites coming online and the start of operations at the Columbus campus in the third quarter of 2026.

Services and Consulting segment net income was $7,074,484 for the nine months ended September 30, 2026, compared to $4,757,249 for the same period in 2025. The increase was primarily attributable to $3,540,434 of revenue recognized under the data center development advisory services agreement, with $178,090 of associated cost of revenues, for which there was no comparable activity in the prior-year period. This increase was partially offset by the continued reduction in the scope of services provided under the AMA and the completion of AMA-related activities following the sale by New APR of substantially all of its assets in May 2026, which reduced segment revenues, excluding the advisory services agreement, to $4,532,585 from $13,827,958 and the related cost of revenues to $828,019 from $9,075,172. Segment results also benefited from $3,616,500 of revenue recognized from the deferred consideration associated with the Company's 5% non-voting equity interest in the ultimate parent of New APR, including the remaining $2,712,375 recognized in the second quarter of 2026 following New APR's asset sale, compared to $2,712,375 during the comparable 2025 period. This deferred consideration revenue carried no associated cost of revenue, and all remaining balances had been recognized by June 30, 2026.

Liquidity and Capital Resources

As of September 30, 2026, we had cash and cash equivalents of $44,805,403 and restricted cash of $0, working capital of $105,547,985 and an accumulated deficit of $38,986,591. During 2026 we raised gross proceeds of approximately $120.1 million through two registered offerings of common stock and pre-funded warrants under our shelf registration statement on Form S-3: approximately $65.0 million in an offering that closed March 2, 2026, and approximately $55.1 million in an offering that closed June 18, 2026. In addition, we received approximately $50.4 million in cash distributions from the realization of our interest in Sawgrass Parent.

Our other sources of liquidity include the $42.9 million deferred purchase price from the sale of the GPUaaS SPV, payable by Axe at $715,000 per month over 60 months, and the approximately $10.0 million held back from the Sawgrass Parent distributions, which is expected to be released by May 2027.

Our principal cash requirements over the next twelve months include construction and equipment for the build-out of our Columbus, Georgia campus and our other contracted sites; payments under the Columbus seller note as additional power capacity is delivered; the $10.0 million escrow deposit for Project Atlas; and our working capital and operating needs.

In accordance with ASC 205-40, management evaluated whether conditions or events raise substantial doubt about our ability to meet our obligations as they become due within one year after the date the financial statements are issued. Based on our cash position, working capital and expected cash requirements, management concluded that no such substantial doubt exists and that we have sufficient liquidity to fund our operations and obligations for at least the next twelve months.

Over the longer term, developing our contracted and planned sites will require significant additional capital. We expect to fund this development through a combination of corporate-level and site- or project-level financing, which may include debt, equity, partnerships or other arrangements. The mix, structure and timing of financing will depend on market conditions, the needs of individual projects and other factors. Financing may not be available on acceptable terms or at all. If it is not, we may need to delay, scale back or forgo the development of certain sites. Our liquidity also depends on customers and counterparties performing on time, including Axe's payment of the deferred purchase price. Axe is also a significant customer and our supplier of GPU compute capacity.

	For the Nine Months Ended September 30,	
	2026	2025
Net cash used in operating activities	$ (779,166)	$ (11,031,943)
Net cash used in investing activities	(81,982,340)	(7,873,079)
Net cash provided by financing activities	112,094,680	45,840,224
Net increase in cash	$ 29,333,174	$ 26,935,202

Cash Flows

Net cash used in operating activities was $779,166 for the nine months ended September 30, 2026, compared with net cash used of $11,031,943 for the same period in 2025. The improvement was driven primarily by collections of related-party receivables, growth in Technology Solutions customer prepayments and contract liabilities, and the $18.8 million deposit received from the GPU-as-a-Service end customer in May 2026. The $53.5 million gain on sale of investments and the $4.7 million gain on the deconsolidation of the GPUaaS SPV are deducted as non-cash items; the cash received from the sale of investments is reported in investing activities.

Net cash used in investing activities was $81,982,340 for 2026, compared with $7,873,079 for the same period in 2025. The 2026 outflows primarily reflect capital expenditures for our modular compute center infrastructure, $18,046,179 of deposits on GPU servers and related equipment, and $15.0 million of cash paid, including the related deposit, to acquire the Columbus, Georgia facility. These outflows were partially offset by approximately $50.7 million of cash distributions from the realization of our 5% interest in Sawgrass Parent. We also purchased and sold marketable securities during the first quarter of 2026 for $29,693,638 and $29,745,940, respectively. The sale of the GPUaaS SPV did not generate cash at closing, as Axe settled the SPV's debt directly and will pay the deferred purchase price in monthly installments (see the supplemental non-cash disclosures in the consolidated statements of cash flows).

Net cash provided by financing activities was $112,094,680 for 2026, compared with $45,840,224 for the same period in 2025. Financing inflows in 2026 consisted primarily of proceeds from the two registered offerings described above, net of approximately $8.0 million of offering costs. In 2025, financing inflows consisted primarily of approximately $45 million of gross proceeds from our July 2025 public offering and approximately $8.9 million of proceeds from our at-the-market offering program, partially offset by $2,200,000 of principal repayments on secured promissory notes with 21 April Fund LP and 21 April Fund Ltd.

Critical Accounting Estimates

Revenue Recognition

We recognize revenue in accordance with ASC 606, Revenue from Contracts with Customers, and, for arrangements that contain a lease, ASC 842, Leases. Under ASC 606, we apply a five-step model. We identify the contract with the customer, identify the performance obligations, determine the transaction price, allocate the transaction price to the performance obligations, and recognize revenue when (or as) each performance obligation is satisfied. Revenue is recognized when control of a promised good or service transfers to the customer, in an amount reflecting the consideration we expect to be entitled to in exchange.

We generate revenue from three sources:

- Colocation services. We provide customers with dedicated compute center capacity, including space, power, cooling and connectivity, in Company-operated facilities.
- Technology Solutions. We provide manufacturer-agnostic infrastructure sourcing, integration and supply chain services supporting compute center, AI and enterprise deployments.
- Services and consulting. These consisted primarily of asset management services provided to New APR, a related party, under the AMA through its wind-down in the second quarter of 2026. More recently they include a Transitions Services agreement with Sandbank Acosta, LLC through the end of 2026 and a Professional Services Agreement with Compute customer in the 4th Quarter 2026.

The areas of revenue recognition that require the most significant judgment are:

- Principal versus agent. Technology Solutions sources equipment from third-party manufacturers and vendors for delivery to customers. In addition, beginning in the fourth quarter of 2026, following the sale of the GPUaaS SPV, we provide compute services to an end customer using GPU capacity obtained from Axe. For each arrangement we evaluate whether we control the goods or services before they are transferred to the customer. The factors include whether we are primarily responsible for fulfillment, bear inventory risk and have discretion in setting prices. These conclusions determine whether revenue is presented gross or net of the related costs, and they can significantly affect reported revenue and gross margin.
- Lease versus service in colocation arrangements. For each colocation agreement, we evaluate whether the arrangement contains a lease under ASC 842, considering whether the customer has the right to control the use of an identified asset. This conclusion affects the pattern of revenue recognition, the presentation of revenue and the related disclosures.
- Timing of recognition. Fixed colocation fees are recognized ratably over the contract term as we provide continuous access to contracted capacity, and variable power charges are recognized as usage occurs. Technology Solutions revenue is generally recognized at a point in time when control of the equipment transfers to the customer, typically upon shipment. Amounts received from customers before we perform are recorded as contract liabilities.

Changes in these judgments could materially affect the amount and timing of revenue we report.

Stock Based Compensation

We account for stock-based compensation to employees, directors and non-employees in accordance with ASC 718, *Compensation—Stock Compensation*. Compensation expense is measured at the grant-date fair value of the award and recognized over the requisite service period. Our awards generally vest in equal annual tranches on the anniversaries of the grant date, subject to continued service. As permitted by ASC 718-10-35-8, we recognize expense for these awards using the graded vesting (accelerated attribution) method. We account for forfeitures as they occur.

Restricted stock awards. The fair value of restricted stock awards is the closing price of our common stock on the grant date. Restricted stock awards make up substantially all of our stock-based compensation expense in 2026.

Stock options. We estimate the fair value of stock options using the Black-Scholes option-pricing model. The model requires assumptions that involve significant judgment:

- *Expected volatility* is based on the historical volatility of our common stock.
- *Expected term* is estimated using the simplified method for employees and directors, and the contractual term for non-employees.
- *Risk-free interest rate* is based on U.S. Treasury securities with maturities similar to the expected term.
- *Expected dividend yield* is zero, because we have not paid and do not expect to pay dividends.

Changes in these assumptions could materially affect the fair value of options granted and the related expense.

Performance-based awards. For awards that vest based on performance conditions, we recognize expense when achievement of the condition is considered probable, and we reassess that probability each reporting period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that its objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2026, we appointed a new Chief Financial Officer, completed the divestiture of DTI and the sale of the GPUaaS SPV, and began colocation operations at our Columbus, Georgia facility. We evaluated these events and concluded that they did not result in changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

See the risk factors previously disclosed in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 31, 2026. In addition, our GPU computing services present the following material risks, which have changed as a result of the sale of the GPUaaS SPV to Axe Compute, Inc. ("Axe") on September 30, 2026.

Revenue from our GPU computing services is concentrated with a single customer under a five-year agreement. We no longer own the GPU servers used to provide these services. Instead, we purchase the computing capacity from Axe under a separate five-year agreement. As a result, our ability to perform depends on Axe's performance, and we remain responsible to our customer for service levels and related service credits even where a failure is caused by Axe or by conditions at our Columbus facility. Our right to terminate the Axe agreement does not depend on our customer's performance. If our customer terminates or fails to perform, we could remain obligated to make payments to Axe. In addition, the limitations of liability in the two agreements are not identical, so we may be unable to recover from Axe all amounts we could owe our customer.

Axe has guaranteed payment of amounts owed by our customer under agreements Axe has approved. As a result, our exposure to customer nonpayment depends in large part on Axe's financial condition. We are also exposed to Axe's credit risk on the $42.9 million of deferred purchase consideration from the sale, which is secured by the GPU equipment. If Axe were unable to meet its payment obligations to us, or if the value of that collateral declined, our financial condition and results of operations could be materially adversely affected.

We believe there are no other changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 31, 2026.

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

None

Item 3. Defaults Upon Senior Securities.

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

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

Trading Plans

During the quarter ended September 30, 2026, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits.

Exhibit No.	Description
2.1	Employment Agreement, made and entered into as of September 1, 2026, between Duos Technologies Group, Inc. and Dipan Patel (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 17, 2026).
4.1	Form of Pre-Funded Warrant (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 17, 2026)
10.1	Form of Seller Contingent Earnout Note (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 20, 2026).
10.2	Form of Seller Promissory Note, dated August 5, 2026, made by Duos Technologies, Inc. in favor of Duos Technologies Group, Inc. (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2026).
10.3	Transition Services Agreement, dated as of August 5, 2026, between Duos Technologies Group, Inc. and Sandbank Acosta, LLC (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2026).
10.4	Employee Leasing Agreement, dated as of August 5, 2026, between Duos Technologies Group, Inc. and Sandbank Acosta, LLC (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2026).
10.5	Employment Agreement, made and entered into as of August 17, 2026, between Duos Technologies Group, Inc. and F. Douglas Recker (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 17, 2026).
10.6	Employment Agreement, made and entered into as of September 1, 2026, between Duos Technologies Group, Inc. and Dipan Patel (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 17, 2026) .
31.1*	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
31.2*	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
32.1**	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*filed herewith
**Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DUOS TECHNOLOGIES GROUP, INC.

Date: November 16, 2026

By: /s/ Frank D. Recker
Frank D. Recker
Chief Executive Officer

Date: November 16, 2026

By: /s/ Christopher DeAlmeida
Christopher DeAlmeida
Chief Financial Officer