05-Nov-2025

IonQ, Inc. (IONQ)

Q3 2025 Earnings Call

CORPORATE PARTICIPANTS

Hanley Donofrio
Director of Investor Relations, IonQ, Inc.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

Chris Ballance
President of Quantum Computing, IonQ, Inc.

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.

Dean Kassmann
Executive Vice President of Engineering & Technology, IonQ, Inc.

OTHER PARTICIPANTS

Quinn Bolton
Analyst, Needham & Co. LLC

Craig A. Ellis
Analyst, B. Riley Securities, Inc.

Troy Jensen
Analyst, Cantor Fitzgerald & Co.

Tyler Anderson
Analyst, Craig-Hallum Capital Group LLC

David Williams
Analyst, The Benchmark Co. LLC

John McPeake
Analyst, Rosenblatt Securities

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and welcome to the IonQ Third Quarter 2025 Earnings Call. All participants will be in listen-only mode. [Operator Instructions] Please note this event is being recorded.

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

Hanley Donofrio

Director of Investor Relations, IonQ, Inc.

Good afternoon, everyone, and welcome to IonQ's third quarter 2025 earnings call. My name is Hanley Donofrio, and I am Head of Investor Relations here at IonQ. I'm pleased to be joined on today's call by Niccolo de Masi, IonQ's Chairman and Chief Executive Officer; Inder Singh, our Chief Financial Officer and Chief Operating Officer; Jordan Shapiro, our President of Quantum Networking, Sensing & Security; Chris Ballance, our President of Quantum Computing; and Dean Kassmann, our Executive Vice President of Global Engineering and Technology.

By now, everyone should have access to the company's third quarter 2025 earnings press release issued this afternoon, which is available on the SEC's website and on the Investor Relations section of our website at investors.ionq.com.

Please note that on today's call, management will refer to non-GAAP financial measures. While the company believes these non-GAAP financial measures provide useful information for investors, the presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in

accordance with GAAP. You are directed to our press release for a reconciliation of adjusted EBITDA and adjusted EPS to the closest comparable GAAP measures.

During the call, we will discuss our business outlook and make forward-looking statements, including those regarding our guidance for 2025. These comments are based on our predictions and expectations as of today and are not guarantees of future performance. Actual events or results could differ materially due to a number of risks and uncertainties. Therefore, you should not put undue reliance on those statements.

We refer you to our recent SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2024, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025, June 30, 2025, and September 30, 2025, for a more detailed discussion of those risks and uncertainties. We undertake no obligation to revise any statements to reflect changes that occur after this call, except as required by law.

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

Niccolo M. de Masi

Chairman & Chief Executive Officer, IonQ, Inc.

Thank you all for joining us. Q3 2025 will be remembered as a transformative quarter for IonQ, not only because we so significantly exceeded the high end of our revenue guidance, but because of our tremendous symphony of technical progress, talent attraction, and successful expansion of our vision to lead globally in the business of quantum.

I will leave my colleague, Inder, to provide details. However, as most listeners will have seen in our earnings press release a few minutes ago, IonQ delivered its largest quarterly revenue beat ever, delivering results 37% above the high end of our guidance. Putting this in perspective, we grew revenue year-on-year by 222%, a truly impressive number that demonstrates our commercial traction. Our company's growth trajectory is clear, and we have only just scratched the surface of the enormous opportunities we are pursuing.

During the quarter, we announced that our #AQ 64 Tempo system was up and running three months ahead of schedule, fulfilling our technical goal for the year. We closed our acquisition of Oxford Ionics and raised $1 billion at a 25% premium to the previous day's closing price. We created IonQ Federal and appointed a leadership team consisting of senior security cleared personnel, including Executive Chairman, Robert Cardillo, former Director of the National Geospatial Intelligence Agency for President Trump.

We are truly honored that General Jay Raymond joined our board of directors. General Raymond is the only four-star General since 1947 to have served as a four-star in two services and was the Founder of the Space Force at President Trump's direction in his first term. These leaders are emblematic of the incredible talent we are attracting across the organization, and their decision to join us is a testament to our commanding market position and bright future.

I'm proud of our clear quantum advantage use cases so far this year. We demonstrated faster computational engineering work with Ansys in March and hybrid quantum AI applications in April. In June, in partnership with NVIDIA, Amazon and AstraZeneca, we demonstrated the world's first 20x quantum speedup in computational drug development. Our Forte system has routinely demonstrated quantum advantage, and in this case, performed nearly a month of classical computational work in just 36 hours.

Our newest system, which we unveiled at our Analyst Day on September 12, is called Tempo. Public benchmarks show Tempo has a compute space 36 quadrillion times larger than the leading commercial superconducting

system in the market. We are proud that Tempo is scheduled to ship in 2026 and has a computational space approximately 260 million times larger than our current fully commercialized Forte system.

Following our expansion to networking in the second half of 2024, on the first half of 2025, we acquired the world-leading quantum sensing company, Vector Atomic. Vector Atomic has been a fantastic addition to our capabilities for Golden Dome-like projects and vital commercial solutions, such as next-generation GPS.

Our new colleagues, led by CEO, Dr. Jamil Abo-Shaeer, are a wonderful cultural fit and already have multiple program of record contracts with important US government agencies. Quantum sensing is relevant to our networking, cybersecurity, and computing product families, and we are confident it will accelerate growth for IonQ around the world.

I'm pleased to report that we're proving out synergies as expected across many of our product families globally. IonQ has a truly unique ability to land and expand in quantum computing, quantum networking, quantum sensing and quantum cybersecurity. Our strategy is to expand our technical lead in each quantum product family and connect our products together to provide unique solutions to allied sovereigns and major multinationals alike. We are investing in our ecosystem's breadth and depth via partnerships that we believe will underpin long-term annuity-like customer relationships.

As we have demonstrated, and as I said in our Analyst Day, we are in it to win it, and we keep our commitments. We are continually on the lookout for talent and IP that will allow us to accelerate the progress we make on our technical roadmaps. Time matters, and we view ourselves as an increasingly indispensable partner in defense and economic security for the US and NATO in the coming years.

With over 1,100 patents pending and granted, we are proud of how our IP moat has expanded 30x since our first IPO. Our team has put in tremendous effort this quarter and year as we have deepened our commitments to both fundamental research and commercial leadership.

After the quarter ended, we delivered three exciting milestones, strengthening our balance sheet by selling $2 billion of common stock at $93 per share, demonstrating the world record two-qubit gate fidelity of 99.99%, or four 9's, and closing our acquisition of Vector Atomic. Our four 9's of fidelity for two-qubit gates is a particularly momentous and historic achievement. We are the first company in history that can proudly say that all of our key technical milestones have been achieved, and we are now focused on only engineering scaling to achieve full fault tolerance.

With our well-established semiconductor fabrication approach, the course is clear for us to deliver each generation of our systems. You'll hear more on this from my colleague, Chris Ballance, in a couple of minutes.

It is clear that IonQ has begun to enjoy compounding benefits from our scale and momentum advantages, entrenching our position as the dominant force in quantum and the only complete quantum platform solution.

Before I close, allow me to clarify for stakeholders, new and old, what true quantum computing actually is. While numerous companies, public and private, have added the word quantum to their corporate name for decades, we can confidently state that in almost every case beyond IonQ, this is just a branding attempt. Terms like quantum-inspired, quantum-annealing, or analog quantum simulators all represent toy machines compared to the real deal, which is universal, fully entangled, gate-based quantum computing.

Our co-founder, Chris Monroe, kicked off the field of gate-based quantum computing with the demonstration of the world's first quantum gate in 1995. And our team has been at the forefront of quantum computing ever since. Only a universal quantum computer, like those we have shipped and continue to accelerate building at IonQ, offers actual commercial quantum advantage.

Plenty of analog quantum simulators exist in one form or another. They are quite easy to build compared with a true entangled, general-purpose gate model quantum computer. However, to fully simulate the complexity and range of possibilities enabled by a 100 truly entangled qubits in our Tempo system would require billions of high-end GPUs and consume more power than all of the world's power stations combined.

Indeed, as we showed at our Analyst Day in September, Tempo has 36 quadrillion times more computational space than our closest competitors' best machines. The volume of simulation-equivalent GPUs can be expected to become even more astronomical as we release our 256-qubit and 10,000-qubit systems in subsequent generations.

Looking beyond that, as we laid out on June 9, IonQ is targeting 1,600 logical qubits in 2028 and 80,000 in 2030. As a point of comparison, a leading competitor's roadmap released one day after ours targets only 2,000 logical qubits by 2033. This is five years behind us and with an architecture that will cost one to two orders of magnitude more for equivalent compute power five years later.

We showcased our industry-leading bill of materials for our 80,000 logical qubit machines on September 12. Global supply chain experts, A.T. Kearney, have validated our bill of materials for our 2 million qubit machines to be sub-$30 million in 2025 dollars. No other company will be able to come close to these unit economics.

Anyone can say they're doing something quantum when they absolutely are not. For the avoidance of doubt, software running on simulators or any classical machines can always be branded with the word quantum. However, doing so, of course, does not mean true entanglement and quantum advantage is in operation.

No one can come close to approaching what IonQ software running on our universal gate-based, true entanglement generating Tempo quantum computers can offer. The hardware needs to be quantum, and the software needs to be quantum in order for the results to be quantum.

We believe we're the clear leader in quantum computing, further differentiated by our capabilities in quantum networking, quantum sensing, and quantum cybersecurity. This leadership enables IonQ to offer quantum computing far sooner and at a far lower cost than others. Our focus now is on translating our clear technical advantages and differentiated capabilities into value for shareholders.

Quantum is now. As you have seen, Q3 was another strong, pioneering, and record-breaking quarter at IonQ. We look forward to Q4 and 2026 with confidence.

I am delighted with how our leadership team is evolving. Inder Singh hit the ground running as COO and CFO, benefiting from his knowledge of the company gained in his prior role as our Lead Independent Director and Audit Committee Chair. Dr. Chris Ballance, Founder of Oxford Ionics, has become IonQ's first President of Quantum Computing. Dr. Marco Pistoia, who until last quarter was Global Head of Quantum Computing at JPMorgan, has assumed the role of CEO of IonQ Italia as we continue to deepen our investments in EMEA. And Dean Acosta was appointed as Chief Corporate Affairs and Government Relations Officer, bringing more than three decades of experience in technology, defense, and public service.

I am delighted to introduce everyone now to Dr. Chris Ballance, President of Quantum Computing, to provide more detail on our quantum computing milestones this quarter.

Chris Ballance

President of Quantum Computing, IonQ, Inc.

Thank you, Niccolo. Let me begin by saying it's a privilege to be part of IonQ at this critical inflection point. Since closing the Oxford Ionics acquisition, our priority has been swift and purposeful integration. We've already unified our world-class engineering teams, and are now executing as a single focused entity to deliver on our technology roadmap.

As outlined at our Analyst Day in September, the Oxford Ionics Electronic Qubit Control, EQC architecture is actively being integrated into the IonQ 256-qubit machine, and will be demonstrated in 2026. In parallel, our scheduled system deliveries to Forte Enterprise and Tempo remain on track as planned.

The beautiful thing about Electronic Qubit Control is that it fits seamlessly with classical computing workflows and our present electronic world. EQC uniquely underpins our ability to become the world's first mass-market quantum computing company in history.

As Niccolo highlighted, we're proud to have delivered a record-breaking algorithmic qubit score, AQ, of 64 on Tempo, our fifth-generation quantum computer, which expanded our computational space by approximately 260 million times. Hand-in-hand with that announcement, we're also very excited to have achieved a historic world record 99.99% two-qubit gate performance this quarter. We're rapidly building on that performance to execute our roadmap out to two million physical qubits in 2030, making us the only company who has hit their qubit performance target for full fault-tolerant scale quantum compute platform.

What's even more exciting is that we achieved this performance in a chip-based platform that can be scaled by the existing semiconductor industry supply chains, which enables our rapid scaling. With 99.99% two-qubit gate performance, we realized fewer errors per operation and therefore, require fewer physical qubits to operate large-scale commercial systems.

With these high-performing qubits, we also unlock more complex algorithms that simply will never be tackled by lower performance systems. What drew me to IonQ is our comprehensive, full stack approach. Our unique ability to network systems together is, in the long run, the key to true scalability in quantum computing.

To expand on the progress we're making in our critical capability, I'll turn it over to Jordan Shapiro, President of Quantum Networking, Sensing & Security.

Jordan Shapiro

President of Quantum Networking, Sensing & Security, IonQ, Inc.

Thank you, Chris. Just as our acquisition of Oxford Ionics has greatly accelerated the timeline of our computing milestones, the integration of Vector Atomic has vastly expanded the potential and TAM of our networking, sensing and security product family. Uniting world-class sensing capabilities with our pioneering infrastructure for long-range quantum connectivity allows IonQ to bid on some of the most important cybersecurity infrastructure projects of the future. Indeed, we have more than $1 billion of proposals in progress that leverage the strength of our unique quantum platform offering.

Vector Atomic's precision inertial sensors and clocks have demonstrated state-of-the-art performance on land, at sea, in the air, and in space, with equipment having been deployed on the US Department of War's X-37B Orbital Test Vehicle. We are now working to integrate this positioning, navigation, and timing technology onto our own satellites, and we'll soon fly more products from the IonQ portfolio, including quantum key distribution systems, to pioneer global quantum secure communications networks.

We are also making QKD, post-quantum cryptography, and secure networking advancements on the ground. We are proud to be collaborating on the first citywide dedicated quantum network in Geneva, Switzerland, as part of a landmark public-private initiative, which includes CERN, Rolex, the Swiss government, and academic institutions. The network will securely link institutions across the region and deploy IonQ's quantum key distribution and quantum detection systems, demonstrating our security capabilities in action, while also leveraging hundreds of miles of existing fiber optic infrastructure. This is just another example of IonQ driving awareness of quantum's potential while enabling real-world quantum secure communications today.

Now I'd like to hand the call over to Inder Singh, IonQ's CFO and COO.

Inder M. Singh

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

Thank you to Niccolo and the entire team here. Let me just begin by saying that my first two months as CFO and COO have really been incredibly exciting. Of course, before this role, I was involved with IonQ on the board, as Niccolo mentioned, but it's an entirely different experience being part of this amazing leadership team at a critical point in the industry, as well as the platform that we have established.

Niccolo's strategy of building the world's first quantum platform company is what we are now reporting on and executing towards. A year ago, we were proud to be speaking with you about our breakthroughs in quantum computing, in which we still maintain a five-plus year lead over others, and have just announced our fifth generation machine. To remind you, our competitors seem to still be working on their second-generation machines.

Today, we're proud to be speaking with you as the world's first quantum platform company. And today, the results we're going to be sharing demonstrate execution of that strategy. We are the market's only full-stack quantum platform company.

On our financial results for the third quarter, I'm very pleased to say that we had a very strong quarter, as Niccolo mentioned. We achieved record revenues of $39.9 million, representing year-on-year growth of 222%. These revenues exceeded even the high end of our own guidance by 37%. We achieved this by continuing the leadership in quantum computing and rapidly expanding into quantum networking, quantum sensing, and quantum cybersecurity. We have led and continue to lead in quantum computing with our record-breaking four 9's fidelity and 64 algorithmic qubits.

We have now added world-class quantum cybersecurity, as well as the world's best quantum atomic clocks and the world's most advanced quantum sensing technologies. As a result, our commercial opportunities have also grown alongside the platform we have built, as Niccolo mentioned. We can now capture larger solutions-based contracts and continue our land and expand strategy.

As Niccolo puts it, we are the 800-pound gorilla of quantum, able to address the opportunities that require a quantum solution. This lies at the heart of the work we announced with the US Department of Energy in Q3, and the future solutions we can now develop in partnership with them.

It also uniquely positions IonQ to pursue large-scale contract opportunities like the US government's Golden Dome initiative. The capability we have, in our opinion, uniquely differentiates us in the quantum market, with the ability to now pursue potentially three-digit million dollar opportunities.

I'm also pleased to report that our business is increasingly international. In the most recent quarter, our business was approximately 70% US and 30% international, contrasted with a year ago when it was almost all US-based. We expect to continue to expand our global footprint. And as we move ahead, we are looking at potential opportunities around the world, including, in example, countries, Australia, Italy, the Nordics, South Korea, India, Japan, and many others.

In Q3, we had an adjusted EBITDA loss of $48.9 million. On this non-GAAP basis, our biggest spend continues to be on research and development, which lies at the heart of our solutions. This nearly doubled on a year-on-year basis, and we will continue to invest to maintain and expand our innovation leadership. These investments allow us to hire and retain the world's best quantum talent at IonQ period.

We are investing in engineering, in research, in production, and in go-to-market. We believe we can both land and expand by embedding ourselves and our solutions with our customers, as well as take on the obvious opportunity to address cross-sell opportunities of our products across our customer base.

In Q3 2025, GAAP operating expenses were $208.7 million, including research and development spend of $66.3 million. Sales and marketing spend of $14.4 million, and G&A of $82.5 million accounted for the rest. The GAAP spend includes non-operational items such as acquisition-related costs, as well as some non-cash costs such as SBC, stock-based compensation.

For the quarter, stock-based compensation accounted for $72.9 million, driven primarily by incentives to attract and retain the world-class talent we are putting together. The details for this are also available in our press release, and will be available in our 10-Q, which will be filed shortly.

GAAP EPS in the quarter was a loss of $3.58. The biggest item in the GAAP EPS is related to the mark-to-market we are required to do each quarter. This is associated with the warrants outstanding. And for context, in Q3, this cost alone amounted to an EPS impact of minus $2.99. Again, for context, as our stock price rises, so do these non-cash, non-operating warrant expenses.

Other one-time expenses, such as the previously mentioned acquisition costs, accounted for a remainder. And if you adjust for these sort of non-operating expenses, our adjusted EPS was a loss of $0.17. We believe this latter adjusted EPS number is more representative of the business' ongoing operating performance, and therefore, we have introduced this metric.

Turning now to our balance sheet. Cash, cash equivalents, and investments as of September 30, 2025, were $1.5 billion. In October, we closed an additional $2 billion capital raise, which brings our pro forma cash balance to $3.5 billion as of October 14. With no debt on our balance sheet and this $3.5 billion solidifies IonQ as the most well-capitalized pure-play quantum provider in the world. This financial firepower provides us with the ability to continue to invest in our market-leading position, and we intend to keep doing that.

Turning to my role as Chief Operating Officer. I'm also working very closely with Niccolo and the rest of the leadership team on ensuring that our company infrastructure and processes also scale as our unique quantum platform delivers for our customers. We are committed to operational excellence across the business. And just as

an example, we are rapidly developing a unified procurement strategy to tighten lead times, bring us resiliency, and generate cost benefits as we scale.

With our investment in Oxford Ionics, and starting in particular with our 256-qubit quantum chip that Chris talked about, we can now begin to leverage the existing semiconductor ecosystem and the silicon design capabilities. By doing this, we can benefit from established foundries and mature nodes at these foundries, which also provides us with supply chain resilience, as well as lower cost infrastructure. Our quantum platform helps deliver the best price, the most miniaturization, the easiest deployability and the lowest energy requirements.

In our view, this platform approach combined with our world-class engineering deployment teams, enables us to deeply embed our solutions into the most critical workflows at our customers. We believe this approach creates a stickiness with our customers, which further deepens as we build quantum applications in partnership with them to solve their most difficult challenges. To net it all out for you, we are creating a quantum ecosystem, and we'll continue investing to grow our lead and deepen our competitive moat.

Let me conclude my comments with our financial guidance for FY 2025. As I mentioned earlier, we achieved a record-breaking quarter in Q3. And as I said earlier also, we are investing in the business. So I'm happy to say that we now expect our Q4 revenues to be even stronger than Q3. This breaks the seasonality we have seen in this company in prior years.

With that, I'm pleased to say that we are increasing our full year 2025 revenue guidance to a new range of $106 million to $110 million. We are also reaffirming our projections for EBITDA to be in the range of minus $206 million to minus $216 million, which has a midpoint consistent with what we said last quarter.

As Niccolo began in his opening remarks, we are vertically integrated with decades of engineering breakthroughs behind us, and we believe decades more to come.

With that, operator, you can please now open up for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] At this time, we will pause momentarily to assemble our roster. Our first question comes from Craig Ellis of B. Riley Securities. Please go ahead.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Operator, maybe we can move to the next caller, while Craig dials back in again.

Operator: Absolutely. Our next question comes from Quinn Bolton of Needham & Co. Please go ahead.

Quinn Bolton
Analyst, Needham & Co. LLC

Q

Hey, guys. Congratulations on the nice results and the significant upside to guidance. I guess I wanted to start there with the revenue upside in the quarter. And Niccolo, can you give us some sense how much of that came from the core quantum computing business? How much might have been spread across the security sensing and networking business? Just trying to get a sense for how the business may be diversifying under your quantum platform strategy?

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.

A

Yeah, I wouldn't say, it's diversifying. Thank you for your question, of course. I would say that we are now getting into the capability of selling solutions. That's really important, that lies at the heart of what the future of this company is. And that's largely with what Niccolo started putting in place earlier this year.

So all of the products being under one roof allows us to be a one-stop shop with integrated solutions all the way from sensing to network security. I mean, think about quantum security and the relevance of something like that today, when potentially encryption could be at risk a few years down the road.

So what's resonating for us, to be honest, which is what you're seeing in the results, is the cumulative effect of having the solutions around security, which are here and now, the solutions around recurring revenue streams and subscription-type revenues that we didn't have in the past, frankly, and we now enjoy in the platform. And also, to your point, building on the continuing momentum in quantum computing.

I'm happy to say that quantum computing's momentum continues in the same way that it has for the last four years. So we have a very ambitious, but also very focused and targeted and, Chris' team resourced effort to maintain our technological computing leadership.

The point you should take away is, every other company is talking about computing. They're talking about how many qubits, and we wish them well, of course. At the same time, we have our fifth-generation machine available now, our sixth-generation machine coming next year, so we're not standing still on that.

So, the momentum continues, and we are now benefiting from sort of all of these things coming together in a platform company that no other company can match. And so I think the results that you're seeing reflect our ability

to actually open more doors, talk about solutions instead of selling an individual product, talk about selling security to protect networks today when every network is threatened by hackers, virtually everything that is classical from a security standpoint and, you know this, is really not enough anymore.

Jordan talked about our capabilities here. The sensing businesses that we have are super relevant because you've heard of GPS spoofing, no doubt. And you think about atomic clocks, PNT, position, navigation, timing. The ability for us to put that in place with incredible accuracy is something that we believe no other company can offer.

So I think you're seeing the results of everything. But yes, to answer your question directly, we've got great momentum in our computing business. We're not stopping. We're going to have the most number of qubits next year and in five years from now.

Quinn Bolton
Analyst, Needham & Co. LLC

Q

Excellent. And then a follow up question. Just it looks like the DARPA QBI program should be getting close to announcing the Stage B selection. I think many investors view that as a potential point of validation for those companies selected. Just wondering if you could make general comments. How are you feeling about that down selection process and your level of confidence going into that process? Thank you.

Dean Kassmann
Executive Vice President of Engineering & Technology, IonQ, Inc.

A

Thanks, Quinn. This is Dean Kassmann. So the IonQ team, which was a performer under QBI, as well as the Oxford team, have both gotten immensely positive feedback from the DARPA team. And we can't say anything yet until the DARPA leadership announces kind of the performers that are moving to Stage B, but we're very happy with the technical work and we've gotten very positive technical feedback.

Quinn Bolton
Analyst, Needham & Co. LLC

Q

Excellent. Thanks, Dean.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Okay. So, we're going to try Craig-Hallum (sic) [Craig Ellis] (00:35:50).

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

Craig A. Ellis
Analyst, B. Riley Securities, Inc.

Q

Yeah. Hopefully, things are working. Thanks for taking the question and congratulations team. On the execution, Niccolo, I wanted to start with a question for you. I'm very clear that you've established a strong platform. The question is, as you work with your government partners, as you work with your commercial customers, what application areas are you seeing being most popular presently, and what looks most ascendant for people that are just starting to get engaged or maybe going on to the second or third round of work with your quantum capability as we look out to 2026?

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Yes, I'm going to answer that probably, more broadly than simply what the government's focused on, because there's a lot of overlap between customers in the commercial space and, of course, the government space, right.

We've talked about things like power grid optimization. We've talked about programs like Golden Dome, where we have a number of products. And as Inder rightly put it, solutions that are hugely relevant. There's obviously a stronger IonQ federal team, both on the board and the management team, which includes people like Rick Muller, the former IARPA Director. So there's a fair amount that's obviously, you know, in the classified space, given that we have a lot of classified personnel deliberately in the team and in the strategy.

And in the defense sector, if you will, you can imagine that everything from logistics to maintenance to AFRL, we have a contract with of size where it's quantum networking of two computers, and that's obviously been running for about a year's time.

I think it's safe to say that there is more that we're able to offer in the quantum realm for more agencies and their company on the planet. And we have a deliberate strategy for not just the US, but what's called the [ph] Five I's (00:38:00). And, of course, NATO beyond that, we're proud of the fact that we're making considerable inroads in our investments in Europe. And, of course, we have our President of Quantum Computing in the UK.

I was the only quantum CEO at the Chequers Technology Prosperity Deal last month, right, between President Trump and Prime Minister Starmer. So I think it is safe to take away from that that we have fantastic momentum with – let's just say, the classified space and ministers of many friendly and allied nations, but I think that the applications we're working on have much broader application in commercial sector, right. There's overlap for companies of scale in the commercial space with what the government is interested in.

In fact, instead of overlap, anyone that has any scale, right, nobody wants to get hacked, honestly, Craig, right. And things like quantum cybersecurity and QKD, they're hugely relevant today because people are getting hacked today.

You heard me say in the past you can spot our quantum security customers because they're typically not in the news for data breaches, and nobody really wants to be in the news for data breaches, right. So we're an integral part of not just national security, but national economic security as we see it. And we're an integral part of where the Fortune 500 is planning out their roadmaps in the next few years, frankly, across our business.

Craig A. Ellis
Analyst, B. Riley Securities, Inc.

Q

That's real helpful. And then the follow up is for Inder. Inder, in your prepared remarks, I think you mentioned that there were multiple three-digit millions deals that the company was working on. And I think Jordan mentioned something that might be in the billion-dollar range. Can you just talk about the timing with which the company might be able to realize those? Is that something that's possible later in 2025? Is it 2026 or longer term? Thank you.

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.

A

Thanks for the question. I think that you caught the gist of what, I think we want to make sure that you all understand, a solution, is measured in very different ways than a single product set. So, what we are now able to do is deliver an integrated solution. To your point, how do these develop? How do they get announced?

Clearly, we will be sharing with you more once we are ready to. And also, as we get into early 2026, we can start talking about guidance for 2026. I'm not suggesting this to be put into guidance into your financial model for tomorrow, for sure, of course, right. You need to understand, though, that the nature of the game has changed.

And I think gone are the days when it's sort of like butting heads to sell a single product. And maybe our competitors are still doing that and we wish them well. That's what makes an industry happen actually, we're not standing still. We're just putting together the platform that solves real world solutions.

And if you look at the DOE announcement that I referenced earlier, that's a great evidence point for you. If you think about the vision of what Golden Dome is trying to achieve, classical computing cannot address it. And the products that we've developed that are both terrestrial, that are space-based as well, the sensing. These components have come together with a strategy and reason, and we are now able to provide that, as Niccolo said, not only for one type of a customer and one type of a solution such as Golden Dome, but also to other countries that have similar needs.

So watch this space, you know. I think two quarters into this role, I'm feeling great about where we are. The sort of performance that is flowing through the financials today gives me real confidence. The fact that, as I mentioned, we have more of our revenue, that is of a repeatable nature now as well, that gives me near-term visibility.

And then as these – what you called it, 300 or three-digit million opportunities emerge, develop, they take a few years, obviously, to execute. But at the same time, if you have a few of those layering on ahead of you, and you're the only company positioned to strike now, then it's a terrific opportunity for us, but I don't want you to put that into your model just yet. Let us take you through there. Let us show you the evidence of that as we go forward. But we are looking at these very types of opportunities.

Craig A. Ellis
Analyst, B. Riley Securities, Inc.

Q

Excellent. Thank you, guys.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Yep.

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

Troy Jensen
Analyst, Cantor Fitzgerald & Co.

Q

Hey, gentlemen, congrats on the nice results.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Thank you.

Troy Jensen
Analyst, Cantor Fitzgerald & Co.

Q

Hey, Chris or Niccolo, a question for you. I just want to make sure I understand the timeline of the Oxford Ionics acquisition. Will the Oxford chip be in the sixth-generation computer that you're launching in 2026? And can you tell us just the technical stats? If you're going to have the 256-qubit count and four 9's fidelity.

Chris Ballance
President of Quantum Computing, IonQ, Inc.

A

Thank you. This is Chris Ballance. Yes, that's right. In the 2026 technology development roadmap, we have the 256-qubit device that's based on Electronic Qubit Control. And it's precisely in this Electronic Qubit Control architecture that we demonstrated in a technology prototype earlier on this quarter, the four 9's two-qubit gate fidelity.

Troy Jensen
Analyst, Cantor Fitzgerald & Co.

Q

All right. Perfect. And then just maybe a quick one for Inder. Can you help us out at all on just kind of OpEx trends and which deals have been closed? And I mean, obviously, it's up and to the right, I get it on the OpEx, but – and also share count [indiscernible] (00:43:56) would be helpful for us.

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.

A

Yeah, look, I think that we feel very good about where we are with our products today and then now the solutions that we've been talking about. I would say that we are intending to continue to increase what you would want us to increase, which is R&D and innovation. That's number one.

Number two, we are going to invest in our go-to-market. We have multiple opportunities to do that. There's the land and expand, and we've demonstrated that customer after customer after customer. We have long-term relationships, as you know, with AFRL and others who are using our successive generations of our capabilities.

And as I think about where we are in terms of R&D and SG&A, I think, that we are also ensuring that we have the right supply chain in place, the right manufacturing capability in place, the right foundries for Chris' business in place, because he's using existing foundries, which is amazing from a cost standpoint, we're ensuring that our IT infrastructure scales.

So you will see us also investing in SG&A, but that's to make sure that those don't become bottlenecks to the incredible opportunity we have to actually create solutions for our customers. And one thing that I think shouldn't get lost, and I want to – I know I said it, and Niccolo has as well, we're also building applications. It's not just the solution itself for the infrastructure, but it's how you use it and what do you use it for.

So, you'll see those expenses be our investments, and I think we have the war chest that we need, we'll be prudent, of course, as you would expect us to be, about how we invest and where we invest more versus less. But I've given you a flavor for where we need to drive innovation to maintain the competitive moat that we already have and maybe even deepen it.

You asked about share count. I would say that directionally share count by year end is probably in the range of 350 million shares, plus or minus, and – so I think that reflects the investments that we've made, of course, in people and in the technologies that we have. I hope that answers your question.

Troy Jensen
Analyst, Cantor Fitzgerald & Co.

Q

That was perfect. Thanks, guys, and good luck.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Thank you.

Operator: Our next question comes from Richard Shannon of Craig-Hallum. Please go ahead.

Tyler Anderson
Analyst, Craig-Hallum Capital Group LLC

Q

Hi, guys. This is Tyler Anderson on for Richard Shannon. Congrats on the quarter, the acquisitions, and the four 9's. I'm wondering, to what degree has the government shutdown impacted you for upcoming deals? Has this pushed anything out? And then could you double-click on what you're doing with Q-NEXT and whether or not the scope of your work has changed since you've made all of these acquisitions?

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Yeah. So let me take the first one and I'll pass this to my colleague, Jordan on the Q-NEXT. Look, the good news is, as I said in my prepared remarks, we are increasingly part of the fabric of what matters to our nation's national security and national economic security. And I would say that's the case more broadly.

I think there's strong support, obviously, in United Kingdom for this company, given that we acquired, I would argue, the greatest quantum company that the UK has produced in history. And so, the allied nations of the Western world are obviously determined to prevail in the quantum space race, if you will. So that's playing out on a weekly, monthly, quarterly basis here.

And so, we haven't seen any impact, bottom line, from the government shutdown in the US that has at least been immaterial. We are highly confident that we'll be continued as a priority partner on both sides of the Atlantic. And we're highly confident, as you heard from Inder, that engagement in the systematic importance of IonQ continues to be up and to the right. Jordan, over to you on the Q-NEXT.

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

A

Yeah, I'll just comment first on the government side. We're tremendously confident for our current projects, we're funded and continue to work and invoice and get paid on all of our projects.

Not to mention, you look at what's happening today. Just yesterday, the National Security Space Association came out with a paper specifically talking about Golden Dome and how programs of record are going to need to incorporate better GPS. And so we are feeling very confident that our solutions on the quantum sensing side speak specifically to those government programs now and for the long-term future.

With respect to Q-NEXT, we do not have a significant relationship with that company, but we are rapidly expanding the number of quantum networks that we are engaged in, and for example, the Geneva Quantum

Network that we mentioned this afternoon is just the latest and greatest of quantum networks that we're able to provide.

Tyler Anderson
Analyst, Craig-Hallum Capital Group LLC

Q

Jordan, if I may. I'm sorry, I may have gotten muffled. I meant, Q-NEXT, the government lab from the announcement yesterday for the $625 million.

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

A

Got you. Tyler, we'll follow up with you on that one, perhaps offline.

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.

A

Yeah. Let's take that offline and go over the details of the questions, if that's okay?

Tyler Anderson
Analyst, Craig-Hallum Capital Group LLC

Q

Yeah. Absolutely. And so then, has there been any shift in customer demographic since you guys have been going out and talking about your 256-qubit quantum computer?

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.

A

There is an incredible interest in customers in seeing the roadmap that we've laid out and our ability to then execute against it. What we're finding is, what's resonating with them is that the BOM that we have, the bill of materials that we have in terms of delivering a lower cost solution, as I mentioned earlier, with greater compute power and lower energy consumption, that is the right level of mix of things that customers are looking for in terms of TCO. My colleague, Chris, can speak more specifically about the early indicators of 256 and then 10,000. And remember, our journey goes all the way up to 2 million qubit, Chris?

Chris Ballance
President of Quantum Computing, IonQ, Inc.

A

Thanks, Inder. Yeah. What I'd add onto that is with this Electronic Qubit Control platform of which the 256-qubit product is the first, we can scale far more rapidly than other technologies because we're using existing foundries. So we really are using these existing semiconductor supply chains and we're at nodes that are multiple generations old. Everyone else in the quantum space is having to build their own supply chains out of this. And this really is a differentiator that customers see, especially in how fast we can deliver on our long-term roadmap.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Yeah. So look, the only thing I'd add to that, is you heard from Inder in his prepared remarks that obviously we're growing nicely on both sides of the Atlantic now. So you can assume there's more global interest due to our scale and the fact that, we are the largest quantum company in history by any measure at this point.

As you heard from Inder and Chris, winning every computing revolution comes down to as much power at an effectively affordable, accessible price, as little energy requirement and space requirement as possible, right. And

so everything you hear out of IonQ is about driving those metrics in the right direction, right? We want the most powerful machines at the most accessible price points with the lowest energy consumption and smallest space consumption required.

We also spent a lot of time on robustness, right. And one of the things we're proud at with IonQ across the board, from sensing, networking, and computing, is that we shipped and we commercialized and we have a lot of equipment and customers in the field, right.

So technology readiness levels are fantastically high relative to anything else you can find on planet Earth. And it's a feedback loop that benefits our ecosystem constantly, right. So you've heard me talk in the past about our ecosystem. And at the end of the day, the platform strategy of IonQ in about winning the quantum computing, race the quantum sensing, quantum networking, and stitching that all together so that our ecosystem is unmatched.

Our ecosystem is not just hardware and entangled hardware, as you heard me talk in my remarks, but it's the software and applications on top of that. And the more of it that we have in the field of customers, of course, the more feedback we get and the more embedding and critical workflows, as Inder mentioned, that occurs, right.

So we're viewing this as a market share, land grab opportunity of customers choosing our ecosystem because not only we're winning today and we won for the last five or 10 years, but they see a clear path to us being the prevailing ecosystem, right. We're not just the 800-pound gorilla of quantum, we see ourselves as the NVIDIA of the quantum space.

And I've said that before publicly. And all signs are there, if you look at what we have published between June 9 with our webinar, September 12, our Analyst Day, and of course, today's earnings call, that we are the technical leader in our space and also the commercializing commercial leader in the space. And we're very focused on the mass market commercialization of all things quantum and making the future happen sooner, if not today.

Operator: Our next question comes from John McPeake of Rosenblatt Securities. Please go ahead. John?

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

John. Your microphone is muted. Why don't we come back to John, operator?

Operator: All right. [Operator Instructions] Our next question comes from David Williams of Benchmark. Please go ahead.

David Williams
Analyst, The Benchmark Co. LLC

Q

Hey, good afternoon, everyone. Thanks for taking the question and congrats on the solid execution here. Maybe first, just a point of clarification. Jordan, did you mention earlier that you all were working on your own satellite and putting some of the technology that you've acquired on that satellite? Did I hear that correctly?

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

A

That's correct.

David Williams
Analyst, The Benchmark Co. LLC

Q

Okay. Excellent. And when do you expect that to be in service?

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

A

We haven't put out specific timelines for the serviceability, but what I'll say is at this moment, you have flying a quantum gravimeter and that is orbiting the Earth. So these technologies that we're talking about are near term for us. They are productized, they are space-tested, and we are rapidly deploying technology as quickly as possible, making it available for our customers globally.

David Williams
Analyst, The Benchmark Co. LLC

Q

Okay, fantastic. And maybe the next one for Dean or the doctor there. If you kind of think about what the Quantinuum announcement and the release of their Helios system, this is still quite a ways away from what you all have talked about, especially your roadmap. But there was some nice error correction or logical qubit ratios there. I'm just kind of curious how you see that and maybe any thoughts there that you might provide just on that Helios system? Thank you.

Chris Ballance
President of Quantum Computing, IonQ, Inc.

A

Thanks. This is Chris Ballance. So, what matters that application performance is effective error rate. So our physical qubits are now substantially higher performance than anyone else's logical qubits. So in the short-term, you know, for the near-term roadmap, you can take our physical qubit count as you look at other people's logical qubit counts. But what's also important is things like scalability, reliability, deployability, as Niccolo said. So our systems have been in the cloud for a very long time now, and we have a lot of battle-tested experiences of landing these systems in the field.

And with our new Electronic Qubit Control technology on which we've hit this record high qubit performance, we also end up using standard chip-based semiconductor fab, which allows us to make things more reliable at the same time as reducing the cost and taking things from having knobs that need to be tuned, like in competitive systems, to things that are baked into a semiconductor chip, which allows us to mass manufacture these things while improving reliability.

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

A

And David, this is Jordan. Sorry, I misspoke earlier. I meant to say we have a quantum gyroscope testing, not a quantum gravimeter.

David Williams
Analyst, The Benchmark Co. LLC

Q

Thanks for that clarification.

Jordan Shapiro
President of Quantum Networking, Sensing & Security, IonQ, Inc.

A

Okay.

David Williams
Analyst, The Benchmark Co. LLC

Q

I have no idea what the first one was. Thanks.

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

John McPeake
Analyst, Rosenblatt Securities

Q

I had to find the mute. Sorry, guys, Zoom. So, Niccolo, Inder, and team, congratulations. This is kind of a longer-term question. Your roadmap has you surpassing the most powerful supercomputers on planet Earth by multiples within the next year or two. And I'm just trying to get a sense qualitatively, at least, what could that do to revenue growth at the company? And then I have a mundane near-term question after that.

Dean Kassmann
Executive Vice President of Engineering & Technology, IonQ, Inc.

A

This is Dean Kassmann. Just from a technical and capability perspective, it generates a hockey stick, right? Our double exponential growth that we have in our scaling creates an absolute blossoming of applications and use cases that, you know, is basically unbound. And so that's the simplicity. I mean, the capabilities that will be unlocked for entrepreneurs, for corporations, for, you know, the promise of quantum is now, it's right around the corner. We have the roadmap to drive it. And the technology that Chris talked about that underpins it and we're executing on it.

Chris Ballance
President of Quantum Computing, IonQ, Inc.

A

So, I'll...

John McPeake
Analyst, Rosenblatt Securities

Q

Yeah, go ahead. I'm sorry. Go ahead.

Chris Ballance
President of Quantum Computing, IonQ, Inc.

A

All right. I was just going to add on to that, just how far past the best supercomputers these systems go. If we look at 2026, 256-qubit product to match that in terms of raw horsepower, you need about 10 to the power 20 H100 NVIDIA GPUs. And the power consumption for that would be about a billion terawatts, which is about a billion times planet Earth, total power generation capability.

So these 2026 systems aren't just going to be more powerful than the world's largest supercomputers. They're going to be more powerful than the largest supercomputers humanity will ever build, even assuming hundreds of thousands of years of classical technology progress.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

A

Yeah, and the exciting thing is our bill of materials grows very, very modestly between where we are in 2026 and where we are in 2030. So look, to answer your question on revenue growth, as Inder mentioned, I think at the full year results, we'll be talking about 2026 guidance and we'll give you maybe updates to the long-term model.

But we're obviously on the precipice of history here, and we're excited about that as a company, because there are many of us that have worked at this for our entire careers, in the case of our founder, obviously 30 years.

But we're delivering on the vision, and we're doing it in a practical, robust, shippable, deliverable and frankly, affordable manner, which is what it takes for this to become, a real revolution, the likes of which we've seen only in the 1980s and the early days of computing. What you saw in the 2010s of mobile applications, I mean, you're going to see a flourishing of applications, ideas.

And as Dean rightly said, our application roadmap that we published on June 9 on our webinar, September 12, our Analyst Day is just some examples of the applications we're working on. There's going to be many more ideas that our developer partners and networks create, particularly around, I think, the quantum AI space. Sorry, you had a second question, John?

John McPeake
Analyst, Rosenblatt Securities
Q

Well, that's helpful. Yeah, the language in the queue on the year-over-year revenue growth mentioned the acquisition of Oxford Ionics as a cause. Is that just the lawyers saying you have to say that or is it substantive?

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.
A

No, we are required to and we do disclose the acquisitions, as we have. I think that, if you recall, John, and by the way, John, congrats on your new role.

John McPeake
Analyst, Rosenblatt Securities
Q

Thank you. You too.

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.
A

As we – yes, thank you. I've known you for, what, three decades?

John McPeake
Analyst, Rosenblatt Securities
Q

Yes. I think so.

Inder M. Singh
Chief Financial Officer and Chief Operating Officer, IonQ, Inc.
A

So, the thing is that, the acquisition by IonQ of Oxford, accelerated our roadmap by two years plus. And for us, this was getting our solutions to market faster, of course, but also leveraging the semiconductor ecosystem, and that should not be underestimated. The ability to actually leverage 128-nanometer types nodes, which are mature nodes, lower cost, available. So we're not fighting for capacity at TSMC, for example, allows us to get things done faster, scaled more quickly at lower cost.

So, yes, I mean, the disclosure is there for all the right reasons. The point is it's already integrated. This is our roadmap. And to be clear, as you're thinking about 2026 revenues, our fifth-generation machine is at the heart of our 2026 as we think about it. And the 256-qubit machine, as soon as that's ready to deploy in the market, we will do so as well.

So we are doing this in a way where the transition from our organic sort of development of the quantum machine that we have been perfecting up to the fifth-generation, seamlessly moves to the 256. And yes, the amazing stat that Chris just went through, and what the potential is to unlock, protein folding, sources of other chronic diseases, battery chemistry, it's limitless.

And we will make sure that we maintain our focus on the most important of those applications ourselves, and then work with other partners to deliver the rest. That's the ecosystem comments that we were making earlier.

John McPeake
Analyst, Rosenblatt Securities

Q

Got it. Thank you.

Operator: This concludes the question-and-answer session. I would now like to turn the conference back over to Niccolo de Masi, Chairman and CEO, for closing remarks.

Niccolo M. de Masi
Chairman & Chief Executive Officer, IonQ, Inc.

As you heard, we are confident IonQ is head and shoulders the leading player in quantum computing, not only because of our existing Tempo systems, but our historic 99.99% fidelity and clear path to full-fault tolerance, Electronic Qubit Control systems and record low unit economics.

IonQ stands alone as the only quantum platform with the breadth and depth of integrated solutions across quantum computing, quantum networking, quantum sensing and quantum security. We are on a clear trajectory to deliver a critical quantum cybersecurity infrastructure, ultra precise quantum navigation, and quantum timing solutions.

The mass market commercialization of previously unimaginable quantum computing power will always be at the heart of our mission. Our relentless focus is on manufacturability and driving mass market adoption of our quantum ecosystem.

Software is also an increasing focus for us, as we expand beyond the hardware and aim to make our leading quantum solutions, the most accessible and practical for customers worldwide.

Real-world advantage, via commercial applications combined with urgent national security needs are catapulting IonQ's quantum solutions into the foreground our nation and allies. We are the largest pure-play quantum company by any measure, revenue, patents, PhDs, balance sheet, market capitalization.

As IonQ scales to 2 million physical qubits, we expect to ignite growth in new application ideas, use cases, and software creativity that has not been seen, since the dawn of personal computing in the 1980s and 1990s, or mobile computing in the 2010s. We are tremendously excited to be leading the quantum edge.

Thank you all for your time today and have a great week.

Operator: This conference has now concluded. Thank you for attending today's presentation.

You may now disconnect your lines.