D-Wave Quantum (Q3 2026 Earnings)

November 10, 2026

Corporate Speakers:

- Alan Baratz; D-Wave Quantum, Incorporated; Chief Executive Officer
- Greg Golkov; D-Wave Quantum, Incorporated; Acting Chief Financial Officer
- Kevin Hunt; D-Wave Quantum, Incorporated; Senior Director of Investor Relations

Participants:

- John McPeake; Rosenblatt Securities; Analyst
- Kingsley Crane; Canaccord Genuity; Analyst
  Kevin Garrigan; Jefferies; Analyst
- Harsh Kumar; BMO Capital Markets; Analyst
- Gary Mobley; StoneX; Analyst
- Tyler Ron; Craig-Hallum Capital Group; Analyst
- Troy Jensen; Cantor Fitzgerald; Analyst
- Krish Sankar; TD Cowen; Analyst
- Unidentified Participant; B. Riley Securities; Analyst
- Shadi Mitwalli; Needham & Company; Analyst

PRESENTATION

Operator^ Good morning everyone and welcome to D-Wave's Third Quarter Fiscal Year 2026 Earnings Conference Call. Today's conference call is being recorded. At this time, I would like to turn the call over to Kevin Hunt, senior director of Investor Relations. Please go ahead.

Kevin Hunt^ Thank you and good morning. With me today are Dr. Alan Baratz, our Chief Executive Officer, and Greg Golkov, our acting Chief Financial Officer.

Before we begin, I would like to remind everyone that this call may contain forward-looking statements and should be considered in conjunction with cautionary statements contained in our earnings release and the company's most recent periodic SEC reports.

During today's call, management will provide certain information that will constitute non-GAAP financial measures under SEC rules, such as non-GAAP gross profit, non-GAAP gross margin, non-GAAP adjusted operating expenses, adjusted EBITDA loss, and operating metrics such as bookings. Reconciliations to GAAP financial measures and certain additional information are also included in today's earnings release, which is available in the Investor Relations section of our company website at www.dwavequantum.com.

I'll now hand over the call to Alan.

Alan Baratz^ Thank you, Kevin. Good morning, and thank you all for joining us. I'm pleased to share with you today our third quarter 2026 business results and highlights.

Our third quarter revenue was $4.5 million, up 21% year-over-year. Bookings for the first nine months of 2026 were $37.4 million, a 611% year-over-year increase. That triple-digit year-over-year bookings growth and a robust pipeline reinforce our confidence in the opportunity ahead. We are expanding our commercial reach, delivering measurable customer value, and advancing both our annealing and the gate-model roadmaps.

As a reminder, D-Wave is the only dual platform quantum computing company and that gives us a distinctive position in this market. Our annealing quantum computers are available today with customers using hybrid quantum applications in their operations. At the same time, we are developing fault-tolerant gate-model systems designed to address a different set of computational challenges. We are building our business around both opportunities.

Let me start with our commercial progress.

During the quarter, entity DOCOMO, Japan's largest mobile operator, deployed its second production application powered by D-Wave's hybrid quantum technology. In addition, we continue to make progress with other large enterprise customers that are pursuing production applications, including UnitedHealth Group's Optum and AT&T. We are also continuing to pursue system sales.

In October, we delivered Italy's first annealing quantum computer, a D-Wave Advantage2 system for installation at Villa Saporiti in Como. Funded by Swiss Quantum Technology, the system will support Italy's efforts to accelerate application development, build quantum workforce skills, and advance commercial adoption.

System placements can create a focal point for a broader quantum ecosystem. Local access brings researchers, universities, and businesses together around the technology, creating opportunities to develop applications and build demand.

System sales also allow us to serve organizations with different access requirements and strategic priorities.

Moving on to partners.

Partners are beginning to play a stronger role in advancing our go-to-market efforts for both system sales and quantum compute as a service as well as helping us move more customer applications into production deployments. Recent relationships are expanding our ability to deliver on that.

CGI, one of the world's largest independent IT and business consulting services firms, plans to integrate D-Wave's quantum computing platforms into its advanced technology services portfolio. Following a year of collaboration, we expect this partnership will help clients develop and deploy quantum and hybrid quantum applications in industries including logistics, transportation, and retail.

At our sold-out Qubits Asia User Conference in Seoul two weeks ago, we announced an MOU with LG CNS, a leading AI transformation company and a technology arm

of LG Group. The collaboration will focus on enterprise optimization within LG Group and among LG CNS's customers in South Korea and beyond. LG CNS brings mathematical optimization capabilities, industry knowledge, and systems integration experience that complement our annealing quantum computing technology.

These relationships address a practical requirement for accelerating quantum computing adoption. Enterprises need help identifying the right problems, developing applications, and integrating them into existing operations. Working with partners that already understand those customers and their systems can help us expand our reach and support deployment.

As we expand our commercial reach through these partnerships, we are also strengthening the manufacturing relationships that support our technology roadmap. We recently extended our long-standing relationship with SkyWater through a multi-year agreement for semiconductor process development and manufacturing. That relationship also provides an opportunity to apply our technology within semiconductor manufacturing.

A proof of technology project using D-Wave's annealing quantum computing technology to optimize maintenance schedules at SkyWater's fab reduced lot delays by up to 30%, improving factory throughput. That project will now advance to a proof-of-concept incorporating resource availability, technician constraints, and additional fab specific operational constraints.

SkyWater has been a key partner of D-Wave for more than 10 years and we view them as a key partner going forward. That said, prudent supply chain management requires diversification of suppliers, so we will continue to qualify additional manufacturing sources.

Now, let me turn to our products and technology.

Last week, we announced performance gains to our stride hybrid solver available through the Leap cloud service. For example, on assembly line balancing benchmark problems, the enhanced solver found better solutions in 15 seconds than the previous version found in 120 seconds.

For businesses making time-sensitive decisions, both solution quality and speed matter. A better production schedule or resource allocation is most useful when it is available in time to act. These enhancements are designed to help our customers obtain better answers within the time their businesses require.

We are also expanding the capabilities of our annealing quantum computers. Earlier this year, we published a preprint demonstrating analog digital quantum computation on our annealing quantum computers, extending the range of quantum dynamics we can investigate.

Since annealing dynamics are inherently analog, like the dynamics of quantum materials, we can avoid much of the overhead that gate-model systems require to simulate quantum materials. And unlike in lab experiments, we can investigate the

behavior of every individual spin and program material properties without synthesizing new samples.

In October, we published a preprint describing experiments realizing topological insulators in one, two, and three dimensions using more than 700 qubits. We believe these include the first programmable quantum dynamics experiments in three dimensions. This work advances our ability to investigate the behavior of quantum materials and broadens the scientific opportunity for our annealing systems.

On our annealing hardware roadmap, we are advancing two technologies central to scale it. That includes superconducting interconnect that enables multi-chip systems and scalable I/O control circuitry that supports significantly larger processors. We have already shown experimentally that we can achieve strong coupling between prototype annealing fabrics that are interconnected across two chips.

Building on this foundational work, we have completed design of a dual chip annealing processor and are releasing it for fabrication this week. In addition, we are on track to complete fabrication of our first scalable I/O development wafers in November. We believe these are important engineering steps toward the larger systems on our roadmap, including 20,000 qubit and ultimately 100,000 qubit annealing systems.

Turning to gate-model development, our strategy starts with the requirements for useful computation. Logical qubits that can execute sufficiently long calculations reliable -- reliably with practical hardware requirements and execution times.

Our differentiated dual-rail architecture features built-in error detection which is designed to reduce the hardware overhead required for quantum error correction. Combined with the speed of superconducting operations, this underpins our approach to building scalable fault-tolerant systems.

To prepare customers and researchers to use our forthcoming gate-model systems, we launched a simulator beta program in early October. Participants include both commercial and research organizations, including BBVA, FirstQFM, Florida Atlantic University, and the Julich Supercomputing Centre. Built around our dual-rail superconducting technology, the simulator will enable users to experiment with error-aware programming and develop quantum applications in advance of hardware availability.

As we have previously published on our gate-model roadmap, we are on track to complete a 17 qubit gate model system and we are already discussing 17 qubit system orders for delivery in 2027. Our longer term roadmap targets 100 logical qubits capable of reliably executing more than 1 million operations by 2032.

Now, let me make some clarifying comments on logical qubits. As there seem to be different definitions of logical qubits floating around, some of them a bit misleading.

First, at D-Wave, we are focused on solving real world customer problems so our roadmap is focused on metrics that define a useful system. It is generally accepted that you need a system with at least 100 fault-tolerant logical qubits to solve a useful

real-world problem with fault tolerance defined as the ability to perform at least 1 million gate operations successfully.

Second, as of today, we are not aware of any quantum computing company that has produced even one logical qubit that meets that fault-tolerant standard. Our gate-model roadmap lays out a timeline to achieve the first fully error corrected fault-tolerant logical qubit by 2028 and then 100 by 2032.

Third, many of our peers are using alternative definitions for logical qubits, some only error detected or partially error corrected or at error rates below the generally accepted fault-tolerant threshold.

So the point is when assessing vendors' roadmaps, it is important to clarify and fully understand the terms and definitions that underlies those roadmaps. D-Wave is moving forward with an approach to error correction that is designed to be efficient, scalable, and faster. And that's why we believe we'll be the first to deliver a scalable fault-tolerant gate-model system.

Now, let me turn to government, an area with some significant announcements over the past few months.

We executed a definitive agreement with the U.S. Department of Commerce following our previously announced letter of intent providing access to up to $100 million of U.S. CHIPS and Science Act funding. The funding is intended to support development of our next generation annealing and gate-model quantum computers. These include the 100,000 qubit annealing quantum computing, targeting greater performance across optimization, material simulation, blockchain, and artificial intelligence, as well as the 10,000 qubit gate-model system designed to enable 100 logical qubits capable of reliably executing more than 1 million operations. We believe this agreement also reflects U.S. government validation of both our annealing and gate-model roadmaps.

We are also seeing recognition extend to third-party industry analyst firms. If you recall, last quarter, IDC named D-Wave as one of only two companies in the leaders category in their 2026 quantum computing vendor assessment. Recently, Gartner recognized D-Wave as a market shaper in its emerging market quantum quadrant for quantum computing established vendors as of November 2026. and we were one of only six vendors placed in the upper right quadrant.

Before I turn the call over to Greg, I want to recognize several additions to our board of directors. Bernard Gavgani, former group CIO of BNP Paribas, joined our board and Cybersecurity Committee, bringing deep enterprise technology experience. Kevan Krysler joined the board and Audit Committee adding extensive expertise in public company finance, corporate growth strategy and risk management.

So in summary, we are focused on expanding customer adoption, converting our pipeline into bookings and revenue, and delivering on our product roadmap. Our commercial results and technical progress reinforce our confidence in the opportunity ahead.

With that, I will hand the call over to Greg to provide a review of our third quarter results. Greg?

Greg Golkov^ Thank you, Alan, and thank you to everyone for taking the time to participate in our third quarter earnings call.

Revenue in the third quarter of 2026 totaled $4.5 million, an increase of approximately 21% year-over-year. In the third quarter, D-Wave recognized revenue for more than 100 customers and continued its strong momentum with commercial enterprises with these customers accounting for 52% of total revenue in the quarter, up more than 20 percentage points from 31% in the third quarter of 2025.

From a product perspective, Q3 revenue was comprised of the following - $2.2 million in QCaaS subscription revenue, up 56% year-over-year; $2 million in professional services revenue, up 318% year-over-year, driven primarily by a significant engagement with a Fortune 100 customer and paid research projects related to gate-model quantum computing; and approximately 360,000 in systems and other revenue.

Bookings for the third quarter totaled $1.9 million, a year-over-year decrease of $435,000 or 19%. Note that bookings in any single quarter can vary significantly based on the timing of larger transactions. And year-to-date bookings for the first nine months of the year were $37.4 million, a 611% year-over-year increase. Bookings for the first nine months included a $20 million system sale to Florida Atlantic University or FAU. We expect to deliver that system and recognize a substantial portion of the related revenue in the fourth quarter.

Our sales pipeline continued to expand in the third quarter and his dollar value increased more than 75% from the end of the second quarter and has more than tripled since the end of 2025 driven by strong interest in system sales.

As of September 30th, 2026, the aggregate amount of remaining performance obligations or RPO totaled $38.3 million, more than 13 times the September 30, 2025 RPO balance. 59% of this quarter's RPO balance is expected to be recognized as revenue within the following 12 months, and 71% is expected to be recognized within the following 24 months.

Turning to gross profit and margin.

On a GAAP basis, gross profit for the third quarter of 2026 was $2.4 million, a year-over-year decrease of $0.3 million or 11%. While gross margin was 52.9%, a year-over-year decrease of 18.5%. Non-GAAP gross profit for the quarter was $2.9 million, essentially flat year-over-year, and non-GAAP gross margin was 63.6%, a decrease of 14.1% year-over-year.

Gross margin can fluctuate from quarter-to-quarter and vary significantly depending on product mix. The decrease in gross profit and gross margin this quarter was primarily due to a higher proportion of professional services revenue that carries a lower margin.

Our GAAP operating expenses for the third quarter of 2026 were $55.9 million, a year-over-year increase of $25.5 million or 84%. The increase was driven primarily by increases of $12.3 million in personnel costs, $4.1 million in non-cash stock-based compensation, $4.6 million in non-cash depreciation and amortization, $1.1 million in third-party professional fees, and 1.1 million in marketing expenses. Non-GAAP adjusted operating expenses were $40.5 million, a year-over-year increase of $17 million or 72%.

Net loss for the third quarter was $48.2 million or $0.13 per share, a year-over-year decrease of $91.8 million or $0.28 per share. The decrease was due primarily to $122 million decrease in the amount of non-cash, non-operating charges related to the re-measurement of the company's warrant liability in 2025. As a reminder, all the company's remaining publicly traded warrants were redeemed in November 2025.

The adjusted EBITDA loss for the third quarter of 2026 was $37.7 million, a year-over-year increase of $17 million with the increase primarily due to higher operating expenses to support the company's accelerated product development and go-to-market initiatives.

Now, I will address the balance sheet and liquidity.

As of September 30th, 2026, our cash and marketable securities balance totaled $503.4 million, a 40% year-over-year decrease. The decline was primarily due to the use of approximately $253 million of cash to acquire Quantum Circuits in January of 2026.

During the third quarter of 2026, the company executed a definitive agreement with the U.S. Department of Commerce providing D-Wave with access to up to $100 million of U.S. CHIPS and Science Act funding subject to the achievement of specified milestones. No CHIPS Act funds have been received as of the end of the third quarter.

And finally, as we look to Q4 results, a brief reminder of how revenue recognition works for system sales. For example, with the FAU sale, a substantial portion of revenue will be recognized upon delivery, which we expect to occur in the fourth quarter. An additional portion of any system sale revenue is recognized over the installation period, typically several months after delivery. In the case of FAU, that will likely occur in early 2027. There are also small recurring revenue streams related to maintenance and QCaaS access that span several years.

With that, operator, please open the call for questions.

QUESTIONS AND ANSWERS

Operator^ Thank you. (Operator Instructions) Please stand by while we compile the Q&A roster. One moment for our first question.

Our first question will come off the line of John McPeake from Rosenblatt. Your line is open

John McPeake from Rosenblatt^ (Inaudible) guys, Alan, Greg, welcome to these calls. Nice job there.

So questions on chip qubic control multiplexing, Alan. That is a bottleneck for the superconducting comp and you guys are working on a solution there. Could you tell us about any progress there or what's happening? And I just have a quick follow-up.

Alan Baratz^ Sure, John.

So as we've discussed in the past, our annealing quantum computers are capable of controlling today over 4,000 qubits with 200 to 300 I/O lines whereas in the gate-model space, it will typically require three to five I/O lines per qubit. So, we are significantly more efficient on our annealing quantum computers than any gate-model system today that requires significantly more I/O lines.

The way we're able to accomplish this is by multiplexing control signals over I/O lines and then on-chip being able to decode and route those signals to the appropriate points on the chip. We are carrying this technology over to our gate-model systems, specifically being able to multiplex control signals decode and route on-chip.

As I mentioned a few minutes ago, the first chip design with this new scalable I/O control for gate-model systems is out for fabrication, and we expect the chip back this month to be able to begin testing.

John McPeake^ Okay. And what are your -- what are your targets there relative to ratio of lines per qubit?

Alan Baratz^ Yeah. So, our goal is to be able to have the same sort of capability that we have on our annealing system, which is to be able to control a hundred logical qubits with a couple hundred I/O lines, 200 to 300. That's our goal.

We our working toward that and this first chip that we're expecting back will allow us to understand if we're going to be able to achieve that goal.

John McPeake^ Got it. That's it for me. Thank you.

Operator^ Thank you. And our next question will come from the line of Kingsley Crane from Canaccord Genuity. Your line is open.

Kingsley Crane^ Hi, thanks for taking the question. Congrats on a great quarter.

I wanted to just touch again on the extended or perhaps expanded relationship with SkyWater. So I believe Emil Michael had wanted to guarantee that IQ could provide continued access to SkyWater's chips and maybe seek other clauses like firewall or switching assistance. And so, does your sort of private agreement contractually recreate any of those, or just how would you characterize the partnership at this stage, like extended or expanded, given that you're prudently still evaluating other options for supply chain? Thanks.

Alan Baratz^ So, first of all, I will say that, and I've said this before, the SkyWater team has been totally supportive in working through with us an agreement that, of course, makes sense for both of us, them and us, but gives us confidence that our IP will be protected and not leaked out to other, perhaps competitive, entities and also gives us confidence that the highly skilled individuals that are working with us -- the highly skilled SkyWater individuals that are working with us on our systems will continue to be a part of the program. So as we work through this agreement, we have gained confidence that our working relationship will continue as it had been for the last roughly 10 years.

The other thing I will say is that the relationship has now also expanded in a different direction, which is us being a supplier to SkyWater, as we have now completed a proof of technology for how to use our annealing quantum computers and hybrid solvers to help optimize their operations. That proof of technology was successful, and now we're moving on to a proof-of-concept. So, we actually now have a really interesting bi-directional relationship where we are supporting one another.

Kingsley Crane^ Great. Yes, and looking forward to seeing that proof-of-concept continue to develop commercially.

And then, secondly, just as a follow-up, which is there's been some noise in the broader market post-elections last week. Support for quantum has been largely bipartisan, but just curious on thoughts as we exit those elections and then just any potential changes you think of existing programs. Thanks.

Alan Baratz^ So far, I'm not seeing any changes with respect to either the strength of the pipeline or, perhaps more important, the sales agreements that are in negotiation right now. So I've seen nothing but continued forward momentum.

Kingsley Crane^ Okay. Thanks so much.

Operator^ Thank you. Our next question will come from the line of Kevin Garrigan from Jefferies. Your line is open.

Kevin Garrigan^ Yes. Hey, Alan and Greg, congrats on all the progress.

Hey, Alan, you talked about diversifying your supply chain. Are you seeing any bottlenecks today, whether it be just traditional components or any other quantum components? And what would you look for in terms of potentially starting to think about building inventory for certain components?

Alan Baratz^ So as we've discussed in the past, the -- in some sense, the largest and most costly single component in our system is the dilution refrigerator and timelines for that are not as short as we'd like them to be. We don't necessarily see them lengthening, but we'd certainly prefer if we could get dilution refrigerators measured in small numbers of months as opposed to large numbers of months.

The good news, though, is that there are now more suppliers in the market. I mean, typically, it's been Bluefors as the leader and then a couple of others, but now,

Maybell here in the U.S. is coming on strong and we've ordered one of their fridges so that we can qualify it as well.

So with more suppliers, I'm hopeful that maybe the timelines will actually reduce as opposed to lengthening. But other than that, it's more or less business as usual.

That having been said, as our pipeline for system sales is growing, as we are making good progress on negotiating new deals, we are starting to buy ahead for some of the longer lead-time items.

Operator^ Thank you. One moment for our next question.

Next question will come from the line of Harsh Kumar from BMO. Your line is open.

Harsh Kumar^ Yes. Hey, guys.

Alan, I had a quick question, and maybe I missed this or didn't understand it properly. I'm hoping you can clarify. You talked about a dual-chip annealing processor that will enable you to sort of a significant move to get to 20k or 100k. Can you just talk about what that is and how it's significant for you to be able to move up and scale?

Alan Baratz^ Sure.

So our current-generation processor is an Advantage2 system. And up until now, we've grown the number of qubits by putting more qubits on a chip. But we have said that our next-generation Advantage3 system will be a multi-chip solution. Specifically, we will now start scaling by interconnecting multiple QPU processor chips as opposed to just more qubits per chip.

So there are two critical technologies required to be able to do that. One, we need to be able to interconnect those processor chips and preserve the superconducting and quantum properties across them. And then two, we need to ensure that as we do that, we don't have significant growth in the number of I/O lines.

So, we talked a few minutes ago about the on-chip control technology and using that to keep the number of I/O lines low even as the processor size grows. And that's what that new chip that is in fabrication that we expect back this month is all about. And we're looking at that for both our gate-model processors as well as our annealing processors. We're basically enhancing that control capability to be even more scalable than it has been up until now.

Now, with respect to the processor interconnect, we have demonstrated already the ability to interconnect what I'll call sample processor chips at a small scale and we are now in the process of starting fabrication of our first pair of interconnected actual processor -- annealing processor chips. Once we do that, we will test to ensure that the interconnect is working, the superconducting bonds are working, the quantum properties are preserved, and we can run that pair of chips as a single integrated processor.

Operator^ Thank you. Our next question will come from the line of Gary Mobley from StoneX. Your line is open.

Gary Mobley^ Good morning, everybody. Thank you for taking my question.

I'm not asking for explicit fiscal year '27 revenue guidance, but how do you see the composition of fiscal year '27 revenue changing relative to recent years? Just thinking in terms of the additional layers such as pre-sales of 17 qubit gate-model solutions, partnership-driven sales such as those with CGI, perhaps more Leap Quantum Compute as a Service revenue, more government, which I believe is a new initiative. Any color there would be helpful.

Alan Baratz^ Yes. So let me take a stab at that.

First of all, as you know and you said, we don't provide guidance, so I'm not going to provide any numbers or breakdowns, but here's what I will say.

First of all, we expect that all of system sales, Quantum Compute as a Service, professional services, and sales through partners will grow in 2027 over what we expect we will see by the end of 2026.

Now, that having been said, because system sales represent significantly larger bookings than either Quantum Compute as a Service or professional services for any single deal, and because when the revenue is recognized on system sales, it typically ends up being recognized over a shorter period of time than is the case with Quantum Compute as a Service, I think you can expect that the mix on bookings will start to be more significant for system sales and the mix on revenue may also be more significant on system sales.

As far as partners are concerned, we're really just getting started with partners. We signed up a couple of partners that we think could be very helpful to us and, in fact, we're off to a good start. But I think 2027 is a year where we'll start to see that come online as opposed to being a significant component of the business versus the system sales or our QCaaS, PS sales.

And then with respect to government, we are seeing a lot more interest from the U.S. government in our annealing systems than we've ever seen. I think that we are making very good progress on a couple of fairly significant application opportunities that I hope to be able to talk about at some point in the relatively near future and then other opportunities just getting started. So I do think that government is going to be a more significantly larger component than it has been in the past.

Operator^ Thank you. One moment for our next question. Next question comes from the line of Richard Shannon from Craig-Hallum. Your line is open.

Tyler Ron^ Hi, this is Tyler Ron for Richard Shannon. Thank you for taking my questions.

I was wondering if you could talk about NTT's solution and specifically the frequency of which they're running this and whether or not NTT had developed the solution on

their own or had used their -- your professional services. And then, just as the second question to ask it now, any highlights that you would give for what is driving the performance of your solver? Thank you.

Alan Baratz^ Okay. So relative to NTT DOCOMO's two production applications, they actually developed both of them on their own. They essentially established a very strong team. They built the first application. We started having some discussions with them. I think maybe we were helpful to them in those discussions, and now they built a second application, and they're both in production today.

And honestly, that's great. I mean, we're first and foremost in the business of quantum computing, and professional services is a means to an end. We don't really want to be a large PS company. We want to sell systems. We want to sell Quantum Compute as a Service. We use PS to help our customers get to the point where they can get value out of those systems or out of that Quantum Compute as a Service. And so to the extent that partners can help customers do that work, to the extent that customers can do it themselves, that's exactly where we want to be and works well for the model that we're trying to put in place.

As far as the two applications, these applications are applications that run relatively infrequently. They are significant in the sense that they can make an important impact to the operations of the company and improve some financial metrics for them, but they don't need to run on a daily or weekly basis. They run more infrequently.

As opposed to -- sorry, with respect to the Stride hybrid solver, most of it was rework of the code to improve the performance of the system. There were some additional capabilities that we incorporated, but a lot of it was rework of the code.

Tyler Ron^ Awesome. Thank you.

Operator^ One moment for our next question. Our next question comes from the line of Troy Jensen from Cantor Fitzgerald. Your line is open.

Troy Jensen^ Hey, congrats on all the great updates here.

Alan, for you, I'd just be curious about Qubits Asia. It feels like in North America, here, there's kind of a push for sovereign supply chains. It feels like other countries might do that. But just your thoughts on you think that's going to be the case coming back from Asia here?

Alan Baratz^ Sorry, Troy, I'm not sure I fully understand the question. You broke up a little bit when you were talking about supply chain.

Troy Jensen^ It is sovereign supply chains. It seems like our administration is really pushing for everything built in the U.S. Just curious if you're seeing that more globally, especially coming out of this Qubits Asia kind of conference you're just at.

Alan Baratz^ So, we are seeing it. I mean, the E.U., for example, has taken a very sort of strong position that E.U. quantum funding can go to only E.U. companies. That's starting to spill over into some of the countries.

In Asia, we're not seeing that strong position, but instead what we're seeing is, well, can you at least incorporate some of our companies into your supply chain for some of the components at least for systems that you deliver here? And we're looking at that.

We do not currently source all our components from the U.S. And I think while there may be a push from every country to be able to do that, I'm not convinced we'll ever get there. I mean, there are just certain components where companies in other countries are best at delivering them and other components where local companies may be best at delivering them. So, I think for the foreseeable future, the supply chain is going to, by necessity, be more global, and then we just need to manage that.

I think we can certainly manage it in the U.S. We are. I think we can manage it in Asia. We are. I think U.S. -- sorry, Europe is a little bit more challenging, but at least as long as country money doesn't fall into the same trap as the E.U., we shouldn't have a problem although, as I said a minute ago, it's starting to move in that direction.

And so, at that point, we start looking at, well, can we get more independent or commercial funds for the systems in Europe? For example, Swiss Quantum Technology is funding the system in Italy, and they're not really a government entity.

Operator^ Thank you. One moment for our next question. Next question will come to the line of Krish Sankar from TD Cowen. Your line is open.

Krish Sankar^ Yes, hi. Thanks for taking my question.

I have two questions, Alan. I'll just ask both of them. How much of the CHIPS $100 million funding can be allocated towards your superconducting gate technology? And the second question is, how is the integration progress of the cryo control chip with your annealing systems? Thank you.

Alan Baratz^ So on the second question, as I said a few minutes ago, the first chips that implement the new cryogenic control architecture, designed to be more scalable and to be able to start working with both our annealing and our gate-model systems, are due back this month. So we're just at the point where we should see the first sample chips back and we can start testing them.

As far as the CHIPS funding is concerned, the way we structured it, the work is really on advancing how we design and fabricate and test the chips, the QPUs, and that work can be applied to both more or less equally. So for the most part, the funding applies to both equally. Although there are some things that are more applicable for the annealing and some things that are more applicable for the gate, but for the most part, what we're doing will apply across both.

Operator^ Thank you. And our next question will come from the line of Craig Ellis from B. Riley. Your line is open.

Unidentified Participant^ Hello. Yes, this is [Rebecca] on for Craig Ellis. It seems like the RPO conversion commentary implies a revenue ramp that's tracking very

well. Could you maybe walk us through what's in the pipeline today and what gives you confidence in converting RPO at that pace, and what would need to close -- to get close to or above those levels? Thank you.

Alan Baratz^ Okay. So, we're not going to provide any information on deals in flight and how much -- what the value might be, when they might close, and so on.

As far as the RPO as it exists today, Greg, do you want to maybe take a shot at just kind of reiterating what that comprises and how we expect to see it convert to revenue?

Gregory Golkov^ Sure. And thanks, Alan.

Our RPO balances has grown significantly due to system sales opportunities as well as the Fortune 100 enterprise deal. So we have good line of sight when we can deliver those services, whatever they may be, and so we expect 59% to be delivered 12 months after September 30, 2026, and up 71% over the 24 months following that September 30, 2026 date.

Operator^ Thank you. (Operator Instructions) Our next question will come from the line of Quinn Bolton from Needham. Your line is open.

Shadi Mitwalli^ Hey, this is Shadi Mitwalli on for Quinn. Thanks for letting me ask a question.

I believe you guys mentioned that you're already in discussions around 17 qubit system sales. Are those engagements with existing and new customers, or are you starting to see growing interest from new customers?

Alan Baratz^ Discussions with both existing and new.

Shadi Mitwalli^ Got it. And then for my follow-up, you guys highlighted a Fortune 100 customer in professional services. I know you can't say who this customer is, but just any color on how long you've been engaged with them and then maybe what sector applications they're targeting. Thank you.

Alan Baratz^ Well, we did talk about this actually in Q1. This was our first kind of two-year $10 million deal to pursue multiple applications. The first of those is already in production. There are several others that we have been working on with them that are making good progress as well that we believe in the not too distant future will move into production. So, a lot of the professional services work over the quarter has been in support of that engagement.

Operator^ Thank you. I will now hand the call back to Dr. Alan Baratz for closing remarks.

Alan Baratz^ Okay. So thanks again to all of you for joining us today and for your continued support of D-Wave.

We're advancing a clear strategy, expand the commercial use of our annealing technology and execute on our path to fault-tolerant, gate-model quantum computing. Our focus is on delivering measurable customer value and building a successful and growing business around it, and we look forward to continuing to update you on our progress. Thank you all.

Operator^ Thank you for your participation in today's conference. This does conclude the program. You may now disconnect. Everyone, have a great day.