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

FORM 10-Q

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

For the quarterly period ended June 30, 2025

OR

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

For the transition period from _____ to _____

Commission File No. 001-39694

IONQ, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

85-2992192
(I.R.S. Employer
Identification No.)

4505 Campus Drive
College Park, MD 20740
(301) 298-7997

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	IONQ	The New York Stock Exchange
Warrants, each exercisable for one share of common stock for \$11.50 per share	IONQ WS	The New York Stock Exchange

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of July 30, 2025, there were 296,837,796 shares of common stock, par value \$0.0001 per share, issued and outstanding.

IONQ, INC.
QUARTERLY REPORT ON FORM 10-Q
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CERTAIN TERMS USED IN THIS REPORT

In this report, unless otherwise stated or the context otherwise indicates, the terms “IonQ, Inc.,” “the Company,” “we,” “us,” “our” and similar references refer collectively to “IonQ” and our subsidiaries, including majority-owned and wholly-owned subsidiaries, and our other registered and common law trade names, trademarks and service marks are property of IonQ, Inc. All other trademarks, trade names and service marks appearing in this report are the property of their respective owners. Solely for convenience, the trademarks and trade names in this report may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert their rights thereto.

WHERE YOU CAN FIND MORE INFORMATION

Investors and others should note that we announce material financial information to our investors using our investor relations website at investors.ionq.com, press releases, filings with the U.S. Securities and Exchange Commission (“SEC”) and public conference calls and webcasts. We also use IonQ’s blog and the following social media channels as a means of disclosing information about the Company, our products and services, our planned financials and other announcements and attendance at upcoming investor and industry conferences, and other matters. This is in compliance with our disclosure obligations under Regulation FD:

- IonQ Company Blog (<https://ionq.com/blog>)
- IonQ LinkedIn Page (<https://www.linkedin.com/company/ionq.co>)
- IonQ X (Twitter) Account (https://x.com/ionq_inc)
- IonQ YouTube Account (https://www.youtube.com/@ionq_inc)

Information posted through these social media channels may be deemed material. Accordingly, in addition to reviewing our press releases, SEC filings, public conference calls and webcasts, investors should monitor IonQ’s blog and our other social media channels. The information we post through these channels is not part of this Quarterly Report on Form 10-Q. The channel list on how to connect with us may be updated from time to time and is available on our investor relations website.

GLOSSARY OF SELECTED TERMINOLOGY

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to the following terms have the respective meanings as defined below:

Barium: A silvery rare-earth metal, atomic number 56, that can be used as a qubit for quantum computing. IonQ is exploring barium as an alternative qubit species because its slightly more complex structure offers higher fundamental gate and readout fidelities when controlled correctly, and because it primarily interacts with light in the visible spectrum, allowing additional opportunities for standard fiber optic technologies in parts of the system.

Classical Computer: A computer that stores and calculates information using classical mechanics: information is stored as a 0 or a 1, in a transistor.

Coherence Time: A measurement of the “lifetime” of a qubit, coherence time measures how long a qubit can maintain coherent phase, which allows it to successfully retain quantum information and behave in the ways necessary for it to be part of a useful computation.

Entanglement: A property of quantum mechanics where two particles, even when physically separated, behave in ways conditionally dependent on each other.

Error-Corrected Qubit: Groups of physical qubits that are logically combined using techniques called error correction encoding with the goal of having them act together as one much higher-quality qubit for computational purposes.

Fault Tolerance: A system’s ability to accommodate errors in its operation without losing the information it is processing and/or storing.

Gate Fidelity/Error Rate: A measure of how much noise (or error) is introduced in each operation during a quantum algorithm.

Ion Trap: An apparatus that holds ions in place, ready for computation, in a trapped-ion quantum computer.

Measurement: The process at the end of a quantum computation where the exponentially large computational space available during computation collapses down to a binary string in order to produce readable results.

Multi-Core QPU: A single quantum processor that has multiple quantum compute zones that can compute in parallel and be entangled via moving and recombining ion chains.

Noise: For quantum computers to compute correctly, they must be isolated from the environment around them. Any interaction with the environment, or imperfection in the control systems that perform gates, introduces noise. As noise accumulates, the overall likelihood that an algorithm will produce a successful answer goes down. With too much noise, a quantum computer is no longer useful at all.

Photonic Interconnect: A connection between two qubits using photons, typically via a fiber optic cable. A photonic interconnect is used to remotely connect two qubits.

Physical Qubit: The hardware implementation of a qubit in a quantum computer.

Quantum Algorithm: A series of quantum logic gates that together solve a specific problem.

Quantum Bit (Qubit): The quantum equivalent of bits in classical computing, able to exist in a superposition of states and be entangled with other qubits.

Quantum Circuit: A collection of quantum logic gates to be run in a specific order on a given set of qubits.

Quantum Logic Gate(s): Gates used to manipulate the state of qubits, including putting them in superposition states and creating entanglement.

Quantum Networking: Interconnecting multiple quantum processing units to enable communication or computation using photonic interconnects or entanglement to facilitate the distribution of information or computation.

Quantum Processing Unit (QPU): A complete system made up of physical qubits and the apparatus for controlling them.

Superconducting Qubit: A qubit implementation that uses specialized silicon-fabricated chips at ultracold temperatures.

Synthetic (Fabricated) Qubit: A qubit that uses an engineered or “manufactured” quantum system, rather than a naturally occurring one. Examples of synthetic (fabricated) qubits include superconducting transmon qubits and semiconductor quantum dot qubits.

Trapped Ion Qubit: A qubit implementation using charged atomic particles (ions) suspended in vacuum and manipulated with lasers.

PART 1-FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

IonQ, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except share and per share data)

	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 140,067	\$ 54,393
Short-term investments	406,784	285,896
Accounts receivable, net	19,114	10,188
Prepaid expenses and other current assets	59,922	28,325
Total current assets	625,887	378,802
Long-term investments	109,902	23,545
Property and equipment, net	58,558	52,761
Operating lease right-of-use assets	11,254	9,470
Intangible assets, net	143,241	29,469
Goodwill	370,720	9,904
Other noncurrent assets	27,046	4,437
Total Assets	\$ 1,346,608	\$ 508,388
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 8,938	\$ 5,230
Accrued expenses and other current liabilities	49,190	16,424
Current portion of operating lease liabilities	5,528	3,366
Unearned revenue	16,726	10,678
Current portion of stock option early exercise liabilities	252	387
Total current liabilities	80,634	36,085
Operating lease liabilities, net of current portion	13,737	14,359
Unearned revenue, net of current portion	2,770	—
Warrant liabilities	58,042	70,688
Other noncurrent liabilities	12,979	3,394
Total liabilities	\$ 168,162	\$ 124,526
Commitments and contingencies (see Note 10)		
Stockholders' Equity:		
Common stock \$0.0001 par value; 1,000,000,000 shares authorized; 269,600,132 and 221,919,191 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	\$ 27	\$ 22
Additional paid-in capital	2,050,344	1,067,403
Accumulated deficit	(892,810)	(683,720)
Accumulated other comprehensive income (loss)	4,072	157
Total IonQ, Inc. stockholders' equity	\$ 1,161,633	\$ 383,862
Noncontrolling interests	16,813	—
Total stockholders' equity	\$ 1,178,446	\$ 383,862
Total Liabilities and Stockholders' Equity	\$ 1,346,608	\$ 508,388

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

IonQ, Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 20,694	\$ 11,381	\$ 28,260	\$ 18,963
Costs and expenses:				
Cost of revenue (excluding depreciation and amortization)	8,327	5,623	12,642	9,037
Research and development	103,359	31,204	143,312	63,572
Sales and marketing	10,877	6,137	19,487	12,838
General and administrative	48,107	13,053	71,913	27,073
Depreciation and amortization	10,616	4,305	17,177	8,260
Total operating costs and expenses	181,286	60,322	264,531	120,780
Loss from operations	(160,592)	(48,941)	(236,271)	(101,817)
Gain (loss) on change in fair value of warrant liabilities	(39,577)	6,639	(1,083)	15,266
Interest income, net	7,138	4,801	12,032	9,600
Other income (expense), net	232	(45)	283	(179)
Loss before income tax expense	(192,799)	(37,546)	(225,039)	(77,130)
Income tax benefit (expense)	15,269	(15)	15,257	(23)
Net loss	\$ (177,530)	\$ (37,561)	\$ (209,782)	\$ (77,153)
Net loss attributable to noncontrolling interests	(692)	—	(692)	—
Net loss attributable to IonQ, Inc.	\$ (176,838)	\$ (37,561)	\$ (209,090)	\$ (77,153)
Net loss per share attributable to IonQ, Inc. common stockholders—basic and diluted	\$ (0.70)	\$ (0.18)	\$ (0.87)	\$ (0.37)
Weighted average shares used in computing net loss per share attributable to IonQ, Inc. common stockholders—basic and diluted	250,967,455	211,637,479	239,924,680	209,898,459

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

IonQ, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (177,530)	\$ (37,561)	\$ (209,782)	\$ (77,153)
Other comprehensive income (loss), net of reclassification adjustments:				
Change in unrealized gain (loss) on available-for-sale securities, net	(80)	413	(247)	635
Currency translation adjustments	4,750	(11)	4,749	14
Total other comprehensive income (loss)	4,670	402	4,502	649
Total comprehensive loss	\$ (172,860)	\$ (37,159)	\$ (205,280)	\$ (76,504)
Comprehensive loss attributable to noncontrolling interests	(105)	—	(105)	—
Comprehensive loss attributable to IonQ, Inc.	\$ (172,755)	\$ (37,159)	\$ (205,175)	\$ (76,504)

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

IonQ, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited)
(in thousands, except share data)

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, March 31, 2025	243,068,917	\$ 24	\$ 1,481,007	\$ (715,972)	\$ (11)	\$ —	\$ 765,048
Net loss	—	—	—	(176,838)	—	(692)	(177,530)
Other comprehensive income (loss)	—	—	—	—	4,083	587	4,670
Issuance of common stock in connection with acquisitions	17,509,601	2	461,829	—	—	16,918	478,749
Issuance of common stock from equity incentive plans	8,896,073	1	6,342	—	—	—	6,343
Vesting of restricted common stock	48,145	—	98	—	—	—	98
Stock-based compensation	—	—	97,403	—	—	—	97,403
Warrants exercised	77,396	—	3,665	—	—	—	3,665
Balance, June 30, 2025	269,600,132	\$ 27	\$ 2,050,344	\$ (892,810)	\$ 4,072	\$ 16,813	\$ 1,178,446

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, March 31, 2024	210,844,442	\$ 21	\$ 873,133	\$ (391,665)	\$ (1,720)	\$ —	\$ 479,769
Net loss	—	—	—	(37,561)	—	—	(37,561)
Other comprehensive income (loss)	—	—	—	—	402	—	402
Issuance of common stock from equity incentive plans	2,829,916	—	699	—	—	—	699
Vesting of restricted common stock	48,145	—	98	—	—	—	98
Stock-based compensation	—	—	19,867	—	—	—	19,867
Balance, June 30, 2024	213,722,503	\$ 21	\$ 893,797	\$ (429,226)	\$ (1,318)	\$ —	\$ 463,274

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

IonQ, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited)
(in thousands, except share data)

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2024	221,919,191	\$ 22	\$ 1,067,403	\$ (683,720)	\$ 157	\$ —	\$ 383,862
Net loss	—	—	—	(209,090)	—	(692)	(209,782)
Other comprehensive income (loss)	—	—	—	—	3,915	587	4,502
Issuance of common stock in connection with acquisitions	17,509,601	2	461,829	—	—	16,918	478,749
Issuance of common stock in connection with at-the-market offering, net of issuance costs	16,038,460	2	358,253	—	—	—	358,255
Issuance of common stock from equity incentive plans	13,550,356	1	14,523	—	—	—	14,524
Vesting of restricted common stock	96,290	—	196	—	—	—	196
Stock-based compensation	—	—	128,820	—	—	—	128,820
Warrants exercised	486,234	—	19,320	—	—	—	19,320
Balance, June 30, 2025	269,600,132	\$ 27	\$ 2,050,344	\$ (892,810)	\$ 4,072	\$ 16,813	\$ 1,178,446

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2023	206,611,704	\$ 20	\$ 839,014	\$ (352,073)	\$ (1,967)	\$ —	\$ 484,994
Net loss	—	—	—	(77,153)	—	—	(77,153)
Other comprehensive income (loss)	—	—	—	—	649	—	649
Issuance of common stock from equity incentive plans	7,014,509	1	12,627	—	—	—	12,628
Vesting of restricted common stock	96,290	—	196	—	—	—	196
Stock-based compensation	—	—	41,960	—	—	—	41,960
Balance, June 30, 2024	213,722,503	\$ 21	\$ 893,797	\$ (429,226)	\$ (1,318)	\$ —	\$ 463,274

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

IonQ, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (209,782)	\$ (77,153)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	17,177	8,260
Stock-based compensation	132,421	43,040
(Gain) loss on change in fair value of warrant liabilities	1,083	(15,266)
Deferred income taxes	(15,300)	—
Amortization of premiums and accretion of discounts on available-for-sale securities	(3,540)	(4,787)
Other, net	1,502	2,156
Changes in operating assets and liabilities:		
Accounts receivable	(3,595)	3,558
Prepaid expenses and other current assets	(25,142)	(8,341)
Accounts payable	1,094	(165)
Accrued expenses and other current liabilities	20,741	(2,116)
Unearned revenue	(4)	1,262
Other assets and liabilities	(2,254)	2,508
Net cash provided by (used in) operating activities	\$ (85,599)	\$ (47,044)
Cash flows from investing activities:		
Purchases of property and equipment	(3,501)	(10,629)
Capitalized software development costs	(1,886)	(2,129)
Intangible asset acquisition costs	(307)	(892)
Purchases of available-for-sale securities	(435,130)	(146,098)
Maturities of available-for-sale securities	211,180	211,572
Businesses acquired, net of cash paid	28,667	—
Net cash provided by (used in) investing activities	\$ (200,977)	\$ 51,824
Cash flows from financing activities:		
Proceeds from at-the-market offering, net of issuance costs	358,254	—
Proceeds from stock options exercised	7,564	1,185
Proceeds from public warrants exercised	5,592	—
Tax withholding receipts (payments) related to vested and released RSUs, net	1,447	141
Net cash provided by (used in) financing activities	\$ 372,857	\$ 1,326
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	391	4
Net change in cash, cash equivalents and restricted cash	86,672	6,110
Cash, cash equivalents and restricted cash at the beginning of the period	56,840	38,081
Cash, cash equivalents and restricted cash at the end of the period	\$ 143,512	\$ 44,191
Supplemental disclosures of non-cash investing and financing transactions		
Property and equipment purchases in accounts payable and accrued expenses	\$ 465	\$ 1,814
Intangible asset purchases in accounts payable and accrued expenses	1	234
Operating lease right-of-use assets subject to lease liability	—	5,962
Noncash reclassification of warrant liabilities to equity upon exercise	13,728	—
Bonus settled in restricted stock units	6,969	11,443
Net share settled stock option exercises	492	1,016
Equity issued for acquisitions	461,831	—

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

IonQ, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. DESCRIPTION OF BUSINESS

IonQ, Inc. (“IonQ” or the “Company”), formerly known as dMY Technology Group, Inc. III (“dMY”), was incorporated in the state of Delaware in September 2020 and formed as a special purpose acquisition company for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses. IonQ Quantum, Inc. (formerly known as IonQ, Inc., and referred to as “Legacy IonQ” herein), was incorporated in the state of Delaware in September 2015 and is headquartered in College Park, Maryland.

On March 7, 2021, Legacy IonQ entered into an Agreement and Plan of Merger (the “Merger Agreement”) with dMY and Ion Trap Acquisition Inc. (“Merger Sub”), a direct, wholly owned subsidiary of dMY. Pursuant to the Merger Agreement, on September 30, 2021 (“the Closing Date”), the Merger Sub was merged with and into Legacy IonQ with Legacy IonQ continuing as the surviving corporation following the merger, becoming a wholly owned subsidiary of dMY and the separate corporate existence of the Merger Sub ceased (the “Business Combination”). Contemporaneously with the Business Combination, dMY changed its name to IonQ, Inc. and Legacy IonQ changed its name to IonQ Quantum, Inc.

IonQ develops quantum computers and networks designed to solve some of the world’s most complex problems, and transform business, society, and the planet for the better. To operate the quantum computers and networks, the Company has developed custom hardware, custom firmware, and an operating system to orchestrate the quantum computers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The Company’s significant accounting policies, which are disclosed in the audited financial statements for the year ended December 31, 2024, and the notes thereto are included in the Company’s Annual Report on Form 10-K (the “Annual Report”) that was filed with the Securities and Exchange Commission (“SEC”) on February 26, 2025. Since the date of that filing, there have been no material changes to the Company’s significant accounting policies except as noted below.

Basis of Preparation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) as determined by the Financial Accounting Standards Board (“FASB”). Such condensed consolidated financial statements include the accounts of IonQ and majority-owned and wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. For consolidated non-wholly-owned subsidiaries, a noncontrolling interest is recognized to reflect the portion of income and equity that is not attributable to the Company.

Unaudited Interim Financial Information

The interim condensed consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared by the Company and are unaudited, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures contained in this Quarterly Report on Form 10-Q comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for a quarterly report and are adequate to make the information presented not misleading. The interim condensed consolidated financial statements included herein reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. These interim condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2024, included in the Annual Report. The condensed consolidated statements of operations and the condensed consolidated statements of comprehensive loss for the three or six months ended June 30, 2025, are not necessarily indicative of the results to be anticipated for the entire year ending December 31, 2025, or thereafter. All references to June 30, 2025 and 2024, in the notes to the condensed consolidated financial statements are unaudited.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP and the rules and regulations of the SEC require management to make estimates and assumptions that affect the amounts reported in these condensed consolidated financial statements and accompanying notes.

Significant estimates and assumptions are inherent in the analysis and measurement of items including, but not limited to: standalone selling price for revenue arrangements with multiple performance obligations, total expected costs for revenue arrangements recognized over time, capitalization of quantum computing system costs, useful lives for quantum computing systems, estimates of the fair value of intangible assets acquired in business combinations, and stock-based compensation for awards with performance and market conditions. Management bases its estimates and assumptions on historical experience, expectations, forecasts, and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ and be affected by changes in those estimates.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. Financial statements of subsidiaries whose functional currency is not the U.S. dollar are translated at exchange rates in effect at the balance sheet date for assets and liabilities and at average exchange rates for revenues and expenses for the respective periods. Translation adjustments are recorded in accumulated other comprehensive income (loss) in the condensed consolidated balance sheets.

The Company is exposed to foreign currency risk to the extent that it enters into transactions denominated in currencies other than its subsidiaries' respective functional currencies. Transactions denominated in currencies other than subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in the Company's condensed consolidated balance sheets related to these items will result in unrealized foreign currency transaction gains and losses based upon period-end exchange rates. The Company also records realized foreign currency transaction gains and losses upon settlement of the transactions. Foreign currency transaction gains and losses resulting from the conversion of the transaction currency to functional currency are included in other income (expense), net in the condensed consolidated statements of operations.

Fair Value Measurements

The Company evaluates the fair value of certain assets and liabilities using the fair value hierarchy. Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1—Observable inputs, which include quoted prices in active markets;
- Level 2—Observable inputs other than the quoted prices in active markets that are observable either directly or indirectly, such as quoted prices in markets that are not active, or other inputs such as broker quotes, benchmark yield curves, credit spreads and market interest rates for similar securities that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
- Level 3—Unobservable inputs that are supported by little or no market activity and that are based on management's assumptions, including fair value measurements determined using pricing models, discounted cash flow methodologies or similar techniques.

The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

For assets that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. Assets that are measured using unobservable inputs, including investments in convertible debt securities of privately-held companies, use the market or income approach and may involve pricing models whose inputs require significant judgment or estimation. The inputs in these valuations may include, but are not limited to, capitalization and discount rates and earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples.

Assets and liabilities that are measured at fair value on a non-recurring basis include property and equipment, intangible assets, and goodwill. The Company recognizes these items at fair value upon initial recognition when acquired through a business combination or an asset

acquisition or when they are considered to be impaired. The fair value of these assets and liabilities are determined with valuation techniques using the best information available and may include quoted market prices, market comparables and discounted cash flow models.

Due to their short-term nature, the carrying amounts reported in the Company's condensed consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and checking deposits, money market funds, and U.S. government and agency securities. The Company considers all short-term highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents. Restricted cash for collateralizing letters of credit and certain other obligations is included in prepaid expenses and other current assets and other noncurrent assets in the condensed consolidated balance sheets. The Company issues letters of credit in the ordinary course of business, including for lease arrangements. Letters of credit totaling \$2.3 million and \$2.1 million were outstanding as of June 30, 2025 and December 31, 2024, respectively.

The following table provides a reconciliation of cash, cash equivalents and restricted cash included in the condensed consolidated balance sheets to the amounts included in the condensed consolidated statements of cash flows (in thousands):

	June 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 140,067	\$ 54,393
Restricted cash	3,445	2,447
Total cash, cash equivalents and restricted cash in the condensed consolidated statements of cash flows	\$ 143,512	\$ 56,840

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are non-interest bearing and represent amounts billed and currently due from customers at the gross invoiced amount as well as unbilled amounts related to unconditional rights for consideration to be received for services performed but not yet invoiced. A receivable is recorded when the Company has an unconditional right to receive payment. Accounts receivable consists of the following (in thousands):

	June 30, 2025	December 31, 2024
Billed accounts receivable	\$ 7,653	\$ 6,516
Unbilled accounts receivable	11,461	3,672
Total accounts receivable	\$ 19,114	\$ 10,188

On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance for credit losses. This assessment is based on management's evaluation of relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the receivable.

Allowances for credit losses were not material as of either June 30, 2025 or December 31, 2024.

Inventories, Net

Inventories are stated at the lower of cost or net realizable value, with cost computed using the weighted-average cost basis, and is recorded in prepaid expenses and other current assets in the condensed consolidated balance sheet. Inventories are evaluated regularly for excess quantities and obsolescence. This evaluation includes analysis of the Company's current and future strategic plans, risk of technological obsolescence, and general market conditions. During the three and six months ended June 30, 2025, excess and obsolescence charges were not material.

Materials and Supplies, Net

Materials and supplies, including spare parts, are carried at average cost and recorded in prepaid expenses and other current assets in the condensed consolidated balance sheets. Materials and supplies used in the production of quantum computing systems are capitalized to property and equipment when installed. Materials and supplies used to support customer contracts, for maintenance, or for research and development efforts are expensed when consumed. The Company capitalized \$2.1 million and \$2.6 million of materials and supplies to property and

equipment for the three months ended June 30, 2025 and 2024, respectively, and \$4.2 million and \$3.6 million of materials and supplies to property and equipment for the six months ended June 30, 2025 and 2024, respectively.

Materials and supplies are evaluated regularly for excess quantities and obsolescence. This evaluation includes analysis of the Company's current and future strategic plans, risk of technological obsolescence, and general market conditions. During each of the three and six months ended June 30, 2025, excess and obsolescence charges were \$0.5 million, and during each of the three and six months ended June 30, 2024, excess and obsolescence charges were \$0.1 million.

Investments

Management determines the appropriate classification of investments at the time of purchase based upon management's intent with regard to such investments. The Company primarily invests in debt securities and classifies its investments as available-for-sale at the time of purchase if they are available to support either current or future operations. This classification is re-evaluated at each balance sheet date. Convertible debt securities in privately-held companies are classified as available-for-sale. Investments not considered cash equivalents, with remaining contractual maturities of one year or less from the balance sheet date are classified as short-term investments, and those with remaining contractual maturities greater than one year from the balance sheet date are classified as long-term investments. All investments are recorded at their estimated fair value, and any unrealized gains and losses are recorded in the condensed consolidated balance sheets in accumulated other comprehensive loss. Realized gains and losses on sales and maturities of investments are determined based on the specific identification method and are recognized in the condensed consolidated statements of operations in other income (expense), net. Accrued interest receivable on available-for-sale investments is recorded in the condensed consolidated balance sheets in prepaid expenses and other current assets.

The Company performs periodic evaluations to determine whether any declines in the fair value of investments below amortized cost are credit losses or impairments. The evaluation consists of qualitative and quantitative factors regarding the severity of the unrealized loss, as well as the Company's ability and intent to hold the investments until a forecasted recovery occurs. Declines in fair value are considered to be credit losses if they are related to deterioration in credit risk or are considered impairments if it is likely that the underlying securities will be sold prior to a full recovery of their cost basis. Credit losses and impairments are determined based on the specific identification method and are reported in other income (expense), net in the condensed consolidated statements of operations.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation. Historical cost of fixed assets is the cost as of the date acquired. Hardware and labor costs associated with the building of quantum computing systems and supporting equipment are capitalized in the period the costs are incurred when it is probable that such costs will provide future economic benefit. The costs of quantum computing systems and supporting equipment that are used in research and development activities and have alternative future uses are capitalized. Costs to maintain quantum computing systems are expensed as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives are as follows:

Computer equipment and acquired computer software	3 – 5 years
Machinery, equipment, furniture and fixtures	4 – 7 years
Quantum computing systems	3 years
Leasehold improvements	Shorter of the lease term or the estimated useful life of the related asset

The Company evaluates the useful life of its assets periodically and whenever events or changes in circumstances indicate that the useful life may have changed. In assessing useful lives, the Company considers, among other factors, the use of the asset, changes in technology, and the competitive environment.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and current operating lease liabilities and operating lease liabilities, net of current portion on the Company's condensed consolidated balance sheets. As of June 30, 2025, the Company has no financing lease arrangements. The Company recognizes lease expense for its operating leases on a straight-line basis over the term of the lease.

The Company records a ROU asset and lease liability in connection with its operating leases. The Company's lease portfolio is comprised primarily of real estate leases, which are accounted for as operating leases. The Company elected the practical expedient to not separate lease and non-lease components for all leases.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments, including the impact of any lease incentives, as applicable, over the lease term. An amendment to a lease is assessed to determine if it represents a lease modification or a separate contract. Lease modifications are reassessed as of the effective date of the modification using an incremental borrowing rate based on the information available at the commencement date. For modified leases the Company also reassesses the lease classification as of the effective date of the modification.

The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate, because the interest rate implicit in the Company's leases is not readily determinable. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located.

The Company's lease terms include periods under options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company considers contractual-based factors such as the nature and terms of the renewal or termination, asset-based factors such as physical location of the asset and entity-based factors such as the importance of the leased asset to the Company's operations to determine the lease term. The Company generally uses the base non-cancelable lease term when determining the ROU assets and lease liabilities.

Software Development Costs

The Company incurs software development costs for internal-use software, which the Company primarily uses to provide services to its customers, as well as for external-use software that will be part of a product to be sold, leased, or marketed.

Internal-Use Software

The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended, until the time the software is placed in service for its intended use. Any costs incurred during subsequent efforts to upgrade and enhance the functionality of the software are also capitalized. Once this software is ready for its intended use, these costs are amortized on a straight-line basis over the estimated useful life of the software, which is typically assessed to be three years. Capitalized internal-use software is recorded within intangible assets, net, in the condensed consolidated balance sheets. During the three months ended June 30, 2025 and 2024, the Company capitalized \$1.9 million and \$1.2 million in internal-use software costs, respectively, and during the six months ended June 30, 2025 and 2024, the Company capitalized \$3.4 million and \$3.8 million, respectively. The Company amortized \$1.6 million and \$1.3 million of capitalized internal-use software costs during the three months ended June 30, 2025 and 2024, respectively, and \$3.1 million and \$2.4 million of capitalized internal-use software costs during the six months ended June 30, 2025 and 2024, respectively.

External-Use Software

Costs incurred in researching and developing external-use software are expensed as incurred until technological feasibility is established. Once technological feasibility is established, software costs are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. Generally, this occurs shortly before the products are released to production. No external-use software costs were capitalized during any of the three or six months ended June 30, 2025 and 2024.

Intangible Assets, Net

The Company's intangible assets include website domain costs, patents, intellectual property, customer relationships, developed technology, non-compete agreements, backlog, and trademarks. With respect to patents, acquisition costs include external legal and patent application costs. Intangible assets with identifiable useful lives are initially valued at acquisition cost and are amortized over their estimated useful lives using the straight-line method. Intangible assets with indefinite useful lives are assessed for impairment at least annually.

Goodwill

Goodwill is the excess of the purchase price over the fair values assigned to the net assets acquired in a business combination. The Company tests goodwill for impairment on an annual basis, which it has determined to be the first day of the fourth quarter, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company tests goodwill qualitatively, or

quantitatively, by comparing the fair value of the reporting unit with the unit's carrying amount. No impairment loss was recognized for any of the three or six months ended June 30, 2025 and 2024.

Business Combinations

The Company recognizes and measures the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date. Goodwill as of the acquisition date represents the excess of the purchase consideration of an acquired business over the fair value of the underlying net tangible and intangible assets acquired net of liabilities assumed. The purchase consideration is determined based on the fair value of the assets transferred and liabilities assumed after considering any transactions that are separate from the business combination. Any adjustments to provisional amounts that are identified during the measurement period, not to exceed one year from the date of acquisition, are recorded in the reporting period in which the adjustment amounts are determined. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the Company's condensed consolidated statements of operations.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and other long-term assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent the carrying amount of the underlying asset exceeds its fair value. Impairment losses were not material for any of the three or six months ended June 30, 2025 and 2024.

Warrant Liabilities

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "Derivatives and Hedging." For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued upon exercise or at each reporting date for the unexercised warrants, with changes in the fair value reported in the condensed consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. The warrants of dMY assumed in the Business Combination are classified as liabilities and remeasured at each reporting period. Derivative warrant liabilities are classified as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

Revenue Recognition

The Company derives revenue from the design, development, construction and sale of specialized quantum computing hardware together with related maintenance and support, from the sale of quantum networking products together with related services and maintenance, from providing access to its quantum-computing-as-a-service ("QCaaS" or "Platform" services), and from consulting services related to co-developing algorithms on the quantum computing systems. The Company applies the provisions of the FASB Accounting Standards Update ("ASU"), Revenue from Contracts with Customers ("ASC 606"), and all related applicable guidance. The core principle of ASC 606 is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To support this core principle, the Company applies the following five step approach:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Certain of the Company's contracts contain multiple performance obligations, most commonly in contracts for the sale of specialized quantum computing hardware together with related maintenance and support and the sale of quantum networking products together with related services and maintenance. Certain contracts may also include access to the Company's QCaaS. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. When there are multiple performance obligations in a contract, the Company allocates the transaction price to each performance obligation based on its standalone selling price when available. The Company determines standalone selling price based on the observable price of a product or service when it sells the

products or services separately in similar circumstances and to similar customers. Certain products and services have limited or no history of being sold on a standalone basis, requiring the Company to estimate the standalone selling price. The Company estimates the standalone selling price based on other contracts for similar products and services adjusted for differing terms than the contract being evaluated, as well as internal pricing guidelines and market factors. In addition, the Company takes into consideration the estimated costs to be incurred to satisfy the performance obligation plus an appropriate profit margin.

Performance obligations are satisfied over time if the customer receives the benefits as the Company performs the work, if the customer controls the asset as it is being produced (continuous transfer of control), or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment for performance to date. For performance obligations related to specialized quantum computing hardware and consulting services, revenue is recognized over time based on the efforts incurred to date relative to the total expected effort, primarily based on a cost-to-cost input measure. The Company applies judgment to determine a reasonable method to measure progress and to estimate total expected effort. Factors considered in these estimates include the Company's historical performance, the availability, productivity and cost of labor, the nature and complexity of work to be performed, the effect of change orders, availability and cost of materials, and the effect of any delays in performance. For performance obligations related to quantum networking products and related services, revenue is recognized at the point in time when control passes to the customer, which is generally at the shipping point based on customary incoterms, or upon completion of the required services.

The Company has determined that its QCaaS contracts represent a combined, stand-ready performance obligation to provide access to its quantum computing systems together with related maintenance and support. The transaction price generally consists of a fixed fee for a minimum volume of usage to be made available over a defined period of access. Fixed fee arrangements may also include a variable component whereby customers pay an amount for usage over contractual minimums contained in the contracts. For performance obligations related to providing QCaaS access, fixed fees are recognized on a straight-line basis over the access period. Variable usage fees are recognized in the period they occur. The Company has determined that contracts that contain consulting services related to co-developing quantum computing algorithms and the ability to use its quantum computing systems to run such algorithms represent a combined performance obligation that is satisfied over-time.

For the three and six months ended June 30, 2025 and 2024, materially all revenue was recognized based on transfer of service over time. In arrangements with cloud service providers, the cloud service provider is considered the customer and IonQ does not have any contractual relationships with the cloud service providers' end users. For these arrangements, revenue is recognized at the amount charged to the cloud service provider and does not reflect any mark-up to the end user.

The Company may enter into multiple contracts with a single counterparty at or near the same time. The Company will combine contracts and account for them as a single contract when one or more of the following criteria are met: (i) the contracts are negotiated as a package with a single commercial objective; (ii) consideration to be paid in one contract depends on the price or performance of the other contract; and (iii) goods or services promised are a single performance obligation. Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer. For arrangements that contain consideration payable to a customer, the Company uses judgment in determining whether such payments are a reduction of the transaction price or a payment to the customer for a distinct good or service.

The variable fees associated with the QCaaS are generally billed a month in arrears. Customers also have the ability to make advance payments. Advance payments are recorded as a contract liability until services are delivered or obligations are met and revenue is earned. Contract liabilities to be recognized in the succeeding 12-month period are classified as current and the remaining amounts are classified as non-current liabilities in the Company's condensed consolidated balance sheets.

Assets Recognized from Costs to Obtain a Contract

Sales commissions paid to employees and third parties are considered incremental costs to obtain a contract with a customer. These costs are capitalized in the period a customer contract is executed and are amortized as an expense consistent with the transfer of the goods or services to the customer. Capitalized costs are recorded in prepaid expenses and other current assets and other noncurrent assets in the condensed consolidated balance sheets. Applying the practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets is one year or less. As of June 30, 2025 and December 31, 2024, total capitalized costs were \$2.3 million and \$2.4 million, respectively. Amortization expense was \$0.4 million and \$0.5 million for the three months ended June 30, 2025 and 2024, respectively, and \$0.7 million and \$0.9 million for the six months ended June 30, 2025 and 2024, respectively, and is included in sales and marketing in the condensed consolidated statements of operations.

Research and Development

Research and development expenses consist of personnel-related costs, including salaries, benefits and stock-based compensation, and allocated overhead costs for the Company's research and development function. Unlike a standard computer, design and development efforts continue throughout the useful life of the Company's quantum computing systems to ensure proper calibration and optimal functionality.

Research and development expenses also include purchased hardware and software costs related to quantum computing systems constructed for research purposes that are not probable of providing future economic benefit and have no alternate future use, as well as costs associated with third-party research and development arrangements.

Stock-Based Compensation

The Company measures and records the expense related to stock-based awards based on the fair value of those awards as determined on the date of grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period and uses the straight-line method to recognize stock-based compensation. The Company uses the Black-Scholes-Merton ("Black-Scholes") option-pricing model to determine the estimated fair value for stock options. The Black-Scholes option-pricing model requires the use of subjective assumptions, which determine the fair value of stock option awards, including the option's expected term, the price volatility of the underlying common stock, risk-free interest rates, and the expected dividend yield of the common stock. The assumptions used to determine the fair value of the stock options represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The Company records forfeitures as they occur.

Stock-based compensation cost for restricted stock units, performance-based restricted stock units, and restricted common stock is measured based on the fair value of the Company's common stock on the grant date. The fair value of performance-based restricted stock units with a market condition is estimated on the date of grant using the Monte Carlo simulation model. The Monte Carlo simulation model requires the use of subjective assumptions, which determine the fair value of these awards, including price volatility, contractual term, discount rate, risk-free interest rates, and the expected dividend yield of the common stock. The assumptions used to determine the fair value of the performance-based restricted stock awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. For awards with a performance-based vesting condition, including those with a market condition, the Company records stock-based compensation cost if it is probable that the performance conditions will be achieved. Stock-based compensation cost will be recognized if the performance condition is satisfied, even if the market condition is not met and the award does not vest. At each reporting period, the Company reassesses the probability of the achievement of the performance conditions and any change in expense resulting from an adjustment in the estimated shares to be released is treated as a cumulative catch-up in the period of the adjustment.

The Company records stock-based compensation expense for incentive compensation liabilities based on estimated payments to employees for which the Company expects to settle the liability by granting restricted stock units. For these awards, stock-based compensation expense is accrued commencing at the service inception date, which generally precedes the grant date, through the end of the requisite service period.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to the difference between the tax bases of assets and liabilities and their financial reporting amounts. Deferred tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which deferred tax assets or liabilities are expected to be settled or realized.

The Company records a valuation allowance when it determines, based on available positive and negative evidence, that it is not more-likely-than-not that some portion or all of its deferred tax assets will be realized.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, restricted cash, investments, and trade accounts receivable. The Company maintains the majority of its cash, cash equivalents, restricted cash and investments with several high credit quality financial institutions. The Company's deposits routinely exceed amounts guaranteed by the Federal Deposit Insurance Corporation.

The Company's accounts receivable are derived from customers primarily located in the U.S., including the U.S. government. The Company performs periodic evaluations of its customers' financial condition and generally does not require its customers to provide collateral or other security to support accounts receivable and maintains an allowance for credit losses. Credit losses historically have not been material.

Significant customers are those that represent more than 10% of the Company's total revenue. For the three and six months ended June 30, 2025, the Company had two significant customers that accounted for 65% of total revenue and three significant customers that accounted for 73% of total revenue, respectively. For the three and six months ended June 30, 2024, the Company had two significant customers that accounted for 79% and 75% of total revenue, respectively.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding for the period. Diluted earnings per share is computed by dividing net income (loss) by the weighted average number of shares of common stock during the period, plus common stock equivalents, outstanding during the period. If the Company reports a net loss, the computation of diluted loss per share excludes the effect of dilutive common stock equivalents, as their effect would be antidilutive.

The following table sets forth the computation of basic and diluted loss per share attributable to common stockholders (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net loss	\$ (177,530)	\$ (37,561)	\$ (209,782)	\$ (77,153)
Less: Net loss attributable to noncontrolling interests	\$ 692	\$ —	\$ 692	\$ —
Net loss attributable to IonQ, Inc. common stockholders for basic and diluted net loss per share	\$ (176,838)	\$ (37,561)	\$ (209,090)	\$ (77,153)
Denominator:				
Weighted average shares used in computing net loss per share attributable to IonQ, Inc. common stockholders—basic and diluted	250,967,455	211,637,479	239,924,680	209,898,459
Net loss per share attributable to IonQ, Inc. common stockholders—basic and diluted	\$ (0.70)	\$ (0.18)	\$ (0.87)	\$ (0.37)

In periods with a reported net loss, the effect of stock options, warrants, unvested restricted stock units, unvested performance-based restricted stock units, and unvested common stock (including unvested restricted common stock) are excluded and diluted loss per share is equal to basic loss per share. The following is a summary of the weighted average common stock equivalents for the securities outstanding during the respective periods that have been excluded from the computation of diluted net loss per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Common stock options outstanding	12,641,470	19,712,354	14,008,600	20,232,744
Warrants to purchase common stock	543,152	8,301,202	543,152	8,301,202
Public warrants	1,882,881	5,228,253	1,933,737	5,228,253
Unvested restricted stock units	14,639,855	17,132,062	14,756,009	16,676,544
Unvested performance-based restricted stock units	2,041,639	1,918,817	1,974,135	1,974,671
Unvested restricted stock	1,517,169	—	762,776	—
Unvested early exercised stock options	138,965	331,546	163,038	355,618
Total	33,405,131	52,624,234	34,141,447	52,769,032

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, on a prospective basis, with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement -- Reporting Comprehensive Income -- Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires additional expense disclosures by public business entities in the notes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update on its financial statement disclosures.

3. BUSINESS COMBINATIONS

2025 Acquisitions

During 2025, the Company completed three acquisitions, for which each of the purchase price allocations are based on preliminary information and subject to change. Upon completion of the final purchase price allocations, the final fair values of assets acquired and liabilities assumed and resulting goodwill may differ materially from the preliminary assessment. The Company has estimated the preliminary fair values of assets acquired and liabilities assumed in each acquisition based on information currently available and will continue to adjust those estimates as additional information pertaining to events or circumstances present at the acquisition date becomes available during the measurement period.

The Company incurred approximately \$15.8 million in transaction costs, which were primarily related to fees associated with financial and legal advisors, related to closed and pending acquisitions. Transactions costs were recorded in general and administrative expenses in the condensed consolidated statements of operations.

The Company has included the revenue and expenses of each acquisition in its condensed consolidated statements of operations from the date of acquisition.

ID Quantique SA

On April 30, 2025, the Company acquired a controlling stake in ID Quantique SA (“IDQ”) for approximately \$118.9 million of total consideration (the “IDQ Acquisition”). The IDQ Acquisition was accounted for as a business combination. As of the acquisition date, the Company acquired approximately 86% of the outstanding shares of IDQ. A noncontrolling interest was recognized at fair value on the acquisition date, which was determined to be the noncontrolling interest's proportionate share of the acquirees' identifiable net assets. The acquisition supports the Company's quantum networking capabilities by expanding its quantum networking expertise and technology portfolio, including quantum-safe communications and quantum detection systems.

The following table summarizes the components of the purchase consideration to acquire IDQ (in thousands):

Fair value of common stock issued ⁽¹⁾	\$	115,764
Fair value of equity awards ⁽²⁾		3,153
Total purchase consideration	\$	118,917

- (1) Reflects 4,215,740 shares of the Company's common stock issued in the acquisition, multiplied by the closing price of the Company's common stock on the closing date. These shares are inclusive of 902,160 shares held in escrow. The escrow shares are expected to be released within 18 months after the close of the acquisition, subject to reductions for indemnities and working capital adjustments.
- (2) Reflects the conversion and issuance of certain equity awards, including stock options. Refer to Note 14 for further details on the Company's share-based compensation awards, including awards issued in connection with acquisitions.

The following table summarizes the preliminary fair values of IDQ's assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Preliminary Fair Value
Cash and cash equivalents	\$ 9,963
Accounts receivable	4,616
Prepaid expenses and other current assets	9,759
Property and equipment	978
Operating lease right-of-use assets	2,246
Intangible assets	42,751
Goodwill	84,608
Other noncurrent assets	972
Accounts payable	(2,223)
Accrued expenses and other current liabilities	(3,810)
Operating lease liabilities	(2,245)
Unearned revenue	(7,150)
Other noncurrent liabilities	(4,630)
Noncontrolling interest	(16,918)
Total fair value of net assets acquired	\$ 118,917

The goodwill of \$84.6 million is primarily attributable to increased offerings to customers and enhanced opportunities for growth and innovation. The Company does not expect the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized consist of \$23.6 million in developed technology with an estimated useful life of 7 years, \$8.5 million in non-compete agreements and \$8.2 million in customer relationships, each with an estimate useful life of 2 years, and \$2.4 million in trademarks with an estimated useful life of 5 years. Fair values of intangible assets were determined using income approaches, including the relief from royalty, and the cost approach.

IDQ's revenue since the acquisition date to June 30, 2025, included in the Company's condensed consolidated statements of operations was \$3.0 million.

Lightsynq Technologies Inc.

On May 30, 2025, the Company acquired Lightsynq Technologies Inc. ("Lightsynq") for approximately \$306.8 million of total consideration (the "Lightsynq Acquisition"). The Lightsynq Acquisition was accounted for as a business combination. The acquisition supports the Company's quantum computing and networking capabilities by expanding its quantum memory and photonic interconnects technology portfolio.

The following table summarizes the components of the purchase consideration to acquire Lightsynq (in thousands):

Cash	\$	100
Fair value of common stock issued ⁽¹⁾		250,127
Fair value of equity awards ⁽²⁾		56,604
Total purchase consideration	\$	306,831

- (1) Reflects 6,200,474 shares of the Company's common stock issued in the acquisition, multiplied by the closing price of the Company's common stock on the closing date. These shares are inclusive of 646,986 shares held in escrow. The escrow shares are expected to be released within 12 months after the close of the acquisition, subject to reductions for indemnities and working capital adjustments.
- (2) Reflects the conversion and issuance of certain equity awards, including stock options. Refer to Note 14 for further details on the Company's share-based compensation awards, including awards issued in connection with acquisitions.

The following table summarizes the preliminary fair values of Lightsynq's assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Preliminary Fair Value
Cash and cash equivalents	\$ 16,854
Prepaid expenses and other current assets	123
Property and equipment	6,476
Intangible assets	61,200
Goodwill	242,260
Accounts payable	(161)
Accrued expenses and other current liabilities	(4,621)
Deferred tax liabilities	(15,300)
Total fair value of net assets acquired	\$ 306,831

The goodwill of \$242.3 million is primarily attributable to Lightsynq's specialized assembled workforce and expected future synergies from combining operations. The Company does not expect the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized consist of \$61.2 million in developed technology with an estimated useful life of 5 years. Fair values of intangible assets were preliminarily estimated using the cost approach.

Other Acquisitions

On June 9, 2025, the Company acquired a market intelligence business for total consideration of approximately \$40.6 million, including \$36.2 million of stock consideration and \$4.4 million of contingent consideration. The stock consideration is comprised of 903,195 shares of the Company's common stock, of which, 47,750 shares are held in escrow and are expected to be released within 12 months after the close of the

acquisition. The fair value of the contingent consideration was determined using a Monte Carlo simulation and is recorded within other noncurrent liabilities in the condensed consolidated balance sheets.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Preliminary Fair Value
Cash and cash equivalents	\$ 1,950
Accounts receivable	559
Prepaid expenses and other current assets	41
Intangible assets	13,400
Goodwill	30,092
Accounts payable	(769)
Accrued expenses and other current liabilities	(117)
Unearned revenue	(997)
Deferred tax liabilities	(3,550)
Total fair value of net assets acquired	\$ 40,609

The goodwill of \$30.1 million is primarily attributable to expected future synergies from combining operations. The Company does not expect the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized consist of \$12.2 million in customer relationships and \$1.2 million in trademarks, each with an estimated useful life of 7 years. Fair values of intangible assets were determined using a benchmarking approach based on comparable transactions with the acquired business' industry peer group.

Pro Forma Results of Operations

The following table summarizes the unaudited pro forma consolidated revenue as if each of the 2025 acquisitions had been completed on January 1, 2024 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 23,002	\$ 19,244	\$ 36,922	\$ 32,841

The pro forma information is not necessarily indicative of the results of operations that would have occurred had the acquisitions been made at the beginning of the periods presented or the future results of the combined operations. Unaudited pro forma consolidated net loss as the impacts are not significant to our condensed consolidated financial statements.

2024 Acquisitions

Qubitekk Federal, LLC

On December 27, 2024, the Company acquired Qubitekk Federal, LLC ("Qubitekk") for total consideration of approximately \$22.1 million of cash consideration, of which \$15.5 million was paid at closing, with the remainder to be paid over the eighteen months following the acquisition date, subject to reductions for indemnities, working capital adjustments, and certain other conditions that existed at the acquisition date. The holdback liabilities are recorded in accrued expenses and other current liabilities on the condensed consolidated balance sheets. The acquisition supports the Company's quantum networking capabilities by expanding its quantum networking expertise and technology portfolio. The Company incurred approximately \$1.5 million in acquisition costs, which were primarily related to fees associated with financial and legal advisors and were recorded in general and administrative expenses in the condensed consolidated statements of operations for the year ended December 31, 2024.

The purchase price allocation is preliminary and subject to change. Upon completion of the final purchase price allocation, the final fair values of assets acquired and liabilities assumed and resulting goodwill may differ materially from the preliminary assessment. The Company has estimated the preliminary fair values of Qubitekk assets acquired and liabilities assumed based on information currently available and will continue to adjust those estimates as additional information pertaining to events or circumstances present at the acquisition date becomes available during the measurement period. The current period adjustments were \$0.8 million, primarily related intangible assets, with an offset to goodwill. The following table summarizes the preliminary allocation of the purchase price to the assets acquired and liabilities assumed, including measurement period adjustments, as of the acquisition date (in thousands):

	Preliminary Fair Value	Measurement Period Adjustments	Updated Preliminary Fair Value
Accounts receivable	\$ 400	\$ (24)	\$ 376
Prepaid expenses and other current assets	531	340	871
Intangible assets	11,900	(1,050)	10,850
Goodwill	9,220	759	9,979
Other noncurrent assets	3	—	3
Unearned revenue	—	(25)	(25)
Total fair value of net assets acquired	\$ 22,054	\$ —	\$ 22,054

The goodwill of \$10.0 million is primarily attributable to Qubitekk's specialized assembled workforce and expected future synergies from combining operations. The Company expects the goodwill from this acquisition will be deductible for income tax purposes. Identifiable intangibles recognized consist of \$5.9 million in customer relationships, \$4.0 million in developed technology, \$0.8 million in trademarks, each with estimated useful lives of 5 years, and \$0.2 million in backlog with an estimated useful life of 1 year. Fair values of intangible assets were determined using income approaches, include the relief from royalty and multi-period excess earnings methods.

The Company has included the revenue and expenses of Qubitekk in its condensed consolidated financial statements from the date of acquisition. No summarized unaudited pro forma results are provided for the Qubitekk acquisition due to the immateriality of this acquisition relative to the Company's condensed consolidated financial position and results of operations.

4. CASH, CASH EQUIVALENTS, RESTRICTED CASH AND INVESTMENTS

The following table summarizes the Company's unrealized gains and losses and estimated fair value of cash, cash equivalents, restricted cash and investments in available-for-sale securities recorded in the condensed consolidated balance sheets (in thousands):

	As of June 30, 2025				As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and money market funds	\$ 143,512	\$ —	\$ —	\$ 143,512	\$ 33,204	\$ —	\$ —	\$ 33,204
Corporate notes and bonds	3,460	7	—	3,467	45,823	22	(53)	45,792
US government and agency	513,303	154	(238)	513,219	287,084	319	(118)	287,285
Total cash, cash equivalents, restricted cash and investments	\$ 660,275	\$ 161	\$ (238)	\$ 660,198	\$ 366,111	\$ 341	\$ (171)	\$ 366,281

Unrealized losses related to investments were primarily a result of interest rate fluctuations. The following tables present information about the Company's investments in available-for-sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	As of June 30, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
US government and agency	\$ 361,711	\$ (236)	\$ 3,984	\$ (2)	\$ 365,695	\$ (238)
Total	\$ 361,711	\$ (236)	\$ 3,984	\$ (2)	\$ 365,695	\$ (238)

	As of December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate notes and bonds	\$ —	\$ —	\$ 24,396	\$ (53)	\$ 24,396	\$ (53)
US government and agency	67,600	(111)	3,987	(7)	71,587	(118)
Total	\$ 67,600	\$ (111)	\$ 28,383	\$ (60)	\$ 95,983	\$ (171)

The Company did not have any allowance for credit losses as of either June 30, 2025 or December 31, 2024. The Company neither intends to nor believes that it is more likely than not that it will be required to sell the investments in an unrealized loss position before the recovery of the associated amortized cost basis.

The estimated fair value of the Company's cash, cash equivalents, restricted cash and investments in available-for-sale securities as of June 30, 2025, aggregated by investment category and classified by contractual maturity date, is as follows (in thousands):

	1 Year or Less	Greater than 1 Year	Total
Cash and money market funds	\$ 140,582	\$ 2,930	\$ 143,512
Corporate notes and bonds	3,467	—	3,467
US government and agency	403,317	109,902	513,219
Total	\$ 547,366	\$ 112,832	\$ 660,198

5. FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used for such measurements were as follows (in thousands):

	Fair Value Measured as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash, cash equivalents and restricted cash:				
Cash and money market funds ⁽¹⁾	\$ 143,512	\$ —	\$ —	\$ 143,512
Total cash, cash equivalents and restricted cash	\$ 143,512	\$ —	\$ —	\$ 143,512
Short-term investments:				
Corporate notes and bonds	—	3,467	—	3,467
US government and agency	—	403,317	—	403,317
Total short-term investments	\$ —	\$ 406,784	\$ —	\$ 406,784
Long-term investments:				
US government and agency	—	109,902	—	109,902
Total long-term investments	\$ —	\$ 109,902	\$ —	\$ 109,902
Total assets	\$ 143,512	\$ 516,686	\$ —	\$ 660,198
Liabilities				
Public warrants	\$ 58,042	\$ —	\$ —	\$ 58,042

	Fair Value Measured as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash, cash equivalents and restricted cash:				
Cash and money market funds ⁽¹⁾	\$ 33,204	\$ —	\$ —	\$ 33,204
US government and agency	—	23,636	—	23,636
Total cash, cash equivalents and restricted cash	\$ 33,204	\$ 23,636	\$ —	\$ 56,840
Short-term investments:				
Corporate notes and bonds	—	43,868	—	43,868
US government and agency	—	242,028	—	242,028
Total short-term investments	\$ —	\$ 285,896	\$ —	\$ 285,896
Long-term investments:				
Corporate notes and bonds	—	1,924	—	1,924
US government and agency	—	21,621	—	21,621
Total long-term investments	\$ —	\$ 23,545	\$ —	\$ 23,545
Total assets	\$ 33,204	\$ 333,077	\$ —	\$ 366,281
Liabilities				
Public warrants	\$ 70,688	\$ —	\$ —	\$ 70,688

- (1) Includes money market funds associated with the Company's overnight investment sweep account and cash collateralizing the Company's letters of credit and corporate credit cards.

Transfers to/from Levels 1, 2 and 3 are recognized at the beginning of the reporting period. There were no transfers between levels during the current period. On June 30, 2025, the closing trading price of the public warrants was \$31.64 per warrant.

Privately-Held Securities

During the second quarter, the Company entered into a subscription agreement ("Investment Agreement") to purchase \$20.0 million of convertible debt securities of a privately-held entity ("Investee"). As of June 30, 2025, the total amount of privately-held securities included in other noncurrent assets on the condensed consolidated balance sheet was \$20.0 million. The Company did not record any adjustments or impairments for the privately-held securities held as of June 30, 2025. The fair value of convertible debt securities is based on unobservable inputs and is classified as Level 3 in the hierarchy.

In connection with the Investment Agreement, the Investee and the Company entered into a commercial contract for access to the Company's products and services. The Company assessed the commercial contract under the guidance within ASC 606, Revenue from Contracts with Customers, as well as the commercial substance of the arrangement considering the customer's ability and intention to pay as well as the Company's obligation to perform under the contract. Based on its assessment, the Company concluded the commercial contract is within the scope of ASC 606 and the Company will apply the principles within ASC 606 to measure and recognize revenue. During the three and six months ended June 30, 2025, no revenue was recognized from the commercial contract.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net is composed of the following (in thousands):

	June 30, 2025	December 31, 2024
Quantum computing systems	\$ 40,968	\$ 38,374
Leasehold improvements	20,505	17,921
Machinery, equipment, furniture and fixtures	26,497	16,683
Computer equipment and acquired computer software	7,887	7,395
Gross property and equipment	95,857	80,373
Less: accumulated depreciation	(37,299)	(27,612)
Total property and equipment, net	\$ 58,558	\$ 52,761

Depreciation expense for the three months ended June 30, 2025 and 2024, was \$5.2 million and \$2.9 million, respectively. Depreciation expense for the six months ended June 30, 2025 and 2024, was \$9.6 million and \$5.6 million, respectively.

7. INTANGIBLE ASSETS, NET

Intangible assets, net is composed of the following (in thousands):

	June 30, 2025	December 31, 2024
Developed technology	\$ 89,960	\$ 4,293
Internal-use software	24,710	21,301
Customer relationships	26,627	7,700
Non-compete agreements	8,778	—
Patents	7,345	7,112
Trademark	4,686	377
Website and other	376	227
Gross intangible assets	162,482	41,010
Less: accumulated amortization	(19,241)	(11,541)
Total intangible assets, net	\$ 143,241	\$ 29,469

Amortization expense for the three months ended June 30, 2025 and 2024, was \$5.4 million and \$1.4 million, respectively. Amortization expense for the six months ended June 30, 2025 and 2024, was \$7.6 million and \$2.6 million, respectively.

8. OTHER BALANCE SHEET ACCOUNTS

Prepaid expenses and other current assets are composed of the following (in thousands):

	June 30, 2025	December 31, 2024
Materials and supplies, net	\$ 25,766	\$ 18,658
Inventories, net	8,715	—
Prepaid expenses	5,809	4,890
Accrued interest receivable	3,777	2,221
Other current assets	15,855	2,556
Total prepaid expenses and other current assets	\$ 59,922	\$ 28,325

Accrued expenses and other current liabilities are composed of the following (in thousands):

	June 30, 2025	December 31, 2024
Accrued salaries and other payroll liabilities	\$ 17,046	\$ 10,368
Accrued professional services	19,210	936
Acquisition holdback liabilities	6,600	3,300
Accrued equipment and services liabilities for research and development	1,313	534
Accrued expenses—other	5,021	1,286
Total accrued expenses and other current liabilities	\$ 49,190	\$ 16,424

Other noncurrent liabilities are composed of the following (in thousands):

	June 30, 2025	December 31, 2024
Defined benefit pension obligation	\$ 4,813	\$ —
Contingent consideration	4,427	—
Deferred tax liabilities	3,551	—
Other noncurrent liabilities	188	3,394
Total other noncurrent liabilities	\$ 12,979	\$ 3,394

9. INVENTORIES, NET

Inventories, net is composed of the following (in thousands):

	June 30, 2025
Raw materials	\$ 6,485
Work-in-process	508
Finished goods	1,722
Total inventories, net	\$ 8,715

10. COMMITMENTS AND CONTINGENCIES

Warranties and Indemnification

The Company's commercial services are typically warranted to perform in a manner consistent with general industry standards that are reasonably applicable and materially in accordance with the Company's documentation under normal use and circumstances.

The Company's arrangements generally include certain provisions for indemnifying customers against liabilities if its products or services infringe third-party intellectual property rights. To date, the Company has not incurred any material costs as a result of such obligations and has not accrued any liabilities related to such obligations in the accompanying condensed consolidated financial statements.

Stockholder Lawsuit

In May 2022, a securities class action complaint captioned *Leacock v. IonQ, Inc. et al.*, Case No. 8:22-cv-01306, was filed by a stockholder of the Company in the United States District Court for the District of Maryland (the “Leacock Litigation”) against the Company and certain of the Company’s current officers. In June 2022, a securities class action complaint captioned *Fisher v. IonQ, Inc.*, Case No. 8:22-cv-01306-DLB (the “Fisher Litigation”) was filed by a stockholder against the Company and certain of the Company’s current officers (“IonQ Defendants”). Both the Leacock Litigation and Fisher Litigation, which have been consolidated into a single action, allege violations of Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act and seek damages. In September 2022, the Court appointed lead plaintiffs and counsel for lead plaintiffs, and ordered lead plaintiffs to file a consolidated amended complaint. The consolidated amended complaint was filed on November 22, 2022. As part of the consolidated amended complaint, certain members of the Company’s board of directors as well as other dMY-related defendants (“Additional Defendants”) have been added as defendants to the case. On February 7, 2023, the IonQ Defendants and the Additional Defendants each filed a motion to dismiss the consolidated amended complaint. On March 23, 2023, lead plaintiffs filed their omnibus opposition to the motions to dismiss. On April 26, 2023, the IonQ Defendants and the Additional Defendants each filed a reply in support of the motions to dismiss. On September 28, 2023, the District Court of Maryland issued an order dismissing plaintiffs’ claims against the IonQ Defendants and the Additional Defendants with prejudice and directed the clerk to close the case. On October 26, 2023, the plaintiffs filed a motion for post-judgment relief, seeking to amend their consolidated amended complaint. The IonQ Defendants and Additional Defendants filed oppositions to plaintiffs’ motion on December 1, 2023, and plaintiffs filed their reply on January 8, 2024. On July 10, 2024, the plaintiffs’ motion for post-judgment relief was denied and the District Court of Maryland directed the clerk to close the case. On July 26, 2024, the plaintiffs filed a Notice of Appeal with the Fourth Circuit Court of Appeals seeking to review the trial court’s decision. Plaintiffs filed their Opening Brief in the Fourth Circuit on September 9, 2024. A response brief by IonQ Defendants was filed on October 8, 2024 and plaintiffs’ reply brief was filed on October 29, 2024. Oral argument in the Fourth Circuit occurred on January 31, 2025. On April 8, 2025, the Fourth Circuit held for the IonQ Defendants in a published opinion. As of July 7, 2025, the deadline for plaintiffs to file an appeal with the United States Supreme Court lapsed, and there are no other avenues for plaintiffs to appeal, which means that the Fourth Circuit’s decision upholding the trial court’s dismissal with prejudice stands. This case is now considered closed.

11. WARRANTS

In November 2019, contemporaneously with a revenue arrangement, the Company entered into a contract, pursuant to which the Company agreed to issue warrants to acquire shares of Legacy IonQ Series B-1 preferred stock (the “Warrant Shares”) to a customer, subject to certain vesting events. Upon closing of the Business Combination, these warrants exercisable for Legacy IonQ Series B-1 preferred stock were assumed by the Company and converted into a warrant to purchase shares of common stock. In August 2020, 543,152 of the Warrant Shares vested and became immediately exercisable. The exercise price for the vested Warrant Shares is \$1.38 per share and the warrant is exercisable through November 2029. Effective November 2024, no additional Warrant Shares can vest pursuant to the terms of the warrant agreement.

As part of the Business Combination, the Company assumed 7,500,000 public warrants on September 30, 2021. As of June 30, 2025, there were 1,834,462 public warrants to purchase common stock outstanding. Each warrant entitles the registered holder to purchase one share of common stock at a price of \$11.50 per share. The public warrants are classified as liabilities and remeasured at each reporting period. No public warrants have been redeemed by the Company as of June 30, 2025.

12. AT-THE-MARKET OFFERING

In February 2025, in connection with the commencement of an “at the market” offering program, the Company entered into an Equity Distribution Agreement (the “Equity Distribution Agreement”) with Morgan Stanley & Co. LLC and Needham & Company, LLC, as sales agents (“the Sales Agents”), pursuant to which the Company could offer and sell, from time to time, through or to the Sales Agents, shares of the Company’s common stock, par value \$0.0001 per share (the “Shares”), having an aggregate gross offering price of up to \$500 million (“2025 ATM Offering Program”). The Sales Agents were entitled to a commission of up to 3.25% of the gross proceeds of all shares sold under the Equity Distribution Agreement. On March 10, 2025, the Company terminated the Equity Distribution Agreement, after which no further Shares could be sold through the 2025 ATM Offering Program.

During the six months ended June 30, 2025, the Company sold a total of 16,038,460 shares of common stock through the 2025 ATM Offering Program for an aggregate purchase prices of \$358.3 million, net of issuance costs of \$14.3 million.

13. REVENUE

Disaggregated Revenue

The Company's revenues disaggregated by revenue source is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Quantum computing and networking hardware	\$ 14,066	\$ 7,338	\$ 17,130	\$ 10,956
Platform, consulting and support services	6,628	4,043	11,130	8,007
Total revenue	\$ 20,694	\$ 11,381	\$ 28,260	\$ 18,963

The Company's revenues disaggregated by customer location is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
United States	\$ 15,990	\$ 10,953	\$ 21,279	\$ 18,015
International	4,704	428	6,981	948
Total revenue	\$ 20,694	\$ 11,381	\$ 28,260	\$ 18,963

Remaining Performance Obligations

As of June 30, 2025, approximately \$122.3 million of revenue is expected to be recognized from remaining performance obligations that are unsatisfied (or partially unsatisfied), including both funded (firm orders for which funding has been both authorized and appropriated by the customer) and unfunded (firm orders for which funding has not been appropriated) orders. Unexercised contract options are not included in remaining performance obligations until the time the option is exercised. The Company expects approximately 50% of the remaining performance obligations to be recognized as revenue within the next twelve months.

Unearned Revenue

The following table summarizes the changes in unearned revenue for the six months ended June 30, 2025 (in thousands):

	Total
Balance as of December 31, 2024	\$ 10,678
Revenue recognized	(8,514)
New deferrals, net	17,332
Balance as of June 30, 2025	\$ 19,496

14. STOCK-BASED COMPENSATION

Equity Incentive Plans

The Company has a 2015 Equity Incentive Plan (the "2015 Plan"), which provided for the grant of share-based compensation to certain officers, directors, employees, consultants, and advisors. Upon the closing of the Business Combination, no further awards were made pursuant to the 2015 Plan and all outstanding Legacy IonQ stock options under the 2015 Plan were assumed by the Company. Such stock options granted under the 2015 Plan will continue to be governed by the terms of the 2015 Plan and the stock option agreements thereunder, until such outstanding options are exercised or until they terminate or expire. For awards granted under the 2015 Plan, vesting generally occurs over four to five years from the date of grant.

In August 2021, the Company's board of directors adopted the 2021 Equity Incentive Plan (the "2021 Plan"), which was subsequently approved by the Company's stockholders in September 2021, and became effective upon the closing of the Business Combination. The 2021 Plan provides for the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards ("RSU"), performance awards and other forms of awards to employees, directors, and consultants. The number of shares of the Company's common stock reserved for issuance under the 2021 Plan automatically increases on January 1 of each year, through and including January 1, 2031, by 5% of the Fully Diluted Common Stock (as defined in the 2021 Plan) outstanding on December 31 of the preceding year, or a lesser number of shares determined by the Company's board of directors prior to such increase. As of January 1, 2025, the number of shares reserved for issuance under the 2021

Plan increased by 14,532,010. For awards granted under the 2021 Plan, vesting terms range from less than one year to four years from the date of grant. As of June 30, 2025, the Company had 31,633,456 shares available for grant under the 2021 Plan.

In May 2025, in connection with the Lightsynq Acquisition, the Company assumed the Lightsynq Technologies Inc. 2024 Equity Incentive Plan (the “Lightsynq Plan”). Upon closing of the Lightsynq Acquisition, no further awards were made pursuant to the Lightsynq Plan and certain outstanding Lightsynq stock options under the Lightsynq Plan were assumed by the Company. Such stock options granted under the Lightsynq Plan will continue to be governed by the terms of the Lightsynq Plan and the stock option agreements thereunder, until such outstanding options are exercised or until they terminate or expire. For awards granted under the Lightsynq Plan, vesting generally occurs over four years from the date of grant. As of June 30, 2025, the Company had no shares available for grant under the Lightsynq Plan.

Under each equity incentive plan, all options granted have a contractual term of 10 years.

Stock Options

The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option pricing model. The Black-Scholes option-pricing model requires estimates of highly subjective assumptions, which affect the fair value of each stock option. The assumptions used to estimate the fair value of stock options are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Risk-free interest rate	4.07%	—%	4.07%	4.31%
Expected term (in years)	5.89	—	5.89	6.00
Expected volatility	86.79%	—%	86.79%	79.33%
Dividend yield	—%	—%	—%	—%

The stock option activity is summarized in the following table:

	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2024	16,687,129	\$ 2.40		
Replacement awards ⁽¹⁾	1,747,622	4.36		
Exercised	(9,840,128)	0.82		
Cancelled/ Forfeited	(430,422)	2.67		
Outstanding as of June 30, 2025	8,164,201	\$ 4.71	6.73	\$ 312.36
Exercisable as of June 30, 2025	5,100,886	\$ 5.64	5.90	\$ 190.41
Exercisable and expected to vest as of June 30, 2025	8,164,201	\$ 4.71	6.73	\$ 312.36

- (1) In connection with the acquisitions, the Company converted certain outstanding stock options of the acquirees into stock options to acquire common stock of the Company, for which \$11.3 million of the fair value was attributed to pre-combination services and was allocated to purchase consideration.

Early Exercised Stock Options

As of June 30, 2025 and December 31, 2024, there were 114,894 and 211,184 shares, respectively, subject to repurchase related to stock options early exercised and unvested. As of June 30, 2025 and December 31, 2024, the Company recorded a liability related to these shares subject to repurchase in the amount of \$0.3 million and \$0.4 million, respectively, in its condensed consolidated balance sheets.

Restricted Stock Units

The RSU activity is summarized in the following table:

	Number of RSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)
Outstanding as of December 31, 2024	14,509,717	\$ 9.54	
Granted	3,501,008	33.17	
Vested	(3,687,075)	11.59	
Forfeited	(665,365)	10.15	
Outstanding as of June 30, 2025	13,658,285	\$ 15.00	2.42
Expected to vest after June 30, 2025	13,658,285	\$ 15.00	2.42

During the six months ended June 30, 2025 and 2024, the Company released 206,316 and 1,064,518 RSUs, respectively, related to the settlement of an accrued bonus liability.

Performance-Based Restricted Stock Units

The Company grants performance-based restricted stock unit awards (“PSU”) to certain officers, employees, and consultants, which vest over approximately two to four years. The number of shares that can be earned will range from 0% to 300% of the target number of shares, based on the Company's achievement of certain financial and technical goals, as well as a stock price hurdle requirement for a portion of the awards. In the event that the stock price hurdle is not met at the time the PSUs vest, the maximum PSU opportunity shall be limited to target (100%) performance.

In February 2025, the Company granted a PSU award to its President and Chief Executive Officer, which vests over three years. The number of shares that can be earned will range from 0% to 200% of the target number of shares based on the Company's achievement of certain performance goals.

The number of PSUs expected to vest and for which compensation cost has been recognized is based on the number of awards that the Company believes are probable of vesting as of June 30, 2025.

For the portion of the PSUs subject to the stock price hurdle, the fair value was determined using a Monte Carlo simulation model. The Monte Carlo simulation model requires estimates of subjective assumptions, which affect the fair value of each PSU. The assumptions used to estimate the fair value of PSUs subject to the stock price hurdle are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Risk-free interest rate	3.68%	4.86%	3.79%	4.86%
Contractual term (in years)	1.67	2.69	1.72	2.69
Expected volatility	102.50%	85.00%	104.32%	85.00%
Dividend yield	—%	—%	—%	—%

The PSU activity is summarized in the following table, based on awards at target:

	Number of PSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)
Outstanding as of December 31, 2024	3,972,257	\$ 16.17	
Granted	1,250,428	29.98	
Vested	(60,175)	18.03	
Forfeited	(73,548)	18.03	
Outstanding as of June 30, 2025	5,088,962	\$ 19.52	1.85
Expected to vest after June 30, 2025 ⁽¹⁾	11,256,485	\$ 17.01	1.74

- (1) Represents the number of PSUs expected to vest, which may exceed the target number of shares, based on the Company's probability assessment of expected performance during the performance period.

Restricted Stock

The restricted stock activity is summarized in the following table:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)
Outstanding as of December 31, 2024	—	\$ —	
Replacement awards ⁽¹⁾	6,176,959	40.34	
Vested	(1,879,691)	40.34	
Outstanding as of June 30, 2025	4,297,268	40.34	4.74
Expected to vest after June 30, 2025	4,297,268	\$ 40.34	4.74

- (1) In connection with the acquisitions, the Company converted certain outstanding restricted stock of the acquirees into restricted stock of the Company, for which \$48.1 million of the fair value was attributed to pre-combination services and was allocated to purchase consideration.

Stock-Based Compensation Expense

Total stock-based compensation expense for stock option awards, RSUs, PSUs, and restricted stock which are included in the condensed consolidated financial statements, is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of revenue	\$ 1,815	\$ 1,055	\$ 2,878	\$ 2,060
Research and development	76,234	11,567	93,626	23,933
Sales and marketing	5,572	2,453	9,928	5,228
General and administrative	15,547	5,904	25,989	11,819
Stock-based compensation, net of amounts capitalized	99,168	20,979	132,421	43,040
Capitalized stock-based compensation—Property and equipment, net and Intangible assets, net	1,090	1,148	2,003	2,746
Total stock-based compensation	\$ 100,258	\$ 22,127	\$ 134,424	\$ 45,786

Unrecognized Stock-Based Compensation

A summary of the Company's remaining unrecognized compensation expense and the weighted-average remaining amortization period as of June 30, 2025, related to its non-vested RSUs, PSUs, restricted stock, and stock option awards is presented below (in millions, except time period amounts):

	Unrecognized Expense	Weighted- Average Amortization Period (Years)
Restricted stock units	\$ 193.0	2.8
Performance-based restricted stock units	116.2	1.8
Restricted stock	148.1	4.7
Stock options	55.9	3.0

15. INCOME TAXES

An income tax benefit of \$15.3 million was recognized for the three and six months ended June 30, 2025, resulting from a partial release of U.S. federal and state valuation allowances, which was recorded as a discrete item in the second quarter due to the deferred tax liabilities related to identifiable intangibles from the Lightsynq Acquisition. Income tax expense, due to the Company's international operations, was less than \$0.1

million for the three and six months ended June 30, 2024. The effective tax rate for each period differs from the statutory rate primarily as a result of not recognizing a deferred tax asset for losses due to having a valuation allowance against deferred tax assets.

The realization of tax benefits of deferred tax assets is dependent upon future levels of taxable income, of an appropriate character, in the periods the items are expected to be deductible or taxable. Based on the available objective evidence, the Company does not believe it is more likely than not that the net deferred tax assets will be realizable. Accordingly, the Company has provided a valuation allowance against the net deferred tax assets as of June 30, 2025, and December 31, 2024. The Company intends to maintain the remaining valuation allowance until sufficient positive evidence exists to support a reversal of, or decrease in, the valuation allowance.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBA") was signed into law. This legislation contains a broad range of tax reform provisions affecting businesses. The Company is assessing the legislation and its effect on the consolidated financial statements.

16. LEASES

The Company has operating leases for its various facilities. As of June 30, 2025 and December 31, 2024, the Company's weighted-average remaining lease term was 4.4 years and 5.2 years, respectively. As of June 30, 2025 and December 31, 2024, the weighted-average discount rate was 7.8% and 8.2%, respectively.

The components of lease cost were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating lease cost ⁽¹⁾				
Fixed lease cost	\$ 989	\$ 620	\$ 1,659	\$ 1,174
Short-term cost	147	35	231	80
Total operating lease cost	\$ 1,136	\$ 655	\$ 1,890	\$ 1,254

(1) The lease costs are reflected in the condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of revenue	\$ 176	\$ 60	\$ 265	\$ 123
Research and development	686	403	1,179	737
Sales and marketing	147	35	235	56
General and administrative	127	157	211	338
Total operating lease cost	\$ 1,136	\$ 655	\$ 1,890	\$ 1,254

Supplemental cash flow and other information related to operating leases was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash payments (receipts) included in the measurement of operating lease liabilities, net of lease incentives	\$ 742	\$ 226	\$ 1,543	\$ (2,097)

As of June 30, 2025, maturities of operating lease liabilities are as follows (in thousands):

	Amount
Year Ending December 31,	
2025	\$ 2,984
2026	5,498
2027	4,411
2028	4,479
2029	3,983
Thereafter	1,510
Total lease payments	\$ 22,865
Less: imputed interest	(3,600)
Present value of operating lease liabilities	\$ 19,265

17. SEGMENT INFORMATION

The Company operates as one operating segment as its Chief Executive Officer, who is the chief operating decision maker, reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. Consolidated net loss as reported on the condensed consolidated statements of operations is used to evaluate performance and allocate resources. The following table presents revenue, significant expenses, and segment profit and loss (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 20,694	\$ 11,381	\$ 28,260	\$ 18,963
Less:				
Operating costs and expenses excluding stock-based compensation:				
Cost of revenue (excluding depreciation and amortization)	6,512	4,568	9,764	6,977
Research and development	27,125	19,637	49,686	39,639
Sales and marketing	5,305	3,684	9,559	7,610
General and administrative	32,560	7,149	45,924	15,254
Stock-based compensation	99,168	20,979	132,421	43,040
Depreciation and amortization	10,616	4,305	17,177	8,260
Other segment items:				
(Gain) loss on change in fair value of warrant liabilities	39,577	(6,639)	1,083	(15,266)
Interest income, net	(7,138)	(4,801)	(12,032)	(9,600)
Other (income) expense, net	(232)	45	(283)	179
Income tax (benefit) expense	(15,269)	15	(15,257)	23
Net loss	\$ (177,530)	\$ (37,561)	\$ (209,782)	\$ (77,153)

18. SUBSEQUENT EVENTS

In July 2025, the Company entered into an underwriting agreement with J.P. Morgan Securities LLC, providing for the offer and sale of 14,165,708 shares of the Company's common stock, par value \$0.0001 per share, at a price of \$55.49 per share, 3,855,557 pre-funded warrants to purchase an aggregate of 3,855,557 shares of common stock at a price to the public of \$55.49 less the pre-funded warrant exercise price, and 36,042,530 Series A warrants to purchase 36,042,530 shares of the Company's common stock at no additional consideration. The offering closed on July 9, 2025, for aggregate proceeds of \$980.0 million, net of certain issuance costs.

On July 11, 2025, the Company completed the acquisition of Capella Space Corporation, an American space technology company with synthetic aperture radar and satellite solutions for government and commercial applications, for 7,401,396 shares of common stock, subject to customary post-closing adjustments. Due to the limited time between the acquisition date and the Company's filing of this Quarterly Report on Form 10-Q, the initial accounting for the business combination is incomplete and the Company is not yet able to disclose the preliminary amounts to be recognized as of the acquisition date for assets acquired and liabilities assumed.

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

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements that may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words "believes," "expects," "intends," "estimates," "projects," "anticipates," "will," "plan," "may," "should," or similar language are intended to identify forward-looking statements.

It is routine for our internal projections and expectations to change throughout the year, and any forward-looking statements based upon these projections or expectations may change prior to the end of the next quarter or year. Readers of this Quarterly Report on Form 10-Q are cautioned not to place undue reliance on any such forward-looking statements. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Risks and uncertainties are identified under "Risk Factors" in Part II, Item 1A herein and in our other filings with the Securities and Exchange Commission (the "SEC"). All forward-looking statements included herein are made only as of the date hereof. Unless otherwise required by law, we do not undertake, and specifically disclaim, any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise after the date of such statement.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, and our audited consolidated financial statements and related notes for the year ended December 31, 2024, filed with the SEC on February 26, 2025.

Overview

We are developing quantum computers and networks designed to solve some of the world's most complex problems, and transform business, society and the planet for the better. We believe that our proprietary technology, our architecture, and the technology exclusively available to us through license agreements will offer us advantages both in terms of research and development, as well as the commercial value of our intended product offerings.

Today, we sell specialized quantum computing and networking hardware together with related maintenance and support. We also sell access to several quantum computers of various qubit capacities and are in the process of researching and developing technologies for quantum computers with increasing computational capabilities. We currently make access to our quantum computers available via three major cloud platforms, Amazon Web Services' ("AWS") Amazon Braket, Microsoft's Azure Quantum and Google's Cloud Marketplace, and also to select customers via our own cloud service. This cloud-based approach enables the broad availability of quantum-computing-as-a-service ("QCaaS").

We supplement our offerings with professional services focused on assisting our customers in applying quantum computing and networking to their businesses. We also sell and expect to sell full quantum computing systems to customers, either over the cloud or for local access. We also offer quantum networking products which offer customers secure communication networks and enable networked quantum computing.

We are still in the early stages of commercial growth. Since our inception we have incurred significant operating losses. Our ability to generate revenue sufficient to achieve profitability will depend heavily on the successful development and further commercialization of our quantum computing systems and networks. Our net losses attributable to IonQ, Inc. were \$209.1 million and \$77.2 million for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, we had an accumulated deficit of \$892.8 million. We expect to continue to incur significant losses for the foreseeable future as we prioritize reaching the technical milestones necessary to achieve an increasingly higher number of stable qubits and higher levels of fidelity than presently exists—prerequisites for quantum computing to reach broad quantum advantage.

Business and Technical Highlights

- We announced the signing of a Memorandum of Understanding with KISTI to accelerate South Korea's role in the global quantum race, collaborating in four key areas: advanced infrastructure access, education, talent and knowledge exchange, and efforts to expand the quantum ecosystem.
- We announced AI-focused collaboration with AIST in Japan through a Memorandum of Understanding, paving the way for joint R&D, workforce development initiatives, and access to IonQ Forte-class quantum computers to accelerate real-world quantum-AI applications.

- We announced a partnership with Sweden's Einride to pioneer quantum-enhanced optimization for the global freight industry, collaborating to create quantum solutions for fleet routing, logistics optimization, and supply chain management.
- We announced expansion across APAC through a strategic collaboration with Australian company Emergence Quantum, advancing our global expansion roadmap while strengthening Australia's quantum capabilities, with the Emergence Quantum team bringing decades of experience in trapped ion technology.
- We backed landmark Texas Quantum Initiative, working with state leaders to position Texas as a U.S. quantum hub through policy support, investment incentives, and expanded opportunities in quantum computing, networking, and sensing technologies.
- We secured a landmark \$22 million deal with utility leader EPB to create America's first commercial quantum hub, demonstrating significant commercial traction and strategic expansion into the critical energy infrastructure market.
- We announced a 20x speed-up of quantum-accelerated drug development applications with AstraZeneca, AWS, and NVIDIA, in the largest demonstration of its kind, combining leading hardware, platforms, and techniques, marking a significant step toward more efficient pharmaceutical production through hybrid quantum-classical workflows.
- We announced that we and the University of Washington together achieved the first known quantum computer simulation of a process tied to the universe's matter-antimatter imbalance, modeling nuclear dynamics on unprecedented yoctosecond time-scales (10^{-24} seconds) and potentially opening new frontiers in fundamental physics research.
- We announced that we developed a hybrid quantum computing approach with Oak Ridge National Laboratory to drive power grid efficiencies and meet electricity demand at minimal cost.
- We announced an agreement to acquire Oxford Ionics, creating the world's most advanced quantum computing roadmap when combined with ours. The combination promises 10,000 physical qubits with logical fidelities of 99.99999% by 2027 and 2 million physical qubits by 2030.
- We announced the completion of our acquisition of Capella, facilitating its development of a space-based QKD network and the foundation of the quantum internet with the integration of Capella's satellite infrastructure.
- We completed a \$1.0 billion equity offering, including shares and warrants, to strengthen our balance sheet to approximately \$1.6 billion in pro-forma cash, for continued innovation and growth.

The Merger Agreement

On March 7, 2021, Legacy IonQ, dMY and Ion Trap Acquisition Inc. (the "Merger Sub") entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, at the closing, the Merger Sub was merged with and into Legacy IonQ, with Legacy IonQ continuing as the surviving corporation following the merger, being a wholly owned subsidiary of dMY and the separate corporate existence of the Merger Sub ceased (the "Business Combination"). Contemporaneously with the Business Combination, dMY changed its name to IonQ, Inc. and Legacy IonQ changed its name to IonQ Quantum, Inc. IonQ became the successor registrant with the SEC, meaning that Legacy IonQ's financial statements for previous periods have been disclosed in the registrant's periodic reports filed with the SEC.

Impact of the Macroeconomic Climate on Our Business

Inflationary factors, interest rates and overhead costs may adversely affect our operating results. High interest and inflation rates also present a recent challenge impacting the U.S. economy and could make it more difficult for us to obtain traditional financing on acceptable terms, if at all, in the future. These inflationary effects may be exacerbated by new tariffs and evolving trade policy. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience increases in the future on our operating costs, including due to supply chain constraints, consequences associated with bank failures, trade wars and the effect of recently heightened, scheduled, and threatened tariffs by the U.S. or its trading partners, geopolitical tensions in and around Ukraine, Israel and other areas of the world, and employee availability and wage increases, which may result in additional stress on our working capital resources.

Key Components of Results of Operations

Revenue

We derive revenue from contracts associated with the design, development, construction and sale of specialized quantum computing hardware together with related maintenance and support, from the sale of quantum networking products together with related services and

maintenance, from contracts providing access to QCaaS, and from consulting services related to co-developing algorithms on quantum computing systems. In arrangements with the cloud service providers, the cloud service provider is considered the customer and we do not have any contractual relationships with the cloud service providers' end users.

Certain of our contracts contain multiple performance obligations, most commonly in contracts for the sale of specialized quantum computing hardware together with related maintenance and support and the sale of quantum networking products together with related services and maintenance. Certain contracts may also include access to our QCaaS. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. When there are multiple performance obligations in a contract, we allocate the transaction price to each performance obligation based on its standalone selling price when available. We determine standalone selling price based on the observable price of a product or service when we sell the products or services separately in similar circumstances and to similar customers. Certain products and services have limited or no history of being sold on a standalone basis, requiring us to estimate the standalone selling price. We estimate the standalone selling price based on other contracts for similar products and services adjusted for differing terms than the contract being evaluated, as well as internal pricing guidelines and market factors. In addition, we take into consideration the estimated costs to be incurred to satisfy the performance obligation plus an appropriate profit margin.

Performance obligations are satisfied over time if the customer receives the benefits as we perform the work, if the customer controls the asset as it is being produced (continuous transfer of control), or if the product being produced for the customer has no alternative use and we have a contractual right to payment for performance to date. For performance obligations related to specialized quantum computing hardware and consulting services, revenue is recognized over time based on the efforts incurred to date relative to the total expected effort, primarily based on a cost-to-cost input measure. We apply judgment to determine a reasonable method to measure progress and to estimate total expected effort. Factors considered in these estimates include our historical performance, the availability, productivity and cost of labor, the nature and complexity of work to be performed, the effect of change orders, availability and cost of materials, and the effect of any delays in performance. For performance obligations related to quantum networking products and related services, revenue is recognized at the point in time when control passes to the customer, which is generally at the shipping point based on customary incoterms, or upon completion of the required services.

We have determined that our QCaaS contracts represent a combined, stand-ready performance obligation to provide access to our quantum computing systems together with related maintenance and support. The transaction price generally consists of a fixed fee for a minimum volume of usage to be made available over a defined period of access. Fixed fee arrangements may also include a variable component whereby customers pay an amount for usage over contractual minimums contained in the contracts. For performance obligations related to providing QCaaS access, fixed fees are recognized on a straight-line basis over the access period. Variable usage fees are recognized in the period they occur. We have determined that contracts that contain consulting services related to co-developing quantum computing algorithms and the ability to use our quantum computing systems to run such algorithms represent a combined performance obligation that is satisfied over-time.

Operating Costs and Expenses

Cost of revenue

Cost of revenue primarily consists of expenses related to construction of specialized quantum computing and networking hardware and delivery of our services, including personnel-related expenses, hardware costs, allocated overhead costs for customer facing functions, and costs associated with maintaining our in-service quantum computing systems to ensure proper calibration as well as costs incurred for maintaining the cloud on which the QCaaS resides. Cost of revenue also includes product costs for quantum networking hardware. Personnel-related expenses include salaries, benefits, and stock-based compensation. Cost of revenue excludes depreciation and amortization related to our quantum computing systems and related software.

Research and development

Research and development expenses consist of personnel-related expenses, including salaries, benefits and stock-based compensation, and allocated overhead costs for our research and development functions. Unlike a standard computer, design and development efforts continue throughout the useful life of our quantum computing systems to ensure proper calibration and optimal functionality. Research and development expenses also include purchased hardware and software costs related to quantum computing systems constructed for research purposes that are not probable of providing a future economic benefit and have no alternate future use as well as costs associated with third-party research and development arrangements.

Sales and marketing

Sales and marketing expenses consist of personnel-related expenses, including salaries, commissions, benefits and stock-based compensation, costs for direct advertising, marketing and promotional expenditures and allocated overhead costs for our sales and marketing functions. We expect to continue to make the necessary sales and marketing investments to enable us to increase our market penetration and expand our customer base.

General and administrative

General and administrative expenses consist of personnel-related expenses, including salaries, benefits and stock-based compensation, and allocated overhead costs for our corporate, executive, finance, and other administrative functions. General and administrative expenses also include expenses for outside professional services, including legal, auditing and accounting services, recruitment expenses, information technology, travel expenses, certain non-income taxes, insurance, and other administrative expenses. We expect our general and administrative expenses to increase for the foreseeable future as we scale our support functions with the growth of our business.

Depreciation and amortization

Depreciation and amortization expense results from depreciation and amortization of our property and equipment, including our quantum computing systems, and intangible assets that are recognized over their estimated lives.

Nonoperating Costs and Expenses

Gain (loss) on change in fair value of warrant liabilities

The gain (loss) on change in fair value of warrant liabilities consists of mark-to-market fair value adjustments recorded associated with the public warrants assumed as part of the Business Combination.

Interest income, net

Interest income, net consists of income earned on our money market funds and other available-for-sale investments.

Other income (expense), net

Other income (expense), net consists of gains and losses that arise from fluctuations in foreign currency exchange rates and certain other nonoperating expenses.

Income tax benefit (expense)

Income tax benefit (expense) consists of income tax benefits related to discrete deferred tax items and income tax expense related to foreign jurisdictions in which we conduct business.

Results of Operations

The following table sets forth our condensed consolidated statements of operations for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(in thousands)		(in thousands)	
Revenue	\$ 20,694	\$ 11,381	\$ 28,260	\$ 18,963
Costs and expenses:				
Cost of revenue (excluding depreciation and amortization) ⁽¹⁾	8,327	5,623	12,642	9,037
Research and development ⁽¹⁾	103,359	31,204	143,312	63,572
Sales and marketing ⁽¹⁾	10,877	6,137	19,487	12,838
General and administrative ⁽¹⁾	48,107	13,053	71,913	27,073
Depreciation and amortization	10,616	4,305	17,177	8,260
Total operating costs and expenses	181,286	60,322	264,531	120,780
Loss from operations	(160,592)	(48,941)	(236,271)	(101,817)
Gain (loss) on change in fair value of warrant liabilities	(39,577)	6,639	(1,083)	15,266
Interest income, net	7,138	4,801	12,032	9,600
Other income (expense), net	232	(45)	283	(179)
Loss before income tax expense	(192,799)	(37,546)	(225,039)	(77,130)
Income tax benefit (expense)	15,269	(15)	15,257	(23)
Net loss	\$ (177,530)	\$ (37,561)	\$ (209,782)	\$ (77,153)
Net loss attributable to noncontrolling interests	(692)	—	(692)	—
Net loss attributable to IonQ, Inc.	\$ (176,838)	\$ (37,561)	\$ (209,090)	\$ (77,153)

- (1) Cost of revenue, research and development, sales and marketing, and general and administrative expenses for the periods include stock-based compensation expense as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(in thousands)		(in thousands)	
Cost of revenue	\$ 1,815	\$ 1,055	\$ 2,878	\$ 2,060
Research and development	76,234	11,567	93,626	23,933
Sales and marketing	5,572	2,453	9,928	5,228
General and administrative	15,547	5,904	25,989	11,819

Comparison of the Three Months Ended June 30, 2025 and 2024

Revenue

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Revenue	\$ 20,694	\$ 11,381	\$ 9,313	82%

Revenue increased by \$9.3 million, or 82%, to \$20.7 million for the three months ended June 30, 2025, from \$11.4 million for the three months ended June 30, 2024. The increase was primarily driven by progress on arrangements to build specialized quantum computing hardware, as well as increased revenue as a result of acquisitions.

Cost of revenue

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Cost of revenue (excluding depreciation and amortization)	\$ 8,327	\$ 5,623	\$ 2,704	48%

Cost of revenue increased by \$2.7 million, or 48%, to \$8.3 million for the three months ended June 30, 2025, from \$5.6 million for the three months ended June 30, 2024. The increase was driven primarily by an increase in labor costs to service contracts for the three months ended June 30, 2025, as well as an increase in materials costs related to quantum networking products.

Research and development

	Three Months Ended		\$	% Change
	June 30,			
	2025	2024		
	(in thousands)			
Research and development	\$ 103,359	\$ 31,204	\$ 72,155	231%

Research and development expense increased by \$72.2 million, or 231%, to \$103.4 million for the three months ended June 30, 2025, from \$31.2 million for the three months ended June 30, 2024. The increase was primarily driven by an increase of \$70.7 million in payroll-related expenses, including an increase in stock-based compensation of \$64.7 million, as a result of increased headcount and new equity grants, including the replacement awards issued in connection with acquisitions.

Sales and marketing

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Sales and marketing	\$ 10,877	\$ 6,137	\$ 4,740	77%

Sales and marketing expense increased by \$4.7 million, or 77%, to \$10.9 million for the three months ended June 30, 2025, from \$6.1 million for the three months ended June 30, 2024. The increase was primarily driven by an increase of \$3.8 million of payroll-related expenses, including an increase in stock-based compensation of \$3.1 million, as a result of increased headcount and new equity grants, as well as increased costs to promote our products and services and other marketing initiatives.

General and administrative

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
General and administrative	\$ 48,107	\$ 13,053	\$ 35,054	269%

General and administrative expenses increased by \$35.1 million, or 269%, to \$48.1 million for the three months ended June 30, 2025, from \$13.1 million for the three months ended June 30, 2024. The increase was primarily driven by an increase of \$14.7 million of payroll-related expenses, including an increase in stock-based compensation of \$9.7 million, as a result of increased headcount and new equity grants, and an increase of \$19.6 million in professional service fees and allocated overhead costs, including \$14.1 million in transaction costs.

Depreciation and amortization

	Three Months Ended June 30,		\$	%
	2025	2024	Change	Change
	(in thousands)			
Depreciation and amortization	\$ 10,616	\$ 4,305	\$ 6,311	147%

Depreciation and amortization expenses increased by \$6.3 million, or 147%, to \$10.6 million for the three months ended June 30, 2025, from \$4.3 million for the three months ended June 30, 2024. The increase was primarily driven by an increase of \$3.8 million in amortization expense associated with acquired intangible assets, and increases of \$1.2 million and \$1.1 million in depreciation expense associated with capitalized quantum computing system costs and other property and equipment, respectively.

Gain (loss) on change in fair value of warrant liabilities

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Gain (loss) on change in fair value of warrant liabilities	\$ (39,577)	\$ 6,639	\$ (46,216)	(696)%

The gain (loss) on change in fair value of warrant liabilities decreased by \$46.2 million, or 696%, to a loss of \$39.6 million for the three months ended June 30, 2025, from a gain of \$6.6 million for the three months ended June 30, 2024. The decrease was due to mark-to-market adjustments based on changes in the trading price for our public warrants.

Interest income, net

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(in thousands)			
Interest income, net	\$ 7,138	\$ 4,801	\$ 2,337	49%

Interest income, net increased by \$2.3 million, or 49%, to \$7.1 million for the three months ended June 30, 2025, from \$4.8 million for the three months ended June 30, 2024. The increase was primarily driven by an increase in the available-for-sale investments balance.

Income tax benefit (expense)

	Three Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Income tax benefit (expense)	\$ 15,269	\$ (15)	\$ 15,284	NM

NM—Not Meaningful

Income tax benefit (expense) increased by \$15.3 million to a benefit of \$15.3 million for the three months ended June 30, 2025, from an expense of less than \$0.1 million for the three months ended June 30, 2024. The increase was primarily driven by a partial release of U.S. federal and state valuation allowances.

Comparison of the Six Months Ended June 30, 2025 and 2024

Revenue

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Revenue	\$ 28,260	\$ 18,963	\$ 9,297	49%

Revenue increased by \$9.3 million, or 49%, to \$28.3 million for the six months ended June 30, 2025, from \$19.0 million for the six months ended June 30, 2024. The increase was primarily driven by progress on arrangements to build specialized quantum computing hardware, as well as increased revenue as a result of acquisitions.

Cost of revenue

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Cost of revenue (excluding depreciation and amortization)	\$ 12,642	\$ 9,037	\$ 3,605	40%

Cost of revenue increased by \$3.6 million, or 40%, to \$12.6 million for the six months ended June 30, 2025, from \$9.0 million for the six months ended June 30, 2024. The increase was driven primarily by an increase in labor costs to service contracts for the six months ended June 30, 2025, as well as an increase materials costs related to quantum networking products.

Research and development

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Research and development	\$ 143,312	\$ 63,572	\$ 79,740	125%

Research and development expense increased by \$79.7 million, or 125%, to \$143.3 million for the six months ended June 30, 2025, from \$63.6 million for the six months ended June 30, 2024. The increase was primarily driven by an increase of \$80.8 million in payroll-related expenses, including an increase in stock-based compensation of \$69.7 million, as a result of increased headcount and new equity grants, including the replacement awards issued in connection with acquisitions, offset by a decrease of \$3.8 million in materials, supplies and equipment costs.

Sales and marketing

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Sales and marketing	\$ 19,487	\$ 12,838	\$ 6,649	52%

Sales and marketing expense increased by \$6.6 million, or 52%, to \$19.5 million for the six months ended June 30, 2025, from \$12.8 million for the six months ended June 30, 2024. The increase was primarily driven by an increase of \$6.0 million of payroll-related expenses, including an increase in stock-based compensation of \$4.7 million, as a result of increased headcount and new equity grants, as well as increased costs to promote our products and services and other marketing initiatives.

General and administrative

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
General and administrative	\$ 71,913	\$ 27,073	\$ 44,840	166%

General and administrative expenses increased by \$44.8 million, or 166%, to \$71.9 million for the six months ended June 30, 2025, from \$27.1 million for the six months ended June 30, 2024. The increase was primarily driven by an increase of \$21.9 million of payroll-related expenses, including an increase in stock-based compensation of \$14.2 million, as well as an increase of \$22.1 million in professional service fees and allocated overhead costs, including \$15.8 million in transaction costs.

Depreciation and amortization

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Depreciation and amortization	\$ 17,177	\$ 8,260	\$ 8,917	108%

Depreciation and amortization expenses increased by \$8.9 million, or 108%, to \$17.2 million for the six months ended June 30, 2025, from \$8.3 million for the six months ended June 30, 2024. The increase was primarily driven by an increase \$4.2 million in amortization expense associated with acquired intangible assets, and increases of \$2.2 million and \$1.8 million in depreciation expense associated with capitalized quantum computing system costs and other property and equipment, respectively.

Gain (loss) on change in fair value of warrant liabilities

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Gain (loss) on change in fair value of warrant liabilities	\$ (1,083)	\$ 15,266	\$ (16,349)	(107)%

The gain (loss) on change in fair value of warrant liabilities decreased by \$16.3 million, or 107%, to a loss of \$1.1 million for the six months ended June 30, 2025, from a gain of \$15.3 million for the six months ended June 30, 2024. The decrease was due to mark-to-market adjustments based on changes in the trading price for our public warrants.

Interest income, net

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Interest income, net	\$ 12,032	\$ 9,600	\$ 2,432	25%

Interest income, net increased by \$2.4 million, or 25%, to \$12.0 million for the six months ended June 30, 2025, from \$9.6 million for the six months ended June 30, 2024. The increase was primarily driven by an increase in the available-for-sale investments balance.

Income tax benefit (expense)

	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
	(in thousands)			
Income tax benefit (expense)	\$ 15,257	\$ (23)	\$ 15,280	NM

NM—Not Meaningful

Income tax benefit (expense) increased by \$15.3 million to a benefit of \$15.3 million for the six months ended June 30, 2025, from an expense of less than \$0.1 million for the six months ended June 30, 2024. The increase was primarily driven by a partial release of U.S. federal and state valuation allowances.

Liquidity and Capital Resources

As of June 30, 2025, we had cash, cash equivalents and available-for-sale securities of \$656.8 million. Excluded from our available liquidity is \$3.4 million of restricted cash, which is primarily recorded in other noncurrent assets in our condensed consolidated balance sheets. We believe that our cash, cash equivalents and investments as of June 30, 2025, will be sufficient to meet our working capital and capital expenditure needs for the next 12 months. We believe we will meet longer term expected future cash requirements and obligations through a combination of cash flows from operating activities and available funds from our cash, cash equivalents and investment balances. However, this determination is based upon internal projections and is subject to changes in market and business conditions. In July 2025, we completed an equity offering to raise additional capital. Refer to Note 18 for further details. We have incurred significant losses since our inception and as of June 30, 2025, we had an accumulated deficit of \$892.8 million. During the six months ended June 30, 2025, we incurred net losses of \$209.1 million. We expect to incur significant losses and higher operating expenses for the foreseeable future.

Future Funding Requirements

We expect our principal sources of liquidity will continue to be our cash, cash equivalents and investments and any additional capital we may obtain through additional equity or debt financings. Our future capital requirements will depend on many factors, including investments in growth and technology. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, services, and technologies, which may require us to seek additional equity or debt financing.

Our primary uses of cash and investments are to fund our operations as we continue to grow our business and our investing activities, including capital expenditures, potential acquisitions, and strategic investments. We require a significant amount of cash for expenditures as we invest in ongoing research and development and commercialization of our products. Until such time as we can generate significant revenue from commercializing our quantum computing technology, if ever, we expect to finance our liquidity needs through our cash, cash equivalents and investments, as well as equity or debt financings or other capital sources, including potential collaborations and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise funds through collaborations, or other similar arrangements with third parties, we may have to relinquish valuable rights to our quantum computing and networking technology on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our quantum computing and networking development efforts. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section titled “Risk Factors.” In July 2025, we completed an equity offering to raise additional capital. Refer to Note 18 for further details.

Our material contractual commitments as of June 30, 2025, primarily relate to operating lease commitments. As of June 30, 2025, we have total operating lease obligations of \$22.9 million, with \$5.9 million payable within 12 months. Other than operating lease commitments, cash requirements for the next 12 months are expected to consist primarily of operating expenses and continued investment in our quantum computers and technology.

Cash flows

The following table summarizes our cash flows for the period indicated:

	Six Months Ended June 30,	
	2025	2024
	(in thousands)	
Net cash provided by (used in) operating activities	\$ (85,599)	\$ (47,044)
Net cash provided by (used in) investing activities	(200,977)	51,824
Net cash provided by (used in) financing activities	372,857	1,326

Cash flows from operating activities

Our cash flows from operating activities are significantly affected by the growth of our business, primarily related to research and development, sales and marketing, and general and administrative activities. Our operating cash flows are also affected by our working capital needs to support growth in personnel-related expenditures and fluctuations in accounts payable and other current assets and liabilities.

Net cash used in operating activities during the six months ended June 30, 2025, was \$85.6 million, resulting primarily from a net loss of \$209.8 million, adjusted for non-cash activity, primarily related to stock-based compensation, depreciation and amortization, deferred income taxes, the loss recorded as a result of mark-to-market activity for our public warrants, and other working capital activities. The increase in net cash used in operations from the prior year period was primarily related to increased compensation costs and costs for materials and supplies to support the production of quantum computing systems, customer contracts, and other research and development activities.

Net cash used in operating activities during the six months ended June 30, 2024, was \$47.0 million, resulting primarily from a net loss of \$77.2 million, adjusted for non-cash activity, primarily related to the gain recorded as a result of mark-to-market activity for our public warrants, stock-based compensation and other working capital activities.

Cash flows from investing activities

Net cash used in investing activities during the six months ended June 30, 2025, was \$201.0 million, primarily resulting from purchases of available-for-sale securities of \$435.1 million, offset by cash received from maturities of available-for-sale securities of \$211.2 million and from businesses acquired of \$28.7 million.

Net cash provided by investing activities during the six months ended June 30, 2024, was \$51.8 million, primarily resulting from cash received from maturities of available-for-sale securities of \$211.6 million, offset by purchases of available-for-sale securities of \$146.1 million, additions of \$10.6 million to property and equipment primarily related to leasehold improvements and the development of our quantum computing systems, and additions of \$2.1 million related to capitalized software development costs.

Cash flows from financing activities

Net cash provided by financing activities during the six months ended June 30, 2025, was \$372.9 million, primarily resulting from proceeds from the 2025 ATM Offering Program, stock options exercised, and warrants exercised.

Net cash provided by financing activities during the six months ended June 30, 2024, was \$1.3 million, primarily resulting from proceeds from stock options exercised.

Critical Accounting Estimates

This discussion and analysis of financial condition and results of operations is based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. We also make estimates and assumptions on revenue generated and reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are defined as those reflective of significant judgments, estimates and uncertainties, which may result in materially different results under different assumptions and conditions. Within our Annual Report on Form 10-K, we have disclosed our critical

accounting estimates that we believe to have the greatest potential impact on our consolidated financial statements. Historically, our assumptions, judgments and estimates relative to our critical accounting estimates have not differed materially from actual results.

There have been no material changes to our critical accounting estimates from those described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K, except as set forth below:

Business Combinations

We account for business combinations using the acquisition method of accounting, which requires that once control is obtained, all the assets acquired and liabilities assumed are recorded at their respective fair values as of the acquisition date. The determination of fair values of identifiable assets and liabilities requires estimates and the use of valuation techniques when fair value is not readily available and requires a significant amount of management judgment.

Determining the fair value of assets acquired and liabilities assumed requires significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, royalty rates, and selection of comparable companies. The resulting fair values and useful lives assigned to acquisition-related intangible assets impact the amount and timing of future amortization expense.

These estimates are inherently uncertain as they pertain to forward-looking views of our business and market conditions. Changes in these estimates can have a significant impact on the determination of fair values of identifiable intangible assets acquired, which could result in material changes to reported intangible assets, goodwill, and amortization expense.

Recently Issued and Adopted Accounting Standards

See Note 2, Summary of Significant Accounting Policies, in the notes to our condensed consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates and concentration of credit. For a discussion of quantitative and qualitative disclosures about market risk, see Item 7A of Part II of our Annual Report on Form 10-K. No material changes related to our market risks have occurred since December 31, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2025, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings relating to claims arising from the ordinary course of business. Future litigation may be necessary to defend ourselves. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

In May 2022, a securities class action complaint captioned *Leacock v. IonQ, Inc. et al.*, Case No. 8:22-cv-01306, was filed by a stockholder of the Company in the United States District Court for the District of Maryland (the “Leacock Litigation”) against the Company and certain of the Company’s current officers. In June 2022, a securities class action complaint captioned *Fisher v. IonQ, Inc.*, Case No. 8:22-cv-01306-DLB (the “Fisher Litigation”) was filed by a stockholder against the Company and certain of the Company’s current officers (“IonQ Defendants”). Both the Leacock Litigation and Fisher Litigation, which have been consolidated into a single action, allege violations of Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act and seek damages. In September 2022, the Court appointed lead plaintiffs and counsel for lead plaintiffs, and ordered lead plaintiffs to file a consolidated amended complaint. The consolidated amended complaint was filed on November 22, 2022. As part of the consolidated amended complaint, certain members of the Company’s board of directors as well as other dMY-related defendants (“Additional Defendants”) have been added as defendants to the case. On February 7, 2023, the IonQ Defendants and the Additional Defendants each filed a motion to dismiss the consolidated amended complaint. On March 23, 2023, lead plaintiffs filed their omnibus opposition to the motions to dismiss. On April 26, 2023, the IonQ Defendants and the Additional Defendants each filed a reply in support of the motions to dismiss. On September 28, 2023, the District Court of Maryland issued an order dismissing plaintiffs’ claims against the IonQ Defendants and the Additional Defendants with prejudice and directed the clerk to close the case. On October 26, 2023, the plaintiffs filed a motion for post-judgment relief, seeking to amend their consolidated amended complaint. The IonQ Defendants and Additional Defendants filed oppositions to plaintiffs’ motion on December 1, 2023, and plaintiffs filed their reply on January 8, 2024. On July 10, 2024, the plaintiffs’ motion for post-judgment relief was denied and the District Court of Maryland directed the clerk to close the case. On July 26, 2024, the plaintiffs filed a Notice of Appeal with the Fourth Circuit Court of Appeals seeking to review the trial court’s decision. Plaintiffs filed their Opening Brief in the Fourth Circuit on September 9, 2024. A response brief by IonQ Defendants was filed on October 8, 2024 and plaintiffs’ reply brief was filed on October 29, 2024. Oral argument in the Fourth Circuit occurred on January 31, 2025. On April 8, 2025, the Fourth Circuit held for the IonQ Defendants in a published opinion. As of July 7, 2025, the deadline for plaintiffs to file an appeal with the United States Supreme Court lapsed, and there are no other avenues for plaintiffs to appeal, which means that the Fourth Circuit’s decision upholding the trial court’s dismissal with prejudice stands. This case is now considered closed.

Please refer to Note 10, Commitments and Contingencies, to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further details on current legal proceedings.

Item 1A. Risk Factors.

RISK FACTORS

Investing in our securities involves a high degree of risk. Before you make a decision to buy our securities, in addition to the risks and uncertainties described above under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cautionary Note Regarding Forward-Looking Statements," you should carefully consider the risks and uncertainties described below together with all of the other information contained in this Quarterly Report on Form 10-Q. If any of the events or developments described below were to occur, our business, prospects, operating results and financial condition could suffer materially, the trading price of our common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

Summary Risk Factors

Our business is subject to a number of risks of which you should be aware before making a decision to invest in our securities. These risks include, among others, the following:

- We are an early-stage company and have a limited operating history, which makes it difficult to forecast our future results of operations.
- We have a history of operating losses and expect to incur significant expenses and continuing losses for the near future.
- We may not be able to scale our business quickly enough to meet customer and market demand, which could adversely affect our financial condition and results of operations or cause us to fail to execute on our business strategies.
- We may not manage our growth effectively.
- Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate.

- Our operating and financial results forecast relies in large part upon assumptions and analyses we have developed. If these assumptions or analyses prove to be incorrect, our actual operating results may be materially different from our forecasted results.
- We have not produced a scalable quantum computer and face significant barriers in our attempts to produce quantum computers. If we cannot successfully overcome those barriers, our business will be negatively impacted and could fail.
- We have experienced in the past, and could also suffer future disruptions, outages, defects and other performance and quality problems with our quantum computing systems, our private cloud, or other information systems, our research and development activities, our facilities, our other fixed assets, or with the public cloud, internet, and other infrastructure on which they rely.
- Even if we are successful in developing quantum computing systems and executing our strategy, competitors in the industry may achieve technological breakthroughs that render our quantum computing systems obsolete or inferior to other products.
- We may be negatively impacted by any early obsolescence of our quantum computing technology.
- If our computers fail to achieve a broad quantum advantage, our business, financial condition and future prospects may be harmed.
- The quantum computing and networking industry is competitive on a global scale and we may not be successful in competing in this industry or establishing and maintaining confidence in our long-term business prospects among current and future partners and customers.
- The quantum computing and networking industry is in its early stages and volatile, and if it does not develop, if it develops slower than we expect, if it develops in a manner that does not require use of our quantum computing solutions, if it encounters negative publicity or if our solution does not drive commercial engagement, the growth of our business will be harmed.
- We may not be able to accurately estimate the future supply and demand for our quantum computers, which could result in a variety of inefficiencies in our business and hinder our ability to generate revenue. If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience delays.
- Our systems depend on the use of a particular isotope of an atomic element that provides qubits for our ion trap technology. If we are unable to procure these isotopically enriched atomic samples, or are unable to do so on a timely and cost-effective basis, and in sufficient quantities, we may incur significant costs or delays, which could negatively affect our operations and business.
- If we cannot successfully execute on our strategy, including in response to changing customer needs and new technologies and other market requirements, or achieve our objectives in a timely manner, our business, financial condition and results of operations could be harmed.
- Acquisitions and other strategic transactions involve a number of inherent risks, any of which could result in the benefits anticipated not being realized.
- Our business depends on our customers' abilities to implement useful quantum algorithms and sufficient quantum resources for their business. If they are unable to do so, including due to their algorithmic challenge or other technical or personnel dilemmas, our growth may be negatively impacted.
- Much of our revenue is concentrated in a few customers, and if we lose any of these customers through contract terminations, acquisitions, or other means, our revenue may decrease substantially.
- Our future growth and success depends in part on our ability to sell effectively to government entities and large enterprises.
- Contracts with domestic and international government and state agencies are subject to a number of challenges and risks.
- If our information technology systems, data, or physical facilities, or those of third parties upon which we rely, are or were compromised, we could experience adverse business consequences resulting from such compromise.
- Because our success depends, in part, on our ability to expand sales internationally, our business will be susceptible to risks associated with international operations.
- Contracts with government entities subject us to risks, including early termination, audits, investigations, sanctions and penalties.
- If we are unable to obtain and maintain patent protection for our products and technology, or if the scope of the patent protection obtained is not sufficiently broad or robust, our competitors could develop and commercialize products and technology similar or identical to ours, and our ability to successfully commercialize our products and technology may be adversely affected. Moreover, our trade secrets could be compromised, which could cause us to lose the competitive advantage resulting from these trade secrets.
- We may face patent infringement and other intellectual property claims that could be costly to defend, result in injunctions and significant damage awards or other costs (including indemnification of third parties or costly licensing arrangements (if licenses are

available at all)) and limit our ability to use certain key technologies in the future or require development of non-infringing products, services, or technologies, which could result in a significant expenditure and otherwise harm our business.

- Some of our in-licensed intellectual property, including the intellectual property licensed from the University of Maryland and Duke University, has been conceived or developed through government-funded research and thus may be subject to federal regulations providing for certain rights for the U.S. government or imposing certain obligations on us, such as a license to the U.S. government covered by such intellectual property, “march-in” rights, certain reporting requirements and a preference for U.S.-based companies, and compliance with such regulations may limit our exclusive rights and our ability to contract with non-U.S. manufacturers.
- If our operating and financial performance in any given period does not meet the guidance provided to the public or the expectations of investment analysts, the market price of our common stock may decline.
- Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to several factors, some of which are beyond our control, resulting in a decline in our stock price.

Risks Related to Our Financial Condition and Status as an Early-Stage Company

We are an early-stage company and have a limited operating history, which makes it difficult to forecast our future results of operations.

As a result of our limited operating history, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our ability to generate revenues will largely be dependent on our ability to develop and produce quantum computers with increasing numbers of qubits and to connect those quantum computers via quantum networks. As a result, our scalable business model has not been formed and it is possible that our latest technical roadmap will not be realized as quickly as expected, or even at all. The development of our scalable business model will likely require the incurrence of a substantially higher level of costs than incurred to date, while our revenues will not substantially increase until more powerful, scalable computers are produced, which requires a number of technological advancements that may not occur on the currently anticipated timetable or at all. As a result, our historical results should not be considered indicative of our future performance. Further, in future periods, our growth could slow or decline for a number of reasons, including but not limited to slowing demand for our service offerings, increased competition, changes to technology, inability to scale up our technology, a decrease in the growth of the overall market, or our failure, for any reason, to continue to take advantage of growth opportunities.

We have also encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties and our future growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer. Our success as a business ultimately relies upon fundamental research and development breakthroughs in the coming years and decade. There is no certainty these research and development milestones will be achieved as quickly as expected, or even at all.

We have a history of operating losses and expect to incur significant expenses and continuing losses for the near future.

We have historically experienced net losses from operations. For the three months ended June 30, 2025, we incurred a loss from operations of \$160.6 million. As of June 30, 2025, we had an accumulated deficit of \$892.8 million. We believe that we will continue to incur losses each year until at least the time we begin significant production and delivery of our quantum computers. Even with significant production, such production may never become profitable.

We expect to continue to incur operating losses for the near future as we, among other things, continue to incur significant expenses in connection with the design, development and construction of our quantum computers, and as we expand our research and development activities, invest in manufacturing capabilities, build up inventories of components for our quantum computers, increase our sales and marketing activities, develop our distribution infrastructure, and increase our general and administrative functions to support our growing operations and costs of being a public company. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in revenues, which would further increase our losses. Further, we have recently acquired companies, or entered into agreements to acquire companies, that have operating losses, which could result in additional losses, and our expected integration related expenses for those acquired companies could increase our losses. If we are unable to achieve and/or sustain profitability, or if we are unable to achieve the growth that we expect from these investments, it could have a material adverse effect on our business, financial condition or results of operations. Our business model is unproven and may never allow us to cover our costs.

We may not be able to scale our business quickly enough to meet customer and market demand, which could adversely affect our financial condition and results of operations or cause us to fail to execute on our business strategies.

In order to grow our business, we will need to continually evolve and scale our business and operations to meet customer and market demand. Quantum computing technology has never been sold at large-scale commercial levels. Evolving and scaling our business and operations places increased demands on our management as well as our financial and operational resources to:

- effectively manage organizational change;
- design scalable processes;
- accelerate and/or refocus research and development activities;
- expand manufacturing, supply chain and distribution capacity, including foundry capacity;
- increase sales and marketing efforts;
- broaden customer-support and services capabilities;
- maintain or increase operational efficiencies;
- scale support operations in a cost-effective manner;
- implement appropriate operational and financial systems; and
- maintain effective financial disclosure controls and procedures.

Commercial production of quantum computers or networks may never occur. We have no experience in producing large quantities of our products and are currently constructing advanced generations of our products. As noted above, there are significant technological and logistical challenges associated with developing, producing, marketing, selling and distributing products in the advanced technology industry, including our products, and we may not be able to resolve all of the difficulties that may arise in a timely or cost-effective manner, or at all. We may not be able to cost-effectively manage production at a scale or quality consistent with customer demand in a timely or economical manner.

Our ability to scale is dependent also upon components we must source from the optical, mechanical, electronics and semiconductor industries. Shortages or supply interruptions in any of these components will adversely impact our ability to deliver revenues.

The stability of ion traps may prove poorer than hoped, or more difficult to manufacture. It may also prove more difficult or even impossible to reliably entangle/connect ion traps together. Both of these factors would adversely impact scalability and costs of the ion trap system.

If commercial production of our quantum computers and networks commences, our products may contain defects in design and manufacture that may cause them to not perform as expected or that may require repair, recalls and design changes. Our quantum computers are inherently complex and incorporate technology and components that have not been used for other applications and that may contain defects and errors, particularly when first introduced. We have a limited frame of reference from which to evaluate the long-term performance of our products. There can be no assurance that we will be able to detect and fix any defects in our quantum computers or networks prior to the sale to potential customers. If our products fail to perform as expected, customers may delay deliveries, terminate further orders or initiate product recalls, each of which could adversely affect our sales and brand and could adversely affect our business, prospects and results of operations.

If we cannot evolve and scale our business and operations effectively, we may not be able to execute our business strategies in a cost-effective manner and our business, financial condition and results of operations could be adversely affected.

We may not manage our growth effectively.

If we fail to manage growth effectively, we may not be able to meet the benchmarks in our latest technical roadmap, and our business, results of operations and financial condition could be harmed. We anticipate that a period of significant expansion will be required to address potential growth. This expansion will place a significant strain on our management, operational and financial resources. We have recently acquired companies, or entered into agreements to acquire companies, that could place additional strain on our management, operational and financial resources. Expansion will require significant cash investments and management resources and there is no guarantee that they will generate additional sales of our products or services, or that we will be able to avoid cost overruns or be able to hire additional personnel to support them. In addition, we will also need to ensure our compliance with regulatory requirements in various jurisdictions applicable to the sale, installation and servicing of our products. To manage the growth of our operations and personnel, we must establish appropriate and scalable operational and financial systems, procedures and controls and establish and maintain a qualified finance, administrative and operations staff. We

may be unable to acquire the necessary capabilities and personnel required to manage growth or to identify, manage and exploit potential strategic relationships and market opportunities.

Our management has limited experience in operating a public company.

Our executive officers have limited experience in the management of a publicly traded company. Our management team may not successfully or effectively manage reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities, which will result in less time being devoted to our management and growth. We have and we may be required to continue to expand our employee base and hire additional employees to support our operations as a public company, which will continue to increase our operating costs in future periods.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate.

Market opportunity estimates, growth forecasts and data analytics, including those we have generated, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. In addition, alternatives to quantum computing may present themselves, which could substantially reduce the market for quantum computing services. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with quantum computing solutions.

The methodology, assumptions and data analytics used to estimate industry size market opportunities and analyze the quantum industry may differ materially from the methodologies, assumptions and analyses previously used to estimate the total addressable market. To estimate the size of our market opportunities and our growth rates, as well as to forecast the size of the quantum industry and analyze the quantum industry more broadly, we have relied on market reports by leading research and consulting firms. These estimates of the total addressable market, growth forecasts and industry forecasts are subject to significant uncertainty, are based on assumptions and estimates that may not prove to be accurate and are based on data published by third parties that we have not independently verified. Advances in classical computing may prove more robust for longer than currently anticipated. This could adversely affect the timing of any quantum advantage being achieved, if at all.

Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Our success will depend upon our ability to expand, scale our operations, and increase our sales capability. Even if the market in which we compete meets the size estimates and growth forecasted, our business could fail to grow at similar rates, if at all.

Our growth is dependent upon our ability to successfully scale up manufacturing of our products in sufficient quantity and quality, in a timely or cost-effective manner. Our growth is also dependent upon our ability to successfully market and sell quantum computing and networking technology. We do not have experience with the mass distribution and sale of quantum computing and networking technology. Our growth and long-term success will depend upon the development of our sales and delivery capabilities.

Unforeseen issues associated with scaling up and constructing quantum computing and networking technology at commercially viable levels, and selling our technology, could negatively impact our business, financial condition and results of operations.

Moreover, because of our unique technology, our customers will require particular support and service functions, some of which are not currently available. If we experience delays in adding such support capacity or servicing our customers efficiently, or experience unforeseen issues with the reliability of our technology, it could overburden our servicing and support capabilities. Similarly, increasing the number of our customers, products or services, for example by entering into government contracts and expanding to new geographies, has required and may continue to require us to rapidly increase the availability of these services. Failure to adequately support and service our customers may inhibit our growth and ability to expand computing targets globally. There can be no assurance that our projections on which such targets are based will prove accurate or that the pace of growth or coverage of our customer infrastructure network will meet customer expectations. Failure to grow at rates similar to that of the quantum computing and networking industry may adversely affect our operating results and ability to effectively compete within the industry.

Our operating and financial results forecast relies in large part upon assumptions and analyses we have developed. If these assumptions or analyses prove to be incorrect, our actual operating results may be materially different from our forecasted results.

Our projected financial and operating information reflect current estimates of future performance, which may never occur. Whether actual operating and financial results and business developments will be consistent with our expectations and assumptions as reflected in our forecasts depends on a number of factors, many of which are outside our control, including, but not limited to:

- success and timing of development activity;
- customer acceptance of our quantum computing and networking systems;
- breakthroughs in classical computing or other computing technologies that could eliminate the advantages of quantum computing and networking systems rendering them less practical to customers;
- competition, including from established and future competitors;
- whether we can obtain sufficient capital to sustain and grow our business;
- our ability to manage our growth;
- our ability to expand our sales into international markets;
- our ability to retain existing key management, integrate recent hires and attract, retain and motivate qualified personnel; and
- the overall strength and stability of domestic and international economies.

Unfavorable changes in any of these or other factors, many of which are beyond our control, could materially and adversely affect our business, financial condition and results of operations.

We may need additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, and we cannot be sure that additional financing will be available.

Our business and our future plans for expansion are capital-intensive and the specific timing of cash inflows and outflows may fluctuate substantially from period to period. Our operating plan may change because of factors currently unknown, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financings may result in dilution to our stockholders, issuance of securities with priority as to liquidation and dividend and other rights more favorable than common stock, imposition of debt covenants and repayment obligations or other restrictions that may adversely affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for current or future operating plans. Weakness and volatility in capital markets and the economy, in general or as a result of bank failures or macroeconomic conditions such as high inflation and interest rates, could limit our access to capital markets and increase our costs of borrowing. There can be no assurance that financing will be available to us on favorable terms, or at all. The inability to obtain financing when needed may make it more difficult for us to operate our business or implement our growth plans.

Our ability to use net operating loss carryforwards and other tax attributes may be limited.

We have incurred losses during our history, do not expect to become profitable in the near future and may never achieve profitability. To the extent that we continue to generate losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, if at all. As of December 31, 2024, we had U.S. federal and state net operating loss carryforwards of approximately \$224.2 million and \$148.1 million, respectively.

Our net operating loss carryforwards and other tax attributes are subject to review and possible adjustment by the Internal Revenue Service, and state tax authorities. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), our U.S. federal net operating loss carryforwards and other tax attributes may become subject to an annual limitation in the event of certain cumulative changes in the ownership of our stock. An “ownership change” pursuant to Section 382 of the Code generally occurs if one or more stockholders or groups of stockholders who own at least 5% of a company’s stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Our ability to utilize our net operating loss carryforwards and other tax attributes to offset future taxable income or tax liabilities may be limited as a result of ownership changes, including changes in connection with our Business Combination with dMY or other transactions, such as issuances of our stock as consideration to acquire other companies. Additionally, the utilization of pre-acquisition net operating loss carryforwards and other tax attributes of subsidiaries we acquired may be limited under Sections 382 and 383 of the Internal Revenue Code if the acquired subsidiary underwent an ownership change, including in connection with the applicable acquisition transaction, whether or not we have undergone an ownership change. Similar rules may apply under state tax laws. We have not yet determined the amount of the cumulative change in our ownership resulting from our Business Combination with dMY or other transactions, or any resulting limitations on our ability to utilize our net operating loss carryforwards and other tax attributes. If we earn taxable income, such

limitations could result in increased future income tax liability and our future cash flows could be adversely affected. We have recorded a full valuation allowance related to our net operating loss carryforwards and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

Risks Related to Our Business and Industry

We have not produced a scalable quantum computer and face significant barriers in our attempts to produce quantum computers. If we cannot successfully overcome those barriers, our business will be negatively impacted and could fail.

Producing quantum computers is a difficult undertaking. There are significant research, development, and manufacturing challenges that we must overcome to build our quantum computers. We are still in the development stage and face significant challenges in developing quantum computers with sufficient performance and scale to meet the requirements of commercial use-cases and in producing quantum computers in commercial volumes. Some of the development challenges that could prevent the introduction of our quantum computers include, but are not limited to, failure to find scalable ways to flexibly manipulate qubits, failure to increase their number, failure to transition quantum systems to leverage low-cost, commodity optical technology, and failure to realize multicore and multiple QPU quantum computer technology.

Additional development challenges we face include:

- gate fidelity, error correction and miniaturization may not commercialize from the lab and scale as hoped or at all;
- it could prove more challenging and take materially longer than expected to operate gates within a single ion trap with higher throughput while maintaining gate fidelity;
- it could take longer to tune the qubits in a single ion trap, as well as preserve the stability of the qubits within a trap as we seek to optimize the total number of qubits within one trap;
- the gate speed in our technology could prove more difficult to improve than expected;
- the Reconfigurable Multi-Core Quantum Architecture (RMQA) could prove to be more challenging to develop than expected. This would limit our ability to scale ion traps beyond single-core operation;
- the ion transport technology used to shuttle and reconfigure the qubits within a trap or QPU could prove more challenging to develop, operate, and scale than anticipated resulting in reduced gate performance or throughput;
- the photonic interconnect technology used to connect ion traps could prove more challenging and take longer to perfect than currently expected. This would limit our ability to scale to a sufficiently large number of qubits in a single system or network systems together;
- the integration of quantum memories into our photonic interconnects could prove more challenging, costly, or time-consuming than expected, resulting in a reduced interconnect system performance;
- it could take longer to incorporate modular architectures for additional cross-processor computational strength than currently expected, limiting our ability to realize the benefits of multicore technology;
- it could prove more challenging and take materially longer to develop and integrate laser- and electronic-based gate technology into our systems. This would limit our ability scale the number of qubits within one trap; and
- the scaling of fidelity with qubit number could prove poorer than expected, limiting our ability to successfully run larger circuits or achieve commercial advantage.

In addition, we will need to develop the manufacturing process necessary to make these quantum computers in high volume. We have not yet validated a manufacturing process nor acquired the tools, processes, or support functions necessary to produce high volumes of our quantum computers that meet all commercial requirements. If we are not able to overcome these manufacturing hurdles in building our quantum computers, our business is likely to fail.

Even if we complete development and achieve volume production of our quantum computers, if the cost, performance characteristics or other specifications of the quantum computer fall short of our projections, our business, financial condition and results of operations would be adversely affected.

We have experienced in the past, and could also suffer future disruptions, outages, defects and other performance and quality problems with our quantum computing systems, our private cloud, or other information systems, our research and development activities, our facilities, our other fixed assets, or with the public cloud, internet, and other infrastructure on which they rely.

Our business depends on our quantum computing systems to be available. We have experienced, and may in the future further experience, disruptions, outages, defects and other performance and quality problems with our systems. We have also experienced, and may in the future further experience, disruptions, outages, defects and other performance and quality problems with the public cloud, internet, private data center providers, facilities in which we build and deploy our systems and technology, and other infrastructure like utility power, water supply, air conditioning, air compression, and other inputs on which our systems and their supporting services rely. For example, in February 2025, an overheating incident in one of our manufacturing rooms affected laboratory cleanliness and system components, necessitating cleaning and repair, as well as movement of components and systems, causing some disruptions and delays in availability of our systems. These problems can be caused by a variety of factors, including software or firmware updates, vulnerabilities and defects in proprietary software and open-source software, hardware components, human error or misconduct, capacity constraints, design limitations, denial of service attacks or other security-related incidents, foreign objects or debris, weather, construction, supply chain events, or accidents and other force majeure. We do not have a contractual right with our public cloud providers that compensates us for any losses due to availability interruptions in the public cloud.

Any disruptions, outages, defects and other performance and quality problems with our quantum computing systems or with the public cloud, internet, and other information systems and infrastructure on which they rely, could result in reduced use of our systems, increased expenses, delayed delivery under our contractual commitments, required provision of service credits, and harm to our brand and reputation, any of which could have a material adverse effect on our business, financial condition and results of operations.

Even if we are successful in developing quantum computing systems and executing our strategy, competitors in the industry may achieve technological breakthroughs that render our quantum computing systems obsolete or inferior to other products.

Our continued growth and success depend on our ability to innovate and develop quantum computing and networking technology in a timely manner and effectively market these products. Without timely innovation and development, our quantum computing solutions could be rendered obsolete or less competitive by changing customer preferences or because of the introduction of a competitor's newer technologies. We believe that many competing technologies will require a technological breakthrough in one or more problems related to science, fundamental physics or manufacturing. While it is uncertain whether such technological breakthroughs will occur in the next several years, that does not preclude the possibility that such technological breakthroughs could eventually occur. Any technological breakthroughs that render our technology obsolete or inferior to other products could have a material effect on our business, financial condition or results of operations.

We may be negatively impacted by any early obsolescence of our quantum computing technology.

We depreciate the cost of our quantum computing systems over their expected useful lives. However, product cycles or quantum computing systems may change periodically due to changes in innovation in the industry, and we may decide to update our products or production processes more quickly than expected, resulting in obsolescence of all or part of our quantum computing systems prior to the end of the previously expected useful life. Moreover, we may need to alter the way in which we deliver our products due to changes in engineering and production expertise and efficiency.

If our quantum computing systems are not compatible with some or all industry-standard software and hardware in the future, our business could be harmed.

Programming for quantum computing requires unique tools, software, hardware, and development environments. We have focused our efforts on creating quantum computing hardware, the system control platform for such hardware and a suite of low-level software programs that optimize execution of quantum algorithms on our hardware. Further up the stack, we rely on third parties to create and advance software, standards, specifications, applications, hardware and services that enable these systems to integrate into various environments and be utilized towards various customer use cases. Full utilization of our quantum computing solutions may depend on these third-party software, standards, specifications, applications, hardware and services, which may not be compatible with our quantum computing solutions and their development, or may not be available to us or our customers on commercially reasonable terms, or at all, which could harm our business. Our efforts to ensure wide compatibility with other quantum technologies and supporting infrastructure, now existing or developed in the future, could be less successful than expected.

If our customers are unable to achieve compatibility between other software and hardware and our hardware, it could impact our relationships with such customers or with customers, generally, if the incompatibility is more widespread. In addition, the mere announcement of an incompatibility problem relating to our products with higher level software tools could cause us to suffer reputational harm and/or lead to a loss of customers. Any adverse impacts from the incompatibility of our quantum computing solutions could adversely affect our business, operating results and financial condition.

We may be unable to reduce the cost per qubit sufficiently, which may prevent us from pricing our quantum systems competitively.

Our projections, as well as our ability to meet the benchmarks in our latest technical roadmap, are dependent on the cost per qubit decreasing over the next several years as our quantum computers advance. These cost projections are based on economies of scale due to demand for our computer systems, technological innovation and negotiations with third-party parts suppliers. If these cost savings do not materialize, the cost per qubit may be higher than projected, making our quantum computing solution less competitive than those produced by our competitors, which could have a material adverse effect on our business, financial condition or results of operations.

If our computers fail to achieve a broad quantum advantage, our business, financial condition and future prospects may be harmed.

Quantum advantage refers to the moment when a quantum computer can compute faster than traditional computers, while quantum supremacy is achieved once quantum computers are powerful enough to complete calculations that traditional supercomputers cannot perform at all. Broad quantum advantage is when quantum advantage is seen in many applications and developers prefer quantum computers to a traditional computer. No current quantum computers, including our quantum hardware, have reached a broad quantum advantage, and they may never reach such advantage. Achieving a broad quantum advantage will be critical to the success of any quantum computing company, including us. However, achieving quantum advantage would not necessarily lead to commercial viability of the technology that accomplished such advantage, nor would it mean that such system could outperform classical computers in tasks other than the one used to determine a quantum advantage.

Quantum computing technology, including broad quantum advantage, may take decades to be realized, if ever. If we cannot develop quantum computers that have quantum advantage, customers may not continue to purchase our products and services. If other companies' quantum computers reach a broad quantum advantage prior to the time ours reaches such capabilities, it could lead to a loss of customers. If any of these events occur, it could have a material adverse effect on our business, financial condition or results of operations.

An element of our business is currently dependent upon our relationship with our cloud providers. There are no assurances that we will be able to commercialize quantum computers from our relationships with cloud providers.

We currently offer our QCaaS on public clouds provided by AWS's Amazon Braket, Microsoft's Azure Quantum, and the Google Cloud Marketplace. The companies that own these public clouds have internal quantum computing efforts that are competitive to our technology. There is risk that one or more of these public cloud providers could use their respective control of their public clouds to embed innovations or privileged interoperating capabilities in competing products, bundle competing products, provide us with unfavorable pricing, leverage their public cloud customer relationships to exclude us from opportunities, and treat us and our end users differently with respect to terms and conditions or regulatory requirements than they would treat their similarly situated customers. Further, they have the resources to acquire or partner with existing and emerging providers of competing technology and thereby accelerate adoption of those competing technologies. All of the foregoing could make it difficult or impossible for us to provide products and services that compete favorably with those of the public cloud providers.

Any material change in our contractual and other business relationships with our public cloud providers could result in harm to our brand and reputation and reduced use of our systems, which could have a material adverse effect on our business, financial condition and results of operations.

The quantum computing and networking industry is competitive on a global scale and we may not be successful in competing in this industry or establishing and maintaining confidence in our long-term business prospects among current and future partners and customers.

The markets in which we operate are rapidly evolving and highly competitive. As these markets continue to mature and new technologies and competitors enter such markets, we expect competition to intensify. Our current competitors include (among others):

- large, well-established tech companies that generally compete in all of our markets, including Amazon, Google, IBM, Intel, and Microsoft;
- countries such as China, Russia, Australia, Canada, the United Kingdom, and certain countries in the European Union;
- less-established public and private companies with competing technology, including companies located outside the United States; and
- new or emerging entrants seeking to develop competing technologies.

We compete based on various factors, including technology, price, performance, multi-cloud availability, brand recognition and reputation, customer support and differentiated capabilities, including ease of administration and use, scalability and reliability, data governance and security. Many of our competitors have substantially greater brand recognition, customer relationships, and financial, technical and other resources, including an experienced sales force and sophisticated supply chain management. They may be able to respond more effectively than

us to new or changing opportunities, technologies, standards, customer requirements and buying practices or to cross-subsidize their quantum offerings from their other higher margin operations. In addition, many countries and supranational organizations are focused on developing quantum solutions either in the private or public sector and may subsidize quantum computers or quantum networks, or restrict participation in initiatives to develop quantum computers or quantum networks in their own country or member states, which may make it difficult for us to compete. Many of these competitors do not face the same challenges we do in growing our business. In addition, other competitors might be able to compete with us by bundling their other products in a way that does not allow us to offer a competitive solution.

Additionally, we must be able to achieve our objectives in a timely manner or quantum computing and networking may lose ground to competitors, including competing technologies. Because there are a large number of market participants, including certain sovereign nations, focused on developing quantum computing and networking technology, we must dedicate significant resources to achieving any technical objectives on the timelines established by our management team. Any failure to achieve objectives in a timely manner could adversely affect our business, operating results and financial condition.

For all of these reasons, competition may negatively impact our ability to maintain and grow consumption of our platform or put downward pressure on our prices and gross margins, any of which could materially harm our reputation, business, results of operations, and financial condition.

The quantum computing and networking industry is in its early stages and volatile, and if it does not develop, if it develops slower than we expect, if it develops in a manner that does not require use of our quantum computing solutions, if it encounters negative publicity or if our solution does not drive commercial engagement, the growth of our business will be harmed.

The nascent market for quantum computers and networks is still rapidly evolving, characterized by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards, and changing customer demands and behaviors. If the market for quantum computers and networks in general does not develop as expected, or develops more slowly than expected, our business, prospects, financial condition and operating results could be harmed.

In addition, our growth and future demand for our products is highly dependent upon the adoption of quantum computers and networks and commercially useful quantum algorithms to run on quantum computers by developers and customers, as well as on our ability to demonstrate the value of quantum computing to our customers. Delays in future generations of our quantum computers or technical failures at other quantum computing and networking companies could limit market acceptance of our solution. Negative publicity concerning our solution or the quantum computing and networking industry as a whole could limit market acceptance of our solution. We believe quantum computing will solve many large-scale problems. However, such problems may never be solvable by quantum computing technology, or may only be solvable by systems that are more technologically mature than we currently expect. If our clients and partners do not perceive the benefits of our solution, or if our solution does not drive customer engagement, then our market may not develop at all, or it may develop slower than we expect. If any of these events occur, it could have a material adverse effect on our business, financial condition or results of operations. If progress towards quantum advantage ever slows relative to expectations, it could adversely impact revenues and customer confidence to continue to pay for testing, access and “quantum readiness.” This would adversely affect revenues in the period before quantum advantage.

We have and may continue to face supply chain issues that could delay the introduction of our product and negatively impact our business and operating results.

We are reliant on third-party suppliers, including sole source suppliers, for components necessary to develop and manufacture our quantum computing and networking solutions. As our business grows, we must continue to scale and adapt our supply chain or it could have an adverse impact on our business. Any of the following factors (and others) could have an adverse impact on the price or availability of these components necessary to our business:

- our inability to enter into agreements with suppliers on commercially reasonable terms, or at all;
- inability of suppliers to mature their operations in line with our growth and to meet our evolving requirements;
- a significant increase in the price of one or more components, including due to industry consolidation occurring within one or more component supplier markets or as a result of decreased production capacity at manufacturers;
- any reductions or interruption in supply, including disruptions on our global supply chain as a result of the global chip shortage, geopolitical tensions in and around Ukraine, Israel and other areas of the world and any indirect effects thereof;
- financial problems of either manufacturers or component suppliers;
- intentional sabotage by a malicious actor or actors;
- significantly increased raw material costs and other expenses associated with our business;

- difficulty obtaining raw materials that meet our quality standards;
- significantly increased freight charges, disruptions in shipping or reduced availability of freight transportation;
- the imposition of, or a sustained or temporary increase in, tariffs, trade protection measures, or import and export controls by the United States or other countries;
- actions taken by suppliers or other parties in response to expected or threatened increases in tariffs, trade protection measures, or import or export controls by the United States or other countries;
- reduced access to raw materials due to suppliers entering into exclusivity arrangements with our competitors;
- other factors beyond our control or that we do not presently anticipate, could also affect our suppliers' ability to deliver components to us on a timely basis;
- a failure to develop our supply chain management capabilities and recruit and retain qualified professionals;
- a failure to adequately authorize procurement of inventory by our contract manufacturers; or
- a failure to appropriately cancel, reschedule, or adjust our requirements based on our business needs.

We have experienced supply chain issues in the past. If any of the aforementioned factors were to materialize, it could cause us to delay or halt production of our quantum computing and networking solutions and/or entail higher manufacturing costs, any of which could materially adversely affect our business, operating results, and financial condition and could materially damage customer relationships.

We may not be able to accurately estimate the future supply and demand for our quantum computers, which could result in a variety of inefficiencies in our business and hinder our ability to generate revenue. If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience delays.

It is difficult to predict our future revenues and appropriately budget for our expenses, and we may have limited insight into trends that may emerge and affect our business. From time to time we have been required to provide, and we anticipate being required to provide more consistently in the future, forecasts of our demand to our current and future suppliers prior to the scheduled delivery of products to potential customers. Currently, there is very little historical basis for making judgments on the demand for our quantum computers or our ability to design, develop, manufacture, and deliver quantum computers, or our profitability, if any, in the future. If we overestimate our requirements, our suppliers may have excess inventory, which indirectly would increase our costs. If we underestimate our requirements, our suppliers may have inadequate inventory, which could interrupt manufacturing of our products and result in delays in shipments and revenues. In addition, lead times for materials and components that our suppliers order may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each component at a given time. If we fail to order sufficient quantities of product components in a timely manner, the delivery of quantum computers and related compute time to our potential customers could be delayed. We have previously failed, and may in the future fail, to accurately forecast customer demand, which resulted in, and may in the future result in, an excess or obsolescence of materials and supplies or volume availability of products. Excess or obsolete materials and supplies may result in write-downs or write-offs. If we fail to effectively manage our forecasted supply and demand and on hand materials and supplies, our results of operations and financial condition could be adversely impacted, and it could result in loss of revenue, increased costs, or delays that could adversely impact customer success.

Our systems depend on the use of a particular isotope of an atomic element that provides qubits for our ion trap technology. If we are unable to procure these isotopically enriched atomic samples, or are unable to do so on a timely and cost-effective basis, and in sufficient quantities, we may incur significant costs or delays, which could negatively affect our operations and business.

There are limited suppliers to sources of isotopically enriched materials that may be necessary for the production of our ion trap technology. We currently purchase such materials through the National Isotope Development Center managed by the U.S. Department of Energy Isotope Program. We do not have any supplier agreements with the U.S. Department of Energy, and purchase the materials through a standard ordering process. While we are currently looking to engage additional suppliers, there is no guarantee we will be able to establish or maintain relationships with such additional suppliers on terms satisfactory to us. Reliance on any single supplier increases the risks associated with being unable to obtain the necessary atomic samples because the supplier may have laboratory constraints, can be subject to unanticipated shutdowns and/or may be affected by natural disasters and other catastrophic events. Some of these factors may be completely out of our and our suppliers' control. Failure to acquire sufficient quantities of the necessary isotopically enriched atomic samples in a timely or cost-effective manner could materially harm our business.

Our products may not achieve market success, but will still require significant costs to develop.

We believe that we must continue to dedicate significant resources to our research and development efforts before knowing whether there will be market acceptance of our quantum computing and networking technologies. Furthermore, the technology for our products is new, and the

performance of these products is uncertain. Our quantum computing and networking technologies could fail to attain sufficient market acceptance, if at all, for many reasons, including:

- pricing and the perceived value of our systems relative to its cost;
- delays in releasing quantum computers with sufficient performance and scale to the market;
- failure to produce products of consistent quality that offer functionality comparable or superior to existing or new products;
- ability to produce products fit for their intended purpose;
- failures to accurately predict market or customer demands;
- defects, errors or failures in the design or performance of our quantum computing systems;
- negative publicity about the performance or effectiveness of our systems;
- strategic reaction of companies that market competitive products; and
- the introduction or anticipated introduction of competing technology.

To the extent we are unable to effectively develop and market a quantum computing system to address these challenges and attain market acceptance, our business, operating results and financial condition may be adversely affected.

If we cannot successfully execute on our strategy, including in response to changing customer needs and new technologies and other market requirements, or achieve our objectives in a timely manner, our business, financial condition and results of operations could be harmed.

The quantum computing and networking market is characterized by rapid technological change, changing user requirements, uncertain product lifecycles and evolving industry standards. We believe that the pace of innovation will continue to accelerate as technology changes and different approaches to quantum computing mature on a broad range of factors, including system architecture, error correction, performance and scale, integration with classical computing resources, ease of programming, user experience, markets addressed, types of data processed, and data governance and regulatory compliance. Our future success depends on our ability to continue to innovate and increase customer adoption of our quantum computers and networks. If we are unable to enhance our quantum computing system to keep pace with these rapidly evolving customer requirements, or if new technologies emerge that are able to deliver competitive products at lower prices, more efficiently, with better functionality, more conveniently, or more securely than our platform, our business, financial condition and results of operations could be adversely affected.

Acquisitions and other strategic investments involve a number of inherent risks, any of which could result in the benefits anticipated not being realized.

Acquisitions are an important component of our growth strategy and we have pursued and we may continue to pursue growth opportunities by acquiring businesses, solutions or technologies through strategic transactions, investments or partnerships that complement or expand our current business, including expansion into adjacent industries, with the expectation that these transactions will result in increases in sales, synergies and various other benefits. However, there can be no assurance that we will be able to continue to grow our business through acquisitions or other strategic transactions or that any businesses acquired will perform in accordance with expectations or that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove to be correct.

The identification of suitable acquisition, strategic investment or strategic partnership candidates can be costly and time consuming. If such strategic transactions require us to seek additional debt or equity financing, we may not be able to obtain such financing on terms favorable to us or at all, and such transactions may adversely affect our liquidity and capital structure. To the extent we issue equity and/or convertible securities as consideration in such strategic transactions, our stockholders may experience substantial dilution. Certain of our strategic investments are or may be with companies that are not publicly traded and our ability to liquidate and realize value from our investments may also be limited.

Any strategic transaction might not strengthen our competitive position, may increase some of our risks, may raise new compliance-related obligations and challenges, may distract our management team from our current operations, may be viewed negatively by our customers, partners or investors, or we may have to delay or not proceed with announced strategic transactions. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our existing business, it could have a material adverse effect on our business or financial condition. Even if we successfully complete a strategic transaction, we may not be able to effectively integrate the acquired business, technology, systems, control environment, solutions, or operations into our business, and we may have difficulty integrating and retaining new employees. We may incur unexpected costs, claims or liabilities that we incur during the strategic transaction or that we assume from the acquired company, or we may discover adverse conditions subsequent to the strategic transaction that were not identified during our due diligence review for which we have limited or no recourse.

In addition, our expansion into new markets or adjacent industries through acquisition may present competitive, management and regulatory challenges that differ from current ones. We may be less familiar with the target customers and may face different or additional risks, as well as increased or unexpected costs, compared to existing operations. Growth into new markets may also bring us into direct competition with companies with whom we have little or no past experience as competitors.

In connection with any acquisition, we may acquire liabilities or defects such as legal claims, including those not identified during due diligence, such as third-party liability and other tort claims; claims for breach of contract; employment-related claims; environmental, health and safety liabilities, conditions or damage; permitting, regulatory or other compliance with law issues; liability for hazardous materials; or trade liabilities. If we acquire any of these liabilities, and they are not adequately covered by insurance or an enforceable indemnity or similar agreement from a creditworthy counterparty or are otherwise mitigated, we may be responsible for significant out-of-pocket expenditures. In connection with any divestitures, we may incur liabilities for breaches of representations and warranties or failure to comply with operating covenants under any agreement for a divestiture. In addition, we may indemnify a counterparty in a divestiture for certain liabilities of the subsidiary or operations subject to the divestiture transaction. These liabilities, if they materialize, could have a material adverse effect on our business or financial condition.

Additionally, in connection with our investment in a privately-held security, we entered into a commercial contract for certain of our products or services as described in Note 5 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. When determining the total value of consideration from these investments, we assess customers' financial condition, including the consideration of their ability and intention to pay, and whether all or some portion of the value of the contracts meet the criteria for revenue recognition, among other factors. Certain companies with which we may enter into commercial contracts may be unable to access any necessary financing or funding in a timely manner or on favorable terms which could negatively impact our expected revenue and collections. The occurrence of any of these risks could have a material adverse effect on our business, results of operations, and financial condition.

If we are unable to maintain our current strategic partnerships or we are unable to develop future collaborative partnerships, our future growth and development could be negatively impacted.

We have entered into, and may enter into, strategic partnerships to develop and commercialize our current and future research and development programs with other companies to accomplish one or more of the following:

- obtain expertise in relevant markets;
- obtain sales and marketing services or support;
- obtain equipment and facilities;
- develop relationships with potential future customers; and
- generate revenue.

We may not be successful in establishing or maintaining suitable partnerships, and we may not be able to negotiate collaboration agreements having terms satisfactory to us, or at all. Failure to make or maintain these arrangements or a delay or failure in a collaborative partner's performance under any such arrangements could harm our business and financial condition.

Our business depends on our customers' abilities to implement useful quantum algorithms and sufficient quantum resources for their business. If they are unable to do so, including due to their algorithmic challenge or other technical or personnel dilemmas, our growth may be negatively impacted.

We have entered into, and may enter into, contracts, partnerships and other arrangements with customers to develop, test and run quantum algorithms specific to their business. The success of these contracts and partnerships is dependent on our customer's ability to identify, implement, and realize useful and scalable algorithms for their portfolio at a speed commensurate with the pace of hardware, software, and technological development. These arrangements are also dependent on the availability of time and resources to develop and optimize these algorithms. The development and optimization of these algorithms is reliant on employing sufficient talent familiar with quantum computing and quantum networking, unique skills that require special training and education. If the market fails to train a sufficient number of engineers, researchers and other key quantum personnel, our customers may not find sufficient talent to partner with us to solve these problems. To the extent our customers are unable to effectively develop or utilize resources to advance algorithmic-use cases, our business, operating results and financial condition may be adversely impacted.

We are highly dependent on our key employees who have specialized knowledge, and our ability to attract and retain senior management and other key employees is critical to our success.

Our future success is highly dependent on our ability to attract and retain our executive officers, key employees, subject matter experts and other qualified personnel, including our employees who have specialized knowledge and our employees from acquired businesses. We have experienced in the past, and as we build our brand and become more well known, there is increased risk that we may further experience in the future, competitors or other companies hiring our personnel. The loss of the services provided by these individuals could adversely impact the achievement of our business strategy. These individuals could leave our employment at any time, as they are “at will” employees. A loss of one of our key employees, particularly to a competitor, could also place us at a competitive disadvantage. Effective succession planning is important to our long-term success, and failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution.

Our future success also depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The market for highly skilled workers and leaders in the quantum computing industry is extremely competitive. In particular, hiring qualified personnel specializing in engineering, software development and sales, as well as other technical staff and research and development personnel is critical to our business and the development of our quantum computing and networking systems. Some of these professionals are hard to find and we may encounter significant competition in our efforts to hire them. Many of the other companies with which we compete for qualified personnel have greater financial and other resources than we do. The effective operation of our supply chain, including the acquisition of critical components and materials, the development of our quantum computing and networking technologies, the commercialization of our quantum computing and networking technologies and the effective operation of our managerial and operating systems all depend upon our ability to attract, train and retain qualified personnel in the aforementioned specialties. Additionally, changes in immigration and work permit laws and regulations or the administration, interpretation, or enforcement of such laws or regulations could impair our ability to attract and retain highly qualified employees. If we cannot attract, train and retain qualified personnel, in this competitive environment, we may experience delays in the development of our quantum computing and networking technologies and be otherwise unable to maintain customer relationships or develop and grow our business as projected, or even at all.

Much of our revenue is concentrated in a few customers, and if we lose any of these customers through contract terminations, acquisitions, or other means, our revenue may decrease substantially.

We have a high degree of revenue concentration, and we expect to continue to experience significant revenue concentration for the foreseeable future, including increasing revenue concentration among our major customers in the near term. Our customers’ demand for our products may fluctuate due to factors beyond our control. A disruption in our relationship with any of our customers could adversely affect our business. Our inability to meet our customers’ requirements or to qualify our products with them could adversely impact our revenue. The loss of, or restrictions on our ability to sell to, one or more of our major customers, or any significant reduction in orders from customers could have a material adverse effect on our operating results and financial condition.

Our future growth and success depends in part on our ability to sell effectively to government entities and large enterprises.

Our customers and potential customers include domestic and international government agencies and large enterprises. Therefore, our future success will depend on our ability to effectively sell our products to such customers. Sales to these end-customers involve risks that may not be present (or that are present to a lesser extent) with sales to non-governmental agencies or smaller customers. These risks include, but are not limited to, (i) increased purchasing power and leverage held by such customers in negotiating contractual arrangements with us and (ii) longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end-customer that elects not to purchase our solutions. Sales to government agencies can be priced as fixed fee development contracts, which involve additional risks. Cost-plus and time-and-materials contracts can adversely affect our results of operations and financial condition if our costs do not qualify as allowable costs under applicable regulations. In addition, government contracts generally include the ability of government agencies to terminate early which, if exercised, would result in a lower contract value and lower than anticipated revenues generated by such arrangement. Additionally, such government contracts may limit our ability to do business with foreign governments or prevent us from selling our products in certain countries.

Government agencies and large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. Our contracts with government agencies are typically structured in phases, with each phase subject to satisfaction of certain conditions. As a result, the actual scope of work performed pursuant to any such contracts, in addition to related contract revenue, could be less than total contract value. In addition, product purchases by such organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Finally, these organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, demand that vendors take on a larger share of risks, require acceptance provisions that can lead to a delay in revenue recognition and expect greater payment flexibility. All of these factors can add further risk to business conducted with these potential customers and could lead to lower revenue results than originally anticipated.

Additionally, changes in government spending could have adverse consequences on our financial position, results of operations and business. Our anticipated future revenues from the U.S. government result from contracts awarded under various U.S. government programs. Cost cutting, including through consolidation and elimination of duplicative organizations, has become a major initiative for certain departments within the U.S. government. The funding of our programs is subject to the overall U.S. government budget and appropriation decisions and processes, which are driven by numerous factors, including geo-political events and macroeconomic conditions.

Significant reduction in U.S. government spending could have long-term consequences for our size and structure. In addition, changes in government priorities and requirements could impact the funding, or the timing of funding, of our programs, which could negatively impact our results of operations and financial condition.

Contracts with domestic and international government and state agencies are subject to a number of challenges and risks.

Contracts with domestic and international government and state agencies are subject to a number of challenges and risks. The bidding process for government contracts can be highly competitive, expensive and time-consuming, often requiring significant up front time and expense without any assurance that these efforts will generate revenue. Also, certain government contracts may be set-aside for small businesses, effectively giving a preference to those small businesses. If a particular procurement is set-aside for only small businesses, we may lose sales opportunities and may not be able to replace those opportunities with sales to other customers.

We also must comply with both local and international laws and regulations relating to the formation, administration, and performance of contracts, which provide public sector customers rights, many of which are not typically found in commercial contracts. Any changes to the government regulations applicable to government contracts could affect our ability to enter into, or the profitability of, contracts with government entities.

In addition, other parties' perceptions of our relationship with the U.S. government could adversely affect our business prospects in certain non-U.S. geographies or with certain non-U.S. governments. Conversely, other parties' perceptions of our relationship with non-U.S. governments or government entities could adversely affect our business prospects with the U.S. government.

Accordingly, our business, financial condition, results of operations, and growth prospects may be adversely affected by certain events or activities, including, but not limited to:

- changes in government fiscal or procurement policies, or decreases in government funding available for procurement of goods and services generally, or for our federal government contracts specifically;
- changes in government programs or applicable requirements;
- restrictions in the grant of personnel security clearances to our employees;
- ability to maintain facility clearances required to perform on classified contracts for U.S. government and foreign government agencies, as applicable;
- changes in the political environment, including before or after a change to the leadership within the government administration, and any resulting uncertainty or changes in policy or priorities and resultant funding;
- changes in the government's attitude towards us as a company or our technology;
- appeals, disputes, or litigation relating to government procurement, including but not limited to bid protests by unsuccessful bidders on potential or actual awards of contracts to us or our partners by the government;
- the adoption of new laws or regulations or changes to existing laws or regulations;
- budgetary constraints, including automatic reductions as a result of "sequestration," operating under continuing resolutions, disruptions from government shutdowns, or similar measures and constraints imposed by any lapses in appropriations for the federal government or certain of its departments and agencies;
- influence by, or competition from, third parties with respect to pending, new, or existing contracts with government customers;
- changes in legal obligations or political or social attitudes with respect to security or privacy issues;
- potential delays or changes in the government appropriations or procurement processes, including as a result of events such as war, incidents of terrorism, natural disasters, and public health concerns; and
- increased or unexpected costs or unanticipated delays caused by other factors outside of our control.

Any such event or activity, among others, could cause governments and governmental agencies to delay or refrain from entering into contracts with us and/or purchasing our computers in the future, reduce the size or timing of payment with respect to our services to or purchases from existing or new government customers, or otherwise have an adverse effect on our business, results of operations, financial condition, and growth prospects.

If our information technology systems, data, or physical facilities, or those of third parties upon which we rely, are or were compromised, we could experience adverse business consequences resulting from such compromise.

In the ordinary course of business, we access, collect, receive, store, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, share, and otherwise process personal data and other sensitive information, including intellectual property, proprietary and confidential business data, trade secrets, sensitive third-party data, business plans, transactions, and financial information of our own, our partners, our vendors and their own supply chains, our customers, or other third parties (collectively, “Sensitive Data”).

We and the third parties upon which we rely process Sensitive Data, and, as a result, we and the third parties upon which we rely face a variety of evolving threats to our information technology systems, data, and physical facilities (such as those where our quantum computers are stored), including but not limited to ransomware attacks, advanced persistent threats, and other causes of security incidents. Additionally, Sensitive Data could be leaked, disclosed or revealed as a result of or in connection with our employees', contractors', consultants', affiliates', or vendors' use of generative artificial intelligence (“AI”) technologies. Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our Sensitive Data and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. U.S. law enforcement agencies have indicated to us that quantum computing technology is of particular interest to certain threat actors, including nation state and other malicious actors, who may steal our Sensitive Data, including our intellectual property or other proprietary or confidential information, including our trade secrets. Our employees, contractors, affiliates, and/or related parties may have already been directly targeted by nation state actors and may be so targeted in the future.

Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state and nation-state-supported actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other geopolitical tensions or conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to distribute our services.

We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss or unavailability of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats.

In particular, severe ransomware attacks are becoming increasingly prevalent and could lead to significant interruptions in our operations, loss or unavailability of Sensitive Data and loss of income, reputational harm, and diversion of funds.

Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Additionally, we are incorporated into the supply chains of companies worldwide and, as a result, if our services are compromised, a significant number or, in some instances, all of our customers and their data could be simultaneously affected. The potential liability and associated consequences we could suffer as a result of such a large-scale event could be catastrophic and result in irreparable harm.

Remote work has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

In addition, our reliance on third-party service providers could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to our business operations. Our platform is built to be accessed through third-party cloud providers, such as AWS's Amazon Braket, Microsoft's Azure Quantum, and Google's Cloud Marketplace, and we rely on these and other third-party service providers and technologies to operate critical business systems to process Sensitive Data in a variety of contexts, including, without limitation, other cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. We also rely on third-party service providers to provide other products, services or parts, or otherwise to operate our business. There can be no assurance that our third-party service providers' security measures have been or will be effective to protect against various cybersecurity risks and vulnerabilities. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental access to, or acquisition, modification, destruction, loss, alteration, encryption, disclosure, use, or other processing of our Sensitive Data (including proprietary information and intellectual property) or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and Sensitive Data.

While we have implemented security measures designed to protect against security incidents and other interruptions, there can be no assurance that these measures will be effective. We take steps to detect and remediate vulnerabilities in our information technology systems (including in our services), but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit vulnerabilities change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred; and, we may not be able to anticipate or detect attacks or vulnerabilities. These vulnerabilities pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. As a result, we may be unable to implement adequate preventative and responsive measures to stop or mitigate security incidents before or while they are occurring. Finally, incidents that may appear to be minor when assessed individually, may become material, at a later date, when considered in the aggregate.

Applicable privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences.

If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include: exposure, loss, unavailability, acquisition, or other unauthorized processing of Sensitive Data (including intellectual property or confidential or proprietary information); government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing Sensitive Data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may cause customers to stop using our services, deter new customers from using our services, and negatively impact our ability to grow and operate our business. Our efforts to prevent and overcome these challenges could increase our expenses and may not be successful.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security obligations, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Unfavorable conditions in our industry, the global economy, or other catastrophic events may disrupt our business, could limit our ability to grow, and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers and potential customers. The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in customer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates, higher interest rates and uncertainty about economic stability. For example, the COVID-19 pandemic resulted in widespread unemployment, economic slowdown and extreme volatility in the capital markets and any future public health crises could result in similar impacts on the global economy. Similarly, geopolitical tensions in and around Ukraine, Israel and other areas of the world have created extreme volatility in the global capital markets and are expected to have further global economic consequences, including disruptions of the global supply chain and energy markets, and further acts of war, terror, or responses to each could result in similar or increased impacts on the global economy. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs. Employee salaries and benefits expenses have increased as a result of economic growth, increased demand for business services, increased competition for trained and talented employees, among other wage-inflationary pressures and we cannot assure that they will not continue to rise. In addition, higher inflation also could increase our customers' operating costs, which could result in reduced budgets for our customers and potentially less demand for our platform and the development of quantum technologies. Any significant increases in inflation and related increase in interest rates could have a material adverse effect on our business, results of operations and financial condition.

In addition, in challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay or cancel plans to purchase our products and services. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable due to us. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products. Furthermore, uncertain economic conditions may make it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities. We cannot predict the timing, location, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry.

Furthermore, a disruption or failure of our systems or operations because of an earthquake, weather event, cyberattack, terrorist attack, pandemic, or other catastrophic event could cause delays in providing services or performing other critical functions, which could also delay commercial deals and the associated revenue recognition for those deals. Our quantum computing manufacturing facility and a significant portion of our research and development activities, and certain other essential business operations are located in the Seattle, Washington area, which is a seismically active region. A catastrophic event that results in the destruction or disruption of any of our critical business or IT systems, or the infrastructure or systems they rely on could harm our ability to conduct normal business operations.

Government actions and regulations, such as tariffs and trade protection measures, especially in China and the United States, may adversely impact our business, including our ability to obtain products from our suppliers.

Political challenges between the United States and countries in our supply chain, including China, and changes to trade policies, including tariff rates and customs duties, trade relations between the United States and China and other macroeconomic issues could adversely impact our business. Specifically, United States-China trade relations remain uncertain. Since February 2025, the United States has imposed new and increased tariffs on many products imported into the United States from its various trading partners, with the highest of these tariffs currently affecting goods from China. China and other affected countries have taken measures in response, including increased tariffs on U.S. products and the imposition of new export controls on rare earth metals, critical minerals, and other items. Though certain items have been exempted from some of these recent U.S. tariff actions, including computers, semiconductors, and other consumer electronics, the risk of additional U.S. tariffs has materially increased in light of recent comments and new Section 232 investigations opened by the U.S. presidential administration.

In addition, the U.S. government continues to add additional entities, in China and elsewhere, to restricted party lists impacting the ability of U.S. companies to provide products and technology, and, in certain cases, services, to these entities and, in some cases, to receive products, technology or services from these entities. The U.S. government also continues to increase end-use restrictions on the provision of products, technology and services to China and other countries including end-uses related to advanced computing. The U.S. presidential administration has used, and has signaled its intention to continue to use, U.S. trade policy, including tariffs and other trade restrictions, as an important foreign policy tool presenting uncertainty regarding the impact of future trade policies on our business.

There is also a possibility of future tariffs, trade protection measures or other restrictions by the United States, China, or other countries that may affect our products or our customers and which could have a material adverse effect on our business. Such policies may affect our business directly, including through effects on the cost or availability of components, and indirectly, through broader macroeconomic implications of such policies, including inflationary pressures and depressed economic sentiment. In addition, the Chinese government exercises significant control over China's economy through the allocation of resources, control of the incurrence and payment of foreign currency-denominated obligations, setting of monetary policy and provision of preferential treatment to particular industries or companies. Changes in any

of these policies, laws and regulations could adversely affect the overall economy in China or our Chinese suppliers, which could harm our business through higher supply costs, reduced availability or both.

Also, due to concerns with the security of products and services from certain telecommunications equipment and services companies based in China, the U.S. Congress has enacted bans on the use of certain Chinese-origin components or systems either in items sold to the U.S. government or in the internal networks of government contractors and subcontractors (even if those networks are not used for government-related projects). Further, the Chinese government has responded to these U.S. actions by developing an unreliable entity list, which may limit the ability of companies on the list to engage in business with Chinese counterparties.

In June 2022, the import restrictions contained in the Uyghur Forced Labor Prevention Act (“UFLPA”) became effective. The UFLPA creates a rebuttable presumption that any goods mined, produced or manufactured, wholly or in part, in the Xinjiang Uyghur Autonomous Region (“XUAR”) of China, or produced by a listed entity, were made with forced labor and would therefore not be entitled to entry at any U.S. port. Importers may be required to present clear and convincing evidence that such goods are not made with forced labor. While we do not source items from the XUAR or from listed parties, and we have increased our supply chain diligence, there is risk that our ability to import components and products may be adversely affected by the UFLPA.

Given the relatively fluid regulatory environment in China and the United States and uncertainty regarding how the U.S. government or Chinese and other foreign governments will act with respect to tariffs and international trade agreements and policies, a trade war, further governmental action related to tariffs or international trade policies, or additional tax or other regulatory changes in the future could directly and adversely impact our financial results and results of operations. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products may be subject to such actions or what actions may be taken by the other countries in retaliation. If we are unable to obtain or use components for inclusion in our products, if component prices increase significantly or if we are unable to export or sell our products to any of our customers, our business, liquidity, financial condition and/or results of operations would be materially and adversely affected.

We are subject to governmental export and import controls and trade and economic sanctions that could impair our ability to compete in global markets and subject us to liability if we are not in full compliance with applicable laws and other controls.

Our products, technology, and services are subject to various restrictions under U.S. export controls, import laws and regulations, and economic sanctions, including the U.S. Export Administration Regulations administered by the U.S. Department of Commerce, U.S. Customs regulations, and trade and economic sanctions administered by the U.S. Department of Treasury’s Office of Foreign Assets Control. U.S. export controls and trade and economic sanctions include restrictions or prohibitions on the sale or supply of certain products, technologies, and services to U.S. embargoed or sanctioned countries and governments of these countries, as well as other persons and entities. Additionally, under these current and future laws and regulations, exports of our products, technology, and services as well as the underlying technology may require export authorizations, including by license, a license exception, or other appropriate government authorizations, and the filing of a classification request or self-classification report to use a license exception, as applicable. Customers may defer or decline their purchases of our products due to uncertainty about export controls, and as a result, our business could be materially adversely affected.

Should we violate existing or similar future export controls or sanctions, we may be subject to substantial monetary fines or suffer reputational damage and other penalties that could negatively impact our business. If we need to obtain any necessary export licenses or other authorizations for a particular sale, the process may be time-consuming and may result in the delay or loss of opportunities to sell our products.

We take precautions to prevent our products and services and the underlying technology from being provided, deployed or used in violation of export controls and sanctions. However, we cannot provide assurance that our policies and procedures relating to export control and sanctions compliance will prevent violations in the future by us or our partners or agents. Any violation of U.S. sanctions or export controls, including failure to obtain appropriate import, export, or re-export licenses or authorization, could result in significant penalties and government investigations, delays in approving or denials of export licenses, and reputational harm and loss of business. As noted above, the U.S. government continues to add additional entities, in China and elsewhere, to restricted party lists impacting the ability of U.S. companies to provide products and technology, and, in certain cases, services, to these entities and, in some cases, to receive products, technology, or services from these entities.

In addition to the United States, various other countries regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our products, technologies, and services or could limit our clients’ ability to implement our products, technologies, and services in those countries. Certain countries, including the United States, United Kingdom, France, Spain, Germany, Denmark, Finland, Norway, Slovenia, Japan, Canada, Australia, and the Netherlands have enacted export controls on quantum computing hardware and related software and technology at specified levels of technological advancement. We will continue to review our existing compliance measures to ensure compliance with any applicable regulatory changes. Changes in our products, or future changes in export and import regulations, may create delays in the introduction of our products and the underlying technology in international markets, prevent our clients with global operations from deploying our products globally, adversely

affect our ability to hire personnel from certain countries to work on our products, or, in some cases, prevent the export or import of our products to certain countries, governments, or persons altogether.

Any change in export or import controls, economic sanctions or related legislation, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers. Any decreased use of our products or limitation on our ability to export or sell our products in major international markets could adversely affect our business, financial condition, and results of operations.

We expect to incur significant costs in complying with these regulations. Regulations related to quantum computing are currently evolving and we may face additional risks associated with changes to these regulations as well as increased licensing requirements and other restrictions.

Risks Related to Our International Expansion and Future Operations

Because our success depends, in part, on our ability to expand sales internationally, our business will be susceptible to risks associated with international operations.

We currently maintain offices and/or have personnel in the United States and other international locations. We expect to continue to expand our international operations by developing our sales and operations presence internationally, which may include opening offices in new jurisdictions. Any additional international expansion efforts that we are undertaking and may undertake may not be successful. In addition, conducting international operations subjects us to new risks, some of which we have not generally faced in the United States or other countries where we currently operate. These risks include, among other things:

- lack of familiarity and burdens of complying with foreign laws, legal standards, privacy and cybersecurity standards, regulatory requirements, tariffs and other barriers, and the risk of penalties to our customers and individual members of management or employees if our practices are deemed to not be in compliance;
- practical difficulties of enforcing intellectual property rights in countries with varying laws and standards and reduced or varied protection for intellectual property rights in some countries;
- an evolving legal framework and additional legal or regulatory requirements for privacy and cybersecurity, which may necessitate the establishment of systems to maintain data in local markets, requiring us to invest in additional data centers and network infrastructure, and the implementation of additional employee privacy documentation (including locally compliant privacy notices and policies), all of which may involve substantial expense and may cause us to need to divert resources from other aspects of our business, all of which may adversely affect our business;
- unexpected changes in regulatory requirements, taxes, foreign investment rules, trade laws, tariffs, export quotas, custom duties or other trade restrictions;
- difficulties in managing systems integrators and partners;
- increased or unexpected supply chain challenges or delays;
- differing technology standards;
- different pricing environments, longer sales cycles, longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- increased financial accounting and reporting burdens and complexities;
- difficulties in managing and staffing international operations including the proper classification of independent contractors and other contingent workers, differing employer/employee relationships and local employment laws;
- increased costs involved with recruiting and retaining an expanded employee population, including highly skilled workers and leaders in the quantum computing industry, outside the United States through cash and equity-based incentive programs, and legal costs and regulatory restrictions in issuing our shares to employees outside the United States;
- global political and regulatory changes that may lead to restrictions on immigration and travel for our employees;
- fluctuations in exchange rates that may decrease the value of our foreign-based revenue or increase the cost of our foreign operations;
- global public health threats or geopolitical events such as tensions in and around Ukraine, Israel and other areas of the world;

- degradation in U.S. relationships with targeted countries that could result in those countries disfavoring doing business with U.S. companies;
- potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems, restrictions on the repatriation of earnings, and transfer pricing requirements; and
- permanent establishment risks and complexities in connection with international payroll, tax and social security requirements for international employees.

Additionally, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing operations in other countries will produce desired levels of revenue or profitability.

Compliance with laws and regulations applicable to our global operations also substantially increases our cost of doing business in foreign jurisdictions. We have limited experience in marketing, selling and supporting our platform outside of the United States. Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. If we invest substantial time and resources to expand our international operations and are unable to do so successfully, in a timely manner, our business, financial condition, revenues, results of operations or cash flows will suffer. We may be unable to keep current with changes in government requirements as they change from time to time. Failure to comply with these regulations could harm our business. In many countries, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or other regulations applicable to us. Although we have implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of our employees, contractors, partners and agents will comply with these laws and policies. Violations of laws or key control policies by our employees, contractors, partners or agents could result in delays in revenue recognition, financial reporting misstatements, enforcement actions, reputational harm, disgorgement of profits, fines, civil and criminal penalties, damages, injunctions, other collateral consequences or the prohibition of the importation or exportation of our solutions and could harm our business, financial condition, revenues, results of operations or cash flows.

Our international sales and operations subject us to additional risks and costs exposure to foreign currency exchange rate fluctuations, that can adversely affect our business, financial condition, revenues, results of operations or cash flows.

We are continuing to expand our international operations as part of our growth strategy. However, there are a variety of risks and costs associated with our international sales and operations, which include making investments prior to the sales or use of quantum computers, the cost of conducting our business internationally and hiring and training international employees and the costs associated with complying with local law. Furthermore, we cannot predict the rate at which our quantum computers will be accepted in international markets by potential customers.

Our sales, support and engineering organization outside the United States is substantially smaller than our U.S. sales organization. We believe our ability to attract new customers to subscribe to our platform or to attract existing customers to renew or expand their use of our platform is directly correlated to the level of engagement we obtain with the customer. To the extent we are unable to effectively engage with non-U.S. customers due to our limited sales force capacity, we may be unable to effectively grow in international markets.

As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates grows. While we have primarily transacted with customers in U.S. dollars historically, we expect to continue to expand the number of transactions with our customers that are denominated in foreign currencies in the future. Additionally, fluctuations in the value of the U.S. dollar and foreign currencies may make our products and services more expensive for international customers, which could harm our business. Additionally, we incur expenses for employee compensation and other operating expenses for our non-U.S. employees in the local currency for such locations. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses. These fluctuations could cause our results of operations to differ from our expectations or the expectations of our investors. Additionally, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations. We may attempt to mitigate a portion of these risks through foreign currency hedging based on our judgment of the appropriate trade-offs among risk, opportunity, and exposure. Any future hedging activities may not offset the full, or in some cases any, adverse financial impact resulting from unfavorable movement in foreign currency exchange rates, which could adversely affect our financial condition and results of operations.

Our international operations may subject us to greater than anticipated tax liabilities.

The amount of taxes we may pay in different jurisdictions depends on the application of the tax laws of various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to any future intercompany arrangement or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations. Our condensed consolidated financial statements could fail to reflect adequate reserves to cover such a contingency. Similarly, a taxing authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a “permanent establishment” under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions.

Risks Related to Litigation and Government Regulation

Our business is exposed to risks associated with litigation, investigations and regulatory proceedings.

We may face legal, administrative and regulatory proceedings, claims, demands and/or investigations involving stockholders, customers, competition and/or other issues relating to our business. Litigation and regulatory proceedings are inherently uncertain, and adverse rulings could occur, including monetary damages, or an injunction stopping us from engaging in certain business practices, or requiring other remedies, such as compulsory licensing of patents.

In May 2022, a securities class action complaint captioned *Leacock v. IonQ, Inc. et al.*, Case No. 8:22-cv-01306, was filed by a stockholder of the Company in the United States District Court for the District of Maryland (the “Leacock Litigation”) against the Company and certain of the Company’s current officers. In June 2022, a securities class action complaint captioned *Fisher v. IonQ, Inc.*, Case No. 8:22-cv-01306-DLB (the “Fisher Litigation”) was filed by a stockholder against the Company and certain of the Company’s current officers (“IonQ Defendants”). Both the Leacock Litigation and Fisher Litigation, which have been consolidated into a single action, allege violations of Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act and seek damages. In September 2022, the Court appointed lead plaintiffs and counsel for lead plaintiffs, and ordered lead plaintiffs to file a consolidated amended complaint. The consolidated amended complaint was filed on November 22, 2022. As part of the consolidated amended complaint, certain members of the Company’s board of directors as well as other dMY-related defendants (“Additional Defendants”) have been added as defendants to the case. On February 7, 2023, the IonQ Defendants and the Additional Defendants each filed a motion to dismiss the consolidated amended complaint. On March 23, 2023, lead plaintiffs filed their omnibus opposition to the motions to dismiss. On April 26, 2023, the IonQ Defendants and the Additional Defendants each filed a reply in support of the motions to dismiss. On September 28, 2023, the District Court of Maryland issued an order dismissing plaintiffs’ claims against the IonQ Defendants and the Additional Defendants with prejudice and directed the clerk to close the case. On October 26, 2023, the plaintiffs filed a motion for post-judgment relief, seeking to amend their consolidated amended complaint. The IonQ Defendants and Additional Defendants filed oppositions to plaintiffs’ motion on December 1, 2023, and plaintiffs filed their reply on January 8, 2024. On July 10, 2024, the plaintiffs’ motion for post-judgment relief was denied and the District Court of Maryland directed the clerk to close the case. On July 26, 2024, the plaintiffs filed a Notice of Appeal with the Fourth Circuit Court of Appeals seeking to review the trial court’s decision. Plaintiffs filed their Opening Brief in the Fourth Circuit on September 9, 2024. A response brief by IonQ Defendants was filed on October 8, 2024 and plaintiffs’ reply brief was filed on October 29, 2024. Oral argument in the Fourth Circuit occurred on January 31, 2025. On April 8, 2025, the Fourth Circuit held for the IonQ Defendants in a published opinion. As of July 7, 2025, the deadline for plaintiffs to file an appeal with the United States Supreme Court lapsed, and there are no other avenues for plaintiffs to appeal, which means that the Fourth Circuit’s decision upholding the trial court’s dismissal with prejudice stands. This case is now considered closed.

These proceedings and any additional investigations, inquiries or litigation by various regulators may harm our reputation regardless of the outcome of any such action. The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Negative perceptions of our business may result in additional regulation, enforcement actions by the government and increased litigation, or harm to our ability to attract or retain customers or strategic partners, any of which may affect our business. Any damage to our reputation, including from publicity related to legal proceedings against us or companies that work within our industry, governmental proceedings, unfavorable media coverage or class action could adversely affect our business, financial condition and results of operations.

An unfavorable outcome or settlement or any other legal, administrative and regulatory proceeding may result in a material adverse impact on our business, results of operations, financial position and overall trends. In addition, regardless of the outcome, litigation can be costly, time-consuming, and disruptive to our operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future. In addition, the laws and regulations our business is

subject to are complex and change frequently. We may be required to incur significant expense to comply with changes in, or remedy violations of, these laws and regulations.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may become subject to product liability claims, even those without merit, which could harm our business prospects, operating results, and financial condition. We may face inherent risk of exposure to claims in the event our quantum computers do not perform as expected or malfunction. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our quantum computers and business and inhibit or prevent commercialization of other future quantum computers, which would have material adverse effects on our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages either in excess of our coverage, or outside of our coverage, may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we do face liability for our products and are forced to make a claim under our policy.

Contracts with government entities subject us to risks, including early termination, audits, investigations, sanctions and penalties.

As part of our business strategy, we have entered into and may enter into additional contracts with state and federal government entities, which subjects our business to statutes and regulations applicable to companies doing business with the government, including the Federal Acquisition Regulation. These government contracts customarily contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts and which are unfavorable to contractors. For instance, most U.S. government agencies include provisions that allow the government to unilaterally terminate or modify contracts for convenience, and in that event, the counterparty to the contract may generally recover only its incurred or committed costs and settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, the defaulting party may be liable for any extra costs incurred by the government in procuring undelivered items from another source.

In addition, government contracts normally contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements could include, for example:

- specialized disclosure and accounting requirements unique to government contracts;
- financial and compliance audits of our cost structure, accounting controls and procedures and adequacy of our policies and systems to meet Federal Acquisition Regulation requirements. These audits may result in potential liability for price adjustments, recoupment of government funds after such funds have been spent, civil and criminal penalties, or administrative sanctions such as suspension or debarment from doing business with the U.S. government;
- granting the U.S. government certain rights to inventions, data, software codes and related material that we develop under government-funded contracts and subcontracts, which may permit the U.S. government to disclose or license this information to third parties, including, in some instances, our competitors;
- requirements to fulfill government contracts assigned ratings under the Defense Priorities and Allocations System Program ahead of our commercial contracts, which could prevent us from meeting our commercial customer contracts' requirements or schedules;
- public disclosures of certain contract and company information; and
- mandatory security and privacy framework compliance requirements, including the handling of controlled unclassified information.

Government contracts are also generally subject to greater scrutiny by the government than commercial contracts are by commercial customers. For example, government agencies can initiate reviews, audits and investigations regarding our compliance with government contract requirements. In addition, if we fail to comply with government contracting laws, regulations and contract requirements, our contracts may be subject to termination, and we may be subject to financial and/or other liability under our contracts, the Federal Civil False Claims Act (including treble damages and other penalties), or criminal law. In particular, the False Claims Act's "whistleblower" provisions also allow private individuals, including present and former employees, to sue on behalf of the U.S. government. Any penalties, fines, suspension, or damages could adversely affect our ability to operate our business and our financial results. Responding to any investigation or action relating to

government contracts could result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

Our customers also include non-U.S. governments. Similar procurement, budgetary, contract, and audit risks that apply in the context of U.S. government contracting may also apply to our doing business with these entities. In addition, compliance with complex regulations and contracting provisions in a variety of jurisdictions can be expensive and consume significant management resources.

Certain of our activities are subject to regulations relating to use of radioactive material, compliance with which may be costly, and a failure to comply with these regulations may materially and adversely affect our business.

Various atomic species are used in trapped-ion systems in academic and commercial settings, including isotopes of elemental ions. Some of these atomic isotopes are radioactive. We use certain radioactive materials in our research, development, and production activities. As a result of our utilization of radioactive material, we and some of our suppliers, distributors, and customers are subject to regulation by United States governmental authorities, such as the Food and Drug Administration ("FDA"), the Nuclear Regulatory Commission ("NRC"), and state and local regulatory agencies, which regulate products and activities which emit, produce, or control radiation. These regulations govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import/export, sale, marketing, and disposal of our products. We are also subject to international laws and regulations that apply to the utilization of radioactive materials. These are often comparable to, if not more stringent than, the equivalent regulations in the United States. Agency reviews of radioactivity-related applications that we are required to make in order to design, develop, test, manufacture, package, distribute, import, export, sell, market or dispose of radioactive materials may be lengthy or unsuccessful, and as a result our ability to sell our products or operate in certain jurisdictions may be impaired. Although we believe that our safety procedures for handling such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials may not be completely eliminated, and as a result we could incur related liabilities or expenses. Regulations in this area are currently evolving and we may face additional risks associated with changes to these regulations as well as increased costs of compliance with such regulations.

We are subject to requirements relating to environmental and safety regulations and environmental remediation matters, which could adversely affect our business, results of operation and reputation.

We are subject to numerous federal, state, local and foreign environmental laws and regulations governing, among other things, solid and hazardous waste storage, treatment and disposal, and remediation of releases of hazardous materials. There are significant capital, operating and other costs associated with compliance with these environmental laws and regulations. Environmental laws and regulations may become more stringent in the future, which could increase costs of compliance or require us to manufacture with alternative technologies and materials.

Federal, state and local authorities also regulate a variety of matters, including, but not limited to, health, safety and permitting in addition to the environmental matters discussed above. New legislation and regulations may require us to make material changes to our operations, resulting in significant increases to the cost of production.

Our manufacturing process will have hazards such as, but not limited to, hazardous materials, machines with moving parts, and high voltage and/or high current electrical systems typical of large manufacturing equipment and related safety incidents. There may be safety incidents that damage machinery or product, slow or stop production, or harm employees. Consequences may include litigation, regulation, fines, increased insurance premiums, mandates to temporarily halt production, workers' compensation claims, or other actions that impact the company brand, finances, or ability to operate.

We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to privacy, data protection and security. Our actual or perceived failure to comply with such obligations could lead to adverse business consequences.

Our data storage and processing activities, including the establishment and operation of future quantum data centers, may subject us to numerous privacy, data protection and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements and other obligations relating to privacy, data localization and security. Laws and regulations governing privacy, data protection and data sovereignty are rapidly evolving, extensive, complex, and include inconsistencies and uncertainties that may conflict with other rules or our practices. Further, new laws, rules, and regulations could be enacted with which we are not familiar or with which our practices do not comply.

In the United States, federal, state, and local governments have enacted numerous privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act (collectively, the "CCPA") applies to personal information of California consumers and imposes various requirements on businesses, including

to provide specific disclosures in privacy notices and honor requests of California consumers to exercise certain privacy rights. The CCPA provides for civil penalties of up to \$7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Numerous other states have enacted, are in the process of enacting, are proposing to enact or are considering state-level privacy laws. Such laws are also being considered at the federal and local levels.

Our employees and personnel use generative AI technologies to perform their work, and the disclosure and use of personal information in generative AI technologies is subject to various evolving laws, regulations, guidance, industry standards, and other obligations. Additionally, several states and localities have enacted measures related to the use of AI and machine learning in products and services. Generally, we understand the use of AI for employee productivity also presents emerging ethical, privacy, and social issues and may draw public scrutiny or controversy, and may also create or assist in producing output that appear correct but are factually inaccurate, incomplete, misleading, biased, or otherwise flawed, or produce other discriminatory or unexpected results, errors, or inadequacies, any of which may not be easily detectable. These circumstances and developments may further complicate compliance efforts, and may increase legal risk and compliance costs for us, the third parties upon whom we rely, and our customers.

Outside the United States, an increasing number of laws, regulations, industry standards and other obligations may govern privacy, data protection and security. For example, the European Union's General Data Protection Regulation ("EU GDPR"), the United Kingdom's General Data Protection Regulation ("UK GDPR"), Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or "LGPD") (Law No. 13,709/2018), and China's Personal Information Protection Law ("PIPL") impose strict requirements for processing personal data.

For example, under the EU GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros or 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Additionally, we also target customers in Asia and may be subject to existing and emerging data protection and privacy regimes in Asia, including China's PIPL, Japan's Act on the Protection of Personal Information, and Singapore's Personal Data Protection Act.

In addition, we may be unable to transfer personal data from Europe and other jurisdictions to the United States or other countries due to data localization requirements or limitations on cross-border data flows. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area ("EEA") and the United Kingdom ("UK") each has significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although various mechanisms may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA's and UK's respective standard contractual clauses, the EU-U.S. Data Privacy Framework, the United Kingdom extension to the EU-U.S. Data Privacy Framework, and the Swiss-U.S. Data Privacy Framework, these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK, or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our transferring or other processing of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigators, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers of personal data out of Europe for allegedly violating the EU GDPR's cross-border data transfer limitations.

In addition to privacy, data protection and security laws, we are contractually subject to industry standards adopted by industry groups and may become subject to additional obligations in the future. We are also bound by other contractual obligations related to privacy, data protection and security, and our efforts to comply with such obligations may not be successful. For example, certain laws addressing privacy, data protection and security, such as the EU GDPR, Switzerland Federal Act on Data Protection ("FADP"), UK GDPR and CCPA, require our customers to impose specific contractual restrictions on their service providers. Additionally, some of our customers may require us to host personal data locally.

We publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding privacy, data protection and security. If these policies, materials or statements are or are perceived to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Obligations related to privacy, data protection and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources and may necessitate changes

to our services, information technologies, systems, data processing activities and practices and to those of any third parties that process personal data on our behalf.

We may at times fail, or be perceived to have failed, in our efforts to comply with our privacy, data protection or security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail, or be perceived to have failed, to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable privacy, data protection or security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar events); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; interruptions or stoppages in our business operations or data collection; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

We are subject to U.S. and foreign anti-corruption, anti-bribery and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and other anti-bribery, and anti-corruption laws in countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party intermediaries from authorizing, promising, offering, providing, soliciting, or accepting, directly or indirectly, improper payments or benefits to or from any person whether in the public or private sector. We may engage with partners and third-party intermediaries to conduct our business abroad, including marketing our services and obtaining necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, and of our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. We cannot provide any assurance that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption or anti-bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage, and other collateral consequences.

Changes in tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our domestic and foreign financial results. Any new taxes could adversely affect our domestic and international business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, on July 4, 2025, the President signed into law the One Big Beautiful Bill Act (the "OBBBA"), which made significant changes to U.S. federal income tax law. The OBBBA made permanent many provisions of the Tax Cuts and Jobs Act of 2017, including the immediate expensing of domestic research and experimental expenditures and 100% bonus depreciation for qualified property acquired and placed in service after January 19, 2025. In addition, future Treasury and regulatory guidance related to the implementation of the OBBBA may change or clarify the application of these rules in material ways. We are currently evaluating the full impact of the legislation on our consolidated financial statements.

Many countries, as well as organizations such as the Organization for Economic Cooperation and Development, have implemented or proposed changes to existing tax laws, including a 15% global minimum tax. Any of these developments or changes in U.S. federal, state or international tax laws or tax rulings could adversely affect our effective tax rate and our operating results. There can be no assurance that our effective tax rates, tax payments or tax credits and incentives will not be adversely affected by these or other developments or changes in law.

Risks Related to our Intellectual Property

Licensing of intellectual property is of critical importance to our business. For example, we license patents (some of which are foundational patents) and other intellectual property from the University of Maryland, Duke University, and other universities on an exclusive basis. If the license agreement with these universities terminates, or if any of the other agreements under which we acquired or licensed, or will acquire

or license, material intellectual property rights is terminated, we could lose our rights to use key technologies to develop and operate our business.

We are heavily reliant upon licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development of our products. In particular, our quantum computing technology is dependent on our license agreement with University of Maryland and Duke University (the "Universities"), as well as other universities. Pursuant to the license agreement with the Universities, we were granted an exclusive, worldwide, royalty-free, sublicensable license for certain patents, know-how (on a non-exclusive basis) and other intellectual property to develop, manufacture and commercialize products for use in certain licensed fields, the scope of which includes the application of the licensed intellectual property in ion trap quantum computing.

Our existing license agreements with the Universities and other universities imposes, and we expect that any future license agreements will impose, upon us various commercial and development obligations. If we fail to comply with our obligations under these agreements, or we are subject to an insolvency-related event, the licensor may have the right to terminate these agreements, in which event we would not be able to develop, market or otherwise commercialize products covered by these agreements, including if any of the foregoing were to occur with respect to our license agreement with the Universities. Our business could significantly suffer, for example, if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, or if we are unable to enter into necessary licenses on acceptable terms.

Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues, and certain provisions in intellectual property license agreements may be susceptible to multiple interpretations. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product and technology, and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and the company;
- our right to transfer or assign the license; and
- the effects of termination.

The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could harm our business, financial condition and results of operations. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize our products or technology.

While we would expect to exercise all rights and remedies available to us, including seeking to cure any breach by us, and otherwise seek to preserve our rights under the license agreement, we may not be able to do so in a timely manner, at an acceptable cost or at all.

If we are unable to obtain and maintain patent protection for our products and technology, or if the scope of the patent protection obtained is not sufficiently broad or robust, our competitors could develop and commercialize products and technology similar or identical to ours, and our ability to successfully commercialize our products and technology may be adversely affected. Moreover, our trade secrets could be compromised, which could cause us to lose the competitive advantage resulting from these trade secrets.

Our success depends, in significant part, on our ability to obtain, maintain, enforce and defend patents and other intellectual property rights, including trade secrets, with respect to our products and technology and to operate our business without infringing, misappropriating, or otherwise violating the intellectual property rights of others. We may not be able to prevent unauthorized use of our intellectual property. We rely upon a combination of the intellectual property protections afforded by patent, copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections, to establish, maintain and enforce rights in our proprietary technologies. In addition, we seek to protect our intellectual property rights through nondisclosure and invention assignment agreements with our employees and consultants, and through non-disclosure agreements with business partners and other third parties, however, our employees and consultants may not abide by, and not all of them have always abided by, their obligations under their nondisclosure and invention assignment agreements. Our trade secrets may also be compromised, which could cause us to lose the competitive advantage from such trade secrets. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual

property. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or will take to prevent misappropriation may not be sufficient. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management's attention, which could harm our business, results of operations and financial condition. In addition, existing intellectual property laws and contractual remedies may afford less protection than needed to safeguard our intellectual property portfolio.

Patent, copyright, trademark and trade secret laws vary significantly throughout the world. A number of foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the United States and efforts to protect against the unauthorized use of our intellectual property rights, technology and other proprietary rights may be more expensive and difficult outside of the United States. Failure to adequately protect our intellectual property rights could result in our competitors using our intellectual property to offer products, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue, which would adversely affect our business, financial condition and operating results.

Our patent applications may not result in issued patents or our patent rights may be contested, circumvented, invalidated or limited in scope, any of which could have a material adverse effect on our ability to prevent others from interfering with our commercialization of our products.

Our patent applications may not result in issued patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours. The status of patents involves complex legal and factual questions and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued, or that our patents and any patents that may be issued to us will afford protection against competitors with similar technology. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. In addition to those who may have patents or patent applications directed to relevant technology with an effective filing date earlier than any of our existing patents or pending patent applications, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable. Furthermore, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the United States, and thus we cannot be certain that foreign patent applications related to issued U.S. patents will be issued.

Even if our patent applications succeed and we are issued patents in accordance with them, it is still uncertain whether these patents – including any of the issued patents exclusively licensed to us – will be contested, circumvented, invalidated, found to be unenforceable or limited in scope in the future. The rights granted under any issued patents may not provide us with meaningful protection or competitive advantages, and some foreign countries provide significantly less effective patent enforcement than in the United States. In addition, the claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. The intellectual property rights of others could also bar us from licensing and exploiting any patents that issue from our pending applications. In addition, patents issued to us may be infringed upon or designed around by others and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, prospects, financial condition and operating results.

We may face patent infringement and other intellectual property claims that could be costly to defend, result in injunctions and significant damage awards or other costs (including indemnification of third parties or costly licensing arrangements (if licenses are available at all)) and limit our ability to use certain key technologies in the future or require development of non-infringing products, services, or technologies, which could result in a significant expenditure and otherwise harm our business.

We may become subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our products, services and technologies without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products, services or technologies are infringing, misappropriating or otherwise violating third-party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation or violation. For example, there may be issued patents of which we are unaware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future products, services or technologies. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our current or future products, services or technologies. Because patent applications can take years to issue and are often afforded confidentiality for some period of time there may currently be pending applications, unknown to us, that later result in issued patents that could cover our current or future products, services or technologies. Lawsuits can be time-consuming and expensive to resolve, and they divert management's time and attention. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. Companies that have developed and are developing technology are often required to defend against litigation claims based on allegations of infringement, misappropriation or other violations of intellectual property rights. Our products, services or technologies may not be able to withstand any third-party claims against their use. In addition, many companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement and/or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of

a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. Our patent portfolio may not be large enough to deter patent infringement claims, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant solution revenue, and therefore, our patent portfolio may provide little or no deterrence as we would not be able to assert our patents against such entities or individuals. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we may be forced to limit or stop sales of our products, services or technologies or cease business activities related to such intellectual property.

Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition or results of operations. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, regardless of the merit of the claim or our defenses, may require us to do one or more of the following:

- cease selling or using solutions or services that incorporate the intellectual property rights that allegedly infringe, misappropriate or violate the intellectual property of a third party;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology;
- redesign the allegedly infringing solutions to avoid infringement, misappropriation or violation, which could be costly, time-consuming or impossible; or
- indemnify organizations using our platform or third-party service providers.

Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. The occurrence of infringement claims may grow as the market for our products, services and technologies grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources.

Some of our in-licensed intellectual property, including the intellectual property licensed from the University of Maryland and Duke University, has been conceived or developed through government-funded research and thus may be subject to federal regulations providing for certain rights for the U.S. government or imposing certain obligations on us, such as a license to the U.S. government covered by such intellectual property, “march-in” rights, certain reporting requirements and a preference for U.S.-based companies, and compliance with such regulations may limit our exclusive rights and our ability to contract with non-U.S. manufacturers.

Certain intellectual property rights that have been in-licensed, including the intellectual property licensed from the Universities, have been generated through the use of U.S. government funding and are therefore subject to certain federal regulations. As a result, the U.S. government may have certain rights to intellectual property embodied in our current or future product candidates pursuant to the Bayh-Dole Act of 1980, or the Patent and Trademark Law Amendment. These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require the licensor to grant exclusive, partially exclusive or non-exclusive licenses to any of these inventions to a third party if it determines that: (1) adequate steps have not been taken to commercialize the invention, (2) government action is necessary to meet public health or safety needs or (3) government action is necessary to meet requirements for public use under federal regulations (also referred to as “march-in rights”). The U.S. government also has the right to take title to these inventions if the licensor fails to disclose the invention to the government or fails to file an application to register the intellectual property within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. In addition, the U.S. government requires that any products embodying any of these inventions or produced through the use of any of these inventions be manufactured substantially in the U.S., and the license agreement with the Universities requires that we comply with this requirement. This preference for U.S. industry may be waived by the federal agency that provided the funding if the owner or assignee of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture the products substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. To the extent any of our owned or licensed future intellectual property is also generated through the use of U.S. government funding, the provisions of the Bayh-Dole Act may similarly apply.

Risks Related to an Investment in our Securities and Other General Matters

The market price of shares of our common stock or public warrants may be volatile, which could cause the value of your investment to decline.

If you purchase shares of our common stock or warrants to purchase common stock, you may not be able to resell those shares or warrants at or above the price you paid. The market price of our common stock may be highly volatile and may fluctuate or decline significantly in response to numerous factors, some of which are beyond our control. It is possible that an active trading market will not be sustained. The securities markets have experienced and continue to experience significant volatility. Market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our common stock or warrants to purchase common stock regardless of our operating performance. Our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including:

- variations in quarterly operating results or dividends, if any, to stockholders;
- additions or departures of key management personnel;
- publication of research reports about our industry;
- rumors and market speculation involving us or other companies in our industry, which may include short seller reports;
- litigation and government investigations;
- changes or proposed changes in laws or regulations or differing interpretations or enforcement of laws or regulations affecting our business;
- adverse market reaction to any indebtedness incurred or securities issued in the future;
- changes in market valuations of similar companies;
- announcements by competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments;
- the impact of any future bank failures, public health crises or geopolitical events such as tensions in and around Ukraine, Israel and other areas of the world; and
- the impact of any of the foregoing on our management, employees, partners, customers, and operating results.

Following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against such company. Such litigation could result in substantial costs and a diversion of management's attention and resources. See also "*Risks Related to Litigation and Government Regulation—Our business is exposed to risks associated with litigation, investigations and regulatory proceedings.*"

If our operating and financial performance in any given period does not meet the guidance provided to the public or the expectations of investment analysts, the market price of our common stock may decline.

We have historically and may continue to, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will consist of forward-looking statements, subject to the risks and uncertainties described in this filing and in our other public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. Further, our lengthy sales cycle may contribute to substantial fluctuations in our quarterly or annual operating results as significant sales can be delayed to subsequent periods. If, in the future, our operating or financial results for a particular period do not meet any guidance provided or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our common stock may decline as well. There can be no assurance that we will continue to issue public guidance in the future.

Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to several factors, some of which are beyond our control, resulting in a decline in our stock price.

Our quarterly operating results may fluctuate significantly because of several factors, including:

- labor availability and costs for hourly and management personnel;
- profitability of our products, especially in new markets;
- changes in interest rates;
- impairment of long-lived assets;

- macroeconomic conditions, both nationally and locally;
- size and scope of our revenue arrangements with our customers;
- negative publicity relating to our products;
- changes in customer preferences and competitive conditions;
- the loss of strategic relationships or existing contracts with any customer;
- lengthy customer sales cycle, leading to difficulty in forecasting the timing of purchasing decisions;
- expansion to new markets; and
- fluctuations in commodity prices.

Short sellers may engage in manipulative activity intended to drive down the market price of our common stock, which could also result in related regulatory and governmental scrutiny, among other effects.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed or intends to borrow from a third party with the intention of later buying lower priced identical securities to return to the lender. Accordingly, it is in the interest of a short seller of our common stock for the price to decline. At any time, short sellers may publish, or arrange for the publication of, opinions or characterizations that are intended to create negative market momentum. Issuers, like us, whose securities have historically had limited trading history or volumes and/or have been susceptible to relatively high volatility levels can be vulnerable to such short seller attacks. Short selling reports can cause increased volatility in an issuer's stock price, and result in regulatory and governmental inquiries. From time to time, short seller reports have been published about us, which contain certain allegations against us. Any inquiry or formal investigation from a governmental organization or other regulatory body, including any inquiry from the SEC or the U.S. Department of Justice, could result in a material diversion of our management's time and could have a material adverse effect on our business and results of operations.

Our ability to timely raise capital in the future may be limited, or may be unavailable on acceptable terms, if at all. The failure to raise capital when needed could harm our business, operating results and financial condition. Debt or equity issued to raise additional capital may reduce the value of our common stock.

We cannot be certain when or if the operations of our business will generate sufficient cash to fund our ongoing operations or the growth of our business. We intend to make investments to support our current business and may require additional funds to respond to business challenges, including the need to develop or enhance our technology, improve our operating infrastructure or acquire complementary businesses and technologies. Additional financing may not be available on favorable terms, if at all. In addition, we may not be able to access a portion of our existing cash, cash equivalents and investments due to market conditions. If banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. Additionally, weakness and volatility in capital markets and the economy, in general or as a result of bank failures or macroeconomic conditions such as rising inflation, could limit our access to capital markets and increase our costs of borrowing. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results and financial condition. If we incur debt, the debt holders could have rights senior to holders of our common stock to make claims on our assets. The terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock.

Because the decision to issue securities in the future offering will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, stockholders will bear the risk of future issuances of debt or equity securities reducing the value of their common stock and diluting their interest.

There can be no assurance that we will be able to comply with the continued listing standards of the New York Stock Exchange ("NYSE").

If we fail to satisfy the continued listing requirements of NYSE, such as the corporate governance requirements or the minimum share price requirement, NYSE may take steps to delist our securities. Such a delisting would likely have a negative effect on the price of the securities and would impair your ability to sell or purchase the securities when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our securities from dropping below the NYSE minimum share price requirement or prevent future non-compliance with NYSE's listing requirements. Additionally, if our securities are not listed on, or become delisted from the NYSE, for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a

national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on the NYSE or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained.

If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy and completeness of financial reports, and the market price of our common stock may decline.

We are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. The process of designing, implementing, and testing the internal control over financial reporting required to comply with this obligation is time-consuming, costly, and complicated. There can be no assurance that the controls put in place will remain effective or that any additional controls needed will be designed and implemented timely to prevent material misstatements in our condensed consolidated financial statements in future periods. If we identify material weaknesses in our internal control over financial reporting in the future, if we are unable to comply with the requirements of Section 404 of Sarbanes-Oxley Act of 2002 in a timely manner, or if we are unable to assert that our internal control over financial reporting is effective, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could decline. We could become subject to investigations by the NYSE, the SEC or other regulatory authorities, which could require additional financial and management resources.

We will continue to incur significant increased expenses and administrative burdens as a public company, which could negatively impact our business, financial condition and results of operations.

We face increased legal, accounting, insurance, administrative and other costs and expenses as a public company. Sarbanes-Oxley, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the Public Company Accounting Oversight Board (“PCAOB”) and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements will continue to increase costs and make certain activities more time-consuming.

If any issues in complying with SEC reporting requirements are identified (for example, if we identify a material weakness or significant deficiency in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could harm our reputation or investor perceptions of us. Further, the costs to maintain our director and officer liability insurance may rise. Risks associated with our status as a public company may make it more difficult to attract and retain qualified persons to serve on our Board or as executive officers. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require us to divert a significant amount of money that could otherwise be used to expand our business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs.

We may issue additional shares of common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common stock.

As of June 30, 2025, we had public warrants outstanding to purchase an aggregate of 1,834,462 shares of common stock at an exercise price of \$11.50 per share of common stock and warrants outstanding held by a customer to purchase an aggregate of 543,152 shares of common stock at an exercise price of \$1.38 per share of common stock. In July 2025 we issued private warrants outstanding to purchase an aggregate of 36,042,530 shares of common stock at an exercise price of \$99.88 per share. Pursuant to our employee benefit plans, we may issue an aggregate of up to 36,987,456 shares of common stock, which amount may be subject to increase from time to time. We may also issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

The issuance of additional shares or other equity securities of equal or senior rank would have the following effects:

- existing stockholders’ proportionate ownership interest in us will decrease;
- the amount of cash available per share, including for payment of dividends, if any, may decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished; and
- the market price of our common stock may decline.

There is no guarantee that the public warrants or private warrants will be in the money at any specific point in time, and they may expire worthless.

The exercise price for our public warrants is \$11.50 per share of common stock and the exercise price for our private warrants is \$99.88 per share of common stock. There is no guarantee that the public warrants or private warrants will be in the money at any specific point in time prior to their expiration, and as such, the public warrants may expire worthless. The public warrants expire on September 30, 2026 and the private warrants expire on July 9, 2032.

We may amend the terms of the warrants in a manner that may be adverse to holders with the approval by the holders of at least 50% of the then-outstanding warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of our common stock purchasable upon exercise of a warrant could be decreased, all without your approval.

Our public warrants and private warrants are each issued in registered form under the applicable warrant agreement between the warrant agent and us. The warrant agreements provide that the terms of the applicable warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then-outstanding warrants to make any change that adversely affects the interests of the registered holders of warrants. Accordingly, we may amend the terms of the warrants in a manner adverse to a holder if holders of at least 50% of the then-outstanding warrants approve of such amendment. Although our ability to amend the terms of the warrants with the consent of at least 50% of the then-outstanding warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or stock (at a ratio different than initially provided), shorten the exercise period or decrease the number of shares of our common stock purchasable upon exercise of a warrant.

We may redeem unexpired public warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making such warrants worthless.

We have the ability to redeem outstanding public warrants prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. While the public warrants are redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding public warrants could force you (1) to exercise your public warrants and pay the exercise price at a time when it may be disadvantageous for you to do so, (2) to sell your public warrants at the then-current market price when you might otherwise wish to hold your public warrants or (3) to accept the nominal redemption price which, at the time the outstanding public warrants are called for redemption, is likely to be substantially less than the market value of your public warrants.

In addition, we may redeem the public warrants prior to their expiration, at a price of \$0.10 per warrant, provided that the last reported sales price of our common stock equals or exceeds \$10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we give proper notice of such redemption, provided that the warrants can be exercised on a cashless basis prior to redemption for a number of shares of common stock determined based on the redemption date and the fair market value of our common stock, and provided certain other conditions are met. Any such redemption may have similar consequences to a cash redemption described above. In addition, such redemption may occur at a time when the public warrants are “out-of-the-money,” in which case, you would lose any potential embedded value from a subsequent increase in the value of our common stock had your public warrants remained outstanding.

We have no current plans to pay cash dividends on our common stock; as a result, stockholders may not receive any return on investment unless they sell their common stock for a price greater than the purchase price.

We have no current plans to pay dividends on our common stock. Any future determination to pay dividends will be made at the discretion of our Board, subject to applicable laws. It will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions, and other factors that the Board may deem relevant. In addition, the ability to pay cash dividends may be restricted by the terms of debt financing arrangements, as any future debt financing arrangement likely will contain terms restricting or limiting the amount of dividends that may be declared or paid on our common stock. As a result, stockholders may not receive any return on an investment in our common stock unless they sell their shares for a price greater than what they paid for them.

Provisions in our organizational documents and certain rules imposed by regulatory authorities may delay or prevent an acquisition by a third party that could otherwise be in the interests of stockholders.

Our second amended and restated certificate of incorporation (“Certificate of Incorporation”) and amended and restated bylaws (“Bylaws”) contain several provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of the Board. These provisions, which may delay, prevent or deter a merger, acquisition, tender offer, proxy contest, or other transaction that stockholders may consider favorable, include the following:

- a classified board;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- limiting the persons who may call special meetings of stockholders;
- limiting the ability of stockholders to act by written consent;
- restrictions on business combinations with an interested stockholder;
- in certain cases, the approval of holders representing at least 66 2/3% of the total voting power of the shares entitled to vote generally in the election of directors will be required for stockholders to adopt, amend or repeal the Bylaws, or amend or repeal certain provisions of the Certificate of Incorporation;
- no cumulative voting;
- the required approval of holders representing at least 66 2/3% of the total voting power of the shares entitled to vote at an election of the directors to remove directors; and
- the ability of the Board to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used, among other things, to institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions.

These provisions of our Certificate of Incorporation and Bylaws could discourage potential takeover attempts and reduce the price that investors might be willing to pay for shares of our common stock in the future, which could reduce the market price of our common stock.

The provision of our Certificate of Incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against directors and officers.

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for:

- any derivative action or proceeding brought on behalf of us;
- any action asserting a claim of breach of fiduciary duty owed by any director, officer, agent or other employee or stockholder to us or our stockholders;
- any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the “DGCL”), the Certificate of Incorporation or Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware;
- any claim or cause of action seeking to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws; or
- any action asserting a claim governed by the internal affairs doctrine, in each case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. It further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolutions of any complaint asserting a cause of action arising under the Securities Act. The exclusive forum clauses described above shall not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Although these provisions are expected to benefit us by providing increased consistency in the application of applicable law in the types of lawsuits to which they apply, the provisions may have the effect of discouraging lawsuits against directors and officers. The enforceability of similar choice of forum provisions in other companies’ certificates of incorporation have been challenged in legal proceedings and there is uncertainty as to whether a court would enforce such provisions. In addition, investors cannot waive compliance with the federal securities laws and the rules

and regulations thereunder. It is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Certificate of Incorporation to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition or results of operations.

These provisions of our Certificate of Incorporation and Bylaws could discourage lawsuits against directors and officers, which could reduce the market price of our common stock.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

During the three months ended June 30, 2025, the following directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified the amount, pricing or timing provisions of a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(c) of Regulation S-K:

Name	Title	Action Taken	Effective Date	Duration ⁽¹⁾	Aggregate Number of Shares to be Sold
Robert Cardillo	Director	Amended	June 13, 2025	June 13, 2025 - September 18, 2026	20,211

- (1) Sales under the trading arrangement will not commence until completion of the required cooling off period under Rule 10b5-1. Subject to the compliance with Rule 10b5-1, duration could cease earlier than the final date shown above to the extent that the aggregate number of shares to be sold under the trading arrangement have been sold.

Item 6. Exhibits.

(a) Exhibits.

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

Exhibit	Description Form	Filed Herewith	Incorporated by Reference	Form	Exhibit	Filing Date
2.1 [^]	Agreement and Plan of Merger, dated as of March 7, 2021, by and among dMY Technology Group, Inc. III, IonQ, Inc. and IonQ Trap Acquisition Inc.		X	8-K	2.1	March 8, 2021
2.2 [^]	Share Purchase Agreement, dated as of June 7, 2025, by and among IonQ, Inc., Oxford Ionics Limited, the Sellers (as defined therein), and Oxford Science Enterprises plc, solely in its capacity as the representative of the Sellers		X	8-K	2.1	June 9, 2025
3.1	Amended and Restated Certificate of Incorporation of IonQ, Inc.		X	8-K	3.1	October 4, 2021
3.2	Amended and Restated Bylaws of IonQ, Inc.		X	8-K	3.1	April 22, 2025
4.1	Registration Rights Agreement, dated as of May 30, 2025, by and among IonQ, Inc., the sellers of Lightsynq Technologies Inc. shares		X	8-K	4.1	June 2, 2025
4.2	Form of Registration Rights Agreement		X	8-K	4.1	June 9, 2025
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a- 14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002	X				
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.	X				
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101).	X				

[^] Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601. The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

⁺ Indicates a management contract or compensatory plan.

^{*} Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act (whether made before or after the date of this Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

IonQ, Inc.

Date: August 6, 2025

/s/ Niccolo de Masi

Name: Niccolo de Masi

Title: Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2025

/s/ Thomas Kramer

Name: Thomas Kramer

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATIONS

I, Niccolo de Masi, certify that:

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

Date: August 6, 2025

/s/ Niccolo de Masi

Niccolo de Masi
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Thomas Kramer, certify that:

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

Date: August 6, 2025

/s/ Thomas Kramer

Thomas Kramer

Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Niccolo de Masi, Chief Executive Officer of IonQ, Inc. (the “Company”), and Thomas Kramer, Chief Financial Officer of the Company, each hereby certifies that, to the best of their knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2025, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 6th day of August 2025.

/s/ Niccolo de Masi

Niccolo de Masi
Chairman of the Board and Chief Executive Officer

/s/ Thomas Kramer

Thomas Kramer
Chief Financial Officer
