

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2025

☐ **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

(State or other jurisdiction of
incorporation or organization)

47-3052410

(I.R.S. Employer
Identification No.)

**10 HaRimon Street
Mevo Carmel, Israel**

(Address of Principal Executive Offices)

3903212

(Zip Code)

+972-4-8124101

(Registrant's telephone number, including area code)

n/a

(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class registered | Trading Symbol(s) | Name of exchange on which registered |
|--------------------------------|-------------------|--------------------------------------|
| N/A | N/A | N/A |

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

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

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

| | | | |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

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

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

As of August 13, 2025, the registrant had 54,218,813 shares of common stock, par value \$0.0001, of the registrant issued and outstanding.

In this Quarterly Report, unless otherwise specified, all dollar amounts are expressed in United States dollars. Except as otherwise indicated by the context, references in this Quarterly Report to "Company", "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.

DUKE Robotics Corp.
Quarterly Report on Form 10-Q
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information set forth in this Quarterly Report on Form 10-Q, including in Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere herein may address or relate to future events and expectations and as such constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition, prospects, and opportunities and are based upon information currently available to us and our management and their interpretation of what is believed to be significant factors affecting our business, including many assumptions regarding future events. Such forward-looking statements include statements regarding, among other things:

- 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.

Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by the use of the words “may,” “should,” “would,” “could,” “scheduled,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “seek,” or “project” or the negative of these words or other variations on these words or comparable terminology. Actual results, performance, liquidity, financial condition, and results of operations, prospects, and opportunities could differ materially and perhaps substantially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties, and other factors. These statements may be found under the section of our Annual Report on Form 10-K for the year ended December 31, 2024 (filed on March 20, 2025) entitled “Risk Factors” as well as in our other public filings.

In light of these risks and uncertainties, and especially given the start-up nature of our business, there can be no assurance that the forward-looking statements contained herein will occur. Readers should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances, or any other reason.

DUKE ROBOTICS CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AS OF JUNE 30, 2025

DUKE ROBOTICS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2025

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

| | June 30, 2025 | December 31, 2024 |
|--|--------------------------|------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 581 | 1,256 |
| Restricted Cash | 34 | 31 |
| Trade receivables | 143 | 37 |
| Other current assets | 70 | 31 |
| Total Current assets | 828 | 1,355 |
| Operating lease right-of-use asset and lease deposit | 157 | 184 |
| Property and equipment, net | 152 | 88 |
| Total assets | 1,137 | 1,627 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | 137 | 92 |
| Operating lease liability | 67 | 60 |
| Other liabilities | 140 | 193 |
| Total current liabilities | 344 | 345 |
| Related parties loans | 326 | 322 |
| Operating lease liability | 89 | 109 |
| Total liabilities | 759 | 776 |
| Stockholders' Equity | | |
| Common stock of US\$ 0.0001 par value each ("Common Stock"): | | |
| 100,000,000 shares authorized as of June 30, 2025 and December 31, 2024; issued and outstanding 54,218,813 shares as of June 30, 2025 and December 31, 2024. | 5 | 5 |
| Additional paid-in capital | 12,085 | 12,008 |
| Foreign currency translation adjustments | (2) | - |
| Accumulated deficit | (11,710) | (11,162) |
| Total stockholders' Equity | 378 | 851 |
| Total liabilities and stockholders' Equity | 1,137 | 1,627 |

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

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

| | Six months ended | | Three months ended | |
|--|-------------------------|-------------------|---------------------------|-------------------|
| | June 30 | | June 30 | |
| | 2025 | 2024 | 2025 | 2024 |
| Revenues | 143 | - | 143 | - |
| Cost of revenues | (63) | - | (55) | - |
| Gross profit | 80 | - | 88 | - |
| Research and development expenses | (45) | (117) | (24) | (78) |
| General and administrative expenses | (573) | (406) | (314) | (215) |
| Operating loss | (538) | (523) | (250) | (293) |
| Financing income (expenses), net | (*)- | 36 | (9) | 15 |
| Other loss | (10) | - | (10) | - |
| Net loss | (548) | (487) | (269) | (278) |
| Other comprehensive loss - Foreign currency translation adjustments | (2) | - | (2) | - |
| Comprehensive loss | (550) | (487) | (271) | (278) |
| Loss per share (basic and diluted) | (0.01) | (0.01) | (0.00) | (0.01) |
| Basic and diluted weighted average number of shares of common stock outstanding | 54,668,813 | 54,634,198 | 54,668,813 | 54,668,813 |

(*) represents amount less than \$1 thousand.

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

DUKE ROBOTICS CORP.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(USD in thousands, except share and per share data)

| | <u>Number of Shares</u> | <u>Amount</u> | <u>Additional paid-in capital</u> | <u>Foreign currency translation adjustments</u> | <u>Accumulated deficit</u> | <u>Total stockholders' equity</u> |
|--|-----------------------------|---------------|---|---|--------------------------------|---|
| BALANCE AT DECEMBER 31, 2024 | 54,218,813 | 5 | 12,008 | - | (11,162) | 851 |
| Share based compensation for services | - | - | 10 | - | - | 10 |
| Foreign currency translation adjustments | - | - | - | (*)- | - | (*)- |
| Net loss for the period | - | - | - | - | (279) | (279) |
| BALANCE AT MARCH 31, 2025 | 54,218,813 | 5 | 12,018 | - | (11,441) | 582 |
| Share based compensation for services | - | - | 67 | - | - | 67 |
| Foreign currency translation adjustments | - | - | - | (2) | - | (2) |
| Net loss for the period | - | - | - | - | (269) | (269) |
| BALANCE AT JUNE 30, 2025 | 54,218,813 | 5 | 12,085 | (2) | (11,710) | 378 |

| | <u>Number of Shares</u> | <u>Amount</u> | <u>Additional paid-in capital</u> | <u>Foreign currency translation adjustments</u> | <u>Accumulated deficit</u> | <u>Total stockholders' equity</u> |
|---------------------------------------|-----------------------------|---------------|---|---|--------------------------------|---|
| BALANCE AT DECEMBER 31, 2023 | 54,218,813 | 5 | 11,750 | - | (9,947) | 1,808 |
| Share based compensation for services | - | - | 15 | - | - | 15 |
| Net loss for the period | - | - | - | - | (209) | (209) |
| BALANCE AT MARCH 31, 2024 | 54,218,813 | 5 | 11,765 | - | (10,156) | 1,614 |
| Share based compensation for services | - | - | 12 | - | - | 12 |
| Warrants modification | - | - | 230 | - | (230) | - |
| Net loss for the period | - | - | - | - | (278) | (278) |
| BALANCE AT JUNE 30, 2024 | 54,218,813 | 5 | 12,007 | - | (10,664) | 1,348 |

(*) represents amount less than \$1 thousand.

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

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

| | Six months ended June 30, | |
|---|--------------------------------------|---------------------|
| | 2025 | 2024 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Loss for the period | (548) | (487) |
| Adjustments required to reconcile net loss for the period to net cash used in operating activities: | | |
| Depreciation | 29 | 9 |
| Stock based compensation | 77 | 27 |
| Interest on loans from related parties | 4 | 4 |
| Reduction in the carrying amount of right-of-use assets | 27 | 26 |
| Change in operating lease liabilities | (13) | (26) |
| Loss from sale of property and equipment | 10 | - |
| Increase in trade receivable | (106) | - |
| Increase in other current assets | (44) | (20) |
| Increase in accounts payable | 39 | 1 |
| Decrease in other liabilities | (53) | (48) |
| Net cash used in operating activities | <u>(578)</u> | <u>(514)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (96) | - |
| Net cash used in investing activities | <u>(96)</u> | <u>-</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>2</u> | <u>(1)</u> |
| DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (672) | (515) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD | <u>1,287</u> | <u>2,281</u> |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD | <u>615</u> | <u>1,766</u> |
| Supplemental disclosure of cash flow information: | | |
| Non cash transactions: | | |
| Acquisition of vehicle via non-cash trade-in. | <u>17</u> | <u>-</u> |

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

DUKE ROBOTICS CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM 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.

On February 18, 2025, the Company established Duke Robotics Hellas M I.K.E (“Duke Greece”), a wholly owned subsidiary, formed under the laws of Greece, to support the ongoing global commercialization efforts of the Company’s Insulator Cleaning (“IC”) Drone system.

The Company (collectively with Duke and Duke Greece, 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 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).

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. While ceasefire agreements have been reached in the past, there is no guarantee that the parties will succeed with complying with the terms of such 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.

On June 13, 2025, Israel launched Operation "Rising Lion", a direct military campaign targeting Iranian nuclear and military infrastructure in response to escalating threats posed by Iran's long-range missile deployment and intelligence reports indicating imminent coordinated attacks. The United States joined Israel in this military action. A ceasefire between Israel and Iran was declared by the United States on June 24, 2025. This action resulted in increased regional instability and led to the temporary shutdown of our operations in Israel for several days.

Given that the majority of the Company's operations are conducted in Israel, and that all members of the Company's board of directors and management, as well as most employees, consultants, and service providers, are located in Israel, the Company is directly affected by the economic, political, geopolitical, and military conditions impacting the region. As of June 30, 2025, the hostilities have not had a material adverse effect on the Company's overall business or operations. However, the recent developments have caused temporary disruptions, and may continue to have an adverse impact on certain business activities. Any further escalation or expansion of the conflict could negatively affect both regional and global conditions, and may adversely impact the Company's business, financial condition, and results of operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of management, the financial statements presented herein include all material adjustments (consisting of normal recurring adjustments) which are, in the opinion of the Company's management, necessary for a fair statement of the financial condition, results of operations, changes in shareholders equity and cash flows for six-months ended June 30, 2025. However, these results are not necessarily indicative of results for any other interim period or for the year ended December 31, 2025. The preparation of financial statements in conformity with GAAP requires the Company to make certain estimates and assumptions for the reporting periods covered by the financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual amounts could differ from these estimates.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continue)

These financial statements should be read in conjunction with the audited financial statements included in the Company's Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission. The Company's significant accounting policies are disclosed in the audited financial statements for the year ended December 31, 2024 included in the Company's Form 10-K. Since the date of such financial statements, there have been no changes to the Company's significant accounting policies.

The accompanying unaudited condensed consolidated interim financial statements are prepared in accordance with GAAP. The unaudited condensed consolidated interim financial statements of the Company include the Company and its wholly-owned and majority-owned subsidiaries. All inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States 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.

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.

New Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board issued Accounting Standard Update No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures Subtopic 220-40, “Disaggregation of Income Statement Expenses” which addresses requests from investors for more detailed information about certain expenses and requires disclosure of the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption presented on the income statement. This guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and should be applied on a prospective basis, however retrospective application is permitted. The Company is currently evaluating the impact of adopting this guidance on its Consolidated Financial Statements and disclosures included within Notes to Consolidated Financial Statements.

NOTE 3 – EVENTS DURING THE PERIOD

- A. On March 23, 2025, a complaint was filed against Duke Israel, by LOOL T.V. Ltd. (the “Plaintiff”), an Israeli company, in the Tel Aviv-Yafo Magistrate’s Court. The complaint asserts that pursuant to an agreement of principles between Duke Israel and the Plaintiff, Duke Israel is in breach of the agreement, specifically with respect to an allegation that the parties were required to set up a partnership with respect to certain services provided to the Israel Electric Corporation (the “IEC”). The complaint asserts a claim for breach of contract, unlawful use of intellectual property that is not exclusively owned by Duke Israel and unjust enrichment with regards to the agreement of principles. In addition, the Plaintiff’s complaint seeks an order for a permanent injunction to prevent Duke Israel from continuing providing these services to the IEC, and an order to enforce the agreement of principles ordering Duke Israel to act as necessary to establish a partnership or joint venture.

The Company has filed a statement of defense against the complaint and believes that the allegations are baseless and without merit and intends to vigorously defend Company’s rights. In addition, the complaint does not impact the continued performance of the agreement between Duke Israel and IEC, and the Company does not believe the complaint will have a material effect on its business, financial condition or results of operations. No accrual was made in the financial statements as of June 30, 2025 in respect of the above complaint.

- B. As of June 30, 2025, revenues include royalties for sales of the “Birds of Prey” stabilized weapons drone systems, pursuant to the Company’s Collaboration Agreement with Elbit signed on January 29, 2021. The Company analyzed such revenues under ASC 606, Revenue from Contracts with Customers.

On March 24, 2025, the Company and Elbit agreed to update the January 29, 2021 agreement, to expand the Collaboration Agreement to allow the Company to market the stabilized weapons drone system technology that Elbit has been marketing and deploying under the brand name “Birds of Prey” to military, defense, home-land security and para-military customers, in coordination with Elbit. The Company will be entitled to a commission fee, in the mid-single figure percentage range, from transactions resulting from its marketing activities, in addition to the royalties the Company is entitled to receive as part of the original Collaboration Agreement.

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 year monthly payment. Lease payment are linked to the Israeli Consumer Price Index. The property became available for 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. The Company estimated at December 31, 2024, that it will utilize the two years extension option under the above lease agreement.
- B. The components of operating lease expense for the period ended June 30, 2025 and 2024 were as follows:

| | Six months ended June 31, | |
|-------------------------|------------------------------|------|
| | 2025 | 2024 |
| Operating lease expense | 32 | 27 |

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

NOTE 4 – LEASES (continue)

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

| | Six months ended June 30, | |
|---|--------------------------------------|-------------|
| | 2025 | 2024 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | 31 | 29 |

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

| | June 30, 2025 | December 31, 2024 |
|---|--------------------------|------------------------------|
| Operating leases: | | |
| Operating leases right-of-use asset and lease deposit | 157 | 184 |
| Current operating lease liabilities | 67 | 60 |
| Non-current operating lease liabilities | 89 | 109 |
| Total operating lease liabilities | 156 | 169 |
| Weighted average remaining lease term (years) | 2.59 | 3.08 |
| Weighted average discount rate | 8.75% | 8.75% |

E. Future minimum lease payments under non-cancellable leases as of June 30, 2025 were as follows:

| | |
|------------------------------------|------|
| 2025 | 34 |
| 2026 | 71 |
| 2027 | 66 |
| 2028 | 1 |
| Total operating lease payments | 172 |
| Less: imputed interest | (16) |
| Present value of lease liabilities | 156 |

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

NOTE 5 - SHARE BASED COMPENSATION

The following table presents the Company's stock option activity for the three months ended June 30, 2025:

| | Number of Options | Weighted Average Exercise Price |
|--|----------------------|--|
| Outstanding at December 31, 2024 | 2,426,812 | 0.81 |
| Granted | 2,070,000 | 0.21 |
| Exercised | - | - |
| Forfeited or expired | - | - |
| Outstanding at June 30, 2025 | 4,496,812 | 0.54 |
| Number of options exercisable at June 30, 2025 | 2,426,812 | 0.81 |

The aggregate intrinsic value of the awards outstanding as of June 30, 2025 is \$72. These amounts represent the total intrinsic value, based on the Company's stock price of \$0.161 as of June 30, 2025, less the weighted exercise price.

The stock options outstanding as of June 30, 2025, have been separated into exercise prices, as follows:

| Exercise price | Stock options outstanding | Weighted average remaining contractual life – years | Stock options exercisable |
|----------------|---------------------------------|---|------------------------------|
| | As of June 30, 2025 | | |
| 0.0001 | 450,000 | 0.73 | 450,000 |
| 0.21 | 2,070,000 | 5.72 | - |
| 0.38 | 1,256,822 | 2.03 | 1,256,822 |
| 1.00 | 99,369 | 2.00 | 99,369 |
| 2.25 | 620,621 | 2.00 | 620,621 |
| | 4,496,812 | 3.59 | 2,426,812 |

Compensation expense recorded by the Company in respect of its share-based compensation awards for the six months ended June 30, 2025 and 2024 were \$77 and \$27, respectively. Share-based compensation awards for the three months ended June 30, 2025 and 2024 were \$67 and \$12, respectively. These expenses are included in General and Administrative expenses in the Statements of Operations.

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

NOTE 6 – RELATED PARTIES

A. Transactions and balances with related parties

| | Six months ended June 30 | | Three months ended June 30 | |
|---|-----------------------------|------|-------------------------------|------|
| | 2025 | 2024 | 2025 | 2024 |
| General and administrative expenses: | | | | |
| Directors and Officers compensation (*) | 302 | 203 | 182 | 106 |
| (*) Share base compensation | 59 | 10 | 54 | 4 |
| Financing: | | | | |
| Financing expense | 4 | 4 | 2 | 2 |

B. Balances with related parties:

| | As of June 30, 2025 | As of December 31, 2024 |
|----------------------------|---------------------------|-------------------------------|
| Other accounts liabilities | 58 | 43 |
| Loans | 326 | 322 |

- C. 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.
- D. 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.
- E. On March 18, 2025, the board of directors of the Company approved the following grants pursuant to the 2021 Plan (see also note 5 above):
- (i) Options to purchase 1,000,000 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 the 2021 Plan.
 - (ii) Options to purchase 500,000 shares of Common Stock to Mr. Vadim Maor, Company’s CTO nominated at March 18, 2025, 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 the 2021 Plan.

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

NOTE 6 – RELATED PARTIES (continue)

- (iii) Options to purchase 120,000 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 the 2021 Plan.
- (iv) Options to purchase 400,000 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 the 2021 Plan.
- (v) Options to purchase 50,000 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 the 2021 Plan.

NOTE 7 – SEGMENT INFORMATION

The Company has one operating and reportable segment, drone insulators washing activity.

The chief operating decision maker evaluates segment performance primarily based on segment operating loss.

The following table presents information about the Company's reportable segments for the six and three months ended June 30, 2025 and 2024. The Company has not changed the composition of its reportable segments since its last annual report.

| | Six months ended June 30 | | Three months ended June 30 | |
|---|-----------------------------|--------------|-------------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue from drones insulators washing | 127 | - | 127 | - |
| Cost of revenues from drones insulators washing | (63) | - | (55) | - |
| Gross profit | 64 | - | 72 | - |
| Other revenues | 16 | - | 16 | - |
| Research and development expenses | (45) | (117) | (24) | (78) |
| Depreciation | (9) | (9) | (4) | (4) |
| Professional services | (357) | (296) | (181) | (155) |
| Share base compensation | (77) | (27) | (67) | (12) |
| Other general and administrative expenses | (130) | (74) | (62) | (44) |
| Operating loss | (538) | (523) | (250) | (293) |
| Interest expenses | (71) | (46) | (41) | (24) |
| Interest income | 71 | 82 | 32 | 39 |
| Other expenses | (10) | - | (10) | - |
| Net loss | (548) | (487) | (269) | (278) |

For the six months ended June 30, 2025 and 2024, the Company's operations were mostly confined to Israel. As of June 30, 2025 and 2024, all of the fixed assets of the Company were located in Israel.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Readers are advised to review the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2024. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements”. You should review the “Risk Factors” section of our Annual Report for the fiscal year ended December 31, 2024 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

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 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 by Elbit of our developed advanced robotic system mounted on a UAS, armed with lightweight firearms, which we then marketed under the commercial name “TIKAD.” On April 2, 2025 we and Elbit executed a supplement letter (the “Supplement Letter”) to the Collaboration Agreement relating to the stabilized weapons drone system technology that Elbit has been marketing and deploying under the brand name “Birds of Prey”. Pursuant to the Supplement Letter, we and Elbit have agreed to expand their collaboration to allow us to market the system to military, defense, home-land security and para-military customers, in coordination with Elbit. We will be entitled to a commission fee, in the mid-single figure percentage range, from any proceeds resulting from its marketing activities, in addition to the royalties it is entitled to as part of the Collaboration Agreement.

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. On May 12, 2025, we announced the successful commencement of our 2025 insulator cleaning activity in Israel with the IEC under our previously announced service agreement. On June 10, 2025, we announced the launch of our next-generation IC Drone System - the ICDS2 - representing a significant technological advancement in our innovative utility maintenance drone solution. The ICDS2 features several key technological advancements over its predecessor, featuring extended flight time, higher payload capacity, enhanced stability, advanced radar and improved cleaning durability. It has been successfully deployed at the start of the insulator cleaning season in May 2025, marking a full-season operational timeline compared to 2024’s mid-season commencement.

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, and on February 24, 2025 we appointed Mrs. Alexandra Papaconstantinou to provide management services as the Managing Director of Duke Greece.

Critical Accounting Policies

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 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. Regularly, management reviews the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and by accounting principles generally accepted in the United States of America. 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.

Please see Note 2 of Part I, Item 1 of this Quarterly Report on Form 10-Q for the summary of significant accounting policies. In addition, reference is made to Part I, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operation” of our Annual Report on Form 10-K for the year ended December 31, 2024 (filed on March 20, 2025) concerning our Critical Accounting Policies and Estimates.

Results of Operations

Comparison of the three months ended June 30, 2025 and 2024

Revenues. Revenues for the three months ended June 30, 2025 amounted to \$143,000, compared to no revenues during the three months ended June 30, 2024. The primary reason for the increase in revenues is attributable to revenues from our IC Drone insulator cleaning activities. Initial revenues from royalties for sales of the “Birds of Prey” stabilized weapons drone systems, through our Collaboration Agreement with Elbit, contributed for the first time to our revenues for the period, while the majority of the revenues for the period continued to be generated from our IC Drone insulator cleaning activities.

Cost of revenues. Our cost of revenues for the three months ended June 30, 2025, amounted to \$55,000, compared to no cost of revenues for the three months ended June 30, 2024. The increase in cost of revenues was mainly due to the costs associated with our IC Drone insulator cleaning activities.

Research and Development. Our research and development expenses for the three months ended June 30, 2025, amounted to \$24,000, compared to \$78,000 for the three months ended June 30, 2024. The decrease in research and development expenses was mainly due to allocating more resources to the execution of our IC Drone insulator cleaning activities, and less on development activities.

General and Administrative. Our general and administrative expenses for the three months ended June 30, 2025, which consisted primarily of professional services, stock-based compensation expenses and legal expenses, amounted to \$314,000, compared to \$215,000 for the three months ended June 30, 2024. The increase in general and administrative expenses for the three months ended June 30, 2025 was mainly due to an increase in professional services and in stock-based compensation expenses.

Financial Income (expenses), net. For the three months ended June 30, 2025, we had financial expenses of \$8,000 compared to financial income of \$15,000 for the three months ended June 30, 2024. The reason for the decrease in financial income for the three months ended June 30, 2025, was mainly due to the decrease in our cash bank deposits which resulted in a decrease in interest income.

Net Loss. We incurred a net loss of \$269,000 for the three months ended June 30, 2025 as compared to a net loss of \$278,000 for the three months ended June 30, 2024, for the reasons set forth above.

Comparison of the six months ended June 30, 2025 and 2024

Revenues. Revenues for the six months ended June 30, 2025 amounted to \$143,000, compared to no revenues during the six months ended June 30, 2024. The primary reason for the increase in revenues is attributable to revenues from our IC Drone insulator cleaning activities. Initial revenues from royalties for sales of the “Birds of Prey” stabilized weapons drone systems, through our Collaboration Agreement with Elbit, contributed for the first time to our revenues for the period, while the majority of the revenues for the period continued to be generated from our IC Drone insulator cleaning activities.

Cost of revenues. Our cost of revenues for the six months ended June 30, 2025, amounted to \$63,000, compared to \$0 for the six months ended June 30, 2024. The increase in cost of revenues was mainly due to our IC Drone insulator cleaning activities.

Research and Development. Our research and development expenses for the six months ended June 30, 2025, amounted to \$45,000, compared to \$117,000 for the six months ended June 30, 2024. The decrease in research and development expenses was mainly due to allocating more resources to the execution of our IC Drone insulator cleaning activities, and less on development activities.

General and Administrative. Our general and administrative expenses for the six months ended June 30, 2025, which consisted primarily of professional services, stock-based compensation expenses and legal expenses, amounted to \$573,000, compared to \$406,000 for the six months ended June 30, 2024. The increase in general and administrative expenses for the six months ended June 30, 2025 was mainly due to an increase in professional services and in stock-based compensation expenses.

Financial Income, net. For the six months ended June 30, 2025, we had financial income of less than \$1,000 compared to financial income of \$36,000 for the six months ended June 30, 2024. The reason for the decrease in financial income for the six months ended June 30, 2025, was mainly due to the decrease in our cash bank deposits which resulted in a decrease in interest income.

Net Loss. We incurred a net loss of \$548,000 for the six months ended June 30, 2025 as compared to a net loss of \$487,000 for the six months ended June 30, 2024, for the reasons set forth above.

Liquidity and Capital Resources

We had \$581,000 in cash on June 30, 2025 versus \$ 1,766,000 in cash on June 30, 2024. The reason for the decrease in our cash balance was due to the operating expenses described above. Cash used in operations for the six months ended June 30, 2025 was \$578,000 as compared to cash used in operations of \$514,000 for the six months ended June 30, 2024. The reason for the increase in cash used in operations is mainly related to increase in our operating expenses described above.

Net cash used in investing activities was \$96,000 for the six months ended June 30, 2025, as compared to net cash used in investing activities of \$0 for the six months ended June 30, 2024. The increase is mainly related to purchase of property and equipment.

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.

Off-Balance Sheet Arrangements

As of June 30, 2025, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company and therefore are not required to provide the information for this item of Form 10-Q.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, our Chief Executive Officer and Chief Financial Officer (“the Certifying Officers”), conducted evaluations of our disclosure controls and procedures. As defined under Sections 13a–15(e) and 15d–15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the term “disclosure controls and procedures” means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including the Certifying Officers, to allow timely decisions regarding required disclosures.

Based on their evaluation, the Certifying Officers concluded that, as of June 30, 2025, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

On March 18, 2025, the Board of directors elected an additional independent director (as defined under Nasdaq Listing Rules) to the board of directors. On April 6, 2025, our Board of Directors approved the establishment of an Audit Committee of the Board of Directors that will assist the board of directors in overseeing our compliance with legal and regulatory requirements, as well as a Compensation Committee of the Board of Directors. In addition, the Company designed and implemented additional controls and procedures such that together with the additional director and committees remediated the material weaknesses by enhancing our segregation of duties and improving our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On March 23, 2025, a complaint was filed against our wholly owned Israeli subsidiary, Duke Israel, by LOOL T.V. Ltd. (the “Plaintiff”), an Israeli company, in the Tel Aviv-Yafo Magistrate’s Court (Case No. 60460-03-25). The complaint asserts that pursuant to an agreement of principles between Duke Israel and the Plaintiff, Duke Israel is in breach of the agreement, specifically with respect to an allegation that the parties were required to set up a partnership with respect to certain services provided to the IEC. The complaint asserts a claim for breach of contract, unlawful use of intellectual property that is not exclusively owned by Duke Israel and unjust enrichment with regards to the agreement of principles. In addition, the Plaintiff’s complaint seeks an order for a permanent injunction to prevent Duke Israel from continuing providing these services to the IEC, and an order to enforce the agreement of principles ordering Duke Israel to act as necessary to establish a partnership or joint venture.

The Company has filed a statement of defense against the complaint and believe that the allegations are baseless and without merit and intend to vigorously defend our rights. In addition, the complaint does not impact the continued performance of the agreement between Duke Israel and IEC, and we do not believe the complaint will have a material effect on our business, financial condition or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024, which could materially affect our business, financial condition, or future results.

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, except as noted below.

Risks Related to our Business and Industry

Significant changes or developments in U.S. laws or policies, including changes in U.S. trade policies and tariffs and the reaction of other countries thereto, may have a material adverse effect on our business and financial statements.

Significant changes or developments in U.S. laws and policies, such as laws and policies surrounding international trade, foreign affairs, manufacturing and development and investment in the territories and countries where we or our customers operate, can materially adversely affect our business and financial statements. Tariffs imposed by the U.S. government, may increase the cost of certain raw materials and components used in our products. If these tariffs remain in place or are expanded, or if new trade restrictions are implemented, our manufacturing costs could increase, which could materially and adversely affect our margins and financial results.

Furthermore, changes in trade policy have increased uncertainty in our industry, and any escalation in trade tensions could disrupt our supply chain, delay production timelines, or require costly modifications to sourcing and logistics strategies. The extent and duration of the tariffs and the resulting impact on general economic conditions and on our business are uncertain and depend on various factors, such as negotiations between the U.S. and affected countries, the responses of other countries or regions, exemptions or exclusions that may be granted, availability and cost of alternative sources of supply, and demand for our products in affected markets.

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 attack by Hamas and other terrorist organizations from the Gaza Strip 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. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel's security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks.

In April 2024 and October 2024, Iran launched direct attacks on Israel involving hundreds of drones and missiles and has threatened to continue to attack Israel. Relations between Israel and Iran continue to be hostile, due to the fact that Iran is a state sponsor of Hamas and Hezbollah, maintains a military presence in Syria and Lebanon, alongside Israel's northern border, and is viewed as a strategic threat to Israel in light of its nuclear program. On June 13, 2025, in light of continued nuclear threats and intelligence assessments indicating imminent attacks, Israel launched a preemptive strike directly targeting military and nuclear infrastructure inside Iran aimed to disrupt Iran's capacity to coordinate or launch further hostilities against Israel, as well as disrupt its nuclear program. The United States joined Israel in this military action. A ceasefire between Israel and Iran was declared by the United States on June 24, 2025. Certain ceasefire agreements have also been reached with Hamas and Lebanon (with respect to Hezbollah), however, these agreements have failed to be fully upheld and military activity and hostilities continue to exist at varying levels of intensity, and the situation remains volatile, with the potential for escalation into a broader regional conflict.

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 June 30, 2025, none of our employees and regular consultants (and their spouses or partners) in Israel have been called for reserve service, however even if they were to be called this is not expected to have any material implication on our business. Additional employees (or their spouses or partners) may be called, for service in the current or future wars or other armed conflicts with Hamas, 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.

Following the attack by Hamas on Israel's southern border, Hezbollah in Lebanon has also launched missile, rocket and shooting attacks against Israeli military sites, troops, and Israeli towns in northern Israel. In response to these attacks, the Israeli army has carried out a number of targeted strikes on sites belonging to Hezbollah in southern Lebanon. It is possible that other terrorist organizations, including Palestinian military organizations in the West Bank, as well as other hostile countries, such as Iran, will join the hostilities. Such hostilities may include terror and missile attacks. 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.

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 a downgrade in Israel's credit rating by rating agencies (such as the recent downgrade by Moody's of its credit rating of Israel from A1 to A2, as well as the downgrade of its outlook rating from "stable" to "negative"). We may also be targeted by cyber terrorists specifically because we are an Israeli-related company.

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 war against Hamas declared by Israel, 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.

Item 6. Exhibits.

| No. | Description of Exhibit |
|---------|---|
| 31.1* | Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a). |
| 31.2* | Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a). |
| 32.1** | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350. |
| 32.2** | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350. |
| 101.INS | Inline XBRL Instance Document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

Date: August 13, 2025

DUKE Robotics Corp.

By: /s/ Yossef Balucka

Name: Yossef Balucka

Title: Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Shlomo Zakai

Name: Shlomo Zakai

Title: Chief Financial Officer
(Principal Financial Officer)

**Certification of Chief Executive Officer
Pursuant to Rule 13a-14(a)**

I, Yossef Balucka, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DUKE Robotics Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2025

/s/ Yossef Balucka

Yossef Balucka
Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer
Pursuant to Rule 13a-14(a)**

I, Shlomo Zakai, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DUKE Robotics Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2025

/s/ Shlomo Zakai

Shlomo Zakai
Chief Financial Officer
(Principal Financial Officer)

DUKE ROBOTICS CORP.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of DUKE Robotics Corp. (the “Company”) on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Yossef Balucka, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 13, 2025

/s/ Yossef Balucka

Yossef Balucka
Chief Executive Officer
(Principal Executive Officer)

DUKE ROBOTICS CORP.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of DUKE Robotics Corp. (the “Company”) on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shlomo Zakai, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: August 13, 2025

/s/ Shlomo Zakai

Shlomo Zakai

Chief Financial Officer

(Principal Financial Officer)