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Subject: Open Letter to Shareholders of D-Wave Quantum Inc. (NYSE: QBTS)

July 18, 2025

Dear D-Wave Shareholders,

Quantum computing may one day transform how industries solve complex problems. But that future remains distant, and in our view, D-Wave Quantum Inc. (QBTS) is not a commercially viable business but rather a science project with no proven path to scale.

In April 2025, we published a report on D-Wave, outlining why we believe it is a fundamentally flawed business, characterized by limited revenue growth, persistent cash burn, aggressive dilution, and a pattern of making technical claims that don't translate into real-world adoption. At the time, D-Wave had just promoted a new benchmark study claiming it had achieved a breakthrough performance advantage.

The April paper, published with USC-affiliated researchers claimed that D-Wave's Advantage2 system had a performance edge over classical computing on certain optimization problems. That claim was widely publicized through a press release and amplified by D-Wave's CEO. But within weeks, two independent research teams released papers that, in our view, directly contradict the core of that announcement.

The first study showed that D-Wave's system only appeared faster because it was compared to outdated classical benchmarks. When tested against stronger, modern algorithms, the advantage disappears. The second study presented a new piece of hardware built using conventional (non-quantum) technology, which solved the same problems dramatically faster and more efficiently than D-Wave's system. This was not a simulation; it was a functioning chip that makes the case for more practical, scalable solutions outside of quantum annealing.

While these rebuttals were emerging, D-Wave quickly capitalized on the publicity surrounding its April announcement by registering a $400 million at-the-market offering, and yet another case of using a 'press release victory' to issue equity.

D-Wave has now spent over two decades and tens of millions of dollars in funding pursuing a specialized corner of quantum computing that many experts believe is unlikely to prevail over alternative approaches. Its revenue today is a fraction of what it forecast when it went public via SPAC in 2022. Despite its claims of "quantum supremacy," there are no indications that any major tech acquirers have shown interest, and the practical applications remain limited and unproven.

We believe the company's latest round of scientific claims have not stood up to scrutiny. The recent ATM registration raises further concerns about shareholder dilution. With better-capitalized competitors pursuing more broadly supported technologies, we see little reason to believe D-Wave's model can succeed.

We maintain a negative outlook on QBTS shares and believe they are headed lower.

Sincerely, Pelican Way Research

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