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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

OR

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

For the transition period from_____to_____

Commission File No. 001-39694

IONQ, INC.

(Exact name of registrant as specified in its charter)

Delaware	**85-2992192**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

4505 Campus Drive
College Park, MD 20740
(301) 298-7997
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	**IONQ**	**The New York Stock Exchange**

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of October 28, 2026, there were 432,462,651 shares of common stock, par value $0.0001 per share, issued and outstanding.

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

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

Information posted through these social media channels may be deemed material. Accordingly, in addition to reviewing our press releases, SEC filings, public conference calls and webcasts, investors should monitor IonQ's blog and our other social media channels. The information we post through these channels is not part of this Quarterly Report on Form 10-Q.

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 209,454	$ 1,030,865
Short-term investments	788,458	1,361,291
Accounts receivable, net	165,076	66,532
Contract assets, net	57,230	—
Prepaid expenses and other current assets	317,919	127,751
Total current assets	1,538,137	2,586,439
Long-term investments	664,482	944,643
Property and equipment, net	859,423	120,145
Intangible assets, net	1,145,061	767,432
Goodwill	3,222,103	1,963,584
Other noncurrent assets	423,746	188,115
Total Assets	**$ 7,852,952**	**$ 6,570,358**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 69,581	$ 26,138
Accrued expenses and other current liabilities	175,268	98,571
Current portion of long-term debt	8,849	—
Contract liabilities	109,291	42,116
Total current liabilities	362,989	166,825
Long-term debt, net of current portion	56,761	—
Contract liabilities, net of current portion	132,519	1,921
Warrant liabilities	2,124,224	2,471,577
Other noncurrent liabilities	152,020	116,343
Total liabilities	$ 2,828,513	$ 2,756,666
Commitments and contingencies (see Note 12)		
Stockholders' Equity:		
Common stock $0.0001 par value; 1,000,000,000 shares authorized; 408,947,279 and 362,592,722 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	$ 41	$ 36
Additional paid-in capital	6,750,217	5,006,250
Accumulated deficit	(1,692,523)	(1,194,098)
Accumulated other comprehensive income (loss)	(67,362)	(12,671)
Total IonQ, Inc. stockholders' equity	$ 4,990,373	$ 3,799,517
Noncontrolling interests	34,066	14,175
Total stockholders' equity	$ 5,024,439	$ 3,813,692
Total Liabilities and Stockholders' Equity	**$ 7,852,952**	**$ 6,570,358**

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 173,831	$ 39,866	$ 318,549	$ 68,126
Costs and expenses:				
Cost of revenue (excluding depreciation and amortization)	135,804	21,253	245,168	33,895
Research and development	141,670	66,298	428,037	209,610
Sales and marketing	48,526	14,441	110,857	33,928
General and administrative	153,264	82,505	359,454	154,418
Depreciation and amortization	127,642	24,182	216,858	41,359
Total operating costs and expenses	606,906	208,679	1,360,374	473,210
Loss from operations	(433,075)	(168,813)	(1,041,825)	(405,084)
Gain (loss) on change in fair value of warrant liabilities	896,156	(881,847)	304,669	(882,930)
Interest income, net	19,844	14,437	80,057	26,469
Interest expense	(2,315)	—	(2,315)	—
Offering costs associated with warrants	—	(22,847)	—	(22,847)
Other income (expense), net	(59,198)	(980)	4,387	(697)
Income (loss) before income tax benefit (expense)	421,412	(1,060,050)	(655,027)	(1,285,089)
Income tax benefit (expense)	141,702	4,438	154,151	19,695
Net income (loss)	**$ 563,114**	**$ (1,055,612)**	**$ (500,876)**	**$ (1,265,394)**
Net income (loss) attributable to noncontrolling interests	(843)	(657)	(2,451)	(1,349)
Net income (loss) attributable to IonQ, Inc.	**$ 563,957**	**$ (1,054,955)**	**$ (498,425)**	**$ (1,264,045)**
Net income (loss) per share attributable to IonQ, Inc. Common stockholders				
Basic	$ 1.42	$ (3.58)	$ (1.34)	$ (4.89)
Diluted	$ 1.35	$ (3.58)	$ (1.34)	$ (4.89)
Weighted average shares used in computing net income (loss) per share attributable to IonQ, Inc. common stockholders				
Basic	388,585,082	294,524,786	371,798,334	258,324,714
Diluted	400,865,291	294,524,786	371,798,334	258,324,714

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income (loss)	$ 563,114	$ (1,055,612)	$ (500,876)	$ (1,265,394)
Other comprehensive income (loss), net of reclassification adjustments:				
Unrealized gain (loss) on available-for-sale securities, net	(6,282)	1,757	(20,042)	1,510
Net actuarial gain (loss) on pension benefit plans	60	—	(987)	—
Currency translation adjustments	(7,121)	(22,728)	(34,102)	(17,979)
Total other comprehensive income (loss)	(13,343)	(20,971)	(55,131)	(16,469)
Total comprehensive income (loss)	**$ 549,771**	**$ (1,076,583)**	**$ (556,007)**	**$ (1,281,863)**
Comprehensive income (loss) attributable to noncontrolling interests	(1,087)	(768)	(2,891)	(873)
Comprehensive income (loss) attributable to IonQ, Inc.	**$ 550,858**	**$ (1,075,815)**	**$ (553,116)**	**$ (1,280,990)**

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

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

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, June 30, 2026	**381,044,481**	**$ 38**	**$ 5,637,913**	**$ (2,256,480)**	**$ (54,263)**	**$ 12,371**	**$ 3,339,579**
Net income (loss)	—	—	—	563,957	—	(843)	563,114
Other comprehensive income (loss)	—	—	—	—	(13,099)	(244)	(13,343)
Issuance of common stock in connection with acquisitions, net	24,134,414	2	920,382	—	—	23,101	943,485
Issuance of common stock from equity incentive plans	2,655,828	1	6,109	—	—	—	6,110
Issuance of common stock related to legal settlements	93,879	—	4,825	—	—	—	4,825
Stock-based compensation	—	—	137,255	—	—	—	137,255
Warrants exercised	1,018,677	—	43,733	—	—	—	43,733
Distribution to noncontrolling interest	—	—	—	—	—	(319)	(319)
Balance, September 30, 2026	**408,947,279**	**$ 41**	**$ 6,750,217**	**$ (1,692,523)**	**$ (67,362)**	**$ 34,066**	**$ 5,024,439**

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, June 30, 2025	**269,600,132**	**$ 27**	**$ 2,050,344**	**$ (892,810)**	**$ 4,072**	**$ 16,813**	**$ 1,178,446**
Net income (loss)	—	—	—	(1,054,955)	—	(657)	(1,055,612)
Other comprehensive income (loss)	—	—	—	—	(20,860)	(111)	(20,971)
Issuance of common stock in connection with acquisitions	34,227,607	3	1,943,605	—	—	—	1,943,608
Issuance of common stock, net of issuance costs	14,165,708	1	—	—	—	—	1
Issuance of common stock from equity incentive plans	3,248,044	1	3,904	—	—	—	3,905
Vesting of restricted common stock	114,892	—	252	—	—	—	252
Stock-based compensation	—	—	65,398	—	—	—	65,398
Warrants exercised	3,952,578	—	172,772	—	—	—	172,772
Change in ownership interest	—	—	1,607	—	—	(1,607)	—
Balance, September 30, 2025	**325,308,961**	**$ 32**	**$ 4,237,882**	**$ (1,947,765)**	**$ (16,788)**	**$ 14,438**	**$ 2,287,799**

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

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

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2025	**362,592,722**	**$ 36**	**$ 5,006,250**	**$ (1,194,098)**	**$ (12,671)**	**$ 14,175**	**$ 3,813,692**
Net income (loss)	—	—	—	(498,425)	—	(2,451)	(500,876)
Other comprehensive income (loss)	—	—	—	—	(54,691)	(440)	(55,131)
Issuance of common stock in connection with acquisitions, net	29,952,275	3	1,158,999	—	—	23,101	1,182,103
Issuance of common stock from equity incentive plans	12,465,771	2	45,502	—	—	—	45,504
Issuance of common stock in exchange for intangible assets and research and development arrangements	2,562,642	—	87,806	—	—	—	87,806
Issuance of common stock related to legal settlements	93,879	—	4,825	—	—	—	4,825
Stock-based compensation	—	—	389,430	—	—	—	389,430
Warrants exercised	1,279,990	—	57,405	—	—	—	57,405
Distribution to noncontrolling interest	—	—	—	—	—	(319)	(319)
Balance, September 30, 2026	**408,947,279**	**$ 41**	**$ 6,750,217**	**$ (1,692,523)**	**$ (67,362)**	**$ 34,066**	**$ 5,024,439**

	Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2024	**221,919,191**	**$ 22**	**$ 1,067,403**	**$ (683,720)**	**$ 157**	$ —	**$ 383,862**
Net income (loss)	—	—	—	(1,264,045)	—	(1,349)	(1,265,394)
Other comprehensive income (loss)	—	—	—	—	(16,945)	476	(16,469)
Issuance of common stock in connection with acquisitions, net	51,737,208	5	2,405,434	—	—	16,918	2,422,357
Issuance of common stock, net of issuance costs	30,204,168	3	358,253	—	—	—	358,256
Issuance of common stock from equity incentive plans	16,798,400	2	18,427	—	—	—	18,429
Vesting of restricted common stock	211,182	—	448	—	—	—	448
Stock-based compensation	—	—	194,218	—	—	—	194,218
Warrants exercised	4,438,812	—	192,092	—	—	—	192,092
Change in ownership interest	—	—	1,607	—	—	(1,607)	—
Balance, September 30, 2025	**325,308,961**	**$ 32**	**$ 4,237,882**	**$ (1,947,765)**	**$ (16,788)**	**$ 14,438**	**$ 2,287,799**

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

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

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income (loss)	$ (500,876)	$ (1,265,394)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	216,858	41,359
Stock-based compensation	417,268	205,366
(Gain) loss on change in fair value of warrant liabilities	(304,669)	882,930
Deferred income taxes	(154,797)	(19,885)
(Gain) loss on change in fair value of contingent consideration	(23,277)	288
(Gain) loss on change in fair value of strategic investments	(5,597)	(136)
Other, net	10,783	(447)
Changes in operating assets and liabilities:		
Accounts receivable	(18,469)	(15,849)
Contract assets	(32,018)	—
Prepaid expenses and other current assets	(141,537)	(42,572)
Accounts payable	6,114	(17,413)
Accrued expenses and other current liabilities	(47,398)	27,777
Contract liabilities	15,098	268
Other assets and liabilities	(7,801)	(4,969)
Net cash provided by (used in) operating activities	$ (570,318)	$ (208,677)
Cash flows from investing activities:		
Purchases of property and equipment	(34,924)	(7,628)
Purchases of available-for-sale securities	(588,328)	(1,252,367)
Maturities of available-for-sale securities	1,099,900	407,730
Sales of available-for-sale securities	326,974	—
Purchases of strategic investments	(150,500)	—
Businesses acquired, net of cash paid and acquired	(926,230)	(13,100)
Other investing, net	(3,962)	(8,267)
Net cash provided by (used in) investing activities	$ (277,070)	$ (873,632)
Cash flows from financing activities:		
Proceeds from common stock and warrant issuance, net of issuance costs	—	1,358,254
Proceeds from stock options exercised	17,645	11,468
Proceeds from warrants exercised	8,707	6,708
Principal payments on long-term debt	(1,704)	—
Other financing, net	3,693	986
Net cash provided by (used in) financing activities	$ 28,341	$ 1,377,416
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(1,693)	375
Net change in cash, cash equivalents and restricted cash	(820,740)	295,482
Cash, cash equivalents and restricted cash at the beginning of the period	1,037,748	56,840
Cash, cash equivalents and restricted cash at the end of the period	**$ 217,008**	**$ 352,322**
Supplemental disclosures of non-cash investing and financing transactions		
Property and equipment purchases in accounts payable and accrued expenses	$ 6,388	$ 3,195
Operating lease right-of-use assets subject to lease liability	25,563	—
Noncash reclassification of warrant liabilities to equity upon exercise	42,684	185,384
Bonus settled in restricted stock units	27,982	6,969
Conversion of investment in convertible debt securities to investment in equity securities	37,110	—
Equity issued for acquisitions	1,158,999	2,405,998
Equity issued for intangible assets	14,760	—
Equity issued for research and development arrangement	73,046	—
Settlement of pre-existing relationships with acquired entities	41,401	—

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

1. DESCRIPTION OF BUSINESS

IonQ, Inc. ("IonQ" or the "Company") is a quantum platform and semiconductor foundry services company. IonQ delivers integrated quantum solutions across computing, networking, sensing, and security. In addition, the Company also offers satellite-based data capabilities and satellite solutions intended to enable quantum-secure global communications through combining its satellite platform with its quantum sensing products. The Company also owns and operates a U.S.-based semiconductor foundry business that provides foundational-node manufacturing, advanced technology development, and advanced packaging services.

As a result of the acquisition of SkyWater Technology, Inc. ("SkyWater"), the Company has two reportable segments, IonQ Platform and SkyWater Foundry Services. Refer to Note 22 for further details on the Company's segments.

The Company pursues its business goals both through organic innovation and development, and targeted acquisitions of complementary businesses. For a discussion of the impact of recent acquisitions on the business and the benefits that the Company expects them to provide, refer to Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The Company's significant accounting policies, which are disclosed in the audited financial statements for the year ended December 31, 2025, and the notes thereto, are included in the Company's Annual Report on Form 10-K (the "Annual Report") that was filed with the Securities and Exchange Commission ("SEC") on February 25, 2026. Since the date of that filing, there have been no material changes to the Company's significant accounting policies except as noted below.

Basis of Preparation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") as determined by the Financial Accounting Standards Board ("FASB"). Such condensed consolidated financial statements include the accounts of IonQ and majority-owned and wholly-owned subsidiaries. In addition, the Company evaluates its relationships with other entities to identify whether they are variable interest entities ("VIE") and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. All intercompany transactions and balances have been eliminated in consolidation. For consolidated non-wholly-owned subsidiaries and VIEs, a noncontrolling interest is recognized to reflect the portion of income and equity that is not attributable to the Company. Any change in the Company's ownership interest in a consolidated subsidiary, where a controlling financial interest is retained, is accounted for as an equity transaction. If the Company ceases to have a controlling financial interest in a consolidated subsidiary, the Company recognizes a gain or loss in net income (loss) upon deconsolidation.

Unaudited Interim Financial Information

The interim condensed consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared by the Company and are unaudited, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures contained in this Quarterly Report on Form 10-Q comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for a quarterly report and are adequate to make the information presented not misleading. The interim condensed consolidated financial statements included herein reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. These interim condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2025, included in the Annual Report. The condensed consolidated statements of operations and the condensed consolidated statements of comprehensive income (loss) for the three or nine months ended September 30, 2026, are not necessarily indicative of the results to be anticipated for the entire year ending December 31, 2026, or thereafter. All references to September 30, 2026 and 2025, in the notes to the condensed consolidated financial statements are unaudited.

Use of Estimates

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

Significant estimates and assumptions are inherent in the analysis and measurement of items including, but not limited to: standalone selling price for revenue arrangements with multiple performance obligations, total expected costs for revenue arrangements recognized over time under the cost-to-cost percentage of completion model, and estimates of the fair value of intangible assets acquired upon acquisition. Management bases its estimates and assumptions on historical experience, expectations, forecasts, and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ and be affected by changes in those estimates.

Foreign Currency

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

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

Fair Value Measurements

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

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

The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy. Transfers to/from Levels 1, 2 and 3 are recognized at the beginning of the reporting period.

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

used, expected equity volatility. Liabilities that are measured using unobservable inputs, including warrant liabilities and contingent consideration, use various pricing models, including the Black-Scholes-Merton ("Black-Scholes") option-pricing model and the Monte Carlo simulation model, and may involve inputs which require judgment or estimation, including expected volatility.

Assets and liabilities that are measured at fair value on a non-recurring basis include property and equipment, intangible assets, and goodwill. The Company recognizes these items at fair value upon initial recognition when acquired through a business combination or an asset acquisition or when they are considered to be impaired. The fair values of these assets and liabilities are determined with valuation techniques using the best information available and may include quoted market prices, market comparables and discounted cash flow models.

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

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash and checking deposits, money market funds, and U.S. government and agency securities. The Company considers all short-term highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents. Restricted cash for collateralizing letters of credit and certain other obligations is primarily included in other noncurrent assets in the condensed consolidated balance sheets. The Company issues financial assurances, including letters of credit, in the ordinary course of business, including for lease arrangements and regulatory requirements. As of September 30, 2026 and December 31, 2025, financial assurances were not material.

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

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 209,454	$ 1,030,865
Restricted cash	7,554	6,883
Total cash, cash equivalents and restricted cash in the condensed consolidated statements of cash flows	$ 217,008	$ 1,037,748

Accounts Receivable, Contract Assets and Allowance for Credit Losses

Accounts receivable represent amounts billed and currently due from customers at the gross invoiced amount as well as unbilled amounts related to unconditional rights for consideration to be received for services performed but not yet invoiced. A receivable is recorded when the Company has an unconditional right to receive payment. Accounts receivable are classified as current based on the Company's contract operating cycle and include amounts that may be billed and collected beyond one year due to the long-cycle nature of the Company's contracts. Accounts receivable consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Billed accounts receivable	$ 106,650	$ 33,763
Unbilled accounts receivable	58,426	32,769
Total accounts receivable	$ 165,076	$ 66,532

Contract assets reflect revenue recognized and performance obligations satisfied or partially satisfied in advance of customer billing related to the right to receive payment dependent on factors other than the passage of time. Contract assets were $59.8 million as of September 30, 2026, and are included within contract assets, net and other noncurrent assets on the condensed consolidated balance sheets. As of December 31, 2025, contract assets were not material.

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

Allowance for credit losses was not material as of either September 30, 2026 or December 31, 2025.

Inventories, Net

Inventories are stated at the lower of cost or net realizable value, with cost computed using the weighted-average cost basis and are recorded in prepaid expenses and other current assets in the condensed consolidated balance sheets. Inventories are evaluated regularly for excess quantities and obsolescence. This evaluation includes analysis of the Company's current and future strategic plans, risk of technological obsolescence, and general market conditions. During the three and nine months ended September 30, 2026, excess and obsolescence charges were not material.

Materials and Supplies, Net

Materials and supplies, including spare parts, are carried at weighted-average cost and recorded in prepaid expenses and other current assets, or in other noncurrent assets for the portion not expected to be used within one year, in the condensed consolidated balance sheets. Materials and supplies used in the production of quantum computing systems and satellites are capitalized to property and equipment when installed. Materials and supplies used to support customer contracts, for maintenance, or for research and development efforts are expensed when consumed. The Company capitalized $7.7 million and $5.9 million of materials and supplies to property and equipment for the three months ended September 30, 2026 and 2025, respectively, and $28.4 million and $10.1 million of materials and supplies to property and equipment for the nine months ended September 30, 2026 and 2025, respectively.

Materials and supplies, including spare parts, are evaluated regularly for excess quantities and obsolescence. This evaluation includes analysis of the Company's current and future strategic plans, risk of technological obsolescence, and general market conditions. During the three and nine months ended September 30, 2026 and 2025, excess and obsolescence charges were not material.

Investments

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

The Company also invests in strategic investments, including equity securities of publicly-traded companies and equity securities, convertible debt securities, and simple agreements for future equity ("SAFE") investments of privately-held companies. The Company classifies these investments in accordance with the terms of the underlying securities. Strategic investments are primarily included in other noncurrent assets, with the exception of public company holdings, which are included in prepaid expenses and other current assets, on the condensed consolidated balance sheet. For convertible debt securities and SAFE investments, the Company elects the fair value option, when applicable, and records changes in fair value in other income (expense), net in the condensed consolidated statements of operations. When the fair value option is not elected or permitted, investments are classified as available-for-sale investments, with changes in fair value recorded in accumulated other comprehensive income (loss). Equity securities with a readily determinable fair value are recorded at fair value with the changes in fair value recorded in other income (expense), net, in the condensed consolidated statements of operations. Equity securities without a readily determinable fair value are recorded using the measurement alternative. Such investments are carried at cost, less any impairments, and are adjusted for subsequent observable price changes in orderly transactions for identical or similar investments of the same issuer. Changes in the basis of the securities are recognized in other income (expense), net in the condensed consolidated statements of operations.

The Company performs periodic evaluations to determine whether any declines in the fair value of investments below amortized cost are credit losses or impairments. The evaluation consists of qualitative and quantitative factors regarding the severity of the unrealized loss, as well as the Company's ability and intent to hold the investments until a forecasted recovery occurs. Declines in fair value are considered to be credit losses if they are related to deterioration in credit risk or are considered impairments if it is likely that the underlying securities will be sold prior to a full recovery of their cost basis. Credit losses and impairments are determined based on the specific identification method and are reported in other income (expense), net in the condensed consolidated statements of operations. Credit losses and impairments were not material for the three or nine months ended September 30, 2026 and 2025.

Property and Equipment, Net

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

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

Computer equipment and acquired computer software	3 – 5 years
Machinery, equipment, furniture and fixtures	3 – 12 years
Quantum computing systems	3 years
Satellites	2 – 3 years
Buildings	21 – 25 years
Building improvements	5 – 9 years
Leasehold improvements	Shorter of the lease term or the estimated useful life of the related asset

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

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets are included in other noncurrent assets, finance lease ROU assets are included in property and equipment, net, and operating and finance lease liabilities are included in accrued expenses and other current liabilities and other noncurrent liabilities on the Company's condensed consolidated balance sheets. The Company recognizes lease expense for its operating leases on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, unless ownership transfers to the Company or exercise of a purchase option is reasonably certain, in which case the ROU asset is amortized over the underlying asset's useful life. Operating lease expense and finance lease ROU asset amortization are classified within the statement of operations based on the use of the underlying asset, and finance lease interest is included in interest expense. The Company elected the practical expedient to not separate lease and non-lease components for all classes of underlying assets.

Lease liabilities are recognized at the lease commencement date based on the present value of unpaid lease payments over the lease term, net of lease incentives receivable. ROU assets are initially measured based on the lease liability, adjusted for lease payments made at or before commencement, lease incentives received and initial direct costs. An amendment to a lease is assessed to determine if it represents a lease modification or a separate contract. Amendments accounted for as separate contracts are accounted for as new leases. For amendments that are not accounted for as separate contracts, lease liabilities are remeasured as of the effective date of the modification using an incremental borrowing rate based on the information available at the effective date of the modification. For modified leases, the Company also reassesses the lease classification as of the effective date of the modification.

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

The Company's lease terms include the noncancelable period, periods covered by extension options that the Company is reasonably certain to exercise, and periods covered by termination options that the Company is reasonably certain not to exercise. The Company considers contractual-based factors such as the nature and terms of the renewal or termination, asset-based factors such as physical location of the asset and entity-based factors such as the importance of the leased asset to the Company's operations to determine the lease term.

Sale-leaseback transactions that do not qualify for sale accounting are accounted for as financing arrangements. The underlying assets are included in property and equipment, net, and depreciated over their remaining useful lives, and the related obligations are presented as financing obligations rather than lease liabilities. Payments are allocated between interest expense and a reduction of the financing obligation.

Software Development Costs

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

Internal-Use Software

The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended, until the time the software is placed in service for its intended use. Any costs incurred during subsequent efforts to upgrade and enhance the functionality of the software are also capitalized. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the estimated useful life of the software, which is typically assessed to be three years. Capitalized internal-use software is recorded within intangible assets, net, in the condensed consolidated balance sheets.

External-Use Software

Costs incurred in researching and developing external-use software are expensed as incurred until technological feasibility is established. Once technological feasibility is established, software costs are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. Generally, this occurs shortly before the products are released to production. No external-use software costs were capitalized during any of the three or nine months ended September 30, 2026 and 2025.

Intangible Assets, Net

The Company's intangible assets include developed technology, naming rights, customer relationships, trademarks, in-process research and development, non-compete agreements, and patents. Intangible assets with identifiable useful lives are initially valued at acquisition cost and are amortized over their estimated useful lives using the straight-line method. Intangible assets with indefinite useful lives are assessed for impairment at least annually. In-process research and development is accounted for as an indefinite-lived intangible asset until the underlying project is completed, at which point the intangible asset will be accounted for as a definite-lived intangible asset.

Goodwill

Goodwill is the excess of the purchase price over the fair values assigned to the net assets acquired in a business combination. The Company tests goodwill for impairment on an annual basis, which it has determined to be the first day of the fourth quarter, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company tests goodwill qualitatively, or quantitatively, by comparing the fair value of the reporting unit with the unit's carrying amount. No impairment loss was recognized for any of the three or nine months ended September 30, 2026 and 2025.

Business Combinations

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

For acquisitions with contingent consideration, the Company recognizes the acquisition-date fair value of contingent consideration as part of the purchase consideration. Contingent consideration is classified as a liability or equity based on the terms and settlement provisions of the arrangement. Contingent consideration classified as a liability is remeasured to fair value at each reporting date until the contingency is resolved, with changes in fair value recognized in general and administrative expenses in the Company's condensed consolidated statements of operations. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is recorded within stockholders' equity.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and other long-term assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent the carrying amount of the underlying asset exceeds its fair value. Impairment losses were not material for any of the three or nine months ended September 30, 2026 and 2025.

Warrant Liabilities

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

Variable Interest Entities

The Company evaluates whether an entity is a VIE based on the sufficiency of the entity's equity at risk and by determining whether the equity holders have the characteristics of a controlling financial interest. If an entity is a VIE, and the Company holds a variable interest in the VIE, the Company determines if it is the primary beneficiary of the VIE by assessing whether it has the power to direct the activities that most significantly impact the economic performance of the VIE, as well as the obligation to absorb losses, or the right to receive benefits, that may be significant to the VIE. These determinations require management to make judgments and assumptions about the VIE's forecasted financial performance and the volatility inherent in those forecasted results. The Company regularly reviews its arrangements and agreements and assesses whether events or conditions may exist that result in an entity becoming a VIE, or the Company becoming the primary beneficiary of an existing VIE. The Company also regularly reviews its current VIE arrangements, inclusive of primary beneficiary conclusions, to determine if events or conditions exist that suggest VIE arrangements no longer exist.

Revenue Recognition

The Company primarily derives revenue within its IonQ Platform segment from the design, development, construction and sale of quantum ecosystem hardware together with related maintenance and support, from providing access to its quantum-computing-as-a-service ("QCaaS"), from consulting services related to co-developing algorithms and other services related to the Company's quantum products, and from providing satellite imagery and data from its constellation of satellites through its online platform. In addition, through its SkyWater Foundry Services segment, the Company provides foundational-node semiconductor manufacturing, advanced technology development, and advanced packaging services through an integrated, multi-site operating model, including providing process development services through its advanced technology services development, manufacturing highly-customized wafers, and procuring tools on behalf of certain customers.

The Company applies the provisions of the FASB Accounting Standards Codification, Revenue from Contracts with Customers ("ASC 606"), and all related applicable guidance. The core principle of ASC 606 is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

Certain of the Company's contracts contain multiple promised goods and services. The Company evaluates the promised goods and services in each contract to determine whether they are distinct performance obligations based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the promise is separately identifiable from other promises in the contract. Consistent with the guidance in ASC 606, in identifying performance obligations, the Company considers the nature of the promised goods and services, the degree of integration between promises, whether any good or service significantly modifies or customizes another promised good or service, or whether the goods and services are highly interdependent or interrelated.

The transaction price represents the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to the customer, including estimates of variable consideration. The Company estimates variable consideration using either the expected value or most likely amount method, depending on the nature of the arrangement, and includes such amounts in the transaction price only to the extent it is probable that a significant revenue reversal will not occur. The Company applies judgment and takes into account historical experience, contractual terms, and expected customer behavior to best predict the amount of consideration to which it expects to be entitled under these contracts.

When there are multiple performance obligations in a contract, the Company allocates the transaction price to each performance obligation based on relative standalone selling prices. The Company determines standalone selling price based on the observable price of a product or service when it sells the products or services separately in similar circumstances and to similar customers. Certain products and services have limited or no history of being sold on a standalone basis, requiring the Company to estimate the standalone selling price. The Company estimates the standalone selling price based on other contracts for similar products and services adjusted for differing terms than the contract being evaluated, as well as internal pricing guidelines and market factors. In addition, the Company takes into consideration the estimated costs to be incurred to satisfy the performance obligation plus an appropriate profit margin.

Performance obligations are satisfied over time if the customer receives the benefits as the Company performs the work, if the customer controls the asset as it is being produced (continuous transfer of control), or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment for performance to date. The Company applies judgment to determine a reasonable method to measure progress and to estimate total expected effort, primarily using a cost-to-cost input method or output method. Factors considered in these estimates include the Company's historical performance, the availability, productivity and cost of labor, the nature and complexity of work to be performed, the effect of change orders, availability and cost of materials, and the effect of any delays in performance. For contracts for which progress is measured using the input method, the Company believes the cost-to-cost input method faithfully depicts its performance in transferring control of the related goods and services because costs incurred are directly correlated with the Company's efforts to satisfy the performance obligation. For contracts using the output method, the Company believes there is a level of uniformity in the outputs identified such that the measure of progress determined using this method faithfully depicts the transfer of control of the related services.

The Company may enter into multiple contracts with a single counterparty at or near the same time. The Company will combine contracts and account for them as a single contract when one or more of the following criteria are met: (i) the contracts are negotiated as a package with a single commercial objective; (ii) consideration to be paid in one contract depends on the price or performance of the other contract; and (iii) goods or services promised are a single performance obligation.

Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer, or equity instruments granted to a customer in connection with selling goods or services. For arrangements that contain consideration payable to a customer, the Company uses judgment in determining whether such payments are a reduction of the transaction price or a payment to the customer for a distinct good or service. Where the Company concludes that such payments are in exchange for a distinct good or service, the Company accounts for the transaction as a purchase of that good or service, provided the amount does not exceed the fair value of the distinct good or service received.

Fees are generally billed over the course of the arrangement based on an agreed upon billing schedule, and may have terms that are considered variable consideration, as well as financing components. Certain of our contracts are billed a month in arrears. Customers also have the ability to make advance payments. Advance payments are recorded as a contract liability until services are delivered or obligations are met and revenue is earned. Contract liabilities to be recognized in the succeeding 12-month period are classified as current and the remaining amounts are classified as non-current liabilities in the Company's condensed consolidated balance sheets.

For the three and nine months ended September 30, 2026 and 2025, the majority of revenue was recognized based on transfer of service over time. In arrangements with cloud service providers, the cloud service provider is considered the customer and we do not have any contractual relationships with the cloud service providers' end users. For these arrangements, revenue is recognized at the amount charged to the cloud service provider and does not reflect any mark-up to the end user.

IonQ Platform Segment

Revenues related to the sale of quantum computers is recognized over time, based on when control transfers to the customer. Consistent with ASC 606, revenue related to the other performance obligations in these arrangements, such as maintenance, is recognized over time on a straight-line basis over the contractual service periods, consistent with the stand ready nature of these obligations. For performance obligations related to specialized quantum hardware and consulting services as well as customer solutions for specialized satellite development capabilities, revenue is recognized over time based on the efforts incurred to date relative to the total expected effort, primarily based on a cost-to-cost input measure.

For performance obligations related to certain quantum networking and sensing products and related services, revenue is recognized at the point in time when control passes to the customer, which is determined by customer contract terms. For certain contracts, control transfers upon shipment or delivery based on customary incoterms, and for certain contracts, control transfers upon completion of the required services or installation.

The Company has determined that its QCaaS contracts represent a combined, stand-ready performance obligation to provide access to its quantum computing systems. Additionally, the Company has determined that its contracts to provide satellite imagery and data also represent a stand-ready performance obligation. The transaction price generally consists of a fixed fee for a minimum volume of usage to be made available over a defined period of access. Fixed fee arrangements may also include a variable component whereby customers pay an amount for usage over contractual minimums contained in the contracts. For performance obligations related to providing QCaaS access or satellite imagery, fixed fees are recognized on a straight-line basis over the access period. Variable usage fees are recognized in the period they occur.

Certain of the Company’s arrangements for sales of quantum computers include provisions that allow customers to sell QCaaS access to the Company for fixed amounts paid over time. The Company has determined that the QCaaS purchased from customers is distinct from the goods or services that the Company has promised to its customers because the customer can benefit from the computer without selling QCaaS to the Company and the Company can satisfy its obligation to sell the computer independent from its contingent obligation to purchase QCaaS. To the extent a customer sells QCaaS to the Company, the Company recognizes the cost of purchases as expense over the term of the access.

SkyWater Foundry Services Segment

Revenues related to quantum foundry and advanced technologies as well as complementary metal-oxide-semiconductor ("CMOS") foundry contracts are recognized over time using either an output or input method based upon the method that best measures the value of the services performed for the Company’s customers. Whether an output or input method is selected requires judgment. The Company consistently uses either its output method or input method for similar performance obligations in similar circumstances. The Company’s output method, primarily applied to certain quantum foundry and advanced technologies contracts and CMOS foundry contracts, evaluates the steps and activities needed to complete manufacturing development services and relies on surveys of steps and activities completed as of the reporting date in relation to then current manufacturing development plans to measure the level of progress on the service.

Certain of the Company’s customer contracts acquired via the acquisition of SkyWater were determined to have pricing not reflective of market conditions at the time of acquisition. These contracts were identified as including off-market components that resulted in the recognition of contract liabilities in the Company’s purchase accounting for the acquisition of SkyWater. These contract liabilities are released and recognized as revenue over the remaining performance period using either an output or input method.

Quantum foundry and advanced development contracts can include tool capacity or priority access rights and/or fab access right performance obligations. These arrangements do not represent lessor arrangements as the Company is not providing its customers the right to control specific tools or areas in the fab. Revenue for these arrangements are recognized over time as the access rights are provided to customers.

Cost of Revenue

Cost of revenue primarily consists of expenses related to the delivery of the Company’s quantum and foundry products and services, including personnel-related expenses, hardware, gases and other fulfillment costs, allocated overhead costs for customer facing functions, and costs associated with maintaining the Company’s in-service quantum computing systems, satellites and foundry to ensure proper calibration as well as costs incurred for maintaining the cloud on which the Company delivers its services. Personnel-related expenses include salaries, benefits, and stock-based compensation. Cost of revenue excludes depreciation and amortization.

Research and Development

Research and development expenses consist of personnel-related costs, including salaries, benefits and stock-based compensation, and allocated overhead costs for the Company's research and development function. Research and development is attributable to advancing technology research, platform and infrastructure development, and the research and development of new product iterations, including quantum computing systems, networks, foundry services, and other products as well as satellites. Design and development efforts continue throughout the useful life of the Company's quantum computing systems and satellites to ensure proper calibration and optimal functionality. Research and development expenses also include purchased hardware and software costs related to quantum computing systems constructed for research purposes that are not probable of providing future economic benefit and have no alternate future use, as well as costs associated with third-party research and development arrangements.

In November 2025, the Company entered into a strategic collaboration agreement and master research agreement with the University of Chicago, pursuant to which the Company receives a license to certain intellectual property under a research and development service arrangement, as well as naming rights to a University of Chicago building. In exchange for the licensed intellectual property and naming rights, the University of Chicago received 2,108,993 shares of Company common stock, which were issued in November 2025. The master research agreement is considered a research and development service arrangement and is recorded as a prepayment initially valued at $68.7 million based on the proportionate fair value of the common stock issued. The prepayment is recorded within prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets and is amortized over the term of the arrangement as services are received. Amortization of the prepayment is recognized in research and development in the condensed consolidated statements of operations. The naming rights were recorded as intangible assets of $48.1 million based on the proportionate fair value of the common stock issued. The intangible assets are amortized based on the terms of the underlying agreements. During the three and nine months ended September 30, 2026, the Company amortized $1.8 million and $5.2 million, respectively, of research and development expense related to the research and development service arrangement and recognized no amortization expenses related to the naming rights. In November 2025, the Company also entered into a commercial agreement for the sale of certain quantum computing hardware and services. During the three and nine months ended September 30, 2026, the Company recognized $16.0 million and $29.5 million of revenue from the commercial contract, respectively.

In March 2026, the Company entered into a strategic collaboration agreement and master research agreement with the University of Cambridge, pursuant to which the Company receives a license to certain intellectual property under a research and development service arrangement, as well as naming rights to a University of Cambridge facility. In exchange for the licensed intellectual property and naming rights, the University of Cambridge received 2,562,642 shares of Company common stock, which were issued in March 2026. The master research agreement is considered a research and development service arrangement and is recorded as a prepayment initially valued at $73.1 million based on the proportionate fair value of the common stock issued. The prepayment is recorded within prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets and is amortized over the term of the arrangement as services are received. Amortization of the prepayment is recognized in research and development in the condensed consolidated statements of operations. The naming rights were recorded as intangible assets of $14.8 million based on the proportionate fair value of the common stock issued. The intangible assets are amortized based on the terms of the underlying agreements. During the three and nine months ended September 30, 2026, the Company amortized $1.8 million and $4.1 million, respectively, of research and development expense related to the research and development service arrangement and recognized no amortization expenses related to the naming rights. In March 2026, the Company also entered into a commercial agreement for the sale of certain quantum computing hardware and services. During the three and nine months ended September 30, 2026, revenue from the commercial contract was not material.

Stock-Based Compensation

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

Stock-based compensation cost for restricted stock units, performance-based restricted stock units, and restricted common stock is measured based on the fair value of the Company's common stock on the grant date. The fair value of performance-based restricted stock units with a market condition is estimated on the date of grant using the Monte Carlo simulation model. The Monte Carlo simulation model requires the use of subjective assumptions, which determine the fair value of these awards, including price volatility,

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

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

Investment Tax Credits and Government Assistance

The Company recognizes the benefits of government assistance it receives, or expects to receive, only when there is reasonable assurance that the Company will comply with the conditions attached to government assistance and the government assistance will be received or paid. The Company receives government assistance in the form of refundable investment tax credits available under Section 48D of the Creating Helpful Incentives to Produce Semiconductors for America Act of 2022 ("CHIPS Act") for eligible capital expenditures. As the Section 48D investment tax credit is asset-based, the deferred benefit from the credit is recorded as a reduction of the cost basis in the underlying equipment from which the tax credit was derived and will be recognized as a reduction of the assets' depreciation expense over their useful lives.

Income Taxes

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

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

For certain income tax positions, the Company uses a more-likely-than-not threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of tax benefits determined on a cumulative probability basis, which are more-likely-than-not to be realized upon ultimate settlement in the condensed consolidated financial statements. The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense.

Concentrations of Credit Risk

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

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

Significant customers are those that represent more than 10% of the Company's total revenue. For the three and nine months ended September 30, 2026, the Company had one significant customer that accounted for 30% of total revenue and one significant customer that accounted for 16% of total revenue, respectively. For the three and nine months ended September 30, 2025, the

Company had three significant customers that accounted for 61% of total revenue and two significant customers that accounted for 54% of total revenue, respectively.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed using the two-class method. Under the two-class method, all earnings are allocated to common stock and participating securities based on their participation rights. The Company considers its restricted stock to be participating securities. The holders of restricted stock do not have a contractual obligation to share in the losses of the Company. Accordingly, in periods with a reported net loss, the net loss is not allocated to these participating securities. Under the two-class method, basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of common stock during the period, plus common stock equivalents outstanding during the period. The Company's common stock equivalents include stock options, warrants, unvested restricted stock units, unvested performance-based restricted stock units, and unvested restricted stock. Common stock equivalents contingent upon the satisfaction of certain conditions are included in the denominator to the extent the shares would be issuable if the end of the period was the end of the contingency period and based on the actual achievement of performance metrics through the end of the period. When computing diluted net income (loss) per share, the numerator is adjusted for the gain (loss) on changes in fair value of dilutive warrant liabilities. Diluted net income (loss) per share is calculated under both the two-class method and the treasury stock method, and the more dilutive amount is reported. If the Company reports a net loss, the computation of diluted net loss per share excludes the effect of dilutive common stock equivalents, as their effect would be antidilutive, and diluted net loss per share is equal to basic net loss per share.

Recently Adopted Accounting Standards

In July 2025, the FASB issued ASU 2025-05, Financial Instruments -- Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, to introduce a practical expedient for all entities, which simplifies the calculation required for estimating credit losses and assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company adopted this standard as of January 1, 2026. The Company elected the practical expedient and it did not have a material effect on the Company's condensed consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

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

In September 2025, the FASB issued ASU 2025-06, Intangibles -- Goodwill and Other -- Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, to modernize the capitalization criteria for internal-use software, eliminating references to project stages and instead requiring that projects meet completion probability criteria before costs can be capitalized. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and for interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update to its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-10, Accounting for Government Grants Received by Business Entities, to establish guidance on the recognition, measurement, and presentation of government grants received by business entities. ASU 2025-10 is effective for annual periods beginning after December 15, 2028, and for interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements, to make changes to the Codification that clarify, correct errors, or make minor improvements to U.S. GAAP, including clarifying the calculation of earnings per share when a loss from continuing operations exists. ASU 2025-12 is effective for annual periods beginning after December 15, 2026, and interim

reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

3. BUSINESS COMBINATIONS

2026 Acquisitions

During 2026, the Company completed multiple acquisitions, for which each of the purchase price allocations are based on preliminary information and subject to change. Upon completion of the final purchase price allocations, the final fair values of assets acquired and liabilities assumed and resulting goodwill may differ materially from the preliminary assessment. The Company has estimated the preliminary fair values of assets acquired and liabilities assumed in each acquisition based on information currently available and will continue to adjust those estimates as additional information pertaining to events or circumstances present at the acquisition date becomes available during the measurement period.

The Company incurred approximately $39.3 million and $61.5 million in transaction costs for the three and nine months ended September 30, 2026, respectively, which were primarily related to fees associated with financial and legal advisors, related to closed and pending acquisitions. Transaction costs were recorded in general and administrative expenses in the condensed consolidated statements of operations.

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

SkyWater Technology, Inc.

On July 31, 2026, the Company acquired SkyWater Technology, Inc. ("SkyWater") for approximately $1,944.4 million of total consideration (the "SkyWater Acquisition"). The SkyWater Acquisition was accounted for as a business combination. The acquisition allows the Company to integrate domestic semiconductor development, fabrication, and advanced packaging capabilities to accelerate the development and commercialization of the Company's quantum technologies, while expanding the Company's merchant supply capabilities and quantum ecosystem initiatives.

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

Cash	$	986,674
Fair value of common stock issued[(1)]		878,781
Fair value of equity awards[(2)]		40,970
Settlement of pre-existing relationships		37,957
Total purchase consideration	$	1,944,382

(1) Reflects 24,115,827 shares of the Company's common stock issued in the acquisition, multiplied by the closing price of the Company's common stock on the closing date.

(2) Reflects the conversion and issuance of certain equity awards, including stock options and restricted stock units. Refer to Note 17 for further details on the Company's share-based compensation awards, including awards issued in connection with acquisitions.

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

	Preliminary Fair Value
Cash and cash equivalents	$ 92,234
Accounts receivable, net	64,382
Contract assets	30,027
Prepaid expenses and other current assets	43,400
Property and equipment	743,114
Operating lease right-of-use assets	26,608
Finance lease right-of-use assets	28,705
Other noncurrent assets	30,811
Intangible assets	423,216
Goodwill	1,029,092
Accounts payable	(34,395)
Accrued expenses and other current liabilities	(89,852)
Debt	(67,221)
Contract liabilities	(181,861)
Finance lease liabilities	(28,705)
Deferred tax liabilities	(137,684)
Other noncurrent liabilities	(4,389)
Noncontrolling interests	(23,100)
Total fair value of net assets acquired	$ 1,944,382

The goodwill of $1,029.1 million is primarily attributable to SkyWater's specialized assembled workforce and expected future synergies from combining operations. The total goodwill amount was recorded in the SkyWater Foundry Services segment. The Company does not expect the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized primarily consist of customer relationships, developed technology, and trade names. Fair values of intangible assets were determined using income approaches, including the multi-period excess earnings method.

The purchase price allocation for SkyWater is preliminary as of September 30, 2026, as the Company has not completed its assessment and valuation of certain assets acquired, liabilities assumed, and noncontrolling interests, including intangible assets and property and equipment and their respective estimated useful lives, spare parts, acquired contractual arrangements, lease arrangements, VIE financing, and income tax balances. The purchase price allocation, including the resulting goodwill, is subject to adjustment during the measurement period. These preliminary estimates and measurements are subject to change during the measurement period, which will not exceed one year from the acquisition date, as the Company receives final information and completes its analysis. Finalization of the purchase price allocation could result in material adjustments to the amounts recorded, including goodwill and income tax benefit.

SkyWater's revenue since the acquisition date to September 30, 2026, included in the Company's condensed consolidated statements of operations, was $83.5 million.

Nexus Photonics, Inc.

On June 30, 2026, the Company acquired Nexus Photonics, Inc. ("Nexus") for approximately $76.0 million of total consideration (the "Nexus Acquisition"). The Nexus Acquisition was accounted for as a business combination. The acquisition supports scaling the Company's quantum computing, networking, and sensing capabilities through photonics integration capability.

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

Fair value of common stock issued[(1)]	$ 65,493
Fair value of equity awards[(2)]	10,552
Total purchase consideration	$ 76,045

(1) Reflects 1,229,698 shares of the Company's common stock issued in the acquisition, multiplied by the closing price of the Company's common stock on the closing date. These shares are inclusive of 285,000 shares held in escrow and 41,177 shares

withheld to cover employee tax obligations. The escrowed shares are expected to be released within 24 months after the close of the Nexus Acquisition, subject to reductions for working capital adjustments and indemnity claims.

(2) Reflects the issuance of certain equity awards, including restricted stock. Refer to Note 17 for further details on the Company's share-based compensation awards, including awards issued in connection with acquisitions.

The following table summarizes the preliminary fair values of Nexus's assets acquired and liabilities assumed, including measurement period adjustments, as of the acquisition date (in thousands):

	Preliminary Fair Value	Measurement Period Adjustments	Adjusted Fair Value
Cash and cash equivalents	$ 1,492	$ —	$ 1,492
Accounts receivable	2,051	—	2,051
Prepaid expenses and other current assets	3,411	—	3,411
Property and equipment	1,002	—	1,002
Operating lease right-of-use assets	334	—	334
Other noncurrent assets	12	—	12
Intangible assets	25,900	(16,600)	9,300
Goodwill	52,432	12,752	65,184
Accounts payable	(90)	—	(90)
Accrued expenses and other current liabilities	(4,979)	(1)	(4,980)
Operating lease liabilities	(334)	—	(334)
Contract liabilities	(262)	—	(262)
Deferred tax liabilities	(4,924)	3,849	(1,075)
Total fair value of net assets acquired	$ 76,045	$ —	$ 76,045

During the nine months ended September 30, 2026 and within the measurement period, the Company adjusted the preliminary valuation of the acquired intangible assets from $25.9 million to $9.3 million. This change resulted from transitioning from preliminary estimates based on benchmarking to asset-specific valuation analyses. As a result of these adjustments and the related tax impact, goodwill increased by $12.8 million.

The goodwill of $65.2 million is primarily attributable to Nexus's specialized assembled workforce and expected future synergies from combining operations. The total goodwill amount was recorded in the IonQ Platform segment. The Company does not expect the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized primarily consist of $8.1 million in developed technology with an estimated useful life of eight years and $1.2 million in customer relationships with an estimated useful life of four years. Fair values of intangible assets were determined using income approaches, including the multi-period excess earnings and relief from royalty methods.

Nexus's revenue since the acquisition date to September 30, 2026, included in the Company's condensed consolidated statements of operations, was not material.

Skyloom Global Corp.

On January 26, 2026, the Company acquired Skyloom Global Corp. ("Skyloom") for approximately $191.9 million of total consideration (the "Skyloom Acquisition"). The Skyloom Acquisition was accounted for as a business combination. The acquisition supports the Company's quantum platform roadmap by adding free-space optical communications, photonic systems engineering, and secure data transmission capabilities to the Company's existing quantum products.

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

Cash	$ 36,020
Fair value of common stock issued[(1)]	119,774
Contingent consideration	32,680
Settlement of pre-existing relationships	3,444
Total purchase consideration	$ 191,918

(1) Reflects 2,761,679 shares of the Company's common stock issued in the acquisition, multiplied by the closing price of the Company's common stock on the closing date. These shares are inclusive of 325,235 shares held in escrow and 75,504 shares withheld to cover employee tax obligations. The escrowed shares are expected to be released within 18 months after the close of the Skyloom Acquisition, subject to reductions for working capital adjustments and indemnity claims.

The preliminary purchase consideration includes contingent consideration related to revenue milestones and technical milestones, which have a future maximum payout of $53.4 million and $22.8 million, respectively. The revenue milestone contingent consideration is classified as a liability and had a fair value of $24.5 million as of the acquisition date, of which approximately $1.2 million was recognized as post-combination stock-based compensation expense and is recorded in operating expenses in the condensed consolidated statements of operations. The technical milestone contingent consideration is classified as equity and had a fair value of $9.9 million as of the acquisition date, of which approximately $0.5 million was recognized as post-combination stock-based compensation expense and is recorded in operating expenses in the condensed consolidated statements of operations. If the revenue and technical milestones are achieved, the Company may issue up to 737,479 and 314,807 shares of common stock, respectively.

The following table summarizes the preliminary fair values of Skyloom's assets acquired and liabilities assumed, including measurement period adjustments, as of the acquisition date (in thousands):

	Preliminary Fair Value	Measurement Period Adjustments	Adjusted Fair Value
Cash and cash equivalents	$ 1,034	$ —	$ 1,034
Accounts receivable	5,339	129	5,468
Prepaid expenses and other current assets	6,135	—	6,135
Property and equipment	3,509	—	3,509
Operating lease right-of-use assets	1,083	—	1,083
Intangible assets	34,600	—	34,600
Goodwill	166,328	(1,668)	164,660
Other noncurrent assets	767	—	767
Accounts payable	(2,332)	—	(2,332)
Accrued expenses and other current liabilities	(15,483)	—	(15,483)
Operating lease liabilities	(1,083)	—	(1,083)
Contract liabilities	(9,407)	3,444	(5,963)
Deferred tax liabilities	(459)	—	(459)
Other noncurrent liabilities	(18)	—	(18)
Total fair value of net assets acquired	$ 190,013	$ 1,905	$ 191,918

The goodwill of $164.7 million is primarily attributable to growth opportunities from the expansion of the Company's quantum platform offerings, Skyloom's specialized assembled workforce, and expected future synergies from combining operations. The total goodwill amount was recorded in the IonQ Platform segment. The Company does not expect the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized primarily consist of $30.5 million in developed technology with an estimated useful life of six years, $3.4 million in trade names with an estimated useful life of five years, and $0.7 million in customer relationships with an estimated useful life of three years. Fair values of intangible assets were determined using income approaches, including the relief from royalty method.

Skyloom's revenue since the acquisition date to September 30, 2026, included in the Company's condensed consolidated statements of operations, was not material.

Seed Innovations, LLC

On January 30, 2026, the Company acquired Seed Innovations, LLC ("Seed") for approximately $30.1 million of total consideration (the "Seed Acquisition"). The Seed Acquisition was accounted for as a business combination. The acquisition expands

the Company's software capabilities and its expertise in machine learning, advanced software architecture, and cloud migration will support managing and scaling complex quantum workloads.

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

Fair value of common stock issued[(1)]	$ 30,076
Total purchase consideration	$ 30,076

(1) Reflects 752,264 shares of the Company's common stock issued in the acquisition, multiplied by the closing price of the Company's common stock on the closing date. These shares are inclusive of 234,990 shares held in escrow. The escrowed shares are expected to be released within 24 months after the close of the Seed Acquisition, subject to reductions for working capital adjustments and indemnity claims.

The following table summarizes the preliminary fair values of Seed's assets acquired and liabilities assumed, including measurement period adjustments, as of the acquisition date (in thousands):

	Preliminary Fair Value	Measurement Period Adjustments	Adjusted Fair Value
Cash and cash equivalents	$ 1,080	$ —	$ 1,080
Accounts receivable	3,481	543	4,024
Prepaid expenses and other current assets	22	—	22
Operating lease right-of-use assets	1,327	—	1,327
Intangible assets	2,000	—	2,000
Goodwill	25,889	(543)	25,346
Accounts payable	(765)	—	(765)
Accrued expenses and other current liabilities	(1,632)	—	(1,632)
Operating lease liabilities	(1,326)	—	(1,326)
Total fair value of net assets acquired	$ 30,076	$ —	$ 30,076

The goodwill of $25.3 million is primarily attributable to the expansion of the Company's quantum platform offerings, Seed's specialized assembled workforce and expected future synergies from combining operations. The total goodwill amount was recorded in the IonQ Platform segment. The Company expects the goodwill from this acquisition to be deductible for income tax purposes. Identifiable intangibles recognized primarily consist of customer relationships with an estimated useful life of five years. Fair values of intangible assets were determined using income approaches, including the multi-period excess earnings method.

Seed's revenue since the acquisition date to September 30, 2026, included in the Company's condensed consolidated statements of operations was $19.4 million.

Pro Forma Results of Operations

The following table summarizes the unaudited pro forma consolidated revenue and net income (loss) of the Company as if each of the 2026 acquisitions described above had been completed on January 1, 2025 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 215,822	$ 217,294	$ 653,453	$ 412,862
Net income (loss)	469,685	(943,639)	(660,887)	(1,193,250)

The pro forma information is not necessarily indicative of the results of operations that would have occurred had the acquisitions been made at the beginning of the periods presented or the future results of the combined operations.

2025 Acquisitions

During 2025, the Company completed six acquisitions, including the acquisitions of 100% of the outstanding shares of Vector Atomic, Inc. on October 2, 2025, 100% of the outstanding shares of Oxford Ionics Limited on September 16, 2025, 100% of the outstanding shares of Capella Space Corp. on July 11, 2025, 100% of the outstanding shares of Lightsynq Technologies Inc. on May 30, 2025, approximately 86% of the outstanding shares of id Quantique SA on April 30, 2025, and 100% of the outstanding shares of

a market intelligence business on June 9, 2025. The total purchase price of these acquisitions was $2,660.6 million, including $2,538.0 million of stock consideration, $58.4 million of cash consideration, $59.8 million of equity awards, and $4.4 million of contingent consideration. Each of these acquisitions was accounted for as a business combination.

The stock consideration includes 2,135,107 shares held in escrow and 69,879 shares withheld to cover employee tax obligations. The escrowed shares are expected to be released within 12 to 18 months of the respective acquisition, subject to adjustments for indemnity claims and working capital adjustments.

The following table summarizes the purchase price allocation for the 2025 acquisitions based on the estimated fair value of the acquired assets and assumed liabilities (in thousands):

	Purchase Price Allocation as of December 31, 2025	Measurement Period Adjustments	Purchase Price Allocation as of September 30, 2026
Cash and cash equivalents	$ 56,145	$ —	$ 56,145
Accounts receivable	19,039	—	19,039
Prepaid expenses and other current assets	49,646	(109)	49,537
Property and equipment	65,361	—	65,361
Operating lease right-of-use assets	16,912	—	16,912
Intangible assets	740,432	—	740,432
Goodwill	1,965,546	565	1,966,111
Other noncurrent assets	4,859	(137)	4,722
Accounts payable	(28,582)	—	(28,582)
Accrued expenses and other current liabilities	(35,335)	(131)	(35,466)
Operating lease liabilities	(16,828)	—	(16,828)
Contract liabilities	(23,373)	249	(23,124)
Deferred tax liabilities	(131,870)	1,097	(130,773)
Other noncurrent liabilities	(6,000)	—	(6,000)
Noncontrolling interest	(16,918)	—	(16,918)
Total fair value of net assets acquired	$ 2,659,034	$ 1,534	$ 2,660,568

The following table summarizes the purchase price allocation for the 2025 acquisitions based on the estimated fair value of the identifiable intangible assets (in thousands):

	Fair Value	Useful Life
Developed technology	$ 657,816	5 – 8 years
Customer relationships	36,835	2 – 10 years
In-process research and development	18,800	Indefinite
Tradenames	18,504	1 – 5 years
Non-compete agreements	8,477	2 years
Total intangible assets	$ 740,432	

The Company has estimated the preliminary fair values of assets acquired and liabilities assumed in each acquisition based on information currently available and will continue to adjust those estimates as additional information pertaining to events or circumstances present at the acquisition date becomes available during the measurement period. The purchase price allocation for Vector Atomic, Inc. is preliminary as of September 30, 2026. The purchase price allocations for Oxford Ionics Limited, Capella Space Corp., Lightsynq Technologies Inc., id Quantique SA, and the market intelligence business are complete.

In July 2025, the Company acquired additional shares of id Quantique SA, increasing the Company's total ownership to approximately 91%. The acquisition was accounted for as an equity transaction as there was no change in control.

4. CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENTS

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

	As of September 30, 2026				As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and money market funds	$ 216,474	$ —	$ —	$ 216,474	$ 538,195	$ —	$ —	$ 538,195
Certificates of deposit	534	—	—	534	—	—	—	—
Corporate notes and bonds	—	—	—	—	1,999	—	—	1,999
U.S. government and agency	1,468,709	43	(15,812)	1,452,940	2,801,589	2,334	(435)	2,803,488
Total cash, cash equivalents, restricted cash and investments	$ 1,685,717	$ 43	$ (15,812)	$ 1,669,948	$ 3,341,783	$ 2,334	$ (435)	$ 3,343,682

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

	As of September 30, 2026					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency	$ 1,049,128	$ (13,630)	$ 301,710	$ (2,182)	$ 1,350,838	$ (15,812)
Total	$ 1,049,128	$ (13,630)	$ 301,710	$ (2,182)	$ 1,350,838	$ (15,812)

	As of December 31, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency	$ 914,652	$ (435)	$ —	$ —	$ 914,652	$ (435)
Total	$ 914,652	$ (435)	$ —	$ —	$ 914,652	$ (435)

The Company did not have any allowance for credit losses as of either September 30, 2026 or December 31, 2025. The Company neither intends to, nor believes that it is more likely than not that it will be required to, sell the investments in an unrealized loss position before the recovery of the associated amortized cost basis.

The estimated fair value of the Company's cash, cash equivalents, restricted cash, and investments in available-for-sale securities as of September 30, 2026, aggregated by investment category and classified by contractual maturity date, is as follows (in thousands):

	1 Year or Less	Greater than 1 Year	Total
Cash and money market funds	$ 209,434	$ 7,040	$ 216,474
Certificates of deposit	534	—	534
U.S. government and agency	788,458	664,482	1,452,940
Total	$ 998,426	$ 671,522	$ 1,669,948

5. FAIR VALUE MEASUREMENTS

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

	Fair Value Measured as of September 30, 2026			
	Level 1	Level 2	Level 3	Total
Assets				
Cash, cash equivalents and restricted cash:				
Cash and money market funds[1]	$ 216,474	$ —	$ —	$ 216,474
Certificates of deposit	—	534		534
U.S. government and agency	—	—	—	—
Total cash, cash equivalents and restricted cash	$ 216,474	$ 534	$ —	$ 217,008
Short-term investments:				
Certificates of deposit	—	—	—	—
U.S. government and agency	—	788,458	—	788,458
Total short-term investments	$ —	$ 788,458	$ —	$ 788,458
Prepaid expenses and other current assets:				
Strategic investments	71,598	—	—	71,598
Total prepaid expense and other current assets	$ 71,598	$ —	$ —	$ 71,598
Long-term investments:				
U.S. government and agency	—	664,482	—	664,482
Total long-term investments	$ —	$ 664,482	$ —	$ 664,482
Other noncurrent assets:				
Strategic investments	—	—	148,134	148,134
Total other noncurrent assets	$ —	$ —	$ 148,134	$ 148,134
Total assets	$ 288,072	$ 1,453,474	$ 148,134	$ 1,889,680
Liabilities				
Warrant liabilities	$ —	$ —	$ 2,124,224	$ 2,124,224
Total liabilities	$ —	$ —	$ 2,124,224	$ 2,124,224

	Fair Value Measured as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash, cash equivalents and restricted cash:				
Cash and money market funds[1]	$ 538,195	$ —	$ —	$ 538,195
U.S. government and agency	—	499,553	—	499,553
Total cash, cash equivalents and restricted cash	$ 538,195	$ 499,553	$ —	$ 1,037,748
Short-term investments:				
Corporate notes and bonds	—	1,999	—	1,999
U.S. government and agency	—	1,359,292	—	1,359,292
Total short-term investments	$ —	$ 1,361,291	$ —	$ 1,361,291
Long-term investments:				
U.S. government and agency	—	944,643	—	944,643
Total long-term investments	$ —	$ 944,643	$ —	$ 944,643
Other noncurrent assets:				
Strategic investments	—	—	61,010	$ 61,010
Total other noncurrent assets	$ —	$ —	$ 61,010	$ 61,010
Total assets	$ 538,195	$ 2,805,487	$ 61,010	$ 3,404,692
Liabilities				
Warrant liabilities	$ 44,168	$ —	$ 2,427,409	$ 2,471,577
Total liabilities	$ 44,168	$ —	$ 2,427,409	$ 2,471,577

(1) Includes money market funds associated with the Company's overnight investment sweep account and cash collateralizing the Company's financial guarantees and certain other obligations.

The following table summarizes changes in Level 3 assets and liabilities measured at fair value for the nine months ended September 30, 2026 (in thousands):

	Strategic Investments[1]	Contingent Consideration[2]	Warrant Liabilities[3]
Fair value as of December 31, 2025	$ 61,010	$ —	$ (2,427,409)
Purchases	100,500	—	—
Issuances	—	(24,502)	—
Transfer out of Level 3[4]	(22,846)	—	—
Changes in fair value included in net income (loss)	9,470	24,502	303,185
Changes in fair value included in other comprehensive income (loss)	—	—	—
Fair value as of September 30, 2026	$ 148,134	$ —	$ (2,124,224)

(1) The change in fair value of strategic investments is recorded in other income (expense), net in the condensed consolidated statements of operations.

(2) The change in fair value of contingent consideration is recorded in general and administrative expenses in the condensed consolidated statements of operations.

(3) The change in fair value of warrant liabilities is recorded in gain (loss) on change in fair value of warrant liabilities in the condensed consolidated statements of operations.

(4) During the nine months ended September 30, 2026, the Company transferred one of its strategic investments from Level 3 to Level 1 due to the conversion of certain convertible debt securities into publicly-traded equity securities.

Warrant Liabilities

The Company's warrant liabilities are comprised of the Series A and Series B private warrants. As of September 30, 2026, there were 79,053,330 of Series A and Series B private warrants outstanding. No Series A and Series B private warrants have been redeemed by the Company as of September 30, 2026.

The fair value of the Series A and Series B private warrants was determined using Level 3 inputs. Management determined the fair value of the Series A and Series B private warrants using unobservable inputs in the Black-Scholes option-pricing model. Inherent in the valuation were assumptions related to the expected term, risk-free interest rate, dividend yield, and expected stock-price volatility, which was determined based on the Company's historical and implied stock price volatility. The expected stock-price volatility was 90.0% and 95.0% as of September 30, 2026 and December 31, 2025, respectively.

Contingent Consideration

The fair value of the revenue milestone contingent consideration, which is liability-classified, was determined using Level 3 inputs. Management determined the fair value of the revenue milestone contingent consideration using unobservable inputs in the Monte Carlo simulation model, including forecasted revenue, expected payment timing, discount rate, and revenue volatility, which was determined based on the historical revenue volatility of comparable peer companies. The discount rate was 7.6% and 5.8% as of September 30, 2026 and the acquisition date, respectively, and the revenue volatility was 30.0% and 25.0% as of September 30, 2026 and the acquisition date, respectively.

The fair value of the technical milestone contingent consideration, which is equity-classified, was determined using Level 3 inputs. Management determined the fair value of the technical milestone contingent consideration as of the acquisition date using unobservable inputs in a scenario-based model, including probability of achievement ranging from 50% to 95%.

Strategic Investments

The Company enters into strategic investment agreements ("Investment Agreements") to purchase equity securities of publicly-traded companies and to purchase equity securities, convertible debt securities, and SAFE investments of privately-held companies (each, an "Investee"). Strategic investments are composed of the following (in thousands):

	September 30, 2026	December 31, 2025
Publicly-traded equity securities	$ 71,598	$ —
Convertible debt securities	29,059	36,000
Privately-held equity securities	30,000	30,000
SAFE investments	119,075	25,000
Total strategic investments	$ 249,732	$ 91,000

The Company recognized net unrealized losses of $65.7 million and $15.5 million for the three and nine months ended September 30, 2026, respectively, on publicly-traded equity securities. The Company has agreed to enter into customary lock-up agreements with respect to its investments in publicly-traded equity securities, which are expected to lapse within 3 to 12 months. The fair values of publicly-traded equity securities are based on observable inputs and are classified as Level 1 in the fair value hierarchy. The fair values of convertible debt securities and SAFEs, for which the Company elected the fair value option, are classified as Level 3 and are measured using the scenario-based method or Monte Carlo simulation model described in Note 2, using unobservable inputs, including the probability and expected timing of each scenario, the estimated equity value of the investee, a risk-adjusted discount rate, and expected equity volatility.

In connection with the Investment Agreements, the majority of Investees also entered into a commercial contract with the Company for access to the Company's products and services. The Company assessed the commercial contracts under the guidance within ASC 606, Revenue from Contracts with Customers, as well as the commercial substance of the arrangement considering the customer's ability and intention to pay as well as the Company's obligation to perform under the contract. Based on its assessment, the Company concluded the commercial contracts are within the scope of ASC 606 and the Company will apply the principles within ASC 606 to measure and recognize revenue. During the three and nine months ended September 30, 2026, the Company recognized $7.0 million and $15.7 million of revenue from the commercial contracts, respectively.

6. PROPERTY AND EQUIPMENT, NET

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

	September 30, 2026	December 31, 2025
Quantum computing systems	$ 58,601	$ 40,684
Satellites	84,955	61,698
Land	8,140	—
Buildings	191,281	—
Leasehold and building improvements	52,637	25,719
Machinery, equipment, furniture and fixtures	600,973	34,819
Computer equipment and acquired computer software	15,616	11,577
Gross property and equipment	1,012,203	174,497
Less: accumulated depreciation	(152,780)	(54,352)
Total property and equipment, net	$ 859,423	$ 120,145

Depreciation expense for the three months ended September 30, 2026 and 2025, was $85.8 million and $9.3 million, respectively. Depreciation expense for the nine months ended September 30, 2026 and 2025, was $110.5 million and $18.9 million, respectively.

7. INTANGIBLE ASSETS, NET

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

	September 30, 2026	December 31, 2025
Developed technology	$ 798,092	$ 657,690
Naming rights	62,844	48,084
Customer relationships	318,651	43,087
Internal-use software	46,779	28,340
Trademark	52,910	19,577
In-process research and development	18,800	18,800
Non-compete agreements	8,390	8,839
Patents	7,343	7,345
Website and other	776	377
Gross intangible assets	1,314,585	832,139
Less: accumulated amortization	(169,524)	(64,707)
Total intangible assets, net	$ 1,145,061	$ 767,432

Amortization expense for the three months ended September 30, 2026 and 2025, was $41.9 million and $14.9 million, respectively. Amortization expense for the nine months ended September 30, 2026 and 2025 was $106.4 million and $22.5 million, respectively.

8. GOODWILL

Changes in the carrying amount of goodwill as of September 30, 2026 and December 31, 2025, were as follows (in thousands):

	September 30, 2026			December 31, 2025
	IonQ Platform	SkyWater Foundry Services	Total	IonQ Platform
Beginning balance	$ 1,963,584	$ —	$ 1,963,584	$ 9,904
Acquisitions	244,649	1,029,092	1,273,741	1,972,146
Measurement period adjustments	11,123	—	11,123	(5,827)
Foreign currency translation	(26,345)	—	(26,345)	(12,639)
Ending balance	$ 2,193,011	$ 1,029,092	$ 3,222,103	$ 1,963,584

9. OTHER BALANCE SHEET ACCOUNTS

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

	September 30, 2026	December 31, 2025
Materials and supplies	$ 100,076	$ 47,387
Advance payments to suppliers	20,787	14,251
Inventories, net	35,281	10,310
Prepaid expenses	33,511	12,192
Strategic investments	71,598	—
Accrued interest receivable	14,126	18,494
Prepaid research and development arrangements	14,175	7,154
Other current assets	28,365	17,963
Total prepaid expenses and other current assets	$ 317,919	$ 127,751

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

	September 30, 2026	December 31, 2025
Strategic investments	$ 178,135	$ 91,000
Prepaid research and development arrangements, net of current portion	117,354	60,843
Operating lease right-of-use assets	76,899	22,724
Investment tax credit receivable, net of current portion	19,778	—
Materials and supplies, net of current portion[(1)]	10,431	—
Other noncurrent assets	21,149	13,548
Total other noncurrent assets	$ 423,746	$ 188,115

(1) Materials and supplies, net of current portion consists of spare parts that will not be used within twelve months.

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

	September 30, 2026	December 31, 2025
Accrued salaries and other payroll liabilities	$ 93,809	$ 44,209
Accrued vendor purchase commitments	21,542	—
Acquisition purchase consideration liabilities	3,142	5,600
Current portion of operating lease liabilities	14,034	8,850
Current portion of finance lease liabilities	2,305	—
Accrued professional services and transaction costs	10,934	18,583
Accrued equipment and facilities liabilities	14,516	11,785
Accrued expenses—other	14,986	9,544
Total accrued expenses and other current liabilities	$ 175,268	$ 98,571

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

	September 30, 2026	December 31, 2025
Deferred tax liabilities	$ 67,522	$ 85,676
Acquisition purchase consideration liabilities, net of current portion	842	1,684
Defined benefit pension obligation	7,269	6,301
Operating lease liabilities, net of current portion	46,218	21,171
Finance lease liabilities, net of current portion	26,087	—
Other noncurrent liabilities	4,082	1,511
Total other noncurrent liabilities	$ 152,020	$ 116,343

10. INVENTORIES, NET

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

	September 30, 2026	December 31, 2025
Raw materials	$ 23,079	$ 8,843
Work-in-process	5,049	402
Finished goods	7,153	1,065
Total inventories, net	$ 35,281	$ 10,310

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the changes in accumulated other comprehensive income (loss), net of tax, (in thousands):

	Three Months Ended September 30, 2026			
	Unrealized Gain (Loss) on Available-for-Sale Securities, Net	Net Actuarial Gain (Loss) on Pension Benefit Plans	Currency Translation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2026	$ (9,487)	$ (2,083)	$ (42,693)	$ (54,263)
Other comprehensive income (loss) before reclassifications	(6,282)	66	(6,883)	(13,099)
Reclassifications from accumulated other comprehensive loss to net loss[(1)]	—	—	—	—
Balance at September 30, 2026	$ (15,769)	$ (2,017)	$ (49,576)	$ (67,362)

	Three Months Ended September 30, 2025			
	Unrealized Gain (Loss) on Available-for-Sale Securities, Net	Net Actuarial Gain (Loss) on Pension Benefit Plans	Currency Translation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2025	$ (77)	$ —	$ 4,149	$ 4,072
Other comprehensive income (loss) before reclassifications	1,757	—	(22,617)	(20,860)
Reclassifications from accumulated other comprehensive loss to net loss[(1)]	—	—	—	—
Balance at September 30, 2025	$ 1,680	$ —	$ (18,468)	$ (16,788)

	Nine Months Ended September 30, 2026			
	Unrealized Gain (Loss) on Available-for-Sale Securities, Net	Net Actuarial Gain (Loss) on Pension Benefit Plans	Currency Translation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2025	$ 4,273	$ (1,113)	$ (15,831)	$ (12,671)
Other comprehensive income (loss) before reclassifications	(2,864)	(904)	(33,745)	(37,513)
Reclassifications from accumulated other comprehensive loss to net loss[(1)]	(17,178)	—	—	(17,178)
Balance at September 30, 2026	$ (15,769)	$ (2,017)	$ (49,576)	$ (67,362)

	Nine Months Ended September 30, 2025			
	Unrealized Gain (Loss) on Available-for-Sale Securities, Net	Net Actuarial Gain (Loss) on Pension Benefit Plans	Currency Translation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2024	$ 170	$ —	$ (13)	$ 157
Other comprehensive income (loss) before reclassifications	1,510	—	(18,455)	(16,945)
Reclassifications from accumulated other comprehensive loss to net loss[(1)]	—	—	—	—
Balance at September 30, 2025	$ 1,680	$ —	$ (18,468)	$ (16,788)

(1) Reclassifications from accumulated other comprehensive loss to net loss related to unrealized gain (loss) on available-for-sale securities, net are recorded in other income (expense), net in the condensed consolidated statements of operations.

12. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become subject to litigation and other legal or administrative proceedings arising in the ordinary course of business. When the Company becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. In accordance with authoritative guidance, the Company records loss contingencies in its financial statements only for matters with respect to which losses are probable and can be reasonably estimated. If the loss is not probable or the amount of loss cannot be reasonably estimated, the Company discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible and the amount involved is material. The Company continuously assesses the potential liability related to its pending litigation and revises its estimates when additional information becomes available. While it is not possible to predict the outcome of any such matter, based on its assessment of the facts and circumstances, the Company does not believe that any such matter, individually or in the aggregate, will have a material adverse effect on its balance sheet, results of operations or cash flows in a future period, and there were no legal proceedings pending other than those for which we have determined that the possibility of a material outflow is remote.

Warranties

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

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

Indemnities

In the ordinary course of business, the Company may provide indemnities of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company or intellectual property infringement claims made by third parties. While the Company's future obligations under certain of these agreements may contain limitations on liability for indemnification, other agreements do not contain such limitations and under such agreements it is not possible to predict the maximum potential amount of future payments due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under such indemnities have not had a material effect on the Company's business, financial condition, results of operations or cash flows. The Company records a liability for its indemnification obligations when probable and estimable. Indemnity liabilities were not material as of September 30, 2026 and December 31, 2025.

Contingent Purchase Obligations

The Company has contingent obligations to purchase an aggregate of $114.8 million of QCaaS access upon the exercise of the respective rights by its customers.

Center for NeoVation

The Company has a technology and economic development agreement (the "TED Agreement"), and a lease agreement (the "CfN Lease") with the government of Osceola County, Florida ("Osceola") and ICAMR, Inc., a Florida non-profit corporation doing business as BRIDG ("BRIDG"), to lease and operate the Center for NeoVation (the "CfN"), a semiconductor research and development and manufacturing facility in Kissimmee, Florida. Under the CfN Lease, the Company agreed to bring the plant to full production capacity within five years, and then to operate the plant at full capacity for an additional 15 years. At the end of the lease, the Company will take ownership of the facility. The Company is responsible for taxes, utilities, insurance, maintenance, operation of the assets, and making capital investments in the facility to bring the facility to its full production capacity. Investments and costs required to bring the facility to its full capacity are expected to be substantial. The Company may terminate the TED Agreement and CfN Lease upon 18 months' notice. If the Company terminates the agreements, it is required to continue to operate the CfN until the earlier of either the time that a replacement operator is found, or the time that the 18 month notice period expires, and it may be required to make a payment of up to $15.0 million to Osceola upon termination.

13. DEBT

The components of debt outstanding at September 30, 2026 were as follows (in thousands):

	September 30, 2026
VIE financing	$ 30,533
Tool financing loans	36,581
Unamortized debt issuance costs	(1,504)
Total long-term debt, including current maturities	65,610
Less: current portion of long-term debt	(8,849)
Total long-term debt, excluding current maturities	56,761

The Company did not have any debt at December 31, 2025.

VIE Financing

The Company's consolidated VIE, assumed as part of the SkyWater Acquisition, entered into a loan agreement for $39.0 million (the "VIE Financing") to finance the acquisition of the building and land of the Company's Minnesota facility. The VIE Financing is repayable in equal monthly installments of $0.2 million over 10 years, with the remaining balance payable at the maturity date of October 6, 2030. The interest rate under the VIE Financing is fixed at 3.44%. The VIE Financing is guaranteed by the sole equity holder of the VIE. The VIE financing is not subject to financial debt default covenants. In connection with the SkyWater Acquisition, the VIE Financing was recorded at fair value. The resulting fair value adjustment is being amortized to interest expense over the remaining term of the financing using the effective interest method.

The terms of the VIE Financing include provisions that grant the lender several protective rights when certain triggering events defined in the loan agreement occur, including events tied to the occupancy of the Company's Minnesota facility and SkyWater's financial performance. The occurrence of a triggering event does not represent a default event under the loan agreement, nor does it result in the VIE Financing becoming callable, rather the protective rights become enforceable by the lender. No triggering events as defined in the loan agreement existed as of September 30, 2026.

The VIE Financing is secured by a security interest in the building and land of the Company's Minnesota facility.

Tool Financing Loans

The Company enters into financing agreements with equipment lenders to finance the purchase of tools that may, or may not, result in equipment lenders advancing payments to fund the acquisition, installation and qualification of tools. When tools are received and placed into service, the Company executes sales agreements to transfer ownership of the tools to the equipment lender and concurrently enters into debt agreements to repay the equipment lender the acquisition cost of the tool over a period of time, typically three years. The sales agreements include bargain purchase options at the end of the lease terms, which the Company intends to exercise; accordingly, these transactions represent failed sale leasebacks with the associated tools recorded in property and equipment, net and the proceeds received, net of scheduled repayments of the financings, recorded as long-term debt on the condensed consolidated balance sheets. Tool financing loans primarily consist of a semiconductor manufacturing tool loan which is repayable in equal monthly installments of $0.8 million at an interest rate of 11.1%, and this loan matures in March of 2031.

Maturities

Future principal payments of the Company's long-term debt are as follows (in thousands):

	Future Principal Payments
Remainder of 2026	$ 1,998
2027	8,557
2028	8,425
2029	8,563
2030	37,265
Thereafter	2,306
Total	$ 67,114

14. WARRANTS

Prefunded and Private Warrants

In October 2025, the Company issued 5,005,400 Series B prefunded warrants and 43,010,800 Series B private warrants. Each Series B prefunded warrant and Series B private warrant entitles the holder to purchase one share of Company common stock at a price of $0.0001 per share and $155.00 per share, respectively. The Series B private warrants are exercisable immediately upon issuance and from time to time thereafter through and including October 14, 2032. As of September 30, 2026, there were no Series B prefunded warrants outstanding and there were 43,010,800 Series B private warrants outstanding. The Series B private warrants are classified as liabilities and remeasured at each reporting period.

In July 2025, the Company issued 3,855,557 Series A prefunded warrants and 36,042,530 Series A private warrants. Each Series A prefunded warrant and Series A private warrant entitles the holder to purchase one share of common stock at a price of $0.0001 per share and $99.88 per share, respectively. The Series A private warrants are exercisable immediately upon issuance and from time to time thereafter through and including July 9, 2032. As of September 30, 2026, there were no Series A prefunded warrants outstanding and there were 36,042,530 Series A private warrants outstanding. The Series A private warrants are classified as liabilities and remeasured at each reporting period.

Public Warrants

In September 2021, the Company assumed 7,500,000 public warrants. In September 2026, the public warrants expired and as of September 30, 2026, there were no public warrants outstanding. Immediately prior to the time of expiration, there were 46,366 public warrants unexercised. The public warrants were classified as liabilities and remeasured at each reporting period.

Warrants Held by a Customer

In November 2019, contemporaneously with a revenue arrangement, the Company entered into a contract, pursuant to which the Company agreed to issue warrants to a customer (the "Warrant Shares"), subject to certain vesting events. In August 2020, 543,152 of the Warrant Shares vested and became immediately exercisable. The exercise price for the vested Warrant Shares is $1.38 per share and the warrant is exercisable through November 2029. Effective November 2024, no additional Warrant Shares can vest pursuant to the terms of the warrant agreement.

15. EQUITY OFFERINGS

On October 10, 2025, the Company entered into an underwriting agreement with J.P. Morgan Securities LLC providing for the offer and sale of 16,500,000 shares of the Company's common stock, at a price of $93.00 per share; 5,005,400 Series B prefunded warrants, at a price of $93.00 less the Series B prefunded warrants' exercise price; and 43,010,800 Series B private warrants, at no additional consideration. The Series B private warrants are exercisable immediately upon issuance and from time to time thereafter through and including October 14, 2032. Refer to Note 14 for further details. The offering closed on October 14, 2025, for aggregate proceeds of $1,977.1 million, net of issuance costs of $22.9 million. Issuance costs were allocated to the liability-classified Series B private warrants and expensed upon completion of the equity offering.

On July 7, 2025, the Company entered into an underwriting agreement with J.P. Morgan Securities LLC providing for the offer and sale of 14,165,708 shares of the Company's common stock, at a price of $55.49 per share; 3,855,557 Series A prefunded warrants, at a price of $55.49 less the Series A prefunded warrants' exercise price; and 36,042,530 Series A private warrants, at no additional consideration. The Series A private warrants are exercisable immediately upon issuance and from time to time thereafter through and including July 9, 2032. Refer to Note 14 for further details. The offering closed on July 9, 2025, for aggregate proceeds of $977.2 million, net of issuance costs of $22.8 million. Issuance costs were allocated to the liability-classified Series A private warrants and expensed upon completion of the equity offering.

In February 2025, in connection with the commencement of an "at the market" offering program, the Company entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Morgan Stanley & Co. LLC and Needham & Company, LLC, as sales agents (the "Sales Agents"), pursuant to which the Company could offer and sell, from time to time, through or to the Sales Agents, shares of the Company's common stock having an aggregate gross offering price of up to $500 million (the "2025 ATM Offering Program"). The Sales Agents were entitled to a commission of up to 3.25% of the gross proceeds of all shares sold under the Equity Distribution Agreement. On March 10, 2025, the Company terminated the Equity Distribution Agreement, after which no further shares could be sold through the 2025 ATM Offering Program. Prior to its termination on March 10, 2025, the Company sold a total of 16,038,460 shares of its common stock through the 2025 ATM Offering Program for an aggregate purchase price of $358.3 million, net of issuance costs of $14.3 million.

16. REVENUE

Disaggregated Revenue

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

	Three Months Ended September 30,					
	2026			2025		
	IonQ Platform	SkyWater Foundry Services	Total	IonQ Platform	SkyWater Foundry Services	Total
Quantum hardware	$ 52,935	$ —	$ 52,935	$ 21,584	$ —	$21,584
Quantum services	37,380	—	37,380	18,282	—	18,282
Quantum foundry and advanced technologies	—	29,759	29,759	—	—	—
CMOS foundry	—	53,757	53,757	—	—	—
Total revenue	$ 90,315	$ 83,516	$ 173,831	$ 39,866	$ —	$39,866

	Nine Months Ended September 30,					
	2026			2025		
	IonQ Platform	SkyWater Foundry Services	Total	IonQ Platform	SkyWater Foundry Services	Total
Quantum hardware	$ 135,322	$ —	$ 135,322	$ 39,673	$ —	$ 39,673
Quantum services	99,711	—	99,711	28,453	—	28,453
Quantum foundry and advanced technologies	—	29,759	29,759	—	—	—
CMOS foundry	—	53,757	53,757	—	—	—
Total revenue	$ 235,033	$ 83,516	$ 318,549	$ 68,126	$ —	$ 68,126

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
United States	$ 136,311	$ 28,742	$ 215,048	$ 49,748
Other international	37,520	11,124	103,501	18,378
Total revenue	$ 173,831	$ 39,866	$ 318,549	$ 68,126

Remaining Performance Obligations

As of September 30, 2026, approximately $1,168.0 million of revenue is expected to be recognized from remaining performance obligations that are unsatisfied (or partially unsatisfied), including both funded (firm orders for which funding has been both authorized and appropriated by the customer) and unfunded (firm orders for which funding has not been appropriated) orders. Unexercised contract options are not included in remaining performance obligations until the time the option is exercised. The Company expects approximately 50% of the remaining performance obligations to be recognized as revenue within the next twelve months.

Contract Liabilities

Contract liabilities consist of unearned revenue and represent cash payments received or contracted billings recorded for which the performance obligations were not satisfied as of the end of the period. The change in unearned revenue for the nine months ended September 30, 2026, primarily relates to such cash payments received or contracted billings recorded, as well as the addition of unearned revenue through acquisitions, partially offset by revenue recognized. The Company recognized revenue of $41.4 million and

$10.2 million, for the nine months ended September 30, 2026 and 2025, respectively, that related to the unearned revenue balances as of the beginning of each year.

17. STOCK-BASED COMPENSATION

Equity Incentive Plans

In July 2026, in connection with the SkyWater Acquisition, the Company assumed the SkyWater Technology Inc. 2021 Equity Incentive Plan (the "SkyWater Plan"). Upon closing of the SkyWater Acquisition, certain outstanding SkyWater stock options and restricted stock units under the SkyWater Plan were assumed by the Company and converted into options and restricted stock units for IonQ common stock based on the applicable equity award exchange ratio. The converted awards will continue to be governed by the terms of the SkyWater Plan and the applicable award agreements until exercised, terminated or expired. Future awards will continue to be granted under the SkyWater Plan until it is fully utilized. Such stock options and restricted stock units granted under the SkyWater Plan will continue to be governed by the terms of the SkyWater Plan and the stock option and restricted stock unit agreements thereunder, until such outstanding stock options are exercised or until such outstanding options and restricted stock units terminate or expire. For awards granted under the SkyWater Plan, vesting generally occurs over four years from the date of grant. As of September 30, 2026, the Company had 3,157,605 shares available for grant under the SkyWater Plan.

Stock Options

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Risk-free interest rate	4.21%	—%	4.21%	4.07%
Expected term (in years)	2.12	—	2.12	5.89
Expected volatility	95.84%	—%	95.84%	86.79%
Dividend yield	—%	—%	—%	—%

The stock option activity is summarized in the following table:

	Number of Option Shares
Outstanding as of December 31, 2025	3,664,392
Replacement awards[(1)]	1,627,894
Granted	—
Exercised	(2,409,489)
Canceled/Forfeited	(98,908)
Outstanding as of September 30, 2026	2,783,889
Exercisable as of September 30, 2026	1,580,442
Exercisable and expected to vest as of September 30, 2026	2,783,889

(1) In connection with certain acquisitions, the Company converted outstanding stock options of the acquiree into stock options to acquire common stock of the Company, for which $28.4 million of the fair value was attributed to pre-combination services and was allocated to purchase consideration. The fair value of such stock options was estimated using the Black-Scholes option pricing model.

Restricted Stock Units

The restricted stock unit ("RSU") activity is summarized in the following table:

	Number of RSUs
Outstanding as of December 31, 2025	14,456,951
Replacement awards[(1)]	1,143,460
Granted	12,336,279
Vested	(6,998,949)
Forfeited	(2,422,254)
Outstanding as of September 30, 2026	18,515,487
Expected to vest after September 30, 2026	18,515,487

(1) In connection with certain acquisitions, the Company converted outstanding RSUs of the acquiree into RSUs of the Company, for which $12.6 million of the fair value was attributed to pre-combination services and was allocated to purchase consideration. The fair value of such RSUs was determined using the closing market price of the Company's common stock on the respective acquisition dates.

During the nine months ended September 30, 2026 and 2025, the Company released 873,774 and 206,316 RSUs, respectively, related to the settlement of an accrued bonus liability.

Performance-Based Restricted Stock Units

The performance-based restricted stock unit ("PSU") activity is summarized in the following table:

	Number of PSUs
Outstanding as of December 31, 2025	5,174,871
Granted	634,739
Performance adjustments	1,472,935
Vested	(3,057,333)
Forfeited	(267,023)
Outstanding as of September 30, 2026	3,958,189
Expected to vest after September 30, 2026[(1)]	8,358,879

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

As of September 30, 2026, there were 1,269,509 PSU awards at target for which certain annual performance metrics have not been determined. Accordingly, no accounting grant date has been established under ASC 718 for these awards as of September 30, 2026, and no compensation cost for these awards is recognized in the three or nine months ended September 30, 2026.

Restricted Stock

The restricted stock activity is summarized in the following table:

	Number of Restricted Stock
Outstanding as of December 31, 2025	8,034,941
Granted[(1)]	1,495,380
Vested	(762,784)
Canceled/Forfeited	(63,948)
Outstanding as of September 30, 2026	8,703,589
Expected to vest after September 30, 2026	8,703,589

(1) In connection with certain acquisitions, the Company converted certain outstanding common stock of the acquirees into restricted stock of the Company, for which $27.3 million of the fair value was attributed to pre-combination services and was allocated to purchase consideration. The fair value of such restricted stock was determined using the closing market price of the Company's common stock on the respective acquisition dates.

Stock-Based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 14,177	$ 4,247	$ 46,289	$ 7,125
Research and development	44,853	31,766	161,172	125,392
Sales and marketing	23,622	6,560	54,164	16,488
General and administrative	64,254	30,372	155,643	56,361
Stock-based compensation, net of amounts capitalized	146,906	72,945	417,268	205,366
Capitalized stock-based compensation—Property and equipment, net and Intangible assets, net	1,716	1,678	7,146	3,681
Total stock-based compensation	$ 148,622	$ 74,623	$ 424,414	$ 209,047

Unrecognized Stock-Based Compensation

A summary of the Company's remaining unrecognized compensation expense and the weighted-average remaining amortization period as of September 30, 2026, related to its non-vested RSUs, PSUs, restricted stock, and stock option awards is presented below (in millions, except time period amounts):

	Unrecognized Expense	Weighted-Average Amortization Period (Years)
Restricted stock units	$ 603.0	2.9
Performance-based restricted stock units	159.4	1.7
Restricted stock	364.9	3.9
Stock options	38.1	2.1

18. INCOME TAXES

For the three months ended September 30, 2026, the Company recognized an income tax benefit of $141.7 million, resulting in an effective tax rate of (33.6)%, which differs from the 21% U.S. federal statutory rate primarily due to a tax benefit related to a reduction of valuation allowance recognized in connection with the SkyWater Acquisition and net losses incurred in certain foreign operations. For the three months ended September 30, 2025, the Company recognized an income tax benefit of $4.4 million, resulting in an effective tax rate of 0.4%, which differs from the 21% U.S. federal statutory rate primarily as a result of not recognizing a deferred tax asset for losses due to having a valuation allowance against deferred tax assets.

For the nine months ended September 30, 2026, the Company recognized an income tax benefit of $154.2 million, resulting in an effective tax rate of 23.5%, which differs from the 21% U.S. federal statutory rate primarily due to a tax benefit related to a reduction of valuation allowance recognized in connection with the SkyWater, Nexus Photonics, and Skyloom Acquisitions and net losses incurred in certain foreign operations. These benefits were partially offset by a derecognition of the U.S. valuation allowance attributable to certain indefinite-lived deferred tax attributes. For the nine months ended September 30, 2025, the Company recognized an income tax benefit of $19.7 million, resulting in an effective tax rate of 1.5%, which differs from the 21% U.S. federal statutory rate primarily as a result of not recognizing a deferred tax asset for losses due to having a full valuation allowance against the generated deferred tax assets.

As of September 30, 2026 and December 31, 2025, the Company maintains a valuation allowance against the majority of its U.S. and Swiss deferred tax assets.

19. NET INCOME (LOSS) PER SHARE

The following table presents the calculation of basic and diluted net income (loss) per share (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Basic net income (loss) per share				
Numerator:				
Net income (loss)	$ 563,114	$ (1,055,612)	$ (500,876)	$ (1,265,394)
Less: Net income (loss) attributable to noncontrolling interests	(843)	(657)	(2,451)	(1,349)
Less: Undistributed earnings allocated to participating securities	12,677	—	—	—
Net income (loss) attributable to IonQ, Inc. common stockholders—basic	$ 551,280	$ (1,054,955)	$ (498,425)	$ (1,264,045)
Denominator:				
Weighted average common shares outstanding—basic	388,585,082	294,524,786	371,798,334	258,324,714
Net income (loss) per share attributable to IonQ, Inc. common stockholders—basic	**$ 1.42**	**$ (3.58)**	**$ (1.34)**	**$ (4.89)**
Diluted net income (loss) per share				
Numerator:				
Net income (loss)	$ 563,114	$ (1,055,612)	$ (500,876)	$ (1,265,394)
Less: Net income (loss) attributable to noncontrolling interests	(843)	(657)	(2,451)	(1,349)
Less: Reallocated undistributed earnings allocated to participating securities	12,035	—	—	—
Less: Gain (loss) on change in fair value of warrant liabilities	12,053	—	—	—
Net income (loss) attributable to IonQ, Inc. common stockholders—diluted	$ 539,869	$ (1,054,955)	$ (498,425)	$ (1,264,045)
Denominator:				
Weighted average common shares outstanding—basic	388,585,082	294,524,786	371,798,334	258,324,714
Add: Dilutive impact of potential common stock	12,280,209	—	—	—
Weighted average common shares outstanding—diluted	400,865,291	294,524,786	371,798,334	258,324,714
Net income (loss) per share attributable to IonQ, Inc. common stockholders—diluted	**$ 1.35**	**$ (3.58)**	**$ (1.34)**	**$ (4.89)**

For the three months ended September 30, 2026, diluted net income per share calculated under the two-class method was more dilutive.

The following table is a summary of the weighted average common stock equivalents for the securities outstanding during the respective periods that have been excluded from the computation of diluted net income (loss) per common share. Common stock equivalents contingent upon the satisfaction of certain conditions are included in the following table to the extent the shares would be

issuable if the end of the period was the end of the contingency period and based on the actual achievement of performance metrics through the end of the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Common stock options outstanding	—	7,967,193	2,744,176	11,972,668
Warrants to purchase common stock	79,053,330	35,269,625	80,666,485	13,527,921
Unvested restricted stock units	4,465,284	14,123,062	17,973,481	14,542,660
Unvested performance-based restricted stock units	780,856	5,118,952	5,359,744	3,025,625
Unvested restricted stock	—	4,279,209	8,675,958	1,947,801
Unvested early exercised stock options	—	74,133	—	132,290
Total	84,299,470	66,832,174	115,419,844	45,148,965

20. LEASES

The Company has operating and finance leases for its facilities. The weighted-average remaining lease term and weighted-average discount rates related to leases were as follows:

	September 30, 2026	December 31, 2025
Weighted-average remaining lease term (in years)		
Operating leases	6.2	4.5
Finance leases	9.3	0.0
Weighted-average discount rate		
Operating leases	7.0%	7.6%
Finance leases	9.4%	0.0%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating lease cost				
Fixed lease cost	$ 3,207	$ 1,614	$ 8,395	$ 3,273
Short-term cost	2,351	818	5,251	1,049
Total operating lease cost[(1)]	5,558	2,432	13,646	4,322
Finance lease cost				
Amortization of assets	515	—	518	—
Interest on lease liabilities	441	—	442	—
Total finance lease cost	956	—	960	—
Total net lease cost	$ 6,514	$ 2,432	$ 14,606	$ 4,322

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 1,271	$ 520	$ 3,161	$ 785
Research and development	3,082	614	8,035	1,793
Sales and marketing	319	55	784	290
General and administrative	886	1,243	1,666	1,454
Total operating lease cost	$ 5,558	$ 2,432	$ 13,646	$ 4,322

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cash payments (receipts) included in the measurement of lease liabilities, net of lease incentives				
Operating leases	$ 2,807	$ 1,940	$ 7,810	$ 3,483
Finance leases	$ 777	$ —	$ 781	$ —

Supplemental balance sheet information related to leases is as follows (in thousands):

Leases	Classification	September 30, 2026	December 31, 2025
Right-of-use assets			
Operating lease right-of-use assets	Other noncurrent assets	$ 76,899	$ 22,724
Finance lease right-of-use assets	Property and equipment, net	28,185	—
Total lease right-of-use assets		105,084	22,724
Operating lease liabilities			
Current portion of operating lease liabilities	Accrued expenses and other current liabilities	14,034	8,850
Operating lease liabilities, net of current portion	Other noncurrent liabilities	46,218	21,171
Total operating lease liabilities		60,252	30,021
Finance lease liabilities			
Current portion of finance lease liabilities	Accrued expenses and other current liabilities	2,305	—
Finance lease liabilities, net of current portion	Other noncurrent liabilities	26,087	—
Total finance lease liabilities		28,392	—
Total lease liabilities		$ 88,644	$ 30,021

As of September 30, 2026, maturities of lease liabilities are as follows (in thousands):

	Operating Leases	Finance Leases
Year Ending December 31,		
2026	$ 2,792	$ 1,131
2027	15,329	4,710
2028	14,449	4,484
2029	12,500	4,466
2030	9,544	4,462
Thereafter	24,559	21,710
Total lease payments	$ 79,173	$ 40,963
Less: imputed interest	(14,969)	(12,571)
Less: lease incentives	(3,952)	—
Present value of lease liabilities	$ 60,252	$ 28,392

21. VARIABLE INTEREST ENTITY AND RELATED PARTY TRANSACTIONS

Through the SkyWater acquisition the Company began consolidating a real estate variable interest entity that owns the Company's Minnesota facility. The VIE was established for the purpose of holding real estate and facilitating real estate transactions. This included facilitating the purchase of the land and building of the Company's Minnesota facility with proceeds from a bank loan (refer to Note 13) and managing the leaseback of the land and building to the Company. Management determined that the real estate entity meets the definition of a VIE and that the Company is its primary beneficiary. Accordingly, the Company consolidates the

VIE's assets, liabilities, and results of operations, eliminates any transactions between the Company and the VIE, and records a noncontrolling interest for the economic interest in the VIE attributable to parties other than the Company's common stock shareholders. The creditors of the VIE do not have recourse to the general credit of the Company.

The carrying amounts of the VIE's assets and liabilities that are consolidated by the Company as of September 30, 2026, prior to the elimination of intercompany balances, include the following (in thousands):

	Classification	September 30, 2026
Finance receivable		
Long-term financing receivable	Other noncurrent assets	$ 41,833
Total financing receivable		41,833
Debt		
Current portion of long-term debt	Current portion of long-term debt	1,110
Long-term debt, less current portion and unamortized debt issuance costs	Long-term debt, less current portion	29,423
Total debt		$ 30,533

Revenue and expenses that are consolidated by the Company related to the VIE for the three and nine months ended September 30, 2026, prior to the elimination of intercompany balances, are not material.

Management has also determined that the VIE meets the definition of a related party. The Company is in an agreement to lease the Minnesota land and building facility from the VIE. Future minimum lease commitments as of September 30, 2026 were as follows (in thousands):

	Future Minimum Lease Commitments
Year Ending December 31,	
2026	$ 1,330
2027	5,357
2028	5,464
2029	5,573
2030	5,685
Thereafter	61,150
Total lease payments	$ 84,559
Less: imputed interest	(56,512)
Total	$ 28,047

22. SEGMENT INFORMATION

Effective upon the closing of the SkyWater Acquisition on July 31, 2026, the Company's Chairman and Chief Executive Officer, who is the chief operating decision maker ("CODM"), began making operating decisions, allocating resources, and assessing performance across two reportable segments, IonQ Platform and SkyWater Foundry Services. Prior to the SkyWater Acquisition, the CODM used consolidated net income (loss) to evaluate performance and allocate resources. Subsequent to the completion of the SkyWater Acquisition, the CODM uses segment operating income (loss) to evaluate performance and allocate resources. The CODM does not use assets by segment to evaluate segment performance or allocate resources, and, therefore, assets by segment are not disclosed. Prior period segment information has been recast to conform to the current presentation.

IonQ Platform offers quantum platform solutions across computing, networking, sensing, and security, including the design, development, construction, and sale of quantum ecosystem hardware together with related maintenance and support, access to QCaaS, consulting services related to co-developing algorithms and other services related to the Company's quantum products, and providing satellite imagery and data from its constellation of satellites through its online platform.

SkyWater Foundry Services is a semiconductor foundry providing foundational-node semiconductor manufacturing, advanced technology development, and advanced packaging services through an integrated, multi-site model.

The Company defines segment operating income (loss) as total revenue, including intersegment revenue, less cost of revenue, research and development, and depreciation and amortization. The Company excludes sales and marketing, general and administrative, stock-based compensation, gain (loss) on change in fair value of warrant liabilities, interest income, interest expense, offering costs associated with warrants, and other income (expense) from segment operating income (loss). Intersegment results are eliminated in consolidation. The following tables present the results of the Company's reportable segments (in thousands):

	Three Months Ended September 30,					
	2026			2025		
	IonQ Platform	SkyWater Foundry Services	Total	IonQ Platform	SkyWater Foundry Services	Total
Revenue from external customers	$ 90,315	$ 83,516	$ 173,831	$ 39,866	$ —	$ 39,866
Intersegment revenue	—	16,748	16,748	—	—	—
Total revenue	90,315	100,264	190,579	39,866	—	39,866
Eliminations:						
Intersegment revenue elimination			(16,748)			—
Total consolidated revenues			173,831			39,866
Operating costs and expenses excluding stock-based compensation:						
Cost of revenue	49,485	72,142	121,627	17,006	—	17,006
Research and development	92,560	4,257	96,817	34,532	—	34,532
Depreciation and amortization	53,870	73,772	127,642	24,182	—	24,182
Total operating costs and expenses excluding stock-based compensation	195,915	150,171	346,086	75,720	—	75,720
Segment operating income (loss)	(105,600)	(49,907)	(172,255)	(35,854)	—	(35,854)
Less: Unallocated items						
Sales and marketing, excluding stock-based compensation			24,904			7,881
General and administrative, excluding stock-based compensation			89,010			52,133
Stock-based compensation			146,906			72,945
(Gain) loss on change in fair value of warrant liabilities			(896,156)			881,847
Interest income, net			(19,844)			(14,437)
Interest expense			2,315			—
Offering costs associated with warrants			—			22,847
Other (income) expense, net			59,198			980
Income (loss) before income tax benefit (expense)			$ 421,412			$ (1,060,050)

	Nine Months Ended September 30,					
	2026			2025		
	IonQ Platform	SkyWater Foundry Services	Total	IonQ Platform	SkyWater Foundry Services	Total
Revenue from external customers	$ 235,033	$ 83,516	$ 318,549	$ 68,126	$ —	$ 68,126
Intersegment revenue	—	16,748	16,748	—	—	—
Total revenue	235,033	100,264	335,297	68,126	—	68,126
Eliminations:						
Intersegment revenue elimination			(16,748)			—
Total consolidated revenues			318,549			68,126
Operating costs and expenses excluding stock-based compensation:						
Cost of revenue	126,737	72,142	198,879	26,770	—	26,770
Research and development	262,608	4,257	266,865	84,218	—	84,218
Depreciation and amortization	143,086	73,772	216,858	41,359	—	41,359
Total operating costs and expenses excluding stock-based compensation	532,431	150,171	682,602	152,347	—	152,347
Segment operating income (loss)	(297,398)	(49,907)	(364,053)	(84,221)	—	(84,221)
Less: Unallocated items						
Sales and marketing, excluding stock-based compensation			56,693			17,440
General and administrative, excluding stock-based compensation			203,811			98,057
Stock-based compensation			417,268			205,366
(Gain) loss on change in fair value of warrant liabilities			(304,669)			882,930
Interest income, net			(80,057)			(26,469)
Interest expense			2,315			—
Offering costs associated with warrants			—			22,847
Other (income) expense, net			(4,387)			697
Income (loss) before income tax benefit (expense)			$ (655,027)			$ (1,285,089)

23. SUBSEQUENT EVENTS

On November 3 2026, the Company completed its previously announced acquisition of Elisity, Inc. (“Elisity”), a Zero Trust security company, in an all-stock transaction for total consideration of approximately $1.3 billion, which includes up to $150.0 million of earnout consideration contingent on the achievement of specified revenue milestones. Due to the limited time between the acquisition date and the Company’s filing of this Quarterly Report on Form 10-Q, the initial accounting for the business combination is incomplete and the Company is not yet able to disclose the preliminary amounts to be recognized as of the acquisition date for assets acquired and liabilities assumed.

On October 14, 2026, the Company entered into an underwriting agreement with J.P. Morgan Securities LLC, providing for the offer and sale of 20,500,000 shares of the Company’s common stock, par value $0.0001 per share, at a price of $40.00 per share; 29,500,000 prefunded warrants to purchase an aggregate of 29,500,000 shares of common stock at a price to the public of $40.00 less the prefunded warrant exercise price; and 100,000,000 Series C warrants to purchase 100,000,000 shares of the Company’s common stock at an exercise price of $69.46 per share. The offering closed on October 16, 2026, for aggregate proceeds of approximately $1,990.0 million, net of certain issuance costs.

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

Cautionary Note Regarding Forward-Looking Statements

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

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, and our audited consolidated financial statements and related notes for the year ended December 31, 2025, filed with the SEC on February 25, 2026.

Overview

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

Additionally, following the acquisition of SkyWater Technology, Inc. on July 31, 2026, we own a U.S.-based semiconductor foundry. As a result, beginning in the third quarter of 2026, we have two reportable segments: IonQ Platform and SkyWater Foundry Services.

Through our IonQ Platform segment, we sell specialized quantum computing hardware, together with complementary products and services, such as quantum networking, quantum sensing and quantum security products and associated maintenance and support. We also sell access to several quantum computers of various qubit capacities and are in the process of researching and developing technologies for quantum computers with increasing computational capabilities. We currently make access to our quantum computers available through three major cloud platforms, Amazon Web Services', or AWS's, Braket, Microsoft's Azure Quantum and Google's Cloud Marketplace, and also to select customers via our own cloud service. This cloud-based approach enables the broad availability of quantum-computing-as-a-service, or QCaaS.

We supplement our offerings with professional services focused on assisting our customers in applying quantum computing and our quantum networking, quantum sensing and quantum security solutions to their businesses. We also sell full quantum computing systems to customers, either over the cloud or on premises. Additionally, through a network of satellites, we offer data-as-a-service products to customers, including synthetic-aperture radar imaging. We are developing satellite solutions intended to enable quantum-secure global communications and, through combining our satellite platform with our quantum sensing products, we intend to offer advanced quantum positioning, navigation and timing services in the future.

Through our SkyWater Foundry Services segment we provide foundational-node semiconductor foundry manufacturing, advanced technology development, and advanced packaging services through an integrated, multi-site operating model, with fabrication facilities in Minnesota and Texas and a packaging facility in Florida. We serve quantum and classical semiconductor customers, including commercial and government customers that require secure, domestic manufacturing. Our foundry also supplies components for our own quantum products. We believe that owning a U.S.-based foundry will advance our quantum computing

technology by providing access to semiconductor manufacturing and advanced packaging capabilities and SkyWater Foundry Services' Technology as a Service platform.

Our condensed consolidated results of operations include the results of SkyWater from the acquisition date. Accordingly, our results for the three and nine months ended September 30, 2026 are not directly comparable to those of prior periods. We eliminate transactions between our segments in consolidation. Before the acquisition, SkyWater recognized its sales of advanced technology development services to us as revenue. From the acquisition date, we eliminate those sales, and our consolidated revenue includes only revenue from third-party customers.

We are still in the early stages of commercial growth. Since our inception we have incurred significant operating losses. Our ability to generate revenue sufficient to achieve profitability will depend heavily on the successful development and further commercialization of our quantum computing systems and networks, and on the performance of our foundry operations. Our losses from operations were $1,041.8 million and $405.1 million for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had an accumulated deficit of $1,692.5 million. We expect to continue to incur significant losses for the foreseeable future as we prioritize reaching the technical milestones necessary to achieve an increasingly higher number of stable qubits and higher levels of fidelity than presently exist. These milestones are prerequisites for quantum computing to reach broad quantum advantage.

From time to time, we have acquired, or invested in, complementary businesses, and intend to continue to evaluate making such acquisitions and investments. For more information on recent acquisitions and investments and their impact on our business, refer to Note 3, Business Combinations and Note 5, Fair Value Measurements in the notes to our condensed consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

On November 3, 2026, we completed our previously announced acquisition of Elisity, Inc. ("Elisity"), a Zero Trust security company. We believe this acquisition will position us to help customers protect their critical infrastructure and enterprise networks as they prepare for a future shaped by quantum technologies.

Impact of the Macroeconomic Climate on Our Business

Our business, results of operations and financial condition are affected by global economic, geopolitical and market conditions, which have recently been marked by heightened volatility and uncertainty. In September 2026, the U.S. Federal Reserve raised its benchmark interest rate for the first time since 2023, citing persistent inflation driven in part by elevated energy prices, and has indicated that further increases are possible. Elevated or rising interest rates and inflation may increase our operating costs, adversely affect the fair value of our investment portfolio, reduce or delay customer spending and make it more difficult or costly for us to obtain financing on acceptable terms, if at all, should we seek additional capital.

Following our acquisition of SkyWater on July 31, 2026, we now operate semiconductor fabrication facilities in the United States. As a result, we have become more exposed to macroeconomic factors that affect the semiconductor industry. These include the industry's cyclical demand, fluctuations in end-market demand and the cost and availability of energy, specialty gases, chemicals, raw materials and manufacturing equipment. The SkyWater business has a significant fixed cost base, and we may not be able to reduce costs in proportion to any decline in demand. The ongoing conflict in the Middle East, including the disruption of shipping through the Strait of Hormuz, has contributed to significant volatility in energy prices and to global shortages of certain industrial inputs. A prolonged disruption could increase our costs, constrain production or delay deliveries to our customers.

Trade policy also remains uncertain. Following the U.S. Supreme Court's February 2026 decision invalidating tariffs imposed under the International Emergency Economic Powers Act, the U.S. government has pursued and may continue to pursue tariffs under other statutory authorities, including tariffs on semiconductor imports and products containing semiconductors under Section 232 of the Trade Expansion Act of 1962, which the U.S. government has indicated it intends to expand. The scope, timing and effect of these measures, related exemptions or offset programs, retaliatory measures by U.S. trading partners and export controls and restrictions on critical minerals (including rare earth elements) imposed by the United States, China or other countries are difficult to predict. Any of them could increase our costs for imported equipment, components and materials, disrupt our supply chain or affect demand for our products and services and those of our customers.

Although we do not believe that inflation or the other factors described above have had a material impact on our financial position or results of operations to date, we may experience increased operating costs in the future, including as a result of supply chain constraints, energy and commodity price volatility, tariffs and trade restrictions, geopolitical tensions and armed conflicts (including in the Middle East and Ukraine) and labor availability and wage increases, any of which may place additional stress on our working capital resources. We continue to monitor these conditions, and their ultimate effect on our business remains uncertain.

Key Components of Results of Operations

Revenue

The Company primarily derives revenue within its IonQ Platform segment from the design, development, construction and sale of quantum ecosystem hardware together with related maintenance and support, from providing access to its quantum-computing-as-a-service ("QCaaS"), from consulting services related to co-developing algorithms and other services related to the Company's quantum products, and from providing satellite imagery and data from its constellation of satellites through its online platform. In addition, through its SkyWater Foundry Services segment, the Company provides foundational-node semiconductor manufacturing, advanced technology development, and advanced packaging services through an integrated, multi-site operating model, including providing process development services through its advanced technology services development, manufacturing highly-customized wafers, and procuring tools on behalf of certain customers.

The Company applies the provisions of the FASB Accounting Standards Codification, Revenue from Contracts with Customers ("ASC 606"), and all related applicable guidance. The core principle of ASC 606 is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

Certain of the Company's contracts contain multiple promised goods and services. The Company evaluates the promised goods and services in each contract to determine whether they are distinct performance obligations based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the promise is separately identifiable from other promises in the contract. Consistent with the guidance in ASC 606, in identifying performance obligations, the Company considers the nature of the promised goods and services, the degree of integration between promises, whether any good or service significantly modifies or customizes another promised good or service, or whether the goods and services are highly interdependent or interrelated.

The transaction price represents the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to the customer, including estimates of variable consideration. The Company estimates variable consideration using either the expected value or most likely amount method, depending on the nature of the arrangement, and includes such amounts in the transaction price only to the extent it is probable that a significant revenue reversal will not occur. The Company applies judgment and takes into account historical experience, contractual terms, and expected customer behavior to best predict the amount of consideration to which it expects to be entitled under these contracts.

When there are multiple performance obligations in a contract, the Company allocates the transaction price to each performance obligation based on relative standalone selling prices. The Company determines standalone selling price based on the observable price of a product or service when it sells the products or services separately in similar circumstances and to similar customers. Certain products and services have limited or no history of being sold on a standalone basis, requiring the Company to estimate the standalone selling price. The Company estimates the standalone selling price based on other contracts for similar products and services adjusted for differing terms than the contract being evaluated, as well as internal pricing guidelines and market factors. In addition, the Company takes into consideration the estimated costs to be incurred to satisfy the performance obligation plus an appropriate profit margin.

Performance obligations are satisfied over time if the customer receives the benefits as the Company performs the work, if the customer controls the asset as it is being produced (continuous transfer of control), or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment for performance to date. The Company applies judgment to determine a reasonable method to measure progress and to estimate total expected effort, primarily using a cost-to-cost input method or output method. Factors considered in these estimates include the Company's historical performance, the availability, productivity and cost of labor, the nature and complexity of work to be performed, the effect of change orders, availability and cost of materials, and the effect of any delays in performance. For contracts for which progress is measured using the input method, the Company believes the cost-to-cost input method faithfully depicts its performance in transferring control of the related goods and services because costs incurred are directly correlated with the Company's efforts to satisfy the performance obligation. For contracts measuring progress using the output method, the Company believes the outputs demonstrate a level of uniformity in the transfer of the service to our customers that faithfully depicts performance on these obligations.

The Company may enter into multiple contracts with a single counterparty at or near the same time. The Company will combine contracts and account for them as a single contract when one or more of the following criteria are met: (i) the contracts are negotiated as a package with a single commercial objective; (ii) consideration to be paid in one contract depends on the price or performance of the other contract; and (iii) goods or services promised are a single performance obligation.

Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer, or equity instruments granted to a customer in connection with selling goods or services. For arrangements that contain consideration payable to a customer, the Company uses judgment in determining whether such payments are a reduction of the transaction price or a payment to the customer for a distinct good or service. Where the Company concludes that such payments are in exchange for a distinct good or service, the Company accounts for the transaction as a purchase of that good or service, provided the amount does not exceed the fair value of the distinct good or service received.

Fees are generally billed over the course of the arrangement based on an agreed upon billing schedule, and may have terms that are considered variable consideration, as well as financing components. Certain of our contracts are billed a month in arrears. Customers also have the ability to make advance payments. Advance payments are recorded as a contract liability until services are delivered or obligations are met and revenue is earned. Contract liabilities to be recognized in the succeeding 12-month period are classified as current and the remaining amounts are classified as non-current liabilities in the Company's condensed consolidated balance sheets.

For the three and nine months ended September 30, 2026 and 2025, the majority of revenue was recognized based on transfer of service over time. In arrangements with cloud service providers, the cloud service provider is considered the customer and we do not have any contractual relationships with the cloud service providers' end users. For these arrangements, revenue is recognized at the amount charged to the cloud service provider and does not reflect any mark-up to the end user.

IonQ Platform Segment

Revenues related to the sale of quantum computers is recognized over time, based on when control transfers to the customer. Consistent with ASC 606, revenue related to the other performance obligations in these arrangements, such as maintenance, is recognized over time on a straight-line basis over the contractual service periods, consistent with the stand ready nature of these obligations. For performance obligations related to specialized quantum hardware and consulting services as well as customer solutions for specialized satellite development capabilities, revenue is recognized over time based on the efforts incurred to date relative to the total expected effort, primarily based on a cost-to-cost input measure.

For performance obligations related to certain quantum networking and sensing products and related services, revenue is recognized at the point in time when control passes to the customer, which is determined by customer contract terms. For certain contracts, control transfers upon shipment or delivery based on customary incoterms, and for certain contracts, control transfers upon completion of the required services or installation.

The Company has determined that its QCaaS contracts represent a combined, stand-ready performance obligation to provide access to its quantum computing systems. Additionally, the Company has determined that its contracts to provide satellite imagery and data also represent a stand-ready performance obligation. The transaction price generally consists of a fixed fee for a minimum volume of usage to be made available over a defined period of access. Fixed fee arrangements may also include a variable component whereby customers pay an amount for usage over contractual minimums contained in the contracts. For performance obligations related to providing QCaaS access or satellite imagery, fixed fees are recognized on a straight-line basis over the access period. Variable usage fees are recognized in the period they occur.

Certain of the Company's arrangements for sales of quantum computers include provisions that allow customers to sell QCaaS access to the Company for fixed amounts paid over time. The Company has determined that the QCaaS purchased from customers is distinct from the goods or services that the Company has promised to its customers because the customer can benefit from the computer without selling QCaaS to the Company and the Company can satisfy its obligation to sell the computer independent from its contingent obligation to purchase QCaaS. To the extent a customer sells QCaaS to the Company, the Company recognizes the cost of purchases as expense over the term of the access.

SkyWater Foundry Services Segment

Revenues related to quantum foundry and advanced technologies as well as CMOS foundry contracts are recognized over time using either an output or input method based upon the method that best measures the value of the services performed for the Company's customers. Whether an output or input method is selected requires judgment. The Company consistently uses either its output method or input method for similar performance obligations in similar circumstances. The Company's output method, primarily applied to certain quantum foundry and advanced technologies contracts and CMOS foundry contracts, evaluates the steps and activities needed to complete manufacturing development services and relies on surveys of steps and activities completed as of the reporting date in relation to then current manufacturing development plans to measure the level of progress on the service.

Certain of the Company's customer contracts acquired via the acquisition of SkyWater were determined to have pricing not reflective of market conditions at the time of acquisition. These contracts were identified as including off-market components that resulted in the recognition of contract liabilities in the Company's purchase accounting for the acquisition of SkyWater. These contract liabilities are released and recognized as revenue over the remaining performance period using either an output or input method.

Quantum foundry and advanced development contracts can include tool capacity or priority access rights and/or fab access right performance obligations. These arrangements do not represent lessor arrangements as the Company is not providing its customers the right to control specific tools or areas in the fab. Revenue for these arrangements are recognized over time as the access rights are provided to customers.

Operating Costs and Expenses

Cost of revenue

Cost of revenue primarily consists of expenses related to the delivery of the Company's quantum and foundry products and services, including personnel-related expenses, hardware, gases and other fulfillment costs, allocated overhead costs for customer facing functions, and costs associated with maintaining the Company's in-service quantum computing systems, satellites and foundry to ensure proper calibration as well as costs incurred for maintaining the cloud on which the Company delivers its services. Personnel-related expenses include salaries, benefits, and stock-based compensation. Cost of revenue excludes depreciation and amortization.

Research and development

Research and development expenses consist of personnel-related expenses, including salaries, benefits and stock-based compensation, and allocated overhead costs for our research and development functions. Research and development is attributable to the advancing technology research, platform and infrastructure development, and the research and development of new product iterations, including quantum products, networks, foundry services, and other products as well as satellites. Design and development efforts continue throughout the useful life of our quantum computing systems and satellites to ensure proper calibration and optimal functionality. Research and development expenses also include purchased hardware and software costs for research purposes that are not probable of providing a future economic benefit and have no alternate future use as well as costs associated with third-party research and development arrangements.

Sales and marketing

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

General and administrative

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

Depreciation and amortization

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

Nonoperating Costs and Expenses

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

The gain (loss) on change in fair value of warrant liabilities consists of mark-to-market fair value adjustments recorded associated with the public warrants and Series A and Series B prefunded and private warrants.

Interest income, net

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

Interest expense

Interest expense primarily consists of interest incurred on the VIE Financing and Tool Financing Loans.

Offering costs associated with warrants

Offering costs associated with warrants consist of transaction costs that have been allocated to the prefunded and private warrants and were expensed upon completion of the equity offering based on the relative fair value of the equity issued and the liability-classified warrants.

Other income (expense), net

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

Income tax benefit (expense)

Income tax benefit (expense) consists of income tax benefits related to deferred taxes and income tax benefit (expense) related to foreign jurisdictions in which we conduct business, as well as impacts on our valuation allowances as a result of acquisitions.

Consolidated Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Revenue	$ 173,831	$ 39,866	$ 318,549	$ 68,126
Costs and expenses:				
Cost of revenue (excluding depreciation and amortization)[(1)]	135,804	21,253	245,168	33,895
Research and development[(1)]	141,670	66,298	428,037	209,610
Sales and marketing[(1)]	48,526	14,441	110,857	33,928
General and administrative[(1)]	153,264	82,505	359,454	154,418
Depreciation and amortization	127,642	24,182	216,858	41,359
Total operating costs and expenses	606,906	208,679	1,360,374	473,210
Loss from operations	(433,075)	(168,813)	(1,041,825)	(405,084)
Gain (loss) on change in fair value of warrant liabilities	896,156	(881,847)	304,669	(882,930)
Interest income, net	19,844	14,437	80,057	26,469
Interest expense	(2,315)	—	(2,315)	—
Offering costs associated with warrants	—	(22,847)	—	(22,847)
Other income (expense), net	(59,198)	(980)	4,387	(697)
Income (loss) before income tax benefit (expense)	421,412	(1,060,050)	(655,027)	(1,285,089)
Income tax benefit (expense)	141,702	4,438	154,151	19,695
Net income (loss)	**$ 563,114**	**$ (1,055,612)**	**$ (500,876)**	**$ (1,265,394)**
Net income (loss) attributable to noncontrolling interests	(843)	(657)	(2,451)	(1,349)
Net income (loss) attributable to IonQ, Inc.	**$ 563,957**	**$ (1,054,955)**	**$ (498,425)**	**$ (1,264,045)**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Cost of revenue	$ 14,177	$ 4,247	$ 46,289	$ 7,125
Research and development	44,853	31,766	161,172	125,392
Sales and marketing	23,622	6,560	54,164	16,488
General and administrative	64,254	30,372	155,643	56,361

Comparison of the Three Months Ended September 30, 2026 and 2025

Revenue

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Revenue	$ 173,831	$ 39,866	$ 133,965	336%

Revenue increased by $134.0 million, or 336%, to $173.8 million for the three months ended September 30, 2026, from $39.9 million for the three months ended September 30, 2025. The increase was primarily driven by progress on our arrangements to build specialized quantum computing hardware, as well as increased revenue as a result of acquisitions.

Cost of revenue

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Cost of revenue (excluding depreciation and amortization)	$ 135,804	$ 21,253	$ 114,551	539%

Cost of revenue increased by $114.6 million, or 539%, to $135.8 million for the three months ended September 30, 2026, from $21.3 million for the three months ended September 30, 2025. The increase was driven primarily by an increase in labor costs to service contracts for the three months ended September 30, 2026, as well as an increase in materials costs related to quantum products.

Research and development

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Research and development	$ 141,670	$ 66,298	$ 75,372	114%

Research and development expense increased by $75.4 million, or 114%, to $141.7 million for the three months ended September 30, 2026, from $66.3 million for the three months ended September 30, 2025. The increase was primarily driven by an increase of $33.2 million in payroll-related expenses, including an increase in stock-based compensation of $13.1 million, as a result of increased headcount and new equity grants. The remaining increase is primarily due to an increase of $21.0 million in materials, supplies and equipment costs and an increase in costs to support research and development initiatives, including an increase of $19.6 million in professional services and other allocated support costs.

Sales and marketing

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Sales and marketing	$ 48,526	$ 14,441	$ 34,085	236%

Sales and marketing expense increased by $34.1 million, or 236%, to $48.5 million for the three months ended September 30, 2026, from $14.4 million for the three months ended September 30, 2025. The increase was primarily driven by an increase of $28.8 million of payroll-related expenses, including an increase in stock-based compensation of $17.1 million, as a result of increased headcount and new equity grants, as well as increased costs to promote our products and services and other marketing initiatives.

General and administrative

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
General and administrative	$ 153,264	$ 82,505	$ 70,759	86%

General and administrative expenses increased by $70.8 million, or 86%, to $153.3 million for the three months ended September 30, 2026, from $82.5 million for the three months ended September 30, 2025. The increase was primarily driven by an increase of $40.0 million of payroll-related expenses, including an increase in stock-based compensation of $33.9 million, as a result of increased headcount and new equity grants. The remaining increase is primarily due to an increase of $50.0 million in professional service fees and allocated overhead costs, including an increase of $26.4 million in acquisition transaction costs; offset by a $19.7 million decrease in the change in fair value of contingent consideration.

Depreciation and amortization

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Depreciation and amortization	$ 127,642	$ 24,182	$ 103,460	428%

Depreciation and amortization expenses increased by $103.5 million, or 428%, to $127.6 million for the three months ended September 30, 2026, from $24.2 million for the three months ended September 30, 2025. The increase was primarily driven by an increase of $64.8 million in depreciation expense associated with acquired SkyWater Foundry Services' fixed assets, $26.7 million in amortization expense associated with acquired intangible assets, and an increase of $10.6 million in depreciation expense associated with capitalized satellites.

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

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Gain (loss) on change in fair value of warrant liabilities	$ 896,156	$ (881,847)	$ 1,778,003	NM

NM—Not Meaningful

The change in the fair value of the warrant liabilities was primarily due to the mark-to-market gain recognized on the Series A and Series B warrants, driven by changes in our stock price.

Interest income, net

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Interest income, net	$ 19,844	$ 14,437	$ 5,407	37%

Interest income, net increased by $5.4 million, or 37%, to $19.8 million for the three months ended September 30, 2026, from $14.4 million for the three months ended September 30, 2025. The increase was primarily driven by an increase in interest earned as a result of an increase in the available-for-sale investments balance.

Offering costs associated with warrants

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Offering costs associated with warrants	$ —	$ (22,847)	$ 22,847	NM

NM—Not Meaningful

In connection with the issuance of the Series A prefunded and private warrants, $22.8 million of transaction costs were allocated and expensed related to the warrants for the three months ended September 30, 2025.

Other income (expense), net

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Other income (expense), net	$ (59,198)	$ (980)	$ (58,218)	NM

NM—Not Meaningful

Other income (expense), net increased by $58.2 million to $59.2 million of expense for the three months ended September 30, 2026, from less than $1.0 million of expense for the three months ended September 30, 2025. The increase was primarily driven by changes in fair value of strategic investments.

Income tax benefit (expense)

	Three Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Income tax benefit (expense)	$ 141,702	$ 4,438	$ 137,264	3,093%

Income tax benefit (expense) increased by $137.3 million, or 3,093%, to a benefit of $141.7 million for the three months ended September 30, 2026, from a benefit of $4.4 million for the three months ended September 30, 2025. The increase was primarily driven by a one-time partial release of U.S. federal and state valuation allowances in the three months ended September 30, 2026.

Comparison of the Nine Months Ended September 30, 2026 and 2025

Revenue

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Revenue	$ 318,549	$ 68,126	$ 250,423	368%

Revenue increased by $250.4 million, or 368%, to $318.5 million for the nine months ended September 30, 2026, from $68.1 million for the nine months ended September 30, 2025. The increase was primarily driven by progress on arrangements to build specialized quantum computing hardware, as well as increased revenue as a result of acquisitions.

Cost of revenue

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Cost of revenue (excluding depreciation and amortization)	$ 245,168	$ 33,895	$ 211,273	623%

Cost of revenue increased by $211.3 million, or 623%, to $245.2 million for the nine months ended September 30, 2026, from $33.9 million for the nine months ended September 30, 2025. The increase was driven primarily by an increase in labor costs to service contracts for the nine months ended September 30, 2026, as well as an increase in materials costs related to quantum products.

Research and development

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Research and development	$ 428,037	$ 209,610	$ 218,427	104%

Research and development expense increased by $218.4 million, or 104%, to $428.0 million for the nine months ended September 30, 2026, from $209.6 million for the nine months ended September 30, 2025. The increase was primarily driven by an increase of $148.6 million in payroll-related expenses, including an increase in stock-based compensation of $90.4 million, as a result of increased headcount and new equity grants, offset by a decrease of $54.6 million in one-time stock-based compensation costs incurred in the nine months ended September 30, 2025, and $86.1 million increase in materials, supplies and equipment costs. The remaining increase is due to an increase in costs to support research and development initiatives, including a $34.8 million increase in professional service fees and allocated overhead costs.

Sales and marketing

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Sales and marketing	$ 110,857	$ 33,928	$ 76,929	227%

Sales and marketing expense increased by $76.9 million, or 227%, to $110.9 million for the nine months ended September 30, 2026, from $33.9 million for the nine months ended September 30, 2025. The increase was primarily driven by an increase of $62.8 million of payroll-related expenses, including an increase in stock-based compensation of $37.7 million, as a result of increased headcount and new equity grants, as well as increased costs to promote our products and services and other marketing initiatives.

General and administrative

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
General and administrative	$ 359,454	$ 154,418	$ 205,036	133%

General and administrative expenses increased by $205.0 million, or 133%, to $359.5 million for the nine months ended September 30, 2026, from $154.4 million for the nine months ended September 30, 2025. The increase was primarily driven by an increase of $127.8 million of payroll-related expenses, including an increase in stock-based compensation of $99.3 million, as a result of increased headcount and new equity grants, and an increase of $89.5 million in professional service fees and allocated overhead costs, including an increase of $38.6 million in acquisition transaction and integration costs; offset by a $23.6 million decrease in the change in fair value of contingent consideration.

Depreciation and amortization

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Depreciation and amortization	$ 216,858	$ 41,359	$ 175,499	424%

Depreciation and amortization expenses increased by $175.5 million, or 424%, to $216.9 million for the nine months ended September 30, 2026, from $41.4 million for the nine months ended September 30, 2025. The increase was primarily driven by an increase of $82.9 million in amortization expense associated with acquired intangible assets, an increase of $64.8 million in depreciation expense associated with acquired SkyWater Foundry Services' fixed assets, and an increase of $21.6 million in depreciation expense associated with capitalized satellites and leasehold improvements.

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

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Gain (loss) on change in fair value of warrant liabilities	$ 304,669	$ (882,930)	$ 1,187,599	NM

NM—Not Meaningful

The change in the fair value of the warrant liabilities was primarily due to the mark-to-market gain recognized for the Series A and Series B warrants, driven by changes in our stock price.

Interest income, net

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Interest income, net	$ 80,057	$ 26,469	$ 53,588	202%

Interest income, net increased by $53.6 million, or 202%, to $80.1 million for the nine months ended September 30, 2026, from $26.5 million for the nine months ended September 30, 2025. The increase was primarily driven by an increase in interest earned as a result of an increase in the available-for-sale investments balance.

Offering costs associated with warrants

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Offering costs associated with warrants	$ —	$ (22,847)	$ 22,847	NM

NM—Not Meaningful

In connection with the issuance of the Series A prefunded and private warrants, $22.8 million of transaction costs were allocated and expensed related to the warrants for the nine months ended September 30, 2025.

Other income (expense), net

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Other income (expense), net	$ 4,387	$ (697)	$ 5,084	NM

NM—Not Meaningful

Other income (expense), net increased by $5.1 million to $4.4 million for the nine months ended September 30, 2026, from less than $0.7 million for the nine months ended September 30, 2025. The increase was primarily driven by changes in fair value of strategic investments.

Income tax benefit (expense)

	Nine Months Ended September 30,		$	%
	2026	2025	Change	Change
	(in thousands)			
Income tax benefit (expense)	$ 154,151	$ 19,695	$ 134,456	683%

Income tax benefit (expense) increased by $134.5 million, or 683%, to a benefit of $154.2 million for the nine months ended September 30, 2026, from a benefit of $19.7 million for the nine months ended September 30, 2025. The increase was primarily driven by a one-time partial release of U.S. federal and state valuation allowances in the nine months ended September 30, 2026.

Segment Performance

Our operations are organized into two reportable segments, IonQ Platform and SkyWater Foundry Services. SkyWater Foundry Services' results are included only from the July 31, 2026 acquisition date, so there are no comparable prior-period results, and intersegment revenue is eliminated in consolidation.

We define segment operating income (loss) as total revenue, including intersegment revenue, less cost of revenue, research and development, and depreciation and amortization. See Note 22 for further details.

IonQ Platform

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Revenue	$ 90,315	$ 39,866	$ 235,033	$ 68,126
Segment operating income (loss)	(105,600)	(35,854)	(297,398)	(84,221)

Revenue: IonQ Platform revenue increased $50.4 million from $39.9 million for the three months ended September 30, 2025 to $90.3 million for the three months ended September 30, 2026 and it increased $166.9 million from $68.1 million for the nine months ended September 30, 2025 to $235.0 million for the nine months ended September 30, 2026. The increases were primarily driven by progress on our arrangements to build specialized quantum computing hardware, as well as increased revenue as a result of acquisitions.

Segment operating income (loss): IonQ Platform segment operating loss increased $69.7 million from $35.9 million for the three months ended September 30, 2025 to $105.6 million for the three months ended September 30, 2026 and it increased $213.2 million from $84.2 million for the nine months ended September 30, 2025 to $297.4 million for the nine months ended September 30, 2026 The increases were primarily driven by higher cost of revenue, reflecting increased labor costs to service contracts and increased materials costs related to delivering our quantum products. Segment operating loss further increased due to higher research and development expenses, reflecting increased headcount and increased materials, supplies and equipment costs as the Company continues to drive its compute development using chip fabrication services. Prior to the SkyWater acquisition on July 31, 2026, all costs incurred with SkyWater as a third-party supplier were recorded in research and development. Subsequent to the acquisition, all costs are eliminated in consolidation. Segment operating loss also increased due to higher depreciation and amortization, including depreciation of capitalized satellites and amortization of acquired intangible assets.

SkyWater Foundry Services

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Revenue	$ 100,264	$ —	$ 100,264	$ —
Segment operating income (loss)	(49,907)	—	(49,907)	—

Revenue: SkyWater Foundry Services' revenue was $100.3 million for the three and nine months ended September 30, 2026, covering the period from the July 31, 2026 acquisition date through September 30, 2026. SkyWater Foundry Services' revenue was composed of $29.8 million of Quantum foundry and advanced technologies revenues, $53.8 million of CMOS foundry revenue and $16.7 million of intersegment revenue, which is eliminated in consolidation and relates primarily to chips fabricated for IonQ Platform. Intersegment costs are recorded in the IonQ Platform segment and eliminated in consolidation.

Segment operating income (loss): Segment operating loss for the three and nine months ended September 30, 2026 was $49.9 million, or (49.8)% of segment revenue, reflecting the first two months of operations following the acquisition. The loss includes $64.8 million of non-cash depreciation on acquired SkyWater Foundry Services' fixed assets, which were recorded at fair value under ASC 805, as well as non-cash amortization of acquired intangible assets. A portion of the depreciation reflects the fair value step-up above the assets' historical carrying values. These non-cash charges will continue to affect segment results over the assets' remaining useful lives.

Liquidity and Capital Resources

As of September 30, 2026, we had cash, cash equivalents and short-term and long-term investments of $1,662.4 million, excluding restricted cash and cash held by a VIE that we consolidate. This represents a decrease of $1,296.9 million from June 30, 2026, primarily due to the approximately $1,056.4 million of cash paid at the closing of our acquisition of SkyWater on July 31, 2026, consisting of $741.3 million of cash consideration paid to SkyWater stockholders, $245.9 million to repay certain indebtedness, and $69.2 million of transaction costs, as well as cash used in operating activities. We believe that our cash, cash equivalents and investments as of September 30, 2026, will be sufficient to meet our working capital and capital expenditure needs for the next 12 months. Additionally, in October 2026 (see Note 23), we completed an equity offering for aggregate proceeds of $1,990.0 million. We believe we will meet longer term expected future cash requirements and obligations through a combination of available funds from our cash, cash equivalents and investment balances and cash flows from operating activities and, as needed, additional equity or debt financing or other capital sources. However, this determination is based upon internal projections and is subject to changes in market and business conditions. We have incurred significant losses since our inception and as of September 30, 2026, we had an accumulated deficit of $1,692.5 million. During the nine months ended September 30, 2026, we incurred a loss from operations of $1,041.8 million. We expect to incur significant losses for the foreseeable future.

Future Funding Requirements

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

Our primary uses of cash, cash equivalents, and short-term and long-term investments are to fund our operations as we continue to grow our business and our investing activities, including capital expenditures, potential acquisitions, and strategic investments. We require a significant amount of cash for expenditures as we invest in ongoing research and development, commercialization of our products, and our semiconductor foundry operations. Until we generate sufficient cash flows from operating activities to fund our operations, we expect to finance our liquidity needs through our cash, cash equivalents, and short-term and long-term investments, as well as equity or debt financings or other capital sources, including potential collaborations and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise funds through collaborations, or other similar arrangements with third parties, we may have to relinquish valuable rights to our technology on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our development efforts. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section titled “Risk Factors” in this Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission.

Our material contractual commitments as of September 30, 2026, primarily relate to the following:

- Lease commitments - Refer to Note 20.
- Debt - Refer to Note 13.
- Other commitments and contingencies - Refer to Note 12.

Other than these commitments, cash requirements for the next 12 months are expected to consist primarily of operating expenses and continued investment in our quantum products and semiconductor foundry operations.

Cash flows

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

	Nine Months Ended September 30,	
	2026	2025
	(in thousands)	
Net cash provided by (used in) operating activities	$ (570,318)	$ (208,677)
Net cash provided by (used in) investing activities	(277,070)	(873,632)
Net cash provided by (used in) financing activities	28,341	1,377,416

Cash flows from operating activities

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

Net cash used in operating activities during the nine months ended September 30, 2026, was $570.3 million, resulting primarily from a net loss of $500.9 million, adjusted for non-cash activity, primarily related to the gain recorded as a result of mark-to-market activity for our warrants, stock-based compensation, depreciation and amortization, the gain recorded as a result of the change in fair value of our strategic investments and contingent consideration, deferred income taxes, and other working capital activities. The increase in net cash used in operations from the prior year period was primarily related to increased compensation costs and costs for materials and supplies to support the production of quantum computing systems and satellites, customer contracts, and other research and development activities.

Net cash used in operating activities during the nine months ended September 30, 2025, was $208.7 million, resulting primarily from a net loss of $1,265.4 million, adjusted for non-cash activity, primarily related to stock-based compensation, depreciation and amortization, deferred income taxes, the loss recorded as a result of mark-to-market activity for our warrants, and other working capital activities.

Cash flows from investing activities

Net cash used in investing activities during the nine months ended September 30, 2026, was $277.1 million, primarily resulting from cash paid for acquired businesses, net of cash acquired, and purchases of available-for-sale securities and strategic investments, offset by maturities and sales of available-for-sale securities.

Net cash used in investing activities during the nine months ended September 30, 2025, was $873.6 million, primarily resulting from purchases of available-for-sale securities, cash paid for acquired businesses, net of cash acquired, and additions of property and equipment, offset by cash received from maturities of available-for-sale securities.

Cash flows from financing activities

Net cash provided by financing activities during the nine months ended September 30, 2026, was $28.3 million, primarily resulting from proceeds from stock options and warrants exercised and tax withholding receipts related to equity awards.

Net cash provided by financing activities during the nine months ended September 30, 2025, was $1,377.4 million, primarily resulting from proceeds from the issuance of common stock and warrants, stock options exercised, and warrants exercised.

Indebtedness

VIE Financing

On September 30, 2020, our consolidated VIE, assumed as part of the SkyWater Acquisition, entered into a loan agreement for $39.0 million (the “VIE Financing”) to finance the acquisition of the building and land of our Minnesota facility. The VIE Financing is repayable in equal monthly installments of $0.2 million over 10 years, with the remaining balance payable at the maturity date of October 6, 2030. The interest rate under the VIE Financing is fixed at 3.44%. The VIE Financing is guaranteed by the sole equity holder of the VIE. The VIE Financing is not subject to financial debt default covenants.

The terms of the VIE Financing include provisions that grant the lender several protective rights when certain triggering events defined in the loan agreement occur, including events tied to our occupancy of the Minnesota facility and our financial performance. The occurrence of a triggering event does not represent a default event as per the loan agreement, nor does it result in the VIE Financing becoming callable, rather the protective rights become enforceable by the lender. No triggering events as defined in the loan agreement existed as of September 30, 2026.

The VIE Financing is secured by a security interest in the building and land of our Minnesota facility.

Tool Financing Loan

We enter into financing agreements with equipment lenders to finance the purchase of tools that may, or may not, result in equipment lenders advancing payments to fund the acquisition, installation and qualification of tools. When tools are received and placed into service, we execute sales agreements to transfer ownership of the tools to the equipment lender and concurrently enter into debt agreements to repay the equipment lender the acquisition cost of the tool over a period of time, typically three years. The sales agreements include bargain purchase options at the end of the lease terms, which we intend to exercise; accordingly, these transactions represent failed sale leasebacks with the associated tools recorded in property and equipment, net and the proceeds received, net of scheduled repayments of the financings, recorded as long-term debt on the condensed consolidated balance sheets. Tool financing loans primarily consist of a semiconductor manufacturing tool loan which is repayable in equal monthly installments of $0.8 million at an interest rate of 11.1%, and this loan matures in March of 2031.

Critical Accounting Estimates

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

Critical accounting estimates are defined as those reflective of significant judgments, estimates and uncertainties, which may result in materially different results under different assumptions and conditions. Within our Annual Report on Form 10-K, we have disclosed our critical accounting estimates that we believe to have the greatest potential impact on our consolidated financial statements. Historically, our assumptions, judgments and estimates relative to our critical accounting estimates have not differed materially from actual results.

There have been no material changes to our critical accounting estimates from those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K.

Recently Issued and Adopted Accounting Standards

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates and concentration of credit. For a discussion of quantitative and qualitative disclosures about market risk, see Item 7A of Part II of our Annual Report on Form 10-K. No material changes related to our market risks have occurred since December 31, 2025.

Item 4. Controls and Procedures

In July 2026, we acquired SkyWater Technology, Inc. and its subsidiaries (collectively "SkyWater"). As disclosed in Item 9A. "Controls and Procedures" in SkyWater's Annual Report on Form 10-K for the fiscal year ended December 28, 2025, SkyWater had previously identified material weaknesses in its internal control over financial reporting relating to its revenue accounting process and the performance of account reconciliations at Spansion Fab 25, LLC ("Fab 25") following SkyWater's acquisition of Fab 25 in June 2025. As a result of our acquisition of SkyWater on July 31, 2026, as well as the significance of SkyWater's operations to our condensed consolidated financial statements, subsequent to the acquisition of SkyWater, these material weaknesses represent material

weaknesses in our internal control over financial reporting. In connection with our acquisition of SkyWater on July 31, 2026, management intends to exclude SkyWater's internal control over financial reporting from the scope of management's annual assessment of the effectiveness of our internal control over financial reporting as of December 31, 2026, in accordance with SEC staff guidance applicable to recently acquired businesses.

Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, and in consideration of the material weaknesses previously identified at SkyWater, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2026, our disclosure controls and procedures were not effective to ensure: (i) that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The material weaknesses described herein did not result in a material misstatement to our previously issued consolidated financial statements, nor in the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

As described above, our acquisition of SkyWater on July 31, 2026, results in our incorporation of SkyWater's previously identified material weaknesses in its revenue accounting process and its Fab 25 account reconciliation controls, which represent a change in our internal control over financial reporting. As described below, we are taking steps to remediate the material weaknesses. Other than the changes resulting from the acquisition of SkyWater, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

As a result of the SkyWater Acquisition, the material weaknesses previously identified by SkyWater became material weaknesses in our internal control over financial reporting.

The material weakness related to SkyWater's revenue accounting process resulted from inadequate monitoring and administration of privileged access to SkyWater's manufacturing application and its related databases. Because of these design gaps in IT general controls, the completeness and accuracy of information derived from this application could have been adversely impacted. IT-dependent manual controls within revenue accounting process that rely on such information were therefore also deemed ineffective.

The material weakness related to account reconciliations resulted from the ineffective operation of account reconciliation controls at Fab 25.

Remediation Plan for Material Weaknesses

To remediate the material weaknesses described above, we, with the oversight of the Audit Committee of our Board of Directors (the "Audit Committee"), have been pursuing a remediation plan, which includes implementing additional controls over financial reporting and enhancing the design of existing internal controls over financial reporting.

The actions taken to remediate the revenue accounting process material weakness have included the design and implementation of a series of IT general controls over privileged access to SkyWater's manufacturing application and its related databases, including controls over privileged access administration and controls to monitor, validate and approve (1) changes made to the design and function of the manufacturing application and its related databases; and (2) changes made to data processed by the manufacturing application and retained in the related databases.

The actions taken to remediate the account reconciliation material weakness have included integrating Fab 25's accounting process onto its Enterprise Resource Planning system, terminating existing accounting services provided by the prior owner of Fab 25 via a transition services agreement, and implementing common accounting processes and reconciliation controls at Fab 25.

While these remediation steps have been completed, we will not be able to conclude that these material weaknesses are remediated until testing validates that the process changes and controls have operated effectively for a sustained period.

As we continue to evaluate and work to remediate the control deficiencies that gave rise to the material weaknesses described above, we may determine that additional measures or time are required to address the issues fully, or that we need to modify or otherwise adjust the remediation actions described above. We will also continue to assess the effectiveness of our remediation efforts in connection with our evaluation of our internal control over financial reporting. The revenue accounting process material weakness and the Fab 25 account reconciliation material weakness cannot be considered remediated until our remediation plans are completed and the effectiveness of the remedial actions is validated.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this heading is incorporated by reference from Note 12, Commitments and Contingencies, to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in Item 1A "Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2025 and Item 1A "Risk Factors" in Part II of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider those risk factors, which could materially and adversely affect our business, financial condition and results of operations. Those risks and uncertainties are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition and results of operations.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

On August 13, 2026, Gabrielle B. Toledano, one of our directors, adopted a Rule 10b5-1 trading arrangement for the sale of 1,728 shares of our common stock. The arrangement's expiration date is November 26, 2027. Sales under the trading arrangement will not commence until after completion of the required cooling off period under Rule 10b5-1.

On August 31, 2026, Kathryn K. Chou, our Lead Independent Director, adopted a Rule 10b5-1 trading arrangement for the potential sale of up to 22,263 shares of our common stock, subject to certain conditions. The arrangement's expiration date is November 26, 2027. Sales under the trading arrangement will not commence until after completion of the required cooling off period under Rule 10b5-1.

On September 1, 2026, Inder M. Singh, our Chief Financial Officer and Chief Operating Officer, adopted a Rule 10b5-1 trading arrangement for the potential sale of up to 355,094 shares of our common stock, subject to certain conditions. This number represents the gross number of shares underlying RSUs expected to vest during the arrangement term. Under the terms of the trading arrangement, the broker will sell 100% of the net shares delivered to Mr. Singh following the satisfaction of statutory tax withholding obligations. Because the number of shares sold to satisfy tax obligations depends on the fair market value of the shares and applicable tax withholding rates on the respective vesting dates, the exact number of net shares that will ultimately be sold cannot be determined as of the date of this report. The arrangement's expiration date is December 31, 2027. Sales under the trading arrangement will not commence until completion of the required cooling off period under Rule 10b5-1.

Item 6. Exhibits.

(a) Exhibits.

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

Exhibit	Description Form	Filed Herewith	Incorporated by Reference	Form	Exhibit	Filing Date
2.1^	Agreement and Plan of Merger, dated as of January 25, 2026, by and among IonQ, Inc., Iris Merger Subsidiary 1 Inc., Iris Merger Subsidiary 2 LLC and SkyWater Technology, Inc.		X	8-K	2.1	January 26, 2026
2.2^	Agreement and Plan of Merger, dated as of October 9, 2026, by and among IonQ, Inc., Espresso Acquisition Sub, Inc., Elisity Inc. and Fortis Advisors LLC, solely in its capacity as the representative of the securityholders.		X	8-K	2.1	October 13, 2026
3.1	Amended and Restated Certificate of Incorporation of IonQ, Inc.		X	8-K	3.1	October 4, 2021
3.2	Amended and Restated Bylaws of IonQ, Inc.		X	8-K	3.1	April 22, 2025
10.1+	SkyWater Technology, Inc. 2021 Equity Incentive Plan	X				
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.	X				
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101).	X				

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

\+ Indicates a management contract or compensatory plan.

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

SIGNATURES

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

IonQ, Inc.

Date: November 5, 2026

/s/ Niccolo M. de Masi

Name: Niccolo M. de Masi
Title: Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2026

/s/ Inder M. Singh

Name: Inder M. Singh
Title: Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

SKYWATER TECHNOLOGY, INC.
2021 EQUITY INCENTIVE PLAN

1. PURPOSE

The Plan is intended to (a) provide eligible individuals with an incentive to contribute to the success of the Company and to operate and manage the Company's business in a manner that will provide for the Company's long-term growth and profitability and that will benefit its stockholders and other important stakeholders, including its employees and customers, and (b) provide a means of recruiting, rewarding, and retaining key personnel. In furtherance of these purposes, the Plan provides for the grant of Awards of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Unrestricted Stock, Dividend Equivalent Rights, Other Equity-Based Awards, and cash bonus awards. Any of these Awards may, but need not, be made as performance incentives to reward the holders of such Awards for the achievement of performance goals in accordance with the terms of the Plan. Options granted under the Plan may be Nonqualified Stock Options or Incentive Stock Options.

2. DEFINITIONS

For purposes of interpreting the Plan documents, including the Plan and Award Agreements, the following capitalized terms shall have the meanings specified below, unless the context clearly indicates otherwise:

2.1 "**Affiliate**" shall mean any Person that controls, is controlled by, or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary. For purposes of making a grant of Options or Stock Appreciation Rights, an entity shall not be considered an Affiliate unless the Company holds a Controlling Interest in such entity. The preceding sentence does not, however, apply for purposes of determining whether Service is uninterrupted for purposes of vesting, exercisability, or expiration of Options and Stock Appreciation Rights.

2.2 "**Annual Incentive Award**" shall mean an Award, denominated in cash, made subject to attainment of performance goals (as provided in **Article 13**) over a Performance Period of up to one (1) year, which shall be the Company's fiscal year, unless otherwise specified by the Board or the Committee.

2.3 "**Applicable Laws**" shall mean the legal requirements relating to the Plan and the Awards under (a) applicable provisions of the Code, the Securities Act, the Exchange Act, any rules or regulations under the Code, the Securities Act, or the Exchange Act, and any other laws, rules, regulations, and government orders of any jurisdiction applicable to the Company or its Affiliates, (b) applicable provisions of the corporate, securities, tax, and other laws, rules, regulations, and government orders of any jurisdiction applicable to Awards granted to residents thereof, and (c) the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

2.4 "**Award**" shall mean a grant under the Plan of an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, a Performance Award, an Annual Incentive Award, an Other Equity-Based Award, or cash.

2.5 "**Award Agreement**" shall mean the written agreement, in such written, electronic, or other form as determined by the Committee, between the Company and a Grantee that evidences and sets forth the terms and conditions of an Award.

2.6 "**Beneficial Owner**" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

2.7 "**Benefit Arrangement**" shall mean any formal or informal plan or other arrangement for the direct or indirect provision of compensation to a Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee.

2.8 "**Board**" shall mean the Board of Directors of the Company.

2.9 "**Capital Stock**" shall mean, with respect to any Person, any and all shares, interests, participations, or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Effective Date or issued thereafter, including, without limitation, all shares of Stock.

2.10 "**Cause**" shall have the meaning set forth in an applicable agreement between a Grantee and the Company or an Affiliate, and in the absence of any such agreement shall mean, with respect to any Grantee and as determined by the Committee, (a) a violation of such Grantee's obligations regarding confidentiality or the protection of sensitive, confidential, or proprietary information, or trade secrets; (b) an act or omission by such Grantee resulting in such Grantee being charged with a criminal offense which constitutes a felony or involves moral turpitude or dishonesty; (c) conduct by such Grantee which constitutes poor performance, gross neglect, insubordination, willful misconduct, or a breach of the Company's Code of Conduct or a fiduciary duty to the

Company or its stockholders; or (d) the Company's determination that such Grantee violated state or federal law relating to the workplace environment, including, without limitation, laws relating to sexual harassment or age, sex, race, or other prohibited discrimination. Any determination by the Committee regarding whether an event constituting Cause shall have occurred shall be final, binding, and conclusive.

2.11 "**Change in Control**" shall mean, subject to the Board's discretion to determine otherwise pursuant to the final sentence of this **Section 2.11** and subject to **Section 18.11**, the occurrence of any of the following:

(a) a transaction or a series of related transactions occurring after the Effective Date pursuant to which any Person or Group (other than the Company or any Affiliate) becomes the Beneficial Owner of more than fifty percent (50%) of the total voting power of the Voting Stock of the Company;

(b) individuals who, as of the day following the IPO closing date for the first sale of Stock listed on a Stock Exchange or designated on a Securities Market, constitute the Board (the "**Incumbent Board**") (together with any new directors whose election by such Incumbent Board or whose nomination by such Incumbent Board for election by the stockholders of the Company was approved by a vote of at least a majority of the members of such Incumbent Board then in office who either were members of such Incumbent Board or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of such Board then in office;

(c) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company (regardless of whether the Company is the surviving Person), other than any such transaction in which the Prior Stockholders own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation immediately after such transaction;

(d) the consummation of any direct or indirect sale, lease, transfer, conveyance, or other disposition (other than by way of reorganization, merger, or consolidation), in one transaction or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person or Group (other than the Company or any Affiliate), except any such transaction or series of transactions in which the Prior Stockholders own directly or indirectly at least a majority of the voting power of the Voting Stock of such Person or Group immediately after such transaction or series of transactions; or

(e) the consummation of a plan or proposal for the liquidation, winding up, or dissolution of the Company.

The Board shall have full and final authority, in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control, and any incidental matters relating thereto.

2.12 "**Code**" shall mean the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto. References in the Plan to any Code Section shall be deemed to include, as applicable, regulations and guidance promulgated under such Code Section.

2.13 "**Committee**" shall mean a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in **Section 3.1.2** and **Section 3.1.3** (or, if no Committee has been so designated, the Board).

2.14 "**Company**" shall mean SkyWater Technology, Inc., a Delaware corporation, and any successor thereto.

2.15 "**Controlling Interest**" shall have the meaning set forth in Treasury Regulation Section 1.414(c)-2(b)(2)(i), provided that (a) except as specified in clause (b) below, an interest of "at least 50 percent" shall be used instead of an interest of "at least 80 percent," in each case where "at least 80 percent" appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i), and (b) where a grant of Options or Stock Appreciation Rights is based upon a legitimate business criterion, an interest of "at least 20 percent" shall be used instead of an interest of "at least 80 percent," in each case where "at least 80 percent" appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i).

2.16 "**Deferred Stock Unit**" shall mean a Restricted Stock Unit, the terms of which provide for delivery of the underlying shares of Stock, cash, or a combination thereof subsequent to the date of vesting, at a time or times consistent with the requirements of Code Section 409A.

2.17 "**Disability**" shall mean the inability of a Grantee to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than twelve (12) months, provided that, with respect to rules regarding the expiration of an Incentive Stock Option following termination of a Grantee's Service, Disability shall mean the inability of such Grantee to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

2.18 "**Disqualified Individual**" shall have the meaning set forth in Code Section 280G(c).

2.19 "**Dividend Equivalent Right**" shall mean a right, granted to a Grantee pursuant to Article 12, entitling the Grantee thereof to receive, or to receive credits for the future payment of, cash, Stock, other Awards, or other

property equal in value to dividend payments or distributions, or other periodic payments, declared or paid with respect to a number of shares of Stock specified in such Dividend Equivalent Right (or other Award to which such Dividend Equivalent Right relates) as if such shares of Stock had been issued to and held by the Grantee of such Dividend Equivalent Right as of the record date of the declaration thereof.

2.20 "**Effective Date**" shall mean the date the Plan is adopted by the Board, subject to approval by the Company's stockholders prior to the closing of the IPO.

2.21 "**Employee**" shall mean, as of any date of determination, an employee (including an officer) of the Company or an Affiliate.

2.22 "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, as now in effect or as hereafter amended, and any successor thereto.

2.23 "**Fair Market Value**" shall mean the fair market value of a share of Stock for purposes of the Plan, which shall be, as of any date of determination:

(a) If on such date the shares of Stock are listed on a Stock Exchange, or are publicly traded on another Securities Market, the Fair Market Value of a share of Stock shall be the closing price of the Stock as reported on such Stock Exchange or such Securities Market (provided that, if there is more than one such Stock Exchange or Securities Market, the Committee shall designate the appropriate Stock Exchange or Securities Market for purposes of the Fair Market Value determination). If there is no such reported closing price on such date, the Fair Market Value of a share of Stock shall be the closing price of the Stock on the next preceding day on which any sale of Stock shall have been reported on such Stock Exchange or such Securities Market.

(b) If on such date the shares of Stock are not listed on a Stock Exchange or publicly traded on a Securities Market, the Fair Market Value of a share of Stock shall be the value of the Stock as determined by the Committee by the reasonable application of a reasonable valuation method, in a manner consistent with Code Section 409A.

Notwithstanding this **Section 2.29** or **Section 18.3**, for purposes of determining taxable income and the amount of the related tax withholding obligation pursuant to **Section 18.3**, the Fair Market Value shall be determined by the Committee in good faith using any reasonable method it deems appropriate, to be applied consistently with respect to Grantees, provided that the Committee shall determine the Fair Market Value of shares of Stock for tax withholding obligations due in connection with sales, by or on behalf of a Grantee, of such shares of Stock subject to an Award to pay the Option Price, SAR Price, and/or any tax withholding obligation on the same date on which such shares may first be sold pursuant to the terms of the applicable Award Agreement (including broker-assisted cashless exercises of Options and Stock Appreciation Rights, as described in **Section 14.3**, and sell-to-cover transactions) in any manner consistent with applicable provisions of the Code, including, without limitation, by using the sale price of such shares on such date (or if sales of such shares are effectuated at more than one sale price, the weighted average sale price of such shares on such date) as the Fair Market Value of such shares, so long as such Grantee has provided the Company, or its designee or agent, with advance written notice of such sale.

Notwithstanding the foregoing, with respect to any Award granted on or after the IPO Effective Date but prior to the first date following the IPO upon which Stock is listed (or approved for listing) upon notice of issuance on any Stock Exchange or designated (or approved for designation) upon notice of issuance on any Securities Market, the Fair Market Value shall mean the price per share of Stock as set forth in the purchase agreement between the Company and the underwriters for the IPO that establishes the price of the Stock to be sold in the IPO.

2.24 "**Family Member**" shall mean, with respect to any Grantee as of any date of determination, (a) a Person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of such Grantee, (b) any Person sharing such Grantee's household (other than a tenant or employee), (c) a trust in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the beneficial interest, (d) a foundation in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) control the management of assets, and (e) any other entity in which one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the voting interests.

2.25 "**Good Reason**" shall have the meaning set forth in the Grantee's employment agreement (if any), applicable severance policy or plan, or Award agreement. If neither the Grantee's employment agreement, applicable severance policy or plan, or Award agreement includes a definition of "Good Reason", then the Grantee shall not have a right to terminate for Good Reason.

2.26 "**Grant Date**" of any Award shall mean, as determined by the Committee, the latest to occur of (a) the date as of which the Committee approves such Award, (b) the date on which the recipient of such Award first becomes eligible to receive an Award under **Article 6** (such as, in the case of a new hire, the first date on which such

new hire performs any Service), or (c) such date later than the dates specified in clauses (a) and (b) specified by the Committee in the corporate action approving the Award.

2.27 "**Grantee**" shall mean a Person who receives or holds an Award under the Plan.

2.28 "**Group**" shall have the meaning set forth in Sections 13(d) and 14(d) (2) of the Exchange Act.

2.29 "**Incentive Stock Option**" shall mean an "incentive stock option" within the meaning of Code Section 422.

2.30 "**Initial Public Offering**" or "**IPO**" shall mean the initial firm commitment underwritten registered public offering of Stock by the Company.

2.31 "**IPO Effective Date**" shall mean the date on which the Company and the underwriters for the IPO enter into a purchase agreement establishing the price of the Stock to be sold in the IPO.

2.32 "**Nonqualified Stock Option**" shall mean an Option that is not an Incentive Stock Option.

2.33 "**Non-Employee Director**" shall have the meaning set forth in Rule 16b-3 under the Exchange Act.

2.34 "**Officer**" shall have the meaning set forth in Rule 16a-1(f) under the Exchange Act.

2.35 "**Option**" shall mean an option to purchase one or more shares of Stock at a specified Option Price awarded to a Grantee pursuant to **Article 8**.

2.36 "**Option Price**" shall mean the per share exercise price for shares of Stock subject to an Option.

2.37 "**Other Agreement**" shall mean any agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or an Affiliate, except an agreement, contract, or understanding that expressly addresses Code Section 280G and/or Code Section 4999.

2.38 "**Other Equity-Based Award**" shall mean an Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, other than an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, a Performance Award, or an Annual Incentive Award.

2.39 "**Parachute Payment**" shall mean a "parachute payment" within the meaning of Code Section 280G (b) (2), or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.40 "**Performance Award**" shall mean an Award of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares, Other Equity-Based Awards, or cash made subject to the achievement of Performance Measures (as provided in **Article 13**) over a Performance Period specified by the Committee.

2.41 "**Performance Measures**" shall mean performance criteria on which performance goals under Performance Awards are based, such as: (a) net earnings or net income; (b) operating earnings; (c) pretax earnings; (d) earnings per share; (e) share price, including growth measures and total stockholder return; (f) before interest and taxes; (g) earnings before interest, taxes, depreciation and/or amortization; (h) earnings before interest, taxes, depreciation and/or amortization as adjusted to exclude any one or more of the following: stock-based compensation expense; income from discontinued operations; gain on cancellation of debt; debt extinguishment and related costs; restructuring, separation or integration charges and costs; reorganization and/or recapitalization charges and costs; impairment charges; merger-related events; impact of purchase accounting; gain or loss related to investments; amortization of intangible assets; sales and use tax settlements; legal proceeding settlements; gain on non-monetary transactions; and adjustments for the income tax effect of any of the preceding adjustments; (i) sales or revenue growth or targets, whether in general or by type of product, service or customer; (j) gross or operating margins; (k) return measures, including return on assets, capital, investment, equity, sales or revenue; (l) cash flow, including: operating cash flow; free cash flow, defined as operating cash flow less capital expenditures or as earnings before interest, taxes, depreciation and/or amortization (as adjusted to exclude any one or more of the items that may be excluded pursuant to the performance measure specified in (h) above) less capital expenditures; levered free cash flow, defined as free cash flow less interest expense; cash flow return on equity; and cash flow return on investment; (m) productivity ratios; (n) costs, reductions in cost and cost control measures; (o) expense targets; (p) market or market segment share or penetration; (q) financial ratios as provided in our credit agreements; (r) working capital targets; (s) completion of acquisitions of businesses, companies or assets or completion of integration activities following an acquisition of businesses, companies or assets; (t) completion of divestitures and asset sales; (u) regulatory achievements or compliance; (v) customer satisfaction measurements; (w) execution of contractual arrangements or satisfaction of contractual requirements or milestones; (x) product development achievements; (y) monthly recurring revenue; (z) revenue retention rates; and (aa) any combination of the foregoing business criteria.

2.42 "**Performance Period**" shall mean the period of time, up to ten (10) years, during or over which the Performance Measures under Performance Awards must be met in order to determine the degree of payout and/or vesting with respect to any such Performance Awards.

2.43 "**Performance Shares**" shall mean a Performance Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, made subject to the achievement of Performance Measures (as provided in Article 13) over a Performance Period of up to ten (10) years.

2.44 "**Person**" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof, provided that, for purposes of **Section 2.11(a)** and **Section 2.11(d)**, Person shall have the meaning set forth in Sections 13(d) and 14(d) (2) of the Exchange Act.

2.45 "**Plan**" shall mean this Skywater Technology, Inc. 2021 Equity Incentive Plan, as amended, modified or restated from time to time.

2.46 "**Prior Plan**" shall mean the 2017 Option Incentive Plan, as amended from time to time.

2.47 "**Prior Stockholders**" shall mean the holders of Stock and any other equity securities that represented one hundred percent (100%) of the Voting Stock of the Company immediately prior to a reorganization, merger, or consolidation involving the Company or any sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole (or other equity securities into which the Stock or such other equity securities are converted as part of such reorganization, merger, or consolidation).

2.48 "**Reporting Person**" shall mean a Person who is required to file reports under Section 16(a) of the Exchange Act.

2.49 "**Restatement Effective Date**" shall mean June 7, 2023.

2.50 "**Restricted Period**" shall mean a period of time established by the Committee during which an Award of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is subject to restrictions.

2.51 "**Restricted Stock**" shall mean shares of Stock awarded to a Grantee pursuant to **Article 10**.

2.52 "**Restricted Stock Unit**" shall mean a bookkeeping entry representing the equivalent of one (1) share of Stock awarded to a Grantee pursuant to Article 10 that may be settled, subject to the terms and conditions of the applicable Award Agreement, in shares of Stock, cash, or a combination thereof.

2.53 "**SAR Price**" shall mean the per share exercise price of a SAR.

2.54 "**Securities Act**" shall mean the Securities Act of 1933, as amended, as now in effect or as hereafter amended, and any successor thereto.

2.55 "**Securities Market**" shall mean an established securities market.

2.56 "**Separation from Service**" shall have the meaning set forth in Code Section 409A.

2.57 "**Service**" shall mean service qualifying a Grantee as a Service Provider to the Company or an Affiliate. Unless otherwise provided in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, any determination by the Committee whether a termination of Service shall have occurred for purposes of the Plan shall be final, binding, and conclusive. If a Service Provider's employment or other Service relationship is with an Affiliate and the applicable entity ceases to be an Affiliate, a termination of Service shall be deemed to have occurred when such entity ceases to be an Affiliate unless the Service Provider transfers his or her employment or other Service relationship to the Company or any other Affiliate.

2.58 "**Service Provider**" shall mean (a) an Employee or director of the Company or an Affiliate, or (b) a consultant or adviser to the Company or an Affiliate (i) who is a natural person, (ii) who is currently providing bona fide services to the Company or an Affiliate, and (iii) whose services are not in connection with the Company's sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's Capital Stock.

2.59 "**Service Recipient Stock**" shall have the meaning set forth in Code Section 409A.

2.60 "**Share Limit**" shall have the meaning set forth in **Section 4.1**.

2.61 "**Short-Term Deferral Period**" shall have the meaning set forth in Code Section 409A.

2.62 "**Stock**" shall mean the common stock, par value $0.01 per share, of the Company, or any security into which shares of Stock may be changed or for which shares of Stock may be exchanged as provided in **Section 16.1**.

2.63 "**Stock Appreciation Right**" or "SAR" shall mean a right granted to a Grantee pursuant to **Article 9**.

2.64 "**Stock Exchange**" shall mean the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or another established national or regional stock exchange.

2.65 "**Subsidiary**" shall mean any corporation (other than the Company) or non-corporate entity with respect to which the Company owns, directly or indirectly, fifty percent (50%) or more of the total combined voting power of all classes of Voting Stock. In addition, any other entity may be designated by the Committee as a Subsidiary, provided that (a) such entity could be considered as a subsidiary according to generally accepted accounting

principles in the United States of America and (b) in the case of an Award of Options or Stock Appreciation Rights, such Award would be considered to be granted in respect of Service Recipient Stock under Code Section 409A.

2.66 "**Substitute Award**" shall mean an Award granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan of the Company, an Affiliate, or a business entity acquired or to be acquired by the Company or an Affiliate or with which the Company or an Affiliate has combined or will combine.

2.67 "**Ten Percent Stockholder**" shall mean a natural Person who owns more than ten percent (10%) of the total combined voting power of all classes of Voting Stock of the Company, the Company's parent (if any), or any of the Company's Subsidiaries. In determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

2.68 "**Unrestricted Stock**" shall mean Stock that is free of any restrictions.

2.69 "**Voting Stock**" shall mean, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers, or other voting members of the governing body of such Person. Without limiting the generality of the foregoing, the Stock shall be Voting Stock of the Company.

3. ADMINISTRATION OF THE PLAN

3.1 Committee.

3.1.1 Powers and Authorities.

The Committee shall administer the Plan and shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and bylaws and Applicable Laws. Without limiting the generality of the foregoing, the Committee shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award, or any Award Agreement and shall have full power and authority to take all such other actions and to make all such other determinations not inconsistent with the specific terms and provisions of the Plan which the Committee deems to be necessary or appropriate to the administration of the Plan, any Award, or any Award Agreement. All such actions and determinations shall be made by (a) the affirmative vote of a majority of the members of the Committee present at a meeting at which a quorum is present, or (b) the unanimous consent of the members of the Committee executed in writing or evidenced by electronic transmission in accordance with the Company's certificate of incorporation and bylaws and Applicable Laws. Unless otherwise expressly determined by the Board, the Committee shall have the authority to interpret and construe all provisions of the Plan, any Award, and any Award Agreement, and any such interpretation or construction, and any other determination contemplated to be made under the Plan or any Award Agreement, by the Committee shall be final, binding, and conclusive on all Persons, whether or not expressly provided for in any provision of the Plan, such Award, or such Award Agreement.

In the event that the Plan, any Award, or any Award Agreement provides for any action to be taken by the Board or any determination to be made by the Board, such action may be taken or such determination may be made by the Committee constituted in accordance with this **Section 3.1** if the Board has delegated the power and authority to do so to such Committee.

3.1.2 Composition of the Committee.

The Committee shall be a committee composed of not fewer than two (2) directors of the Company designated by the Board to administer the Plan; provided, that, the composition of the Committee shall satisfy the composition requirements of any Stock Exchange on which the Stock is listed. Any action taken by the Committee shall be valid and effective whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this **Section 3.1.2** or otherwise provided in any charter of the Committee. Without limiting the generality of the foregoing, the Committee may be the Compensation Committee of the Board or a subcommittee thereof.

3.1.3 Other Committees.

The Board also may appoint one or more committees of the Board, each composed of one or more directors of the Company, which (a) may administer the Plan with respect to Grantees who are not Officers or directors of the Company, (b) may grant Awards under the Plan to such Grantees, and (c) may determine all terms of such Awards subject, if applicable, to the requirements of Rule 16b-3 under the Exchange Act and the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

3.1.4 Delegation by Committee.

If and to the extent permitted by Applicable Laws, the Committee, by resolution, may delegate some or all of its authority with respect to the Plan and Awards to the Chief Executive Officer of the Company and/or any other officer of the Company designated by the Committee, provided that the Committee may not delegate its authority hereunder (a) to make Awards to directors of the Company, (b) to make Awards to Employees who are (i) Officers or (ii) officers of the Company who are delegated authority by the Committee pursuant to this **Section 3.1.4**, or (c)

to interpret the Plan, any Award, or any Award Agreement. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Committee to delegate authority to any officer of the Company, and the Committee may at any time rescind the authority delegated to an officer of the Company appointed hereunder and delegate authority to one or more other officers of the Company. At all times, an officer of the Company delegated authority pursuant to this **Section 3.1.4** shall serve in such capacity at the pleasure of the Committee. Any action undertaken by any such officer of the Company in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the "Committee" will, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to each such officer.

3.2 Board.

The Board, from time to time, may exercise any or all of the powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** and other applicable provisions of the Plan, as the Board shall determine, consistent with the Company's certificate of incorporation and bylaws and Applicable Laws.

3.3 Terms of Awards.

3.3.1 Committee Authority.

Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority to:

(a) designate Grantees;

(b) determine the type or types of Awards to be made to a Grantee;

(c) determine the number of shares of Stock to be subject to an Award or to which an Award relates;

(d) establish the terms and conditions of each Award (including the Option Price of any Option, the SAR Price for any Stock Appreciation Right, or the purchase price for applicable Awards, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting (including accelerated vesting), exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, the treatment of an Award in the event of a Change in Control (subject to applicable agreements), and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);

(e) prescribe the form of each Award Agreement evidencing an Award;

(f) subject to the limitation on repricing in **Section 3.4**, amend, modify, or supplement the terms of any outstanding Award, which authority shall include the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make Awards or to modify outstanding Awards made to eligible natural Persons who are foreign nationals or are natural Persons who are employed outside the United States to reflect differences in local law, tax policy, or custom, provided that, notwithstanding the foregoing, no amendment, modification, or supplement of the terms of any outstanding Award shall, without the consent of the Grantee thereof, impair such Grantee's rights under such Award; and

(g) make Substitute Awards.

3.3.2 Forfeiture; Recoupment.

The Committee may reserve the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Grantee in violation or breach of, or in conflict with, any (a) employment agreement, (b) non-competition agreement, (c) agreement prohibiting solicitation of Employees or clients of the Company or an Affiliate, (d) confidentiality obligation with respect to the Company or an Affiliate, (e) policy or procedure of the Company or an Affiliate, (f) other agreement, or (g) other obligation of such Grantee to the Company or an Affiliate, as and to the extent specified in such Award Agreement. If the Grantee of an outstanding Award is an Employee of the Company or an Affiliate and such Grantee's Service is terminated for Cause, the Committee may annul such Grantee's outstanding Award as of the date of the Grantee's termination of Service for Cause.

Any Award granted pursuant to the Plan shall be subject to mandatory repayment by the Grantee to the Company (x) to the extent set forth in the Plan or an Award Agreement or (y) to the extent the Grantee is, or in the future becomes, subject to (1) any Company or Affiliate "clawback" or recoupment policy that is adopted for the purpose of complying with the requirements of any Applicable Laws, or (2) any Applicable Laws which impose mandatory recoupment, under circumstances set forth in such Applicable Laws.

3.4 No Repricing Without Stockholder Approval.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Stock, other securities, or other property), stock split, extraordinary dividend, recapitalization, Change in Control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Stock, or other securities or similar transaction), the

Company may not: (a) amend the terms of outstanding Options or SARs to reduce the Option Price or SAR Price, as applicable, of such outstanding Options or SARs; (b) cancel outstanding Options or SARs in exchange for, or in substitution of, Options or SARs with an Option Price or SAR Price, as applicable, that is less than the Option Price or SAR Price, as applicable, of the original Options or SARs; or (c) cancel outstanding Options or SARs with an Option Price or SAR Price, as applicable, above the current Fair Market Value in exchange for cash or other securities, in each case, unless such action (i) is subject to and approved by the Company's stockholders or (ii) would not be deemed to be a repricing under the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

3.5 Deferral Arrangement.

The Committee may permit or require the deferral of any payment pursuant to any Award into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or Dividend Equivalent Rights and, in connection therewith, provisions for converting such credits into Deferred Stock Units and for restricting deferrals to comply with hardship distribution rules affecting tax-qualified retirement plans subject to Code Section 401(k)(2)(B)(IV), provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options, SARs or any other Award that is not a full-value award. Any such deferrals shall be made in a manner that complies with Code Section 409A, including, if applicable, with respect to when a Separation from Service occurs.

3.6 Registration; Share Certificates.

Notwithstanding any provision of the Plan to the contrary, the ownership of the shares of Stock issued under the Plan may be evidenced in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates.

4. STOCK SUBJECT TO THE PLAN

4.1 Number of Shares of Stock Available for Awards.

From and after the Restatement Effective Date, subject to such additional shares of Stock as shall be available for issuance under the Plan pursuant to **Section 4.2** and **Section 4.3(c)**, and subject to adjustment pursuant to **Article 16**, the maximum number of shares of Stock reserved for issuance under the Plan shall be equal to the sum of (a) 5,000,000 shares of Stock (the original reserve), (b) an annual increase of 150,000 shares of Stock on each of the first business days of 2022 and 2023 pursuant to the prior "evergreen" provisions of the Plan, and (c) 4,222,000 shares of Stock (collectively the "**Share Limit**"). Such shares of Stock may be authorized and unissued shares of Stock, treasury shares of Stock, or any combination of the foregoing, as may be determined from time to time by the Board or by the Committee. Any of the shares of Stock reserved and available for issuance under the Plan may be used for any type of Award under the Plan, and any or all of the shares of Stock reserved for issuance under the Plan shall be available for issuance pursuant to Incentive Stock Options.

4.2 Adjustments in Authorized Shares of Stock.

Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with mergers, reorganizations, separations, or other transactions to which Code Section 424(a) applies, the Committee shall have the right to cause the Company to assume awards previously granted under a compensatory plan of another business entity that is a party to such transaction and to grant Substitute Awards under the Plan for such awards. Shares available for issuance under a stockholder-approved plan of a business entity that is a party to such transaction (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Stock otherwise available for issuance under the Plan, subject to applicable rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

4.3 Share Usage.

(a) Shares of Stock covered by an Award shall be counted as used as of the Grant Date for purposes of calculating the number of shares of Stock available for issuance under **Section 4.1**.

(b) Any shares of Stock that are subject to Awards, including shares of Stock acquired through dividend reinvestment pursuant to **Article 10**, shall be counted against the Share Limit set forth in **Section 4.1** as one (1) share of Stock for every one (1) share of Stock subject to an Award. The number of shares of Stock subject to an Award of SARs shall be counted against the Share Limit set forth in **Section 4.1** as one (1) share of Stock for every one (1) share of Stock subject to such Award regardless of the number of shares of Stock actually issued to settle such SARs upon the exercise of the SARs. The target number of shares of Stock issuable under a Performance Award shall be counted against the Share Limit set forth in Section 4.1 as of the Grant Date, but such number shall be adjusted to equal the actual number of shares of Stock issued upon settlement of the Performance Award to the extent different from such target number of shares of Stock.

(c) If any shares of Stock covered by an Award granted under the Plan are not purchased or are forfeited or expire or if an Award otherwise terminates without delivery of any Stock subject thereto or is settled in cash in lieu of shares, then the number of shares of Stock counted against the Share Limit with respect to such Award shall, to the extent of any such forfeiture, expiration, termination, or settlement, again be available for making Awards under the Plan.

(d) The number of shares of Stock available for issuance under the Plan shall not be increased by the number of shares of Stock (i) tendered, withheld, or subject to an Award granted under the Plan surrendered in connection with the purchase of shares of Stock upon exercise of an Option, (ii) that were not issued upon the net settlement or net exercise of a Stock-settled SAR granted under the Plan, (iii) deducted or delivered from payment of an Award granted under the Plan in connection with the Company's tax withholding obligations as provided in **Section 18.3**, or (iv) purchased by the Company with proceeds from Option exercises.

5. TERM; AMENDMENT AND TERMINATION

5.1 Term.

The Plan shall become effective as of the Effective Date; provided, however, that the IPO Effective Date shall be the earliest Grant Date under the Plan. Following the Effective Date, no awards shall be made under the Prior Plan. Notwithstanding the foregoing, shares of Stock reserved under the Prior Plan to settle awards, including performance-based awards, which are made under the Prior Plan prior to the Effective Date may be issued and delivered following the Effective Date to settle such awards. The Plan shall terminate on the first to occur of (a) the tenth (10th) anniversary of the Restatement Effective Date, (b) the date determined in accordance with **Section 5.2**, and (c) the date determined in accordance with **Section 16.3**; provided, however, that Incentive Stock Options may not be granted under the Plan after the tenth (10^{th}) anniversary of the Restatement Effective Date. Upon such termination of the Plan, all outstanding Awards shall continue to have full force and effect in accordance with the provisions of the terminated Plan and the applicable Award Agreement (or other documents evidencing such Awards).

5.2 Amendment, Suspension, and Termination.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan, provided that, with respect to Awards theretofore granted under the Plan, no amendment, suspension, or termination of the Plan shall, without the consent of any Grantee affected thereby, impair the rights or obligations under any such Award. The effectiveness of any amendment to the Plan shall be conditioned upon approval of such amendment by the Company's stockholders to the extent provided by the Board or required by Applicable Laws.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1 Eligible Grantees.

Subject to this **Article 6**, Awards may be made under the Plan to (a) any Service Provider, as the Committee shall determine and designate from time to time, and (b) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Committee.

6.2 Stand-Alone, Additional, Tandem, and Substitute Awards.

Subject to **Section 3.4**, Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, (a) any other Award, (b) any award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, or (c) any other right of a Grantee to receive payment from the Company or an Affiliate. Such additional, tandem, exchange, or Substitute Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, or for an award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, the Committee shall require the surrender of such other Award or award under such other plan in consideration for the grant of such exchange or Substitute Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash payments under other plans of the Company or an Affiliate. Notwithstanding **Section 8.1** and **Section 9.1**, but subject to **Section 3.4**, the Option Price of an Option or the SAR Price of a SAR that is a Substitute Award may be less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the original Grant Date, provided that such Option Price or SAR Price is determined in accordance with the principles of Code Section 424 for any Incentive Stock Option and consistent with Code Section 409A for any other Option or any SAR.

6.3 Minimum Vesting Period; Discretion to Accelerate.

6.3.1 Minimum Vesting Period. Notwithstanding anything herein to the contrary, all equity Awards granted under the Plan on or after the Restatement Effective Date, shall have a minimum vesting period of one year from the Grant Date, provided that such minimum vesting period will not apply in connection with (a) a Change in Control as provided in Section 16.3 and Section 16.4, (b) a Grantee's termination due to death or Disability, (c) a Substitute

Award that does not reduce the vesting period of the award being replaced, or (d) Awards with respect to up to five percent (5%) of the Share Limit. For purposes of Awards granted to Non-Employee Directors, "one year" may mean the period of time from one annual shareholders meeting to the next annual shareholders meeting, provided that such period of time is not less than 50 weeks.

6.3.2 Discretion to Accelerate. Notwithstanding any provision of the Plan to the contrary, the Committee shall have the discretion to accelerate or shorten the vesting period of an Award, in connection with a Grantee's death, Disability, retirement or termination by the Company without Cause or for Good Reason, or upon a Change in Control.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, which shall be in such form or forms as the Committee shall from time to time determine. Award Agreements utilized under the Plan from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Nonqualified Stock Options or Incentive Stock Options, and, in the absence of such specification, such Options shall be deemed to constitute Nonqualified Stock Options. In the event of any inconsistency between the Plan and an Award Agreement, the provisions of the Plan shall control.

8. TERMS AND CONDITIONS OF OPTIONS

8.1 Option Price.

The Option Price of each Option shall be fixed by the Committee and stated in the Award Agreement evidencing such Option. Except in the case of Substitute Awards, the Option Price of each Option shall be at least the Fair Market Value of one (1) share of Stock on the Grant Date, provided that, in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of one (1) share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of one (1) share of Stock.

8.2 Vesting and Exercisability.

Subject to **Sections 8.3** and **16.3**, each Option granted under the Plan shall become vested and/or exercisable at such times and under such conditions as shall be determined by the Committee and stated in the Award Agreement, in another agreement with the Grantee, or otherwise in writing, provided that no Option shall be granted to Grantees who are entitled to overtime under Applicable Laws that will vest or be exercisable within a six (6)-month period starting on the Grant Date.

8.3 Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, on the tenth (10th) anniversary of the Grant Date of such Option, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such Option, provided that, in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the fifth (5th) anniversary of the Grant Date of such Option, and provided, further, that, to the extent deemed necessary or appropriate by the Committee to reflect differences in local law, tax policy, or custom with respect to any Option granted to a Grantee who is a foreign national or is a natural Person who is employed outside the United States, such Option may terminate, and all rights to purchase shares of Stock thereunder may cease, upon the expiration of a period longer than ten (10) years from the Grant Date of such Option as the Committee shall determine.

8.4 Termination of Service.

Each Award Agreement with respect to the grant of an Option shall set forth the extent to which the Grantee thereof, if at all, shall have the right to exercise such Option following termination of such Grantee's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

8.5 Limitations on Exercise of Option.

Notwithstanding any provision of the Plan to the contrary, in no event may any Option be exercised, in whole or in part, after the occurrence of an event referred to in Article 16 which results in the termination of such Option.

8.6 Method of Exercise.

Subject to the terms of **Article 14** and **Section 18.3**, an Option that is exercisable may be exercised by the Grantee's delivery to the Company or its designee or agent of notice of exercise on any business day, at the Company's principal office or the office of such designee or agent, on the form specified by the Company and in accordance with any additional procedures specified by the Committee. Such notice shall specify the number of shares of Stock with respect to which such Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares of Stock for which such Option is being exercised, plus the amount (if any) of federal

and/or other taxes which the Company may, in its judgment, be required to withhold with respect to the exercise of such Option.

8.7 Rights of Holders of Options.

Unless otherwise stated in the applicable Award Agreement, a Grantee or other Person holding or exercising an Option shall have none of the rights of a stockholder of the Company (such as the right to receive cash or dividend payments or distributions attributable to the shares of Stock subject to such Option, to direct the voting of the shares of Stock subject to such Option, or to receive notice of any meeting of the Company's stockholders) until the shares of Stock subject thereto are fully paid and issued to such Grantee or other Person. Except as provided in **Article 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock subject to an Option for which the record date is prior to the date of issuance of such shares of Stock.

8.8 Delivery of Stock.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price with respect thereto, such Grantee shall be entitled to receive such evidence of such Grantee's ownership of the shares of Stock subject to such Option as shall be consistent with **Section 3.6**.

8.9 Transferability of Options.

Except as provided in **Section 8.10**, during the lifetime of a Grantee of an Option, only such Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such Option. Except as provided in **Section 8.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

8.10 Family Transfers.

If authorized in the applicable Award Agreement and by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.10**, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such a transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 8.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable thereto immediately prior to such transfer. Subsequent transfers of transferred Options shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The provisions of **Section 8.4** relating to termination of Service shall continue to be applied with respect to the original Grantee of the Option, following which such Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

8.11 Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (a) if the Grantee of such Option is an Employee of the Company or any corporate Subsidiary, (b) to the extent specifically provided in the related Award Agreement, and (c) to the extent that the aggregate Fair Market Value (determined at the time such Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Company and its Affiliates) does not exceed one hundred thousand dollars ($100,000). Except to the extent provided in the regulations under Code Section 422, this limitation shall be applied by taking Options into account in the order in which they were granted.

8.12 Notice of Disqualifying Disposition.

If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances provided in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition immediately, but in no event later than ten (10) days thereafter.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1 Right to Payment and SAR Price.

A SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of one (1) share of Stock on the date of exercise, over (b) the SAR Price as determined by the Committee. The Award Agreement for a SAR shall specify the SAR Price, which shall be no less than the Fair Market Value of one (1) share of Stock on the Grant Date of such SAR. SARs may be granted in tandem with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in combination with all or any part of any other Award, or without regard to any Option or other Award, provided that a SAR that is granted in tandem with all or part of an Option shall have the same term, and expire at the same time, as the related Option, and provided, further, that a SAR that is granted subsequent to the Grant Date of a related Option must have a SAR Price that is no less than the Fair Market Value of one (1) share of Stock on the Grant Date of such SAR.

9.2 Other Terms.

The Committee shall determine, on the Grant Date or thereafter, the time or times at which, and the circumstances under which, a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future Service requirements); the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions; the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which shares of Stock shall be delivered or deemed to be delivered to Grantees, whether or not a SAR shall be granted in tandem or in combination with any other Award; and any and all other terms and conditions of any SAR, provided that no SARs shall be granted to Grantees who are entitled to overtime under Applicable Laws that will vest or be exercisable within a six (6)-month period starting on the Grant Date.

9.3 Term.

Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, on the tenth (10th) anniversary of the Grant Date of such SAR or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such SAR.

9.4 Rights of Holders of SARs.

Unless otherwise stated in the applicable Award Agreement, a Grantee or other Person holding or exercising a SAR shall have none of the rights of a stockholder of the Company (such as the right to receive cash or dividend payments or distributions attributable to the shares of Stock underlying such SAR, to direct the voting of the shares of Stock underlying such SAR, or to receive notice of any meeting of the Company's stockholders) until the shares of Stock underlying such SAR, if any, are issued to such Grantee or other Person. Except as provided in **Article 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock underlying a SAR for which the record date is prior to the date of issuance of such shares of Stock, if any.

9.5 Transferability of SARs.

Except as provided in **Section 9.6**, during the lifetime of a Grantee of a SAR, only the Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such SAR. Except as provided in Section 9.6, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

9.6 Family Transfers.

If authorized in the applicable Award Agreement and by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this **Section 9.6**, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 9.6**, any such SAR shall continue to be subject to the same terms and conditions as were in effect immediately prior to such transfer. Subsequent transfers of transferred SARs shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 9.6** or by will or the laws of descent and distribution.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND DEFERRED STOCK UNITS

10.1 Grant of Restricted Stock, Restricted Stock Units, and Deferred Stock Units.

Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may be made for consideration or for no consideration, other than the par value of the shares of Stock, which shall be deemed paid by past Service or, if so provided in the related Award Agreement or a separate agreement, the promise by the Grantee to perform future Service to the Company or an Affiliate.

10.2 Restrictions.

At the time a grant of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is made, the Committee may, in its sole discretion, (a) establish a Restricted Period applicable to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units and (b) prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the achievement of corporate or individual performance goals, which may be applicable to all or any portion of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units as provided in **Article 13**. Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may not be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Committee with respect to such Awards.

10.3 Registration; Restricted Stock Certificates.

Pursuant to Section 3.6, to the extent that ownership of Restricted Stock is evidenced by a book-entry registration or direct registration (including transaction advices), such registration shall be notated to evidence the

restrictions imposed on such Award of Restricted Stock under the Plan and the applicable Award Agreement. Subject to **Section 3.6** and the immediately following sentence, the Company may issue, in the name of each Grantee to whom Restricted Stock has been granted, certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date of such Restricted Stock. The Committee may provide in an Award Agreement with respect to an Award of Restricted Stock that either (a) the Secretary of the Company shall hold such certificates for such Grantee's benefit until such time as such shares of Restricted Stock are forfeited to the Company or the restrictions applicable thereto lapse and such Grantee shall deliver a stock power to the Company with respect to each certificate, or (b) such certificates shall be delivered to such Grantee, provided that such certificates shall bear legends that comply with Applicable Laws and make appropriate reference to the restrictions imposed on such Award of Restricted Stock under the Plan and such Award Agreement.

10.4 Rights of Holders of Restricted Stock.

Unless the Committee provides otherwise in an Award Agreement and subject to the restrictions set forth in the Plan, any applicable Company program, and the applicable Award Agreement, holders of Restricted Stock shall have the right to vote such shares of Restricted Stock and the right to receive any dividend payments or distributions declared or paid with respect to such shares of Restricted Stock. The Committee may provide in an Award Agreement evidencing a grant of Restricted Stock that (a) any cash dividend payments or distributions paid on Restricted Stock shall be reinvested in shares of Stock, which shall be subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock, or (b) any dividend payments or distributions declared or paid on shares of Restricted Stock shall be accumulated and paid (in cash or in shares of Stock having a Fair Market Value equal to the amount of cash due) only upon satisfaction of the vesting conditions and restrictions applicable to such shares of Restricted Stock. Dividend payments or distributions declared or paid on shares of Restricted Stock which vest or are earned based upon the achievement of performance goals shall not vest unless such performance goals for such shares of Restricted Stock are achieved, and if such performance goals are not achieved, the Grantee of such shares of Restricted Stock shall promptly forfeit such dividend payments or distributions. All stock dividend payments or distributions, if any, received by a Grantee with respect to shares of Restricted Stock as a result of any stock split, stock dividend, combination of stock, or other similar transaction shall be subject to the same vesting conditions and restrictions as those applicable to such underlying shares of Restricted Stock.

10.5 Rights of Holders of Restricted Stock Units and Deferred Stock Units.

10.5.1 Voting and Dividend Rights.

Holders of Restricted Stock Units and Deferred Stock Units shall have no rights as stockholders of the Company (such as the right to receive dividend payments or distributions attributable to the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, to direct the voting of the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, or to receive notice of any meeting of the Company's stockholders). The Committee may provide in an Award Agreement evidencing a grant of Restricted Stock Units or Deferred Stock Units that the holder of such Restricted Stock Units or Deferred Stock Units, as applicable, shall be entitled to receive Dividend Equivalent Rights, in accordance with **Article 12**.

10.5.2 Creditor's Rights.

A holder of Restricted Stock Units or Deferred Stock Units shall have no rights other than those of a general unsecured creditor of the Company. Restricted Stock Units and Deferred Stock Units represent unfunded and unsecured obligations of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.6 Termination of Service.

Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of a Grantee's Service, upon the termination of such Grantee's Service, any Restricted Stock, Restricted Stock Units, or Deferred Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units, the Grantee thereof shall have no further rights with respect thereto, including any right to vote such Restricted Stock or any right to receive dividends or Dividend Equivalent Rights, as applicable, with respect to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units.

10.7 Purchase of Restricted Stock and Shares of Stock Subject to Restricted Stock Units and Deferred Stock Units.

The Grantee of an Award of Restricted Stock, vested Restricted Stock Units, or vested Deferred Stock Units shall be required, to the extent required by Applicable Laws, to purchase such Restricted Stock or the shares of Stock subject to such vested Restricted Stock Units or Deferred Stock Units from the Company at a purchase price

equal to the greater of (x) the aggregate par value of the shares of Stock represented by such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units or (y) the purchase price, if any, specified in the Award Agreement relating to such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units. Such purchase price shall be payable in a form provided in **Article 14** or, in the sole discretion of the Committee, in consideration for Service rendered or to be rendered by the Grantee to the Company or an Affiliate.

10.8 Delivery of Shares of Stock.

Upon the expiration or termination of any Restricted Period and the satisfaction of any other conditions prescribed by the Committee, including, without limitation, any performance goals or delayed delivery period, the restrictions applicable to Restricted Stock, Restricted Stock Units, or Deferred Stock Units settled in shares of Stock shall lapse, and, unless otherwise provided in the applicable Award Agreement, a book-entry or direct registration (including transaction advices) or a certificate evidencing ownership of such shares of Stock shall, consistent with **Section 3.6**, be issued, free of all such restrictions, to the Grantee thereof or such Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Restricted Stock Unit or Deferred Stock Unit once the shares of Stock represented by such Restricted Stock Unit or Deferred Stock Unit have been delivered in accordance with this **Section 10.8**.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS AND OTHER EQUITY-BASED AWARDS

11.1 Unrestricted Stock Awards.

The Committee may, in its sole discretion, grant (or sell at the par value of a share of Stock or at such other higher purchase price as shall be determined by the Committee) an Award to any Grantee pursuant to which such Grantee may receive shares of Unrestricted Stock under the Plan. Awards of Unrestricted Stock may be granted or sold to any Grantee as provided in the immediately preceding sentence in respect of Service rendered or, if so provided in the related Award Agreement or a separate agreement, to be rendered by the Grantee to the Company or an Affiliate or other valid consideration, in lieu of or in addition to any cash compensation due to such Grantee.

11.2 Other Equity-Based Awards.

The Committee may, in its sole discretion, grant Awards in the form of Other Equity-Based Awards, as deemed by the Committee to be consistent with the purposes of the Plan. Awards granted pursuant to this **Section 11.2** may be granted with vesting, value, and/or payment conditioned upon the achievement of one or more performance goals. The Committee shall determine the terms and conditions of Other Equity-Based Awards on the Grant Date or thereafter. Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of a Grantee's Service, upon the termination of such Grantee's Service, any Other Equity-Based Awards held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of any Other Equity-Based Award, the Grantee thereof shall have no further rights with respect to such Other Equity- Based Award.

12. TERMS AND CONDITIONS OF DIVIDENDS AND DIVIDEND EQUIVALENT RIGHTS

12.1 Dividends and Dividend Equivalent Rights.

Dividend Equivalent Rights may be granted hereunder as a component of another Award, provided that no Dividend Equivalent Rights may be granted in connection with, or relate to, an Award of Options or SARs or any other Award that is not a full-value award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Agreement therefor, subject to the limitations described herein. Dividends paid on shares of Restricted Stock, and Dividend Equivalent Rights granted with respect to other full-value awards, may either be accumulated and paid in cash or Shares at the same time and to the same extent as the underlying Award to which it relates is vested and paid or settled, or may be deemed to be reinvested in additional shares of Stock or Awards which will be subject to forfeiture or a repayment obligation to the same extent as the underlying Award to which it relates. Any such conversion or reinvestment shall be at the Fair Market Value thereof on the date of such reinvestment. Dividends or Dividend Equivalent Rights may be settled in cash, shares of Stock, or a combination thereof all as determined in the sole discretion of the Committee. For the avoidance of doubt, a dividend or Dividend Equivalent Right shall be not settled or paid unless and until the settlement or payment of, or lapse of restrictions on, the Award to which it relates and such dividends or Dividend Equivalent Rights shall expire or be forfeited or annulled under the same conditions as such other Award.

12.2 Termination of Service.

Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, a Grantee's rights in all dividends and Dividend Equivalent Rights shall automatically terminate upon such Grantee's termination of Service for any reason.

13. TERMS AND CONDITIONS OF PERFORMANCE AWARDS AND ANNUAL INCENTIVE AWARDS

13.1 Grant of Performance Awards and Annual Incentive Awards.

Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance Awards and/or Annual Incentive Awards in such amounts and upon such terms as the Committee shall determine.

13.2 Value of Performance Awards and Annual Incentive Awards.

Each grant of a Performance Award and Annual Incentive Award shall have an initial cash value or an actual or target number of shares of Stock that is established by the Committee as of the Grant Date. The Committee shall set performance goals in its discretion which, depending on the extent to which they are achieved, shall determine the amount of cash or value and/or number of shares of Stock that will be paid out to the Grantee thereof.

13.3 Earning of Performance Awards and Annual Incentive Awards.

Subject to the terms of the Plan, after the applicable Performance Period has ended, the Grantee of a Performance Award or Annual Incentive Award shall be entitled to receive a payout of the value earned under such Performance Award or Annual Incentive Award by such Grantee over such Performance Period, to be determined based on the extent to which the corresponding performance goals have been achieved.

13.4 Form and Timing of Payment of Performance Awards and Annual Incentive Awards.

Payment of the value earned under a Performance Award and Annual Incentive Awards shall be made, as determined by the Committee, in the form, at the time, and in the manner described in the applicable Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, (a) may pay the value earned under Performance Awards in the form of cash, shares of Stock, other Awards, or a combination thereof, including shares of Stock and/or Awards that are subject to any restrictions deemed appropriate by the Committee, and (b) shall pay the value earned under Performance Awards and Annual Incentive Awards at the close of the applicable Performance Period, or as soon as reasonably practicable after the Committee has determined that the performance goal or goals relating thereto have been achieved; provided that, unless specifically provided in the Award Agreement for such a Performance Award or Annual Incentive Award, such payment shall occur no later than the fifteenth (15th) day of the third (3rd) month following the end of the calendar year in which such Performance Period ends. Any shares of Stock paid out under a Performance Award or Annual Incentive Award may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement for the Performance Award or Annual Incentive Award.

13.5 Performance Conditions.

The right of a Grantee to exercise or receive a grant or settlement of any Performance Award or Annual Incentive Award, and the timing thereof, may be subject to the achievement of such Performance Measures as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. Performance under any of the Performance Measures (a) may be used to measure the performance of (i) the Company, its Subsidiaries and other Affiliates as a whole, (ii) the Company, any Subsidiary, and/or any other Affiliate or any combination thereof, or (iii) any one or more business units or operating segments of the Company, any Subsidiary, and/or any other Affiliate, in each case as the Committee, in its sole discretion, deems appropriate and (b) may be compared to the performance of one or more other companies, or one or more published or special indices designated or approved by the Committee for such comparison, as the Committee, in its sole discretion, deems appropriate. In addition, the Committee, in its sole discretion, may select a Performance Measure specified in **Section 2.40(e)** for comparison to performance under one or more stock market indices designated or approved by the Committee. The Committee also shall have the authority to provide for accelerated vesting of any Performance Award or Annual Incentive Award based on the achievement of performance goals pursuant to the Performance Measures specified in this **Section 13**. For the avoidance of doubt, nothing herein is intended to prevent the Committee from granting Awards subject to subjective performance conditions (including individual performance conditions).

14. FORMS OF PAYMENT

14.1 General Rule.

Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of an Option or the purchase price, if any, for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units shall be made in cash or in cash equivalents acceptable to the Company.

14.2 Surrender of Shares of Stock.

To the extent that the applicable Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option or the purchase price, if any, for Restricted Stock, vested

Restricted Stock Units, and/or vested Deferred Stock Units may be made all or in part through the tender or attestation to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which such Option Price or purchase price has been paid thereby, at their Fair Market Value on the date of such tender or attestation.

14.3 Cashless Exercise.

To the extent permitted by Applicable Laws and to the extent the Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the proceeds of such sale to the Company in payment of such Option Price and any withholding taxes described in **Section 18.3**.

14.4 Other Forms of Payment.

To the extent that the applicable Award Agreement so provides and/or unless otherwise specified in an Award Agreement, payment of the Option Price for shares of Stock purchased pursuant to exercise of an Option or the purchase price, if any, for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units may be made in any other form that is consistent with Applicable Laws, including (a) with respect to Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units only, Service rendered or to be rendered by the Grantee thereof to the Company or an Affiliate and (b) with the consent of the Company, by withholding the number of shares of Stock that would otherwise vest or be issuable in an amount equal in value to the Option Price or purchase price and/or the required tax withholding amount.

15. REQUIREMENTS OF LAW

15.1 General.

The Company shall not be required to offer, sell, or issue any shares of Stock under any Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, if the offer, sale, or issuance of such shares of Stock would constitute a violation by the Grantee, the Company, an Affiliate, or any other Person of any provision of the Company's certificate of incorporation or bylaws or of Applicable Laws, including any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration, or qualification of any shares of Stock subject to an Award upon any Stock Exchange or Securities Market or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the offering, sale, issuance, or purchase of shares of Stock in connection with any Award, no shares of Stock may be offered, sold, or issued to the Grantee or any other Person under such Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, unless such listing, registration, or qualification shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of such Award. Without limiting the generality of the foregoing, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock subject to such Award, the Company shall not be required to offer, sell, or issue such shares of Stock unless the Committee shall have received evidence satisfactory to it that the Grantee or any other Person exercising such Option or SAR or accepting delivery of such shares may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any determination by the Committee in connection with the foregoing shall be final, binding, and conclusive. The Company may register, but shall in no event be obligated to register, any shares of Stock or other securities issuable pursuant to the Plan pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock or other securities issuable pursuant to the Plan or any Award to comply with any Applicable Laws. As to any jurisdiction that expressly imposes the requirement that an Option or SAR that may be settled in shares of Stock shall not be exercisable until the shares of Stock subject to such Option or SAR are registered under the securities laws thereof or are exempt from such registration, the exercise of such Option or SAR under circumstances in which the laws of such jurisdiction apply shall be deemed to be conditioned upon the effectiveness of such registration or the availability of such an exemption.

15.2 Rule 16b-3.

During any time when the Company has any class of common equity securities registered under Section 12 of the Exchange Act, it is the intention of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder that would otherwise be subject to Section 16(b) of the Exchange Act shall qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of such Rule 16b-3, such provision or action shall be deemed inoperative with respect to such Awards to the extent permitted by Applicable Laws and deemed advisable by the Committee and shall not affect the validity of the Plan. In the event that such Rule 16b-3 is revised

or replaced, the Board may exercise its discretion to modify the Plan in any respect necessary or advisable in its judgment to satisfy the requirements of, or to permit the Company to avail itself of the benefits of, the revised exemption or its replacement.

16. EFFECT OF CHANGES IN CAPITALIZATION

16.1 Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number of shares or kind of Capital Stock or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of stock, exchange of stock, stock dividend or other distribution payable in capital stock, or other increase or decrease in shares of Stock effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares of Capital Stock for which grants of Options and other Awards may be made under the Plan, including the Share Limit set forth in **Section 4.1**, shall be adjusted proportionately and accordingly by the Committee. In addition, the number and kind of shares of Capital Stock for which Awards are outstanding shall be adjusted proportionately and accordingly by the Committee so that the proportionate interest of the Grantee therein immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Price payable with respect to shares that are subject to the unexercised portion of such outstanding Options or SARs, as applicable, but shall include a corresponding proportionate adjustment in the per share Option Price or SAR Price, as the case may be. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary cash dividend, but excluding a non-extraordinary dividend, declared and paid by the Company) without receipt of consideration by the Company, the Board or the Committee constituted pursuant to **Section 3.1.2** shall, in such manner as the Board or the Committee deems appropriate, adjust (a) the number and kind of shares of Capital Stock subject to outstanding Awards and/or (b) the aggregate and per share Option Price of outstanding Options and the aggregate and per share SAR Price of outstanding SARs as required to reflect such distribution.

16.2 Transaction in Which the Company is the Surviving Entity Which Does not Constitute a Change in Control.

Subject to **Section 16.3**, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Change in Control, any Award theretofore granted pursuant to the Plan shall pertain to and apply to the Capital Stock to which a holder of the number of shares of Stock subject to such Award would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the per share Option Price or SAR Price of any outstanding Option or SAR so that the aggregate Option Price or SAR Price thereafter shall be the same as the aggregate Option Price or SAR Price of the shares of Stock remaining subject to the Option or SAR as in effect immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing, any restrictions applicable to such Award shall apply as well to any replacement shares of Capital Stock subject to such Award received by the Grantee as a result of such reorganization, merger, or consolidation. In the event of any reorganization, merger, or consolidation of the Company referred to in this **Section 16.2**, Performance Awards and Annual Incentive Awards shall be adjusted (including any adjustment to the Performance Measures or other performance goals applicable to such Awards deemed appropriate by the Committee) so as to apply to the Capital Stock that a holder of the number of shares of Stock subject to the Performance Awards or Annual Incentive Awards, as applicable, would have been entitled to receive immediately following such reorganization, merger, or consolidation.

16.3 Change in Control in Which Awards are not Assumed.

Except as otherwise provided in the applicable Award Agreement, in an another agreement with the Grantee, or as otherwise set forth in writing by the Committee, upon the occurrence of a Change in Control in which outstanding Awards are not being assumed or continued, the following provisions shall apply to such Awards, to the extent not assumed or continued:

(i) Immediately prior to the occurrence of such Change in Control, in each case with the exception of Performance Awards and Annual Incentive Awards, all outstanding Awards of Restricted Stock, Restricted Stock Units, Deferred Stock Units, dividends and Dividend Equivalent Rights shall become 100% vested, and all shares of Stock and/or cash owed under such Awards shall be delivered in full. In lieu of delivering Stock, the Committee may elect, in its sole discretion, to cancel any such Award immediately prior to the occurrence of such Change in

Control and pay to the holder thereof an amount in cash equal to product of the number of Shares otherwise deliverable thereunder and the formula or fixed price per share paid to holders of shares of Stock.

(a) All outstanding Options and SARs shall be subject to either or both of the following, as determined by the Committee in its sole discretion:

(i) At least fifteen (15) days prior to the scheduled consummation of such Change in Control (the "Exercise Window"), all Options and SARs outstanding hereunder shall become 100% vested and immediately exercisable and shall remain exercisable for a period of at least fifteen (15) days. Any exercise of an Option or SAR during this Exercise Window shall be conditioned upon the consummation of the applicable Change in Control and shall be effective only immediately before the consummation thereof, and upon consummation of such Change in Control, all outstanding but unexercised Options and SARs shall terminate, with or without considerations (including, without limitation, consideration in accordance with clause (ii) below) as determined by the Committee in its sole discretion. The Committee shall send notice of the Exercise Window to all Persons who hold Options and SARs not later than the time at which the Exercise Window begins, or if such notice is not practicable, as soon as possible thereafter; and/or

(ii) Any outstanding Awards of Options or SARs shall be cancelled immediately prior to the consummation of such Change in Control and in consideration thereof, the Company shall pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or Capital Stock having a value (as determined by the Committee acting in good faith) equal to the product of the number of shares of Stock subject to such Options or SARs multiplied by the amount, if any, by which (x) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (y) the Option Price or SAR Price applicable to such Options or SARs.

(b) For Performance Awards and Annual Incentive Awards, if less than half of the Performance Period has lapsed immediately prior to the consummation of the Change in Control, then immediately prior to such Change in Control, such Awards shall vest as though the target performance thereunder has been achieved, and all shares of Stock and/or cash owed under such Awards as a result of such vesting shall be delivered or paid, and the Award shall thereafter terminate. If at least half the Performance Period has lapsed immediately prior to the consummation of the Change in Control, then actual performance to date shall be determined as of a date reasonably proximate to the date of consummation of the Change in Control as determined by the Committee in its sole discretion, and the Award shall vest and be paid or settled immediately prior to the occurrence of the Change in Control based on that level of performance thus determined. Thereafter, the Award shall terminate. For purposes of the preceding sentence, if, based on the discretion of the Committee, actual performance is not determinable, the Performance Awards and Annual Incentive Awards shall become vested as though the target performance thereunder has been achieved, and shall be paid or settled immediately prior to the occurrence of the Change in Control accordingly and the Awards shall thereafter terminate.

(c) Other Equity-Based Awards shall be governed by the terms of the applicable Award Agreement.

16.4 Change in Control in Which Awards are Assumed.

Except as otherwise provided in the applicable Award Agreement, in an another agreement with the Grantee, or as otherwise set forth in writing by the Committee, upon the occurrence of a Change in Control in which outstanding Awards are being assumed or continued, the following provisions shall apply to such Award, to the extent assumed or continued:

(a) The Plan and all Awards shall continue in the manner and under the terms so provided in the event of any Change in Control to the extent that provision is made in writing in connection with such Change in Control for the assumption of such Awards, either in their existing form or in substitution for awards of the same type and with similar terms and conditions but relating to the Capital Stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not Stock) and exercise prices of options and stock appreciation rights.

(b) Each such assumed award shall provide that if the Grantee's employment or service is terminated without Cause by the surviving entity or an Affiliate thereof, or by the Grantee for Good Reason (if applicable), in either case within twenty-four (24) months following the Change in Control, then effective upon the date of such termination: (i) all of the Grantee's outstanding options and stock appreciation rights shall become fully vested and exercisable in full for a period of at least ninety (90) days or such longer period provided by such award (but not beyond the Award's expiration date), (ii) all time-based vesting requirements of any of the Grantee's outstanding awards shall be deemed satisfied in full, and (iii) all performance-based vesting requirements of any of the Grantee's outstanding awards for which the performance period has not yet ended shall be deemed satisfied at the maximum level for such award. Notwithstanding the foregoing, if the Grantee has in effect an employment, retention, change of control, severance or similar agreement with the Company or any Affiliate that discusses the effect of a Grantee's

termination of employment or service following Change in Control on the Grantee's Awards, then such agreement shall control to the extent it provides better treatment than is provided hereinabove.

16.5 Adjustments.

Adjustments under this **Article 16** related to shares of Stock or other Capital Stock of the Company shall be made by the Committee, whose determination in that respect shall be final, binding, and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Committee may provide in the applicable Award Agreement as of the Grant Date, in another agreement with the Grantee, or otherwise in writing at any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those set forth in **Section 16.1**, **Section 16.2**, **Section 16.3**, and **Section 16.4**. This Article 16 shall not limit the Committee's ability to provide for alternative treatment of Awards outstanding under the Plan in the event of a change in control event involving the Company that is not a Change in Control.

16.6 No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets (including all or any part of the business or assets of any Subsidiary or other Affiliate) or engage in any other transaction or activity.

17. PARACHUTE LIMITATIONS

If any Grantee is a Disqualified Individual, then, notwithstanding any other provision of the Plan or of any Other Agreement to the contrary and notwithstanding any Benefit Arrangement, any right of such Grantee to any exercise, vesting, payment, or benefit under the Plan shall be reduced or eliminated:

(a) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under the Plan, all Other Agreements, and all Benefit Arrangements, would cause any exercise, vesting, payment, or benefit to such Grantee under the Plan to be considered a Parachute Payment; and

(b) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts received by such Grantee from the Company under the Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by such Grantee without causing any such payment or benefit to be considered a Parachute Payment.

Except as required by Code Section 409A or to the extent that Code Section 409A permits discretion, the Committee shall have the right, in the Committee's sole discretion, to designate those rights, payments, or benefits under the Plan, all Other Agreements, and all Benefit Arrangements that should be reduced or eliminated so as to avoid having such rights, payments, or benefits be considered a Parachute Payment, provided that, to the extent any payment or benefit constitutes deferred compensation under Code Section 409A, in order to comply with Code Section 409A, except as otherwise provided in an applicable agreement between a Grantee and the Company or an Affiliate, the Company shall instead accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made latest in the future being reduced first), then by reducing or eliminating any accelerated vesting of Performance Awards and Annual Incentive Awards, then by reducing or eliminating any accelerated vesting of Options or SARs, then by reducing or eliminating any accelerated vesting of Restricted Stock, Restricted Stock Units, or Deferred Stock Units, then by reducing or eliminating any other remaining Parachute Payments.

18. GENERAL PROVISIONS

18.1 Disclaimer of Rights.

No provision in the Plan, any Award, or any Award Agreement shall be construed (a) to confer upon any individual the right to remain in the Service of the Company or an Affiliate, (b) to interfere in any way with any contractual or other right or authority of the Company or an Affiliate either to increase or decrease the compensation or other payments to any Person at any time, or (c) to terminate any Service or other relationship between any Person and the Company or an Affiliate. In addition, notwithstanding any provision of the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, in another agreement with the Grantee, or otherwise in writing, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee thereof, so long as such Grantee continues to provide Service. The obligation of the Company to pay any benefits pursuant to the Plan shall be interpreted as a contractual obligation to pay only those amounts provided herein, in the manner and under the conditions prescribed herein. The Plan and Awards shall in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise to hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

18.2 Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable.

18.3 Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by Applicable Laws to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to any other Award. At the time of such vesting, lapse of restrictions, or exercise, the Grantee shall pay in cash to the Company or an Affiliate, as the case may be, any amount that the Company or such Affiliate may reasonably determine to be necessary to satisfy such withholding obligation, provided that if there is a same-day sale of shares of Stock subject to an Award, the Grantee shall pay such withholding obligation on the day on which such same-day sale is completed. Subject to the prior approval of the Company or an Affiliate, which may be withheld by the Company or such Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such withholding obligation, in whole or in part, (a) by causing the Company or such Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (b) by delivering to the Company or such Affiliate shares of Stock already owned by the Grantee. The shares of Stock so withheld or delivered shall have an aggregate Fair Market Value equal to such withholding obligation. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or such Affiliate as of the date on which the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 18.3** may satisfy such Grantee's withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. The maximum number of shares of Stock that may be withheld from any Award to satisfy any federal, state, or local tax withholding requirements upon the vesting, lapse of restrictions, or exercise applicable to any Award or payment of shares of Stock pursuant to such Award, as applicable, may not exceed such number of shares of Stock having a Fair Market Value equal to the maximum statutory amount required by the Company or the applicable Affiliate to be withheld and paid to any such federal, state, or local taxing authority with respect to such vesting, lapse of restrictions, exercise, or payment of shares of Stock.

18.4 Captions.

The use of captions in the Plan or any Award Agreement is for convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

18.5 Construction.

Unless the context otherwise requires, all references in the Plan to "including" shall mean "including without limitation."

18.6 Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

18.7 Number and Gender.

With respect to words used in the Plan, the singular form shall include the plural form, and the masculine gender shall include the feminine gender, as the context requires.

18.8 Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

18.9 Governing Law.

The Plan and the instruments evidencing the Awards hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and the instruments evidencing the Awards hereunder to the substantive laws of any other jurisdiction.

18.10 Foreign Jurisdictions.

To the extent the Committee determines that the material terms set by the Committee imposed by the Plan preclude the achievement of the material purposes of the Plan in jurisdictions outside the United States, the Committee shall have the authority and discretion to modify those terms and provide for such additional terms and conditions as the Committee determines to be necessary, appropriate, or desirable to accommodate differences in

local law, policy, or custom or to facilitate administration of the Plan. The Committee may adopt or approve sub-plans, appendices, or supplements to, or amendments, restatements, or alternative versions of, the Plan as in effect for any other purposes. The special terms and any such sub-plans, appendices, supplements, amendments, restatements, or alternative versions, however, shall not include any provisions that are inconsistent with the terms of the Plan as in effect, unless the Plan could have been amended to eliminate such inconsistency without further approval by the Company's stockholders.

18.11 Section 409A of the Code.

The Plan is intended to comply with Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance with Code Section 409A. Any payments described in the Plan that are due within the Short-Term Deferral Period shall not be treated as deferred compensation unless Applicable Laws require otherwise. Any grant of an Option or SAR pursuant to the Plan is intended to comply with the "stock rights" exemption from Code Section 409A. Notwithstanding any provision of the Plan to the contrary, to the extent required to avoid accelerated taxation and tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6)-month period immediately following the Grantee's Separation from Service shall instead be paid on the first payroll date after the six (6)-month anniversary of the Grantee's Separation from Service (or the Grantee's death, if earlier).

Furthermore, notwithstanding anything in the Plan to the contrary, in the case of an Award that is characterized as deferred compensation under Code Section 409A, and pursuant to which settlement and delivery of the cash or shares of Stock subject to the Award is triggered based on a Change in Control, in no event shall a Change in Control be deemed to have occurred for purposes of such settlement and delivery of cash or shares of Stock if the transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). If an Award characterized as deferred compensation under Code Section 409A is not settled and delivered on account of the provision of the preceding sentence, the settlement and delivery shall occur on the next succeeding settlement and delivery triggering event that is a permissible triggering event under Code Section 409A. No provision of this paragraph shall in any way affect the determination of a Change in Control for purposes of vesting in an Award that is characterized as deferred compensation under Code Section 409A.

Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Code Section 409A, and neither the Company or an Affiliate nor the Board or the Committee shall have any liability to any Grantee for such tax or penalty.

18.12 Limitation on Liability.

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award, or any Award Agreement. Notwithstanding any provision of the Plan to the contrary, none of the Company, an Affiliate, the Board, the Committee, or any person acting on behalf of the Company, an Affiliate, the Board, or the Committee shall be liable to any Grantee or to the estate or beneficiary of any Grantee or to any other holder of an Award under the Plan by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Code Section 422 or Code Section 409A or by reason of Code Section 4999, or otherwise asserted with respect to the Award, provided, that this **Section 18.12** shall not affect any of the rights or obligations set forth in an applicable agreement between the Grantee and the Company or an Affiliate.

Exhibit 31.1

CERTIFICATIONS

I, Niccolo de Masi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IonQ, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Niccolo M. de Masi
Niccolo M. de Masi
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Inder M. Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IonQ, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Inder M. Singh
Inder M. Singh
Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

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

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2026, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 5th day of November 2026.

/s/ Niccolo M. de Masi
Niccolo M. de Masi
Chairman of the Board and Chief Executive Officer

/s/ Inder M. Singh
Inder M. Singh
Chief Financial Officer and Chief Operating Officer