



Quantum Computing Inc.

Q1 revenues about inline. New foundry is open. We expect strong revenue growth in 2025 to be positive for stock. Raising P/T to \$22.

COMPANY UPDATE

Rating: BUY

Ticker: QUBT

Price: \$11.83

Target: \$22
(from \$14)

Q1 revenues about inline: Quantum recently (on May 15) reported its fiscal Q1 2025 (ending March) results. Revenue was ~\$0.0 million, compared to our estimate of \$0.1 million. EPS was \$0.11 mainly due to special one time warrant gains, compared to our estimate of \$(0.07). There was no consensus estimates or company guidance.

Still early stage, but lots of revenue activities: Quantum's recent financial performance is reflective of its developmental and early commercialization stage though it has commenced commercialization of its technology. It has many proposals in development. The company has recently launched several new products and is currently focusing on sales and marketing of them. We believe investors should be focused on its product commercialization, which we believe that revenue should grow significantly in 2025/26.

Adjusting estimates: We are adjusting our 2025 estimates for revenue to \$0.5 million, from \$0.7 million, and for EPS to \$(0.07) from \$(0.26).

Focused on quantum computing: Quantum's flagship software solution, Qatalyst, is a ready-to-run quantum and classical software for optimization computations for faster, better, and more diverse business decisions. By being early in this rapidly growing industry, we believe Quantum is well-positioned to capture and drive a meaningful market share and industry growth.

The need for quantum computing: The rapid and widespread adoption of technologies such as the Internet, artificial intelligence, virtual and augmented reality, 3D imaging, and the Internet of Things (IoT), have served to exponentially increase the generation of data. This has driven up the demand for high-performance computing to process all this data.

Foundry open with lots of orders: The company's Thin Film Lithium Niobate (TFLN) foundry in Tempe, AZ opened in May 2025. Production is ramping up in 2025 with presales and numerous orders already in place and being fulfilled.

Large market potential: As quantum computing hardware continues to advance, we expect a corresponding growth in demand for quantum software to run on these computers.

Balance sheet: As of Q1, the company has \$166 million in cash and no debt. In Q1, the company raised ~\$94 million as its stock maintained its rapid rise in share price.

New CEO: In April, Dr. William McGann, 67, announced he will retire effective May 12, 2025. The company named Dr. Yuping Huang as Interim CEO and President until a permanent CEO is named.

Even with huge increase in valuation, we are still bullish: Quantum's stock has had a significant increase in valuation in the past 9 months (the stock price was \$1.12 on 10/31/24), but we believe there is still significant upside as interest in quantum computing industry continues to grow rapidly.

Positive high risks versus rewards: We believe the ~billion dollars market potentials presents high rewards for the risks.

Valuation attractive: We are maintaining our BUY rating, but raising our 12-month price target to \$22 from \$14, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities.

Company Description

Based in Hoboken, NJ, Quantum Computing is a software company focused on classical and quantum software for complex optimization computations.

Stock Data

Exchange:	NasdaqCM
52-week Range:	0.35 – 27.15
Shares Outstanding (million):	142
Market cap (\$million):	\$1,680
EV (\$million):	\$1,514
Debt (\$million):	\$0
Cash (\$million):	\$166
Avg. Daily Trading Vol. (\$million):	\$264
Float (million shares):	116
Short Interest (million shares):	26
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	0.0A	0.1E	0.3E	
Q2 Jun	0.1E		0.3E	
Q3 Sep	0.2E		0.4E	
Q4 Dec	<u>0.2E</u>	<u>0.3E</u>	<u>0.6E</u>	
Total	0.5E	0.7E	1.5E	
EV/Revs	N/A		N/A	

Earnings per Share (pro forma)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	0.11A	(0.07)E	(0.06)E	(0.07)E
Q2 Jun	(0.06)E	(0.07)E	(0.06)E	(0.07)E
Q3 Sep	(0.06)E	(0.07)E	(0.06)E	(0.07)E
Q4 Dec	<u>(0.06)E</u>	<u>(0.07)E</u>	<u>(0.06)E</u>	
Total	(0.07)E	(0.26)E	(0.25)E	(0.26)E
P/E	N/A		N/A	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 17.

Exhibit 1: Quantum Computing Inc. Overview

Our vision is to lead the revolution in photonics and quantum computing with scalable, accessible and affordable solutions for real-world applications

QCI

© 2018-2024 Quantum Computing Inc.

YEARS OF INNOVATION

Started as a software company providing an application layer to translate a customer's business needs into function calls to be run on 3rd party QPUs; those QPUs could not meet performance needed to support problems of business-relevant size; enter QPhoton and the Dirac line of nanophotonic quantum computers

2018-2020

- Incorporated in Delaware
- Commenced OTC trading as Quantum Computing Inc.
- Technology development & testing
- Released Mukai Middleware v3, delivers 5x computing

2021

- Launched Qatalyst
- Uplisted to NASDAQ
- Released Qgraph software
- BMW Challenge
- Amazon partnership

2022

- Acquired QPhoton
- Software breakthrough, delivers 20x performance
- Launched Dirac-1 and Dirac-2
- Awarded Rabobank fraud detection contract

2023

- Launched QI Solutions, Random Access Number Generator, Reservoir Computer line, photonic LiDAR, and photonic vibrometer capability.
- Established wholly owned sub, QI Solutions (Gov't contract-focused) and entered several consortiums.
- Announced multiple sub-contract with NASA
- Launched quantum cyber security
- Added to Team, Board, and establish Technical Advisory Board
- Enters AI via LOI with millionways

Proven track record of innovations in quantum computing

Source: Company reports.

Exhibit 2: Quantum Computing Investment Highlights

Investment Highlights and Differentiators

Only pure-play

nonlinear quantum optics and integrated photonics public company

Well-positioned to capitalize on **early-mover advantage** in an emerging, rapidly growing photonics market

Sustainable roadmap and growth model

with two complementary revenue streams

Best-in-class use cases in

energy, automotive, and financial portfolio optimization

High-margin revenue potential

with U.S.-based foundry services and proprietary TFLN¹ chip design

Innovative technology **addressing the energy consumption challenges of AI**

Source: Company reports.

Exhibit 3: Quantum Computer Reality Check

The Quantum Reality Check



The Good

- Huge investments by major players are driving quantum momentum.
- Quantum has the potential to deliver faster, better solutions for many critical, real-world enterprise problems.
- QPUs are constantly improving and expanding
- Every day we're learning more about quantum programming, the challenges, and what we really need to think about.

The Bad, i.e., What Needs Work

Hardware

- Quantum processors are still in their infancy.
- Cannot scale to process the large volumes of data and variables created by today real-world problems
- No standard quantum computer architecture.
- Proprietary, unique low-level code required for each vendor

Software

- Requires complex programming with SDK (software development kits)
- SDKs require quantum expertise to understand and use
- Long lead time and costs required to train and develop the skills needed to create quantum programs

Source: Company reports.

Exhibit 4: Quantum Computing's Solutions

QCI'S BREAKTHROUGH TECHNOLOGY SOLVES FOR INDUSTRY CONCERNS

Quantum Computing Myths	QCi Solutions
Too expensive	Cost of a departmental server
Quantum is 5-10 years away	Available today - Already solving complex problems
Not practical to operate and energy intensive	Slots into a common server rack at room temperature and consumes a fraction of the power
Limited applications	Solving multi-variable optimization use cases today as well as predictive capabilities
Scalability	Connects all available qubits regardless of superposition for unprecedented and hyper-scalable processing power
Unstable and no solution for error correction	Actually utilizes the noise that creates those errors rather than avoiding it and having to correct for them

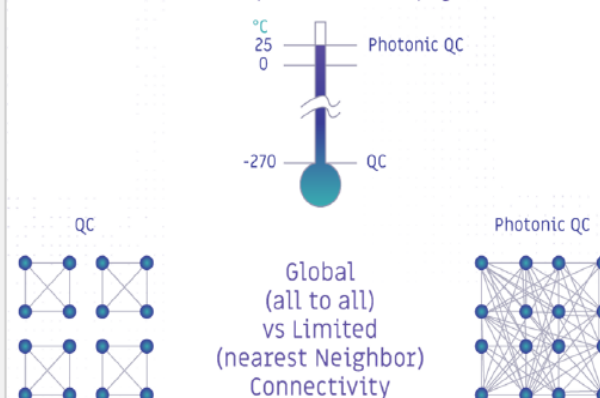
QCI OFFERS READY-TO-USE QUANTUM TECHNOLOGY, ACCESSIBLE TO BUSINESS TEAMS

Our Quantum Nanophotonics Systems delivers quantum **nanophotonic power at room temperature**, in a **highly stable, coherent system**

We enable **full connectivity of all qubits to accelerate and scale processing power**

The result is a suite of **highly scalable systems and technologies that can be deployed and used virtually anywhere, by anyone**

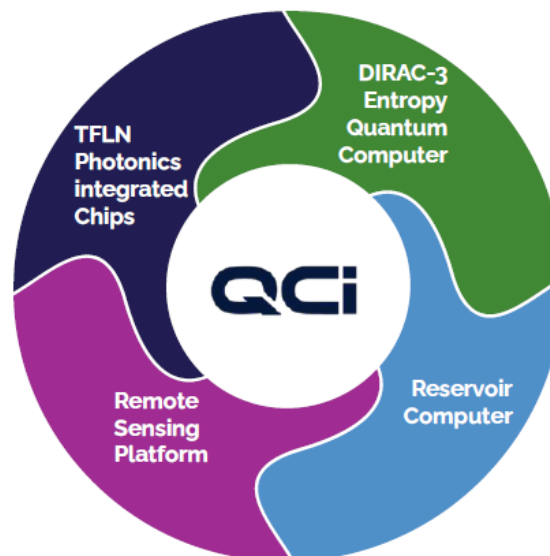
Room Temperature vs Cryogenic



Source: Company reports.

Exhibit 5: Quantum Computing's Solutions

Our Product Flywheel



Our flagship offerings



Foundry services

Quantum optimization

Our R&D offerings



Reservoir computing



Sensing and imaging



Cybersecurity



uQRNG

Source: Company reports.

Exhibit 6: Quantum's Market Opportunity

Thin Film Lithium Niobate

- TFLN is rapidly emerging as the **new darling child of the telecom and datacom industries**
- Modulators built using TFLN **consume very little power**, are capable of operating with extremely **high bandwidth**, and hold the promise of **miniaturization**
- TFLN is in **limited supply**, coming exclusively from China
- TFLN is already in **high demand**: a processed six-inch TFLN wafer can potentially yield over \$3 million in sellable inventory

TFLN Modulator Market¹

\$185M

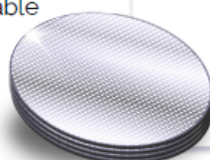
Market Size in 2022

41%

CAGR 2023- 2029

\$2B

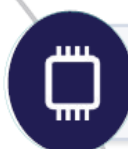
Market Size in 2029



¹ OY Research; Sept. 2023



QCI's Early Mover Advantage in TFLN



First US-Based TFLN Foundry Operational in Q1'25

The fab will enable components and integrated circuits for **electro-optic modulators, frequency converters & photonic integrated circuits (PIC)**



Unmatched Capabilities

QCI is the only US company capable of processing 150mm wafers; in the first full year of production, QCI may be capable of producing **\$180M in sellable inventory**



Barriers to Entry: Opportunity to Grab Market Share

The supply chain constraint is prohibitive for large-scale semiconductor companies (IBM, Samsung, Intel); QCI is in a **"Goldilocks" position to capture and grow significant market share**



Initial Offtake Agreement Received

As of March 2024, QCI has an **offtake agreement with Comtech Telecommunications Corporation** to produce wafers for its satellite communications

Source: Company reports.

Exhibit 7: Quantum's Product Solutions

Solving Real World Problems with One Solution

Our technology shows promise for applications across multiple verticals and cross-cutting domains



Healthcare

Financial
Services

Supply Chain

Energy
Management

Autonomous
Vehicle

Molecular
Modeling

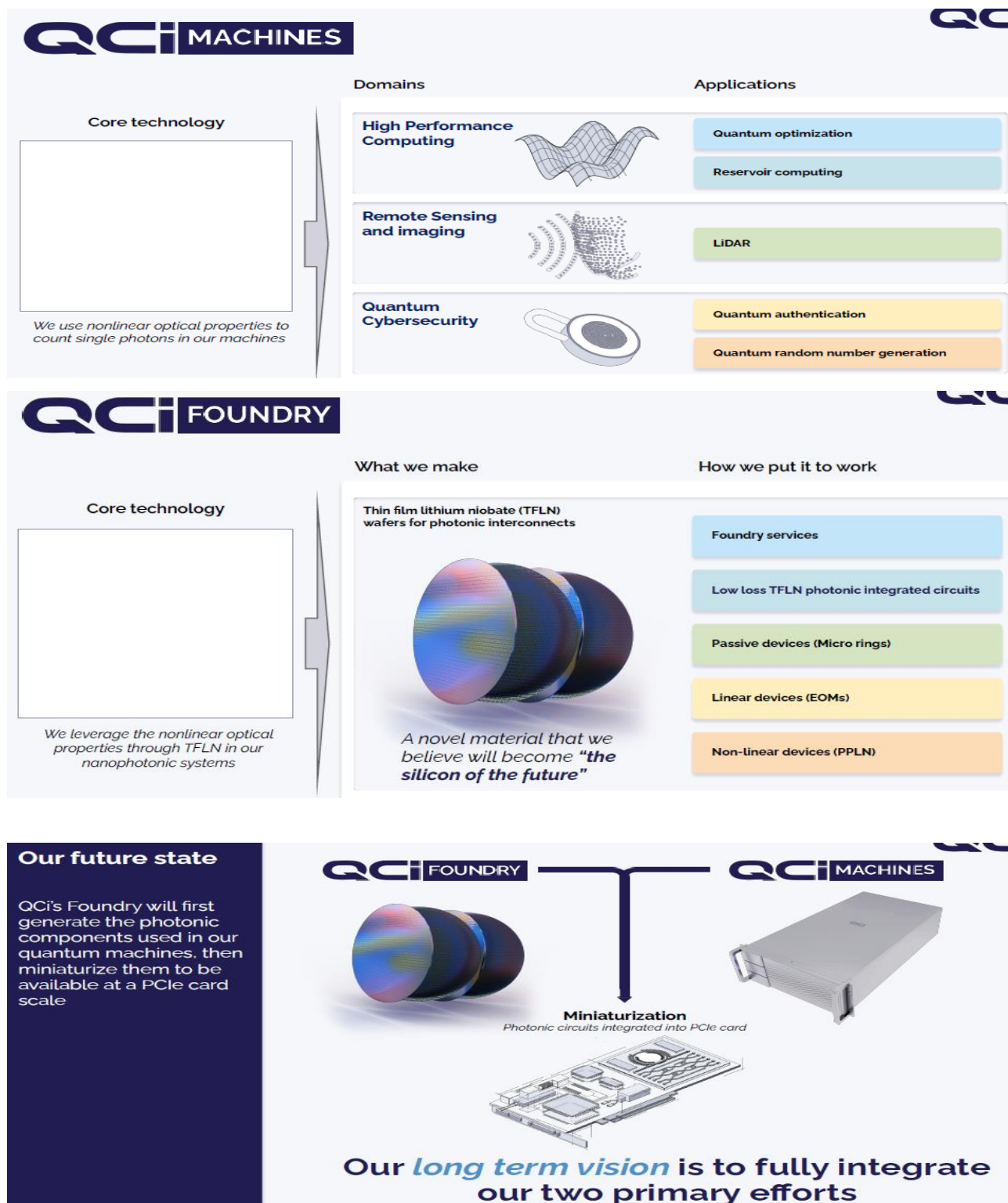
DIRAC-3 Growing Use Case Library Driving Interest



Industry/Market	Challenge	Use Case Evaluation	Application Demo	PoC Engagement
INTELLIGENCE	IRS Drone Routing	<div></div>		
ENERGY	Power Grid Optimization	<div></div>		
DEFENSE	Remote Sensing Landmine Detection	<div></div>		
AUTOMOTIVE	Sensor Design Optimization	<div></div>		
MANUFACTURING	Supply Chain Optimization	<div></div>		
FINANCE	Investment Portfolio Optimization	<div></div>		
INSURANCE	IT Operations Optimization	<div></div>		
INSURANCE	TV Ad Spend Alloc. Optimization	<div></div>		
BANKING	Fraud Transaction Detection	<div></div>		
GOVERNMENT	Drone Flight Risk Optimization	<div></div>		
ENERGY	Wind Farm Design Optimization	<div></div>		

Source: Company reports.

Exhibit 8: Quantum's Product Solutions



Source: Company reports.

Exhibit 9: Quantum Partnerships



ARTIFICIAL BRAIN

Our Partners

We are proud to work with a growing number of government agencies, scientific institutions and industry leaders as we advance our hardware solutions from conception to deployment



Partner Spotlight





QCI Awarded 4 Grants From NASA

QCI continues to support NASA's goal of lowering the cost of spaceborne missions and to obtain more precise data to better understand the effects of global warming

2	LIDAR SNOW DEPTH EVALUATION	<p>Completed</p> <p>QCI quantum LiDAR system demonstrated snow depth measurements with cost-effective satellite deployment.</p>
3	SOLAR BACKGROUND NOISE REDUCTION	<p>Completed</p> <p>QCI's reservoir computer prototype for pattern prediction and recognition performance improvements.</p>
4	ACCURATE MEASUREMENT OF AIR PARTICULATES	<p>Completed</p> <p>Designed and delivered a new, compact photonic sensor package to accurately measure light scattering through clouds and aerosols.</p>
	SOLAR NOISE REMOVAL FROM SPECTRAL MAPPING IN LOWER EARTH ORBIT	<p>Underway</p> <p>QCI's DIRAC-3 Entropy Quantum Computing offers NASA a potentially superior and affordable alternative for denoising LiDAR spectral information.</p>

© 2018-2024 Quantum Computing Inc. 15

Source: Company reports.

Exhibit 10: Q1 2025 Financial Report (as of May 15, 2025)

Quantum Computing Inc. Reports First Quarter 2025 Financial Results

HOBOKEN, NJ – May 15, 2025 – [Quantum Computing Inc.](#) ("QCi" or the "Company") (Nasdaq: QUBT), an innovative, integrated photonics and quantum optics technology company, today released financial results for the three-month period ended March 31, 2025.

Dr. Yuping Huang, Interim Chief Executive Officer of QCi, commented, "QCi delivered solid operational and financial progress in the first quarter, strengthening our balance sheet and advancing key strategic initiatives. We completed construction during the quarter of our Quantum Photonic Chip Foundry in Tempe, Arizona, a major milestone that positions us to meet growing demand for thin film lithium niobate (TFLN) photonic chips, underscored by the announcement of a fifth purchase during the period. We're encouraged by our early traction, which is the first step in what we believe is a significant, multi-year opportunity to serve the expanding markets in datacom, telecom, and quantum-enabled applications. In parallel, we continued to deepen engagement with both government and commercial partners, reinforcing the growing interest in our quantum and photonic machines and positioning QCi to capitalize on emerging opportunities ahead."

Source: Company reports.

Exhibit 11: Q1 2025 and Recent Operational Highlights (as of May 15, 2025)

First Quarter 2025 Operational Highlights

- *Quantum Photonic Chip Foundry Update*

: During the quarter, QCI completed construction of its Quantum Photonic Chip Foundry in Tempe, Arizona, achieving a key milestone in scaling its U.S.-based TFLN manufacturing services. The Company is now establishing its process design kit (PDK) and filling customer orders. To date, the Company has received five initial orders for its foundry services.

- *Advancing Quantum Machine Adoption:*

On January 15, 2025, QCI announced a collaboration with Sanders Tri-Institutional Therapeutics Discovery Institute (Sanders TDI), a non-profit drug discovery institute comprising Memorial Sloan Kettering Cancer Center, The Rockefeller University, and Weill Cornell Medicine. Through this partnership, Sanders TDI will leverage cloud-based access to QCI's Dirac-3 quantum optimization machine to support computational chemistry and biomolecular modeling research. This collaboration highlights growing adoption of QCI's quantum systems in real-world biomedical applications.

- *Board Appointment Strengthens Strategic Leadership:*

On March 26, 2025, QCI appointed Eric Schwartz to its Board of Directors. Mr. Schwartz brings over 20 years of experience in corporate finance, mergers and acquisitions, and corporate strategy, with a strong track record guiding companies through commercialization and manufacturing scale-up. His expertise will support QCI's growth initiatives as the Company advances its TFLN chip foundry and drives market adoption of its quantum machines.

- *Strengthening Sales & Market Presence*

: The Company continued to expand its commercial and government engagement, participating in numerous trade shows and conferences during the quarter to showcase its quantum optimization and photonic chip solutions to prospective customers and partners.

- *Advancing Strategic Partnerships with NASA:*

Subsequent to the quarter on April 30, 2025, QCI was awarded a subcontract valued at approximately \$406,000 through Analytical Mechanics Associates (AMA) to support NASA's Langley Research Center. Under the project, QCI will use its Dirac-3 quantum computer to develop a quantum-based technique for removing sunlight noise from space-based LIDAR data, an obstacle that has historically limited NASA's ability to conduct reliable daytime Earth observation. This project builds on QCI's prior work with NASA.

Expanding Commercial Adoption of Quantum Solutions: Subsequent to the quarter, QCI secured two additional customer orders, reflecting growing global demand for its quantum machines. On April 1, 2025, the

Company announced the sale of a Quantum Photonic Vibrometer to the Department of Aerospace Structures and Materials at Delft University of Technology in the Netherlands, supporting advanced research in non-destructive testing and structural health monitoring. Later in the month, on April 22, 2025, QCI announced the sale of an EmuCore reservoir computing device to a major automotive manufacturer for research and development use. These orders underscore QCI's strategy to broaden awareness and adoption of its quantum solutions across both academic and industrial markets globally.

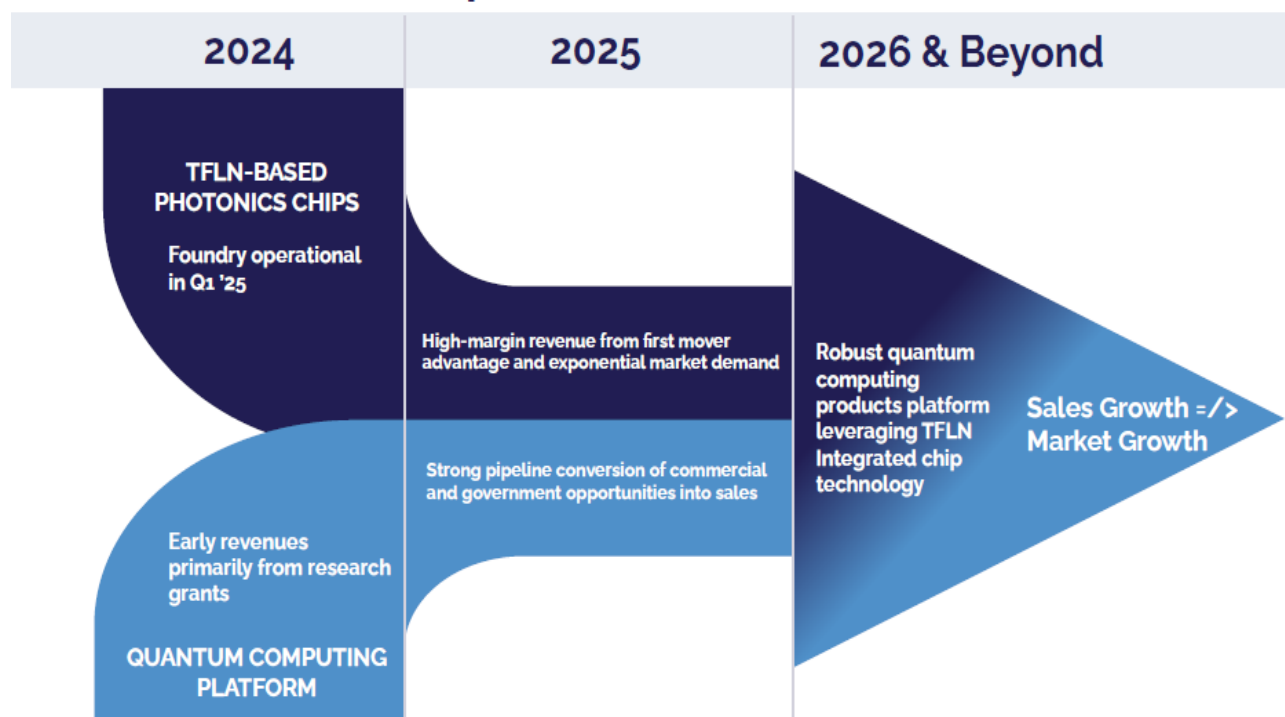
Source: Company reports.

Exhibit 12: Future Roadmap

How We Get There

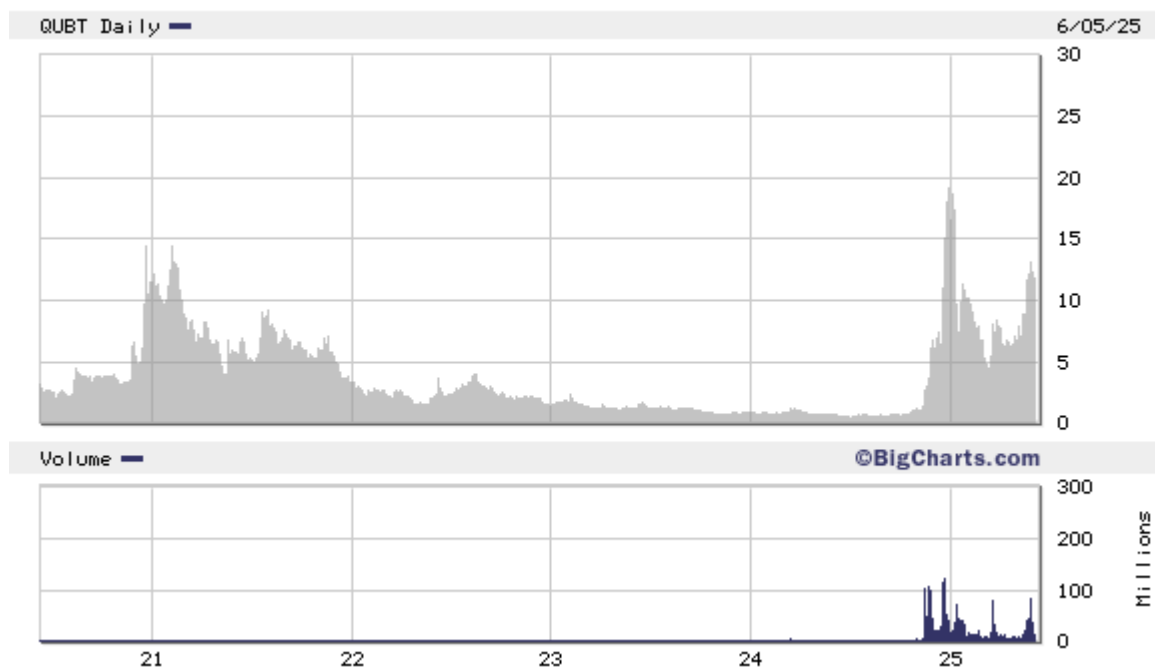
- **Proactively evolve our go-to-market strategy** for our quantum products
- **Successfully transition pipeline** of commercial and government opportunities into sales
- **Expand distribution** by adding sector/industry vertical specific technology partners with robust sales networks globally
- **Maintain momentum** in the rollout of Dirac-3 for commercial and government clients
- Continued emphasis on **innovation and investment** to meet evolving market needs and maintain leadership position

Our Growth Roadmap



Source: Company reports.

Exhibit 13: Quantum Computing Inc. Stock Price (5-Years)



Source: <https://bigcharts.marketwatch.com/>

FINANCIAL MODEL

Quantum Computing Inc.

Income Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	0.1	0.1	0.1	0.1	0.4	0.0	0.2	0.1	0.1	0.4	0.0	0.1	0.2	0.2	0.5	0.3	0.3	0.4	0.6	1.5
<u>Cost of Revenues</u>	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.8</u>
Gross Profit	0.1	0.1	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3	0.8
Salaries	1.5	0.5	1.5	0.6	4.0					0.0					0.0					0.0
Consulting	0.2	0.2	0.2	0.2	0.8					0.0					0.0					0.0
Stock Based Compensation	2.0	1.9	2.0	2.8	8.7					0.0					0.0					0.0
Related Party Marketing					0.0					0.0					0.0					0.0
Research & Development	1.5	1.6	1.7	1.6	6.4	2.2	2.1	2.2	4.8	11.3	3.0	5.0	5.0	5.0	18.0	5.0	5.0	5.0	5.0	20.0
Sales and marketing						0.5	0.4	0.4	0.6	1.8	0.7	0.2	0.2	0.2	1.3	0.2	0.2	0.2	0.2	0.8
General and administrative	2.7	(0.3)	2.4	2.6	7.3	3.7	2.8	2.8	3.6	12.9	4.6	4.0	4.0	4.0	16.6	4.0	4.0	4.0	4.0	16.0
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	7.9	3.9	7.7	7.9	27.4	6.3	5.3	5.4	8.9	26.1	8.3	9.2	9.2	9.2	35.9	9.2	9.2	9.2	9.2	36.8
Operating income (loss)	(7.8)	(3.9)	(7.7)	(7.9)	(27.2)	(6.3)	(5.3)	(5.4)	(8.9)	(25.9)	(8.3)	(9.2)	(9.1)	(9.1)	(35.7)	(9.1)	(9.1)	(9.0)	(8.9)	(36.1)
Interest income (expense)	(0.7)	(0.8)	(0.6)	(0.4)	(2.5)	(0.1)	0.1	(0.2)	(1.8)	(2.1)	1.6	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0
Other income (expense)					0.0				(40.5)	(40.5)	23.6	0.0	0.0	0.0	23.6	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(8.5)	(4.6)	(8.3)	(8.3)	(29.7)	(6.4)	(5.2)	(5.7)	(51.2)	(68.5)	17.0	(9.2)	(9.1)	(9.1)	(10.4)	(9.1)	(9.1)	(9.0)	(8.9)	(36.1)
Income taxes					0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(8.5)	(4.6)	(8.3)	(8.3)	(29.7)	(6.4)	(5.2)	(5.7)	(51.2)	(68.5)	17.0	(9.2)	(9.1)	(9.1)	(10.4)	(9.1)	(9.1)	(9.0)	(8.9)	(36.1)
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
Net income (pro forma)	(8.5)	(4.6)	(8.3)	(8.3)	(29.7)	(6.4)	(5.2)	(5.7)	(51.2)	(68.5)	17.0	(9.2)	(9.1)	(9.1)	(10.4)	(9.1)	(9.1)	(9.0)	(8.9)	(36.1)
EBITDA	(3.7)	(3.7)	(3.6)	(5.5)	(16.5)	(4.2)	(3.8)	(3.8)	(4.6)	(16.3)	(5.9)	(6.8)	(6.7)	(6.7)	(26.1)	(6.7)	(6.7)	(6.6)	(6.5)	(26.5)
Shares, Basic	60.5	67.2	75.1	91.4	77.5	81.9	93.6	93.0	108.5	93.9	135.2	141.0	142.0	143.0	140.3	143.1	143.4	143.7	144.0	143.6
Shares, Diluted	60.5	67.2	75.1	91.4	77.5	81.9	93.6	93.0	108.5	93.9	153.0	141.0	142.0	143.0	144.8	143.1	143.4	143.7	144.0	143.6
EPS Basic (pro forma)	(\$0.14)	(\$0.07)	(\$0.11)	(\$0.09)	(\$0.38)	(\$0.08)	(\$0.06)	(\$0.06)	(\$0.47)	(\$0.73)	\$0.13	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.07)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.25)
EPS Diluted (pro forma)	(\$0.14)	(\$0.07)	(\$0.11)	(\$0.09)	(\$0.38)	(\$0.08)	(\$0.06)	(\$0.06)	(\$0.47)	(\$0.73)	\$0.11	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.07)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.25)
Margins																				
Gross margin	53%	54%	53%	14%	45%	41%	32%	9%	55%	30%	33%	50%	50%	50%	49%	50%	50%	50%	50%	50%
Salaries																				
Consulting																				
Research and development																				
General and administrative																				
Operating margin																				
Tax rate, GAAP																				
Net margin																				
Y/Y % change																				
Total Revenue																				
Gross margin																				
Salaries	30%	-61%	12%	10%	-6%															
Consulting	-39%	-28%	-34%	-34%	-34%															
Research and development	50%	86%	34%	15%	41%															
General and administrative	135%	-116%	-13%	-6%	-16%															
Operating income (loss)	16%	-20%	12%	-57%	-26%															
Net income (loss)	19%	-9%	9%	-56%	-23%															
EPS Diluted (pro forma)	-43%	-60%	-51%	-73%	-44%															

Source: Company reports and Ascendant Capital Markets estimates.

Quantum Computing Inc.

Balance Sheet (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	6.8	7.2	7.4	2.1	6.1	2.5	3.1	78.9	166.4	157.9	149.5	141.0	133.1	119.5	111.2	97.7
Short term investments										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	0.1	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory				0.1	0.2	0.3	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	0.3	0.7	0.7	1.0	0.5	0.6	0.5	0.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total current assets	7.1	8.0	8.1	3.2	6.8	3.4	3.9	79.2	167.2	158.7	150.3	141.8	133.9	120.3	112.0	98.5
Property and equipment, net	1.3	1.5	3.0	2.9	4.4	5.4	5.8	8.2	10.0	10.7	11.5	12.3	13.0	19.0	19.7	25.7
Intangibles, net	79.9	77.9	77.0	71.7	66.9	66.1	65.3	64.5	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	1.3	1.2	1.2	0.9	1.1	1.1	1.8	1.7	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Total assets	89.5	88.6	89.3	78.7	79.2	76.0	76.8	153.6	242.5	234.8	227.1	219.4	211.7	204.1	196.4	188.9
Liabilities and stockholders' equity																
Accounts payable	0.9	0.9	1.1	1.5	1.7	1.7	0.9	1.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Accrued expenses	1.7	2.8	1.0	0.2	0.6	0.3	0.5	2.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Deferred revenue			0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	1.6	1.5	1.4	0.5	0.8	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Short term debt	8.3	6.5	4.5	2.5						0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	12.6	11.7	8.1	4.6	3.1	2.9	2.4	4.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities							0.7	40.5	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9
Other long term liabilities	0.0			0.8	0.8	0.7	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Deferred revenue										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt	0.0						6.5			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total other liabilities	0.0	0.0	0.0	0.8	0.8	0.7	8.5	41.7	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Preferred stock	0.0	0.0	0.0	0.0	7.7	6.8	5.5			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	2.8	4.2	5.6	7.0	8.4	9.8
Additional paid-in capital	205.4	210.0	222.6	223.0	206.0	209.1	209.7	307.8	404.3	404.3	404.3	404.3	404.3	404.3	404.3	404.3
Retained earnings	(128.5)	(133.1)	(141.4)	(149.7)	(138.4)	(143.6)	(149.2)	(200.5)	(183.5)	(192.7)	(201.8)	(210.9)	(219.9)	(229.0)	(238.0)	(246.9)
Accumulated other comprehensive income										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	76.9	76.9	81.2	73.3	75.3	72.4	65.9	107.3	220.8	213.1	205.4	197.7	190.0	182.4	174.7	167.2
Total stockholders' equity and liabil	89.527	88.6	89.3	78.7	79.2	76.0	76.8	153.6	242.5	234.8	227.1	219.4	211.7	204.1	196.4	188.9

Balance Sheet Drivers

	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev																
Accounts payable as % of total rev																
Accrued expenses as % of total rev																
Activity Ratios																
A/R Days Sales Outstanding																
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$1.27	\$1.14	\$1.08	\$0.80	\$0.92	\$0.77	\$0.71	\$0.99	\$1.44	\$1.51	\$1.45	\$1.38	\$1.33	\$1.27	\$1.22	\$1.16
Cash per Share (diluted)	\$0.11	\$0.11	\$0.10	\$0.02	\$0.07	\$0.03	\$0.03	\$0.73	\$1.09	\$1.12	\$1.05	\$0.99	\$0.93	\$0.83	\$0.77	\$0.68
Net cash per Share (diluted)	-\$0.03	\$0.01	\$0.04	\$0.00	\$0.07	\$0.03	-\$0.04	\$0.73	\$1.09	\$1.12	\$1.05	\$0.99	\$0.93	\$0.83	\$0.77	\$0.68

Source: Company reports and Ascendant Capital Markets estimates

Quantum Computing Inc.

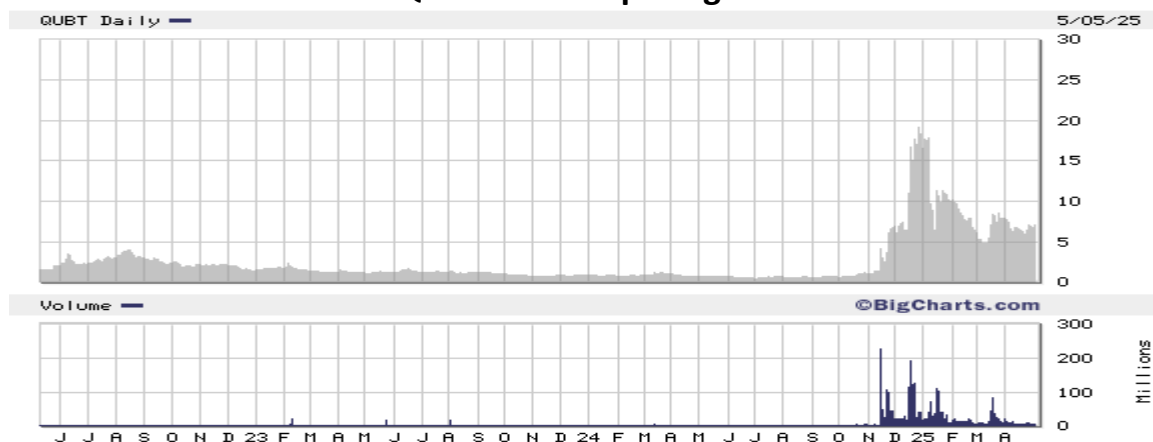
Cash Flow Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(8.5)	(4.6)	(8.3)	(8.3)	(29.7)	(6.4)	(5.2)	(5.7)	(51.2)	(68.5)	17.0	(9.2)	(9.1)	(9.1)	(10.4)	(9.1)	(9.1)	(9.0)	(8.9)	(36.1)
Depreciation	0.0	0.1	0.1	1.8	2.0	0.8	0.8	0.9	1.3	3.8	1.0	1.0	1.0	1.0	3.9	1.0	1.0	1.0	1.0	3.9
Amortization	1.5	(1.7)	0.7	(0.5)	0.0	0.1		0.2	(0.3)	0.0					0.0					0.0
Debt related amortization expen	0.1	0.1	0.1	(0.4)	0.0					2.1					0.0					0.0
Stock comp	4.0	0.1	4.0	0.6	8.7	1.3	0.7	0.8	3.1	5.8	1.4	1.4	1.4	1.4	5.6	1.4	1.4	1.4	1.4	5.6
Deferred income taxes					0.0					0.0					0.0					0.0
Change in fair value of warrant liability					0.0				39.9	39.9	(23.6)				(23.6)					0.0
Writedowns and impairments					0.0	0.0	0.0	0.0	(0.0)	0.0					0.0					0.0
Other gains/losses					0.0				0.3	0.3					0.0					0.0
Other					0.0					0.0					0.0					0.0
Changes in operating assets and liabilities:																				
Accounts receivable	(0.1)	(0.1)	0.1	(0.1)	(0.1)	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory				(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.2	0.1	(0.1)				(0.1)					0.0
Prepaid expenses & other curre	(0.0)	0.0	0.0	(0.1)	0.0	(0.1)	0.1	(0.1)	0.1	0.0	(0.5)	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0
Income tax					0.0					0.0					0.0					0.0
Other assets			(0.0)	0.3	0.2	0.1	(0.1)	(0.6)	0.6	0.0		0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.5
Accounts payable	0.0	0.0	0.2	0.3	0.6	0.2	(0.0)	(0.7)	0.4	(0.1)	0.7	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Accrued expenses	(1.9)	0.9	(1.8)	1.7	(1.0)	0.2	(0.2)	0.2	0.4	0.6	(0.2)	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0
Deferred revenue			0.0	(0.0)	0.0	0.0	0.1	(0.1)	0.0	0.1	0.0				0.0					0.0
Other liabilities	(0.0)	0.0	0.0	(0.6)	(0.6)	(0.1)	(0.1)	0.6	(0.6)	(0.1)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Net cash (used in) provided by	(4.7)	(5.1)	(4.8)	(5.3)	(19.9)	(3.8)	(4.0)	(4.6)	(3.8)	(16.213)	(4.4)	(6.8)	(6.7)	(6.7)	(24.6)	(6.1)	(6.7)	(6.6)	(6.5)	(26.0)
Cash flow from investing activities																				
Purchases of property and equip	(0.4)	(0.2)	(1.6)	0.0	(2.1)	(1.6)	(1.1)	(0.5)	(2.9)	(6.0)	(1.7)	(1.7)	(1.7)	(1.7)	(6.9)	(1.7)	(6.9)	(1.7)	(6.9)	(17.3)
Purchases of short-term investments					0.0					0.0					0.0					0.0
Acquisitions					0.0					0.0					0.0					0.0
Other		(0.5)	(0.1)	0.1	(0.5)					0.0					0.0					0.0
Net cash used in investing activ	(0.4)	(0.7)	(1.6)	0.1	(2.6)	(1.6)	(1.1)	(0.5)	(2.9)	(6.0)	(1.7)	(1.7)	(1.7)	(1.7)	(6.9)	(1.7)	(6.9)	(1.7)	(6.9)	(17.3)
Cash flow from financing activities																				
Issuance of debt					0.0				7.0	7.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt		(1.9)	(2.1)	(2.2)	(6.2)	(2.7)	(0.9)	(1.4)	(9.6)	(14.6)					0.0					0.0
Issuance of stock	6.6	8.1	8.8	2.0	25.5	12.2	2.4	7.0	85.1	106.8	93.6	0.0	0.0	0.0	93.6	0.0	0.0	0.0	0.0	0.0
Proceeds from stock option exercises					0.0					0.0	0.0				0.0					0.0
Other					0.0					0.0					0.0					0.0
Cash provided by (used in) fina	6.6	6.2	6.7	(0.1)	19.3	9.5	1.5	5.6	82.5	99.1	93.6	0.0	0.0	0.0	93.6	0.0	0.0	0.0	0.0	0.0
Effect of exchange rate on cash					0.0					0.0					0.0					0.0
Net increase (decrease) in cash	1.5	0.4	0.2	(5.3)	(3.2)	4.0	(3.6)	0.5	75.9	76.9	87.5	(8.5)	(8.5)	(8.4)	62.1	(7.9)	(13.6)	(8.4)	(13.5)	(43.3)
Beginning cash and equivalents	5.3	6.8	7.2	7.4	5.3	2.1	6.1	2.5	3.1	2.1	78.9	166.4	157.9	149.5	78.9	141.0	133.1	119.5	111.2	141.0
Ending cash and equivalents	6.8	7.2	7.4	2.1	2.1	6.1	2.5	3.1	78.9	78.9	166.4	157.9	149.5	141.0	141.0	133.1	119.5	111.2	97.7	97.7

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Quantum Computing Inc.



Source: <https://bigcharts.marketwatch.com/>

	Report Date		Price
Report	Date	Rating	Target
1	11/1/2021	Buy	11.00
2	11/14/2021	Buy	11.50
3	3/16/2022	Buy	10.00
4	6/4/2022	Buy	9.00
5	8/22/2022	Buy	9.50
6	11/16/2022	Buy	9.00
7	4/4/2023	Buy	9.25
8	5/19/2023	Buy	9.50
9	8/25/2023	Buy	9.00
10	11/23/2023	Buy	8.75
11	4/14/2024	Buy	8.25
12	11/11/2024	Buy	8.50
13	4/26/2025	Buy	14.00

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, technological changes and customer demand for computer software and SaaS technologies, investor sentiment for investing in technology stocks, consumer sentiment and industry growth for software technology companies, competition, changing macroeconomic factors, and changes in government regulations.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 11, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	21	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	21	40%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.