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XMTR.OQ - Q1 2025 Xometry Inc Earnings Call

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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Xometry Q1 2025 Earnings Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Shawn Milne, VP of IR.

Shawn Milne - Xometry Inc - IR Contact Officer

Good morning, and thank you for joining us on Xometry's Q1 2025 Earnings Call. Joining me are Randy Altschuler, our Chief Executive Officer; Sanjeev Sahni, our President; and James Miln, our Chief Financial Officer.

During today's call we will review our financial results for the first quarter 2025 and discuss our guidance for the second quarter and full year 2025. During today's call we will make forward-looking statements including statements related to the expected performance of our business, future financial results, strategy, long-term growth and overall future prospects. Such statements may be identified by terms such as believe, expect, intend and may.

These statements are subject to risks and uncertainties which could cause them to differ materially from actual results. Information concerning those risks is available in our earnings press release distributed before the market opened today and in our filings with the US Securities and Exchange Commission, including our Form 10-Q for the quarter ended March 31, 2025. We caution you not to place undue reliance on forward-looking statements and undertake no duty or obligation to update any forward-looking statements as a result of new information, future events or changes in our expectations.

We'd also like to point out that on today's call we will report GAAP and non-GAAP results. We use these non-GAAP financial measures internally for financial and operating decision-making purposes and as a means to evaluate period-to-period comparisons. Non-GAAP financial measures are presented in addition to and not as a substitute or superior to measures of financial performance prepared in accordance with US GAAP. To see the reconciliation of these non-GAAP measures, please refer to our earnings press release distributed today and our investor presentation, both of which are available on the Investors section of our website at investors.xometry.com. A replay of today's call will also be posted on our website.

With that, I'd like to turn the call over to Randy.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Thanks, Shawn. Good morning, everyone, and thank you for joining our Q1 2025 earnings call. In Q1, revenue increased 23% year-over-year to a record \$151 million, a 700 basis point acceleration from 16% year-over-year revenue growth in Q4 2024.

Marketplace growth accelerated to 27%, driven by continued enterprise adoption. We delivered better-than-expected operating leverage, generating positive adjusted EBITDA alongside investments to accelerate our global sourcing strategy. In Q2, demand continues to be robust, consistent with our forecast of higher revenue growth in 2025 versus 2024.

The current volatile and complex international trade and supply chain environment further validates our marketplace model. In addition, there is renewed recognition of the importance of maintaining strong domestic manufacturing bases, which is consistent with our approach of building 18 localized marketplaces in the United States, Europe and Asia.

Xometry provides buyers real-time access to unprecedented manufacturing capacity, whether here or abroad. Likewise, we're enabling our manufacturing partners to grow their businesses by tapping into that demand. We work directly with more than 71,000 buyers and over 4,375 manufacturers across the world, giving us real-time data and insights into changing trends such as domestic reshoring and shifts in preferred geographies. For our US customers, the vast majority of their demand was already fulfilled by our US manufacturing network.

In Q2, we're seeing an incremental shift in our mix to domestic sourcing. Between our domestic network and our industrial sourcing platform, Thomas, we're well positioned to support the push for more US manufacturing. Low-cost offshore manufacturing does remain an important lever for some of our customers, and we're working with them to identify alternative geographies and solutions to help manage their supply chain costs.

Xometry has navigated this kind of situation before. During COVID, not only did global supply chains get severed, local ones were upended as individual US states had different policies around business closures. With our marketplace versus an asset-based approach, we can respond to our customers' needs in real time. We continue to invest in the technology and network, which today spans 51 countries across 4 continents that meets customers' needs.

In addition, here's what we're focused on in Q2 to further address the situation. First, utilizing our AI-driven marketplace to dynamically optimize sourcing strategies and help mitigate cost increases by identifying competitive pricing across our global supplier network. Our pricing algorithms account for changes in tariffs, consistent with how we manage changes in shipping costs.

Two, working with our enterprise customers to secure ample domestic supply and, when requested, provide alternative offshore solutions to meet their specific needs, continuing a strategy that we initiated in Q1, which has proven to be an even more advantageous decision post the Liberation Day tariffs.

And then three, delivering coordinated advertising and communication campaigns across Xometry and Thomas, underscoring thought leadership and education for our customers and manufacturing partners.

Alongside our global sourcing efforts, we continue to invest in technology to become the digital rails in this massively fragmented and largely off-line custom manufacturing market. In Q1, we launched Instant Quoting for Injection Molding in the EU, UK and Turkey as we further expand our marketplace platform and aim to be the one-stop shop for our customers. Improved our highly successful Teamspace software with enhanced collaboration for enterprise customers. Main improvements in our Workcenter supplier software, including the launch of a new partner success score algorithm.

On Thomasnet, started testing a new search experience for buyers in April using natural language algorithms to infer intent and offer improved search results. In the next couple of months, we will complement the enhanced search with a new ad server technology platform that increases the inventory of advertising we can sell on Thomasnet.

Since I co-founded Xometry in 2013, we've had durable growth in multiple macro environments, including a US manufacturing contraction for the past two years. In 2025, we expect revenue growth to be faster than 2024. We remain confident in our long-term secular growth outlook given: first, the shift to digital sourcing and custom manufacturing is happening irrespective of the macro.

Our growth demonstrates that we are a beneficiary of that trend and driving market share gains; two, the custom manufacturing market is extremely large. Even if that overall market were to shrink, our share is still so small that we can continue to have robust growth rates for many years to come; and then three, because we're a leading two-sided marketplace and a marketplace powered by AI, our efficacy and competitive moat continues to increase as we grow our networks of buyers and suppliers and gain more data to continuously train our algorithms. Each quarter of growth and improvements in our technology helps to incrementally power the quarters that follow.

We have a clear strategic path forward. For buyers, it's an unrelenting quest to provide a compelling triad of price, selection and speed, backed by our expanding supplier network and AI-powered sourcing optimization. Our asset-light extensible technology platform and global scope can enable us to do just that. Adding additional features and capabilities as part of Teamspace will further deepen our enterprise relationships in particular. For suppliers, it's enabling them to effectively access buyer demand and provide them with the software, marketing tools and financial products through Workcenter to grow their businesses.

We expect for 2025 to be a year of accelerated growth and increasing adjusted EBITDA profitability. Thanks to my amazing, talented and hard-working colleagues and our ever-increasing networks of buyers and suppliers, we continue to build an important and exciting AI-enabled marketplace in one of the world's largest and most critical sectors of the economy.

I'll now turn the call over to James for a more detailed review of Q1 and our business outlook.

James Miln - Xometry Inc - Chief Financial Officer

Thanks, Randy, and good morning, everyone. Q1 was a strong quarter for Xometry, delivering accelerated revenue growth and strong operating leverage as our marketplace responds to customers' needs in real time. Xometry is becoming their digital rails in this massively fragmented and largely off-line custom manufacturing market.

Q1 revenue increased 23% year-over-year to \$151 million, driven by strong marketplace growth. Q1 marketplace revenue was \$136 million and supplier services revenue was \$14.6 million. Q1 marketplace revenue increased 27% year-over-year, a 700 basis points acceleration from 20% in Q4, driven by strong execution and growth with larger accounts as we continue to capture significant market share.

Q1 active buyers increased 22% year-over-year to 71,454 with a net addition of 3,187 active buyers. Q1 marketplace revenue per active buyer increased 4% year-over-year due to strong enterprise growth in the US. In Q1 2025, the US marketplace revenue growth accelerated to nearly 30% year-over-year, the strongest since Q4 2023.

International revenue increased 20% year-over-year compared with 69% growth in Q1 of 2024. We expect strong international growth in 2025 and continue to expand our marketplace platforms, including the recent launch of instant quote for injection molding in Europe.

In Q1, the number of accounts with last 12-month spend of at least \$50,000 on our platform increased 12% year-over-year to 1,545, an increase of 50 from Q4 2024. We view accounts with at least \$50,000 spend as the top of the enterprise funnel. We expect to continue to grow this base of accounts over time.

Enterprise investments continue to show returns with strong revenue growth in Q1 for marketplace accounts with last 12-month spend of at least \$500,000. Our enterprise strategy focuses on our largest accounts, which we believe each have \$10 million plus in potential annual account revenue.

Supplier services revenues declined 6% year-over-year in Q1 due to macro-related softness in Thomas advertising and the wind down of noncore services. Supplier services revenue increased 4% quarter-over-quarter, driven primarily by our financial services products as we help our suppliers

with their cash flow needs. We are focused on improving engagement and monetization on the platform, which remains a leader in industrial sourcing, supplier selection and digital marketing solutions.

In Q1, we made progress on enhancing the experience for both buyers and suppliers. And as Randy mentioned, we are testing new search on Thomas in Q2 and expect to deploy the new ad server in the coming months.

Q1 gross profit was \$56.3 million, an increase of 18% year-over-year with gross margin of 37.3%. Q1 gross margin for marketplace was 31.8%, down 20 basis points year-over-year due to the investments to accelerate our global sourcing strategy, which we discussed on our Q4 2024 earnings call and a mix shift to US marketplace revenue.

Q1 marketplace gross profit dollars increased 26% year-over-year, approximately in line with revenue growth. We are focused on driving marketplace gross profit dollar growth through the combination of top line growth and gross margin expansion.

Q1 gross margin for supplier services remained strong at 89.1%, driven by our increasing focus on the higher gross margin Thomas advertising and marketing services.

Moving on to Q1 operating costs. Q1 non-GAAP operating expenses increased 2% year-over-year to \$56.4 million, well below revenue growth. We are applying strong discipline and rigor to our capital and resource allocation across teams.

In Q1, sales and marketing expense was down 500 basis points year-over-year to 15.3%, underscoring improving enterprise sales execution and disciplined advertising spend. Marketplace advertising spend was 4.5% of marketplace revenue, which is down 280 basis points year-over-year as we balance growth and profitability. We are pleased with organic and viral growth of buyers in enterprise and Teamspace adoption.

Q1 adjusted EBITDA was \$0.1 million compared with a loss of \$7.4 million in Q1 2024. Q1 adjusted EBITDA improved \$7.5 million year-over-year, driven by growth in revenue, gross profit and operating efficiencies. In Q1, we delivered an incremental adjusted EBITDA margin of 27%, higher than our long-term target of at least 20%.

Q1 adjusted EBITDA excludes \$1.5 million related to a restructuring charge. In March 2025, we initiated a restructuring action to help improve efficiency and align resources by reducing our workforce by approximately 5%. We are reinvesting these savings primarily into technology to drive further automation and scale.

In Q1, US segment adjusted EBITDA was \$3 million or 2.4% of revenue, an \$8.5 million improvement year-over-year, driven by expanding gross profit and strong operating expense leverage, particularly in sales and marketing. International segment adjusted EBITDA loss was \$2.9 million in Q1 2025 compared to a loss of \$2 million in Q1 2024 due to our continuing investments to drive further scale in EMEA and APAC.

At the end of the first quarter, cash and cash equivalents and marketable securities were \$231 million, decreasing approximately \$8 million from Q4 2024. The decrease in cash was driven by CapEx, primarily software related of \$5.5 million and our annual bonus payouts. We are focused on improving working capital efficiency and cash flow conversion given our asset-light model and limited capital spending.

Q1 demonstrates the ability of our AI-powered marketplace to deliver strong revenue, gross profit growth and operating leverage as we remain disciplined in our execution even as we continue to invest in our growth initiatives. As we scale towards \$1 billion of revenue, we expect continued 20% plus incremental adjusted EBITDA leverage on an annual basis. Given our large market opportunity and low penetration rates, we will continue to balance investing in the future with driving operating leverage.

Now moving on to guidance. For the second quarter, we expect revenue in the range of \$155 million to \$157 million or 17% to 18% growth year-over-year. We expect Q2 marketplace growth to be approximately 20% to 22% year-over-year.

As Randy mentioned, trends remain strong in Q2, even as we are mindful of the uncertain macro environment. We have adjusted our pricing to reflect changing tariffs and our AI cost algorithms update regularly to reflect changes in our supplier network. We expect Q2 supplier services revenue to decrease approximately 5% to 7% year-over-year.

We expect Q2 marketplace gross margin to improve significantly quarter-over-quarter to roughly the same range as Q2 of 2024 and continue to expect full year marketplace gross margin to increase year-over-year.

In Q2, we expect adjusted EBITDA of \$1 million to \$2 million compared to a loss of \$2.6 million in Q2 2024. In Q2, we expect stock-based compensation expenses, including related payroll taxes to be approximately \$9 million or approximately 6% of revenue.

For the full year 2025, we are raising our marketplace growth outlook from our previous guidance of at least 20% to at least 22% growth, driven by our growth initiatives in our large fragmented market even as we remain mindful of the macro environment.

We continue to expect overall growth in 2025 to exceed 2024 growth. We expect supplier services to be down approximately 5% year-over-year. Lastly, we expect to be adjusted EBITDA positive for the full year 2025 and expect incremental adjusted EBITDA margins of approximately 20% on a full year basis for 2025.

I want to close by thanking our dedicated Xometry team members around the world. Their commitment to our buyers and suppliers is instrumental to our continued growth and core to our mission of digitizing manufacturing.

With that, operator, can you please open up the call for questions?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Brian Drab with William Blair.

Brian Drab - William Blair - Analyst

Hi, good morning, thanks for taking my questions. I just wanted to start by asking if you could make any comments regarding what you've seen over the last five weeks. So since the April 2 tariff announcements, are you seeing new customers coming to Xometry and or existing customers lean on you more? Just any comments on customer behavior given the disruption?

Randy Altschuler - Xometry Inc - Chief Executive Officer

Yes, good morning, Brian. So as we said in our prepared remarks, we're definitely seeing robust growth in demand here in the second quarter. And we are seeing an increase -- we've talked about an increased slight mix shift to more people sourcing domestically. And we're seeing our enterprise customers, in particular, reaching out to us to discuss their sourcing strategies, whether that's pivoting to more domestic or looking at alternative geographies.

Brian Drab - *William Blair - Analyst*

Okay. And regarding incremental EBITDA margin, this might be splitting hairs a little bit, but I think that -- I mean, I know the longer-term guidance is for 20% plus incremental EBITDA margin. It looks like you're below that, maybe just a little bit in terms of what you're implying with the second quarter guidance. Is that right? Is there anything we should be thinking about with respect to that?

James Miln - *Xometry Inc - Chief Financial Officer*

Yes. Thanks, Brian. It's James. That's correct. I think the midpoint would be a little under. I think we look at the first half, though, with the strong performance in Q1, it would be in the low 20s there as we're looking at that performance for the first half. And as you know and as we've talked about, that's really -- we're managing this on an annual basis. We're making the right balance of growth and profitability as we look at our growth initiatives. And so we feel really good about the progress we've made here in Q1, the 27% incremental margins there, and we'll still be in the low 20s as we look at the full first half.

Brian Drab - *William Blair - Analyst*

So low 20s incremental is the expectation for the -- I guess, James, what's the expectation for the full year for incremental?

James Miln - *Xometry Inc - Chief Financial Officer*

Yes, it's still the 20% level for the full year.

Brian Drab - *William Blair - Analyst*

Yeah, got it. Okay, I'll follow up more later thanks very much.

James Miln - *Xometry Inc - Chief Financial Officer*

Thank you, Brian.

Operator

Nicks.

Unidentified Participant

Hey, good morning guys. It's Tim on for Nick. Just first, wondering if you could talk a little bit about the improvement that you've been seeing in supplier services. Is that more just a function of increased advertising? Or what's kind of driving the full year improvement in the outlook?

James Miln - *Xometry Inc - Chief Financial Officer*

Tim, it's James. I'll kick that off and then hand it over to Randy in terms of some of the key initiatives. As I talked about on the call, really pleased with the performance in Q1 here. On a Q-over-Q basis, we saw some improvement. Part of that was driven by our offering on the financial services. We have an offering there where we're able to support our cash flow needs of our suppliers. So it's good to see some strong adoption there. I think on the advertising side, it's still a challenging macro out there for advertising. And so we're working on the improvement of the product for search and the advertising model to set us up for growth in the future.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Yes. And just to add to that, so as we talked about, we started in April testing new search on Thomas, enhanced search there. And then we talked about in a couple of months, they're going to be launching the new ad server technology that will enable us to sell more of the advertising inventory. So I think between both of those, we're optimistic here about how we're going to be doing on the advertising side for Thomas.

Unidentified Participant

Great. And just wanted to see if you could give us a little bit of detail on kind of Workcenter. You kind of mentioned focus on enterprises, large accounts. Just any updates on how Workcenter has been trending, any enhancements you've been making to the platform and just some of the trends you've been seeing there?

James Miln - Xometry Inc - Chief Financial Officer

Yes. And Tim, this is James. I think if you're asking about enterprise, I think you're thinking about Teamspace with -- that Workcenter is the platform that we have for our suppliers. Would that be right?

Unidentified Participant

Yes, sorry about that.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Yes. So Teamspace, we're making good progress. We've now grown to over 7,000 teams on Teamspace. And just to remind everyone or people who might be new to our story, Teamspace is our software that enables groups of buyers who are collaborating on either a project or an entire product to work together with Xometry. And that has been, just to your point, has been particularly effective with enterprises. And as we talked about last year, our largest customers grew 40% year-over-year. That's customers with excess of \$500,000 of LTM spend. And those customers continue to lean in, in Teamspace, and we've made enhancements to it, additional communication features, additional collaboration features, and that's being well received in the market.

Operator

Ron Josey with Citi.

Ron Josey - Citibank - Analyst

I wanted to ask, maybe see if I can get away with three things. Just Randy, on the tariffs, I know you just got a question on that and seeing incremental 2Q demand and the shift to domestic sourcing. But any other insights on where this could go, call it, longer term? Are we seeing just a structural change, I guess, is question number one.

And then, James, on gross profit, given a little bit light on the marketplaces business and wanted to dive into a little bit more on that.

And then, Sanjeev, I think it's your first quarter in. Would love to hear your thoughts as you join as a President and sort of how you're seeing things relative to where we can go.

Thank you guys appreciate it.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Thanks, Ron. So I'll jump in here on the question about this -- the tariffs. I think as we did talk about the slight shift to more domestic and folks looking at alternative geographies, and this will tie into your question about the gross margin. We've been investing in those geographies in Q1. I think one of the more enduring trends you may see is multi-sourcing. So folks that are going to -- knowing that this is a dynamic environment that could be changing for years to come.

And that could mean, hey, I'm not going to source in one geography any longer or maybe even one source domestically, but I need to multisource. And that just again plays into the value that we add at Xometry, where if you're trying to build a resilient supply chain, supply chain offers you multiple options and can protect you against these kind of fluctuations. Our marketplace model is ideal for that. And I think that's why you're seeing the strong demand that we have today.

James Miln - Xometry Inc - Chief Financial Officer

And Ron, James, on the gross profit and gross margin, maybe I'll just take a little bit of a step back. So overall gross margin for the quarter was at 37.3%. That was down driven primarily by the mix shift between, we had a very strong marketplace growth quarter, marketplace growing 27%. And then so the mix shift between that and supplier service was a little accentuated this quarter, and we'd expect that to rebalance as we move forward, certainly back into our sort of long-term range of 38% to 40%.

Marketplace gross margin, as Randy was talking about, and as we talked about on the prior call, Q4 earnings call in early '25, we accelerated that global sourcing strategy. We did see that drive good success in the quarter, helping us meeting the demand -- the strong demand that we're seeing out there as we scale up suppliers in different geographies.

As we ramp up the order volume there, that did temporarily dampen the gross margin in Q1 on the marketplace. We're now expecting that marketplace gross margin to improve significantly in Q2. I'd say that we think it will be roughly around the same level that we were a year ago in the mid-30% -- 33%, sorry, so around 33.5%. And we'll continue to expect gross margin to expand year-over-year. So that -- I think that's where we're at. And actually, that will lead quite nicely, and I'll pass it on to Sanjeev in terms of areas of his focus.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Yes. And just before that, just to make it simple. So we invested a couple of million dollars into those markets in Q1 to create liquidity in the marketplace and to train our model. So there was an impact in Q1. But as James said, our guidance now for Q2 reflects the trends that we're seeing, and that includes a strong bounce back, and those investments are paying off.

Unidentified Corporate Representative

Thank you, Randy, and thanks for the question, Ron. In the early days that I've been here, I've been of course talking to our customers, our partners and engaging our teams. Clearly, the moat that Xometry has built around AI, quality and speed of manufacturing is something that stands out big time to me even in these early days.

The few big strengths that I do want to point out are: one, the proprietary AI technology. It is pretty clear that the technology around AI is integrated in the supply chain from the entire starting of the order cycle to the final delivery of the product. It's in the assessment of the manufacturability of the item. It's in pricing of the jobs accurately instantly. It's in the intelligent matching of each order with a best fit supplier for quality, speed and cost. So it's truly impressive how that is truly part of the end-to-end supply chain.

What I would say actually is even more impressive to me is that the strength of our supplier network. In my experience, most e-commerce players have built a supply chain network or a supplier network that is concentrated in 2 or 3 sourcing markets. And therefore, any supply chain or

tariff-related disruptions take them years to address. At Xometry in contrast, our supplier network is not tied to such a dependency on 2 or 3 large international sourcing markets. To me, that is a real strength because that means we have a vast network of suppliers within the US balanced by a well-spread-out international network in 50 additional countries. And therefore, you can see how our suppliers can benefit in conversations with us in driving that -- to get the right outcomes for them.

Ron Josey - Citibank - Analyst

That's great thank you guys.

Operator

Matt Swanson with RBC Capital Markets.

Unidentified Participant

This is [Simran] on for Matt Swanson. Congrats on the quarter. Just one for me. Would you be able to double-click on some of these customer conversations that you're having around domestic sourcing and how these conversations start and then ramp up from there? And then just the general trajectory of the platform becoming a permanent piece of these customers' onshoring strategy.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Yes. Thank you for the question. So I think for our customers, there's a couple of questions they're trying to get answered. And this is what we're seeing. I've been traveling around meeting with lots of our customers across the country. And first, they're digging into where to find that domestic, if they're going to drive more manufacturing here in the United States, where does that capacity exist. And so one of the benefits that Xometry provides domestically, even for the largest companies, and our large customers tend to be very large companies, is being able to find that best supplier irrespective of the geography. In this case, irrespective of what state they're in.

And so a lot of the conversations we're having with our customers are, where do I find that domestic extra suppliers? Where can I build that supply base? And again, they've come to us because that is inherent to what our model is as a distributed marketplace. So that's what a lot of the flavor of the conversations end up being. And again, there's also the conversation around risk mitigation and multi-sourcing alongside of that.

Operator

Greg Palm with Craig-Hallum.

Greg Palm - Craig-Hallum - Analyst

I guess just maybe looking at the Q2 guide a little bit more on the revenue side. I mean you talked about, I think what your words were robust growth demand so far quarter-to-date. I mean, usually, like seasonality-wise in Q2, if you go back, there's a pretty big sequential jump from Q1 to Q2. So I guess I'm just trying to tie out the guide and the commentary and the normal seasonality to kind of what the -- maybe the lack of like meaningful sequential growth in terms of the revenue outlook. So maybe we can dig into that a little bit more.

James Miln - Xometry Inc - Chief Financial Officer

Thanks, Greg. Thanks for the question. It's James. Yes. So I think, as you say, we're expecting Q2 revenue growth of 17% to 18% versus the 23% in Q1. Q2 marketplace growth, we said is 20% to 22% versus the 27% in Q1. And we have seen a good strong start to the quarter. There's about 100

basis point tougher comp in Q2 versus a year ago. But based on the strength of what we are seeing in Q1 and Q2, we did raise our view for the full year. So from at least 20% to at least 22% for the full year for the marketplace. So I think that reflects what we're seeing in the business and the strong performance that we saw in Q1.

And consistent with prior guidance, we're taking into account those recent trends and the opportunities and risks that we're seeing ahead. It does remain uncertain manufacturing environment and the manufacturing indices continue to suggest that some buyers remain cautious. But I think as you've heard from us today and Randy's prepared remarks and answers, Xometry is very well placed for this environment for providing flexible and resilient sourcing. And so we're feeling good about where we are, and that's reflected in our outlook.

Greg Palm - *Craig-Hallum - Analyst*

But I guess maybe just to be a little bit more specific, if I could, if we look at '24, revenue sequentially from March to June, up 8% overall, the guide this -- at the midpoint is more like 3%. And so I'm just trying to kind of tie out the commentary about what you're seeing versus kind of what you've normally seen historically. Maybe it's just a matter of we're being a little bit more conservative just given the uncertainty, but it just feels overly conservative just given the commentary.

Shawn Milne - *Xometry Inc - IR Contact Officer*

Yes. Greg, it's Shawn. Just keep in mind, in 2024 we had talked about Q1 was a little bit of a slower start in January. So be careful with that quick analogy. But again, as James has been consistent in the way he's laid out his guidance over the last five quarters, we're mindful of the operating environment, but we're seeing robust demand so far in Q2.

Greg Palm - *Craig-Hallum - Analyst*

Yes. Okay. Well, congrats on the quarter.

Operator

Troy Jensen with Cantor Fitzgerald.

Troy Jensen - *Cantor Fitzgerald & Co. - Analyst*

Hey, gentlemen, thanks for taking my questions here. I guess I want to hit on production revenues versus prototyping revenues. For me, for you guys to really sustain growth for several years, you're going to have to be successful in production. And if I kind of compare you guys to your competitor in Minnesota here, they're getting about \$8,000 kind of average order per customer and they claim about 35% of their business is production with you guys kind of below \$2,000 kind of an average order from your marketplace customers. To me, it just speaks that there's a very, very high level of prototyping there. So I'm curious if you guys could touch on production, if you guys could maybe start providing what your production numbers are on a quarterly basis.

Shawn Milne - *Xometry Inc - IR Contact Officer*

Yes. Troy, it's Shawn. Thanks for the question. And I'll turn it over to Randy to give a little bit more qualitative on what we're seeing in terms of production and certainly enterprise growth. Just keep in mind, the number that you're looking at is a quarterly number in terms of our revenue per buyer. So you'd look to annualize that if you're trying to compare numbers. The revenue per buyer for us this quarter was actually up 4% year-over-year, and we're seeing good strong growth from our enterprise customers. And certainly, part of that is our production continues to grow, which we've talked about now for the last couple of years. And Randy, I don't know if you want to give a little more qualitative on that.

Randy Altschuler - Xometry Inc - Chief Executive Officer

Yes, Troy. And we did -- we put into the presentation, and we're happy to talk through that with -- it's right there in the presentation, but talk about it, but we've got a whole bunch of examples of where we are doing more production. And one of the nice things is that our platform is very extensible. So you're seeing it across multiple technologies. And also, Troy, if you sort of look at the evolution of Xometry over time and the way we've been adding manufacturing processes, you can see starting with where technologies that are pure prototyping like 3D printing and then evolving over time into more things like injection molding, die casting, stamping, which are usually production level technologies. And so we are doing more and more of that. And again, as Shawn said, we worked through the math a little bit from that quarterly number, it may look like -- as you annualize it, it looks like a different number.

Troy Jensen - Cantor Fitzgerald & Co. - Analyst

Is there any way you guys could take a guesstimate on how much of revenues is production?

Shawn Milne - Xometry Inc - IR Contact Officer

Yes. What we've said historically is that if you look at the mix of our business relative to US manufacturing, we mirror that type of mix, and we've said repeatedly that 3D is a very small percentage of that mix. As you know, Troy, I mean, not all prototyping is additive. But if you use that as a proxy, you'll get a sense that prototype is a small piece of our mix.

Randy Altschuler - Xometry Inc - Chief Executive Officer

And Troy, I guess the final thing is there are other companies, and we've got -- there are other great companies out there, but those that are probably more reliant on prototyping, et cetera, you've seen them struggle with growth or even shrinking. I think our growth rates sort of speak for itself. And again, I think that calls that we have had success on the production side as well.

Troy Jensen - Cantor Fitzgerald & Co. - Analyst

Yes, right. If I could sneak in one more question. I'd just be curious to know what percentage of your revenues are coming from marketplace partners that are overseas that will be impacted by tariffs and stuff then?

Randy Altschuler - Xometry Inc - Chief Executive Officer

So we've said, Troy, that the vast majority of our US marketplace revenue, which is roughly 80% or something of our marketplace is fulfilled domestically in the US by US partners. And then if anything, we've actually seen -- we talked about a slight mix shift to even more of that domestic, but it is the overwhelming majority of our revenue is fulfilled by US partners for US customers.

Operator

This does conclude the question-and-answer session. Thank you for your participation in today's conference. This does conclude the program, and you may now disconnect. Have a good day.

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