Q3 2026 Earnings Call

Company Participants

- Hanley D'Onofrio, Vice President, Investor Relations
- Inder M. Singh, Chief Operating Officer and Chief Financial Officer
- John Lai, Chief Executive Officer, President & Director
- Niccolo de Masi, Chairman and Chief Executive Officer

Other Participants

- Craig Ellis, B. Riley Securities
- Gary Mobley, StoneX
- John McPeake, Rosenblatt
- Joseph Moore, Morgan Stanley
- Liam Farr, Bank of America
- Robert Aquano, Needham & Co
- Troy Jensen, Cantor Fitzgerald
- Tyler Anderson, Craig Hallum

Presentation

Operator

Welcome to the IonQ Third Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. (Operator Instructions) Please note this event is being recorded.

I would now like to turn the conference over to Hanley D'Onofrio, Vice President of Investor Relations. Please go ahead.

Hanley D'Onofrio

Good afternoon, everyone, and welcome IonQ to third quarter 2026 earnings call. My name is Hanley D'Onofrio, and I'm the vice President of investor relations for IonQ. I'm pleased to be joined on today's call by Niccolo de Masi, Ion Q's Chairman and Chief Executive Officer; and Inder Singh, IonQ's chief operating officer and Chief Financial Officer.

By now, everyone should have access to the company's third quarter 2026 earnings release issued this afternoon, which is available on the SEC's website and on the Investor Relations section of our website at investors.ionq.com. Please note that on today's call, management will refer to non-GAAP financial measures. While the company believes these non-GAAP financial measures provide useful information for investors, the presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP. You are directed to our earnings release for reconciliation of adjusted EBITDA and adjusted EPS to the closest comparable GAAP measures.

During the call, we will discuss our business outlook and make forward-looking statements, including those regarding our guidance for 2026. These comments are based on our predictions and expectations as of today and are not guaranteed a future performance. Actual events or results could differ materially due to a number of risks and uncertainties. Therefore, you should not put undue reliance on those statements. We

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refer you to our SEC filings, including our annual report on Form 10-K for the year ended December 31, 2025, and our quarterly reports for a more detailed discussion of those risks and uncertainties. We undertake no obligation to revise any statements to reflect changes that occur after this call except as required by law.

Now I will turn it over to Niccolo De Masi, Chairman and CEO of IonQ.

Niccolo de Masi {BIO 6724759 <GO>}

Thank you, Hanley, and good afternoon, everyone. IonQ is entering a new phase of growth. We have built a globally unique quantum platform spanning computing, networking, sensing, and security and supported by vertically integrated manufacturing capabilities. Our focus is on translating those advantages into broader customer adoption, commercial scale, and long-term shareholder value. Our third quarter results are proof of our strategy in action.

We delivered record third quarter revenue of $173.8 million, up 336% year-over-year. This was the strongest quarter in IonQ's history and our sixth consecutive quarter of record revenues. At IonQ platform, we delivered $90.3 million of GAAP revenue from our leading quantum products. This revenue scale is a record for the reporting quantum industry in its own right.

We saw an especially strong quarter in quantum computing with new contracts signed across the globe for our sixth generation Superion 256 systems. We have in fact sold out all of our 256 capacity in 2027. In our first quarter of operations with SkyWater, we delivered an additional $83.5 million of GAAP revenue from our onshore foundry, home to the industry's most advanced and diverse quantum manufacturing capabilities.

At SkyWater quantum solutions, revenue from within the quantum ecosystem grew meaningfully as we added new customers and expanded with existing ones. This underscores that SkyWater is the foundry partner of choice for the industry.

Our results show the progress we are making translating our technology leadership into commercial adoption. We are moving from R&D into the productization and scaling phase of our growth curve as we scale go-to-market execution and serve customers around the world. Inder will shortly take you through the financial results in more detail. I am incredibly proud of the full team's hard work driving the momentum we are experiencing across our entire business.

I will focus my remarks today on three areas that demonstrate how we are turning our strategy into results. First, how our technology leadership is translating to independent validation and growing commercial demand. Second, how our expanding platform is addressing customer needs and unlocking new growth opportunities. And third, how integrated manufacturing is strengthening our ability to scale, deploy, and grow our market share.

Turning to Slide 5 of our investor presentation. Earlier this year in February, I named Darpa's Quantum Benchmarking Initiative, Stage C, as one of our ambitions for 2026. I am proud to say that IonQ has achieved this historic milestone. We are the only trapped ion company that has advanced to the final stage of this program, with an associated program value of up to $300 million.

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Stage C is envisaged to put multiple generations of our superior quantum computers in the hands of the Department of War. Darpa's Benchmarking Initiative is centered on understanding when a business focused on its bottom line will choose a quantum computer over a classical one. We believe that our advancement to Stage C reflects a fundamental principle that has guided IonQ's technology roadmap and vertical manufacturing integration.

What matters most is how quickly and cost effectively a quantum computer delivers a useful answer. More than a year ago at our 2025 Analyst Day, we made time to solution one of our core metrics. Cost to solution is equally critical and is why we released our third-party validated industry-leading bill of materials for fault-tolerant systems. We have always focused on designing systems to be deployable at a cost that will promote mass market adoption. We design to deliver true economic utility for our ecosystem of end-users.

As you can see on Slide 6, this quarter we also demonstrated powerful commercial momentum for our computers. Since launching our Superion product line in September, we have experienced strong global demand and are now working to further expand capacity. Initial Superion 256 partners include NVIDIA and Florida International University in the U.S. It also includes the University of Cambridge and Horizon Quantum in Europe and SDT in South Korea.

IonQ is building the quantum ecosystem to meet global demand. Superion 256 will be the first on-premise quantum computing employment at the NVIDIA Accelerated Quantum Research Center, connected directly to NVIDIA's AI supercomputing infrastructure. I have long said quantum will be adopted through hybrid workflows, with GPUs and QPUs working side by side. NVIDIA's historic partnership with IonQ demonstrates how our technology is robustly positioned for integration into advanced, scalable computing environments that will drive broader quantum adoption.

Turning now to Slide 7. Hardware leadership is the foundation of impactful applications. As NVIDIA showed, leading hardware attracts an ecosystem, and the ecosystem turns hardware into a platform. That is our strategy to decisively lead in quantum hardware and make it easy to access and build upon. IonQ quantum computers are available on all three major public clouds, AWS, Google Cloud, and Microsoft Azure.

This quarter, we brought another Forte Enterprise system online. In 2027, we expect to add multiple tempo systems, expanding our cloud capacity several times over and making our present most powerful systems available on demand around the globe. We also support all major quantum development frameworks, including Qiskit, PennyLane, NVIDIA, and Azure Q2Q, Classic, and several others. This is an open ecosystem that we contribute to, leverage, and which provides choice for our customers.

Of course, like NVIDIA, we also develop extensive proprietary software that runs close to our hardware. This strategy creates value in two ways. Through applications we develop with our customers and partners, and through the platforms that partners build on our platform. We continued this past quarter to demonstrate pioneering breakthroughs, where our quantum technologies deliver the significant improvements that create a compelling backdrop for customer adoption.

With our partner, CCRM, we began development work in viral vector manufacturing. This is a costly step in producing many cell and gene therapies, where much of the product is

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lost during purification, and when we're quantum. Can help today.

With Synopsys, we are collaborating on some of the most computationally demanding quantum mechanical calculations in chip design, with the goal of integrating quantum computing into the Synopsys QuantumATK platform. Our leading quantum computers are also where customers and partners choose to run their own applications.

HSBC recently shared results from an application tested on our Forte Enterprise computer, which was first launched in 2024. They showed an improvement in prediction accuracy over classical approaches in identifying emerging trade corridors. In another example, Israel natural gas lines used IonQ Forte to run their quantum optimization model for natural gas transmission.

Our open platform, simple software layers, and easy cloud access are in turn, building a global development community for IonQ. Just last month, we hosted a global hackathon that drew developers from over 80 universities and 37 countries, who completed more than 4,400 runs on IonQ's cloud. They generated more than a 1 million lines of open source machine readable code. Some teams were using quantum computers for the first time and still built working projects in 48 hours. We are making quantum computing accessible everywhere and driving a fast feedback loop that developers working with AI can accelerate even further.

Turning now to quantum security on Slide 8. We see another huge and important opportunity to build on our technological leadership and address an increasingly urgent, large and global customer lead. As we build increasingly powerful quantum computers, every single step forward pulls in the timeline for Q-Day. Our leadership in quantum algorithms is bringing it closer also.

In September, we published the world's first complete end-to-end fault-tolerant resource estimate for running Shor's algorithm against 256-bit elliptical curve cryptography. Q-Day is now inside the planning horizon for CEOs, CISOs, CTOs, and network security leaders in both enterprise and government.

I want to pause here to emphasize how much more attention quantum security is receiving than even a couple quarters ago. In nearly every conversation we have with our customers, we are pressed on how we can help them stay safe, not only now, but in the era of quantum computing. I believe we are, in fact, entering a new era of perpetually elevated cyber threats by virtue of not only AI, but the potential for combined LLM quantum attacks.

Our unique understanding of quantum computing and networking is why now is the moment for IonQ to lead in quantum security also. Customers choose IonQ's quantum security platform for three reasons. First, we understand better than anyone what quantum computers can do and how they will do it, because we build the world's most powerful quantum computers.

Second, we protect customers today by decoupling encryption from their network, minimizing disruption to their existing infrastructure. And third, our crypto agile solutions evolve with customers as post-quantum standards change. My vision is a single security platform that protects customers against today's threats and carries them safely through the rapidly emerging AI-driven attacks and into the combined LLM quantum era.

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As you can see on Slide 9, our acquisition of Elisity is central to executing on this proposition. Enterprises face two overlapping priorities, containing attacks that operate at machine speed and preparing to protect sensitive information against future quantum threats. The urgency of this transition is underscored by June 22nd's White House executive orders. Elisity's Zero Trust platform provides identity based micro segmentation with 100 established enterprise deployments and trusted CISO relationships.

Customers often initially come to IonQ for either security, computing, networking, or sensing. However, our integrated capabilities allow us to address significant additional needs as those relationships evolve. Over 40% of our IonQ platform segment revenue in Q3 was generated from customers buying multiple products. As our roadmaps continue to develop and converge, we see a strong opportunity to deepen customer relationships, reach new enterprise buyers, and drive additional revenue growth across the platform.

Turning to Slide 10. In Q3, we were pleased to close our acquisition of SkyWater, making IonQ arguably the largest global quantum merchant supplier and the only vertically integrated public pure-play quantum company. SkyWater is powerfully accelerating our business. In just six months of working together, we delivered 12x more wafer lots and more than three times faster tape-out cycles for our 256-cubic chips.

By bringing manufacturing in-house, we are strengthening our ability to control production timelines, accelerate product development, and scale more efficiently. We proudly serve the broader quantum ecosystem through our fab, full IP protection, and secure domestic U.S. manufacturing capabilities. SkyWater is flourishing as part of IonQ.

In just two months together, we launched SkyWater quantum solutions, built around repeatable technology platforms with repeatable quantum products that customers can build on. To start, we have developed SP90 and SC250, which together support all quantum modalities. We also developed RH90, a radiation-hardened platform for satellites and defense systems.

We are proud to have signed long-term agreements to support D-Wave and QoLab with SkyWater's trusted FAB solutions. Less than a month after launching our quantum foundry solutions at our Investor Day in September, we began shipping these wafers to customers. This early progress shows how we can translate our manufacturing capabilities into commercial opportunities. Over time, we expect this approach to support greater efficiency, economies of scale, and improved margins.

Advancing all of this at once takes two things, exceptional talent and the capital to invest with conviction. We have both. In October, we raised $2 billion at a premium to our share price, bringing us to $3.7 billion in pro forma cash on our balance sheet.

IonQ has now extended its lead as the best capitalized pure-play quantum company in the world. Our financial strength gives us the flexibility to build the quantum ecosystem. We will continue to invest in the technologies, robust manufacturing capabilities, and commercial infrastructure needed to scale our business to profitability. Importantly, we are focused on making those investments with discipline, building a strong foundation for. operating leverage, sustainable growth, and long-term shareholder value.

With that, I will hand the call over to my colleague, Inder.

Inder M. Singh **{BIO 3863152 <GO>}**

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Thank you very much, Niccolo, and good afternoon, everyone. Thanks for joining. For what is now the sixth quarter in a row, as Niccolo said, we are now again reporting another record-setting quarter and the highest revenue quarter in the history of the company.

In Q3, we reported revenues of $173.8 million, which represents 336% year-on-year growth. These results exceeded even our own internal modeling, really driven by strength across the board. And we were happy to see the closing of SkyWater, which enables us to now offer a vertically integrated company, not just a platform company to our customers.

As you're aware, we recently further strengthened our balance sheet with a successful raise of an additional $2 billion of capital, which allows us to have the financial firepower to invest in innovation, maintain our lead, and continue to drive this business forward. Our pro forma cash balance now stands at $3.7 billion.

Let me remind you of what we previewed at our Investor Day on September 8th that we will now report in two segments, IonQ platform and SkyWater Foundry Services. Please refer to Slide 16 of today's Investor Deck where you can see these two new reporting entities. Just as we have been giving you color on IonQ's business in the past, going forward we'll plan to give you color on the SkyWater side as well. To be clear, we are still running this company as one P&L, and we're investing and allocating capital across the business.

Let me now share with you the key drivers of our revenues for the quarter. I'll first discuss the IonQ platform, and then the SkyWater segment. For the IonQ business, which is the world's leading quantum platform, our Q3 revenues were $90.3 million, representing 127% year-on-year growth. This growth was fueled by strength in quantum computing, which remains our fastest growing product line, where global deployments of our fifth generation tempo quantum computers are the principal driver. It was also driven by global deployments of our quantum sensing and space-based products.

Last quarter, I told you how much more important security was starting to become for us. With our acquisition of Elisity, we can now deliver an even more complete portfolio of solutions in the quantum cybersecurity space, which uniquely positions us to help protect our customers' crown jewel assets before Q day happens that Niccolo talks about.

As you know, our leading quantum cybersecurity business, which we built with the acquisition of ID Quantique and further investment, has given us key future cybersecurity technologies. And since we acquired ID Quantique, we have added 125 new quantum security customers into that business.

Now with Elisity, we have direct access to approximately 100 more, nearly doubling the number of customers. And our aim is to keep driving our world-leading position in quantum cybersecurity and preparing for what is becoming inevitable, I think, in most people's minds. As I mentioned yesterday, the cybersecurity TAM, which we are now addressing of course, this position do not only grow strongly, but even has the potential to become bigger than the quantum computing TAM over time. We're beginning to see more and more CEO level discussions begin with a discussion of security, which tells you that this is becoming the top of their priority list.

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Let me also touch on sensing, which was strong in the quarter and yet is another TAM that we've talked about at Investor Day. You all know traditional GPS systems have proven to be vulnerable or inaccurate, and therefore our sensing products are also taking on a higher degree of relevance especially for defense customers. GPS provides position, navigation, and timing, which are increasingly being jammed. And our sensing portfolio provides not only accuracy, but also resiliency for PNT.

As just one example, this quarter, we were proud to be awarded a $28 million DARPA contract, which starts with 25 of our next-generation atomic clocks. This contract also has an option for the customer to buy another 100 for mission-critical applications including radar, secure communications, and precision and geolocation. We also won contracts with NIST and the Naval Research Laboratory.

We are pleased to see this momentum continue, and as we have now signed nine sensing contracts just since July, I'm pleased to see that this is, again, another cylinder that is firing for us. Once again, this is an addressable TAM that is separate from our others, and we are uniquely positioned to address it with the solutions we have.

As I've done in prior quarters, let me share some further color on the drivers of our revenue, which I'll talk about IonQ first, and then the SkyWater segment. For the IonQ segment, in Q3, commercial customers represented roughly 65% of revenue. International customers were roughly 35%, and multi-product customers comprised 40%. We're very encouraged by these trends in the IonQ platform business.

These trends tell us that customers are putting our solutions to work in real-world applications around the globe and are increasingly turning to IonQ for more than one product. As an example of our multi-product strategy, in this quarter, we signed a $33 million contract with SDT of South Korea for a Superion 256 quantum computer, as well as a quantum networking memory solution.

In this deployment, we will anchor a hybrid quantum classical data center in South Korea, similar to other deployments. And as Nicola mentioned, this is one of the value propositions where our QPU sits next to a GPU cluster, allowing for hybrid computing.

Let me now talk a little bit about SkyWater and the drivers of SkyWater. Of course, I would remind you that SkyWater closed at the end of July, so the numbers that I will share represent 2 months' worth of financials from SkyWater. Additionally, I'll also remind you that when we consolidate IonQ segment and SkyWater, we eliminate any inter-company revenue for work done by SkyWater's foundries for IonQ segment superior end products. Therefore, all of my remarks exclude any inter-company revenue.

The SkyWater segment delivered $83.5 million for the quarter, exceeding our expectation, and we are very, very pleased with what we're seeing on the ground with the team as we begin the integration. A few of you asked in the past, would we retain the customers that are in the quantum factory there, for example? I'm delighted to report that not only did we maintain our customer base in that foundry, we grew it. Importantly, we extended our agreement with D-Wave for a multi-year period.

Our goal as a company is to continue to be the leader in the products and the platform that we offer to our customers, of course. But also our efforts are to support the broader ecosystem of quantum. As yet another example, we signed a first of its kind multi-year agreement with a new quantum foundry customer, Qolab, which was co-founded by Nobel Laureate Professor, John Martinez. Both of these examples are

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testament to the fact that we believe we can not only retain, but also grow the quantum foundry business within the SkyWater segment.

As an indicator, in Q3, the quantum foundry within SkyWater saw revenues grow by more than 30% year-on-year, excluding any revenue from IonQ. SkyWater not only brings us to the quantum foundry, but also a set of highly secure and differentiated manufacturing capabilities. And we are leveraging that for critical national defense applications, especially for government customers, where security and secure manufacturing are important.

So beyond quantum, SkyWater brings us these advanced technologies, which are unique and differentiated. This quarter, we accelerated one of those, advanced imaging to meet growing demand for major defense primes supported by the Department of War and others. These advanced technologies we intend to leverage in the coming quarters and years to differentiate us even further with our solutions, which make us more sticky in our customers' minds, especially government and national security customers.

And for SkyWater's CMOS foundry, which many of you are familiar with, of course, Q3 performance was also strong. In that business, we have a very stable, predictable revenue stream with a multi-year take-or-pay supply agreement with Infineon. This gives us a solid base of revenue in an area where we see potential for future growth. And we intend to drive growth by investing and allocating capital to parts of that that make sense for us to drive further. And as you all know, as you lift the utilization rate in a foundry, it also helps expand the margins of that foundry.

Let me now turn to RPOs, which are our remaining performance obligations. In Q3, I'm pleased to report that we ended the quarter with $1.2 billion of RPO. Even as we use some of the RPOs to deliver our record setting quarter. This RPO number of course now includes both the IonFuse segment and the SkyWater segment. RPOs for the IonFuse segment grew from $485 million to $689 million in Q3, lifted by approximately $290 million of new contracts signed in the quarter.

And of this $290 million, approximately $180 million came from very strong quantum computing sales, especially of our next generation Superion 256 quantum computers, and the fact that we advanced to Stage C as Niccolo mentioned. SkyWater added a further $479 million to our RPOs in addition to the IonFuse segment, which now includes SkyWater's contracts both long-term and short-term.

The combined $1.2 billion RPO provides us excellent visibility into our business. Because this is our first quarter with SkyWater, we are sharing these additional details with you. On a go-forward basis, we anticipate continuing to report our view, of course, even though we may or may not provide this level of detail.

Moving now to discussing expenses and where we're investing. GAAP operating expenses for the quarter were $606.9 million and on a non-GAAP basis $306.6 million. As I've said in prior quarters, R&D is and will remain our primary focus of investment in order to ensure that our market-leading positions with our products are invested in with a long-term lens, and R&D helps make that happen.

On a year-to-date basis, R&D remains our largest investment area, as we have invested more than $425 million so far to maintain our world-leading quantum innovation position. For Q3, on a non-GAAP basis, we invested $96.8 million into R&D. As we have also

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said in recent quarters, go-to-market is also important as an investment area for us, because we have many more things to offer to our customers.

I'm pleased that we now have the go-to-market engine we need as demand accelerates, as more products come online that we can offer, as demonstrated, frankly, in Q3. By the signings that we had and the strength of the RPOs that we're talking about.

Let me now turn to SkyWater, because it was a busy quarter for us with the close of SkyWater. And a number of things have to be done when you acquire a company that large, as you can imagine. We are focused on investing in all of the people, processes, tools, technologies needed for SkyWater to succeed. And for IonQ overall to drive effective solutions for our customers and efficient manufacturing.

As a result of the acquisition, G&A this quarter included approximately $40 million of one-time costs. These are excluded from adjusted EBITDA, but nonetheless, as you do these integrations, you will invest to, frankly, drive efficiency further down the road.

In the quarter, we had to also look at purchase price accounting as well as marking SkyWater's assets to fair value, as you always do in an acquisition, and closing the quarter on a combined company basis. Yes, it was a busy quarter for everyone, but a very strong record-setting one again. No doubt, we are now positioned to deliver end-to-end solutions to our customers. And the work doesn't end here on integration. We are uniquely and very, very enterprise-wide focused on driving M&A integration across the business, with SkyWater, especially as well.

Turning now to adjusted EBITDA for Q3, which was negative $133.6 million, reflecting the integration investment concentrated in the quarter. Looking forward into the fourth quarter, we expect our adjusted EBITDA to improve compared to the third quarter, as compared to the third quarter we just reported, of course.

The current S&P Global Capital IQ consensus estimate of negative $123.6 million. $127 million for Q4 doesn't seem unreasonable to us. This expected improvement reflects our commitment to profitability and to our diligent integration activities, which we are going to drive across our business, including the companies that we required for.

Net income attributable to I&Q for the quarter was $564 million, which included an $896 million non-cash gain from the mark-to-market valuation of our warrants. As a reminder, that gain does not reflect the operating performance of our business. I'm very pleased and excited about all of the accomplishments that Niccolo talked about and that we have recorded in the last few years, and especially about our future ahead.

Let me turn now to our guidance for the balance of this year. At Investor Day in September, we raised our guidance for FY '26. Today, on the strength of our record third quarter, we are further raising our full year FY '26 revenue guidance from $450 million to $460 million, up to now $505 million to $515 million. We can now proudly say that IonQ expects to be the first AAA quantum company to report $0.5 billion in GAAP revenue. This represents more than a 10x revenue increase in just the past two years.

Many of you asked about our quantum computing revenue, which of course is a key driver and remains that. On the strength of our strong sales motion and performance in the third quarter, we are expecting more than 110% growth in our quantum computing revenue this year, up from 100% that I talked about last quarter. Now that we are moving forward towards potentially being the first quantum company to deliver $1 billion of

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revenue in the future, it is also time to begin to think about charting out our path to both revenue growth and profitability.

September marked my one year anniversary in the company in this operating role. And as we scale, this comes into focus as a priority for Niccolo and the entire leadership team to ensure that we are plotting our path for profitable growth in the future. We have a number of products, and some products naturally will get there faster than others. And we will look across all of them to say how we want to allocate capital and drive both growth and profitability.

Operationally, we're putting in place programs to drive bottom-line results, including disciplined monthly and quarterly business reviews of what things are going well and what needs attention. Our pricing strategies across our portfolio and deal desk reviews. Sales productivity, M&A integration, everything takes on an importance at this point as we think about past profitability.

With SkyWater and our other acquisitions, we run more back office systems and sites than we need. So that's an example where we will turn our focus in 2027 and look at our site strategy. I could give you many more examples. We have a team that will focus on this, and in my experience and Nicola's experience, it always helps to align competition with results that you're trying to drive. And we may consider ensuring that these initiatives towards profitability become part of that exercise as we enter 2027.

In conclusion, our results reinforce our confidence in being able to not only close out 2026 on a high note, but really on record-setting note. and we believe IonQ is well positioned to continue trailblazing and leading in quantum technology as it accelerates around the world.

Operator, can we now open the queue for questions?

Questions And Answers

Operator

(Question And Answer)

Thank you. We will now begin the question-and-answer session.(Operator Instructions) Our first question comes from Vivek Arya of Bank of America. Please go ahead.

Q - Liam Farr {BIO 22361573 <GO>}

This is Liam Farr on the phone with Vivek. Thank you so much for taking our questions. I want to start on quantum. Security and networking now that you've closed your Elisity acquisition. Could you describe how you're seeing that market, how we should think about that market longer term in terms of size and that compared to compute? And more specifically your strategy to monetize that section of your portfolio should we expect it more subscription based kind of like cybersecurity companies are doing elsewhere in the classical space or more hardware? Could you walk us through that part of the business, please?

A - Inder M. Singh {BIO 3863152 <GO>}

Sure, yeah, great question. Look, a quarter and two quarters ago even, Niccolo and I were talking about quantum security becoming more and more prevalent in our conversation

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with customers. And I think that the executive order that came out previously, as you're aware, and other events that have happened since it's become clear to most large enterprise, and frankly, even others, governments, of course, around the world, that classical cybersecurity just doesn't work.

Not only against things like Mitiga, but frankly against a quantum computer. If it doesn't work against Mitiga, what do you do in a quantum environment? So what we have assembled is a quantum cybersecurity business. And of course, we already had a presence in it, as I mentioned in my remarks. But we needed to round out that portfolio, and what Elisity brings to us is the ability to help a customer become quantum safe. Not two years from now, not three years from now, but now.

The capability that Elisity, frankly, has sold to its customers, and also something that we needed. So we were building that, now we bought it, and we were there faster and earlier. So we now have an ability to talk to an enterprise of any size, frankly, and many large enterprises or customers to say, we can scan your network, we can look for quantum vulnerabilities with the tools that Elisity brings. Again, we were building that tool, now we have the tool. So Elisity brings a lot of acceleration, I think, in my mind, in terms of what we can offer to our customers when they're becoming more sensitive about security.

The prospects of this business, to your question around growth and TAM, as I said, I think this is a TAM that could be, and might be, bigger than even quantum computing one day. It sits with our solutions work on existing networks, and they don't require tens of billions of dollars of investment.

Yes, there's some hardware, of course there is. Elisity is a software business. I love the software business, the margins of that business. I love it even more when it's a recurring revenue business. So they bring us 100 customers, as I mentioned, we have over 100 ourselves, that's just the beginning. We intend to drive it further from there. So it's a recurring revenue. high margin, uniquely positioned, opportunity for us to leverage, and growth comes with investment, and that's why we made the investments.

Niccolo, do you want to add anything?

A - Niccolo de Masi {BIO 6724759 <GO>}

No, I mean, look, I've met with a number of world leaders at the Commonwealth's Head of Government meeting earlier this week. And I think I would echo what Indra said, which is everyone recognizes that security is the foundation not just for civilization as we know it, but obviously for moving forward technologically, if you are a nation or a large enterprise or a department of a large nation.

It all kind of goes back to can you trust your communication, can you trust the systems you're working with, and can you trust the network you're on? So on a combined basis, we have an absolutely differentiated software and hardware platform. It's an area that we're very bullish on, not only as a place to bolster the foundations that are already in existence across the globe, but one that needs continual investment in this era area of LLMs and quantum computers, and an area where we can land and expand Across the rest of our quantum platform.

So you may start in the CISO office, but we rapidly get to the rest of the organization by delivering success and our first quantum engagements. And as you heard in my prepared

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remarks, we're increasingly finding that our customers are demanding more and more of our platform Amazing thank you.

Q - Liam Farr {BIO 22361573 <GO>}

And then for my second question, I was wondering if you could give us some more color around the rationale behind a $2 billion raise in October, what should we expect for use of proceeds? And what went to the timing of that decision given that superior 256 is ramping in the second, oh, sorry the first half of '27. Thank you.

A - Inder M. Singh {BIO 3863152 <GO>}

So, I'll start I mean, look, I think that I believe, and Niccolo believes, that we need to have the ability to invest for the long-term, the ability to invest in R&D, having the best talent on the planet, which we believe we have already, and ensuring that we keep the innovation edge, right?

And every year we're introducing a new generation of quantum computer, each one exponentially more powerful than the prior. That requires line of sight to the next five years of R&D investment, for example, and even longer. And we'd like to make sure that we have the ability to keep investing without blinking.

I'm pleased, frankly, looking at the stock market and how all of those have been, that we did the raise when we did it, and it was done at a premium. So it's not for 256 or anything like that, in particular, as you were mentioning. I ascribe it more to, we're preparing for the next chapter of growth of IonQ, as Niccolo mentioned.

A company that is at $0.5 billion today, going to $1 billion and beyond. And ensuring that we have a fortress balance sheet as much as we can. So it's for long-term capital, not for any particular need. We believe that this gives us some years of runway and the ability to make sure that we keep growing and setting the pace for the industry. Does that help you?

Q - Liam Farr {BIO 22361573 <GO>}

Yes, very much. Thank you very much.

A - Niccolo de Masi {BIO 6724759 <GO>}

You got it.

Operator

Our next question comes from Joe Moore of Morgan Stanley. Please go ahead.

Q - Joseph Moore {BIO 17644779 <GO>}

Great, thank you. I wonder if you could talk about the NVIDIA announcement that you had, that they'll be having IonQ systems in their research center. Give us any color on what that may mean for you going forward. Thank you.

A - Niccolo de Masi {BIO 6724759 <GO>}

Hey, Joe, it's Niccolo. So we are the first partner in their Boston Research Center. That is obviously a data center that requires robust deployments of anything in it so that

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vibrations in it do not cause alignment issues. And I think it's safe to say that IonQ's robust manufacturing process at SkyWater as well as the architecture we've created that puts ion traps on a chip, gives us not just a cost advantage, a manufacturing advantage, but also a stability advantage.

So we're kind of a uniquely well-suited, if you look across the quantum ecosystem, I think it's safe to say that kind of like with the DARPA QBI program, where there's 500 people doing diligence at the Department of War on things like quantum utility and who can manufacture and who can drive that economic value add. NVIDIA's got a large quantum team, who are looking at the quantum ecosystem and trying to find the partner, if not the partners, who can scale with them into the hybrid workflows that I referenced in my prepared remarks.

So we'll be doing research with NVIDIA on, of course, the future of what GPU-based machine learning and QPU-based AI can do. We'll be doing research together, obviously, on how we can deploy hybrid workflows. And we think it's a fantastic endorsement between DARPA, QBI, Phase C, and NVIDIA of our architecture and our ability to deploy rapidly, seamlessly, in a robust way, in a stable way, that gives us additional vectors of scalability here.

By proving this out in one data center with NVIDIA, we can obviously prove it out in the rest of their data centers. And we expect this will expand our channels to market as well.

Q - Joseph Moore {BIO 17644779 <GO>}

Great. Thank you. And just to clarify, that deployment is next year? Have you set any more specific timing than that?

A - Niccolo de Masi {BIO 6724759 <GO>}

We haven't given an exact month, but I think it's safe to say that it's one of our earlier ones, and we'll be very busy next year.

Q - Joseph Moore {BIO 17644779 <GO>}

Okay, thank you.

A - Inder M. Singh {BIO 3863152 <GO>}

Thanks, Joe.

Operator

Our next question comes from Craig Ellis of B. Riley Securities. Please go ahead.

Q - Craig Ellis {BIO 1870408 <GO>}

Yes. Thanks for taking the question. Congratulations on the momentum in the business guys. Niccolo, I'll follow up on the point you made about being really busy next year. So the company has a real strong track record of doubling revenues year-on-year each year. And implicitly in fourth quarter, we should be at a $760 million run rate. So, we can see that there could be very significant revenue growth this coming year.

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But I think I also heard you say that you're already sold out for Superion 256 in calendar 2027. So can you just go into some more detail on some of the tailwinds that you see for next year and some of the headwinds, whether they be capacity related or otherwise? Thank you.

A - Niccolo de Masi {BIO 6724759 <GO>}

Yes, so look, I think it's safe to say that I don't see headwinds and I haven't seen headwinds the last two years. And we are in a secular bull market here, not just for quantum security, but obviously quantum computing and quantum sensing. If I look across our platform, we're the only down select with DARPA's, it's about time program for clocks. We're the only down select for the DARPA HARQ program around entanglement distribution. And we're the only ion trap down select for the DARPA Phase C.

So technical validation is very strong for our company. And you're seeing that from obviously the most important institutions, not just in the U.S., but I'd argue in the world. On the commercial front, we have always said that commercial success obviously requires not only technical underlying milestones in the lab, but it requires the D part of R&D to happen as well as the manufacturing, the go-to-market function, and of course, the commissioning.

We have grown all of these functions every year, and we continue to grow them relentlessly, because remember, our systems turned on first nearly a decade ago in 2017. Our systems have been on the public cloud since 2020. And we have a pipeline of customers who are absolutely coming to us knowing that we have a track record of delivering year after year since our IPO.

My comment on selling out 2027 capacity is obviously a very bullish sign. We are going to keep growing our manufacturing capacity of whole systems, as I mentioned in my prepared remarks. We are not limited, of course, by making the chip. That is something we can make large numbers of with SkyWater. But the rest of the system, obviously, is something that we are going to continue to grow in our vertically integrated U.S. supply chain secure model.

And so it is safe to say that you should read into my comments that we are beginning to fill the order books into 2028 pretty comfortably, and it's not just into 2028 for 256 systems, but of course we have interest in the future generations that we're working on, given that we showed off three generations of our CMOS chips at our Analyst Day in September. And you can see them also, of course, in our Executive Briefing Center in College Park or headquarters anytime.

A - Inder M. Singh {BIO 3863152 <GO>}

I'll just add.

Q - Craig Ellis {BIO 1870408 <GO>}

Very helpful.

A - Inder M. Singh {BIO 3863152 <GO>}

I'll just add a brief comment, Craig, just to remind you.

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Q - Craig Ellis {BIO 1870408 <GO>}

Yes, thank you.

A - Inder M. Singh {BIO 3863152 <GO>}

This time last year, we talked about demand for tempo exceeding our ability to supply. A quarter later, we solved that. So, the comment is from Niccolo, very much about demand. Demand for Superion is very strong, so you can count on the fact that we've done it before and we'll rise to the challenge of meeting demand again.

Q - Craig Ellis {BIO 1870408 <GO>}

Yes, certainly the new contract signings show that it's strong right now. Yes, no doubt about it. On the path to profitability comments, Inder, back office as an emphasis next year makes a lot of sense. Can you just clarify, in the third quarter, in the adjusted EBITDA number, what was the amount that would have related to SkyWater deal close and related kind of non-operating expense, just so we can have a clean number for the third quarter as we look at then fourth quarter next year?

A - Inder M. Singh {BIO 3863152 <GO>}

Yes, you'll find more detail in our filing around it. I did comment around G&A being one of those areas, for example. And you can think about, over time, of course, integration happens with IT, right? That's not a day one thing always. So the opportunity to extend margins is, for us, I think, available from an M&A integration standpoint in a very big way. I pointed out some of those things when I gave my comments in the prior remarks.

But we've established a team and someone that used to work with me in a prior company that did this professionally and knows exactly how to drive this. Taking the baton over from another colleague on my team as we now integrate SkyWater, and driving a very systemic approach to go after, as you said, back office, right, IT systems, financial systems. All of the things that you think that would be necessary. And so that's one area.

But I would also talk about front office, quote, unquote. The ability to do multi product sales and leverage the products of one of the companies that we acquired with another. That's something that Niccolo and I and the team are focused on driving. Much harder, much faster.

And as I mentioned in my prepared remarks, we've made a lot of headway on our go-to-market. The leader that we brought in that I've talked about a number of times now and his team. Are starting to really fire on all cylinders. And you can see the results of the signings and the RPO. I mean, I never thought we'd be talking about a $1.2 billion RPO.

So we have opportunity to expand margins. The path to profitability, any responsible company would do. And we're doing because we're reaching scale. And we don't intend to do anything to damage our hyper growth trajectory, of course not. We intend to do at the end to make sure that we are disciplined around our costs, how we invest.

And as Niccolo and I and the leadership team get together and discuss capital allocation, to say where do we want to put the incremental dollar in terms of growth and seeing return on that growth. So it's a discipline that you would expect from any company that is of scale. And I think we're now of scale.

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Operator

Our next question comes from John McPeake of Rosenblatt. Please go ahead.

Q - John McPeake {BIO 20678717 <GO>}

Thank you. Can you hear me guys?

A - John Lai {BIO 17744943 <GO>}

Yes, hey, John. Can you hear me? Yeah, we can.

Q - John McPeake {BIO 20678717 <GO>}

Okay. Great. Thanks a lot. Sorry. I don't want to start talking. All right. Congrats on the DARPA Phase C. Thanks for the additional metrics, sold-out capacity, 256. Slide 6, Is it as simple as price times unit, we'll make an assumptions on price, and then units to figure out, our estimates for your Superion 256 sales in FY '27?

A - Inder M. Singh {BIO 3863152 <GO>}

We haven't really talked about FY '27 yet from a revenue or guidance standpoint, so I don't want to get into sort of like P times Q per se. But yes, I mean, much as you would sell a tempo system, a 256 is a similar system.

Q - John McPeake {BIO 20678717 <GO>}

Okay. Can we just assume kind of similar prices across the board, or is there any variance based on desirability of customer, reference customer or anything like that?

A - Inder M. Singh {BIO 3863152 <GO>}

The customer demand that we're seeing is from really serious customers who want to invest for the longer term, not just for a box, right? So what I like to see, customer lifetime value, John. I know you used to talk about that a lot. So someone who buys, over multiple years, the many generations that computers will make, but also multiple products. And so we're happy to see the demand. And yes, of course, we're being picky in terms of selecting the customer that will be with us in the journey for the long-term.

Q - John McPeake {BIO 20678717 <GO>}

Right, so it would be first in line for the 10,000, et cetera.

A - John Lai {BIO 17744943 <GO>}

Yes, of course, of course.

Q - John McPeake {BIO 20678717 <GO>}

Third customer. And then if you could elaborate a little bit more on like the status of the 256 Superion, like where it is right now on the bench, anything would be appreciated. That's all I got.

A - Niccolo de Masi {BIO 6724759 <GO>}

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Yes, so we made a pretty full update, obviously, at our analyst stand September 8th on that one. And assuming you were there, you would have seen our display of three or four generations of chips. We've talked about the reduction cycle time from, nine months to nine weeks. And we've obviously talked about the fact that our architecture has been proven out from a fidelity perspective and a control system perspective. So the timelines remain as they have been for the last two months. We continue to march forward, not just in the R phase, but the D phase, if you will.

And if you visit any of our offices, you'll see these machines in College Park and Oxford and so on as they're being built. So I think, there'll be a lot more updates coming on our next earnings call. Then this one, we kind of provided the November update, if you will, a bit early in September. But fundamentally, the thesis remains exactly as it has been in prior quarters. And we're excited about the fact that this architecture has obviously been validated by DARPA's QBI Phase C selection, as well as NVIDIA, as probably having the most powerful, let's just say, time of solution and cost of solution in the world.

Operator

Our next question comes from Robert Aquano of Needham & Co. Please go ahead.

Q - Robert Aquano

Hi, guys. Thank you for taking the question. This is Robert on for Quinn Bolton here at Needham. Just one on the SkyWater acquisition now that it is closed. You guys touched on this in the prepared remarks, but I was wondering if you could expand maybe on some of the external quantum customer engagements. Congrats, obviously, on extending D-Wave, but it sounds like things are moving in the right direction. But maybe what are some of the engagements with other external existing foundry customers and maybe their appetite to work with SkyWater, and how that's changed since the deal is closed?

A - Niccolo de Masi {BIO 6724759 <GO>}

So, I think what's exciting about the SkyWater platform at this point is we've been investing in expanding these merchant supply capabilities. So, we made an acquisition of a business called Nexus Photonics that adds integrated photonics to the overall quantum foundry proposition. You've seen our announcement of a program to accelerate, earlier stage startup quantum companies into the manufacturing phase using the complete value chain that SkyWater plus Nexus plus IonQ have brought together here.

And just as Inder and I talk about our customers taking more than one proposition, if you will, from our products across the platform, the same thing is able to happen and starting to happen across the SkyWater customer base. So, they can do more with us, because we offer more. We have maintained complete intellectual property integrity, complete security integrity, as has been committed and promised when we first announced the deal back in February this year. And I think our customers have seen that.

And so we've had a strong reception, honestly, across not just the United States, but let's just say the Western world, of the capabilities and the fact that we are the only operating quantum foundry, we believe in the 2020s, that's able to deliver, deliver on time, deliver at cost, and really help the quantum industry scale. So we continue to invest in our capabilities.

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And we're really excited about the fact that this integration has gone exactly as planned, exactly on schedule. I'd say in a lot of ways, it's a role model for how acquisition integrations can happen, particularly between two public companies.

Q - Robert Aquano

Thanks. That's great to hear. And just a quick one on stage C of the Of the DARPA QBI. I was wondering maybe what were -- what was some of the feedback that DARPA gave you guys. And then kind of what does it look like What does the process look like beyond Phase C or in Phase C?

A - Niccolo de Masi {BIO 6724759 <GO>}

Well, look, I mean, there's obviously important NDAs in place, and I'm not going to be reading off feedback from the Department of War on an earnings call. But I think it is safe to say that what is public about DARPA QBI is that there are approximately 500 people on their side doing detailed diligence on not only where a company's machine is today, but the roadmap of where they are going in the next few years.

And so this is not just incredibly validating for us because of the financial ramifications of a $300 million program, but it's incredibly validating because our architecture obviously has come together and proven out exactly what we said it would over the last one or two years. And I think it's exciting that we were early into DARPA Phase B, early into DARPA Phase C. And we have a lot of momentum, obviously, because of the fact that we are not just being practical about bill of materials, but we've already demonstrated rapid, if not the fastest time to solution, I'd say, in the industry.

So on April 14th this year, World Quantum Day, if you look at our presentation materials there, which are on our investor page, you can see that our time to solution is somewhere like 100x to 10,000x faster than other cloud computers that were available earlier this year. And so the combination of incredibly fast time to solution of solving useful applications and doing real work, as well as having an unparalleled price point, if you will, for the machines that are delivering that power, gives us not just speed, but it gives us a cost to solution which translates into utility.

And so DARPA Phase C is about economic utility, not only algorithmic utility, right? So it's not just, can you solve the algorithm, which is a necessary but not sufficient condition, but it turns into, okay, if you can solve the algorithm at all, how fast can you do it, what does it cost to do it?

And this is why I'm really delighted by this validation, because it is obviously done at the highest levels of government as well as the highest levels of technical achievement. And it speaks to the fact that we really designed our systems for manufacture from the get-go and to scale. We recognize that a sound in the woods that no one hears is not very valuable, right?

A lab experiment that never leaves the lab is nothing more than a lab experiment that you can write a paper about, but you can never manufacture. What's unique about us is we're really integrated and we can, we do manufacture, and we can scale tremendously and we can deploy.

And I would argue we have the most practice doing that, the biggest track record doing that. And it gives us a lot of momentum as we head into the next year or two of building

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fault-tolerant machines. And doing exactly the same thing we've done. since IPO over the last five years.

A - Inder M. Singh {BIO 3863152 <GO>}

And I would just simply add I mean, Niccolo nailed it. I would just add, our touch points with DARPA are increasing. I mean, not only did we get to Phase C, but also they bought the atomic clocks that I mentioned earlier and are on sensing. We announced the HARQ agreement.

So we're delighted to see that as DARPA represents a front end of business with the Department of War, for example, that they are testing and certifying and feeling comfortable with our products for deployment. I'll call it in the mission. And that's, to me, from prior experience, a good leading indicator for the government being more ready to do business with you.

Operator

Our next question comes from Gary Mobley of StoneX. Please go ahead.

Q - Gary Mobley {BIO 3768696 <GO>}

Hi, everybody. Thanks for taking my question. A lot of the discussion so far has been on hardware sales. But I'm curious, if you can share with us some of the performance KPIs for cloud access or revenue generated from your deployed cloud capacity. First of all, how much capacity do you have from a revenue perspective, maybe annualized? How has the usage trends gone on a year-over-year basis, and where are you at in terms of utilization right now?

A - Inder M. Singh {BIO 3863152 <GO>}

Both are growing. As I said last quarter, some customers prefer to start with QCAS, and some customers will start and stay with QCAS. Quantum computing as a service allows you to do many things, useful for education, training, running some basic types of algorithms, et cetera.

On the other hand, if you want to do hybrid computing and you want to put a QPU next to a GPU, you can't do that through the cloud. So both are driving higher. Of course, QCAS is a higher margin business, as I said last quarter. So the more it grows, the better we do. So to your point on, like, do we focus on software? Of course we do. Elisity is a software business. As we look into our future, we're going to have a mix of hardware and software.

The margins should be helped by that. The passive profitability should be helped by that. But in the quarter and this year, frankly, year-to-date, I'm seeing strong demand for QCAS as well as, as Niccolo mentioned, and the announcements we made, folks saying we actually have a data center with a bunch of GPUs from NVIDIA, and we want to put one of your QPUs next to it.

KISTI was one, the one we have this quarter is another, Quantum Basel is another, ORNL in Tennessee is another. So it's a pattern that we would love to see continue. And I think that more and more countries that Niccolo visits and meets with customers. With customers are saying they want sovereign access, sovereign control. So I see both growing over time. You can't use some algorithms on a cloud basis, so you need the

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machine. On the other hand, you don't necessarily need to buy the machine, and you can use QCAS from us instead. We run behind all three major clouds.

Q - Gary Mobley {BIO 3768696 <GO>}

As a follow-up, I wanted to ask about maybe some capacity constraints. You did mention that Superion 256 is sold out through 2027. So does that create some sort of impediment to selling more naturally or purposefully on your part? And how do you transition to become sort of a mass producer producing 10-plus of these machines each year?

A - Inder M. Singh {BIO 3863152 <GO>}

Yes, well, look, I think that the demand is the demand is growing. We are creating groundbreaking forward innovations with each of our computers. We're delighted to see the demand. We're a company that actually moves very rapidly, as you saw from us in the past. If demand is there, we will rise to that demand, and so I have no doubt in my mind that the capacity comment is a temporary comment.

We have multiple locations where we can do manufacturing that we own. And when we get to the larger numbers we were talking about, we can think about manufacturing strategies that involve third parties as well. So that is not going to limit us from our growth.

A - Niccolo de Masi {BIO 6724759 <GO>}

I just want to be clear. I did not give you a number for 2027. And we absolutely have the intention of getting to large-scale manufacturing right at this company, and we're the best positioned in the world to do that because we own SkyWater, right. So I think you should read into the capacity constraint of a virtually integrated company that has a significant advantage in the U.S. supply chain, the demand is unbelievably strong.

Operator

Our next question comes from Tyler Anderson of Craig Hallum. Please go ahead.

Q - Tyler Anderson {BIO 19705451 <GO>}

Hi, guys. This is Tyler Anderson on for Richard Shannon. Thank you for taking my questions. I wanted to expand upon the manufacturing capacity and I do want to clarify very quickly because I've been getting cut out with the sound. Did you say that you had six systems that were being delivered in '27?

A - Niccolo de Masi {BIO 6724759 <GO>}

No, we did not mention any numbers. Sorry, you must have had some crosstalk.

Q - Tyler Anderson {BIO 19705451 <GO>}

No, that's totally fine. So I just want to, from a high level, speak to when we look at manufacturing these systems and we have your new system powered by microwave and electronic control. I would presume that that would be a little bit more manufacturable, or at least have a shorter time to manufacture.

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Bloomberg

So, if you could just describe how the previous systems, how long the previous systems typically maybe took compared to the new ones in any way that you could. And then, highlighting that you just said there's a potential for contract manufacturers, I'm wondering, is this, does that de-emphasize the need for, let's just say, smaller optical solutions, or just more semiconductor solutions to essentially take out the complexity?

A - Niccolo de Masi {BIO 6724759 <GO>}

Okay. So there's like three or four questions that are nested. Let me tackle most of them in one shot. Absolutely, we will demonstrate, I think, in the coming year or two, that only IonQ can manufacture fault-tolerant computers that are robust, stable, can sit in data centers, have fast commissioning times, and relatively rapid manufacturing times. Obviously, like with everything in life, you get better at it the more you practice.

But compared to bulk optics, where our industry tends to be in a lot of places, and where IonQ was 2.5 years ago, electronic qubit control and ion traps on a chip are unbelievably rapidly manufacturable, robust, stable, and don't require the tuning environments that bulk optics require, okay? First point, we have assembled this company in the past two years so that we are the mass market manufacturing winner on a global basis for fault-tolerant quantum computers.

And that takes an architecture that works, and it takes the actual supply chain and the trusted fabs under secure environments to deliver on that. And we are doing that, right? And I think I want to point out that we have delivered more systems than anybody else, we have sold more systems than anybody else. And we continue to see a path to growing that rapidly in the coming years, even as we move the R&D roadmap forward.

The second thing that we've done is we own Nexus, which is an integrated photonics company. Integrated photonics are really useful, not just for where our computing platform is going, but also where other opportunities across our quantum platform may head. I've talked about the importance of our atomic clocks, which are the most accurate in the world by a long way. We are the only down-select in the DARPA It's about time program, i.e., you can read into that, that no one else in the world makes clocks as accurate as us.

Using integrated photonics and our clocks, we also own, of course, capabilities in the heavens. And our clocks, as they miniaturize, will offer incredible next-generation positioning, navigation, and time GPS opportunities, precisely because we can manufacture and drive integrated photonics along with the world's clocks, also deployed in multiple theaters of war, if you will, from submarines to satellites.

So we're really pleased with how the vision's coming together. It's obviously been many years in the making, but we've been incredibly deliberate about the pieces we've added, how we've integrated them, and how we've proven out the pieces. And I think it's safe to say that the roughly 4,000 people who work at IonQ are excited to be here precisely because of how we integrate our roadmaps, and what we can do in quarters and years, as opposed to what will take other companies a decade.

Q - Tyler Anderson {BIO 19705451 <GO>}

Got it. And I agree with the deliberate acquisitions. And on that note, I see crypto agility as table stakes for PQC considering their potential fragility in the future. But I'm thinking about using these technologies that you had acquired, is there any other way that you

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could repurpose them? Some of these, such as micro-segmentation, to bolster other things that you have within your business?

A - Niccolo de Masi {BIO 6724759 <GO>}

That's a great point, honestly, Tyler. There are many more opportunities across our platform when you look at the synergies between the patents we have, and I think we have something like 1,200 and charging, and the talent we have. And so we have the high-class problem, Tyler, of deciding the stack rank order of our commercial opportunities across our R&D platform.

And there can be plenty of passionate debates about it because everything from secure communications through to the future of GPS, through to the future of security and computing run through our company. Not to mention that we supply obviously a double-digit number of other quantum companies in the ecosystem. And we do this all to accelerate our nation's opportunities for victory. For victory in a geopolitical race that we believe matters a lot, not just for national security, but national economic security.

Every one of our technologies, if you think about the combinations, Tyler, of, not just the warfighting domain we're in, but also the ability to cross-pollinate these technologies within IonQ's platform, create new applications and new roadmaps. And this is a company where everyone's excited to come to work, because of exactly what you just pointed out, which is that often one technology that has a primary purpose of A, and a secondary purpose of B, typically in combination with something else we own, could do more along other growth factors. So, there's lots to come here.

I'm not going to prognosticate, in this forum on what we could do, but you'll hear from us every quarter as we continue to deliver and as we continue to prove out that the in R&D, and then the D in the manufacturing, the commercial opportunities, have to obviously sink because we are the largest player, we believe, in our sector. We are determined to continue powering the tentative roadmap in parallel with powering, obviously, financial milestones.

Inder mentioned long-term thoughts around profitability, and integration for us is not only the back office, but it's also integration of the tentative roadmap and our ability to sell that. So that customers are able to drive multiples of revenue per engagement, which of course, like with every company, drives exponential gross margin and profitability opportunities as you're servicing that customer more effectively.

Lastly, I'll just say, I think a fair amount about what's going on in the security space. I agree with you that there is an arms race underway between LLMs, quantum computers, and what's going on to secure ourselves. That race is just starting, is my strong contention.

The last quarter is not blips of the FBI website getting hacked and the Department Getting hacked and the Department of Homeland Security website getting hacked and Binance going and so on. There's much more of that to come. We're just getting started. And so what I, IonQ supplies in both hardware and software, we believe is absolutely vital, not just for all governments, but of course, all enterprise in the free world.

And we're investing aggressively to keep ourselves safe, to keep our customers and partners safe, keep our governments safe. And we believe that it will be, as Inder rightly

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pointed out, a rapidly growing segment, because of this multi, I would say really multi-century, if not multi-thousand year race between code makers and code breakers.

We've seen for the first time in a long time, I would argue since the British had Bletchley Park and they were cracking Enigma 60, 70 years ago. We haven't seen this momentum in the attack vector and the code breaking in decades. And so, defense and security is going to be something that everyone has to invest much more.

Operator

Our next question comes from Troy Jensen of Cantor Fitzgerald. Please go ahead.

Q - Troy Jensen {BIO 4079690 <GO>}

Hey, gentlemen. I congrats on just the great results and the DARPA and the acquisitions and whatnot. But quick question for you, Niccolo, and I'm sure going forward, you'll do probably a lot more acquisitions and software is probably a candidate for it. But I'd be curious to know if you think I think you would ever be a multi-modality on the hardware front. Or do you think trapped ions is the time to solution and time to cross winner for the most important applications?

A - Niccolo de Masi {BIO 6724759 <GO>}

Yes, so let me I'll answer that one politely, Troy, which is I think there's plenty of people that have to hedge, because they're not in DARPA Phase C or because they don't have a path to manufacturable utility. Not at least in the 2020s. Right. I mean, we can all prognosticate about the 2040s and we can prognosticate about the late 2030s.

But IonQ has been focused on commercializing since I took this company public in 2020. And we've commercialized, I think, very successfully in the first five years post our IPO. You can see with the pieces we've assembled that we're positioned to continue on that path for the next five years. We have obviously expanded the vision of what we can successfully sell and proven it out to our customers.

And we have obviously doubled down and tripled down on our ion trap technology, not just because we built the world's first quantum logic gate in 1994, but because we've demonstrated the world's first shovel ready blueprint to building full fault-tolerant machines back in April this year, down to every single gate level operation. I haven't seen anybody else do that.

And so when you think about what the steps are to making fault-tolerant machines, you've got to have that paper out about how you're going to do it. Then you have to actually, of course, prove out your technical milestones. Then, of course, you absolutely have to get on with the development of your systems and the manufacturing. and the deployment of those.

We have the full spectrum of competencies, we have the full spectrum of validation, and we have, of course, three DARPA programs that have validated that. And so when you've been right for 30 years, I'd say, Troy, and we continue to prove our engineering milestones, I suspect we're going to be right for the next 30 years.

The reality is, in the history of technology, time and time again, particularly in computing, none has found that engineering pathways are really important, it's where

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most of the value is captured, ASML has demonstrated that in the chip, manufacturing and enabling sector for many decades, IonQ has proven that, I would argue, for many decades.

And so we continue to double down and triple down, because we're just getting started here about what we can do as a vertically integrated supply chain manufacturing and architecture. And because, NVIDIA obviously has done their homework and decided we're the most manufacturable, most robust, most deployable, and a best fit for them.

Their GPUs, not just of today, but in their roadmap, DARPA's done the same work. And obviously, our customers do the same work. Every single one of our system sales are customers that are looking around the globe, and all these people agree. And so we're proud of where we are.

We're even prouder of where we're going to be in the next one or two years, and we're especially proud of where we're going to be as the coming years roll out. We continue to scale both in an R&D and a commercial perspective. So watch this space. I think we've done a lot in the last three quarters this year, and we'll do more in the coming quarter.

Q - Troy Jensen {BIO 4079690 <GO>}

Great answer. If I could just put a quick follow-up for Inder. The $290 million of incremental RPO for the IonQ business, I think you said $180 million, think of it as systems. Is it the $110 million, can you just talk about that piece of it? Is that primarily the sensing wins you guys won recently, or is that the security or other?

A - Inder M. Singh {BIO 3863152 <GO>}

Sorry, of the $180 million, you said?

Q - Troy Jensen {BIO 4079690 <GO>}

No, the $110 million, the remaining piece of it. I get the Piece of it. I get the $180 million, because that's also Superion and DARPA and whatnot, but yes.

A - Inder M. Singh {BIO 3863152 <GO>}

The remainder of it is literally everything else. Like the product portfolio that we've assembled is seeing demand more and more. I've pointed to a couple of anecdotal examples, and that's why I mentioned sensing. That's why I mentioned sort of like the security focus that we have right now as well. But we're really pleased with the portfolio.

A one-stop shop in quantum, we're the only one. For customers to start the journey with one product and then move to another and second and third, we're seeing all of those things play out, and that's the multiproduct sales that I talk about in the stats. As Niccolo said, it was his strategy two years ago to put together a platform company, and now we are a platform company with all the manufacturing capacity we need.

As demand rises in each of these areas, whether it's security, we'll ramp up. Whether it's quantum computing, we'll ramp up. So yes, the rest of it came from across the entire business.

Operator

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This concludes our question-and-answer session. I would like to turn the conference back over to Niccolo De Masi for any closing remarks.

A - Niccolo de Masi {BIO 6724759 <GO>}

Thank you, operator. We recognized early that our customers' most consequential challenges demand more than a single quantum technology point solution. That conviction is why we expanded IonQ into quantum networking, quantum sensing, and quantum security. Today, IonQ is the only company commercializing a full quantum platform with more than 40 % of this quarter's revenue in the IonQ segment coming from customers buying more than one solution.

Throughout 2026, being in the market worldwide with our quantum platform has given us a clear view of how each business creates value, how the pieces connect, and who owns the buying decisions. Our opportunity is now to build and accelerate from our unique foundation. I expect that leveraging shared technology, manufacturing capabilities, and customer relationships will strengthen each part of our business.

We believe that as we scale, these advantages will become increasingly meaningful drivers of growth and long-term shareholder value. IonQ is building the quantum ecosystem. In the coming years, we expect to approach a scale that will support structural profitability. Thank you for joining us today and for your questions, and have a great day.

Operator

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.

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