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

FORM 10-K

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

For the fiscal year ended December 31, 2024

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

For the transition period from ____________ to ____________

Commission File No. 000-55504

DUKE Robotics Corp.
(Exact name of registrant as specified in its charter)

Nevada	47-3052410
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10 HaRimon Street, Mevo Carmel Science and Industrial Park, Israel, 2069203
(Address of Principal Executive Offices)

Registrant’s Telephone Number: +972-4-8124101

Securities Registered pursuant to Section 12(b) of the Act:
NONE

Securities Registered pursuant to Section 12(g) of the Act:

Common Stock, $0.0001 par value
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 definition of “large accelerated filer,” “accelerated filer,’’ “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filed ☐	Non-accelerated filer ☒	Smaller reporting company ☒
			Emerging growth 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter $1,598,701.

As of March 18, 2025, there were 54,218,813 shares of common stock, par value $0.0001, (the "Common Stock"), of the registrant issued and outstanding.

Documents Incorporated By Reference: None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Annual Report"), contains "forward-looking statements," which includes information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management's good faith belief as of that time with respect to future events, and are subject to significant risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- sales of our products;
- the size and growth of our product market;
- our activity in the civilian market;
- our manufacturing capabilities;
- our entering into certain partnerships with third parties;
- obtaining required regulatory approvals for sales or exports of our products;
- our marketing plans;
- our expectations regarding our short- and long-term capital requirements;
- our outlook for the coming months and future periods, including but not limited to our expectations regarding future revenue and expenses; and
- information with respect to any other plans and strategies for our business.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipated in our forward-looking statements. Please see "*Risk Factors*" for additional risks that could adversely impact our business and financial performance.

Moreover, new risks regularly emerge, and it is not possible for our management to predict or articulate all the risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this Annual Report are based on information available to us on the date of this Annual Report. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained above and throughout this Annual Report.

In this Annual Report, unless otherwise specified, all dollar amounts are expressed in United States dollars. Except as otherwise indicated by the context, references in this Annual Report to "DUKE," "we," "us" and "our" are references to DUKE Robotics Corp. (formerly known as UAS Drone Corp.) a Nevada corporation, together with its consolidated subsidiaries.

PART I

Item 1. Business.

Corporate Overview

We are a robotics company developing advanced robotics and drone-based systems. Our advanced robotic system enables remote, real-time, pinpoint accurate firing of small arms and light weapons that can achieve pinpoint accuracy regardless of the movement of the weapons platform or the target. We also introduced an insulator cleaning drone, which is a drone technology for conducting routine maintenance of critical infrastructure for cleaning electric utility cable insulators.

We were founded in 2014 as Unlimited Aerial Systems, LLP ("UAS LLP"), and until the consummation of the Share Exchange Agreement (as hereinafter defined), we were a developer and manufacturer of commercial unmanned aerial systems, or drones, intending to provide a superior Quadrotor aerial platform at an affordable price point in the law enforcement and first responder markets.

On March 9, 2020, we closed on the Share Exchange Agreement (the "Share Exchange Agreement"), under which Duke Robotics, Inc., a Delaware corporation ("Duke Inc.") became our majority-owned subsidiary (the "Share Exchange"). Such closing date is referred to as the "Effective Time." As a result of the Share Exchange, the Company adopted the business plan of Duke Inc.

On April 29, 2020, we, Duke Inc., and UAS Acquisition Corp., a Delaware corporation and our wholly-owned subsidiary ("UAS Sub"), executed an Agreement and Plan of Merger (the "Merger Agreement"), under which UAS Sub was to merge, upon the satisfaction of customary closing conditions, with and into Duke Inc., with Duke Inc. surviving as our wholly-owned subsidiary (the "Short-Form Merger"). Under the Merger Agreement, we intended to acquire the remaining outstanding shares of Duke Inc. held by those certain Duke Inc. shareholders who did not participate in the Share Exchange. On June 25, 2020, Duke Inc. filed a Certificate of Merger with the State of Delaware, and consequently, Duke Inc. became our wholly-owned subsidiary and the Short-Form Merger was consummated.

On January 29, 2021, we, through Duke Airborne Systems Ltd. ("Duke Israel"), and Elbit Systems Land Ltd., an Israeli corporation ("Elbit"), entered into a collaboration agreement (the "Collaboration Agreement") for the global marketing and sales, and the production and further development of our developed advanced robotic system mounted on a UAS, armed with lightweight firearms, which we market under the commercial name "TIKAD."

On August 15, 2022, Duke Israel introduced the Insulator Cleaning ("IC") Drone, a drone technology for conducting routine maintenance of critical infrastructure, and has signed an agreement with Israel Electric Corporation (the "IEC") to provide drone-enabled systems for cleaning electric utility cable insulators. During October 2023, we completed our obligations under the agreement with the IEC. This was followed in August 2024, by a new agreement with the IEC to utilize our innovative IC Drone system for cleaning electric utility cable insulators.

Duke Inc. has a wholly-owned subsidiary, Duke Israel, which was formed under the laws of the State of Israel in March 2014 and became the sole subsidiary of Duke Inc. after its incorporation. Our mailing address is 10 HaRimon Street, Mevo Carmel Science and Industrial Park, Israel 2069203, and our telephone number is 011-972-4-8124101. Our website address is https://dukeroboticsys.com/.

Effective as of October 22, 2020, our Common Stock began to be quoted on the OTCQB tier Venture Market, under the symbol "USDR".

On October 28, 2024, we filed a certificate of amendment (the "Certificate of Amendment") to our Articles of Incorporation with the Nevada Secretary of State to change the Company's corporate name from UAS Drone Corp. to DUKE Robotics Corp. effective as of November 4, 2024.

In connection with the Certificate of Amendment, we also filed an issuer notification form with the Financial Industry Regulatory Authority (“FINRA”) reflecting our name change and requesting a change in our trading symbol from “USDR” to “DUKR”. Effective as of market open on Monday, November 4, 2024, the name changed to DUKE Robotics Corp. and the transition of our OTCQB ticker symbol from “USDR” to “DUKR” took effect.

On February 18, 2025, we announced that we established Duke Robotics Hellas M I.K.E (“Duke Greece”), a wholly owned subsidiary, formed under the laws of Greece.

Company Overview

Until the consummation of the Share Exchange, we were a developer and manufacturer of commercial unmanned aerial systems, or drones, with the goal of providing a superior Quadrotor aerial platform at an affordable price point in the law enforcement and first responder markets. Following the Share Exchange, we adopted the business plan of Duke. Duke is a robotics company dedicated to the development of an advanced robotics stabilization system that enables remote, real-time, pinpoint accurate firing of small arms and light weapons as well as other civilian applications with an emphasis on the field of infrastructure maintenance.

Although the first product has been designed to be used by an Unmanned Aerial System (a “UAS”), the robotic solutions are also adaptable to other military vehicles, boats and stationary environments, as well as civilian purposes, such as our IC Drone solution. We believe that the system is to small arms and light weapons (e.g., weapons weighing less than 9 kilograms, or kg, or approximately 19.9 pounds) as drones are to air-to-ground missiles.

Prior to marketing our systems to potential defense and military customers, for security reasons, we are required to obtain various governmental approvals for each sale.

On January 29, 2021, we, through Duke Israel, and Elbit, entered into the Collaboration Agreement for the global marketing and sales, and the production and further development of our developed advanced robotic system mounted on an UAS, armed with lightweight firearms, which we market under the commercial name “TIKAD.” Following the Collaboration Agreement, we have expanded our technology beyond military applications and continue to explore additional uses for our technology and know-how.

Our commercialization efforts in the civilian market are primarily focused in Europe, with secondary efforts focused on other global markets, including the United States.

On May 11, 2021, we entered into securities purchase agreements with eight non-U.S. investors (the “Investors”) in a private placement offering in which we agreed to issue and sell an aggregate of: (i) 12,500,000 shares of Common Stock at a price of $0.40 per share; and (ii) warrants to purchase 12,500,000 Common Stock. The warrants were exercisable immediately and for a term of 18 months and had an exercise price of $0.40 per share. The aggregate gross proceeds from the offering were approximately $5,000,000 and the offering closed on May 11, 2021. On April 5, 2022, we entered into an agreement with the Investors pursuant to which we extended the term of the warrants, to expire on November 11, 2023. On November 1, 2023, we and the Investors executed a second extension agreement, such that the term of the warrants was to expire on November 11, 2024.

On June 20, 2024, we entered into a Warrant Amendment Agreement (the “Warrant Amendment Agreement”) with the Investors to amend the terms of the warrants issued in connection with the May 11, 2021 securities purchase agreements. Under the Warrant Amendment Agreement, we and the Investors agreed to: (i) extend the warrant exercise term to May 11, 2026; (ii) amend the warrant exercise price, increasing it from $0.40 per share to $0.65 per share; and (iii) include a beneficial ownership blocker that limits the exercise of such warrants if the exercise would result in the holder beneficially owning more than 19.99% of our Common Stock immediately following the exercise.

On May 27, 2021, our board of directors approved the 2021 Equity Incentive Plan (the "2021 Plan") pursuant to which the Company may issue awards, from time to time, consisting of non-qualified stock options, restricted stock grants and restricted stock units ("RSUs"). In addition, stock option awards that qualify under Section 102 of the Israeli Tax Ordinance (New Version) 1961 (the "ITO"), and/or under Section 3(i) of the ITO, may be granted. On March 18, 2025, our board of directors approved an increase in the amount of shares of Common Stock available under the 2021 Plan from 4,800,000 to 9,000,000.

On June 15, 2021, we announced that Duke Israel received a notice of allowance from the U.S. Patent and Trademark Office for a patent titled "Stabilization System" regarding its stabilization technology incorporated in its advanced robotic system.

On August 15, 2022, we announced that Duke Israel, introduced the IC Drone, a drone technology for conducting routine maintenance of critical infrastructure, and has signed a collaboration and development agreement with the IEC, a 99% government-owned company, to provide drone-enabled systems for cleaning electric utility cable insulators. In October 2023, we successfully fulfilled our obligations under this agreement, demonstrating the efficiency and safety of its IC Drone in real-world conditions.

On July 8, 2024, we announced that we are advancing our commercial activity, following the successful completion of the pilot program for our IC Drone with the IEC, and that we are working to expand our services globally and plan to offer insulation maintenance and washing services to electrical companies worldwide, either independently or in collaboration with strategic partners.

On November 11, 2024, following our commercial agreement with IEC from August 2024, we announced the commercial launch of our innovative IC Drone, a first-of-its-kind system for washing high-voltage electric insulators and the transition to active service of our IC Drone technology. . The IC Drone's advanced technology provides utility companies with a safer, more efficient, and environmentally sustainable solution for maintaining high-voltage electric infrastructure than the currently available methods. This drone-enabled system replaces traditional methods that rely on large, resource-intensive tanker trucks or helicopters, achieving significant water savings and operational cost reductions per insulator or electric pole.

Key Features and Benefits of the IC Drone:

- Enhanced Safety and Precision: Enables high-voltage insulator cleaning with minimal personnel risk and greater precision compared to traditional methods.

- Environmental Sustainability: Reduces water usage significantly, supporting sustainability initiatives within utility maintenance.

- Cost-Effective Operations: Cuts operational costs by tens of percent per insulator and simplifies access to remote or difficult-to-reach infrastructure.

On November 25, 2024, we announced initial revenue generation from our August 2024 agreement with the IEC for high-voltage insulator washing services using our innovative IC Drone. The August 2024 agreement with IEC represents a significant milestone, transitioning us from the development stage to active service and revenue generation within the civilian sector. The agreement establishes us as a provider of advanced aerial cleaning solutions designed to enhance the safety, efficiency, and sustainability of utility maintenance operations. The IEC has committed to a minimum utilization of services, with a guaranteed payment in the low seven figures (in NIS) within the first year of the agreement. With the IC Drone now fully operational, we aim to expand our offering to other utility providers globally, leveraging the proven success of the IC Drone with IEC.

On February 18, 2025, we announced that we established Duke Greece, our wholly owned subsidiary, to support the ongoing global commercialization efforts of our IC Drone. This initiative follows our initial revenue generation from the IC Drone technology through a service agreement with the IEC. Duke Greece will serve as a platform for promoting and deploying our innovative IC Drone technology, as well as other potential applications of the Company's technologies and capabilities, in the Greek market, which provides utility companies with a safer, more efficient, and environmentally sustainable solution for maintaining high-voltage electric infrastructure as well as potential other applications of our technologies and capabilities.

Market Opportunity

Civilian sector

Insulator Cleaning Drone

Insulators are key components of every high voltage electrical infrastructure around the world while routine cleaning and maintenance of insulators is crucial in order to optimize system efficiency, prevent power outages, reducing risks of flashovers and corrosion. Cleaning of high voltage infrastructure leads to better system performance and efficiency, improves safety by reducing the risk of electricity failure and accidents especially in urban areas, and extends the life of the insulators.

Currently, the global standard for routine cleaning of insulators involves the use of helicopter fleets and crane trucks. The cleaning routine requires getting near to active high voltage lines and using high-pressure washers carried by the helicopters or crane trucks. Such process is considered extremely dangerous and bears significant risks of electricity shock or an impact of the helicopter blades with the electricity grid resulting in damages to the grid line and possible harm to human life.

IC Drone offers a revolutionary, safer and cost-efficient method for maintenance of high voltage electrical infrastructure. The worldwide electricity transmission market is huge and estimated in millions of insulators. The current cost per insulator cleaning is high and electricity operators around the world fail to meet cleaning plans.

Defense and military market

The United States and other countries around the world have significantly increased their use of UASs for intelligence gathering, surveillance and tactical applications, such as delivery of heavy ordnance bombs and missiles. The use of UASs to fire small arms and light weapons from the air are becoming a viable option as demonstrated by recent conflicts in the Ukraine and the near Middle East. Our technology thus addresses a crucial need of modern warfare to bring a wide range of weapons other than bombs and missiles to bear on remote hostile targets without risk to the military personnel deploying the weapons, while at the same time minimizing collateral damage. In addition, the rapid evolution of small, unmanned air systems (“sUAS”) technologies, along with their size and low cost, enables novel concepts of employment that present challenges to current defense systems, creating new asymmetric threats for warfighters. Our system also addresses the crucial need for counter sUAS solutions and offers a kinetic interception, or “drone kill drone,” capability for defeating enemy sUAS.

Our system was designed with input from veterans of Israel’s elite special mission units. It is operated intuitively via a touch-based tablet, which serves as its control unit. Minimal prior training is required in order to operate the robot. In June 2016, our robot mounted on our UAS Octocopter platform was awarded the top prize at the Combating Terrorism Technology Conference sponsored by the United States Defense Department’s Combating Terrorism Technical Support Office, Israel’s Ministry of Defense Directorate of Defense Research and Development and the MIT Enterprise Forum of Israel.

Products

IC Drone

Our IC Drone is a first-of-its-kind robotic, drone-enabled system for cleaning electric utility insulators. The IC Drone unique system, based on Duke’s advanced intellectual property and know-how that integrates algorithms, autonomous systems, and robotic technologies used in mission-critical applications.

Our IC Drone offers a revolutionary, safer and cost-efficient, method for maintenance of high voltage electrical infrastructure. which require routine cleaning of insulators in order to optimize system efficiency and prevent power outages. Currently, the global standard for routine cleaning of insulators involves the use of helicopter fleets and crane trucks.

Our aim is to expand our IC Drone service offerings to additional utility providers worldwide while continuing to develop new solutions to address evolving industry needs.

UAS Octocopter Integrated with Six Degrees of Freedom ("6 DOF") Robotic Gimbal

Our special purpose UAS Octocopter (DK-HIPPOGRIFF) integrates for operational usage with our 6 DOF robot and is intended primarily for Military and homeland security purposes. Our lightweight robot allows accurate firing from various configurations consisting of UAS-mounted, land-mounted on light all-terrain vehicles and sea-mounted on boats. The robot is mounted on our UAS Octocopter platform, a combined system which we market under the commercial name "TIKAD."

In addition to the various configurations and mounting options, the robots also permit the utilization of a wide range of small arms, light weapons and shotguns, with lethal and less lethal ammunition, with a maximum weight of nine (9) kilograms (approximately twenty (20) pounds). The combination of our robot, along with our stabilization platform and software, provides a unique firing platform that permits precision firing regardless of weather conditions or other variables.

Additionally, our robot may also be utilized as a ground sniper platform. Since the robot is a standalone unit, it can be mounted on a patrol or attack vehicle or be positioned at a strategic location. The capability of remote operation without the need to expose the operator to tactical danger can replace troops in different settings. This capability may reduce the number of casualties due to "friendly fire" incidents and may also significantly reduce exposure and risk to combat troops. Our robot is controlled by a remote-control device that permits the user to exert full control over its functions, including arming the robot as well as control the firing mechanism.

Our lightweight robot can also be used for civilian purposes and bring solutions that do not yet exist for different tasks that require high-end stabilization, such as: vertical takeoff and landing ("VTOL") robotic landing gear for drones, VTOL aircrafts and medical aid robotic uses and for maintenance and monitoring of different essential infrastructures, such as cleaning electric utility cable insulators. We expect our sales of the robot to increase as additional product options expand. We will also address, as needed, evolving regulation of civilian UASs.

Assembly and Testing

While we maintain the ability to assemble our robots, IC Drone system for cleaning electric utility insulators and UAS Octocopter at our facility in Israel, we currently outsource the assembly and production to third-party manufacturers, from which we also purchase supplies and custom-made machined parts required for the production of our IC Drone system for cleaning electric utility insulators. We currently source our parts and materials from approximately twenty (20) suppliers located primarily in the United States, Europe, Israel and China. We are not, however, dependent on any single manufacturer. In addition, while the components we purchase are built according to our specific designs and requests, we believe the components and materials we purchase are common in nature and can easily be obtained from alternative suppliers, if necessary. Components are tested and approved against the expected points of failure during extended and aggressive operations. For example, we test items such as the load carrying capacity of our products as well as various software components and compliance with live power line rigid standards. After the lab testing phase, the IC Drone system for cleaning electric utility insulators and UASs undergoes a series of field tests which examine the operation of each function. The IC Drone system for cleaning electric utility insulators is mounted on and integrated with third parties commercially available suitable drones. Results are combined with multi-phased airborne testing.

In addition, we have not executed supply agreements with our third-party suppliers. More importantly, our proprietary and confidential complex kinematic algorithms and control software is our most valuable intellectual property. We have built an in-house laboratory to support the assembly and commercialization of our products. We believe that the current size and capacity of our in-house laboratory, located at our facilities in Israel, will be sufficient to support all of our commercialization activities in the near future.

Market Strategy

Civilian Market

We are currently focused on expending the commercialization of the IC Drone, a first-of-its-kind robotic, drone-enabled system for cleaning electric utility insulators, in the civilian market. The unique system, based on our advanced intellectual property and know-how, integrates algorithms, autonomous systems, and robotic technologies used in mission-critical applications.

On August 15, 2022, we signed an agreement with the IEC to provide drone-enabled systems for cleaning electric utility cable insulators. During October 2023, we successfully completed our obligations under our agreement with the IEC by proving the efficiency and safety that comes by using our IC Drone. Following that successful pilot, in August 2024, we, through Duke Israel, entered into another agreement with the IEC to provide high-voltage insulator washing services using IC Drone system.

On February 18, 2025, we announced that we established Duke Greece, which is focused on expanding our innovative IC Drone technology in Greece. Our IC Drone technology provides utility companies with a safer, more efficient, and environmentally sustainable solution for maintaining high-voltage electric infrastructure as well as potential other applications of our technologies and capabilities. The IC Drone's proven success with the IEC demonstrates its significant market potential for broader deployment across additional regions and sectors.

We are currently in the initial phases of our global expansion strategy and remain focused on leveraging our proprietary technologies to unlock new growth opportunities in the civilian sector. We aim to expand our IC Drone service offerings to additional utility providers worldwide while continuing to develop new solutions to address evolving industry needs.

Defense and Military Market

We expect that our growth in the defense and military market, through our Collaboration Agreement with Elbit, will initially derive from sales of robotic technology mounted on UAS Octocopter platform, and later from sales of our robot mounted on other platforms, such as light all-terrain vehicles and sea-mounted on boats.

- **Focus on sales in the United States**. We believe that the United States military will be a lead and reference customer. The United States alone presents a significant and diverse market opportunity - special operation forces units, various counter-terrorism (federal, state and city) units, regular local police forces (the use of less-lethal weapons), U.S. Army, National Guard, U.S. Navy, Coast Guard and the Border Police.

- **Sales to the North Atlantic Treaty Organization (NATO) Countries**. We believe adoption of such products in the United States will open the markets in countries that are U.S. allies such as the NATO countries.

Intellectual Property

Our success depends, at least in part, on our ability to protect our proprietary technology and intellectual property, and to operate without infringing or violating the proprietary rights of others. We rely on a combination of patents, trade secrets, know-how, and other contractual rights (including confidentiality and invention assignment agreements) to protect our intellectual property rights. We also restrict access to our sensitive intellectual property information to our most senior management.

To protect certain key technologies, we have submitted a U.S. patent Application for stabilization system patents, which is pending. We do not know whether any of our current or future patent applications will result in the issuance of any patents.

Sales and Marketing

Civilian Sector

Marketing and sales efforts are currently concentrated on the IC Drone as well as other potential applications of the Company's technologies and capabilities, using company employees, service providers, agent and related electric infrastructure companies. The current marketing efforts increased significantly following the official launch of the latest version of the IC Drone in November 2024 and the establishment of our wholly owned subsidiary Duke Greece in February 2025.

Defense and Military Market

On January 29, 2021, we, through Duke Israel, and Elbit entered in the Collaboration Agreement. Pursuant to the Collaboration Agreement, Duke Israel has granted Elbit a worldwide exclusive license for the use of Duke Israel's know-how and intellectual property and the marketing, sales, production, and further development of the TIKAD for military, defense, homeland security, and para-military uses. As consideration for granting the worldwide exclusive license, Elbit will pay Duke Israel royalties from revenues received from worldwide sales of TIKAD, with royalty rates ranging from low to mid-double-figure percentages, depending on the tiers of the selling price of TIKAD, for a period starting from the date of the Collaboration Agreement until 15 years following receipt of $50 million in cumulative revenues from sales of TIKAD units. In addition, Duke Israel agreed to pay Elbit similar rates of royalties for revenues received by Duke from sales of its advanced robotic system for civil use, if such systems will include new know-how developed by Elbit.

On June 15, 2021, we announced that our wholly owned Israeli subsidiary, Duke Airborne Systems Ltd., received a notice of allowance from the U.S. Patent and Trademark Office for a patent titled "Stabilization System" regarding its stabilization technology incorporated in its advanced robotic system.

Marketing and sales efforts related to TIKAD were originally anticipated to be led by Elbit due to our Collaboration Agreement with Elbit, and we are aware that Elbit is marketing drone-mounted remote weapon systems, including a system in the name of "Bird of Prey". We requested reports from Elbit regarding sales and royalties related to drone-mounted remote weapon systems, as outlined in the Collaboration Agreement and it is in discussion with Elbit.

Competition

Civilian Sector

To our knowledge there is no equivalent cleaning system which is based on drones for cleaning insulators. Although drones are being used for cleaning solar panels as well as windows, using high pressure water, such systems cannot handle the challenges that come with cleaning of insulators due to the high voltage environment that effects the drones.

Competition is based on product and program performance, price, reputation, reliability, life cycle costs, overall value to the customer and responsiveness to customer requirements. This includes the ability to respond to rapid changes in technology. In addition, our competitive position sometimes may be affected by specific requirements in particular geographic and product markets.

We plan to continually adapt to market conditions by adjusting our business strategy to changing market conditions. In addition, we plan to seek to enter into strategic partnership and cooperation agreements that we believe can assist us in overcoming the challenges of competing in our industry.

Our competitors, either alone or through their strategic partners, might have substantially greater name recognition and financial, technical, manufacturing, marketing and human resources than we do. These entities may also have significantly greater experience and infrastructure in commercializing civilian or defense products, obtaining regulatory approval for those products and commercializing those products around the world.

Defense and Military Market

While we believe that our products are novel, and that we have unique knowledge of military operational demands and challenges and years of developing complex military airborne systems and advanced robotics, the defense industry is a competitive environment.

Government Regulation

Government Contracting Regulations. We operate under laws, regulations and administrative rules governing defense and other government contracts, mainly in Israel and the United States. Some of these carry major penalty provisions for non-compliance, including disqualification from participating in future contracts. In addition, our participation in governmental procurement processes in Israel, the United States and other countries is subject to specific regulations governing the conduct of the process of procuring defense and homeland security contracts.

Israeli Export Regulations. Israel's defense export policy regulates the sale of a number of our systems and products. Current Israeli policy encourages exports to approved customers of defense systems and products such as ours, as long as the export is consistent with Israeli government policy. Subject to certain exemptions, a license is required to initiate marketing activities. We also must receive a specific export license for defense related hardware, software and technology exported from Israel. Israeli law also regulates export of "dual use" items (items that are typically sold in the commercial market but that also may be used in the defense market). We have filed marketing applications with the IMOD and have already received marketing approvals for about fifty (50) countries including the U.S. It is expected that in the mid-term more than seventy-five percent (75%) of our revenue will be derived from exports subject to Israeli export regulations.

Approval of Israeli Defense Acquisition. The Israeli Defense Entities Law (Protection of Defense Interests) establishes conditions for the approval of an acquisition or transfer of control of an entity that is determined to be an Israeli "defense entity" under the terms of the law. Designation as a "defense entity" is to occur through an order to be issued jointly by the Israeli Prime Minister, Defense Minister and Economy Minister. Although no such orders relating to us have been issued as of the date hereof, it is possible that our Israeli subsidiary may be designated as a "defense entity" under the law. An order (pursuant to the law) would establish conditions and restrictions regarding non-Israeli control of our Israeli subsidiary. For example, Israeli government approval might be required for acquisition of twenty-five percent (25%) or more of the voting securities or a smaller percentage of shares of common stock that grant "means of control" in the Company, if such were to directly affect the control of our Israeli subsidiary. Means of Control for the purposes of the law includes the right to control the vote at a shareholders' meeting or to appoint a director.

Approval of U.S. and Other Defense Acquisitions. Many countries in addition to Israel also require governmental approval of acquisitions of local defense companies or assets by foreign entities. Mergers and acquisitions of certain types of defense related businesses in the U.S. are subject to the Foreign Investment and National Security Act ("FINSA"). Under FINSA, foreign acquisitions of certain types of defense related businesses in the U.S. require review, and in some cases approval, by the Committee on Foreign Investment in the United States ("CFIUS"). In that regard, if a foreign entity attempts to acquire us or all of our domestic assets, such transactions may be subject to FINSA, and in certain instances CFIUS has the authority to order divestment and cancellation of the transaction.

"Buy American" Laws. The U.S. "Buy American" laws impose price differentials or prohibitions on procurement of products purchased under U.S. government programs. The price differentials or prohibitions apply to products that are not made in the United States or that do not contain U.S. components making up at least fifty percent (50%) of the total cost of all components in the product. However, a Memorandum of Agreement between the United States and Israeli governments waives the "Buy American" laws for specified products, including most of the products we may sell in the United States.

Procurement Regulations. Solicitations for procurements by governmental purchasing agencies in Israel, the United States and other countries are governed by laws, regulations and procedures relating to procurement integrity, including avoiding conflicts of interest, corruption, human trafficking and conflict minerals in the procurement process. Such regulations also include provisions relating to information assurance and for the avoidance of counterfeit parts in the supply chain.

Anti-Bribery Regulations. We conduct operations in a number of markets that are considered high risk from an anti-bribery compliance perspective. Laws and regulations such as the Israel Penal Code, the Organization for Economic Cooperation and Development ("OECD") Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and corresponding legislation in other countries, prohibit providing personal benefits or bribes to government officials in connection with the governmental procurement process. Israeli defense exporters, like ourselves, are required to maintain an anti-bribery compliance program, including specific procedures, record keeping and training.

Audit Regulations. The IMOD may audit our books and records relating to its contracts with us. Our books and records and other aspects of projects that will be related to the U.S. defense contracts will be subject to audit by U.S. government audit agencies. Such audits review compliance with government contracting cost accounting and other applicable standards. If discrepancies are found this could result in a downward adjustment of the applicable contract's price. Some other customers have similar rights under specific contract provisions.

Civil Aviation Regulations. Several of our products for commercial aviation applications are subject to flight safety and airworthiness standards of the U.S. Federal Aviation Administration and similar civil aviation authorities in Israel, Greece, the EU, and other countries.

Environmental, Health and Safety Regulations. We are subject to a variety of environmental, health and safety laws and regulations in the jurisdictions in which we have operations. This includes regulations relating to air, water and ground contamination, hazardous waste disposal and other areas with a potential environmental or safety impact.

Employees

We currently have one full-time employee, our Chief Executive Officer. Additionally, we engage two (2) executive officers: our Chief Technology Officer ("CTO") and our Chief Financial Officer. We engage freelance contractors and consultants in order to limit our operating expenses and therefore allowing us to scale as necessary. We maintain long-term relationships with these freelance contractors and consultants.

Some of our consulting agreements include undertakings with respect to non-competition and assignment to us of intellectual property rights developed in the course of employment and confidentiality. The enforceability of such provisions is limited for some employees by Israeli law.

We are also currently a "smaller reporting company," meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a smaller reporting company and have a public float of less than $75 million and annual revenues of less than $50 million during the most recently completed fiscal year. As a "smaller reporting company" we are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports.

Item 1A. Risk Factors.

The following risk factors, among others, could affect our actual results of operations and could cause our actual results to differ materially from those expressed in forward-looking statements made by us. These forward-looking statements are based on current expectations and except as required by law we assume no obligation to update this information. You should carefully consider the risks described below and elsewhere in this Annual Report before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Our common stock is considered speculative and the trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. The following risk factors are not the only risk factors facing our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

Risks Related to our Business and Industry

We have a limited operating history and have generated limited revenues to date.

Our limited operating history makes evaluating the business and future prospects difficult and may increase the risk of your investment. Our operating subsidiary in Israel was formed in March 2014. To date, we have generated limited revenues and have not yet begun meaningful commercialization efforts with respect to our products. We intend in the long-term to derive substantial revenues from the sales of the IC Drone, as well as future models of other robots and our UAS platforms for both military and civilian use, but there can be no assurance that we will be able to do so.

In addition, our relatively new IC Drone product offering to the civilian market may pose risks due to the evolving nature of our business model, which requires expertise that is still being developed internally and could introduce operational challenges. There can be no assurance that we will be able to successfully implement and manage this new business model. Our business, results of operations, financial condition and cash flows could be materially adversely affected if we are unable to successfully integrate the shift in our business model into our existing operations and any inability to do so may also hinder our ability to grow, divert the attention of management and our key personnel, disrupt our business and impair our financial results.

We may not be able to obtain adequate financing to continue our operations.

We expect that we will need to raise additional funds to continue the design, manufacture, sale and servicing of the IC Drone and our stabilized robotic technology as well as develop future robot products and other platforms for the implementation of our robot. We believe that we will need to raise additional capital in the future to fund our research and development and commercialization efforts. If we seek to raise additional capital, we may do so through the issuance of equity, equity-related, or debt securities or through obtaining credit from government or financial institutions or other persons. This capital will be necessary to fund ongoing operations, continue research, development and design efforts, establish a sales infrastructure and make the investments in tooling and equipment required to develop and manufacture our products. Moreover, the terms of any financing may adversely affect the holdings or the rights of holders of our securities and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our common shares to decline. The incurrence of indebtedness could result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable, and we may be required to relinquish rights to some of our technologies or product candidates or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects. Even if we believe that we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

We have inadequate capital and need for additional financing to accomplish our business and strategic plans. Terms of subsequent financing, if any, may adversely impact your investment.

We have limited funds, and such funds are not fully adequate to fully support our future development and business plans. Our ultimate success may depend on our ability to raise additional capital. In the absence of additional financing or significant revenues and profits, the Company will have to approach its business plan from a much different and much more restricted direction, attempting to secure additional funding sources to fund its growth, borrowing money from lenders or elsewhere or to take other actions to attempt to provide funding.

We may have to engage in common equity, debt, or preferred stock financings in the future. Your rights and the value of your investment in the common stock could be reduced by the dilution caused by future equity issuances. Interest on debt securities could increase costs and negatively impact operating results. In the event we are permitted to issue preferred stock pursuant to the terms of our articles of incorporation, preferred stock could be issued in series from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock would be more advantageous to those investors than to the holders of common stock. In addition, if we need to raise more equity capital from the sale of common stock, institutional or other investors may negotiate terms possibly less favorable to us, and thereby adversely impact your investment. Shares of common stock which we sell from time to time could be sold into any market that develops, which could adversely affect the market price of our common stock.

Our revenues will depend heavily on government contracts

We expect to derive most of our immediate future revenues from the civilian sector directly or indirectly from governmental and quasi-governmental customers in the energy utility sector. Technology products from foreign countries have an inherent disadvantage against domestic offerings. The funding of government programs could be reduced or eliminated due to numerous factors, including geo-political events and macro-economic conditions that are beyond our control. Reduction or elimination of government spending under our contracts would imperil the sales of our products and may cause a negative effect on our revenues, results of operations, cash flow and financial condition.

We face other risks in our expected international sales.

We expect to derive a significant portion of our revenues ultimately from international sales. Changes in international, political, economic or geographic events could cause significant reductions in our revenues, which could harm our business, financial condition and results of operations. In addition to the other risks from international operations set forth elsewhere in these Risk Factors, some of the risks of doing business internationally include imposition of tariffs and other trade barriers and restrictions, political and economic instability in the countries of our customers and suppliers, changes in diplomatic and trade relationships and increasing instances of terrorism worldwide. Due to our subsidiary being located in the State of Israel, some of these risks may be affected by Israel's overall political situation. (See "*Risks Related to Israeli Law and Our Operations in Israel*" below.)

We may experience production delays if suppliers fail to make compliant or timely deliveries.

The manufacturing process for some of our products largely consists of the assembly, integration and testing of purchased components. If a supplier stops delivery of such components, finding another source could result in added cost and manufacturing delays. Moreover, if our subcontractors fail to meet their design, delivery schedule or other obligations we could be held liable by our customers, and we may be unable to obtain full or partial recovery from our subcontractors for those liabilities. The foregoing risks could have a material adverse effect on our operating results.

If we fail to manage growth or to prepare for product scalability effectively, it could have an adverse effect on our employee efficiency, product quality, working capital levels and results of operations.

Any significant growth in the market for our products or our entry into new markets may require an expansion of our employee base for managerial, operational, financial, and other purposes. As of March 20, 2025, we had one full-time employee, our Chief Executive Officer, and engage two (2) executive officers, our CTO and our Chief Financial Officer ("CFO"). During any period of growth, we may face problems related to our operational and financial systems and controls, including quality control and delivery and service capacities. We would also need to continue to expand, train and manage our employee base. Continued future growth will impose significant added responsibilities upon the members of management to identify, recruit, maintain, integrate, and motivate new employees.

Aside from increased difficulties in the management of human resources, we may also encounter working capital issues, as we will need increased liquidity to finance the development of new products, and the hiring of additional employees. For effective growth management, we will be required to continue improving our operations, management, and financial systems and controls. Our failure to manage growth effectively may lead to operational and financial inefficiencies that will have a negative effect on our profitability. We cannot assure investors that we will be able to timely and effectively meet that demand and maintain the quality standards required by our existing and potential customers.

We were granted a patent for certain of our key technologies and may apply for additional patents in the future. Our ability to protect our intellectual property and proprietary technology is uncertain and may be inadequate, which may have a material and adverse effect on us.

Our success depends significantly on our ability to protect our proprietary rights to the technologies used in our products. We were granted a patent with the United States Office Patent and Trademark Office to protect certain of our key technologies, however, we cannot assure you that we will be able to control all of the rights for all of our intellectual property. We do not know whether any of our future patent applications, if any, will result in the issuance of any patents. Even issued patents may be challenged, invalidated or circumvented. Patents may not provide a competitive advantage or afford protection against competitors with similar technology. Competitors or potential competitors may have filed applications for, or may have received patents and may obtain additional and proprietary rights to compounds or processes used by or competitive with ours. Both the patent application process and the process of managing patent disputes can be time-consuming and expensive. Competitors may be able to design around our patents or develop products which provide outcomes which are comparable or may even be superior to ours.

In the event a competitor infringes upon our intellectual property rights, enforcing those rights may be costly, uncertain, difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents rights against a challenge. The failure to obtain patents and/or protect our intellectual property rights could have a material and adverse effect on our business, results of operations and financial condition.

In addition, we have taken steps to protect our intellectual property and proprietary technology, including entering into confidentiality agreements and intellectual property assignment agreements with all of our executive officers, employees, consultants and advisors, however, such agreements may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States. However, we have not executed confidentiality agreement or non-compete agreements with our third-party suppliers and there is no restriction on their working with our competitors or selling our component designs to other parties. In that regard, we deem our complex kinematic algorithms and control software to be our most valuable intellectual property and is done in-house only with no sub-contractor involved.

We may become subject to claims of infringement or misappropriation of the intellectual property rights of others, which could prohibit us from developing our products, require us to obtain licenses from third parties or to develop non-infringing alternatives and subject us to substantial monetary damages.

Third parties could, in the future, assert infringement or misappropriation claims against us with respect to products we develop. Whether a product infringes a patent or misappropriates other intellectual property involves complex legal and factual issues, the determination of which is often uncertain. Therefore, we cannot be certain that we have not infringed the intellectual property rights of others. Our potential competitors may assert that some aspect of our product infringes their patents. Because patent applications may take years to issue, there also may be applications now pending of which we are unaware that may later result in issued patents upon which our products could infringe. There also may be existing patents or pending patent applications of which we are unaware upon which our products may inadvertently infringe.

Any infringement or misappropriation claim could cause us to incur significant costs, place significant strain on our financial resources, divert management's attention from our business and harm our reputation. If the relevant patents in such claim were upheld as valid and enforceable and we were found to infringe them, we could be prohibited from selling any product that is found to infringe unless we could obtain licenses to use the technology covered by the patent or are able to design around the patent. We may be unable to obtain such a license on terms acceptable to us, if at all, and we may not be able to redesign our products to avoid infringement. A court could also order us to pay compensatory damages for such infringement, plus prejudgment interest and could, in addition, treble the compensatory damages and award attorney fees. These damages could be substantial and could harm our reputation, business, financial condition and operating results. A court also could enter orders that temporarily, preliminarily or permanently enjoin us and our customers from making, using, or selling products, and could enter an order mandating that we undertake certain remedial activities. Depending on the nature of the relief ordered by the court, we could become liable for additional damages to third parties.

The sale of our products is subject to various regulatory requirements of the Israeli Ministry of Defense and will also be subject to regulatory requirements in countries in which we seek to sell our products.

Due to the fact that we sell products used that may be purchased in the defense and/ or military industry, and otherwise conduct business with the IMOD, we may be required to obtain approval from the IMOD with respect to each agreement for the sale of our products. In that regard, we are required to secure the approval of the IMOD prior to offering the sale of our products to any third party. In addition, we are required to obtain approvals from the IMOD prior to the execution and performance of any such agreement. If we fail to obtain approvals in the future, if approvals previously obtained are revoked or expire and are not renewed or if government policies change, our ability to sell our products and services to customers would be impacted, resulting in a material adverse effect on our business, revenues, assets, liabilities and results of operations.

Risks Related to our Common Stock

Our executive officer, directors and certain stockholders who are beneficial owners of more than 5% of our outstanding common shares possess the majority of our voting power, and through this ownership, have the ability to control our Company and our corporate actions.

Following the Share Exchange, our current executive officer and directors hold approximately 22.20% of the issued and outstanding voting power of the Company's outstanding shares. These persons have a controlling influence in determining the outcome of any corporate transaction or other matters submitted to our stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors, and other significant corporate actions. As such, our directors and executive officer may have the power, acting alone or together, to prevent or cause a change in control; therefore, without their consent we could be prevented from entering into transactions that could be beneficial to us. The interests of our executive officer may give rise to a conflict of interest with the Company and the Company's shareholders.

In addition, we have a number of stockholders who are beneficial owners of more than 5% of our outstanding common shares, as of the Effective Time, including one such shareholder who beneficially owns approximately 34.37% of our issued and outstanding shares, and as such, also may have the ability to prevent us from entering into transactions that could be beneficial to us and/or other shareholders. In addition, we have one additional non-affiliated stockholder who beneficially owns more than 5% of our outstanding common shares. Although none of these non-affiliated stockholders currently have a controlling influence in determining the outcome of any corporate transaction or other matters submitted to our stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors, and other significant corporate actions, obtaining their vote on certain matters may be necessary to effect certain actions that our management and directors otherwise deem to be in the best interests of the Company.

There is a substantial lack of liquidity of our common stock and volatility risks.

Our common stock is traded on the over-the-counter market with quotations published on the OTC Markets Group, Inc.'s OTCQB® tier Venture Market, under the symbol "DUKR." The trading volume of our common stock historically has been limited and sporadic, and the stock prices have been volatile. As a result of the limited and sporadic trading activity, the quoted price for our common stock on the over-the-counter market is not necessarily a reliable indicator of its fair market value. The price at which our common stock will trade in the future may be highly volatile and may fluctuate as a result of a number of factors, including, without limitation, any potential business combination that we announce, as well as the number of shares available for sale in the market.

The trading volume of our common stock may be limited and sporadic. This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained. As a result of such trading activity, the quoted price for our common stock on the OTCQB may not necessarily be a reliable indicator of our fair market value. In addition, if our shares of common stock cease to be quoted, holders would find it more difficult to dispose of or to obtain accurate quotation as to the market value of, our common stock and as a result, the market value of our common stock likely would decline.

Other factors that could have a similar impact include, but are not limited to:

- the increased concentration of the ownership of our shares by a limited number of affiliated stockholders following the Share Exchange may limit interest in our securities;
- limited "public float" in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- variations in quarterly operating results from the expectations;
- revisions in securities analysts' estimates or reductions;
- our ability to obtain working capital financing;
- announcements of new products or services by us or our competitors and changes in our industry;
- reductions in the market share of our products;
- announcements by us or our competitors of significant strategic acquisitions;
- loss of any strategic relationship;
- regulatory developments;
- general technological, market or economic trends;
- investor perception of our industry or prospects;
- insider selling or buying;
- investors entering into short sale contracts;
- regulatory developments affecting our industry; and
- additions or departures of key personnel.

Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common stock will be at any time, including as to whether our common stock will sustain current market prices, or as to what effect that the sale of shares or the availability of common stock for sale at any time will have on the prevailing market price.

Because we became public by means of a "reverse merger," we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a "reverse merger." Securities analysts of major brokerage firms and securities institutions may not provide coverage of us because there were no broker-dealers who sold our stock in a public offering that would be incentivized to follow or recommend the purchase of our common stock. The absence of such research coverage could limit investor interest in our common stock, resulting in decreased liquidity. No assurance can be given that established brokerage firms will, in the future, want to cover our securities or conduct any secondary offerings or other financings on our behalf.

Our common stock may never be listed on a major stock exchange.

While we may seek the listing of our common stock on a national or other securities exchange at some time in the future, we currently do not satisfy the initial listing standards and cannot ensure that we will be able to satisfy such listing standards or that our common stock will be accepted for listing on any such exchange. Should we fail to satisfy the initial listing standards of such exchanges, or our common stock is otherwise rejected for listing, the trading price of our common stock could suffer, the trading market for our common stock may be less liquid, and our common stock price may be subject to increased volatility.

Our common stock is subject to price volatility unrelated to us or our operations.

The market price of our common stock could fluctuate substantially due to a variety of factors, including quarterly operating results of other companies in the same industry, changes in general conditions in the economy and the financial markets, or other developments affecting the Company's competitors. In addition, the OTCQB is subject to extreme price and volume fluctuations in general. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Sales of our currently issued and outstanding stock may become freely tradable pursuant to Rule 144 and may dilute the market for your shares and have a depressive effect on the price of the shares of our common stock.

A substantial portion of the outstanding shares of common stock are "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933, as amended ("Rule 144" and the "Securities Act", respectively). As restricted shares, these shares may be resold only pursuant to an effective registration statement or under the requirements of Rule 144 or other applicable exemptions from registration under the Securities Act and as required under applicable state securities laws. Rule 144 provides in essence that a non-affiliate who has held restricted securities for a period of at least six (6) months may sell their shares of common stock. Under Rule 144, affiliates who have held restricted securities for a period of at least six (6) months may, under certain conditions, sell every three months, in brokerage transactions, a number of shares that does not exceed the greater of 1% of a company's outstanding shares of common stock or the average weekly trading volume during the four calendar weeks prior to the sale (the four calendar week rule does not apply to companies quoted on the OTCQB). A sale under Rule 144 or under any other exemption from the Securities Act, if available, or pursuant to subsequent registrations of our shares of common stock, may have a depressive effect upon the price of our shares of common stock in any active market that may develop.

The securities issued in connection with the Share Exchange are restricted securities and may not be transferred in the absence of registration or the availability of a resale exemption.

The shares of common stock issued in connection with the Share Exchange were issued in reliance on an exemption from the registration requirements under Section 4(a)(2) of the Securities Act. Consequently, these securities are subject to restrictions on transfer under the Securities Act and may not be transferred in the absence of registration or the availability of a resale exemption. In particular, in the absence of registration, such securities cannot be resold to the public until certain requirements under Rule 144 promulgated under the Securities Act have been satisfied, including certain holding period requirements. As a result, a purchaser who receives any such securities issued in connection with the Share Exchange may be unable to sell such securities at the time or at the price or upon such other terms and conditions as the purchaser desires, and the terms of such sale may be less favorable to the purchaser than might be obtainable in the absence of such limitations and restrictions.

We do not plan to declare or pay any dividends to our stockholders in the near future.

We have not declared any dividends in the past, and we do not intend to distribute dividends in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend.

"Penny Stock" rules may make buying or selling our common stock difficult.

Trading in our common stock is subject to the "penny stock" rules. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. These rules require that any broker-dealer that recommends our common stock to persons other than prior customers and accredited investors, must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our common stock, which could severely limit the market price and liquidity of our common stock.

The sales practice requirements of FINRA may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted Rule 2111 that requires a broker-dealer to have reasonable grounds for believing that an investment is suitable for a customer before recommending the investment. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy the Company's common stock, which may limit your ability to buy and sell the Company's stock and have an adverse effect on the market for our shares.

Risks Related to Israeli Law and Our Operations in Israel

Our principal executive offices and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel, including the recent attacks by Hamas and other terrorist organizations and Israel's war against them.

Our executive offices and corporate headquarters are located in Israel. In addition, our officers and directors are residents of Israel. Accordingly, political, economic and military and security conditions in Israel and the surrounding region may directly affect our business. Any conflicts, political instability, terrorism, cyberattacks or any other hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could adversely affect our operations. Ongoing and revived hostilities in the Middle East or other Israeli political or economic factors, could harm our operations.

In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Since the commencement of these events, there had been additional active hostilities against Israel, including Hezbollah in Lebanon, the Houthis terrorist group which controls parts of Yemen, and Iran. In October 2024, Israel began ground operations against Hezbollah in Lebanon culminating in a 60-day cease fire agreed to between Israel and Lebanon on November 27, 2024. On January 27, 2025, the ceasefire between Israel and Lebanon was extended to February 18, 2025. On January 19, 2025, a temporary ceasefire between Israel and Hamas went into effect, the result of which is uncertain. While ceasefire agreements have been reached, there is no guarantee that the parties will continue to comply with the terms of the agreements and, accordingly, it is possible that these hostilities will resume with little to no warning and that additional terrorist organizations and, possibly, countries will actively join the hostilities. Such clashes may escalate in the future into a greater regional conflict.

The economic implications of the political situation in Israel on the Company's business and operations and on Israel's economy in general are difficult to predict and may be intertwined with wider macroeconomic indications of a deterioration of Israel's economic standing, which may have a material adverse effect on the Company and its ability to effectively conduct some of its operations. Additionally, any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

In connection with the Israeli security cabinet's declaration of war against Hamas and possible hostilities with other organizations, several hundred thousand Israeli military reservists were drafted to perform immediate military service. As of March 20, 2025, none of our employees and regular consultants in Israel have been called from time to time for reserve service but may be called, for service in the current or future wars or other armed conflicts in connection with the multi-front war that Israel is facing, and such persons may be absent for an extended period of time. As a result, our operations in Israel may be disrupted by such absences, which disruption may materially and adversely affect our business, prospects, financial condition and results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business. Moreover, we cannot predict how this war will ultimately affect Israel's economy in general, which may involve additional downgrade in Israel's credit rating by rating agencies (such as the recent downgrade by Moody's of its credit rating of Israel from A2 to Baa1, maintaining its outlook rating "negative"). We may also be targeted by cyber terrorists specifically because we are an Israeli-related company. In addition, in January 2024 the International Court of Justice, or ICJ, issued an interim ruling in a case filed by South Africa against Israel in December 2023, making allegations of genocide amid and in connection with the war in Gaza, and ordered Israel, among other things, to take measures to prevent genocidal acts, prevent and punish incitement to genocide, and take steps to provide basic services and humanitarian aid to civilians in Gaza. There are concerns that companies and businesses will terminate, and may have already terminated, certain commercial relationships with Israeli companies following the ICJ decision. The foregoing efforts by countries, activists and organizations, particularly if they become more widespread, as well as the ICJ rulings and future rulings and orders of other tribunals against Israel (if handed), may materially and adversely impact our ability to sell our products outside of Israel.

Prior to the Hamas attack in October 2023, the Israeli government pursued extensive changes to Israel's judicial system. In response to the foregoing developments, individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in securities markets, and other changes in macroeconomic conditions. The risk of such negative developments has increased in light of the recent Hamas attacks and the multi-front war Israel is facing, regardless of the proposed changes to the judicial system and the related debate. To the extent that any of these negative developments do occur, they may have an adverse effect on our business, our results of operations and our ability to raise additional funds, if deemed necessary by our management and board of directors.

Our operations are subject to currency and interest rate fluctuations.

We incur expenses in U.S. dollars and NIS, but our financial statements are denominated in U.S. dollars. The U.S. dollar is our functional currency. However, as we also incur expenses in NIS, we are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. As a result, we are exposed to the risk that the NIS may appreciate relative to the dollar, or, if the NIS instead devalues relative to the dollar, that the inflation rate in Israel may exceed such rate of devaluation of the NIS, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the dollar cost of our operations in Israel would increase and our dollar-denominated results of operations would be adversely affected.

It may be difficult to enforce a judgment of a United States court against us and our officers and directors to assert United States securities laws claims in Israel or to serve process on our officers and directors and these experts.

Our executive office, corporate headquarters and manufacturing facilities are located in Israel. In addition, all of our officers and directors are residents of Israel. All of our assets and most of the assets of these persons are located in Israel. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us or our non-U.S. our directors and executive officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel, or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought.

Our operations may be disrupted as a result of the obligation of management or key personnel to perform military service.

Our employees and consultants in Israel, including members of our senior management, may be obligated to perform one month, and in some cases longer periods, of military reserve duty until they reach the age of 40 (or older, for citizens who hold certain positions in the Israeli armed forces reserves) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be similar large-scale military reserve duty call-ups in the future. Our operations could be disrupted by the absence of a significant number of our officers, directors, employees and consultants. Such disruption could materially adversely affect our business and operations.

General Risk Factors

We operate in a competitive industry.

Our industry is characterized by rapid and innovative technological change. If we are unable to improve existing systems and products and develop new systems and technologies in order to meet evolving customer demands, our business could be adversely affected. In addition, our competitors could introduce new products with innovative capabilities, which could adversely affect our business. We compete with many large and mid-tier defense companies on the basis of system performance, cost, overall value, delivery and reputation. Many of these competitors are larger and have greater resources than us, and therefore may be better positioned to take advantage of economies of scale and develop new technologies.

Undetected problems in our products could impair our financial results and give rise to potential product liability claims.

If there are defects in the design, production or testing of our products and systems, we could face substantial repair, replacement or service costs, potential liability and damage to our reputation. Defects or malfunctioning of our products, if they were to occur, would likely result in significant damage and loss of life. We may not be able to obtain product liability or other insurance to fully cover such risks, and our efforts to implement appropriate design, testing and manufacturing processes for our products or systems may not be sufficient to prevent such occurrences, which could have a material adverse effect on our business, results of operations and financial condition.

Our business depends on proprietary technology that may be infringed.

Many of our systems and products depend on our proprietary technology for their success. Like other technology-oriented companies, we rely on a combination of trade secrets, copyrights and trademarks, together with non-disclosure agreements, confidentiality provisions in sales, procurement, employment and other agreements and technical measures to establish and protect proprietary rights in our products. While we are in the process of seeking patents for our technology, there is no guarantee that such patents will be granted. Our ability to successfully protect our technology may be limited because:

- intellectual property laws in certain jurisdictions may be relatively ineffective;
- detecting infringements and enforcing proprietary rights may divert management’s attention and company resources;
- contractual measures such as non-disclosure agreements and confidentiality provisions may afford only limited protection;
- any patents we may receive will expire, thus providing competitors access to the applicable technology;
- competitors may independently develop products that are substantially equivalent or superior to our products or circumvent our intellectual property rights; and
- competitors may register patents in technologies relevant to our business areas;

In addition, various parties may assert infringement claims against us. The cost of defending against infringement claims could be significant, regardless of whether the claims are valid. If we are not successful in defending such claims, we may be prevented from the use or sale of certain of our products, or liable for damages and required to obtain licenses, which may not be available on reasonable terms, any of which may have a material adverse impact on our business, results of operation or financial condition.

Potential product liability claims could adversely affect our future earnings and financial condition.

We face an inherent business risk of exposure to product liability claims in the event that the use of our products results in adverse effects. We may not be able to maintain adequate levels of insurance for these liabilities at reasonable cost and/or reasonable terms. Excessive insurance costs or uninsured claims would add to our future operating expenses and adversely affect our financial condition.

We rely on highly skilled personnel and, if we are unable to retain or motivate key personnel or hire additional qualified personnel, we may not be able to grow effectively.

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate, and retain highly skilled personnel for all areas of our organization. Our continued ability to compete effectively depends on our ability to retain and motivate existing employees. Due to our reliance upon skilled laborers, the failure to attract, integrate, motivate, and retain current and/or additional key employees could have a material adverse effect on our business, operating results and financial condition. We do not maintain key person life insurance for any of our employees.

Our management team may not be able to successfully implement our business strategies.

If our management team is unable to execute on its business strategies, then our development, including the establishment of revenues and our sales and marketing activities would be materially and adversely affected. In addition, we may encounter difficulties in effectively managing the budgeting, forecasting and other process control issues presented by any future growth. We may seek to augment or replace members of our management team, or we may lose key members of our management team, and we may not be able to attract new management talent with sufficient skill and experience.

Significant disruptions of our information technology systems or breaches of our data security could adversely affect our business.

A significant invasion, interruption, destruction or breakdown of our information technology systems and/or infrastructure by persons with authorized or unauthorized access could negatively impact our business and operations. We could also experience business interruption, information theft and/or reputational damage from cyber-attacks, which may compromise our systems and lead to data leakage either internally or at our third-party providers. The risk of a security breach or disruption, particularly through cyberattacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. If such an event were to interrupt our operations, it could result in a material disruption of our product development programs. Our systems have been, and are expected to continue to be, the target of malware and other cyber-attacks. Although we have invested in measures to reduce these risks, we cannot assure that these measures will be successful in preventing compromise and/or disruption of our information technology systems and related data. See Item 1C. "*Cybersecurity*" for more information.

A decline in the price of our common stock could affect our ability to raise working capital and adversely impact our ability to continue operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. A decline in the price of our common stock could be especially detrimental to our liquidity and our operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to develop new services and continue our current operations. If our common stock price declines, we can offer no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations.

The requirements of being a public company may strain our resources and distract management.

As a public company, we are subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). These requirements are extensive. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting.

We may incur significant costs associated with our public company reporting requirements and costs associated with applicable corporate governance requirements. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Future changes in financial accounting standards or practices may cause adverse unexpected financial reporting fluctuations and affect reported results of operations.

A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct business.

Item 1B. Unresolved Staff Comments.

Not applicable to smaller reporting companies.

Item 1C. Cybersecurity.

Our Board and management recognize the critical importance of maintaining the trust and confidence of our customers, clients, business partners and employees.

In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

Our cybersecurity risk management efforts include:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;

- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents; and

- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.

Cybersecurity Governance

Our board of directors considers cybersecurity risks as part of its risk oversight function and oversees management's implementation of our cybersecurity risk management efforts.

Management updates our board of directors, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

Our Chief Executive Officer ("CEO") and CFO are responsible for assessing and managing our material risks from cybersecurity threats, our overall cybersecurity risk management efforts, and supervise both our internal cybersecurity personnel and our retained external cybersecurity consultants.

Our CEO and CFO supervise efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which include ensuring routine briefings from internal security personnel, obtaining threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us, and providing Company personnel with alerts and reports produced by security tools deployed in the IT environment.

Item 2. Properties.

Our principal executive office is currently located at 10 HaRimon Street, Mevo Carmel Science and Industrial Park, Israel. In April 2022, Duke Israel entered into a lease agreement for an office space in Mevo Carmel Science and Industry Park, Israel for a term of 3 years, with an option to extend the term of the lease agreement for an additional 2 years. The April 2022 property became available for the Company's use in February 2023. In addition, pursuant to an agreement entered into by Duke, we have the right to use office space and receive other administrative services at a location in the State of Florida, and pursuant to an agreement entered into by Duke Greece, it has the right to use office space and receive other administrative services at a location in Athens, Greece.

Item 3. Legal Proceedings.

We are currently not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that we believe is not ordinary routine litigation incidental to our business or otherwise material to the financial condition of our business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is quoted on the OTCQB under the symbol "DUKR." As of March 18, 2025, there were 154 holders of record of our common stock. This figure includes an indeterminate number of stockholders who hold their shares in "street name."

We have not declared any cash dividends on our common stock, and do not intend to declare dividends in the foreseeable future. Management intends to use all available funds for the development of our plan of operation.

On March 18, 2025, our board of directors approved to increase the amount of shares of Common Stock available under the 2021 Plan from 4,800,000 to 9,000,000.

On March 18, 2025, our board of directors approved the following grants pursuant to our 2021 Plan:

(i) 1,000,000 options to purchase shares of Common Stock to Mr. Yossef Balucka, CEO, at an exercise price of $0.21 per share, and vest in three equal installment of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

(ii) 500,000 options to our Common Stock to Mr. Vadim Maor, CTO, at an exercise price of $0.21 per share. The options have the following vesting schedule: 33% of the options will vest after 12 months and the remaining portion will vest in eight equal installments over eight quarters. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

(iii) 120,000 options to purchase shares of Common Stock to Ms. Keren Gousman Golan, director. The options were granted at an exercise price of $0.21 per share and vest in three equal installment of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

(iv) 400,000 options to purchase shares of Common Stock to Mrs. Alexandra Papaconstantinou, Managing Director of Duke Greece. The options were granted at an exercise price of $0.21 per share and vest in three equal installments of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

(v) 50,000 options to purchase shares of Common Stock to Mr. Shlomo Zakai, CFO, at an exercise price of $0.21 per share, and vest in three equal installment of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited annual consolidated financial statements as of December 31, 2024 and December 31, 2023 and accompanying notes appearing elsewhere in this Annual Report. This discussion and analysis contain forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere in this Annual Report. All amounts are in U.S. dollars and rounded.

Company Overview

We are a robotics company developing an advanced robotics system that enables remote, real-time, pinpoint accurate firing of small arms and light weapons. Our advanced robotics system can achieve pinpoint accuracy regardless of the movement of the weapons platform or the target. We also introduced an insulator cleaning drone, which is a drone technology for conducting routine maintenance of critical infrastructure for cleaning electric utility cable insulators.

On March 9, 2020, Duke and certain shareholders of Duke entered into the Share Exchange with the Company, pursuant to which approximately 99% of the issued and outstanding shares of common stock of Duke were purchased by the Company in exchange for shares of the Company's common stock, resulting in Duke becoming a subsidiary of the Company. Following the Share Exchange, the Company has adopted the business plan of Duke.

On April 29, 2020, the Company, Duke, and UAS Sub, entered into the Merger Agreement, pursuant to which UAS Sub was to merge, upon the satisfaction of customary closing conditions, with and into Duke. Upon closing of the Short-Form Merger, each outstanding share of UAS Sub's common stock, par value $0.0001 per share, was to be converted into and become one share of common stock of Duke, with Duke surviving as a wholly-owned subsidiary of the Company. Pursuant to the Merger Agreement, the Company acquired the remaining outstanding shares of Duke held by certain stockholders of Duke that did not participate in the Share Exchange Agreement. At the closing of the transaction contemplated by the Merger Agreement, the Company was to issue 63,856 shares to certain Duke stockholders, and Duke will become a wholly owned subsidiary of the Company. On June 25, 2020, Duke filed a Certificate of Merger with the State of Delaware, and consequently, Duke became a wholly-owned subsidiary of the Company, and the Short-Form Merger was consummated.

On January 29, 2021, we, through Duke Israel, and Elbit, entered into the Collaboration Agreement for the global marketing and sales, and the production and further development of our developed advanced robotic system mounted on an UAS, armed with lightweight firearms, which we market under the commercial name "TIKAD." While the agreement was intended to facilitate commercialization and we are aware that Elbit is marketing drone-mounted remote weapon systems, including a system in the name of "Bird of Prey". We requested reports from Elbit regarding sales and royalties related to drone-mounted remote weapon systems, as outlined in the Collaboration Agreement and it is in discussion with Elbit.

On August 15, 2022, Duke Israel introduced the IC Drone, a drone technology for conducting routine maintenance of critical infrastructure and has signed an agreement with IEC to provide drone-enabled systems for cleaning electric utility cable insulators. During October 2023, we successfully completed our obligations under its agreement with the IEC. Following that successful pilot, in August 2024, we, through Duke Israel, entered into an agreement with the IEC to provide high-voltage insulator washing services using IC Drone system.

On October 28, 2024, a Certificate of Amendment to our Articles of Incorporation with the Nevada Secretary of State to change the Company's corporate name from UAS Drone Corp. to DUKE Robotics Corp. effective as of November 4, 2024.

In connection with the Certificate of Amendment, we also filed an issuer notification form with FINRA reflecting our name change and requesting a change in its trading symbol from "USDR" to "DUKR". Effective as of market open on Monday, November 4, 2024, the name changed to DUKE Robotics Corp. and the transition of its OTCQB ticker symbol from "USDR" to "DUKR" took effect.

On February 18, 2025, we announced that we established Duke Greece, a wholly owned subsidiary which is focused on expanding our innovative IC Drone technology in Greece. Our innovative IC Drone technology provides utility companies with a safer, more efficient, and environmentally sustainable solution for maintaining high-voltage electric infrastructure as well as potential other applications of our technologies and capabilities. The subsidiary is expected to facilitate market expansion, strategic partnerships, and additional revenue streams in Greece. While we anticipate initial setup and operational costs, we believe this investment will drive long-term growth.

Operating Results

The selected historical financial information presented below is derived from the Company's audited consolidated financial statements for the year ended December 31, 2024 and Duke's audited consolidated financial statements for the year ended December 31, 2023. The data set forth below should be read in conjunction with the financial statements and accompanying notes elsewhere in this annual report.

	Year ended December 31	
	USD in thousands	
	2024	2023
Revenues	108	300
Cost of revenues	(71)	(273)
Gross profit	37	27
Research and development expenses	(157)	(3)
General and administrative expenses	(905)	(826)
Operating loss	(1,025)	(802)
Financial income, net	40	76
Net loss	(985)	(726)

Comparison of the year ended December 31, 2024 to the year ended December 31, 2023

Revenues. We had $108,000 in revenues for the year ended December 31, 2024. During the year ended December 31, 2023, we had $300,000 in revenues. The revenues for the year ended December 31, 2023 were derived from our earlier August 2022 collaboration and development agreement with IEC to provide drone-enabled systems for high-voltage insulator washing, which we successfully completed during October 2023. The revenues for the year ended December 31, 2024, were derived from our August 2024 commercial agreement for high-voltage insulator washing services with the IEC. These services to IEC are seasonal in their nature (spring to fall seasons) and revenues derived from the 2024 agreement commenced during the mid-season, in August 2024.

Cost of revenues. During the year ended December 31, 2024, we had $71,000 in cost of revenues expenses, compared to $273,000 for the year ended December 31, 2023. The cost of revenues in 2024 mainly consists of professional services associated with our agreements with the IEC as detailed above. The cost of revenues for the year ended December 31, 2023 were derived from our earlier August 2022 collaboration and development agreement with IEC to provide drone-enabled systems for high-voltage insulator washing, which we successfully completed during October 2023. The cost of revenues for the year ended December 31, 2024, were derived from our August 2024 commercial agreement for high-voltage insulator washing services with the IEC commenced during in August 2024.

Research and Development. During the year ended December 31, 2024, we had $157,000 in research and development expenses, compared to $3,000 in research and development expenses for the year ended December 31, 2023. The increase in our research and development are mainly due to professional services and other field tests associated with our continued development of additional capabilities of our IC Drone system.

General and Administrative Expenses. For the year ended December 31, 2024, our general and administrative expenses amounted to $905,000, of which $685,000 were related to professional services, such as accounting, auditing, insurance costs, consulting and legal services, and $28,000 were related to stock-based compensation expenses, and were $826,000 for the year ended December 31, 2023, of which $575,000 were related to professional services and $108,000 related to stock-based compensation expenses. This increase in general and administrative expenses for the year ended December 31, 2024, was mainly due to an increase in professional services partially offset by a decrease in stock-based compensation expenses.

Financial Income, net. For the year ended December 31, 2024, our financial income amounted to $40,000 as compared to $76,000 for the year ended December 31, 2023. The reason for the decrease in financial income for the year ended December 31, 2024, was mainly due to the decrease in our available cash which resulted in a decrease in interest income on our bank deposits.

Net Loss. For the year ended December 31, 2024 and 2023, we recorded a net loss of $985,000 and $726,000, respectively, which represented an increase compared to the year ended December 31, 2024, of $259,000.

Critical Accounting Policies

This Management Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). In connection with the preparation of our financial statements, we were required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2, “*Summary of Significant Accounting Policies*,” of the notes to consolidated financial statement, which are incorporated by reference into this prospectus.

Liquidity and Capital Resources

Since inception, we have devoted substantially all our efforts to research and development and have incurred accumulated losses of $11,162,000.

During the year ended December 31, 2024, our loss of $985,000 included non-cash stock-based compensation of $28,000. As of December 31, 2024, we had a working capital of $1,010,000 as compared to a working capital of $2,011,000 as of December 31, 2023.

As of December 31, 2024, we had a cash balance of $1,256,000 compared to a cash balance of $2,281,000 as of December 31, 2023. The reason for the decrease in our cash balance was mainly due to the operating expenses describe above.

Cash used in operations for the year ended December 31, 2024, was $918,000 as compared to cash used in operations of $548,000 for the year ended December 31, 2023. The reason for the increase in cash used in operations is mainly related to the increase in our operating expenses.

Since our inception we and Duke have funded our operations through equity and debt financing, bank loans, loans provided by shareholders and demonstration projects of its technology to potential customers.

Since Duke’s inception and until 2017, certain Duke affiliates provided loans to Duke from time to time, as needed. Before entering into the Share Exchange, Duke entered into debt cancellation letters (the “Debt Cancellation Letters”) with regard to the Stockholders Loans. Pursuant to the Debt Cancellation Letters the accumulated interest on the Stockholders’ Loans was waived and 842,135 shares of Duke’s common stock were issued in exchange for the cancellation of $623,180 in debt, leaving $280,000 of outstanding Stockholders Loans (the “Outstanding Stockholders’ Loans”). The Outstanding Stockholders’ Loans, including the accumulated interest amount, shall be repaid on the later of the following: (i) three years after the Effective Date (March 9, 2020); or (ii) Duke raised capital amounting to at least $15 million following the Effective Date and the Earnings before interest, tax, depreciation and amortization of Duke has reached an amount of $3 million.

As of December 31, 2024, and December 31, 2023, the outstanding balances of such stockholders’ loans were $322,000 and $314,000, respectively.

On May 11, 2021, we entered into securities purchase agreements with eight (8) non-U.S. Investors, pursuant to which we, in a private placement offering, agreed to issue and sell to investors an aggregate of: (i) 12,500,000 shares of our Common Stock at a price of $0.40 per share; and (ii) warrants to purchase 12,500,000 of our Common Stock. The warrants were exercisable immediately and for a term of 18 months and have an exercise price of $0.40 per share. The aggregate gross proceeds from the offering were approximately $5,000,000 and the offering closed on May 11, 2021. On April 5, 2022, we entered into an agreement with the Investors pursuant to which we extended the term of the warrants, to expire on November 11, 2023. On November 1, 2023, we and the Investors executed a second extension agreement, such that the term of the warrants was extended to expire on November 11, 2024. On June 20, 2024, we entered into a Warrant Amendment Agreement with the Investors to amend the terms of the warrants issued in connection with the May 11, 2021 securities purchase agreements. Under the Warrant Amendment Agreement, we and the Investors agreed to: (i) extend the warrant exercise term to May 11, 2026; (ii) amend the warrant exercise price, increasing it from $0.40 per share to $0.65 per share; and (iii) include a beneficial ownership blocker that limits the exercise of such warrants if the exercise would result in the holder beneficially owning more than 19.99% of the Company's common stock immediately following the exercise.

We believe that we have sufficient cash to fund our operations for at least the next 12 months. Readers are advised that available resources may be consumed more rapidly than currently anticipated, resulting in the need for additional funding sooner than expected. Should this occur, we will need to seek additional capital earlier than anticipated in order to fund (1) further development and, if needed (2) expenses which will be required in order to expand manufacturing of our products, (3) sales and marketing efforts and (4) general working capital. Such funding may be unavailable to us on acceptable terms, or at all. Our failure to obtain such funding when needed could create a negative impact on our stock price or could potentially lead to the failure of our company. This would particularly be the case if we are unable to commercially distribute our products and services in the jurisdictions and in the timeframes we expect.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Not applicable to smaller reporting companies.

Item 8. Financial Statements and Supplementary Data.

All information required by this item is included in Item 15 of Part IV of this Annual Report and is incorporated into this item by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On January 6, 2023, our board of directors dismissed Halperin Ilanit CPA (the "Former Auditor") as our independent registered public accounting firm.

The audit reports of the Former Auditor on our financial statements for the fiscal years ended December 31, 2021 and 2020 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that the report for the fiscal year ended December 31, 2020 contained an explanatory paragraph stating that there was substantial doubt about our ability to continue as a going concern.

During the fiscal years ended December 31, 2021 and 2020, there were (i) no "disagreements" (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between us and the Former Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of the Former Auditor, would have caused the Former Auditor to make reference to the subject matter of the disagreement in its reports on the Company's financial statements and (ii) no "reportable events" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K and the related instructions).

On January 6, 2023, our Board of Directors approved the engagement of Somekh Chaikin, a member firm of KPMG International (the "New Auditor") as our independent registered public accounting firm, effective upon the effectiveness of the dismissal of the Former Auditor. During the fiscal years ended December 31, 2024 and 2023, neither we, nor anyone on its behalf, consulted the New Auditor regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and no written report or oral advice was provided to us by the New Auditor that the New Auditor concluded was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue or (ii) any matter that was the subject of a "disagreement" (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a "reportable event" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified by SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the CEO and the CFO, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, as in place as of December 31, 2024, evaluated, the effectiveness of our disclosure controls and procedures as of December 31, 2024, pursuant to paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act. This evaluation included a review of the controls' objectives and design, the operation of the controls, and the effect of the controls on the information presented in this Annual Report. Our management, including the CEO and CFO, do not expect that disclosure controls can or will prevent or detect all errors and all fraud, if any. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our CEO and CFO, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Also, the projection of any evaluation of the disclosure controls and procedures to future periods is subject to the risk that the disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on their review and evaluation, and subject to the inherent limitations described above, our CEO and CFO concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of December 31, 2024, at the above-described reasonable assurance level.

During the years ended December 31, 2024 and 2023, management identified the following weaknesses, which were deemed to be material weaknesses in internal controls:

1. Due to the size of the Company and available resources, there is a lack of sufficient segregation of duties.

2. The Company does not have an Independent Audit Committee that can provide management oversight.

Remediation Measures

We plan to remediate these material weaknesses by enhancing our segregation of duties and internal control over financial reporting and by electing an additional independent director (as defined under Nasdaq Listing Rules) to the board of directors and establish an Audit Committee, which will assist our board of directors in overseeing our accounting and financial reporting processes, the audits of our financial statements and internal control over financial reporting. The Audit Committee will also assist the board of directors in overseeing our compliance with legal and regulatory requirements.

We believe the actions described above, once put in place, will be sufficient to remediate the identified material weakness and strengthen our internal control over financial reporting. However, the new and enhanced controls have not yet been put in place and therefore we cannot conclude that the material weakness will be remediated. We will continue to monitor the effectiveness of these controls and will make any further changes management determines appropriate.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even internal controls determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error, and the risk of fraud. The projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies may deteriorate. Because of these limitations, there can be no assurance that any system of internal control over financial reporting will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

This Annual Report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to rules of the Commission that exempt from this requirement issuers that are neither accelerated filers nor large accelerated filers.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the year ended December 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Under the supervision and with the participation of the Company's management, including our principal executive officer and principal financial officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 2013) in Internal Control - Integrated Framework. Based on this assessment, management, as in place as of December 31, 2024, determined that the Company's internal control over financial reporting as of December 31, 2024, was not effective due to the material weakness previously identified as stated above.

Item 9B. Other Information

On May 27, 2021, our board of directors approved the 2021 Plan pursuant to which the Company may issue awards, from time to time, consisting of non-qualified stock options, restricted stock grants and restricted stock units. In addition, stock option awards that qualify under Section 102 of the Israeli Tax Ordinance (New Version) 1961 (the "ITO"), and/or under Section 3(i) of the ITO, may be granted. On March 18, 2025, our board of directors approved an increase in the amount of shares of Common Stock available under the 2021 Plan from 4,800,000 to 9,000,000. In addition, as further elaborated below, the board of directors approved the following grants: (i) 1,000,000 options to purchase shares of Common Stock to Mr. Yossef Balucka, our CEO; (ii) 500,000 options to purchase shares of Common Stock to Mr. Vadim Maor, our CTO, (iii) 120,000 options to purchase shares of Common Stock to Ms. Keren Gousman Golan, our newly appointed Director (iv) 400,000 options to purchase shares of Common Stock to Mrs. Alexandra Papaconstantinou the appointed Managing Director of Duke Greece, and (v) 50,000 options to purchase shares of Common Stock to Mr. Shlomo Zakai, our CFO.

On March 18, 2025, our board of directors appointed Mr. Vadim Maor to serve as our CTO. In conjunction with his appointment, we executed a consulting agreement, dated March 18, 2025, with Mr. Maor (the "Consulting Agreement") to provide the company CTO services, pursuant to which he will be subject to standard confidentiality, intellectual property assignment, non-solicitation and non-compete provisions. In addition, in consideration for his services, Mr. Maor receives a monthly payment of NIS 25,000 (approx. US$6,950). Under the Consulting Agreement, Mr. Maor will also receive a grant of 500,000 options to our Common Stock, at an exercise price of $0.21 per share. The options have the following vesting schedule: 33% of the options will vest after 12 months and the remaining portion will vest in eight equal installments over eight quarters. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

Mr. Maor, age 53, has been proving research and development ("R&D") services to the Company since 2024. Mr. Maor is an experienced head of R&D and technology operations in the computer software industry, possessing strong professional skills in product and technology development (IT & SaaS) and enterprise architecture design. Since 2019 Mr. Maor has been the CEO of OSYM Technologies Ltd., a private technology consulting and services company. Between 2011 to 2018 he has been co-founder and CEO of WiseSec, a private company that developed advanced mobile platform micro-location solutions. From 2001 to 2010 Mr. Maor was a director at Rafael Advanced Defense Systems, and prior to that he worked at the MOD - Israeli Ministry of Defense and at IMI - Israeli Military Industries. Mr. Moar holds a B.A. in Near and Middle Eastern Studies from the Hebrew University of Jerusalem, Israel.

Except as set forth above, there are no other arrangements or understandings between Mr. Maor and any other persons pursuant to which he was named as CTO of the Company and Mr. Maor has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K. There are no family relationships between Mr. Maor and any director or executive officer of the Company.

On March 18, 2025, the board of directors of the Company, appointed Ms. Keren Gousman Golan to serve as a director, effective as of March 31, 2025. Ms. Gousman will serve until her earlier removal or resignation. The board of directors has determined that Ms. Gousman is an independent director as defined under Rule 10A-3 under the Securities Exchange Act of 1934, as amended and as defined under Nasdaq Listing Rules. In accordance with our board of directors resolution dated April 12, 2020 and in consideration of her service, Ms. Gousman will receive a quarterly fee of $1,500. In addition, Ms. Gousman will be paid $400 for each board of directors meeting attended or written resolution. Ms. Gousman will be granted 120,000 options to purchase shares of Common Stock at an exercise price of $0.21 per share and will vest pursuant to three equal installments of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

Ms. Gousman, age 50, has 25 years of extensive experience in managing operations and multi-disciplinary task teams. Until 2022 Ms. Gousman served as Head of the Field Unit at the Israeli Prime Minister Office. Following retirement from the Israeli Prime Minister Office and until 2024 she served as CEO of AIRNETTRESS, a baby mattress company that markets and sells the "numu® air™". In 2024 she served as sales and business development executive for BARIKS, a company that developed portable and foldable oxygen pressure chamber for Hyperbaric Oxygen Therapy (HBOT). Ms. Gousman holds dual-major B.A., from Faculty of Social Sciences from the Tel Aviv University and M.B.A in Business Administration, specializing in Strategy and Business Entrepreneurship from the Ono Academic College.

On February 24, 2025, we executed a consulting agreement with Mrs. Alexandra Papaconstantinou to provide management services as the Managing Director of Duke Robotics Hellas M I.K.E, our wholly owned Greek subsidiary, pursuant to which she will be subject to standard confidentiality, intellectual property assignment, non-solicitation and non-compete provisions.

Mrs. Papaconstantinou, age 47, is based in Athens Greece and is an experienced manager. Between 2004 to 2019 Ms. Papaconstantinou was a managing director of an industrial engineering company. Since 2006 she is an agent in Greece of an Israeli engineering company and from 2019 she serves as the general manager of a real estate company. Mrs. Papaconstantinou holds a BS in Business Administration from the American College of Greece and M.B.A, major in Finance from the University of Sheffield, UK.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

Our directors and executive officer and their ages as of March 20, 2025, are as follows:

Name	Age	Position
Yariv Alroy	64	Chairman
Yossef Balucka	56	Chief Executive Officer and President
Sagiv Aharon	43	Director
Erez Nachtomy	63	Vice Chairman
Eran Antebi	54	Director
Shlomo Zakai	55	Chief Financial Officer
Vadim Maor	53	Chief Technology Officer

Yariv Alroy, Director and Chairman. Mr. Yariv Alroy is the Managing Director of T.N.S.A Consulting and Management LTD., a private consulting services and investments firm. From 1989 to 1993 Mr. Alroy worked for an Israeli law firm, with his last position as a partner. From 1993 to 1997, Mr. Alroy served as COO of SHAHAL Medical Services, and from 1997 to 2000 as Managing Director of SHL International Ltd. From 2000 until January 2016 Mr. Alroy served as Co-CEO of SHL Telemedicine LTD a company in the field of medical technology development and provision of global telemedicine services, including in the United States, Germany, India, Japan and Israel, traded in the Swiss Stock exchange (SWX:SHLTN). From December 2018 to August 2024 Mr. Alroy also served as member of the board of directors and Chairman of SHL Telemedicine. Yariv Alroy holds an LL.B from Tel Aviv University, Israel.

Yossef Balucka, CEO and President. Mr. Yossef Balucka has been serving as CEO and President of our Company, Duke and Duke Israel since March 2021. Prior to entering the private sector, Mr. Balucka served for twenty-five years in various field and headquarters positions in the Israeli Navy and retired as Colonel. Following his retirement from the Israeli Navy, between 2014 to 2016, Mr. Balucka served as a senior executive and management member for retail and customer service at Partner Communications Ltd. (TASE:PTNR), one of the leading mobile telecommunications companies in Israel. From 2017 to 2019 Mr. Balucka served as the CEO of Electra Technologies Ltd., a division of Electra Ltd. (TASE:ELTR), which is active in the fields of integrated electro-mechanical and construction. Since 2019 Mr. Balucka is the owner of T.R. Eshkolot Com Services Ltd., providing global strategic consulting services. Mr. Balucka holds a BA in Economics and Business Administration and an MA in Social Sciences from the Haifa University, and MA in Public Administration from the Bar Ilan University.

Sagiv Aharon, Director. Mr. Sagiv Aharon is the Vice President of Development and Engineering of UVision Air Ltd. that develops aerial loitering systems. Mr. Aharon co-founded Duke Israel and served as the Company's CEO from March 2020 until March 2021. From 2008 to 2010, Mr. Aharon worked at the Israeli Aerospace Industry as a structural design engineer on a classified hybrid structure (composite/metal) air vehicle. From 2010 to 2011, Mr. Aharon worked at Rafael Advanced Weapon Systems Ltd. as a mechanical design engineer for complex active/reactive armor solutions for land vehicles. From 2011 to 2012, Mr. Aharon worked for Elbit Systems Ltd. (NASDAQ:ESLT) as a mechanical design engineer and a system integrator at several remotely operated weapon systems upon land vehicles. Mr. Aharon holds a B.Sc. in mechanical engineering with specialty in control and robotics from the Technion - Israel Institute of Technology.

Erez Nachtomy, Director, Vice Chairman of the Board. Mr. Erez Nachtomy is the Managing Director of Ermi Nachtomy Assets Ltd., a private consulting services and investments firm. From May 2020 until September 2024 Mr. Nachtomy served as CEO of SHL Telemedicine Ltd. (SWX:SHLTN). From 1989 until 2001, Mr. Nachtomy practiced law as an associate in one of the leading law firms in Israel, becoming a partner in the firm in 1994 and later on promoted to a senior partner. In March 2001, Mr. Nachtomy joined the executive team of SHL Telemedicine Ltd. (SWX:SHLTN), as Vice President, and from January 2005 to December 2016 he served as Executive Vice President. SHL Telemedicine Ltd. is active in the field of medical technology development and provision of global telemedicine services, including in the United States, Germany, India and Japan. From December 2018 to February 2024 Mr. Nachtomy also served as Member of the Board of SHL Telemedicine. Mr. Nachtomy holds an LL.B. from Tel Aviv University, Israel.

Eran Antebi, Director. Mr. Antebi is the Senior Finance Director, Global End to End Surgery Supply Chain at Johnson & Johnson. From 2017 to 2022 he served as Finance Director Biosurgery Supply Chain at Johnson & Johnson. Prior to that he was CFO of SHL Telemedicine Ltd. (SWX:SHLTN) since 2008. Mr. Antebi joined SHL in May 2004 as CFO of Shahal Israel. Prior to joining SHL, from 2000 to 2004, Mr. Antebi was a manager with Ernst & Young in Israel. Mr. Antebi is a certified public accountant (CPA) in Israel and holds a B.A. in Accounting and Economics from Tel Aviv University, Israel.

Shlomo Zakai, Chief Financial Officer. Mr. Zakai brings extensive and proven experience in similar positions with companies operating in international markets and related industries. Prior to joining the Company Mr. Zakai served as the Chief Financial Officer of Save Foods, Inc. (OTC:SAFO) (August 2017 to December 2021), Sonovia Ltd. (NNTTF:OTC) (October 2014 to August 2020) and of Todos Medical Ltd. (OTC: TOMDF) (February 2017 till January 2018). Prior to that, Mr Zakai worked as an accountant for nine years at Kost, Forer, Gabbay & Kasierer, an independent registered public accounting firm and a member firm of Ernst & Young Global, where he last served as a Senior Manager and worked with technology companies publicly traded on the Nasdaq Stock Market and on the Tel Aviv Stock Exchange. Mr. Zakai holds a B.A. in accounting from the College of Management in Rishon Le’Zion, Israel.

Vadim Maor, Chief Technology Officer. Mr. Maor was appointed as CTO of our Company, Duke and Duke Israel on March 18, 2025. Prior to that he provided research and development (“R&D”) services to the Company during 2024. Mr. Maor is an experienced head of R&D and technology operations in the computer software industry, possessing strong professional skills in product and technology development (IT & SaaS) and enterprise architecture design. Since 2019 Mr. Maor has been the CEO of OSYM Technologies Ltd., a private technology consulting and services company. Between 2011 to 2018 he has been co-founder and CEO of WiseSec, a private company that developed advanced mobile platform micro-location solutions. From 2001 to 2010 Mr. Maor was a director at Rafael Advanced Defense Systems, and prior to that he worked at the MOD - Israeli Ministry of Defense and at IMI - Israeli Military Industries. Mr. Moar holds a B.A. in Near and Middle Eastern Studies from the Hebrew University of Jerusalem, Israel.

Family Relationship

There is no family relationship among the directors and officers of the Company.

Involvement in Certain Legal Proceedings

Over the past ten (10) years, none of our directors or our executive officer have been (i) involved in any petition under Federal bankruptcy laws or any state insolvency law, (ii) convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses), (iii) subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from (a) acting as a future’s commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity, (b) engaging in any type of business practice, or (c) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws, or (d) subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right to engage in any activity described in (iii)(a), (iv) found by a court of competent jurisdiction in a civil action or by the U.S. Securities and Exchange Commission (the “SEC”) to have violated any Federal or State securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated, (v) found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated. (vi) subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (a) any Federal or State securities or commodities law or regulation, (b) any law or regulation respecting financial institutions or insurance companies, or (c) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity, or (vii) the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member. Except as set forth in our discussion below in “Transactions with Related Persons; Promoters and Certain Control Persons; Director Independence,” none of our directors, director nominees or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

CORPORATE GOVERNANCE

Code of Ethics

We uphold a set of basic values to guide our actions and are committed to maintaining the highest standards of business conduct and corporate governance. Effective March 9, 2020, we adopted an Amended and Restated Code of Business Conduct and Ethics for directors, officers (including our principal executive officer and principal financial officer) and employees, which, in conjunction with our Certificate of Incorporation, and Bylaws, as amended (the “Bylaws”) form the framework for governance of the Company. The Code of Ethics and Business Conduct, Bylaws and Article of Incorporation are available at our corporate offices. Stockholders may request free printed copies of these documents from:

DUKE Robotics Corp.
Attn: CFO
10 HaRimon Street
Mevo Carmel Science and Industrial Park, Israel 2069203

Committees of the Board of Directors

We do not have an audit or compensation committee and have no independent directors that examines transactions of the nature described herein this item. We do not have any audit or compensation committee. The board of directors performs these functions as a whole. Thus, there is a potential conflict in that board members who are also part of management will participate in discussions concerning management compensation and audit issues that may affect management decisions. To the extent possible, a majority of the disinterested members of our board of directors will approve future affiliated transactions. Additionally, because the Company’s Common Stock is not listed for trading or quotation on a national securities exchange, we are not required to have such committees.

Nominees to the Board of Directors

During the Company’s 2024 fiscal year, there were no material changes to the procedures by which security holders may recommend nominees to the board of directors.

Insider Trading Policy

We have adopted an insider trading policy (the “Policy”) governing the purchase, sale and other transactions in our securities that applies to our directors, executive officers, employees, and other covered persons, including immediate family members and entities controlled by any of the foregoing persons, as well as by the Company itself.

The Policy prohibits, among other things, insider trading and certain speculative transactions in our securities (including short sales, buying put and selling call options and other hedging or derivative transactions in our securities) and establishes a regular blackout period schedule during which directors, executive officers, employees, and other covered persons may not trade in the Company’s securities, as well as certain pre-clearance procedures that directors and executive officers must observe prior to effecting any transaction in our securities.

We believe that the Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to us. A copy of the Policy is filed as Exhibit 19.1 to this Form 10-K.

Item 11. Executive Compensation.

Summary Compensation Table

The following sets forth the compensation of our Chief Executive Officer during fiscal 2024, and the other persons who served as executive officers during the Company's fiscal year ended December 31, 2024. Unless otherwise noted, the amounts shown represent what was earned in the Company's fiscal year ended December 31, 2024.

SUMMARY COMPENSATION TABLE - FISCAL YEAR ENDED DECEMBER 31, 2024

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Change in Pension Value and Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Yossef Bakula - CEO	2023	97,568	0	0	20,864	0	0	0	118,431
	2024	110,549	31,830	0	3,149	0	0	0	145,528
Shlomo Zakai - CFO	2023	35,262	0	0	2,685	0	0	0	37,947
	2024	22,957	0	0	793	0	0	0	23,750

Restricted Stock Awards

There were no shares of restricted stock awarded during the Company's fiscal year ended December 31, 2024.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2024

Outstanding Equity Awards at Fiscal Year End

There are no outstanding equity awards for the year ended December 31, 2024 except as disclosed below.

Grants of Plan-Based Awards for 2024

The following table presents the outstanding equity awards held as of December 31, 2024 by our named executive officers and directors, all of which have been issued pursuant to our 2021 Equity Compensation Plan, or the 2021 Plan:

Name	Number of shares that have not vested (#)	Market value of shares that have not vested ($)	Equity incentive plan awards: Number of shares that have not vested (#)	Equity incentive plan awards: Market value of shares that have not vested ($)
Yossef Bakula	-	-	-	-
Erez Nachtomy	-	-	-	-
Eran Antebi	-	-	-	-
Sagiv Aharon	-	-	-	-
Shlomo Zakai	-	-	-	-

Pension Benefits

We have no arrangements or plans, except for those we are obligated to maintain pursuant to the Israeli law, under which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive share options or restricted shares at the discretion of our Board in the future.

Nonqualified Deferred Compensation

The Company does not have a Deferred Compensation Plan for its executive officers.

Other Potential Post-Employment Payments

As of December 31, 2024, there were no named executives with employment contracts that require or required severance or other post-employment payments.

Summary Information about Equity Compensation Plans

Equity Compensation Plan Information

On May 27, 2021, our Board of Directors approved the 2021 Plan, pursuant to which we may issue awards, from time to time, consisting of non-qualified stock options, restricted stock grants and restricted stock units ("RSUs"). In addition, stock option awards that qualify under Section 102 of the Israeli Tax Ordinance (New Version) 1961 (the "ITO"), and/or under Section 3(i) of the ITO, may be granted. A summary of the 2021 Plan is found below.

Under the 2021 Plan, options, restricted share and RSUs may be granted to our officers, directors, employees and consultants or the officers, directors, employees and consultants of our subsidiary. On March 18, 2025, our board of directors approved an increase in the amount of shares of Common Stock available under the 2021 Plan from 4,800,000 to 9,000,000. To the extent that an award lapses or is forfeited, the shares subject to such Award will again become available for grant under the terms of the 2021 Plan.

We do not have any formal policy that requires the Company to grant, or avoid granting, equity-based compensation at certain times. We do not grant equity awards in anticipation of the release of material nonpublic information that is likely to result in changes to the price of our common stock, and do not time the public release of such information based on award grant dates. The timing of any equity grants to executive officers or directors in connection with new hires, promotions, or other non-routine grants is tied to the event giving rise to the award (such as an executive officer's commencement of employment or promotion effective date).

On March 18, 2025, our board of directors approved the following grants: (i) 1,000,000 options to purchase shares of Common Stock to Mr. Yossef Balucka, our CEO; (ii) 500,000 options to purchase shares of Common Stock to Mr. Vadim Maor, our CTO, (iii) 120,000 options to purchase shares of Common Stock to Ms. Gousman, our newly appointed Director, (iv) 400,000 options to purchase shares of Common Stock to Mrs. Alexandra Papaconstantinou the appointed Managing Director of Duke Greece, (v) 50,000 options to purchase shares of Common Stock to Mr. Shlomo Zakai, our CFO.

The following table summarizes certain information regarding our equity compensation plans as of December 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plan not approved by security holders	2,426,812	0.81	2,373,188

No Loans for Option Exercises. It is our policy to not make loans to employees or officers for the purpose of paying for the exercise of stock options.

Director Compensation

We reimburse directors for out-of-pocket expenses they incur when attending meetings of the board of directors. On April 12, 2020, effective as of March 1, 2020, our board of directors approved payment of certain fees to our directors in the amounts of $4,980, $4,980 and $6,950 per month to our directors, Yariv Alroy, Sagiv Aharon and Erez Nachtomy (each, an “Active Director”), respectively. On April 12, 2020, we also enacted a policy to pay each director (that is not otherwise an Active Director) an amount of $1,500 for each calendar quarter and $400 for attendance of each meeting of the board of directors. On May 12, 2024, the board of directors approved an increase of $3,050 per month, in the compensation received by Mr. Erez Nachtomy, from $6,950 per month to $10,000 per month, for his service as a member of the board of directors. These amounts are exclusive of Israeli VAT, if applicable.

The following table provides information regarding compensation earned by, awarded or paid to each person for serving as a director who is not an executive officer during the fiscal year ended December 31, 2024:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Yariv Alroy	59,868	-	59,868
Sagiv Aharon	59,782	1,904	61,686
Erez Nachtomy	107,810	3,173	110,983
Eran Antebi	8,400	1,904	10,304

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information as of March 20, 2025 regarding the beneficial ownership of our common stock, for:

- each person (or group of affiliated persons) who, insofar as we have been able to ascertain, beneficially owned more than 5% of the outstanding shares of our common stock;
- each director;
- each named executive officer; and
- all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Except as otherwise indicated, each person or entity named in the table has sole voting and investment power with respect to all shares of our capital shown as beneficially owned, subject to applicable community property laws.

In computing the number and percentage of shares beneficially owned by a person, shares that may be acquired by such person within 60 days of the date of this prospectus are counted as outstanding, while these shares are not counted as outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, the address of each person listed below is c/o Duke Robotics Ltd., 10 HaRimon Street, Mevo Carmel Science and Industrial Park, Israel, Israel 2069203.

We relied on information received from each stockholder as to beneficial ownership, including information contained on Schedules 13D and 13G and Forms 3, 4 and 5. As of March 18, 2025, there were 54,218,813 shares of common stock issued and outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
5% Stockholders:		
Afek Trading - Kadosh and Razi Ltd.(2)	7,423,895	13.69%
Y.D More Investments Ltd. (3)	22,500,000	34.37%
Named Executive Officers:		
Sagiv Aharon	5,024,537	9.25%
Yariv Alroy	5,813,267	10.72%
Eran Antebi	120,000	0.22%
Yossef Balucka	450,000	0.82%
Erez Nachtomy	1,516,801	2.72%
Shlomo Zakai	50,000	0.09%
Keren Gousman Golan	-	-%
Vadim Maor	-	-%
All directors and executive officers as a group (7 Persons)**	12,739,605	23.52%

(1) The persons named in this table have sole voting and investment power with respect to all shares of common stock reflected as beneficially owned by them. A person is deemed to be the beneficial owner of securities that can be acquired by such person within sixty (60) days from March 20, 2025, and the total outstanding shares used to calculate each beneficial owner's percentage includes such shares, although such shares are not taken into account in the calculations of the total number of shares or percentage of outstanding shares. Beneficial ownership as reported does not include shares subject to option or conversion that are not exercisable within 60 days of March 20, 2025.

(2) Address: C/O Mr. Amir Kadosh, Zabotinsky 50, Givat Shmuel, Israel.

(3) Based solely on information contained in Form 13D filed with the SEC on June 20, 2024. Includes (i) 10,000,000 shares of Common Stock and 10,000,000 warrants exercisable into 10,000,000 shares of Common Stock), held directly by More Co-Invest (L.P.), Limited Partnership, an Israeli limited partnership, whose general partner, More Co-Invest 1 (G.P.) Ltd., is controlled by Y.D More Investments Ltd. Y.D More Investments Ltd. is an Israeli public company controlled through a voting agreement among the following individuals: (a) Yosef Meirov, directly and through B.Y.M. Mor Investments Ltd., a company he controls with Michael Meirov and Dotan Meirov, (b) Benjamin Meirov (c) Yosef Levy and (d) Eli Levy through Elldot Ltd., a wholly owned company.

Changes in Control

There are no arrangements known to the Company, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Transactions with Related Persons

During the fiscal years ended December 31, 2023 and 2024, we did not participate in any transaction, and we are not currently participating in any proposed transaction, or series of transactions, in which the amount involved exceeded the lesser of $120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years, and in which, to our knowledge, any of our directors, officers, five percent beneficial security holders, or any member of the immediate family of the foregoing persons had, or will have, a direct or indirect material interest.

Director Independence

Our board of directors has determined that Mr. Eran Antebi and Mr. Erez Nachtomy are "independent" directors, as defined by SEC rules and under the Nasdaq Listing Rules.

Item 14. Principal Accounting Fees and Services.

Our independent registered public accounting firm for the year ended December 31, 2024 is Somekh Chaikin, a member firm of KPMG International, located in Tel Aviv, Israel, PCAOB ID 1057.The following is a summary of the fees billed by Somekh Chaikin, during the calendar years ended December 31, 2024 and 2023:

Fee category	2024	2023
Audit Fees	$ 105,000	$ 105,000
Audit - related fees	-	-
Tax fees	$ 10,000	$ 10,000
All other fees	-	-
Total fees	$ 115,000	$ 115,000

Audit fees - Consists of fees for professional services rendered by our principal auditor for the audit of our annual financial statements and the review of financial statements included in our Forms 10-Q or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related fees - Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees."

Tax fees - Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All other fees - Consists of fees for products and services provided by our principal accountants, other than the services reported under "Audit fees," "Audit-related fees" and "Tax fees" above.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(b) Exhibits.

Exhibit Number	Description
2.1	Share Exchange Agreement dated March 4, 2020, by and among the Company, and the shareholders of Duke Robotics, Inc. who execute and deliver this Share Exchange Agreement. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2020).
2.2	Agreement and Plan of Merger, dated April 29, 2020, by and among the Company, Duke Robotics, Inc., and UAS Acquisition Corp. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 29, 2020).
3.1	Articles of Incorporation as filed on February 4, 2015 (incorporated by reference to our Registration Statement on Form S-1 filed on August 25, 2019).
3.2	Bylaws, as amended, on March 4, 2020 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2020).
3.3	Certificate of Amendment to the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on October 29, 2024)
4.1	Description of Securities (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 13, 2020).
4.2	Form of Warrant (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 12, 2021).
10.1	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 12, 2021).
10.2	2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 2021).
10.3***	Collaboration Agreement, dated January 29, 2021, by and between Duke Airborne Systems Ltd. and Elbit Systems Land Ltd. (translation from Hebrew) (incorporated by reference to Exhibit 10.8 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2021).
10.4	Services Agreement, dated March 25, 2021, between the Company and Yossef Balucka. (incorporated by reference to Exhibit 10.9 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2021).

Exhibit Number	Description
10.5	Amendment to Services Agreement between the Company and Mr. Yossef Balucka, dated August 4, 2024 (incorporated by reference to Exhibit 10.1 to our quarterly report on Form 10-Q filed with the SEC on August 7, 2024).
10.6*	Consulting Agreement, dated March 18, 2025, between the Company and Vadim Maor.
10.7	Warrant Extension Agreement, dated April 5, 2022, between the Company and the investors signatory thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 8, 2022).
10.8	Warrant Extension Agreement, dated November 1, 2023, between the Company and the investors signatory thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 3, 2023).
10.9	Form of Warrant Amendment Agreement, dated June 20, 2024, between the Company and certain warrant holders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2024).
14.1	Amended and Restated Code of Business Conduct and Ethics. (incorporated by reference to Exhibit 14.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2020).
19.1*	Insider Trading Policy
21.1*	List of Subsidiaries of the Company.
31.1*	Certification of Chief Executive Officer pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101	The following materials from the Registrant, formatted in inline XBRL (Extensible Business Reporting Language): (i) Balance Sheets as of December 31, 2024 and 2023, (ii) Statements of Operations for the years ended December 31, 2024 and 2023, (iii) Statements of Stockholders' Deficit for the years ended December 31, 2024 and 2023, (iv) Statements of Cash Flows for the years ended December 31, 2024, and 2023, and (v) Notes to Financial Statements.**
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** Furnished herewith.
*** Certain identified information in the exhibit has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the Company if publicly disclosed.

(c) Financial Statement Schedules.

The following documents are filed as part of this Report:

1. Financial Statements

See Index to Financial Statements

2. Financial Statement Schedules:

All financial statement schedules have been omitted because they are not applicable or the required information is presented in the financial statements or the notes to the financial statements.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

DUKE ROBOTICS CORP.

Date: March 20, 2025

By: /s/ Yossef Balucka
Yossef Balucka
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Shlomo Zakai
Shlomo Zakai
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 20, 2025

By: /s/ Yossef Balucka
Yossef Balucka
Chief Executive Officer
(Principal Executive Officer)

Date: March 20, 2025

By: /s/ Shlomo Zakai
Shlomo Zakai
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: March 20, 2025

By: /s/ Yariv Alroy
Yariv Alroy
Chairman of the Board

Date: March 20, 2025

By: /s/ Erez Nachtomy
Erez Nachtomy
Vice Chairman of the Board

Date: March 20, 2025

By: /s/ Sagiv Aharon
Sagiv Aharon
Director

Date: March 20, 2025

By: /s/ Eran Antebi
Eran Antebi
Director

DUKE ROBOTICS CORP.
(FORMERLY UAS DRONE CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

DUKE ROBOTICS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Duke Robotics Corp. (formerly: UAS Drone Corp.):

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Duke Robotics Corp. (formerly: UAS Drone Corp.) and its subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of comprehensive loss, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Somekh Chaikin

Member Firm of KPMG International

We have served as the Company's auditor since 2023.

Tel Aviv, Israel
March 20, 2025

DUKE ROBOTICS CORP.
CONSOLIDATED BALANCE SHEETS
(USD in thousands except share and per share data)

	December 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	1,256	2,281
Restricted Cash	31	-
Trade receivables	37	-
Other current assets (Note 3)	31	41
Total Current Assets	1,355	2,322
Operating lease right-of-use asset and lease deposit (Note 4)	184	117
Property and equipment, net (Note 5)	88	40
Total Assets	**1,627**	**2,479**
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	92	98
Operating lease liability	60	52
Other liabilities (Note 6)	193	161
Total current liabilities	345	311
Related parties loans (Note 7)	322	314
Operating lease liability (Note 4)	109	46
Total Liabilities	**776**	**671**
Stockholders' Equity (Note 8)		
Common stock of US$ 0.0001 par value each ("Common Stock"): 100,000,000 shares authorized as of December 31, 2024 and 2023; issued and outstanding 54,218,813 shares as of December 31, 2024 and 2023.	5	5
Additional paid-in capital	12,008	11,750
Accumulated deficit	(11,162)	(9,947)
Total Stockholders' Equity	851	1,808
Total liabilities and stockholders' Equity	**1,627**	**2,479**

The accompanying notes are an integral part of the consolidated financial statements.

DUKE ROBOTICS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(USD in thousands except share and per share data)

	Year ended December 31,	
	2024	**2023**
Revenues (Note 11(2))	108	300
Cost of revenues	(71)	(273)
Gross profit	37	27
Research and development expenses	(157)	(3)
General and administrative expenses (Note 10)	(905)	(826)
Operating loss	(1,025)	(802)
Financial income, net	40	76
Net loss	(985)	(726)
Loss per share (basic and diluted) (Note 13)	(0.02)	(0.02)
Basic and diluted weighted average number of shares of Common Stock outstanding	54,651,600	54,530,423

The accompanying notes are an integral part of the consolidated financial statements.

DUKE ROBOTICS CORP.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(USD in thousands, except share and per share data)

	Number of Shares	Amount	Additional paid-in capital	Accumulated deficit	Total stockholders' equity (deficit)
BALANCE AT DECEMBER 31, 2022	**54,218,813**	**5**	**11,437**	**(9,016)**	**2,426**
Stock-based compensation for services	**-**	-	108	-	**108**
Warrants modification (note 8)	**-**	-	205	(205)	**-**
Net loss for the year	**-**	-	-	(726)	**(726)**
BALANCE AT DECEMBER 31, 2023	**54,218,813**	**5**	**11,750**	**(9,947)**	**1,808**
Stock-based compensation for services	**-**	-	28	-	**28**
Warrants modification (note 8)	**-**	-	230	(230)	**-**
Net loss for the year	**-**	-	-	(985)	**(985)**
BALANCE AT DECEMBER 31, 2024	**54,218,813**	**5**	**12,008**	**(11,162)**	**851**

The accompanying notes are an integral part of the consolidated financial statements.

DUKE ROBOTICS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD in thousands, except share and per share data)

	Year ended December 31,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(985)	(726)
Adjustments required to reconcile net loss for the year to net cash used in operating activities:		
Depreciation	29	20
Stock-based compensation	28	108
Interest on loans from related parties	8	9
Decrease in the carrying amount of right-of-use assets	51	43
Change in operating lease liability	(48)	(47)
Increase in trade receivable	(37)	-
Decrease in other current assets	10	47
Increase (decrease) in accounts payable	(6)	13
Increase (decrease) in other liabilities	32	(15)
Net cash used in operating activities	(918)	(548)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(77)	(18)
Net cash used in investing activities	(77)	(18)
Effect of exchange rate changes on cash and cash equivalents	1	(2)
DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(994)	(568)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	2,281	2,849
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	1,287	2,281
Supplemental disclosure of cash flow information:		
Non cash transactions:		
Initial recognition of operating lease	119	146

The accompanying notes are an integral part of the consolidated financial statements.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 1 – GENERAL

A. DUKE ROBOTICS CORP. (FORMERLY UAS DRONE CORP.) ("the Company") was incorporated under the laws of the State of Nevada on February 4, 2015.

On March 9, 2020, the Company closed on the Share Exchange Agreement (as defined hereunder), pursuant to which, Duke Robotics, Inc. ("Duke Inc.") a corporation incorporated under the laws of the state of Delaware, became a majority-owned subsidiary of the Company. Duke Inc. has a wholly-owned subsidiary, Duke Airborne Systems Ltd. ("Duke Israel," and collectively with Duke Inc., "Duke"), which was formed under the laws of the State of Israel in March 2014 and became the sole subsidiary of Duke after its incorporation.

On April 29, 2020, the Company, Duke Inc., and UAS Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("UAS Sub"), executed an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which UAS Sub merged with and into Duke Inc., with Duke Inc. surviving as our wholly-owned subsidiary (the "Short-Form Merger"). Upon closing of the Short-Form Merger, each outstanding share of UAS Sub's common stock, par value $0.0001 per share, was converted into and became one share of common stock of Duke Inc., with Duke Inc. surviving as a wholly-owned subsidiary of the Company.

Following the above transactions, Duke Israel became a wholly-owned subsidiary of Duke Inc., which is a wholly-owned subsidiary of the Company.

The Company (collectively with Duke, the "Group") is a robotics company dedicated to developing an advanced robotics stabilization system that enables remote, real-time, pinpoint accurate firing of small arms and light weapons as well as other civilian applications, with an emphasis in the field of routine infrastructure maintenance. The Company offers high-voltage insulator washing abilities using its innovative Insulator Cleaning ("IC") Drone system. This technology provides an efficient and safe method for cleaning high-voltage insulators, improving their performance, enhancing safety, and reducing maintenance costs.

On October 28, 2024, the Company filed a certificate of amendment to its Articles of Incorporation with the Nevada Secretary of State to change the Company's corporate name from UAS Drone Corp. to DUKE Robotics Corp. effective as of November 4, 2024.

The Company's Common Stock is quoted on the OTC Markets Group, Inc.'s OTCQB® tier Venture Market, under the symbol "DUKR" ("USDR" prior to November 4, 2024).

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 1 – GENERAL (continue)

B. In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of horrific terrorist attacks on civilian and military targets. Following the attack, Israel's security cabinet declared war and commenced a military campaign in Gaza against Hamas. Since the commencement of these events, there have been additional active hostilities, including military operations focused in southern Lebanon against Hezbollah, air force operations against the Houthi movement in Yemen and multiple airstrikes in Iran, in response to Iranian missile attacks. In October 2024, Israel began ground operations against Hezbollah in Lebanon culminating in a 60-day cease fire agreed to between Israel and Lebanon on November 27, 2024. On January 27, 2025, the ceasefire between Israel and Lebanon was extended to February 18, 2025. Following February 18, 2025, Israeli forces retained control over strategic positions in southern Lebanon while seeking for diplomatic efforts to resolve the dispute. On January 19, 2025, a temporary ceasefire between Israel and Hamas went into effect, the result of which is uncertain. While ceasefire agreements have been reached, there is no guarantee that the parties will continue to comply with the terms of the agreements and, accordingly, it is possible that these hostilities will resume with little to no warning and that additional terrorist organizations and, possibly, countries will actively join the hostilities. Such clashes may escalate in the future into a greater regional conflict.

Due to the fact that most of our operations are conducted in Israel and all members of the Company's board of directors, management, as well as a majority of its employees and consultants, including employees of its service providers, are located in Israel, the Company's business and operations are directly affected by economic, political, geopolitical and military conditions affecting Israel. Although the current war has not materially impacted the Company's business or operations as of the date of this report, any escalation or expansion of the war could have a negative impact on both global and regional conditions and may adversely affect the Company's business, financial condition, and results of operations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

A. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries Duke Inc., and Duke Israel. All significant intercompany balances and transactions have been eliminated on consolidation.

B. Use of Estimates in the preparation of financial statements

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, certain revenues and expenses, and disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

C. Cash and cash equivalents

Cash equivalents are short-term highly liquid investments which include short term bank deposits (up to three months from date of deposit), that are not restricted as to withdrawals or use that are readily convertible to cash with maturities of three months or less as of the date acquired.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continue)

D. Functional currency

Most of the Group's costs are denominated and determined in dollars. Management believes that the dollar is the currency in the primary economic environment in which the Group operates. Thus, the functional and reporting currency of the Group is the U.S. dollar. Transactions and monetary balances in other currencies are translated into the functional currency using the current exchange rate.

Accordingly, monetary accounts maintained in currencies other than the dollar are remeasured into dollars in accordance with Accounting Standards Codification (ASC) 830, "Foreign Currency Matters". All transaction gains and losses of the remeasured monetary balance sheet items are reflected in the statements of comprehensive loss as financial income or expenses, as appropriate.

E. Liquidity

Since inception, the Company has incurred losses and negative cash flows from operations. The Company has financed its operations mainly through fundraising from various investors.

Based on the projected cash flows and cash balances as of the date of these financial statements, management is of the opinion that its existing cash will be sufficient to meet its obligations for a period which is longer than 12 months from the date of the approval of these consolidated financial statements.

F. Property, plant and equipment, net

1. Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. When an asset is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition is reflected in the Statements of Comprehensive Loss.

2. Rates of depreciation:

	%
Furniture and office equipment	7-15
Computers	33
Drones	50
Vehicles	15
Office improvements	5

G. Impairment of long-lived assets

The Group's long-lived assets are reviewed for impairment in accordance with ASC Topic 360, "Property, Plant and Equipment", 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 the future undiscounted 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 asset exceeds its fair value. No impairment expenses were recorded during the years ended December 31, 2024 or 2023.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continue)

H. Income taxes

Income taxes are accounted for under the asset and liability method. The Group accounts for income taxes in accordance with ASC Topic 740, "Income Taxes". Accordingly, deferred taxes are determined based on the estimated future tax effects of differences between the financial statement carrying amount and the tax bases of assets and liabilities under the applicable tax law. Deferred tax balances are computed using the enacted tax rates expected to be in effect when these differences reverse. Valuation allowances in respect of deferred tax assets are provided for, if necessary, to reduce deferred tax assets to amounts more likely than not to be realized. Taxes on GILTI are accounted for as period costs similar to special deductions.

The Group accounts for tax positions in accordance with ASC Topic 740-10, which prescribes detailed guidance for the financial statement recognition, measurement and disclosure of tax positions in an enterprise's financial statements. According to ASC Topic 740-10, tax positions must meet a more-likely-than-not recognition threshold. Recognized tax positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized. The Company's accounting policy is to classify interest and penalties relating to income taxes under income taxes, however the Company did not recognize such items in its fiscal 2024 and 2023 financial statements and did not record any unrecognized tax benefits in its balance sheets.

I. Revenue recognition

The Group provides services to customers and has related performance obligations and recognizes revenue in accordance with ASC 606. Revenues are recognized when the Group satisfies performance obligations under the terms of its contracts, and control of its services or products is transferred to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the transaction price, allocating the transaction price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a good or product to a customer, meaning the customer has the ability to direct the use and obtain the benefit of the product. The Company has elected to use the practical expedient provided in ASC 606-10-55-18, which allows revenue to be recognized in the amount to which the Company has a right to invoice. This method is applied to contracts where the invoicing aligns with the performance obligations satisfied over time. (see note 11(2)).

J. Research and development expenses

Research and development expenses are charged to operations as incurred.

K. Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the period applicable to shareholders, by the weighted average number of shares of common stock outstanding during the period.

In computing diluted loss per share, basic loss per share is adjusted to reflect the potential dilution that could occur upon the exercise of potential shares. Accordingly, in 2024 and 2023, no potential shares are considered.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continue)

L. Stock-based compensation

The Company measures and recognizes the compensation expense for all equity-based payments to non employees directors and officers based on their estimated fair values in accordance with ASC 718, "Compensation-Stock Compensation". Stock-based payments including grants of stock options are recognized in the statement of comprehensive loss as an operating expense based on the fair value of the award at the date of grant. The fair value of stock options granted is estimated using the Black-Scholes option-pricing model. The Company has expensed compensation costs, net of estimated forfeitures, over the requisite service period.

M. Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents as well as certain other current assets that do not amount to a significant amount. Cash and cash equivalents, which are primarily held in Dollars and New Israeli Shekels, are deposited with major banks in Israel and the United States. Management believes that such financial institutions are financially sound and, accordingly, minimal credit risk exists with respect to these financial instruments. The Company does not have any significant off-balance-sheet concentration of credit risk, such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

N. Commitments and Contingencies

The Company records accruals for loss contingencies arising from claims, litigation and other sources when it is probable that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or additional information becomes available. Legal costs incurred in connection with loss contingencies are expensed as incurred.

O. Fair Value Measurements

Fair value of certain of the Company's financial instruments including cash, accounts receivable, account payable, accrued expenses, accounts payable, and other accrued liabilities approximate cost because of their short maturities. The Company measures and reports fair value in accordance with ASC 820, "Fair Value Measurements and Disclosure" ("ASC 820") defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value investments.

Fair value, as defined in ASC 820, is 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. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of non-performance, which includes, among other things, the Company's credit risk.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continue)

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity, and that are significant to the fair values.

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earning are reported in the statement of comprehensive loss.

P. Leases

The Company determines if an arrangement is or contains a lease at contract inception.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company generally uses the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in statement of comprehensive loss.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continue)

Q. New Accounting Pronouncements

Recently Adopted Accounting Standards

Segment Reporting: In November 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. It requires incremental disclosures related to an entity’s reportable segments, including (i) significant segment expense categories and amounts for each reportable segment that are provided to the chief operating decision maker (“CODM”), (ii) an aggregate amount and description of other segment items included in each reported measure, (iii) all annual disclosures about a reportable segment’s profit or loss and assets required by Topic 280 to be disclosed in interim periods, (iv) the title and position of the individual or the name of the group identified as the CODM and (v) an explanation of how the CODM uses the reported measures of segment profit or loss to assess performance and allocate resources to the segment. The standard improves transparency by providing disaggregated expense information about an entity’s reportable segments. The standard does not change the definition of a segment, the method for determining segments or the criteria for aggregating operating segments into reportable segments. This guidance is effective for annual reporting periods beginning after December 15, 2023, and interim reporting periods beginning after December 15, 2024. The Company adopted this guidance retrospectively, providing the additional disclosures as required. See note 15, for more information.

Accounting Standards Not Yet Adopted

Income Taxes: In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). The amendments in this ASU add specific requirements for income tax disclosures to improve transparency and decision usefulness. The guidance in ASU 2023-09 requires that public business entities disclose specific categories in the income tax rate reconciliation and provide additional qualitative information for reconciling items that meet a quantitative threshold. In addition, the amendments in ASU 2023-09 require that all entities disclose the amount of income taxes paid disaggregated by federal, state, and foreign taxes and disaggregated by individual jurisdictions. The ASU also includes other disclosure amendments related to the disaggregation of income tax expense between federal, state and foreign taxes. The guidance is effective for the Company for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this update should be applied on a prospective basis and retrospective application is permitted. The Company does not expect this ASU to have a material effect on its consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03 Income Statement- Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40). The ASU improves the disclosures about a public business entity’s expenses and provides more detailed information about the types of expenses in commonly presented expense captions. The amendments require that at each interim and annual reporting period an entity will, inter alia, disclose amounts of purchases of inventory, employee compensation, depreciation and amortization included in each relevant expense caption (such as cost of sales, selling, general and administrative expenses, and research and development). Amounts remaining in relevant expense captions that are not separately disclosed will be described qualitatively. Certain amounts that are already required to be disclosed under currently effective U.S GAAP will be included in the same disclosure as the other disaggregation requirements. The amendments also require disclosing the total amount of selling expenses and, in annual reporting periods, the definition of selling expenses. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating this ASU to determine its impact on the Company’s disclosures.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 3 – OTHER CURRENT ASSETS

	December 31,	
	2024	**2023**
Prepaid and deferred expenses	21	24
Government Institutions	10	17
	31	**41**

NOTE 4 – LEASES

A. On April 4, 2022, the Company signed a lease agreement for an office space in Mevo Carmel Science and Industry Park, Israel for a term of 3 years, with an option to extend the term of the lease agreement for an additional 2 years. The monthly lease payments under the lease agreement, for the first two years are NIS 16.5 (approximately $4.6) and for the third year NIS 17.2 (approximately $4.8). The monthly lease payments for the option period will be agreed between the parties, with a minimum increase of 5% above the third years monthly payments. Lease payment are linked to the Israeli Consumer Price Index. The property became available for the Company's use in February 2023. Based on the lease agreement terms, the Company made a deposit of $15 as a guarantee for its lease commitments. As of December 31, 2024, the Company estimates it will utilize the 2 years extension option under the above lease agreement.

B. The components of operating lease expense for the period ended December 31, 2024 and 2023 were as follows:

	December 31,	
	2024	**2023**
Operating lease expense	54	53

C. Supplemental cash flow information related to operating leases was as follows:

	December 31,	
	2024	**2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	59	52
Right-of-use assets obtained in exchange for lease obligations (non-cash):		
Operating leases	119	146

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 4 – LEASES (continue)

D. Supplemental balance sheet information related to operating leases was as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Operating leases:		
Operating leases right-of-use asset and lease deposit	184	117
Current operating lease liabilities	60	52
Non-current operating lease liabilities	109	46
Total operating lease liabilities	169	98
Weighted average remaining lease term (years)	3.08	2.09
Weighted average discount rate	8.75%	8.75%

E. Future minimum lease payments under leases as of December 31, 2024 are as follows:

2025	63
2026	66
2027	61
2028	1
Total operating lease payments	191
Less: imputed interest	(22)
Present value of lease liabilities	169

NOTE 5 – PROPERTY AND EQUIPMENT, NET

	December 31, 2024	December 31, 2023
Computers	10	10
Furniture and office equipment	14	14
Drones	52	-
Vehicles	25	-
Leasehold improvements	66	66
	167	90
Less - accumulated depreciation	(79)	(50)
Total property and equipment, net	**88**	**40**

In the years ended December 31, 2024 and 2023, depreciation expenses amounted to $29 and $20 respectively, and additional property and equipment were purchased for cash in an amount of $77 and $18 during the years ended December 31, 2024 and 2023, respectively.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 6 – OTHER LIABILITIES

	December 31,	
	2024	**2023**
Accrued expenses	180	148
Other (note 8)	13	13
	193	**161**

NOTE 7 – RELATED PARTIES LOANS

The Company has outstanding loans with related parties. The loans bear an annual fixed interest rate of 3% and shall be repaid (principal and interest) at the date upon which the Company has raised at least $15 million and has achieved earnings before interest, tax, depreciation and amortization of $3 million.

NOTE 8 – SHAREHOLDERS' EQUITY

Description of the rights attached to the Shares in the Company:

Common stock:

The holders of shares of Common Stock vote together as one class on all matters as to which holders of Common Stock are entitled to vote. Except as otherwise required by applicable law and subject to the preferential rights of any outstanding preferred stock, all voting rights are vested in and exercised by the holders of Common Stock with each share of our Common Stock being entitled to one vote, including in all elections of directors. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. In the event of the Company's liquidation, dissolution or winding up, holders of the Common Stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior liquidation rights of preferred stock, if any, then outstanding. The Common Stock has no cumulative voting rights and no preemptive or other rights to subscribe for shares of the Company. There is no redemption or sinking fund provisions applicable to the Common Stock. All shares of Common Stock currently outstanding are fully paid and non-assessable. As of December 31, 2024 and 2023, there were no outstanding preferred stock.

Transactions:

On May 11, 2021, the Company entered into Securities Purchase Agreements (the "Securities Purchase Agreements") with eight (8) non-U.S. investors, pursuant to which the Company, in a private placement offering (the "Offering"), agreed to issue and sell to the investors an aggregate of: (i) 12,500,000 shares of the Company's Common Stock, at a price of $0.40 per share; and (ii) warrants (the "Warrants") to purchase 12,500,000 Company's Common Stock. The Warrants were exercisable immediately at the time of issuance for a term of 18 months and have an exercise price of $0.40 per share. The aggregate gross proceeds from the Offering were approximately $5,000. The Company recorded $1,070 of issuance costs.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 8 – SHAREHOLDERS' EQUITY (continue)

On May 11, 2021, the Company signed a service agreement with a non U.S. third party pursuant to which the service provider agreed to provide the Company with financial and project oversight services with respect to the Offering. Pursuant to the service agreement, the Company agreed to pay the service provider (1) 6% of the investment amounts received which amounted to $351 and (2) options to receive a number of units (each unit for a price of $0.40 includes one share and one warrant with an exercise price of $0.40 per share) equal to 6% of the investment amount received, divided by $0.40 (totaling to 3,000,000 warrants).

In the event that the investors that participated in the Offering exercise their Warrants, the service provider shall be entitled to receive an additional payment of (1) 6% of the investment amounts received (2) 6% of the warrants exercised amounts received and (3) options to receive a number of units equal to 6% of the warrants exercised amounts received, divided by $0.40.

On April 5, 2022, the Company and the investors executed an extension agreement, such that the term of the Warrants was extended so that they expire on November 11, 2023.

On November 1, 2023, the Company and the investors executed an addition extension agreement, such that the term of the Warrants was extended so that they expire on November 11, 2024.

On June 20, 2024, the Company entered into a warrant amendment agreement with certain existing warrant holders (the "Holders") of certain Common Stock purchase warrants (the "June 2024 Amendment"). According to the June 2024 Amendment agreement, the Company and Holders agreed to (i) extend the warrant exercise term to May 11, 2026; (ii) amend the warrant exercise price and increase it from $0.40 per share to $0.65 per share; and (iii) include a beneficial ownership blocker that limits the exercise of such warrants if such exercise would result in the holder beneficially owning in excess of 19.99% of the number of shares of the Company's Common Stock immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of the warrant.

The Company accounted for the Warrants amendments as deemed dividends. The fair value of the Warrants modifications was estimated using the Black-Scholes option-pricing model and is presented within the consolidated statements of changes in shareholders equity as a credit to additional paid in capital and a debit to the accumulated deficit.

The following are the data and assumptions used:

	November 1, 2023	**June 20, 2024**
Dividend yield	0	0
Expected volatility (%)	128.44-184.22%	125.58-143.75%
Risk-free interest rate (%)	5.44-5.56%	4.70-5.37%
Contractual term of options (years)	0.03-1.11	0.39-1.98
Exercise price (US dollars)	0.4	0.4-0.65
Share price (US dollars)	0.08	0.07
Fair value (USD in thousands)	205	230

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 – STOCK BASED COMPENSATION

The following table presents the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31,2022	2,426,812	0.81
Granted	-	-
Exercised	-	-
Forfeited or expired	-	-
Outstanding at December 31,2023	2,426,812	0.81
Granted	-	-
Exercised	-	-
Forfeited or expired	-	-
Outstanding on December 31, 2024	2,426,812	0.81
Number of options exercisable on December 31, 2024	2,426,812	0.81

The aggregate intrinsic value of the awards outstanding as of December 31, 2024 is $67. These amounts represent the total intrinsic value, based on the Company's stock price of $0.15 as of December 31, 2024, less the weighted exercise price.

The stock options outstanding as of December 31, 2024, have been separated into exercise prices, as follows:

Exercise price	Stock options outstanding	Weighted average remaining contractual life – years	Stock options exercisable
	As of December 31, 2024		
0.0001	450,000	1.23	450,000
0.38	1,256,822	2.53	1,256,822
1.00	99,369	2.50	99,369
2.25	620,621	2.50	620,621
	2,426,812	2.28	2,426,812

The stock options outstanding as of December 31, 2023, have been separated into exercise prices, as follows:

Exercise price	Stock options outstanding	Weighted average remaining contractual life – years	Stock options exercisable
	As of December 31, 2023		
0.0001	450,000	2.23	337,500
0.38	1,256,822	3.53	942,617
1.00	99,369	3.50	99,369
2.25	620,621	3.50	527,466
	2,426,812	3.28	1,906,952

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 – STOCK BASED COMPENSATION (continue)

As of December 31, 2024 and 2023, there was $0 and $28, respectively of total unrecognized compensation cost related to non-vested options. Compensation expense recorded by the Company in respect of its stock-based compensation awards for the period ended December 31, 2024 and 2023 was $28 and $108, respectively and are included in General and Administrative expenses in the Statements of Comprehensive Loss. The income tax benefit for the stock-based compensation after the valuation allowance is 0.

NOTE 10 – GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2024	**2023**
Professional services	686	575
Share base compensation	28	108
Insurance	41	45
Rent and office maintenance	69	60
Levies and tolls	12	8
Depreciation	18	20
Promotions	3	-
Other expenses	48	10
	905	**826**

NOTE 11 – AGREEMENTS

1. On January 29, 2021, the Company, through its wholly owned subsidiary Duke Israel and Elbit Systems Land Ltd., an Israeli corporation (“Elbit”), entered into a Collaboration Agreement (the “Agreement”) for the global marketing and sales, and the production and further development of Duke Israel’s developed advanced robotic system mounted on an Unmanned Aerial Solution (“UAS”), armed with lightweight firearms, which the Company markets under the commercial name “TIKAD.”

   Pursuant to the Agreement, Duke Israel granted Elbit a worldwide exclusive license for the use of Duke Israel’s know-how and intellectual property and the marketing, sales, production, and further development of the TIKAD for military, defense, homeland security, and para-military uses.

   As consideration for granting the worldwide exclusive license, Elbit will pay Duke royalties from revenues received from worldwide sales of TIKAD, with royalty rates ranging from low to mid-double-figure percentages, depending on the tiers of the selling price of TIKAD, for a period starting from the date of the Agreement until 15 years following receipt of $50,000 in cumulative revenues from sales of TIKAD units. In addition, Duke Israel agreed to pay Elbit similar rates of royalties for revenues received by Duke Israel from sales of its advanced robotic system for civil use, if such systems will include new know-how developed by Elbit. Duke Israel has requested information from Elbit regarding sales and royalties related to drone-mounted remote weapon systems, as stipulated in the Agreement and it is in discussion with Elbit. No royalties were accrued during the years ended December 31, 2024 and 2023.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 – AGREEMENTS (continue)

Pursuant to the terms of the Agreement, the parties also agreed to cooperate in continuing a project (the "Project") that has already started with a customer in the Asia Pacific region. Per the agreement, Duke Israel shall be entitled to portion of the revenues generated in the Evaluation Phase of the Project. In addition, Elbit has agreed to invest, at its discretion and pursuant to certain milestones, in the further development and setting up of serial production lines of TIKAD, and may elect to increase such investment subject to the satisfaction of certain criteria, including Elbit's right to terminate the Agreement if, for example, the Project is cancelled by the customer. Such investment amounts will be made into Elbit's owned assets and production lines of TIKAD. Elbit will recoup 50% of its investment amount, up to $6,000, by offsetting 50% of royalty payments that may be due to Duke Israel. No revenues were generated during 2024 and 2023 or are expected to be generated under the Evaluation Phase of the Project.

In addition to the above, Elbit paid Duke Israel an upfront fee at the time of signing the Agreement for transfer of the engineering material and support for transferring the required information to Elbit.

2. On August 15, 2022 Duke Israel, signed a Collaboration and Development Agreement with the Israel Electric Corporation Ltd. (the "IEC"), to perform a test pilot together with IEC of a robotic drone-enabled system for cleaning electric utility insulators to be developed by Duke Israel for a total amount of $300. IEC is a 99% government-owned company that generates, transmits, and supplies electricity to all sectors of the State of Israel. During October 2023, the Company successfully completed its obligations under the agreement with IEC upon delivery of the robotic drone, and accordingly recorded revenues and corresponding expenses at that point in time. As part of the agreement, Duke Israel will be obligated to pay IEC percentage of earned revenues for all future transactions relating to the developed technology up to a maximum of $900.

   Following the successful pilot program conducted with the IEC, in August 2024, the Company, through Duke Israel, entered into an agreement with the IEC to provide high-voltage insulator washing services using the innovative IC Drone system.

   Under the terms of the agreement, the IEC will receive washing services for its high-voltage electric insulators using the IC Drone system and Duke Israel will receive compensation based on services provided, in New Israeli Shekels (NIS) in an amount totaling in the low seven figures (in NIS) during the period that services are provided. The Company accounts for the contract as a single performance obligation and recognizes revenue once it has a right to issue an invoice for the services provided. Additionally, as part of the agreement, the IEC has committed to a minimum guaranteed paid utilization of the service, amounting to approximately half of the total contract value described above, within the first year of the agreement. This contract accounts for all of the revenues recognized during the period.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 – INCOME TAX

U.S. resident companies are taxed on their worldwide income for corporate income tax purposes at a statutory rate of 21%. If certain conditions are met, income derived from foreign subsidiaries is tax exempt in the US under applicable tax treaties to avoid double taxation.

Income of the Israeli company is taxable from 2018 onwards, at corporate tax rate of 23%.

The Company and subsidiaries have not received final tax assessments since their inceptions although the tax reports of Duke Israel for the years ended by December 31, 2019 are deemed to be final.

As of December 31, 2024, the Company and subsidiaries have operating loss carry forwards of approximately $5,383, of which $814 can be offset against taxable income generated until 2027 and $4,569 can be offset against future taxable income, if any, indefinitely.

A. The following is reconciliation between the theoretical tax on the loss before income taxes, at the tax rate applicable to the Company (the U.S. federal statutory income tax rate) and the income tax expense reported in the financial statements:

	Year ended December 31,	
	2024	**2023**
	US Dollars	
Loss before income taxes	(985)	(726)
U.S federal statutory income tax rate	21%	21%
Income tax computed at the statutory income tax rate	207	153
Losses and timing differences in respect of which no deferred taxes were generated	-	(41)
Nontaxable income	-	1
Impact of differences in statutory income tax rates	17	12
Remeasurement of deferred taxes for foreign currency effects	9	11
Deferred taxes assets recognition for prior years	244	-
Change in valuation allowance	(477)	(136)
	-	-

B. Deferred taxes result primarily from noncapital loss carry-forwards. Significant components of the Company's deferred tax assets are as follows:

	Year ended December 31	
	2024	**2023**
Composition of deferred tax assets:	**US Dollars**	
Operating loss carry-forwards	1,188	1,011
Operating lease liabilities	39	-
Share-based compensation	222	-
Other temporary differences	78	-
Total deferred tax assets	1,527	1,011
Composition of deferred tax liabilities:		
Right-of-use asset	(39)	-
Total deferred tax liabilities	(39)	-
Net deferred tax assets	1,488	1,011
Valuation allowance	(1,488)	(1,011)
	-	-

The net change during the year ended December 31, 2024 and 2023 in the total valuation allowance amounted to $477 and $136, respectively.

DUKE ROBOTICS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except share and per share data)

NOTE 13 – LOSS PER SHARE

Basic loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the year. The weighted average number of shares of common stock used in computing basic and diluted loss per share for the years ended December 31, 2024 and 2023, are as follows:

	Year ended December 31,	
	2024	**2023**
	Number of shares	
Weighted average number of shares of common stock outstanding attributable to shareholders	54,651,600	54,530,423
Total weighted average number of shares of common stock related to outstanding options and warrants, excluded from the calculations of diluted loss per share	17,476,812	17,589,312

NOTE 14 – RELATED PARTIES

A. Transactions and balances with related parties

	Year ended December 31,	
	2024	**2023**
General and administrative expenses:		
Directors and Officers compensation (*)	445	425
(*) Share base compensation	11	47
Financing:		
Financing expense	8	9

B. Balances with related parties:

	As of December 31,	
	2024	**2023**
Other accounts liabilities	43	38
Loans	322	314

DUKE ROBOTICS CORP.
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NOTE 14 – RELATED PARTIES (continue)

C. On March 25, 2021, the Board of Directors appointed Yossi Balucka to serve as its Chief Executive Officer. Mr. Balucka is entitled to a monthly fee of NIS30,000 (approximately $8,200), reimbursement of expenses and discretionary performance bonus. In conjunction with the appointment of Mr. Balucka, the Company issued to Mr. Balucka options to purchase 450,000 shares of the Company's commons stock at an exercise price of $0.0001 per share, subject to and in accordance with the terms and conditions of an Option Plan. The options shall vest over a three year period, with 50% of the options to vest on the first anniversary of the grant date, and the balance of 50% of the options to vest in equal parts on the second and third anniversary of the grant date, respectively, subject to Mr. Balucka providing continued services to the Company. The fair value of the options was determined using the Black-Scholes pricing model, assuming a risk free rate of 0.07%, a volatility factor of 193.47%, dividend yields of 0% and an expected life of 5 years. Total value of stock- based compensation were estimated to an amount of $189. Total stock-based compensation expenses during the Year ended December 31, 2024 and 2023 amounted to $3 and $21, respectively.

On August 4, 2024, the Company entered into a First Amendment to Service Agreement with Mr. Balucka pursuant to which his monthly fee was increased, from NIS 30,000 (approximately $8,200) to NIS 40,000 (approximately $11,000) effective August 1, 2024. In addition, on August 4, 2024, the Company's board of directors approved an annual bonus of NIS 120,000 (approximately $32,900) for Mr. Balucka pursuant to the terms of his existing Services Agreement.

D. In addition, in July 2021, the Board of Directors of the Company approved the issuance of options to purchase 490,000 shares of the Company's Common Stock to its Vice Chairman, directors and CFO for exercise price of $0.38. The options shall vest over a three year period, with 50% of the options to vest on the first anniversary of the grant date, and the balance of 50% of the options to vest in equal parts on the second and third anniversary of the grant date.

The fair value of the options was determined using the Black-Scholes pricing model, assuming a risk free rate of 0.07%, a volatility factor of 156.12%, dividend yields of 0% and an expected life of 6 years. Total value of stock-based compensation were estimated to an amounted of $176. Total stock-based compensation expenses during the year ended December 31, 2024 and 2023 amounted to $8 and $26, respectively.

NOTE 15 – SEGMENT INFORMATION

This segment structure reflects the financial information and reports used by the Company's management, specifically its Chief Operating Decision Maker ("CODM"), to make decisions regarding the Company's business, including resource allocations and performance assessments, as well as the current operating focus in compliance with ASC 280, Segment Reporting.

The Company reports segment information based on the management approach, which designates the internal reporting used by the CODM, the Company's Chief Executive Officer and the Vice Chairman of the Board, for making decisions and assessing performance as the source of the Company's reportable segments. The CODM allocate resources and assesses the performance of each operating segment based on potential business opportunities, historical and potential future sales and operating expenses.

The Company has one operating and reportable segment, Drones isolators washing activity.

The Drones isolators washing activity segment generates revenue by providing isolators washing services for electricity companies.

The Company's method for measuring profitability on a reportable segment basis is operating loss. The Company adopted ASU 2023-07 in December 2024. The most significant provision was for the Company to disclose significant segment expenses that are regularly provided to the CODM. The Company's CODM periodically reviews cost of revenues by segment and treats it as a significant segment expense.

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NOTE 15 – SEGMENT INFORMATION (continue)

The following table presents information about the Company's reportable segment for the year ended December 31, 2024 and 2023:

Revenue related to the Company's reportable segments is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Revenue from drones isolators washing	108	300
Cost of revenues from drones isolators washing	(71)	(273)
Gross profit	37	27
Research and development expenses	(157)	(3)
Depreciation	(18)	(20)
Professional services	(686)	(575)
Share base compensation	(28)	(108)
Other general and administrative expenses (see note 10)	(173)	(123)
Operating loss	(1,025)	(802)
Interest expenses	(15)	(11)
Interest income	55	87
Net loss	(985)	(726)

For the year ended December 31, 2024 and 2023, The Company's operations were mostly confined to Israel.

As of December 31, 2024 and 2023, all of the fixed assets of the Company were located in Israel.

NOTE 16 – SUBSEQUENT EVENTS

1. On February 18, 2025, the Company established Duke Robotics Hellas M I.K.E ("Duke Greece"), our wholly owned subsidiary, formed under the laws of Greece, to support the ongoing global commercialization efforts of our IC Drone.

2. On February 24, 2025, the Company executed a consulting agreement with Mrs. Alexandra Papaconstantinou to provide management services as the Managing Director of Duke Greece.

3. On March 18, 2025, the board of directors of the Company approved an increase in the amount of shares of Common Stock available under the 2021 Equity Incentive Plan (the "2021 Plan") from 4,800,000 to 9,000,000.

4. On March 18, 2025, the board of directors of the Company approved the following grants pursuant to the 2021 Plan:

   (i) 1,000,000 options to purchase shares of Common Stock to Mr. Yossef Balucka, CEO, at an exercise price of $0.21 per share, and vest in three equal installments of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

   (ii) 500,000 options to our Common Stock to Mr. Vadim Maor, Company's CTO nominated at March 18, 205, at an exercise price of $0.21 per share. The options have the following vesting schedule: 33% of the options will vest after 12 months and the remaining portion will vest in eight equal installments over eight quarters. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

   (iii) 120,000 options to purchase shares of Common Stock to Ms. Keren Gousman Golan, director at an exercise price of $0.21 per share and vest in three equal installments of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

(iv) 400,000 options to purchase shares of Common Stock to Mrs. Alexandra Papaconstantinou, Managing Director of Duke Greece. The options were granted at an exercise price of $0.21 per share and vest in three equal installments of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.

(v) 50,000 options to purchase shares of Common Stock to Mr. Shlomo Zakai, CFO, at an exercise price of $0.21 per share, and vest in three equal installments of 33% at the end of each year. The options expire after six (6) years from the date of grant, and such other terms and conditions set forth in our 2021 Plan.