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Apex Fund – Stock Pitch

D-Wave Quantum (NASDAQ: QBTS) - \$17.48 - Market Cap: 6.51B - BUY

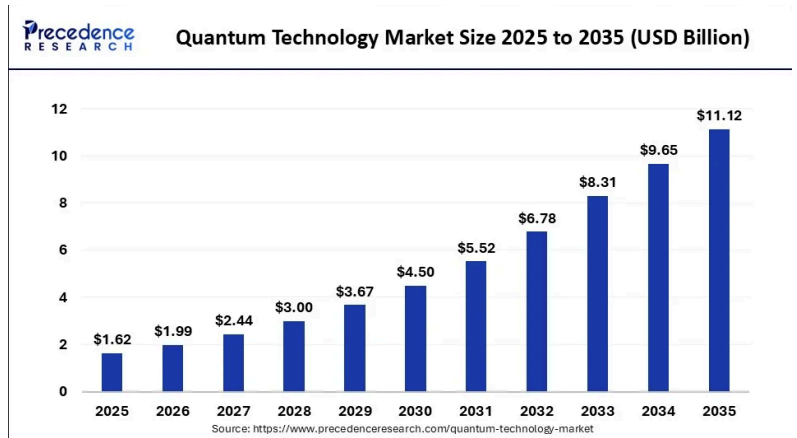
Business Overview

D-Wave Quantum, ticker \$QBTS, is a quantum computing company that both develops and sells its software and quantum computing systems to companies and governments. D-Wave's main commercial technology is quantum annealing which in more simplistic terms their computers are designed to solve complex optimization problems across many different industries which include manufacturing, logistics, financial services, and telecommunications. Not only do they sell to large businesses but individual developers can access their computers through their leap cloud platform allowing many individuals to have access to some of the best computers in the world. Another way larger corporations use D-Wave is through purchasing their physical computer systems. D-Wave will also work with corporations to identify a problem and build the quantum solution where the customer can then implement the findings. Examples of how the government and companies use these complex systems are mainly optimization problems meaning delivery routes, scheduling of employees, and most importantly supply chains. Customers pay D-Wave to find the best possible statistical solution to their problems by running these computers.

Industry

Quantum Computing is a fast emerging buzz word in our world today and rightfully so, the industry is growing rapidly. What makes a Quantum Computing system so much different then traditional computing systems is that your average computer uses 0 or a 1 as bits. Quantum Computing allows for qubits which means it can combine 0 and 1 allowing quantum computers to approach specific problems a lot differently than your traditional computer.

As I said earlier, the industry is emerging, quantum computing is still in the early stages of commercialization, meaning the majority of companies haven't adapted quantum computing in their everyday business activities. Adaptation is happening. Mckinsey has reported that in 2026, over 300 companies were actively using quantum computing in their businesses. Micknisey also estimated that the quantum computing industry generated 1 billion dollars in revenue in 2025 and could reach 4.4 billion by 2028. I see a lot of similarities with the early development of AI. Throughout the 2010s and early 2020s, companies were investing in AI even though companies haven't adapted it yet. There were a lot of unknown possibilities with AI and just in the last few years we've seen how much AI has transformed the economy, the rise of semiconductors, data centers, cooling for those data centers, and most of all business adaptation. Is quantum computing following the same exact path? No, but there are similarities in the adaptations and unknowns.



Macroeconomic/Geopolitical

The current market is being heavily affected by inflation, interest rates, and overseas tension between the US and Iran. This month the Fed raised rates by 25bps to 3.75%-4% while inflation remained above the target of 2%. Since the conflict with Iran, the price of oil has been elevated. The disruptions in the Strait of Hormuz as of September 24 close, Brent crude oil has hit \$106.60/barrel. We've seen oil come down at times in the market but due to the broken ceasefire but oil has been mostly elevated in the last few months.

Due to this uncertainty another big issue in the market is treasury yields elevated. More specifically the 10 year yield has just moved above 5%, which is a worry for the stock market as people may start moving their stock equity into government bonds.

Personally, I would move cautiously in this market but not with any immediate panic. Stocks have hit all time highs in the recent months and we even saw a rally after the fed rate hike. There is around a 70% chance of another rate hike this year and that's really gonna come down to if the US and Iran can figure out how to keep traffic moving in the Strait of Hormuz.

Management Team

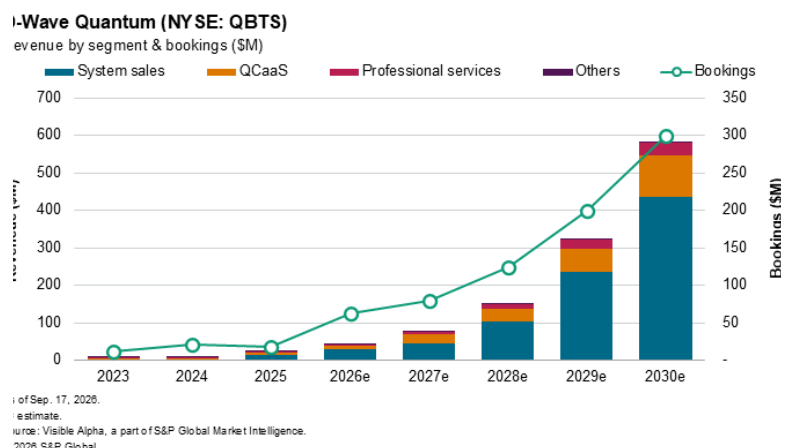
Alan Baratz has been the CEO of D-Wave since 2020. He has experience in leadership roles at Cisco, IBM, and Sun Microsystems. D-Wave's acting CFO is Greg Golkov, who has 25 years of experience in finance and accounting, where his role can be extremely valuable in trying to commercialize at a larger extent.

Competition

Since we're still early on, the industry is absolutely a wide open race. While there hasn't been a company to establish itself as the clear leader, D-Wave is competing with the likes of IonQ, IBM, Google, and Quantinuum to name a few. Each company isn't producing the same product whatsoever. Each approach is different from one another. For example, D-Waves is quantum annealing, while IonQ is focused on a different, more wide range of problems. You also have your larger companies like Google and IBM which have more resources than D-Wave. In 2025, we saw a 12.6 billion dollar total spent in investments for Quant startups, meaning that the market is very competitive.

Investment Thesis

The reason why D-Wave stood out to me was the signs that quantum computing is beginning to move out of its research state into real monetization. In 2025, D-Wave generated \$24.6 million in revenue, a 179% increase from 2024. What even gets more interesting is that if you look at the first half of 2026, D-Wave generated \$5.9 million in revenue which doesn't sound like much compared to their 2025 results but recorded \$35.5 million in bookings, six times its revenue for the first half of 2026. Diving



even deeper, the company ended the quarter with \$40.7 million in remaining performance obligations, which means much of the performance revenue has yet to be recognized. They estimate around 57% of that \$40.7 million will be recognized in the next 12 months. Bookings are not guaranteed revenue but do represent a demand for their business.

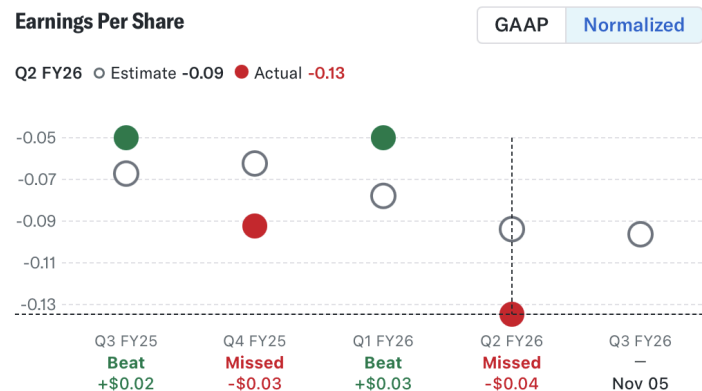
D-Wave attracts globally recognized companies. D-Wave recognized revenue from 100 customers in the first half of 2026, more than half of them were commercial enterprises. Forbes Global 2000 customers accounted for 48.5% of their customers revenue. They are also getting major funding from outside investors including a \$100 million dollar deal in US CHIPS and Science Act to fund their development.

D-Wave's balance sheet reveals why this trade thesis may need time. With a company spending so much in R&D those investments need time to develop. As of June 30, 2026 the company had \$546.2 million in cash and securities and \$73.5 million in cash was used for operating activities during the first half of 2026. Meaning that the company has enough capital short term and long term to continue research and development.

Investment Risks

The biggest risk with D-Wave is the valuation and speculation. As of September 24, 2026, the closing price was \$17.48 with a market cap of \$6.51B. Using their \$24.6 million in revenue in 2025 means the company is trading around 265x its 2025 revenue. This can be justified if the bookings and obligations turn into real service revenue but that has not yet occurred. D-Wave is still unprofitable in the first half of 2026, they reported a negative eps of \$0.18 and a negative eps of \$0.13 for Q2 of 2026.

The market is expecting astronomical growth from D-Wave but if D-Wave can't translate those bookings and increase customer use of Quantum Computing, (with the amount of cash there burning already \$73.5 million in 2026) they would need to secure more funding from outside investors or dilute shareholders down. Using that \$73.5 million in cash for operating activities they reported a loss of \$69.9 million in adjusted EBITDA loss, emphasizing the risk of burning cash.



Recommendation

I have \$QBTS rated as a buy as a long term investment. As an industry Quantum Computing has massive upside potential, D-Wave already gives us as investors exposure to immediate demand with bookings and performance obligations. The company is sitting on \$546.2 million in cash meaning they have enough capital to continue to grow and expand in the industry. Their technology is only improving as well; they target 20,000 qubit systems by 2029 and by 2031 a 100,000 qubit system. Given the high valuation and volatility, I would size this trade around 2-4% of the portfolio.

References

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