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IonQ, Inc. (IONQ)

Q2 2026 Earnings Call

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Craig A. Ellis

Analyst, B. Riley Securities, Inc.

Gabriella F. Tulchinsky

Analyst, Morgan Stanley & Co. LLC

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon and welcome to IonQ Second Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Hanley Donofrio, Director of Investor Relations. Please go ahead.

Hanley Donofrio

Director of Investor Relations, IonQ, Inc.

Thank you. Good afternoon, everyone, and welcome to IonQ's second quarter 2026 earnings call. My name is Hanley Donofrio, and I am the Investor Relations Director here at IonQ. I'm pleased to be joined on today's call by Niccolo de Masi, IonQ'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 second 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 a 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 guarantees of 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 refer you to our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2025, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, 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 M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

Thank you all for joining us today. I am pleased to report that IonQ delivered second quarter revenue of \$80.1 million, representing 287% year-on-year growth. This means Q2 2026 is the strongest quarter in IonQ's history and our fifth consecutive quarter of record results.

As shown on slide 4 of this quarter's investor presentation, this performance reflects momentum across our entire quantum platform, spanning quantum computing, quantum networking, quantum security and quantum sensing. Following the successful close of our acquisition of SkyWater, our platform now also includes quantum semiconductor manufacturing. Inder will take you through the financial results and outlook in more detail.

I want to center my remarks today on three key areas defining our progress: first, manufacturing our industry-leading quantum systems on a semiconductor road map with SkyWater; second, expanding our role as a merchant supplier to the US and allied quantum ecosystem; and third, delivering defense in depth via a complete quantum-safe cybersecurity stack as we accelerate the timeline for full fault-tolerant quantum computing.

Beginning now on our quantum computing achievements and the production of quantum systems with semiconductor manufacturing. One year ago, we announced that IonQ would move our pioneering and commercially successful trapped ion architecture from laser-based control to electronic qubit control. This is a globally unique and powerful control approach, allowing us to rapidly scale our trapped ion systems into the millions of qubits using well-established semiconductor pathways. For our customers, electronic control facilitates more seamless standard enterprise workflows while delivering the lowest cost and lowest energy footprint per logical qubit on the market. IonQ has been consistently executing against this major initiative over the past year.

Let me recap that progress because the pace has been extraordinary. For those following along in our investor presentation, please see slide 5. Last September, we closed our acquisition of Oxford Ionics, bringing the pioneers of electronic qubit control into IonQ. In October last year, we published results setting the new world record in two-qubit gate fidelities, demonstrating 99.99% fidelity without ground-state cooling. These results proved that electronic qubit control enables world-leading performance via a scalable and production-ready semiconductor manufacturing process.

In February 2026, we announced that we had progressed through three rounds of tape-outs for our first semiconductor-based quantum chip, and we're preparing to hand those designs to the foundry for production. In May 2026, we reported that we had received our first chip prototypes back. These prototypes demonstrated the critical quality metrics required for our production-grade 256-qubit chips, while also approaching those required for our 10,000-qubit chips. Each milestone has reduced execution risk and positioned IonQ to create value for our customers and shareholders.

I am proud to report that this quarter, we received our first fully featured, fully integrated QPUs back from SkyWater, and they are now undergoing testing in our College Park facility. These chips consolidate all the individual capabilities validated by our last few months of prototyping into a single unified chip architecture. Having a full QPU prototype like this is what enables us to start testing integrated systems. These QPUs represent a pivotal milestone in our compute road map and a powerful testament to what IonQ and SkyWater can achieve together. We have moved with conviction to demonstrate our 256-qubit technology and plan to begin commissioning systems in 2027.

We are also advancing our control software and system architecture. For those following along in our investor presentation, please turn to slide 6. In April of this year, we released our Walking Cat architecture, which is the industry's first end-to-end detailed manufacturable blueprint of a fault-tolerant quantum computer. This historic paper shows how fault-tolerant IonQ systems will execute operations while actively correcting errors. Importantly, this is an architecture that will scale with us as we grow our systems to millions of qubits.

This quarter, we validated key elements of our Walking Cat architecture on our hardware. IonQ achieved a major milestone by demonstrating breakeven quantum error correction using qLDPC codes on a Tempo engineering test system. Our published results this quarter are a major validation of our quantum error correction capabilities, which IonQ is proud to continue pioneering. These technical accomplishments demonstrate IonQ's industry-leading position, rapid commercial advancement and tangible value creation potential.

Now, let me turn to SkyWater and IonQ's expanding role as a merchant supplier to the US and allied quantum ecosystem. Last week, we closed our \$1.8 billion acquisition of SkyWater, creating the only vertically integrated full-stack quantum platform company. Together, IonQ and SkyWater own the design, fabrication, packaging and deployment of our systems entirely onshore, entirely in trusted US facilities.

For IonQ and our partners, this has a profound impact, as seen on slide 7. This is a transformational combination that enables IonQ to materially accelerate our quantum computing road map and our ability to design, test and iterate on QPUs at speed. Oxford Ionics brought us proprietary world-leading electronic qubit control technology to scale qubit counts on standard silicon. SkyWater brings a world-class semiconductor foundry under our own roof to fabricate those designs. This past quarter, we closed the loop. QPUs designed with electronic qubit control built at SkyWater and returned to us as our first fully featured chips. IonQ and SkyWater have together carried a design from concept to fabrication, proof that our strategy is translating into results.

As you can see on slide 8, with SkyWater, we're also pleased to expand our role as the leading merchant supplier to the broader quantum ecosystem. Even before the acquisition, IonQ served as an important merchant supplier with our industry-leading atomic clocks, sensors and networking products being sold to other leading quantum companies. With SkyWater semiconductor technology supporting multiple QPU modalities, IonQ is now the world's largest quantum merchant supplier, delivering the critical technologies every quantum company needs. Our goal is to accelerate all quantum companies working with us: ions, atoms, superconductors, photonics, sensors, and networks.

I'm also pleased to share that we are further expanding our merchant supplier capabilities in Q2 through our acquisition of UC Santa Barbara spin-off, Nexus Photonics. Nexus brings foundational technologies that enable chip scale integration of lasers, modulators and optical subsystems for the miniaturization and mass manufacture of quantum systems. We have already begun integrating these solutions into our next-generation atomic clocks and gravimeters. For quantum networking, these integrated photonics capabilities move us closer to data center

scale distributed quantum systems. We plan to supply these critical integrated components to the broader quantum ecosystem as part of the industry's first dedicated quantum photonics foundry offering at SkyWater.

As the cornerstone quantum merchant supplier across the US and allied landscape, we have the procedures in place to protect our customers' IP and can assure our customers a partnership focused on accelerating their road maps.

Turning to slide 9. I want to now address quantum security and Q-Day, a topic rapidly moving to the forefront of boardrooms and defense agencies around the world. Quantum computing is a paradigm shift, not only for every aspect of applied science, but also for cybersecurity. As I foretold a year ago, the timeline for cryptographically relevant machines that threaten RSA encryption is rapidly compressing. Over the past 15 years, the estimated number of qubits needed to break encryption has dropped by four orders of magnitude. Simultaneously, IonQ is accelerating our path to 10,000 qubits in 2027, positioning us at the forefront of this security reality.

As you can see on slide 10, IonQ uniquely provides defense-in-depth via our complete quantum-safe cybersecurity stack. Post-quantum cryptography is a critical first step in protecting existing infrastructure at scale. Longer-term resilience, however, will increasingly rely on advanced quantum communications technologies, including quantum key distribution. To meet those needs, this quarter, we launched a new QKD product that allows customers to send multiple data types across existing municipal fiber networks, making enterprise-grade quantum security practical, deployable and cheaper to operate.

We welcome the US administration's June 22nd quantum executive orders, which recognize that quantum technologies are inflecting. Quantum leadership is emerging as the defining technological competition of not only our lifetimes, but, I expect, of the 21st century itself. We enter the second half of this year as a clear technology leader, critical merchant supplier and vital ecosystem enabler for the entire quantum industry. With SkyWater now a part of IonQ, we are de-risking and accelerating multiple engineering pathways for our next-generation quantum chips. In parallel, we are also helping to create the manufacturing and supply chain foundation required to accelerate and scale the entire US and allied quantum industry.

In closing, I will say that our conviction is that quantum, like classical before it, ultimately, scales on a semiconductor foundation. That is why we have built a manufacturable silicon-based platform and why we are increasingly focused on the measures that determine real-world value, cost and energy per logical qubit, and the cost and time to solution. Those are the metrics that allow quantum computing to serve industry and government dependently and at scale. Around all of it sits an interoperable software and enablement stack with an access strategy that spans on-prem deployments and every major public cloud. This is what defining an industry looks like.

I'm now delighted to hand over the call to Inder.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

Thank you very much, Niccolo. Very, very excited to be reporting our strongest quarter ever in the history of the company and, as Niccolo said, delivering \$80.1 million in GAAP revenue, which is 287% growth year-on-year. Not only was it our strongest quarter ever, it also exceeded our own expectations by 20%. We continue to be pleased by our progress in the market, and that progress is being validated by the financial outcomes we are seeing and reporting to you today.

As I cover our financials in greater detail, you can also see some of this in our investor presentation, starting on page 12. The largest driver of our revenue outperformance this quarter was the continued momentum of deploying our fifth-generation quantum computing systems. This quarter, we began shipments of subsystems to the Korea Institute of Science and Technology Information, or KISTI, and those systems are currently being delivered and assembled in Korea at the customer site. Similarly, with QuantumBasel in Switzerland, our fifth-generation machine is now in final assembly on site, right next to the fourth-generation machine they had previously purchased from us.

I believe this represents the world's first deployment of two consecutive generations of quantum computers next to each other in a commercial setting ever. Recall that we had told you previously, we were ramping production to do exactly this: deliver multiple global systems at once and at scale. The bottom line is that we continue to innovate in ways no one else has done so far and at a velocity that we also think is incomparable.

Speaking of organic growth within that, our Q2 organic revenues grew 132% year-over-year based on these global quantum computer deployments that I mentioned and others. I would remind you, for the full year, we are still expecting organic revenue to grow 100% as we guided at the very start of the year. I'm delighted to see that the acceleration at least in the current quarter is showing the strength of that business.

This year, Tempo quantum computing revenues are the principal driver. And next year, we expect our semiconductor-based computers, as Niccolo just mentioned, to become the main driver and the future in our road map as we shift from laser-based to electronic-based control of qubits.

We also have made excellent progress across our space-based products. And recently, we reported that we now have 84 Skyloom optical communication terminals deployed on orbit, which is double the number from just a year ago. We also began work during the quarter for the US Space Development Agency with the HALO Europa contract, completing key design milestones on the path to delivering functioning satellites into orbit to support a multimodal constellation, prime for quantum solutions. All of these achievements show the progress that we're making across our product portfolio.

As we've done in recent quarters, let me now provide some metrics related to the drivers of our revenue; and these will be around geography, commercial and multi-product. I would remind you that we are sharing these in the spirit of transparency and as color. But as you can imagine, these can vary in any particular quarter. Together, Niccolo and I, when we focus on the business, focus on the trends of these, and we're very encouraged by what we're seeing.

Let me start by talking about geography first. Approximately 50% of our revenue in the quarter was derived from international customers, spanning countries such as Australia, South Korea, Portugal, India, Denmark, Germany, Israel, Japan, just to name some. This quarter was especially strong for the international metric due to our quantum computing deployments, as I mentioned, in KISTI and QuantumBasel. We are delivering solutions in over 50 countries around the world, and we have inbound inquiries from many more. We may not turn all those into customers, of course, because pipelines are very, very large and also require effort. And we believe we can win in the majority of those, but the breadth of countries we are looking at also – we want to make sure we remain focused on our best investments for the best ROI.

The second revenue metric is commercial revenue. In the quarter, we once again saw 60% of our revenue come from commercial; meaning, non-US government customers. This tells us that our customers are putting our solutions to work in real-world applications, not just in funding research. We, of course, expect government to

grow. And of course, this could skew the metric and become more government in any given quarter. Of course, I'll take that happily.

Third, we continue to be excited about the multi-product dimension of our revenues, and we believe there's a lot more we can be doing here. As an example, one very obvious example is to drive both sales of quantum computing and quantum security, which are two things we're really starting to see in high demand among our portfolio. To me, this is low-hanging fruit and the sales team are working to create the incentives to make things happen and turn into revenue even more than we're seeing. On a year-over-year basis, our multi-product sales grew by 40% and now comprise about 25% of this quarter's revenue. This represents strong growth year-on-year, of course. A priority for us remains diligently driving our cross-selling opportunity even higher. Having more than one product means we can sell more things at one time.

Let me now discuss our remaining performance obligations, or RPOs, a widely used measure of forward revenue visibility. We ended Q2 with \$485 million in reported RPOs, up from \$470 million in Q1 and up from \$122 million one year ago. This is even though we had one of the strongest quarters. So we drew down RPOs into revenue, as you know happens, and we replenished it, and then some as well. RPOs, of course, can vary from quarter-to-quarter, but at any one point in time, they provide visibility into revenues that will appear in more than one year. So we like to have that visibility. And as we try to grow this business and continue growing it, this will remain a focus for us.

Turning now to operating expenses. GAAP operating expenses for the quarter were \$417.3 million, or \$201.2 million on a non-GAAP basis. Our largest area of OpEx continues to be R&D as we pioneer in transformational quantum technologies and fuel our innovation engine. \$160.6 million of our GAAP OpEx consisted of R&D. In addition to R&D, as we've told you last quarter, we're also investing in go-to-market resources as the enterprise-wide opportunities for us continue to emerge.

Overall, our investment approach is to focus on execution and to creating operating leverage over time. By ramping our manufacturing to meet demand, an effort that SkyWater will help us with further, we are now already delivering multiple global compute systems simultaneously, and we're preparing to do even more next year.

Moving forward, we will continue to strengthen operations by optimizing our supply chain and consolidating operations across the company. And we'll maintain a tight discipline on all things quantum and investments in those areas. And through vertical integration with SkyWater, as Niccolo noted, we expect to be able to lower IonQ's total development costs for quantum hardware over time, delivering industry-leading cost per qubit and create further structural cost advantage.

Our focus on long-term investment allows us to attract industry-leading talent density, create innovation velocity and drive operating performance. Our capital strength also allows us to invest for the long term, which is essential, of course, in quantum, even as we execute quarter to quarter to quarter.

Moving on to adjusted EBITDA. We reported negative \$120.3 million for the second quarter. As we reported last quarter, our spending with SkyWater increased as we found success accelerating our technology road map. This quarter, that higher spend resulted in about \$20 million of additional spending included in that number. Additionally, we had approximately \$10 million of higher investment related to pre-integration costs, scaling the business really in anticipation of SkyWater's close and also to securing our supply chain.

As most of you already know, our GAAP net income is volatile from quarter-to-quarter and depends on warrant valuations. We reported a GAAP net loss of negative \$1.9 billion for the second quarter, primarily due to a roughly

\$1.6 billion non-cash impact from the mark-to-market valuation of warrants, as required by accounting conventions. Needless to say, this accounting impact does not reflect the operating fundamentals of our business.

Let me say, we are very excited to welcome SkyWater into IonQ. I'm pleased to welcome Tom and his team to execute on our world-leading technology road map and work together with us as we deliver solutions for our customers. As a reminder, because IonQ and SkyWater operated as separate public companies throughout the second quarter, today's results and any guidance we provide only includes financials from IonQ. SkyWater is expected to file its own 10-Q for the second quarter in the coming days.

Now, turning to guidance. We had a tremendous quarter, outperforming even our own expectations, and we are raising our full year guidance for IonQ to a range of \$280 million to \$290 million in revenue. This guidance range applied only to IonQ, as I mentioned. Because we have operated as a combined company for less than a week, we need to integrate our operations before providing combined company revenue or EBITDA guidance. A number of things will be looked at. For example, we estimate that our full year spending with SkyWater under our commercial agreement would have been approximately \$120 million of spending for us, converting into revenue for them in fiscal year 2026.

Following the close, we will be looking at eliminating some of this inter-company revenue and other costs as well. There are additional accounting adjustments that are required as our companies merge, such as, of course, purchase price accounting treatment and some contracts we have to look at as well. So we will come back to you with combined guidance down the road. But for today, we're talking principally about IonQ.

In summary, we delivered a spectacular quarter of phenomenal growth, and we could not be more bullish on the long term and the potential for our company. We recognize, as with any company, execution is always key and there are always risks that we must work to mitigate, and we are laser-focused on ensuring we do that. We continue to expect approximately 100% growth in our organic business and 100% growth in our quantum platform strategy as well.

With that, I'd like to turn the call over to the operator for Q&A. Operator?

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] Please limit yourself to one question and one follow-up. At this time, we will pause momentarily to assemble our roster. The first question comes from Kevin Garrigan with Jefferies.

Kevin Garrigan

Analyst, Jefferies LLC

Q

Yeah. Hey, team. Congrats on the great results. Hey, just to start, regarding the Anduril and Sandia MoUs, what are kind of the next steps for converting these into development contracts or system deployments? And are there any dollars that are currently included in RPO or the 2026 revenue outlook from these?

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

I'll take the second part of the question for sure. I think there are no dollars that we included in RPOs from future business coming from that relationship. We are incredibly excited about that relationship though. It brings together sort of the best of quantum solutions we have and the solutions they have as well. So we think there's a lot of potential going forward. But no, we have not included anything in RPOs for what we might get from that.

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

Yeah. Look, all I would add is, obviously, the White House has issued a couple important executive orders, right, one on quantum security and one on quantum computing, sensing and networking. Taking them together, it's a great reflection of IonQ's total platform strategy, right? I think we're the only quantum company in the world, probably the only company in the world that can say we actually embody all aspects of both executive orders in their totality. And so, these MoUs are obviously very much a recognition of the fact that we have a lot to bring to bear to help, not just our nation's government labs and some of the most historic and important ones out there, but also, of course, support the Department of War with a range of applications, which obviously we haven't fully enumerated because, not only of the confidentiality involved in these projects, but also, as you rightly pointed out and Inder rightly addressed, this is not yet in our numbers because it is still in an early stage. We'll report more on these as they develop. Not only is there an earnings call, but we have an Analyst Day coming up also – Investor Day coming up on September 8.

Kevin Garrigan

Analyst, Jefferies LLC

Q

Yeah. Okay. Got it. Perfect. And then, as a follow-up, so the 25% of customers that are now utilizing multiple products, what products are most frequently bundled together? And are those engagements generating larger contracts or higher renewals that you're seeing?

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Well, I think they're creating a stickiness environment for us, most importantly. And having a one-stop shop where customers can come and get what they need now and then get what they need next, those are good validators. I've seen that and Niccolo has seen that in the dozen-plus companies that he's been in as well. So it's an important indicator for us that we have the right solutions under one roof.

And also, to your point, like the most natural things that we're seeing happen are groupings of products, for example, in the sensing and space environment, which we mentioned earlier, but also the demand for computing, which continues to just be – I'll use the loose word *un fuego* for us, is also now causing a lot of companies, especially with the executive order that came out recently around preparing for a post-quantum Q-Day type of environment for security, frankly, to become more of a topic. So more and more customers are talking about security. And in many cases, they're also saying, let's look at your computer use cases. We're happy to see all of that happening.

Networking obviously comes in as the next thing in terms of connecting nodes together and also connecting compute devices together. And I think it's a matter of time when we start to see sensing, perhaps, play into this in some way as well. But we're looking across the portfolio. We're happy to see multiple TAMs available to us, and we're happy to see some of the world-leading and if not the world-leading products in each one of those TAMs in our roof and allowing the sales team to take a land-and-expand approach in whatever makes sense for the customer, basically meeting the customer where they are.

Operator, could we move to the next question please?

Operator: Our next question comes from Craig Ellis with B. Riley Securities.

Craig A. Ellis

Analyst, B. Riley Securities, Inc.

Hi, it's Craig Ellis. It seemed like there were two analysts called there, but I'll go ahead. So one, congratulations on closing the SkyWater deal, and congratulations to Tom and his team. The first question I wanted to follow up on was on the road map comments that you provided, Niccolo. What I want to understand is greater detail on what you're hoping to accomplish with the in-progress systems test. What are the key milestones that you want to be able to check off? And as we look at customer commissioning in the first half of the year, can you help us understand what the key executables are as you go from the system test to customer commissioning? Thank you.

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

Sure. Well, look, IonQ has had systems in the marketplace that have been able to run applications for the better part of a decade. We've been on all three public clouds, as I mentioned, since 2020 and early 2021. So we're no stranger to moving from prototypes to systems. We already have a compiler that works. We already know how to, obviously, run algorithms, and we've got a full-stack software team and control team, as I mentioned. The key shift for us from Tempo and where we've been building machines the last few years to today's Oxford Ionics and SkyWater electronic qubit control is, of course, that we are putting ion traps on a semiconductor chip, and we're scaling from there from not just 256-qubit chips, but to 10,000-qubit and obviously higher numbers, 100,000-qubit and 1 million-qubit in the coming generations.

Now, we're doing a number of things in parallel here. So we are working on at least three generations of those chips at the same time. And so, as I mentioned, we're making progress on the 10,000-qubit chip at the same time as we have taped out and nearly finalized prototypes of the 256-chip. You can imagine that there are then other components to getting a fully commissioned system into the marketplace. So it's the chip plus, of course, an enclosure and the rest of the kit and caboodle here. The chip was the hard part, candidly, which is why we have provided a lot of granularity in the last six months, last nine months on the progress from closing Oxford Ionics in September last year to our February earnings call, our May earnings call, and now our August call.

So we're feeling great about the translation of a 30-year R&D base building full systems that we've been selling and putting in the marketplace and changing, kind of, the guts of the system, if you will, from bulk optics and lasers to the semiconductor electronic qubit control system. SkyWater has been delivering great as a commercial partner. Tom has been a great partner of ours in the last year. And we expect that closing this transaction will help, obviously, on the margins, not only accelerate the entire industry, but, of course, IonQ is part of that industry with our ion trap chips.

So you'll get an update from us every earnings call and between that if we have other Reg FD compliant events and conference calls and so on. But I think the bulk of the challenge here is now under our belt. Once we have chip prototypes that are coming off the line, the rest of this is a solved problem for us that we've done for many years. And so, you're correct. We expect to be commissioning systems and deploying systems and getting the manufacturing lines spooled up in the first half of next year. And that remains all on track.

Craig A. Ellis

Analyst, B. Riley Securities, Inc.

Q

That's helpful. Then, the follow-up is for Inder. It's on the topic of the executive orders and just clarifying some of the interaction that you're seeing. Our checks since those were announced suggests that government agencies have been very active accelerating their activity with quantum entities. And you certainly have the broadest platform out there a long time in the market with relevant capabilities. And so, the question is, is the engagement that you're seeing post-executive order really government entities, or is it also enterprise customers? And to what extent would one of those groups be greater than the other? Thanks, team.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Yeah. Look, I think the nation, writ large, is moving towards now adopting and implementing, not just the spirit of what the EO is trying to do, but also trying to get there earlier. I think there's a realization that didn't exist a year, a year-and-a-half ago that the evolution of quantum computing will be so rapid that IonQ will be able to generate computers at the rate we're generating them now. I say generating because we're almost like mass producing them and not quite yet. But each one is exponentially more powerful than the previous one. So as you go there much more quickly, the sense of urgency is rising. I would say that's happening not only in government, as you mentioned, but also, importantly, in data-heavy industries. So financial services is definitely waking up to the cold hard reality that at some point, RSA-2048 and other encryption protocols such as ECC-256 may all be broken. And the debate is around, is it in two years, three years, less or more. I think you've heard from many companies now that that is getting very, very close.

In addition, the nation itself is thinking about an adversary or two or more around the world, frankly, who are also trying to get to the same outcome. And I think that did not exist as a dynamic. So we've had a number of calls. Niccolo meet CEOs all the time. Our sales team does. I joined many of those. And in each one, security now enters into the discussion. A year ago, it was about computing. Now, it's about computing. How do I, of course, create more revenue? How can I use your solutions to do things that classical can't do? But equally, how can you protect me from the inevitable? And if the inevitable is two years away, three years away, it doesn't really matter. It's not 20 years away. So it's pretty broad-based.

In parts of Asia, where we already have a very strong presence with our QKD solutions, that's been evident for a number of years. They live in a geopolitical environment where it's risky, and every country is considering what to do. But we're seeing demand from around the world. And importantly, now we're seeing demand from the United States. I think that there's an understanding that you have to basically batten down the hatches, not just at the

software level with PQC, but also at the hardware level, things that will protect your crown jewels and allow you to have data in motion be secured end-to-end in a post-quantum world.

So I think it's pretty broad-based. Some will move faster, others will lag. That's just natural. But those that are data-intensive industries, I think, are realizing that they need to protect for something that they have never seen before. I mean Mythos is, frankly, just the beginning. We're talking about a post-quantum environment in which everything that Mythos is able to exploit actually is rendered even less protected, and quantum will eclipse a lot of the things that Mythos is bringing to life today.

Operator: Our next question comes from Quinn Bolton with Needham & Company.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Quinn, if you can hear us, we're ready for your question. Operator, maybe Quinn is trying to unmute himself. Should we move to the next one?

Operator: I will move to...

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Yeah. Quinn, just get back in queue. We'll come to your question.

Operator: Our next question comes from Joe Moore with Morgan Stanley.

Gabriella F. Tulchinsky

Analyst, Morgan Stanley & Co. LLC

Q

This is Ella Tulchinsky on for Joe. Thank you for taking our question. So now that SkyWater is going to be part of IonQ, can you talk about how you see the foundry business evolving over time? Do you expect it to operate mainly in support of IonQ's own road map, serve the broader quantum ecosystem or both? And then, how do you think about SkyWater's competitive positioning as more companies invest in quantum-focused manufacturing capabilities?

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

Sure. I'll take those. So I think we've been very clear since we announced this transaction in January and, again, today on this call that we are a merchant supplier. We are the leading merchant supplier to the sector, and we have every intention of continuing both that posture and reality. And so, as we have said the last six months, and I'll reiterate here, we are very focused on ensuring maximal IP protection for all customers. SkyWater comes with the pedigree doing that and a track record doing that, and has been very successful as the only quantum foundry in the United States the last few years.

On a go-forward basis, just to be clear for everyone listening, when we say merchant supplier, by definition, we mean we are supporting the industry, and we're doing so with the highest degrees of physical and digital IP protections and physical and digital security. And so, we are selling, of course, as I said, our atomic clocks, our integrated photonics, our quantum networking solutions, and now also our quantum foundry solutions, all under the umbrella of SkyWater as a merchant supplier. This will not change. We are a reliable partner. This is a key

part of our commitment to our industry and to our nation. We think it's important for both national security purposes and national economic security.

And to answer your second question, SkyWater is the only quantum foundry that operates today. They also operate at a price point in the 200-millimeter segment that we think is going to remain incredibly compelling for the foreseeable, if not even distant future, for the quantum industry. So we have no doubt that our sector is growing. We have no doubt that our sector will have more quantum foundries over time. But obviously, it takes time to build new foundries, and SkyWater has been at this for the last decade.

So we expect to be very busy, both busy supporting IonQ's vertically integrated ambitions and Oxford Ionics' ambitions with electronic qubit control, but also, as I mentioned, supporting every player in our sector who works with us presently or would like to begin working with us. And we're beginning those conversations now and finding everyone very receptive to it, whether or not you are in the superconducting modality or in photonics ions, atoms, et cetera.

Gabriella F. Tulchinsky

Analyst, Morgan Stanley & Co. LLC

Thank you.

Q

Operator: Our next question comes from Troy Jensen with Cantor Fitzgerald.

Troy Jensen

Analyst, Cantor Fitzgerald & Co.

Hey, gentlemen. Congrats on the great results.

Q

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

Thanks, Troy.

A

Troy Jensen

Analyst, Cantor Fitzgerald & Co.

Hey, Niccolo, just to start with you, I'd just be curious if you could provide any kind of a DARPA QBI update. Obviously, you guys made it to Stage B, and I'm assuming there'll be a broader Stage C announcement soon.

Q

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

Yeah. I mean, I don't think that we are able to announce anything before DARPA does. And they've been, I think, pretty clear on that all the way through this program. So we will all have to watch this space. At the same time, I think, Troy, we have invested, obviously, aggressively not just the last three quarters, but the last 30 years to ensure that IonQ continues to lead this industry that we created. We built the world's first quantum logic gate in 1995. We've published the world's first shovel-ready blueprint for fault-tolerant quantum computing. And crucially, these are manufacturable, right? They're manufacturable at scale. They are at a compelling price point. They're at a very compelling energy consumption and, let's just say, space requirement perspective as well. So you can see half a dozen of these systems in three of our offices at this point as we're assembling prototypes and moving forward, not just on a 256-chip, but also a 10,000-chip and generations beyond that are in the design phase as well.

A

So we're learning every quarter as we report these milestones. And we've been very focused, since I became the CEO of this company, on ensuring that quantum computing is a mass market reality, not a niche phenomenon, right? So we keep an eye on how we can make these machines robust, how we can make sure that they are affordable, not just to the government and to nation state buyers who want sovereign systems, which are important, and we will supply those and we do supply those. But we also foresee a day where enterprise can afford these in their entirety in their facilities and where multiple branches of governments can afford them in their facilities, and control the data and the algorithms and the operation of these machines, which are really no larger than the machines we've been shipping the last half a decade or more.

So we have a lot of experience in making this manufacturable. We think our approach, obviously, is commendable, both for national security and national economic security perspectives. We continue to work closely with DARPA, and we will update the market following any announcement DARPA makes.

Troy Jensen

Analyst, Cantor Fitzgerald & Co.

I see.

Q

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

I think we've been cleared to announce things, Troy, on earnings calls we're able to, and you've seen our other DARPA releases, right? So the DARPA HARQ program, H-A-R-Q, we announced earlier in the year. There are a number of DARPA programs that we're involved in when you look at the broader IonQ platform. So it's not just computing, but, of course, it's networking and it's other aspects of what we're up to that I think you can assume that we are proudly involved in.

A

Troy Jensen

Analyst, Cantor Fitzgerald & Co.

Great. Great answer, Niccolo. Maybe a quick follow-up for Inder. On the commercial side, I guess, I'm assuming most of the commercial may be security and maybe some other stuff, too. But, I guess, I'm most curious if there's going to be software in that. I know you guys talk a lot about software applications and working with partners. Would you guys actually own the software IP, or are you just kind of partnering and selling the hardware that the IP can drive?

Q

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

Yeah. Great question. We're delivering the full stack, so exactly as you noted. When we talk about total revenues or commercial revenues, for that matter, it includes the hardware solutions that we have around quantum computing and the applications that may run on top of it. You can also actually ask for QCaaS service from us. So we talk about the delivery of machines, but we also provide quantum computing as a service. And we don't often spend a lot of time talking through that, but what we're finding is incredible growth, even faster than organic growth in computing – in QCaaS at the same time. That's a very high-margin business for us. So we're happy to see that developing.

A

What owning the machine and owning a sovereign system allows you to do is create your own applications. And in many cases, the customers that we work with will ask for our help in creating some of those quantum solutions. In some of those cases, we may own the IP for generalized development of algorithms that we can apply

elsewhere. In some cases, the customer will say they want to own it. So it's meet the customer where they are. But yes, very much so, we have, probably under our roof, one of the largest, if not the largest algorithm development team in quantum in particular, and we're going to continue investing and building out that team. We've deployed it in two ways. One is centrally to create algorithms that work across many different end markets for many different customers. And we've also deployed it directly with our sales team, in technical sales, in helping the customer understand the application, build it for them, forward deploy engineers. Remember, we are building an ecosystem all around us. And yes, we're supporting other quantum computing players as well in their endeavors.

This industry needs to grow together. We are the pacesetter. We deliver the hardware. We deliver the software. We deliver the security. We connect any machine to any machine. It's a philosophy, I think, that is a very scalable, but also very long-term resilient. So absolutely, high-margin software through application development, high-margin QCaaS services, even computing services, where the customer prefers that.

Operator: Our next question comes from Gary Mobley with StoneX.

Gary Mobley

Analyst, StoneX Group, Inc. (Investment Management)

Good evening, everybody. Thanks for taking my question. You're effectively raising your full year outlook by \$20 million at the top line. I think as well you're also reiterating 100% organic revenue growth, same as last quarter. So help me reconcile what's changed in the last 90 days? Is it more contribution from some of the acquisitions that's driving the upside? And then, what really drove the upside in the just reported June quarter?

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

Well, as I mentioned, I think that – and thank you for the question. As I mentioned, our organic business actually grew 132%, more than we thought it would be growing for the full year actually. So we had a very strong quarter in organic, which, essentially, if you think about computing, that's really what organic was in 2024. And we've seen that grow 80% in that 24% to 25% period. We talked about 100% growth this year, happened to be 132%. So you could argue that computing actually drove the largest portion of our growth. At the same time, as I mentioned, we had sales happening across the other product lines as well. So all of the cylinders are firing. They don't always fire at the same time in the same way, of course. So don't draw a straight line up into the right from any one of the data points.

But we have a portfolio of products. We are no longer a one-trick pony. And I do think that we will see growth happening in the other areas like security, like networking, like sensing, like the things that we were talking about around putting high bandwidth, gigabit speed bandwidth, laser terminals into space, delivering solutions for sovereign either nations or sovereign enterprises that are looking for bandwidth and connectivity. So everything, I'm pleased to say, is really starting to show vectors of growth for us. And yes, computing organic grew the fastest.

Gary Mobley

Analyst, StoneX Group, Inc. (Investment Management)

Okay, great. Thank you. And as a follow-up, I wanted to ask about SkyWater's business. Prior to you closing the acquisition, I believe the consensus revenue view is about \$610 million. Inder, are you saying in consideration of the close, you have to figure out what inter-company revenue gets eliminated from that? And can you speak to

how SkyWater's business has been trending? I would assume maybe there's some upside to that just given industry conditions out there in the semiconductor space.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Yeah. Look, I'd love to be able to tell you that we've spent three months looking under the hood at SkyWater. We haven't, right? And that thing just received approval and we closed quickly on it, as you know, very, very recently. So it's days. The thing that I wanted to point out is the same thing we pointed out last quarter. We have had a commercial relationship with SkyWater to help us create the semiconductor road map and accelerate that road map. Niccolo pointed to the success we're seeing there. We fund SkyWater under that relationship. And the \$120 million number I gave you is our view of what our forecast was for this year, which, by the way, was higher than what we thought at the beginning of the year, because we are seeing more success and spending more with them. And when we combine the two companies, inter-company revenues always get eliminated, as you know. So \$120 million going out the door from our side, in theory, \$120 million coming into their side would be inter-company at that point.

So what I am saying is I'm not commenting on their number. They'll find their own Q tomorrow or the day after perhaps, probably Friday, I'm guessing. And you'll see more details in there. As we come back to you, and give us a few weeks, if not a month or so, to come back to you with what those eliminations are, I've given you a hint already. I think there's some other things we have to look at within their contract with their customers, et cetera, just fine-tune things. But we are very, very excited about having the ability to leverage their knowledge base, their foundries, help them expand their own service to the other quantum players. We bring capital to the table that, frankly, they did not have, right? So this is a very symbiotic combination of companies that's going to help the entire industry. But yes, there are some revenues on their side that we are part of their quantum ecosystem as well. I think we're their biggest customer already. That revenue has to be eliminated on consolidation.

Operator: Our next question comes from John McPeake with Rosenblatt Securities.

John McPeake

Analyst, Rosenblatt Securities, Inc.

Q

Thank you. Slow on the trigger on the star one, I guess. Hi, team; Niccolo, Inder. Nice upside to 2Q and guidance. Congrats on closing the deal and the organic growth. I like the un fuego, Inder. You have 256 high-quality physical qubits commissioning in the first half of next year, path to 10,000-qubit. I would think this would be attracting serious interest from new customers. Is there any color you can give us there on interest? You guys do have the most aggressive timeline now. You have the fab, you're iterating.

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

Yeah. So, look, I'll hand this to Inder as well. But I would just stand back and say, what we have been executing on the last six, seven quarters has taken this company from being, I think, a quantum computing company that's been around a long time to, I would argue strongly, the leading quantum computing company. But we don't stop there. We're doing a lot more quantum computing than we've ever done. We're doing it a lot faster. And we're, obviously, doing it in a manufacturable and robust way that has a path to full data center solutions at price points, energy consumption ratios and space that allow this to be an industrial solution for governments and enterprise.

But we actually don't stop there, right? We're also leading the defense-in-depth of quantum cybersecurity and quantum security. We have, I think, all of the patents that matter for quantum networking so that you can build,

not just quantum memory and distributed quantum computing, but also distribute entanglement. We've talked about our atomic clocks and our quantum sensors. Those are gravimeters, inertial sensors, the most accurate atomic clocks in the world. And when you combine that with the fact that we're a full theater, full war fighting domain platform, we have quantum solutions on submarines through the satellites. And we are advancing and investing in all of those growth vectors. None of these are an or; they are all an and. And we've reported the last few quarters on how many of our products are being taken, obviously, revenues coming from multiple product customers and partners.

So I think the proof's in the numbers, right? We are probably about half of, I would say, the revenue in the whole sector, if not the majority of the revenue in the entire public sector. And we're also, probably, the majority of the R&D spend as well. And so, we're pleased with the fact that customer recognition is very much showing up quarter-on-quarter when you hear numbers like 287% growth year-on-year. And Inder just said in the prior call, it was mostly organic growing faster than we expected quarter-on-quarter. It's not the first time we've said that.

So we think the White House executive orders are a nice reflection of the fact that quantum is inflecting. You can see that quantum is inflecting in our numbers. And you can see that there is the scale difference between what we are doing here across our quantum platform to deliver real-world solutions and revenue relative to any other company on the planet. So it's not just the technical road map that we are meeting and beating, but we're meeting and beating on the commercialization of quantum. And as Inder rightly said a few minutes ago, we are the pacesetter for the sector and the scale setter for the sector. And we have every intention of continuing to be both of those as we continue to invest to bring quantum to now and make quantum happen in weeks and months, not in years, right?

And so, we don't intend to take the foot off the pedal at any point, or foot off the gas. We will continue investing to ensure that we are making things happen sooner than we thought. And we see great signs that all of that is achievable, possible. And the customers, for a variety of reasons, are realizing that as we invest, things happen sooner, things move to the left on our road map, as I've said before, right? A year ago, people thought that Q-Day was something happening in the 2030s. They now understand it's something happening in the 2020s. And the same thing has happened with our demonstrations of quantum advantage and higher, what's called, TRL levels, technology readiness levels, on our quantum sensors for deployment on submarines, satellites.

Inder, you want to add to that?

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

I think that was brilliant. I think the only thing I would add is just to underscore kind of what Niccolo said. Two things matter, John. One is, do you have a path to getting to fault-tolerant computing? Do you have the architecture? Have you been able to sort of lay out all of the implications of what that entails? Can you put it all together? That's one thing.

The other thing that customers really care about, can you actually build it and will you be the first to build it? And where we're seeing difference is a increasing belief that we can actually build and deliver on it because, guess what? Fifth-generation machine being deployed now, sixth-generation being deployed next year, seventh-generation the year after that. In there is fault-tolerant computing also being delivered. So we're not just talking about a design that might come to life five years from now. We're talking about a fault-tolerant computing device that is in the foreseeable future. And we think with the SkyWater acquisition, the Oxford Ionics acquisition. And by the way, between those two, just to remind investors, we've spent \$3 billion to make this happen, more than most countries, frankly.

So as a company, we believe it, we will deliver on it. And speaking with Tom, he inspires incredible confidence in saying, hey, I can do that: CMOS scaling, I can do that; substrate, we got it. Give us the blueprint. So having both companies under one roof, I think, unleashes a lot of potential for us. And frankly, I think the rest of the industry benefits also because, again, not to belabor it, but like, the capital we bring to SkyWater is equally important to the rest of the industry.

So we can talk about a blueprint. We think we can deliver the blueprint. And where customers are now showing that is by talking to us and saying, okay, we'll take your Tempo, but I want to be first in line for your 256 or first in line for your 10,000-qubit machine. And we're saying, yes, buy the Tempo and you'll be first in line.

John McPeake

Analyst, Rosenblatt Securities, Inc.

Q

That makes a lot of sense. If I could just have one follow-up, quickly, away from compute. I've been having some conversations with people about PQC. And basically, the message is that it's not provably safe from quantum hacking. And you guys, obviously, have some great QKD assets. Curious if you're seeing any momentum there? Any thoughts about the reaction to the breadth from these machines, which I think is starting to happen.

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

So I'll say a couple of things here. I think Inder will add as well. We've, obviously, been early and we are the largest player in the QKD sector for a reason. And you covered a lot of that reason in your opening question, which is NIST asked for submissions of PQC algorithms almost a decade ago foreseeing this moment would arise. And I think it was something like 81 out of 83 submissions they received last decade were shown within 90 days to be something which a quantum computer could probably crack.

Now, there's one or two that are left. But if you're following what's been going on with Mythos-like activity and LLM-like activity, these capabilities are already looking at PQC and pointing out that a number of the PQC algorithms will not be nearly as uncrackable as people thought weeks ago. We've always believed that the code-making, code-breaking race will be a continual one. And it will happen at the software level, of course, because you need PQC everywhere, and that race between code makers and code breakers has been going for at least back to Julius Caesar. It's probably a 10,000-year-old process, but at least a 2,000-year-old process and it will keep going. But at the same time, I think there is increasing recognition by both governments and industry that the investment in QKD that you've seen in Europe just in the last year, where we've run out a number of quantum key distribution network implementations in Europe and the investments that, of course, are made in Asia. In Korea, we've got a vibrant QKD network. And of course, China has made the largest investments in QKD in the last decade, both on the ground and in space.

And I think it's extremely likely, if not almost a certainty, that the Western world in its entirety, not just Europe, is going to recognize that it's unlikely that billions of other people haven't thought through this problem. QKD is something that requires the violation of laws of physics to hack and crack. And that has huge advantages not only in a quantum era, in a world of quantum computing, let's just say, industrialization and mass market scale, but it also, of course, helps you today in the era of Mythos.

And so, yes, absolutely, we like our position in quantum computing. We also love our position in quantum security, where we're the only company in the world that offers defense-in-depth, and we've been at this for over a decade. We also like our position, of course, in quantum sensing and networking. But all these technologies work together. The fact that we have a big position in entanglement distribution and quantum networking means we

understand how to deploy security in networks. And the fact that we've been commercially deploying sooner than everybody else, not just in computing, but also in networking and security, means we simply have a workforce that has more practice, right? This is kind of akin to where our wonderful military is right now, where other people are trying to build navies and aircraft carriers, but no one's actually deployed and had a combat situation before, mercifully, with their submarines, satellites and aircraft carriers. And so, that advantage is a real one.

And I always like to remind people that from the day that your computer turns on, which for us was 2017, you begin a multi-year, arguably decade process of building compilers, making algorithms run, deploying your computers, showing you can solve useful problems. The same thing's true in the security space. The same thing's true in the sensing space. And so, we're really proud of our technical teams, but we're also proud of the fact that, as the joke goes, was it Steve Jobs said, true artists ship. We ship and we deploy. And so, I think this is – in short, what you started in your question was is this spot on, which is we are seeing inbounds, and we are seeing huge upticks in receptivity now that the White House has effectively issued an order that all US infrastructure needs these protections.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

And, look, I think that covers the basis in terms of the things that we can bring to the table. I think one other thing I would just add for your calculus is we're going to be living in this hybrid world for a long time, even when it comes to security. We'll have classical security infrastructure already deployed, quantum security being deployed. We now are putting together the solutions to be able to scan networks and look for vulnerabilities that customers have on their networks against quantum. Others are doing it for classical. We can now do it for quantum and actually help CIOs, CTOs.

Some of these discussions start, actually, with the CEO. And they want to know, am I vulnerable? If I'm vulnerable, where? So we can provide that map on day one for them, help them understand where the worst vulnerabilities are and protect those now. Whether they choose to use PQC or QKD or another flavor, we intend to be the one-stop shop for all of those. The point is, we can check them on day one and then continuously monitor them over periods of time to say, are you still safe? Are you still safe? At some point, when we are even closer to Q-Day and almost everyone has deployed, I can see a world where there will be compliance requirements saying, have you secured your network against quantum attacks, not just classical attacks. So who rolls that out, which regulatory agency, et cetera, yet to be seen. But we are now preparing our customers for here's where your network is vulnerable, software layer, hardware layer, and we can help you today. And then, as we've invested in computing, of course, we're going to invest in security as well. So watch the space. I think it's our next growth vector.

Operator: Our next question comes from Tyler Anderson with Craig-Hallum.

Tyler Anderson

Analyst, Craig-Hallum Capital Group LLC

Q

Hi, everybody. This is Tyler Anderson on for Richard. Thank you for taking my question. So with the Tennessee Quantum Communications Research Center, is the memory that is going to be installed there used for QKD or entanglement distribution? And then, any color on what you guys are doing with SNL with either – I don't know if it's your linear trap or your QCCD or any one of your other products. I'd love to hear more detail about that. And noting that they did build the Roadrunner, which is a long history between you guys. Thank you.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Absolutely. So quantum memory is one of the things that, as a company, we're able to bring to the table today, but also we're investing in, to your point. So yes, we've announced that we're opening an R&D center actually close to our customer EPB in Chattanooga because there's a lot of quantum initiatives, innovation happening over there. Vanderbilt University is opening a quantum campus there as well. So lots of R&D happening, lots of deployments happening, and that's where we've chosen to invest for our quantum memory development. That will be over many years. It will be generations of products in quantum memory, either used for caching or other purposes. Either used by us or, frankly, part of our merchant supplier strategy as well. Those quantum memory modules may be sold to other players that are building quantum computers and need them as well. So it will serve a lot of different areas. We could have put this anywhere. We decided to put it in Chattanooga because of the ecosystem and quantum that is already developing there.

Will we open another one? Who knows. I think at this point, that is where we see the tip of the spear happening around quantum memory. And we're one of the unique, sort of, players in the industry, maybe if not the only one that can actually allow for caching of, like, photons for photonics as well. So I think it's another important milestone for us. And we took it very seriously, Niccolo and I and the entire management team, in ensuring that we're putting wood behind the arrow and delivering quantum memory, which is an integral part of networking.

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

But you're correct, though. The EPB now has a computer. They have a network. They now have memory. So they're a nice example of a customer that has always been forward thinking. Built the world's fastest, I think, fiber optic network a decade or more ago. And they continue to be at the forefront. And of course, we're showing that that fiber, that was the fastest in the nation, can now be both quantum-secure, quantum-entangled, quantum-ready and, of course, have a quantum computer on site.

EPB is doing really important work with us on energy grid optimization. And obviously, Tennessee and that portion of Tennessee geographically near Oak Ridge has a wonderful talent pool, and it has some wonderful research going on. And of course, the national labs, as well as in Chattanooga. So we're proud to be a partner of theirs. We're proud to be doing cutting-edge quantum computing and algorithm work research with them, but it has implications not only for the state, but also federally. And of course, Senator Blackburn has been a big supporter of the National Quantum Bill, as well as, of course, of what we're doing in the state. So for sure, we'll keep you updated on this thread as well.

Tyler Anderson

Analyst, Craig-Hallum Capital Group LLC

Q

Thank you. And then for SNL, any other work that you're doing there?

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

I mean, look, we kind of covered this on the first question, which is, it is obviously at an MoU stage. And there is a lot of connectivity between Sandia and ourselves because of the fact that Dr. Rick Muller used to run the quantum program there before he was the Director of IARPA and then joined IonQ 18 months or so ago. So it has been, in a lot of ways, one of the most active, if not kind of the home of a lot of US national lab work over, not just years, but double-digit years in the quantum space. I think this is a really exciting validation and endorsement of the fact

that, as Inder and I have said throughout this Q&A, we are making quantum real; we're making quantum affordable; we're making it robust; we're making it deployable.

And this is a team that understands what I mean when I say we are running the Manhattan Project of our era. New Mexico, obviously, has had an outsized role in that always. And the Manhattan Project era, as I said in my prepared remarks, matter not just for us, but our children, our grandchildren and, I believe, the entire 21st century. We're really setting up this nation, both from a SkyWater foundry perspective as well as from IonQ's direct road map to prevail from a national security perspective and from a national economic growth perspective, right?

So the last thing I'll say on this partnership is that there's, obviously, key aspects of scientific research in the energy sector as well, which we believe we can have short to medium-term impact with. And Sandia is bringing domain expertise that we don't have. We're bringing quantum power expertise and commercially rugged systems, which they can benefit from as well.

Operator: Our next question comes from Nehal Chokshi with Northland Capital Markets.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Hey, thank you. And congrats on another stellar quarter financially. Inder, your implicit guidance for 2H is \$135 million to \$145 million. Can you give us some thoughts on how we should think about distributing that through Q3 and Q4? And I think pretty much any way we decide to distribute it, that probably implicitly says that there's going to be a decline in revenue Q-over-Q, albeit incredibly impressive level, but help us understand that as well.

Inder M. Singh

Chief Financial Officer & Chief Operating Officer, IonQ, Inc.

A

Yeah. We don't plan for a revenue decline. We plan for revenue growth, Nehal. I mean, thank you for your question. I mean, I think there are two things happening that we want to just be respectful of. One is the close of SkyWater means that next quarter, we'll be guiding for the combined company and the quarter after that as well. Maybe we'll give you color at Analyst Day perhaps, but certainly at the close of quarter. And the eliminations I was talking about happened over those same two quarters. So we decided not to actually try to finesse this for you and say, here's what Q3 looks like, here's what, therefore, Q4, by default, looks like. We'd rather give those combined company numbers, if you could bear with us. Realize they're a company that has more revenue than we do today, right? So we want to make sure that we do that in the right way. We wanted to give you the IonQ side of it so that you understood the momentum continues.

Absolutely. I mean, we have a track record over five years of setting the bar and meeting or easily jumping over that bar, and we intend to continue doing that. This was mainly to acknowledge the fact that the deal was approved simply days before this earnings call and allow us the time to look at that \$120 million of spend I was talking about, and how that distributes also when we give you combined company performance. Do not read into it that we're thinking of declining quarters.

Nehal Chokshi

Analyst, Northland Securities, Inc.

Q

Okay. All right. Thank you. And then, just real quickly, the 256-qubit chip from SkyWater, that does not include integration of technology from Lightsynq, right? It's just the Oxford Ionics microwave excitation sources?

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

A

Yeah. So this is Niccolo. I'll tackle some of that. So the EPB research center has Lightsynq technology in the quantum memory, right? They're mostly a quantum memory and networking IP base in our Boston office, which is growing nicely. And that – quantum memory is important, right, not only for extending secure communications with QKD across huge distances, but it allows you to build any size quantum data center that you would like on the ground, frankly, or in space, right? And we have a space position with our quantum sensing and signals business, right? So we are thinking about our quantum platform and what we can deploy in each domain. And you're seeing the benefits of, not just our ability to cross-sell solutions to customers, but you're also seeing us create solutions you couldn't create any other way.

But, yes, you're correct that SkyWater is building systems with ever more qubits on the chip. That is even before we start networking, right? So we believe we can get to millions of physical qubits on a single chip. We're working and showing milestones on the 256-qubit, which is at a full prototype QPU stage. The 10,000-qubit chip is also beginning to get taped out. We'll then move up to bigger qubit numbers in the next generation and the generation after that. We've been a commercial partner with SkyWater. Things have been going faster, as you've seen from prior quarterly earnings reports, in terms of technical milestones with that partnership. They've been a great partner commercially. They're, obviously, going to be, we believe, a great partner as our wholly owned subsidiary.

One thing I do want to point out, just to pick up on the general theme of qubits and ions on a chip, is SkyWater took the majority of their consideration in this transaction in IonQ stock. It was mostly a stock swap transaction. And they had great advice, a great board, experienced board, did a lot of reverse diligence on us. And obviously, part of their board's deliberation was around getting comfortable that, as I'd like to put it, 1 plus 1 equals 30. And you're seeing some of that 1 plus 1 equals 30 happen at 256-qubit, but I think you're going to see more acceleration the further out we look on the road map because we can, of course, collaborate increasingly effectively now on a go-forward basis.

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

Chairman & Chief Executive Officer, IonQ, Inc.

Thank you, operator. Our mission is to solve the world's hardest problems and to create tremendous national security, societal and commercial value. Delivering on that mission takes more than a computer. It takes an entire quantum value chain and ecosystem. With SkyWater now closed, IonQ is the only vertically integrated full-stack quantum platform and the largest merchant supplier to the US and allied quantum ecosystem. We are already leveraging SkyWater to accelerate and de-risk our fault-tolerant quantum computers via our published Walking Cat architecture.

I want to thank our colleagues for their extraordinary efforts, and our shareholders for their continued trust. We look forward to welcoming you at our Investor Day on September 8th at the New York Stock Exchange. We'll be sharing exciting updates on our progress across the entire IonQ quantum platform.

Thank you for joining us today, and for your questions. Have a great day.
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Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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