

Fellow Shareholders,

I hope you all have managed well during this incredible year. We all had to learn to be nimble and innovative as the pandemic changed everything about our world.

The QCI team responded with dedication and commitment. We streamlined our financial burn rate to extend our capital. Our technical team delivered quantum software that enabled us to pursue early users and key partnerships, most notably with Amazon. We are buoyed by support from our investors who remain undaunted by the negativity of the pandemic and continued to invest in QCI.

Since our last shareholder letter, QCI:

- Launched Qatalyst - a first-of-its-kind quantum application accelerator.
- Announced the availability of Qatalyst as a SaaS on Amazon Web Services (AWS).
- Launched QikStart which has attracted a growing user base to create quantum-based solutions to real world problems.
- Successfully benchmarked Qatalyst superior performance and accuracy with Los Alamos National Labs, as part of a business agreement.
- Continued hiring great talent to include a Chief Revenue Officer and a VP of Marketing.
- Added a key board member with substantial capital markets experience.
- Brought in additional partners and advanced our partnership with Splunk to work on cyber security applications.
- Partnered with Meraglim to deliver advanced capital market risk analysis.
- Submitted our application to uplist to NASDAQ.

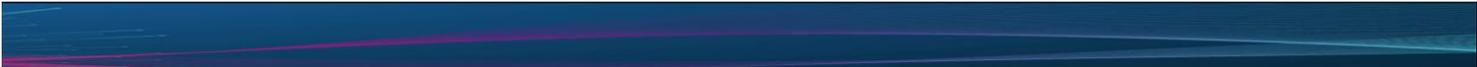
I attribute the great progress we're seeing to the talented individuals we've attracted to the company and to your unwavering support and for that I thank you from the bottom of my heart.

The purpose of this shareholder letter is not to focus on what we have done but rather to share a roadmap for where QCI is headed in the coming months. Let me be clear, while we continue to lead on technical innovation, we are laser focused on the fundamentals; providing real-world quantum solutions for end users that solve problems, acquiring customers, and beginning to generate revenue from our commercialized product suite.

Our Vision

We believe that QCI is not just another software company, just as quantum computing is not just another technology. Quantum computing technology is already revolutionary. The only questions are when and how it will be best applied to deliver real-world value.

While much of the market focuses on pure-quantum for quantum's sake, the reality is that delivering value with quantum in the near term will not come from quantum alone. We believe that value will be derived from the sophisticated combination of classical and quantum computing technologies. While quantum computing cannot yet scale to solve enterprise-class problems, they can be innovatively combined with



classical computers to create a hybrid environment that accelerates the value, quality, and timeliness of complex analyses that drive critical business decisions.

Both hybrid and pure-quantum computers demand software that brings the power of quantum computing within the reach of end users and programmers who understand the intricacies of the business. Unfortunately, quantum vendors offer software tools that require advanced and complex quantum expertise to get any result from any quantum-enabled computing architecture.

QCI's committed vision is to be the democratizing force that enables subject matter experts (SMEs) and end users to get critical answers right now, using the computing mix that best delivers those results. We provide simple, seamless access across a variety of classical and quantum computers with no quantum expertise required. As quantum-classical hybrids evolve, and as pure quantum computers scale to production, we will continue to provide SMEs with a seamless bridge to use those advances, again with no quantum expertise or programming required.

The State of Quantum Computing

I'm sure you have seen the "hype" around quantum computing. Simply Google search "quantum computing," and you'll be flooded with how **quantum computers will disrupt everything** from breaking encryption to revolutionizing medicine, chemicals, materials, transportation, and more.

Even though quantum computers *cannot* deliver this value today, we believe that this does create a unique and tremendous opportunity for QCI.

As with all revolutionary technologies, the market and media hype is running ahead of the ability to deliver bottom-line value. As vendors boast about hardware technology and cool innovation, businesses seek real-world results.

Which is exactly what QCI plans to deliver.

Delivering What Customers Actually Want

Our focus is understanding and delivering value to our customers.

We quickly learned that customers want real-world solutions to their problems, not the science experiments many vendors are driving. Quantum computing is on the horizon, but end users want better solutions and results to solve business problems now. To that end, Qatalyst is purpose-built to accelerate the performance, accuracy, and quality of results for complex computations right now, extending the value of classical computers with innovative quantum techniques.

We learned that customers and partners want help in creating the next generation of quantum applications. In response, we launched QikStart, a program providing access to Qatalyst, expert resources, and funding to explore and push the boundaries of quantum computing for delivering practical business results.

We learned that even the most technically advanced integrators and scientific laboratories want a simpler way to deliver quantum applications, confirming our premise that masking the complexity of quantum programming is a key differentiator for QCI. Even technical experts want to focus on solving problems, not the deep-level, complicated coding required by hardware vendors' software development kits. *Qatalyst has enabled some of our trial users to take less than a week to see their first results, as compared to the year or more using quantum SDKs.*

Delivering Today with Qatalyst

QCI focuses on solving some of the most complex computational problems, known as constrained optimization. Solutions to these problems optimize critical applications for business such as supply chain, logistics, drug discovery, cybersecurity, transportation, and others.

The fact that our core technology delivers [best-in-class](#) performance and accuracy through a quantum-ready formulation attracted trial users across business domains, including financial services, pharmaceutical, healthcare, retail, manufacturing, and oil and gas.

Major enterprises from the technology and finance sectors, U.S. Department of Energy national labs, large universities, and quantum computer (QC) providers joined our trial and exchanged ideas about using our technology to advance their respective real-world applications.

When we transitioned our trial users to Qatalyst, it solved their high-value enterprise computational problems better. Qatalyst's unique ability to leverage classical and quantum computers to deliver solutions across multiple domains, without sole reliance on the scalability of quantum computers, puts QCI in a unique, compelling position for our prospective commercial customers and partners.

Thanks to the feedback from our trial users, we believe we have first-mover advantage and a leadership position in delivering business value today, while accelerating and simplifying access to quantum-driven performance as it becomes ready for production problems. We are confident that the success of the use cases with our trial clients will convert to paying customers by the end of 2021.

Goals for 2021

Looking ahead, 2021 will be our most important year yet. It is imperative that we continue to focus on executing based on what our customers want and need to drive business value.

Following are the key initiatives for the remainder of 2021:

Fully Commercialize

Even in highly innovative technology markets, customer acquisition and revenue must be our primary focus. That's why we drove to commercialize Qatalyst as both a classical and quantum computing software solution, offering demonstrable value.

Leveraging our QikStart program, we are working with subject matter experts and market leaders in a number of industries to define, create and prove quantum-driven solutions to their current problems.

Examples include the following use cases:

- **Fraud Detection.** We are working with a large global data firm to identify fraud for credit cards, security risks for illicit activity, and physical access to secure sites. This project focuses on how to address current and future cyber risks using quantum technologies in community detection.
- **Global Pipeline Logistics and Supply Chain.** Working with a global oil company to optimize their logistics and supply chain and pipeline security.
- **Intelligent Routing.** Working with a large global manufacturer exploring quantum opportunities in intelligent routing for vehicles, devices, and products.
- **Optimizing Complex Computations.** We are working with an integrator to optimize business critical data analytics and complex computations for their clients.
- **Robotics.** This is an opportunity to automate in-warehouse robotics for order fulfillment optimization.

- **Drug Discovery.** Exploring the power of quantum and community detection with regards to drug discovery and repurposing and diagnostics and treatment options.

Our initial trial is helping to prove Qatalyst's value, helping us to focus our go-to-market efforts on critical real-world problems, and guiding us to our most significant, available revenue opportunities.

Sound Financial Foundation

During 2020 we raised over \$18 million in the form of common stock and convertible debt from more than 300 individual investors and funds. All of the debt was converted to equity by the end of 2020 and as of May 12, the company has \$13.6 million of cash on hand. Our burn rate and strong financial position allow us to focus on customer acquisition and revenue as we begin to enter and grow our market over the next several quarters. The use of funds from our recent raise has enabled us to continue to hire top talent, to build our potential customer base and strengthen our brand.

Continue Building Our Team

The key to our early success has been a team of exceptionally talented technology and software development experts who represent the best-of-the-best. We focused on building out our technical team with industry pioneers from Cray, Silicon Graphics, D-Wave, and other major innovative technology firms.

We continue to hire outstanding people across our technical teams. We are also investing in leaders for our go-to-market efforts. We recently made two key hires. We appointed a highly accomplished tech sales leader, Dave Morris, as our chief revenue officer. Dave's strong and successful sales background in established tech giants such as Cisco and numerous start-ups, gives him the perfect blend of experience that will serve QCI well. His entrepreneurial and driven sales approach has already begun to show signs of success in working with customers and building partnerships in the short time he has been with us.

We were also able to attract an incredible tech marketing veteran as our Vice President of Marketing, Rebel Brown. As you know, you can have the best technology out there, but if the world doesn't know it, it doesn't sell. Rebel has experience with some of Silicon Valley's most successful Venture Capital Funds as a product and market strategist for innovative technologies. Rebel will be responsible for creating and getting the message out about QCI and building our brand. This talented duo will be leading and further building out our sales and marketing teams with professionals who have domain expertise or established relationships with potential customers that will accelerate our path to revenue.

Explore New Partnerships

Earlier this year QCI announced a technology collaboration with Amazon Web Services (AWS), with Qatalyst now available as a software-as-a-service (SaaS) on AWS Braket. Qatalyst accesses quantum computers from D-Wave, Ion-Q, and Rigetti via AWS Braket.

The availability of Qatalyst on AWS Braket positions QCI directly in the middle of a global value chain for AWS business users.

Our Amazon relationship brings Qatalyst to a new level of marketability, positioning QCI directly in the middle of a global value chain for Amazon's business users. We are presently in advanced stages of discussions with a full range of prospective partners, from leading hardware and application vendors to IT consulting firms. We have engaged with IBM and now offer access to their quantum computers via the IBM cloud. We are focused on both horizontal QC vendors and system integrators, as well as vertical partners in the logistics and supply chain, pharmaceutical, and cybersecurity space. We are confident that our partnerships will expand our reach

and range and drive revenue generation, profitability, and substantial returns on invested capital over time. I look forward to sharing more details about these exciting ventures in the future.

New Independent Board Member and Advisory Board Member

A long-time investor in QCI, Robert Fagenson, joined our board of directors and became chair of our audit committee. His appointment also advanced us toward satisfying the requirements of our application to list our shares on the Nasdaq Capital Market.

Robert brings to our board more than 50 years of executive experience, including a deep understanding of public company governance gained from having served most of his career in senior positions at the New York Stock Exchange. He currently serves as vice chairman of National Holdings Corp., a leading investment bank, and as chairman, president and CEO of Fagenson & Co., which for 50 years has been engaged in institutional brokerage, investment banking and money management.

Last summer former Boeing vice president and manufacturing operations expert, Jim Davis, joined our technical advisory board. His more than 30 years of experience in manufacturing and supply chain logistics is advancing our go-to-market strategy, as large industrial manufacturers look to quantum solutions to solve their most challenging operational problems.

Shareholder Value

Without the use of hyperbole, it can seem difficult to rise above the noise that is currently driving the quantum computing market.

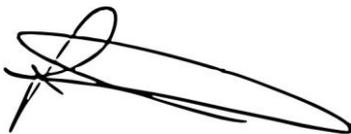
Our commitment at QCI is to avoid the hyperbole, to set real expectations for our prospective clients and partners and to clarify the reality of quantum computing in the market.

We are building shareholder value by focusing on the needs of our customers and delivering value today.

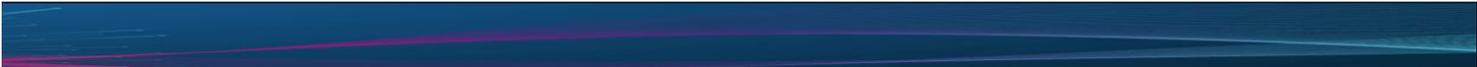
We are well-positioned to deliver that value. The growth of our team, and the progress and success we are seeing in the performance of Qatalyst leads me to believe that it is only a matter of time before we are able to breakthrough and grow our reputation as a leader in quantum computing.

I'm deeply grateful for our technical and development teams for their commitment to innovation and for our sales and marketing teams who are now taking us to our next level of growth and success. I am also deeply grateful for you, our valued shareholders, for your continued support and belief in our highly differentiated approach to quantum software.

Respectfully,



Robert Liscouski
Chairman, President and CEO



Important Cautions Regarding Forward-Looking Statements

This document contains forward-looking statements as defined within Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. By their nature, forward-looking statements and forecasts involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the near future. Those statements include statements regarding the intent, belief or current expectations of Quantum Computing (“Company”), and members of its management as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

The Company undertakes no obligation to update or revise forward-looking statements to reflect changed conditions. Statements in this press release that are not descriptions of historical facts are forward-looking statements relating to future events, and as such all forward-looking statements are made pursuant to the Securities Litigation Reform Act of 1995. Statements may contain certain forward-looking statements pertaining to future anticipated or projected plans, performance and developments, as well as other statements relating to future operations and results. Any statements in this press release that are not statements of historical fact may be considered to be forward-looking statements. Words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “intends,” “goal,” “objective,” “seek,” “attempt,” “aim to,” or variations of these or similar words, identify forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Item 1A in the Company’s Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described in the Company’s filings with the SEC.

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