

Shub Mukherjee

Head of Investor Relations

Good evening and welcome to Quantinuum's 2nd quarter 2026 earnings call. With me today are Raj Hazra, President and Chief Executive Officer and Nitesh Sharan, Chief Financial Officer.

Before we begin, I'll cover the Safe Harbor statement:

I would like to direct you to the cautionary statement regarding forward-looking statements in our earnings release issued earlier today, which are available under the Investor Relations section of our website.

The earnings release includes a discussion of certain risks, uncertainties, assumptions and other factors that could cause our results to differ from those expressed in any forward-looking statements within the meaning of the Private Securities Litigation Reform Act.

With that - Raj, over to you.

Rajeeb Hazra

President and Chief Executive Officer

Thank you, Shub.

I am pleased to welcome you to Quantinuum's second quarter 2026 earnings call—our first as a public company following our successful IPO in June.

We went public, the first pure-play quantum computing company to do so using the traditional IPO route, at a time when quantum computing is entering a new phase.

A new phase of accelerated technological development, investment, commercial interest - and most importantly, first-mover adoption.

The question is no longer whether quantum computing will be real and valuable. The real question is who will lead the creation of this new era of computing?

Who will build and deploy performant, accurate quantum computers at scale, working seamlessly with classical computing while enabling an entire ecosystem of developers to build applications for this infrastructure and transform the enterprise?

And of course, how quickly and predictably will they be able to do so.

We believe leadership belongs to the company that can consistently excel across three critical dimensions:

First, technology leadership. This entails not just inventing fully fault-tolerant universal quantum computers – but also engineering them for deployment beyond carefully controlled environments like laboratories into commercial data centers, both in the public cloud and on-customer-premises.

And do so at scale – strategically managing complex supply chains and building efficient and agile manufacturing capacity.

Second, ecosystem leadership. More specifically, software ecosystem leadership.

The history of compute is rich in examples of promising hardware technologies that failed because they did not get traction with those whose work transforms potential to real value – i.e., application developers.

Successful compute architectures like the Intel Architecture for CPUs using the IA programming model and more recently, the dominant GPGPU architecture using CUDA as its programming model, are a testament to the power of the ecosystem – a rapidly growing group of developers using advanced capabilities of languages, tools, libraries and development environments to advance the software spiral.

Building a developer ecosystem doesn't happen simply by providing a stack - hardware and infrastructure software that allows the hardware to be programmed.

It does require a systematic and strategic approach across the full stack, from hardware to applications, and with deep ecosystem investments and partnerships to address developer needs in the areas of new capability, standards, compatibility and benchmarks.

Third, and certainly not the least of the three pillars, commercial leadership.

Working with customers and partners to embed quantum computing into enterprise workflows and deliver solutions that solve meaningful business problems.

Our goal is to be the undisputed leader in quantum computing.

Our strategy is entirely focused on delivering that outcome.

More specifically, our strategy is to provide the most performant, accurate quantum hardware with the most widely adopted hybrid i.e., classical plus quantum - developer platform, supported by targeted ecosystem programs to accelerate application development.

And in parallel, enable market defining applications in verticals with significant potential for value creation through the addition of quantum computing to the existing classical computing fabric.

Our laser focus in the company has been on disciplined capital investment in accelerating this strategy, and every major milestone we achieved in the second quarter is a result of this focus.

Let me begin with technology, the fundamental underpinning of our full-stack capability engine.

Our hardware roadmap continues to advance to plan, hardened by the de-risking approach we have undertaken to prove out the critical technologies for building very large-scale fault-tolerant quantum computers like Apollo in 2029, via intermediate generation of commercial systems such as Helios and Sol.

We are on track for the release of Sol in 2027 – a system designed to provide 192 physical qubits and 100 logical qubits with a logical error rate of ten to the power minus 5 or “5 nines” logical fidelity.

Sol is the first commercial system on our roadmap to use the two-dimensional QCCD trap chip. We achieved a major milestone in the second quarter – the first of the product candidate Sol traps, manufactured by Honeywell, now Honeywell Aerospace, came back from the fab and is being put through a full-validation suite with no showstoppers have been found so far.

Our confidence in this critical Sol system component is already high, having built the prototype, a smaller version of Sol, earlier and validating key functionality in real silicon.

Beyond Sol, we made substantial progress on Apollo in detailed design and analysis of critical sub-systems, increasing our confidence significantly in Apollo's functional capabilities and performance.

In the second quarter, we made significant advances in quantum error correction, de-risking our roadmap for full fault tolerance by Apollo.

Our work on novel distance code families allowed us to demonstrate near “five 9's” logical fidelities on Helios, an industry mile-marker that is in the future for many who are still working to achieve “four nines” in a commercial system – a milestone we reached on Helios last year.

The latest demonstrations of the novel code families on Helios is also state-of-the-art. More significantly, these results provide increased confidence in achieving Apollo's logical fidelity targets due to Apollo's superior hardware in terms of physical fidelities, speed and parallelism.

These milestones represent critical steps that reinforce confidence in our 2D QCCD trapped-ion architecture as well as in our implementation of the key elements of this architecture.

However, true leadership in technology also means the ability to translate these technological achievements in the lab to at-scale deployments – which requires, amongst other things, strategic partnerships in the supply chain and the manufacturing base.

During the second quarter we further strengthened our industrial advantage by strengthening our supply chain and scaling our manufacturing ecosystem.

We entered a Letter of Intent with the US Department of Commerce's CHIPS R&D Office.

This LOI provides up to 100 million dollars to Quantinuum to support advanced manufacturing for the trapped ion modality in the United States. It will accelerate our strategic partnerships with GlobalFoundries, for critical integrated photonics and cryogenic electronics capabilities, and Monarch Quantum, for high-reliability photonic components, to further de-risk key engineering pathways for components within Quantinuum's future commercial roadmap.

This LOI positions us to further diversify and strengthen our supply chain, which already includes long-term strategic partnerships with Infineon Technologies and Honeywell Aerospace for critical quantum computing components.

It is worthy of noting that we are the only trapped-ion quantum computing company to be selected for this partnership.

In the second quarter we also signed a new joint development agreement with a leading global electronics manufacturer, a major acceleration in scaling our manufacturing foundation. The agreement will give us the ability to incorporate best-in-class scaled data center systems manufacturing to increase our throughput while achieving world-class cost targets on our systems. More on this to come soon.

Technology leadership and execution discipline will continue to be a key focus in the future, with the second quarter proving to be a very good one through this lens.

Moving on to software and our developer ecosystem progress.

Technology creates opportunity. But, as we have seen from the various computing transitions of the past, it's really developers and rich developer ecosystems that rapidly create markets for these technologies.

In the second quarter, we expanded access to our next-generation programming language, Guppy, through Guppy Playpond, a web-based developer environment, which makes it easier for developers to use Guppy to build applications that will define the next generation of quantum computing.

Developer engagement continued to accelerate rapidly, with now more than 180 organizations building applications on Quantinuum Nexus, our cloud-based application development and deployment platform for hybrid – classical plus quantum workflows.

We also expanded our Start-up partner program with new members seeking access to state-of-the-art hardware and developer tools to accelerate their innovation on our platform. For example, Qedma integrated its quantum error suppression and mitigation software into our platform, giving enterprise and scientific users an additional optimization layer that can improve circuit accuracy and enable larger, more complex workloads on our full-stack systems.

Last, but certainly not least, the exciting frontier of commercial progress.

The clearest trend we're seeing in quantum adoption is via the convergence of quantum computing, AI and high-performance computing.

Customer use cases increasingly require quantum computing capabilities integrated into the on-premises high-performance computing enterprise environments or the public cloud infrastructures already widely used. And customers want to use these hybrid capabilities with as much seamless integration to avoid disruption to their existing business processes and to manage growing infrastructure complexity.

We made substantial industry leading strides in both public cloud and on-premise integration of quantum and classical computing in the second quarter.

Today's strategic partnership with Oracle is a major milestone in the public cloud – or more importantly, the AI cloud ecosystem.

Deploying Helios within the Oracle Cloud Infrastructure makes our quantum computing technology available through one of the world's leading enterprise cloud platforms, enabling customers to combine quantum computing, AI and high-performance computing with a significantly more unified development and deployment environment than is available today to our customers on a public cloud.

Our strategic collaboration with HPE establishes a framework for integrating quantum computing with high-performance computing infrastructure in a manner where users of these hybrid systems can create and deploy hybrid workflows easily, and without disrupting the super-computing tools they are very familiar with in a high-performance computing environment. Both agreements represent a major step in accelerating quantum adoption by making quantum computing practically available for our customers.

Speaking of end customers and accelerating their commercial use-cases, in the second quarter we significantly expanded our direct engagement with leading global enterprises across a broad set of end markets.

Together with NVIDIA and a Fortune 100 pharma company, we demonstrated for the first time how AI-driven quantum simulation can enhance molecular property characterization.

This is a real, commercially relevant example of what we call GenQAI – the enhancement of generative AI, or Gen AI, capabilities with quantum computing via training on quantum phenomena, which is incapable of being generated by classical computers.

We are seeing growing momentum for GenQAI and breakthroughs like this one with pharmacological molecules being “repeatable” in similar computational problems beyond pharma – for instance, in new specialty material discovery, identifying new energy sources amongst others.

We also advanced customer programs across multiple end markets in aerospace, energy exploration, semiconductors, and others, demonstrating growing maturity of quantum value proposition in industrial applications.

Taken together, the second quarter demonstrated something even more important than these already significant individual announcements.

It demonstrated a maniacal focus and disciplined execution against our strategy.

In the second quarter, we extended our technology leadership, strengthened our developer ecosystem and accelerated commercial momentum with partners and end customers.

Quantum computing is now an integral part of the next generation of computing infrastructure alongside AI and high-performance computing. I believe Quantinuum is uniquely positioned to lead that transition because we've built differentiated capabilities across the entire full-stack stack—from breakthrough hardware technology to developer platforms and end-market applications, all packaged with enterprise deployment capabilities for on-premise and public cloud infrastructures.

I remain very confident in our strategy. I am encouraged by the momentum we saw this quarter and even more excited about the opportunity ahead than I was a few months ago.

With that, let me turn the call over to Nitesh to review our financial results, outlook and capital strategy.

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Nitesh Sharan

Chief Financial Officer

Thank you, Raj, and good afternoon, everyone.

We just discussed what leadership in our industry requires, and how our team executed in the second quarter. I'll connect that with how our execution showed up in the numbers. The commercial motion is working: the pipeline is converting into bookings, which are converting into revenue and we are funding the growth from a position of capital strength.

Our investments are centered on maintaining and extending our lead in building full-stack commercial quantum systems that a growing set of government partners, national labs, universities and leading enterprises covet.

We are deploying our market-leading Helios systems today and are targeting our breakthrough Sol system in 2027. Apollo, the first fully fault-tolerant quantum system, is scheduled for launch in 2029. We are building out the platform layer, applications and services to ensure we capture the full market opportunity in front of us. It is in the Apollo timeframe that we expect to realize a significant and meaningful share of what is expected to be a \$10 billion+ end user value quantum market, which would put our own revenue in the billions of dollars, generating positive free cash flow in 2030 and beyond. That's what we are building towards.

We are now navigating that journey as a public company. So let me dive deeper into the Q2 results.

Revenue for the second quarter was \$8 million, up 279% from the prior year.

Revenue was driven primarily by significant growth in our cloud business and was well diversified across customer type and geography, with roughly equal split of revenue within and outside the US.

Our quarterly revenue alone does not fully capture the momentum of our business at the current stage.

We believe bookings and backlog - or remaining performance obligations - are important indicators of the underlying demand that will drive future revenue.

Bookings during the second quarter were \$4.3 million.

Including Oracle and other deals that closed after quarter end, our year-to-date bookings currently stand at approximately \$81 million. Given the visibility we have in our advanced pipeline, we expect to achieve at least \$120 million for full-year 2026. Our pipeline, currently in the billions of dollars, is continuing to grow and advance, and encompasses upgrades from prior system sales, active opportunities with Helios, and engagements related to Sol and Apollo targeted to close over the next several years.

Moving to the cost structure, please note that Q2 includes significant one-time expenses primarily related to the IPO. As such, we will be speaking to certain non-GAAP measures and have provided the relevant reconciliations to GAAP in our earnings release.

In particular, Q2 saw a significant impact from stock-based compensation across cost of sales and operating expenses. This was driven by an IPO-related trigger on equity grants given to employees when we were private, resulting in a catch-up expense recognition in Q2.

Cost of sales was \$10.3 million in Q2 and includes roughly \$6.3 million of that stock-based compensation.

Non-GAAP gross margin, which excludes stock-based comp and \$2.8 million of purchased intangibles related to the 2021 acquisition of Cambridge Quantum Computing, was 62%. We expect there to be meaningful volatility in this line in accordance with the revenue, but long-term we believe our gross margins should be north of 50% on a sustained basis and should expand as our mix shifts to higher value systems and greater composition of software across the business.

For the quarter, the change in gross margin was largely driven by revenue growth.

Moving to R&D, research and development expenses were \$367.3 million, including \$294.9 million of stock-based compensation related to the IPO trigger I explained earlier. R&D was up meaningfully from \$39.7 million a year ago.

This is a deliberate investment strategy to maintain and extend our lead in building commercial quantum systems. We are concurrently investing in four generations of systems: from Helios to Sol to Apollo and even Lumos. We are building out the developer ecosystem with our Nexus platform and writing breakthrough algorithms in our Application Group with the world's most innovative customers across verticals like Financial Services, Life Sciences, Materials and Chemicals. Over the long-term, we do see leverage in our R&D spend as we scale manufacturing and design with our robust ecosystem of supply chain partners, like Global Foundries, Infineon and Monarch Quantum.

Sales and marketing expense was \$29.3 million, vs. \$3.4 million in the prior year period, and includes roughly \$17.2 million of stock-based compensation. We are investing in the go-to-market motion by building up our government, commercial and consulting sales engines. We are also driving thought leadership to support broader development of the quantum ecosystem and deepening our entrenchment with major participants up and down the value chain.

The indirect channel is also a key area of growth for us. As our relationships with partners such as Oracle, HPE and others expand, we believe we can materially increase our reach while leveraging their existing cloud, AI, HPC and enterprise infrastructure.

G&A expense was \$151.9 million, vs. \$6.1 million in the prior-year period, and includes \$129 million of stock-based compensation.

The increase primarily reflected the investments required to operate as a public company, including finance, legal, compliance, SEC reporting, investor relations and other corporate infrastructure. As noted, this quarter, we had significant one-time costs related to the IPO, much of which fell into the G&A line item. We are building our controls infrastructure with the strong heritage that came from being part of Honeywell for so many years.

In aggregate, stock-based compensation was \$447.5 million, a majority of which was one-time due to the catch up of expense recognition associated with the IPO trigger on employee grants.

Adjusted EBITDA, which excludes non-GAAP items related to stock-based compensation, depreciation & amortization, and other one-time and non-cash items, was a loss of \$68 million, compared with a loss of \$43.5 million in the prior-year period.

In effectuating our go public process, we migrated from a partnership LLC structure to an Up-C corporate structure. This has implications on how we report the GAAP financials. Most notably, at the GAAP net income level we will show results that reflect the impact from non-controlling interest, to parse out the economics associated with legacy shareholders who have not yet converted their shares into the post-IPO public entity.

Our total GAAP net loss was \$596.5 million. That loss can be broken into three pieces this quarter: losses pre-IPO given the IPO occurred during Q2, and for the post-IPO period, losses attributable to the non-controlling interest and those attributable to Quantinuum, Inc., which was \$65.4 million, or a \$1.93 loss per share.

On an adjusted basis, total non-GAAP net loss was \$73 million, and non-GAAP EPS was a \$0.28 loss per share. These figures don't separate the pre- and post-IPO activity or the non-controlling interest and instead calculate the impact across the full shareholder base for the full quarter. The metrics exclude stock-based compensation, IPO and one-time transactions costs, depreciation and amortization and other non-recurring, non-cash items.

Turning to the balance sheet, we ended the quarter with approximately \$2.1 billion of cash and equivalents. Our IPO demand was strong, and we were able to upsize the offering to further fortify our capital position.

In Q2, cash used in operating activities was \$66.2 million, and capital expenditures were \$16.6 million.

We have a strong balance sheet. But we don't take that for granted, so we are investing deliberately, in stages and against clearly defined technical, operating and commercial priorities. From an overall capital strategy perspective, our highest and greatest use of capital is investing in the business and the outsized returns we expect from our leadership position in the quantum sector.

We believe our right to win now is based on our hardware leadership, and the right to sustain our lead will be fueled by the full-stack solutions we provide. So, our priority is to ensure that the entire value chain: from the supply chain to the developer ecosystem, to the application and services layers is robust, resilient, and scalable. We believe investing in this now will catalyze high returns on capital well in excess of our risk-adjusted cost of capital long into the future.

Accordingly, after excluding the one-time IPO-related costs, relative to our first half spend levels, we expect incremental investments to drive the product and technology roadmap - including with our supply chain partners - and to operate effectively as a public company.

Turning now to our outlook:

Relative to prior expectations and given the meaningful progress we are seeing with commercial traction, we have higher conviction in our near-term revenue. We are establishing our first formal guidance as a public company with 2026 revenue expectations in the range of \$28 to \$32 million, an increase relative to where we thought we would be at this point in the year. We believe guiding to full-year revenue is appropriate as quarter-to-quarter volatility may not be meaningful representations of the true mile markers necessary for us to achieve our long-term objectives.

And, while it's still early, we have initial visibility into 2027 revenue from our current bookings and backlog. Based on current estimates and underlying assumptions around contract timing and revenue recognition, we can already see revenue growth of more than 100% next year from the provided 2026 revenue outlook.

In closing, we know the path forward will not be linear, and quarterly results may be volatile given timing of large contracts, program milestones and investment.

But the destination is clear.

We are building on our market leadership, with a diversified, recurring-revenue business and an attractive long-term financial profile, while maintaining a direct connection between capital deployment, measurable execution, and strong returns for our shareholders.

With that, I will now turn the call over to the operator for questions.

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