

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2025**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-40546**

XOMETRY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

**6116 Executive Blvd
Suite 800
North Bethesda, MD**
(Address of principal executive offices)

32-0415449
(I.R.S. Employer
Identification No.)

20852
(Zip Code)

Registrant's telephone number, including area code: (240) 335-7914

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.000001 per share	XMTR	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 28, 2025, the registrant had 49,201,345 shares of Class A common stock, \$0.000001 par value per share, and 1,475,311 shares of Class B common stock, \$0.000001 par value per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “can,” “will,” “would,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “forecasts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our expectations regarding our revenue, expenses and other operating results;
- the anticipated growth of our business, including our ability to effectively manage or sustain our growth and to achieve or sustain profitability;
- the effects of public health crises or other macroeconomic factors and geopolitical tension, which may lead to periods of global economic uncertainty;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- our ability to attract new buyers and suppliers and successfully engage new and existing buyers and suppliers;
- the costs and success of our sales and marketing efforts, and our ability to promote our brand;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to obtain, maintain, protect and enforce our intellectual property or other proprietary rights and any costs associated therewith;
- our ability to effectively manage our costs and expenses, which may be impacted by changes in tariff policy and inflationary pressures;
- our ability to compete effectively with existing competitors and new market entrants; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled Risk Factors Part II, Item 1A, and elsewhere in this Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Form 10-Q. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date of this Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

XOMETRY, INC. AND SUBSIDIARIES
 Condensed Consolidated Balance Sheets
 (Unaudited)
 (In thousands, except share and per share data)

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,507	\$ 22,232
Marketable securities	215,874	217,603
Accounts receivable, less allowance for credit losses of \$5.1 million and \$4.9 million as of March 31, 2025 and December 31, 2024	85,529	73,962
Inventory	4,032	3,915
Prepaid expenses	6,487	4,954
Other current assets	7,189	4,874
Total current assets	<u>334,618</u>	<u>327,540</u>
Property and equipment, net	47,244	44,825
Operating lease right-of-use assets	7,231	8,462
Investment in unconsolidated joint venture	4,071	4,065
Intangible assets, net	31,244	32,139
Goodwill	263,009	262,686
Other assets	2,693	412
Total assets	<u>\$ 690,110</u>	<u>\$ 680,129</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued cost of revenue	\$ 50,218	\$ 35,023
Other accrued expenses	23,122	24,401
Contract liabilities	9,908	7,948
Income taxes payable	887	979
Operating lease liabilities, current portion	5,293	6,436
Total current liabilities	<u>89,428</u>	<u>74,787</u>
Convertible notes	284,093	283,628
Operating lease liabilities, net of current portion	4,523	5,072
Deferred income taxes	229	229
Other liabilities	804	817
Total liabilities	<u>379,077</u>	<u>364,533</u>
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, \$0.000001 par value. Authorized; 50,000,000 shares; zero shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	—	—
Class A Common stock, \$0.000001 par value. Authorized; 750,000,000 shares; 48,992,113 shares and 48,289,274 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	—	—
Class B Common stock, \$0.000001 par value. Authorized; 5,000,000 shares; 1,475,311 shares issued and outstanding as of March 31, 2025 and December 31, 2024	—	—
Additional paid-in capital	694,047	685,054
Accumulated other comprehensive income (loss)	1,205	(328)
Accumulated deficit	(385,351)	(370,273)
Total stockholders' equity	<u>309,901</u>	<u>314,453</u>
Noncontrolling interest	<u>1,132</u>	<u>1,143</u>
Total equity	<u>311,033</u>	<u>315,596</u>
Total liabilities and stockholders' equity	<u>\$ 690,110</u>	<u>\$ 680,129</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

XOMETRY, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2025	2024
Revenue	\$ 150,971	\$ 122,690
Cost of revenue	94,640	74,788
Gross profit	56,331	47,902
Sales and marketing	26,435	27,200
Operations and support	17,090	14,047
Product development	11,171	9,590
General and administrative	17,026	14,922
Total operating expenses	71,722	65,759
Loss from operations	(15,391)	(17,857)
Other income (expenses)		
Interest expense	(1,188)	(1,189)
Interest and dividend income	2,277	2,732
Other expenses	(880)	(387)
Income from unconsolidated joint venture	106	97
Total other income	315	1,253
Loss before income taxes	(15,076)	(16,604)
Benefit (provision) for income taxes	—	—
Net loss	(15,076)	(16,604)
Net income attributable to noncontrolling interest	2	12
Net loss attributable to common stockholders	\$ (15,078)	\$ (16,616)
Net loss per share, basic and diluted, of Class A and Class B common stock	\$ (0.30)	\$ (0.34)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted, of Class A and Class B common stock	50,335,053	48,577,980
Net loss	\$ (15,076)	\$ (16,604)
Comprehensive income:		
Foreign currency translation	1,520	(457)
Total other comprehensive income (loss)	1,520	(457)
Comprehensive loss	(13,556)	(17,061)
Comprehensive (loss) income attributable to noncontrolling interest	(11)	29
Total comprehensive loss attributable to common stockholders	\$ (13,545)	\$ (17,090)

See accompanying notes to the unaudited condensed consolidated financial statements.

XOMETRY, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
Three months ended March 31, 2025 and 2024
(In thousands, except share and per share data)

	Class A - Common Stock		Class B - Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balance, December 31, 2024	48,289,274	\$ —	1,475,311	\$ —	\$ 685,054	\$ (328)	\$ (370,273)	314,453	\$ 1,143	\$ 315,596
Exercise of common stock options	54,679	—	—	—	510	—	—	510	—	510
Vesting of restricted stock units	611,311	—	—	—	—	—	—	—	—	—
Shares issued in business combination	16,716	—	—	—	625	—	—	625	—	625
Donated common stock	20,133	—	—	—	516	—	—	516	—	516
Stock based compensation	—	—	—	—	7,342	—	—	7,342	—	7,342
Comprehensive (loss) income										
Foreign currency translation	—	—	—	—	—	1,533	—	1,533	(13)	1,520
Net (loss) income	—	—	—	—	—	—	(15,078)	(15,078)	2	(15,076)
Total comprehensive loss	—	—	—	—	—	—	(15,078)	(13,545)	(11)	(13,556)
Balance, March 31, 2025	48,992,113	\$ —	1,475,311	\$ —	\$ 694,047	\$ 1,205	\$ (385,351)	\$ 309,901	\$ 1,132	\$ 311,033
Balance, December 31, 2023	45,489,379	\$ —	2,676,154	\$ —	\$ 648,317	\$ 855	\$ (319,872)	329,300	\$ 1,119	\$ 330,419
Exercise of common stock options	120,481	—	—	—	1,233	—	—	1,233	—	1,233
Vesting of restricted stock units	359,911	—	—	—	—	—	—	—	—	—
Shares issued in business combination	21,083	—	—	—	625	—	—	625	—	625
Donated common stock	20,133	—	—	—	343	—	—	343	—	343
Stock based compensation	—	—	—	—	6,036	—	—	6,036	—	6,036
Comprehensive (loss) income										
Foreign currency translation	—	—	—	—	—	(474)	—	(474)	17	(457)
Net (loss) income	—	—	—	—	—	—	(16,616)	(16,616)	12	(16,604)
Total comprehensive (loss) income	—	—	—	—	—	—	(16,616)	(17,090)	29	(17,061)
Balance, March 31, 2024	46,010,987	\$ —	2,676,154	\$ —	\$ 656,554	\$ 381	\$ (336,488)	\$ 320,447	\$ 1,148	\$ 321,595

See accompanying notes to the unaudited condensed consolidated financial statements.

XOMETRY, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (15,076)	\$ (16,604)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,246	3,153
Reduction in carrying amount of right-of-use asset	1,100	1,096
Lease termination	(30)	—
Stock-based compensation	7,342	6,036
Revaluation of contingent consideration	—	137
Income from unconsolidated joint venture	(90)	(97)
Donation of common stock	516	343
Amortization of deferred costs on convertible notes	465	464
Changes in other assets and liabilities:		
Accounts receivable, net	(13,358)	532
Inventory	(41)	(40)
Prepaid expenses	(1,519)	(433)
Other assets	(1,995)	(442)
Accounts payable and accrued cost of revenue	15,048	(10,649)
Other accrued expenses	(540)	4,440
Contract liabilities	1,877	2,277
Lease liabilities	(1,531)	(1,671)
Other liabilities	(13)	—
Income taxes payable	(92)	(276)
Net cash used in operating activities	(3,691)	(11,734)
Cash flows from investing activities:		
Purchases of marketable securities	(2,271)	(2,726)
Proceeds from sale of marketable securities	4,000	10,000
Purchases of property and equipment	(5,499)	(4,347)
Distributions in excess of earnings	84	—
Net cash (used in) provided by investing activities	(3,686)	2,927
Cash flows from financing activities:		
Proceeds from stock options exercised	510	1,233
Net cash provided by financing activities	510	1,233
Effect of foreign currency translation on cash and cash equivalents	142	(149)
Net decrease in cash and cash equivalents	(6,725)	(7,723)
Cash and cash equivalents at beginning of the period	22,232	53,424
Cash and cash equivalents at end of the period	\$ 15,507	\$ 45,701
Supplemental cash flow information:		
Cash paid for interest	\$ 1,438	\$ 1,438
Non-cash investing and financing activities:		
Non-cash consideration in connection with business combination	625	—

See accompanying notes to the unaudited condensed consolidated financial statements.

XOMETRY, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements (Unaudited)

(1) Organization and Description of Business

Xometry, Inc. (“Xometry”, the “Company”, “we”, or “our”) was incorporated in the State of Delaware in May 2013. Xometry operates a global artificial intelligence (“AI”) powered online manufacturing marketplace and a suite of cloud-based services including Workcenter and Teamspace that are rapidly digitizing the manufacturing industry. Xometry also operates Thomasnet®, a leading North American industrial sourcing platform. Together, these platforms provide manufacturers the critical resources they need to grow their business and makes it easy for buyers to create resilient supply chains. Xometry's marketplace uses proprietary AI to help buyers efficiently source custom-manufactured parts and assemblies and attain instant pricing and lead times. The AI enables our rapidly growing network of manufacturers to select the optimal jobs to fill their capacity. Our suite of cloud-based services and our Thomasnet industrial sourcing platform helps manufacturers and industrial service providers grow their businesses using our advertising, marketing and financial services. Xometry's corporate headquarters is located in North Bethesda, Maryland.

Xometry's AI-enabled marketplace, which is available in multiple local languages, is powered by proprietary machine learning algorithms and datasets. Our two-sided marketplace is rapidly digitizing the manufacturing industry, helping customers strengthen their supply chains. Buyers can procure the products they want on demand, and suppliers can reach new customers throughout the world. Our rapidly growing active supplier base enables companies to accelerate their product development and go-to-market strategies, as well as reduce the cost and lead times for ongoing production work. Each interaction on our marketplace provides rich data insights that allow us to continuously improve our AI models and create new products and services, fueling powerful network effects as we scale.

We use proprietary technology to enable product designers, engineers, buyers, and supply chain professionals to instantly access the capacity of a global network of manufacturing facilities. The Company's platform makes it possible for buyers to quickly receive pricing, expected lead times, manufacturability feedback and place orders on the Company's platform. The network allows the Company to provide high volumes of unique parts, including custom components and assemblies for its buyers, as well as larger production orders of single parts.

Xometry's suppliers' capabilities include computer numerical control manufacturing, sheet metal forming, sheet cutting, 3D printing (including fused deposition modeling, direct metal laser sintering, PolyJet, stereolithography, selective laser sintering, binder jetting, carbon digital light synthesis, multi jet fusion and lubricant sublayer photo-curing), die casting, stamping, injection molding, urethane casting, tube cutting, tube bending, as well as finishing services, rapid prototyping and high-volume production. Xometry's extensible technology platform allows the Company to add new technologies and processes to gain more wallet share with our buyers.

We empower suppliers to grow their manufacturing businesses and improve machine utilization by providing access to an extensive, diverse base of buyers. We also offer suppliers supporting products and services to meet their unique needs. The Thomasnet product sourcing and supplier discovery platform provides access to in-depth profiles of 500,000 North American suppliers. Thomas' suite of advertising services provides suppliers with tailored marketing campaigns to maximize their visibility and enhance engagement with potential buyers. Thomas' in-house digital marketing agency, Thomas Marketing Services, offers a range of essential digital marketing services to generate leads and boost the awareness and reach of suppliers. In addition, our supplier services include financial service products to facilitate faster payments and a cloud-based manufacturing execution system (“Workcenter”) to help suppliers optimize their productivity. Workcenter digitally enables qualifying and on-boarding suppliers and allows suppliers to manage all their Xometry and non-Xometry work and provides for expedited payment terms in support of their business.

(2) Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K filed with the SEC on February 25, 2025.

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The Condensed Consolidated Balance Sheet as of December 31, 2024, included herein, was derived from the audited financial statements as of that date, but may not include all disclosures including certain notes required by U.S. GAAP on an annual reporting basis. In the opinion of management, the accompanying condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive loss, stockholders' equity and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year 2025 or any future period. The Company has two reportable segments which are referred to as: (1) the United States ("U.S.") and (2) International.

Foreign Operations and Comprehensive Loss

The U.S. dollar ("USD") is the functional currency for Xometry's consolidated subsidiary operating in the U.S. The primary functional currency for the Company's consolidated subsidiaries operating in Germany and to a lesser extent, United Kingdom, Turkey, China and Japan, is the Euro, British Pound Sterling, Turkish Lira, Yuan and the Yen, respectively. For the Company's consolidated subsidiaries whose functional currencies are not the USD, the Company translates their financial statements into USD. The Company translates assets and liabilities at the exchange rate in effect as of the financial statement date. Revenue and expense accounts are translated using an average exchange rate for the period. Gains and losses resulting from translation are included in accumulated other comprehensive (loss) income, as a separate component of equity.

Noncontrolling Interest

We have a 66.67% ownership in Incom Co., LTD. As we have a controlling interest in Incom Co., LTD, we have consolidated Incom Co., LTD into our unaudited condensed consolidated financial statements. The portion of equity in Incom Co., LTD not owned by the Company is accounted for as a noncontrolling interest. We present the portion of any equity that we do not own in a consolidated entity as noncontrolling interest and classify their interest as a component of total equity, separate from total stockholders' equity on our Condensed Consolidated Balance Sheets. We include net (loss) income attributable to the noncontrolling interests in net loss in our Condensed Consolidated Statements of Operations and Comprehensive Loss.

(b) Use of Estimates

The preparation of the Company's unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, which affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to the valuation of intangible assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are reflected in the consolidated statements of operations. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

(d) Fair Value Measurements and Financial Instruments

The Company measures certain assets and liabilities at fair value on a recurring basis based on an expected exit price, which represents the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability.

The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis, whereby inputs used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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Level 3 - Unobservable inputs reflecting the Company's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying amounts of certain of the Company's financial instruments, which include cash and cash equivalents, accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses and contract liabilities approximate their fair values due to their short maturities. The Company's marketable securities are recorded at fair value.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts. These investments are stated at cost, which approximates fair value.

(f) Marketable Securities

The Company measures its marketable securities at fair value. The Company's marketable securities represent our investments in a short term money market fund. These marketable securities have maturities of three months or less. As of March 31, 2025 and December 31, 2024, the Company's marketable securities of \$215.9 million and \$217.6 million, respectively, were recorded at fair value, within Level 1 of the fair value hierarchy. The fair value of the Company's Level 1 financial instruments is based on quoted prices in active markets, and total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs, discounts or blockage factors.

(g) Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company's accounts receivable do not bear interest. Amounts collected on accounts receivable are included in net cash used in operating activities in the Condensed Consolidated Statements of Cash Flows. For buyers for which the Company provides credit, the Company performs credit inquiries, including reference checks, and queries credit ratings services and other publicly available information. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on the age of the outstanding amounts, each customer's expected ability to pay and collection history, current market conditions, and reasonable and supportable forecasts of future economic conditions to determine whether the allowance is appropriate. The Company reviews its valuation allowance monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Allowance For Credit Losses

The allowance for credit losses related to accounts receivable and changes were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Allowance for credit losses		
Balance at beginning of year, January 1	\$ 4,912	\$ 2,444
Charge to provision accounts	1,113	4,024
Write-offs or other	(937)	(1,556)
Balance at period end, March 31 and December 31, respectively	<u>\$ 5,088</u>	<u>\$ 4,912</u>

(h) Property and Equipment and Long-Lived Assets

Property and equipment are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful life of the assets, which range from two to ten years, or in the case of leasehold improvements, over the shorter of the remaining lease term or the useful life of the asset.

Property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Property and equipment includes capitalized internal-use software development costs. Eligible internal-use software development costs are capitalized subsequent to the completion of the preliminary project stage. Such costs include internal and external direct development costs totaling \$5.2 million for the three months ended March 31, 2025 and \$17.0 million for the year ended December 31, 2024. After all substantial testing and deployment is completed and the software is ready for its intended use,

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capitalization is discontinued and the internal-use software costs are placed in service and amortized using the straight-line method over the estimated useful life of the software, generally three years.

(i) Goodwill

Goodwill represents the excess purchase price over the estimated fair value of net assets acquired in a business combination. As of March 31, 2025 and December 31, 2024, the Company's goodwill is attributable to both the U.S. and International reporting units. Goodwill is not amortized. The Company tests goodwill for impairment annually in the fourth quarter, or more frequently, if events or changes in circumstances indicate that the carrying value of a reporting unit, including goodwill, might be impaired.

In testing for goodwill impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. These qualitative factors assessed may include the following: (i) significant changes in the manner of our use of the assets or the strategy of our overall business, (ii) certain restructuring initiatives, (iii) significant negative industry or economic trends and (iv) significant decline in our share price for a sustained period. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if we conclude otherwise, we proceed to the quantitative assessment.

(j) Revenue

The Company derives the majority of its U.S. and International marketplace revenue from the sale of parts and assemblies fulfilled using a vast network of suppliers. The Company recognizes revenue from the sales to our customers pursuant to Financial Accounting Standard Board's ("FASB") Accounting Standards Codification *Topic 606, Revenue from Contracts with Customers*.

The Company determines that a contract exists between the Company and the customer when the customer accepts the quote and places the order, all of which are governed by the Company's standard terms and conditions or other agreed terms with Xometry's buyers. Upon completion of an order through Xometry's platform, the Company identifies the performance obligation(s) within that order to complete the sale of the manufactured part(s) or assembly. Using Xometry's in-house technology, the Company determines the price for the manufactured part(s) or assembly on a stand-alone basis at order initiation. The Company recognizes revenue from sales to Xometry's customers upon shipment, at which point control over the part(s) or assembly has transferred.

The Company has concluded that the Company is principal in the sale of part(s) and assemblies that use the Company's network of third-party manufacturers because the Company controls the manufacturing by obtaining a right to direct a third-party manufacturer to fulfill the performance obligation Xometry has with the Company's customers on Xometry's behalf. The Company has considered the following conditions of the sale: (i) the Company has the obligation of providing the specified product to the customer, (ii) the Company has discretion with respect to establishing the price of the product and the price the Company pays the suppliers and the Company has margin risk on all of Xometry's sales, (iii) the Company has discretion in determining how to fulfill each order, including selecting the supplier and (iv) Xometry bears certain risk for product quality to the extent the customer is not satisfied with the final product.

Xometry also derives revenue from its supplier services which is a suite of services offered to our suppliers. Revenue also includes the sale of marketing services which includes advertising. This revenue is generally recognized as control is transferred to the customer, in an amount reflecting the consideration we expect to be entitled to in exchange for such product or service. From time to time, a purchase order with a customer may involve multiple performance obligations, including a combination of some or all of our products. Judgment may be required in determining whether products are considered distinct performance obligations that should be accounted for separately or as one combined performance obligation. Revenue is recognized over the period or at the point in time in which the performance obligations are satisfied. Consideration is typically determined based on a fixed unit price for the quantity of product transferred. For purchase orders involving multiple performance obligations, the transaction price is allocated to each performance obligation based on relative standalone selling price, and recognized as revenue when each individual product or service is transferred to the customer.

Revenue is shown net of estimated returns, refunds, and allowances. At March 31, 2025 and December 31, 2024, the Company has a provision for estimated returns, refunds or allowances of approximately \$0.2 million and \$0.1 million, respectively.

Sales tax and, if applicable, duties and/or tariffs collected from customers and remitted to governmental authorities is excluded from revenue.

[Table of Contents](#)*Contract Liabilities*

Contract liabilities are primarily derived from payments received in advance or at the time an order is placed, for which the associated performance obligations have not been satisfied and revenue has not been recognized based on the Company's revenue recognition criteria described above.

The following table presents contract liabilities as of December 31, 2024 and March 31, 2025 (in thousands):

Rollforward of contract liabilities:	
Contract liabilities at December 31, 2024	\$ 7,948
Revenue recognized	(49,911)
Payments received in advance	51,871
Contract liabilities at March 31, 2025	<u>\$ 9,908</u>

During the three months ended March 31, 2025, the Company recognized approximately \$6.7 million of revenue related to its contract liabilities as of December 31, 2024.

Sales Contract Acquisition Costs

The Company's incremental costs to obtain a contract may include a sales commission which is generally determined on a per order basis. For marketplace contracts, sales commissions are generally expensed as incurred. For supplier service contracts in excess of one year, the Company amortizes such costs on a straight-line basis over the average customer life of two years for new customers and over the renewal period for existing customers which is generally one year. Sales commissions are included in the Company's sales and marketing expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss. For the three months ended March 31, 2025 and 2024, the Company recognized approximately \$0.7 million and \$2.6 million, respectively, of amortization related to deferred sales commissions. As of March 31, 2025 and December 31, 2024, the Company had deferred sales contract acquisition costs of \$0.4 million for both periods, which is classified in other current assets on the Condensed Consolidated Balance Sheets.

(k) Cost of Revenue

Cost of revenue for marketplace primarily consists of the cost of the products that are manufactured or produced by the Company's suppliers for delivery to buyers on the Company's platform, internal and external production costs, shipping costs, and certain internal depreciation.

Cost of revenue for supplier services primarily consists of internal and external production costs and website hosting.

(l) Leases

The Company determines if an arrangement contains a lease and the classification of that lease, if applicable, at its inception. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, current portion and operating lease liabilities, net of current portion in the Condensed Consolidated Balance Sheets. For leases with terms of twelve months or less, the Company does not recognize ROU assets or lease liabilities on the Condensed Consolidated Balance Sheets. Additionally, the Company elected to use the practical expedient to not separate lease and non-lease components for leases of real estate, meaning that for these leases, the non-lease components are included in the associated ROU asset and lease liability balances on the Company's Condensed Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments under the lease. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The implicit rate within the Company's operating leases is generally not determinable, as such the Company uses its incremental borrowing rate at lease commencement to determine the present value of lease payments. The operating lease ROU asset also includes any lease prepayments, offset by lease incentives. Certain of the Company's leases include options to extend or terminate the lease. The expected lease term includes options to extend or terminate the lease when it is reasonably certain the Company will exercise such option.

Lease expense is recognized on a straight-line basis over the term of the lease.

(m) Sales and Marketing

Sales and marketing expenses are expensed as incurred and include the costs of digital marketing strategies, branding costs and other advertising costs, certain depreciation and amortization expense, contract acquisition costs and compensation expenses, including stock-based compensation, to the Company's sales and marketing employees. For the three months ended March 31, 2025 and 2024 the Company's advertising costs were \$6.8 million and \$8.3 million, respectively.

(n) Operations and Support

Operations and support expenses are the costs the Company incurs in support of the customers and suppliers on Xometry's platforms which are provided by phone, email and chat for purposes of resolving customer and supplier related matters. These costs primarily consist of compensation expenses of the support staff, including stock-based compensation, certain depreciation and amortization expense and software costs used in delivering customer and supplier services.

(o) Product Development

Product development costs which are not eligible for capitalization are expensed as incurred. This account also includes compensation expenses, including stock-based compensation to the Company's employees performing routine improvements and maintenance on our platforms not related to a specific capitalizable project, software costs and certain depreciation and amortization expense.

(p) General and Administrative

General and administrative expenses primarily consist of compensation expenses, including stock-based compensation expenses, for executive, finance, legal and other administrative personnel, professional service fees and certain depreciation and amortization expense.

(q) Stock Based Compensation

All stock-based compensation, including stock options, restricted stock units and performance restricted stock units ("PRSUs"), are measured at the grant date fair value of the award. The fair value of the restricted stock units and PRSUs is determined using the fair value of the Company's Class A common stock on the date of grant. The Company estimates grant date fair value of stock options using the Black-Scholes option-pricing model. The fair value of stock options, PRSUs and restricted stock units is recognized as compensation expense on a straight-line basis over the requisite service period, which is typically three to four years. Forfeitures are recorded in the period in which they occur.

The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards.

These variables include:

- expected annual dividend yield;
- expected volatility over the expected term;
- expected term;
- risk free interest rate;
- per share value of the underlying common stock; and
- exercise price.

For all stock options granted, the Company calculated the expected term using the simplified method for "plain vanilla" stock option awards. The risk-free interest rate is based on the yield available on U.S. Treasury issuances similar in duration to the expected term of the stock-based award. The Company estimates its expected share price volatility based on the historical volatility of publicly traded peer companies and/or its own volatility and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded share price. The Company utilized a dividend yield of zero, as it had no history or plan of declaring dividends on its common stock.

The fair value for PRSUs is recognized on a ratable basis over the requisite service period of three years when it is probable the performance conditions of the awards will be met. The Company reassesses the probability of vesting at each reporting period and adjusts the total compensation expense of the award based on this probability assessment.

(r) Net Loss Per Share Attributable to Common Stockholders

The Company computes net loss per share using the two-class method required for multiple classes of common stock and participating securities. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. Certain unvested share-based payment awards that contain nonforfeitable rights to dividends are treated as participating securities and therefore included in computing net income per share using the two-class method. The rights, including the liquidation and dividend rights, of the Class A common stock and Class B common stock are substantially identical, other than voting rights. Accordingly, the Class A common stock and Class B common stock share proportionately in the Company's net losses.

[Table of Contents](#)**(s) Recently Adopted Accounting Standards**

In November 2023, the FASB issued Accounting Standard Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. Additionally, it requires a public entity to disclose the title and position of the Chief Operating Decision Maker (“CODM”). The ASU did not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new standard became effective for Xometry in December 2024. Xometry applied the amendments in this ASU retrospectively to all prior periods presented in the financial statements. We have reflected the adoption of this ASU in Note 5, *Segments*.

(t) Recently Issued Accounting Standards

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which focuses on the rate reconciliation and income taxes paid. ASU No. 2023-09 requires a public business entity (“PBE”) to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. For PBEs, the new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025, and continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all periods presented. We expect this ASU to only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

In November 2024, FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”). Under ASU 2024-03, a PBE would be required to disclose information about purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion for each income statement line item that contains those expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. ASU 2024-03 allows for early adoption and requires either prospective adoption to financial statements issued for reporting periods after the effective date of ASU 2024-03 or retrospectively to any or all prior periods presented in the financial statements. The Company is currently assessing the impact of ASU 2024-03 on our consolidated financial statements and related disclosures.

In November 2024, FASB issued ASU No. 2024-04, Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments (“ASU 2024-04”), which clarifies the assessment of whether certain settlements of convertible debt instruments should be accounted for as an inducement conversion or extinguishment of convertible debt. The new guidance is effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual periods. The Company is currently assessing the impact of ASU 2024-04 on our consolidated financial statements and related disclosures.

There are currently no other accounting standards that have been issued, but not yet adopted, that are expected to have a significant impact on the Company’s consolidated financial position, results of operations or cash flows upon adoption.

(3) Property and Equipment and Long-Lived Assets

Property and equipment consist of the following as of March 31, 2025 and December 31, 2024 (in thousands):

	Useful Life	March 31, 2025	December 31, 2024
Technology hardware	3 years	\$ 3,978	\$ 3,884
Manufacturing equipment	2 - 10 years	6,640	6,572
Capitalized software development	3 years	66,056	60,480
Leasehold improvements	Shorter of useful life or lease term	1,739	1,761
Furniture and fixtures	7 years	2,675	2,549
Total		81,088	75,246
Less accumulated depreciation		(33,844)	(30,421)
Property and Equipment, net		\$ 47,244	\$ 44,825

Depreciation and amortization expense for the three months ended March 31, 2025 and 2024 was as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Cost of revenue	\$ 182	\$ 185
Sales and marketing	24	26
Operations and support	39	36
Product development	2,962	1,871
General and administrative	143	128
Total depreciation and amortization expense	<u>\$ 3,350</u>	<u>\$ 2,246</u>

(4) Disaggregated Revenue and Cost of Revenue Information

The following tables present our revenues disaggregated by line of business. Revenue from our marketplace primarily reflects the sales of parts and assemblies on our platform. Revenue from supplier services primarily includes the sale of digital advertising and marketing services, and to a lesser extent financial service products and SaaS products.

Revenue and cost of revenue is presented in the following tables for the three months ended March 31, 2025 and 2024, respectively (in thousands):

	Three Months Ended March 31,	
	2025	2024
Marketplace		
Revenue	\$ 136,353	\$ 107,186
Cost of revenue	93,046	72,907
Gross Profit	<u>\$ 43,307</u>	<u>\$ 34,279</u>
Supplier Services		
Revenue	\$ 14,618	\$ 15,504
Cost of revenue	1,594	1,881
Gross Profit	<u>\$ 13,024</u>	<u>\$ 13,623</u>

(5) Segments

Xometry is organized in two segments referred to as: (1) U.S. and (2) International. Xometry's operating segments are also the Company's reportable segments. Xometry's reportable segments are managed separately based on geography. The Company's U.S. revenues primarily result from the sales of parts and assemblies and the sale of advertising and marketing services. The Company's International revenues primarily result from the sale of parts and assemblies. Xometry's two segments are defined based on the reporting and review process used by the CODM, the Chief Executive Officer.

The Company evaluates the performance of the operating segments primarily based on revenue and segment Adjusted EBITDA. The CODM uses actual results compared to budgeted or forecasted segment Adjusted EBITDA to determine if the reporting units are making progress toward profitability and when making decisions about the allocation of resources and the assessment of performance. In 2024, the Company had determined that revenue and segment profit before income taxes was its measures of segment performance. In December 2024, the Company changed its segment profit or loss measure to segment Adjusted EBITDA based on a reassessment of the information currently used by the CODM to allocate resources and assess performance of the segments. The Company has recast segment Adjusted EBITDA for the prior periods.

Segment Adjusted EBITDA excludes interest expense, interest and dividend income, other expenses, benefit (provision) for income taxes, and certain other non-cash or non-recurring items impacting net loss from time to time, principally comprised of depreciation and amortization, amortization of lease intangible, stock-based compensation, payroll tax expense related to stock-based compensation, lease abandonment, charitable contributions of common stock, income from an unconsolidated joint venture, impairment of assets, restructuring charges, costs to exit the tools and materials business and acquisition and other adjustments not reflective of our ongoing business, such as adjustments related to purchase accounting, the revaluation of contingent consideration, transaction costs and executive severance.

The CODM monitors assets of the consolidated Company, but does not use assets, by operating segment when assessing performance or making operating segment resource decisions.

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The following tables reflect certain segment information for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Segment Revenue		
U.S.	\$ 127,820	\$ 103,363
International	23,151	19,327
Total	\$ 150,971	\$ 122,690
Segment Cost of Revenue		
U.S.	\$ 79,940	\$ 62,930
International	14,700	11,858
Total	\$ 94,640	\$ 74,788
Segment Adjusted Operating Expense⁽¹⁾		
U.S.	\$ 45,052	\$ 46,099
International	11,383	9,447
Total	\$ 56,435	\$ 55,546
Other Segment Items⁽²⁾		
U.S.	\$ (182)	\$ (185)
International	-	-
Total	\$ (182)	\$ (185)
Segment Adjusted EBITDA		
U.S.	\$ 3,010	\$ (5,481)
International	(2,932)	(1,978)
Total Adjusted EBITDA	\$ 78	\$ (7,459)
(Add) deduct:		
Interest expense, interest and dividend income and other expenses	179	1,156
Depreciation and amortization	(4,246)	(3,153)
Amortization of lease intangible	(180)	(180)
(Benefit) Provision for income taxes	-	-
Stock-based compensation	(7,342)	(6,036)
Payroll tax expense related to stock-based compensation	(1,473)	-
Lease termination	30	-
Acquisition and other	(251)	(686)
Charitable contribution of common stock	(516)	(343)
Income from unconsolidated joint venture	106	97
Restructuring charges	(1,461)	-
Net Loss	\$ (15,076)	\$ (16,604)

(1) Amount excludes stock-based compensation and the related payroll taxes, depreciation and amortization, restructuring charges, acquisition and other costs, amortization of lease intangible, lease termination and charitable contributions of common stock.

(2) Addback to segment Cost of Revenue to calculate Segment Adjusted EBITDA

The following tables reflect long-lived asset information as of March 31, 2025 and December 31, 2024 (in thousands):

	March 31,	December 31,
	2025	2024
Segment Property and equipment, net		
U.S.	\$ 38,969	\$ 37,370
International	8,275	7,455
Total	\$ 47,244	\$ 44,825
Operating lease right-of-use assets		
U.S.	\$ 6,603	\$ 7,728
International	628	734
Total	\$ 7,231	\$ 8,462

(6) Stock Based Compensation

In 2014, the Company adopted a stock compensation plan (the "2014 Equity Incentive Plan") pursuant to which the Company may grant stock options, stock purchase rights, restricted stock awards, or stock awards to employees, directors and consultants (including prospective employees, directors, and consultants). This plan was terminated in February 2016. No additional awards may be granted under the 2014 Equity Incentive Plan, however, outstanding awards continue in full effect in accordance with their existing terms.

In 2016, the Company adopted a stock compensation plan (the "2016 Equity Incentive Plan") pursuant to which the Company may grant stock options, stock purchase rights, restricted stock awards, or stock awards to employees, directors and consultants (including prospective employees, directors, and consultants). No additional awards may be granted under the 2016 Equity Incentive Plan, however, outstanding awards continue in full effect in accordance with their existing terms.

In connection with the Company's initial public offering on July 2, 2021, the Company's board of directors adopted the 2021 Equity Incentive Plan (the "2021 Equity Incentive Plan"). The 2021 Equity Incentive Plan provides for the grant of incentive stock options ("ISOs"), non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based awards and other awards, or collectively, awards. Awards may be granted to Xometry employees, Xometry's non-employee directors and consultants/contractors and the employees and consultants/contractors of Xometry affiliates. ISOs may be granted only to Xometry employees and the employees of Xometry affiliates.

As of March 31, 2025, there were 7,771,209 shares available for the Company to grant under the 2021 Equity Incentive Plan.

Stock Options

A summary of the status of the Company's stock option activity and the changes during the three months ended March 31, 2025, are as follows (in millions, except share and per share amounts):

	Number of Shares	Weighted Average Exercise Price Per Share	Average Remaining Contractual Term	Aggregate Intrinsic Value
Exercisable at December 31, 2024	1,640,638	10.12	5.7	\$ 53.4
Balance at December 31, 2024	1,906,483	11.51	6.0	\$ 59.4
Granted	—	—	—	—
Exercised	(53,517)	9.36	—	—
Forfeited	(35,679)	19.17	—	—
Expired	(5,671)	10.63	—	—
Balance at March 31, 2025	<u>1,811,616</u>	11.42	5.5	\$ 26.4
Exercisable at March 31, 2025	<u>1,640,016</u>	10.44	5.2	\$ 25.3

No options were granted during the three months ended March 31, 2025. The total intrinsic value of options exercised during the three months ended March 31, 2025 and 2024, was \$1.3 million and \$2.0 million, respectively.

At March 31, 2025, there was approximately \$2.0 million of total unrecognized compensation cost related to unvested stock options. That cost is expected to be recognized over a weighted average period of approximately one year as of March 31, 2025.

The Company currently uses authorized and unissued shares to satisfy share award exercises.

Restricted Stock Units

A summary of the status of the Company's restricted stock unit activity and the changes during the three months ended March 31, 2025 are as follows (in millions, except share and per share amounts):

	Number of Shares	Weighted Average Grant Date fair value (per share)	Aggregate Intrinsic Value
Unvested RSUs as of December 31, 2024	2,530,358	19.15	\$ 107.9
Granted	1,201,897	26.25	—
Vested	(517,731)	19.89	—
Forfeited and cancelled	(118,602)	19.32	—
Unvested RSUs as of March 31, 2025	<u>3,095,922</u>	21.78	\$ 77.2

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At March 31, 2025, there was approximately \$61.1 million of total unrecognized compensation cost related to unvested restricted stock units granted under the 2021 Equity Incentive Plan. That cost is expected to be recognized over a weighted average period of approximately three years as of March 31, 2025.

Performance Restricted Stock Units

A summary of the status of the Company's performance restricted stock unit activity and the changes during the three months ended March 31, 2025 are as follows (in millions, except share and per share amounts):

	Number of Shares	Weighted Average Grant Date fair value (per share)	Aggregate Intrinsic Value
Unvested PRSUs as of December 31, 2024	272,515	17.32	\$ 11.6
Granted	327,344	22.90	—
Vested	(79,312)	17.48	—
Forfeited and cancelled	(22,992)	17.48	—
Unvested PRSUs as of March 31, 2025	<u>497,555</u>	20.96	\$ 12.4

At March 31, 2025, there was approximately \$10.0 million of total unrecognized compensation cost related to unvested performance restricted stock units granted under the 2021 Equity Incentive Plan. That cost is expected to be recognized over a weighted average period of approximately three years as of March 31, 2025.

Total stock-based compensation cost for the three months ended March 31, 2025 and 2024 were as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Sales and marketing	\$ 2,029	\$ 1,520
Operations and support	2,489	2,092
Product development	1,669	1,416
General and administrative	1,155	1,008
Total stock compensation expense	<u>\$ 7,342</u>	<u>\$ 6,036</u>

(7) Income Taxes

A full valuation allowance has been established against our net U.S. federal and state deferred tax assets and foreign deferred tax assets, including net operating loss carryforwards.

The Company had less than \$0.1 million of benefit (provision) for income taxes for each of the three months ended March 31, 2025 and 2024. This estimated annual effective tax rate of 0.1% differs from the U.S. federal statutory rate primarily due to the effects of certain permanent items, foreign tax rate differences, and increases in the valuation allowance against deferred tax assets.

(8) Net Loss Per Share Attributable to Common Stockholders

The Company computes net loss per share of Class A common stock, Class B common stock and participating securities using the two-class method. Basic and diluted EPS are the same for each class of common stock and participating securities because they are entitled to the same liquidation and dividend rights. The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2025	2024
Net loss	\$ (15,076)	\$ (16,604)
Net income attributable to noncontrolling interest	2	12
Net loss attributable to common stockholders	<u>\$ (15,078)</u>	<u>\$ (16,616)</u>
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted, of Class A and Class B common stock	50,335,053	48,577,980
Net loss per share attributable to common stockholders, basic and diluted, of Class A and Class B common stock	<u>\$ (0.30)</u>	<u>\$ (0.34)</u>

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect, or issuance of such shares is contingent upon the occurrence of an event:

	March 31,	
	2025	2024
Stock options outstanding	1,811,616	2,714,370
Unvested restricted stock units	3,095,922	2,854,013
Unvested performance restricted stock units	497,555	299,754
Warrants outstanding	—	87,784
Shares reserved for charitable contribution	140,929	221,461
Convertible notes	5,123,624	5,123,624
Total shares	<u>10,669,646</u>	<u>11,301,006</u>

(9) Debt Commitments and Contingencies

2027 Convertible Notes

In February 2022, we issued \$287.5 million aggregate principal amount of convertible senior notes due in 2027 (the “2027 Notes”) pursuant to an indenture dated February 4, 2022. The 2027 Notes were sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2027 Notes were \$278.2 million, net of debt issuance costs. The debt issuance costs are amortized to interest expense using the effective interest rate method.

The 2027 Notes are unsecured obligations and bear regular interest at 1% per annum, payable on February 1 and August 1 of each year. The 2027 Notes will mature on February 1, 2027 unless repurchased, redeemed, or converted in accordance with their terms prior to such date.

The 2027 Notes are convertible into cash, shares of our Class A common stock, or a combination of cash and shares of our Class A common stock, at our election, at an initial conversion rate of 17.8213 shares of Class A common stock per \$1,000 principal amount of 2027 Notes, which is equivalent to an initial conversion price of approximately \$56.11 per share of our Class A common stock. The conversion rate is subject to customary adjustments for certain events as described in the indenture governing the 2027

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Notes. In addition, following certain corporate events that occur prior to the maturity date of the 2027 Notes or if we deliver a notice of redemption in respect of the 2027 Notes, we will, under certain circumstances, increase the conversion rate of the 2027 Notes for a holder who elects to convert its 2027 Notes in connection with such a corporate event or convert its 2027 Notes called (or deemed called) for redemption in connection with such notice of redemption, as the case may be.

We may redeem for cash all or any portion of the 2027 Notes, at our option, on or after February 5, 2025 if the last reported sale price of our Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus accrued and unpaid interest.

Holders of the 2027 Notes may convert all or a portion of their 2027 Notes at their option prior to November 1, 2026, in multiples of \$1,000 principal amounts, only under the following circumstances:

- if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the applicable conversion price of the 2027 Notes on each such trading day;
- during the five business day period after any ten consecutive trading day period in which the trading price per \$1,000 principal amount of the 2027 Notes for each day of that ten consecutive trading day period was less than 98% of the product of the last reported sale price of our Class A common stock and the applicable conversion rate of the 2027 Notes;
- on a notice of redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, in which case we may be required to increase the conversion rate for the 2027 Notes so surrendered for conversion in connection with such redemption notice; or
- on the occurrence of specified corporate events.

On or after November 1, 2026, the 2027 Notes are convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

In the event of a fundamental change (as defined in the indenture governing the 2027 Notes), subject to certain conditions and limited exceptions, holders of the 2027 Notes may require us to repurchase all or a portion of the 2027 Notes at a price equal to 100% of the principal amount of 2027 Notes, plus accrued and unpaid interest.

We accounted for the issuance of the 2027 Notes as a single liability measured at its amortized cost, as no other embedded features require bifurcation and recognition as derivatives.

The Company estimates the fair value of the 2027 Notes with inputs that are unobservable. The following table presents the outstanding principal amount and carrying value of the 2027 Notes as of the dates indicated (in thousands):

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Principal	\$ 287,500	287,500
Unamortized debt discount	(3,162)	(3,594)
Unamortized debt issuance costs	(245)	(278)
Net carrying value	<u>\$ 284,093</u>	<u>283,628</u>

The annual effective interest rate for the 2027 Notes was approximately 1.6%. Interest expense related to the 2027 Notes for the periods presented below was as follows (in thousands):

	<u>Three Months Ended</u> <u>March 31,</u>	
	<u>2025</u>	<u>2024</u>
Coupon interest	\$ 718	\$ 719
Amortization of debt discount	432	431
Amortization of transaction costs	33	33
Total interest expense	<u>\$ 1,183</u>	<u>\$ 1,183</u>

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The following table presents the carrying value and estimated fair value of the 2027 Notes as of the date indicated (in thousands):

	March 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2027 Notes ⁽¹⁾	\$ 284,093	\$ 278,358	\$ 283,628	\$ 311,621

(1) As of March 31, 2025 and December 31, 2024, the fair value of the 2027 Notes was measured using Level 2 inputs based on the frequency of trading on our debt at the end of the period.

Contingencies

The Company from time to time may be subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of the Company, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Company in connection with its legal proceedings is not expected to have a material adverse effect on the Company's financial position or operations.

Restructuring

In the first quarter of 2025, the Company initiated a restructuring action to help improve efficiency and align resources by reducing our workforce. During the three months ended March 31, 2025, the Company incurred \$1.5 million for employee termination costs related to the first quarter restructuring.

The following table shows the total amount incurred and the liability, which was recorded in accrued expenses in the Condensed Consolidated Balance Sheets, for restructuring-related employee termination benefits as of December 31, 2024 and March 31, 2025 (in thousands):

	Employee Termination Benefits
Accrued restructuring costs as of December 31, 2024	\$ —
Restructuring costs incurred during the three months ended March 31, 2025	1,461
Amount paid during the period ended March 31, 2025	(373)
Accrued restructuring costs as of March 31, 2025	<u>\$ 1,088</u>

The following table shows the total restructuring costs incurred during the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Sales and marketing	\$ 85	\$ —
Operations and support	689	—
Product development	534	—
General and administrative	153	—
Total restructuring charges	<u>\$ 1,461</u>	<u>\$ —</u>

Defined Contribution Plans

The Company sponsors a defined contribution plan for qualifying employees, including a 401(k) Plan in the United States to which it makes matching contributions of 50% of participating employee contributions up to 6% of eligible income. The Company's total matching contribution to the 401(k) Plan was \$0.7 million and \$0.7 million for the three months ended March 31, 2025 and 2024, respectively.

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(10) Goodwill and Intangible Assets

The following tables summarize the Company's intangible assets (dollars in thousands):

	March 31, 2025			
	Weighted average amortization period in years	Gross carrying amount	Accumulated amortization	Net carrying amount
Intangible Assets				
Amortizing intangible assets:				
Customer Relationships	15	\$ 36,600	\$ 8,081	\$ 28,519
Trade Names	10	800	265	535
Developed Technology	5	739	537	202
Vendor Relationships	15	1,259	441	818
Database	5	2,400	1,590	810
Patents	17	157	63	94
Subtotal intangible assets		41,955	10,977	30,978
In-place Lease Intangible Asset	4	568	467	101
Above Market Lease Intangible Asset	4	896	731	165
Total intangible assets		<u>\$ 43,419</u>	<u>\$ 12,175</u>	<u>\$ 31,244</u>

	December 31, 2024			
	Weighted average amortization period in years	Gross carrying amount	Accumulated amortization	Net carrying amount
Intangible Assets				
Amortizing intangible assets:				
Customer Relationships	15	\$ 36,600	\$ 7,471	\$ 29,129
Trade Names	10	800	245	555
Developed Technology	5	739	507	232
Vendor Relationships	15	1,263	420	843
Database	5	2,400	1,470	930
Patents	17	157	61	96
Subtotal intangible assets		41,959	10,174	31,785
In-place Lease Intangible Asset	4	568	433	135
Above Market Lease Intangible Asset	4	896	677	219
Total intangible assets		<u>\$ 43,423</u>	<u>\$ 11,284</u>	<u>\$ 32,139</u>

The following table provides a roll forward of the carrying amount of goodwill (in thousands):

	2025	2024
Balance as of January 1:		
Gross goodwill	\$ 265,760	\$ 265,989
Accumulated impairments	(3,074)	(3,074)
Net goodwill as of January 1	262,686	262,915
Goodwill acquired during the year	—	—
Impact of foreign exchange	323	(229)
Net goodwill as of March 31, 2025 and December 31, 2024:	<u>\$ 263,009</u>	<u>\$ 262,686</u>

As of March 31, 2025 and December 31, 2024, Xometry had \$263.0 million and \$262.7 million, respectively of goodwill. As of March 31, 2025, \$258.0 million was part of Xometry's U.S. operating segment and \$5.0 million was part of Xometry's International operating segment. As of December 31, 2024, \$258.0 million was part of Xometry's U.S. operating segment and \$4.7 million was part of Xometry's International operating segment.

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As of March 31, 2025, estimated amortization expense for intangible assets for the remainder of 2025 and the next five years is: \$2.7 million in 2025, \$3.2 million in 2026, \$2.6 million in 2027, \$2.6 million in 2028, \$2.6 million in 2029, \$2.6 million in 2030 and \$14.9 million thereafter.

Amortization expense for the three months ended March 31, 2025 and 2024 was as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Sales and marketing	\$ 770	771
Product development	30	42
General and administrative ⁽¹⁾	4	3
Total	\$ 804	\$ 816

(1) Amortization of the lease related intangible assets is recorded as operating lease expense in general and administrative.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed in Part II, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024. Our historical results are not necessarily indicative of the results that may be expected in the future and our current quarterly results are not necessarily indicative of the results expected for the full year or any other period.

Overview

Xometry Inc. (“Xometry”, “Company”, “our” or “we”) was incorporated in the State of Delaware in May 2013. Xometry operates a global artificial intelligence (“AI”) powered online manufacturing marketplace and a suite of cloud-based services including Workcenter and Teamspace that are rapidly digitizing the manufacturing industry. Xometry also operates Thomasnet®, a leading North American industrial sourcing platform. Together, these platforms provide manufacturers the critical resources they need to grow their business and makes it easy for buyers to create resilient supply chains. Xometry's marketplace uses proprietary AI to help buyers efficiently source custom-manufactured parts and assemblies and attain instant pricing and lead times. The AI enables our rapidly growing network of manufacturers to select the optimal jobs to fill their capacity. Our suite of cloud-based services and our Thomasnet industrial sourcing platform helps manufacturers and industrial service providers grow their businesses using our advertising, marketing and financial services. Xometry’s corporate headquarters is located in North Bethesda, Maryland.

Xometry’s AI-enabled marketplace, which is available in 18 local languages, is powered by proprietary machine learning algorithms and datasets. Our two-sided marketplace is rapidly digitizing the manufacturing industry, helping customers strengthen their supply chains. Buyers can procure the products they want on demand, and suppliers can reach new customers throughout the world. Our rapidly growing active supplier base enables companies to accelerate their product development and go-to-market strategies, as well as reduce the cost and lead times for ongoing production work. Each interaction on our marketplace provides rich data insights that allow us to continuously improve our AI models and create new products and services, fueling powerful network effects as we scale.

We use proprietary technology to enable product designers, engineers, buyers, and supply chain professionals to instantly access the capacity of a global network of manufacturing facilities. The Company’s platform makes it possible for buyers to quickly receive pricing, expected lead times, manufacturability feedback and place orders on the Company’s platform. The network allows the Company to provide high volumes of unique parts, including custom components and assemblies for its buyers, as well as larger production orders of single parts.

Our mission is to accelerate innovation by providing real time, equitable access to global manufacturing capacity and demand. Our vision is to drive efficiency, sustainability and innovation for industries worldwide by lowering the barriers to entry to the manufacturing ecosystem.

Our business benefits from a virtuous network effect, because adding buyers to our platform generates greater demand on our marketplace which in turn attracts more suppliers to the platform, allowing us to rapidly scale and increase the number of manufacturing processes offered on our platform. In order to continue to meet the needs of buyers and remain highly competitive, we expect to continue to add suppliers to our platform that have new and innovative manufacturing processes. Thus, our platform is unbounded by the in-house manufacturing capacity and processes of our current suppliers.

We define “buyers” as individuals who have placed an order to purchase custom-manufactured, on-demand parts or assemblies on our marketplace. Our buyers include engineers, product designers, procurement and supply chain personnel, entrepreneurs, technicians and business owners from small businesses to Fortune 500 companies. We define “accounts” as an individual entity, such as a sole proprietor with a single buyer or corporate entities with multiple buyers, having purchased at least one part on our marketplace. We define “suppliers” as individuals or businesses who have been approved by us to either manufacture a product on our marketplace for a buyer or have utilized our supplier services, including our financial services or the purchase of tools and materials.

The majority of our revenue is derived from the sale of part(s) and assemblies to our customers on our marketplace, which we refer to as marketplace revenue. The suppliers on our platform offer a diversified and expanding mix of manufacturing processes. These manufacturing processes include computer numerical control (“CNC”) manufacturing, sheet metal forming, sheet cutting, 3D printing (including fused deposition modeling, direct metal laser sintering, PolyJet, stereolithography, selective laser sintering, binder jetting, carbon digital light synthesis, multi jet fusion and lubricant sublayer photo-curing), die casting, stamping, injection molding, urethane casting, tube cutting, tube bending, as well as finishing services, rapid prototyping and high-volume production. Xometry's extensible technology platform allows the Company to add new technologies and processes to gain more wallet share with our

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buyers. We enable buyers to source these processes to meet complex and specific design and order needs across several industries, including Aerospace, Industrial, Medical Devices, Automotive, Consumer Goods, Defense, Government, Energy, Education and Robotics.

We empower suppliers to grow their manufacturing businesses and improve machine utilization by providing access to an extensive, diverse base of buyers. We also offer suppliers supporting products and services to meet their unique needs. The Thomasnet product sourcing and supplier discovery platform provides access to in-depth profiles of 500,000 North American suppliers. Thomas' suite of advertising services provides suppliers with tailored marketing campaigns to maximize their visibility and enhance engagement with potential buyers. Thomas' in-house digital marketing agency, Thomas Marketing Services, offers a range of essential digital marketing services to generate leads and boost the awareness and reach of suppliers. In addition, our supplier services include financial service products to facilitate faster payments and a cloud-based manufacturing execution system ("Workcenter") to help suppliers optimize their productivity.

Unfavorable conditions in the economy both in the United States and abroad may negatively affect the growth of our business and our results of operations. For example, macroeconomic events, fluctuations in inflation and interest rates, volatile market conditions, impacts from tariffs, the Russia-Ukraine war, conflict in the Middle East and other geopolitical tensions, have led to economic uncertainty globally. Historically, during periods of economic uncertainty and downturns, businesses may slow spending on information technology and manufacturing, which may impact our business and our customers' businesses.

The effect of macroeconomic conditions may not be fully reflected in our results of operations until future periods. If, however, economic uncertainty increases or the global economy worsens, our business, financial condition and results of operations may be harmed. For further discussion of the potential impacts of macroeconomic events on our business, financial condition, and operating results, see the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024.

Restructuring

In March 2025, we initiated restructuring actions to help improve efficiency and align resources by reducing our workforce by approximately 5%. The workforce reduction focused on realigning our staffing levels to help us meet the current and future objectives of our business. For the period ended March 31, 2025, we incurred \$1.5 million for employee termination costs related to our restructuring. Refer to Note 9, *Debt Commitments and Contingencies*—*Restructuring* to of our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

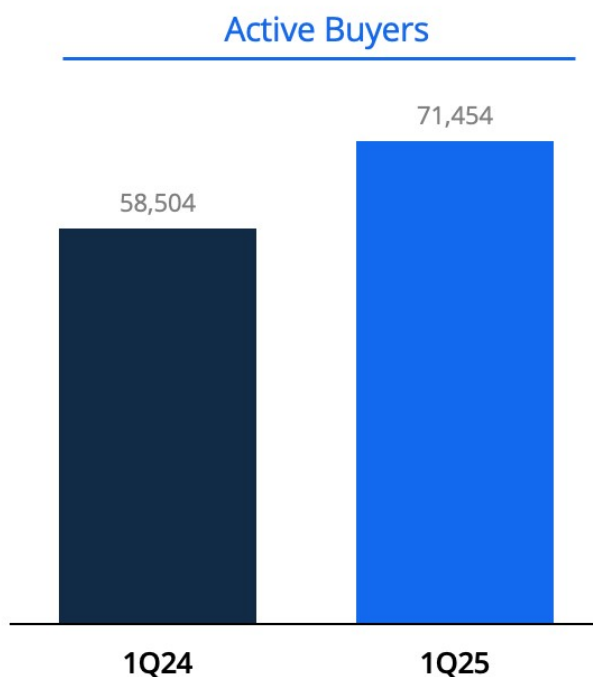
Key Marketplace Operational and Business Metrics

In addition to the measures presented in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, we use the following key operational and business metrics to help us evaluate our marketplace business, measure our performance, identify trends affecting our business, formulate business plans and develop forecasts, and make strategic decisions:

Active Buyers

We define Active Buyers as the number of buyers who have made at least one purchase on our marketplace during the last twelve months. An increase or decrease in the number of Active Buyers is a key indicator of our ability to attract, retain and engage buyers on our platform.

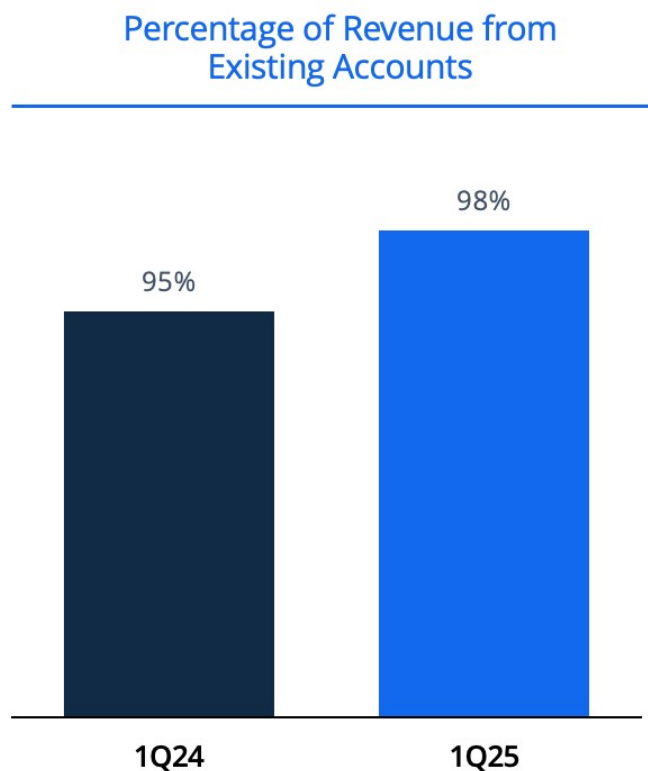
Active Buyers has consistently grown over time. The number of Active Buyers on our platform reached 71,454 as of March 31, 2025, up 22% from 58,504 as of March 31, 2024. The key drivers of Active Buyer growth are continued account and buyer engagement and the success of our strategy to attract new buyers.



Percentage of Revenue from Existing Accounts

We define an existing account as an account where at least one buyer has made a purchase on our marketplace. We believe the efficiency and transparency of our business model leads to increasing account stickiness and spend over time. Buyers can utilize our marketplace for both one-off and recurring manufacturing opportunities. For example, a buyer may choose to utilize our marketplace's CNC manufacturing processes to manufacture a discrete component for a prototype, and then may choose to later use our marketplace to mass produce that same component. A buyer may also recommend our marketplace to other engineers within their organizations who are designing other products and who may use an entirely different set of manufacturing processes, deepening our reach and stickiness with an account.

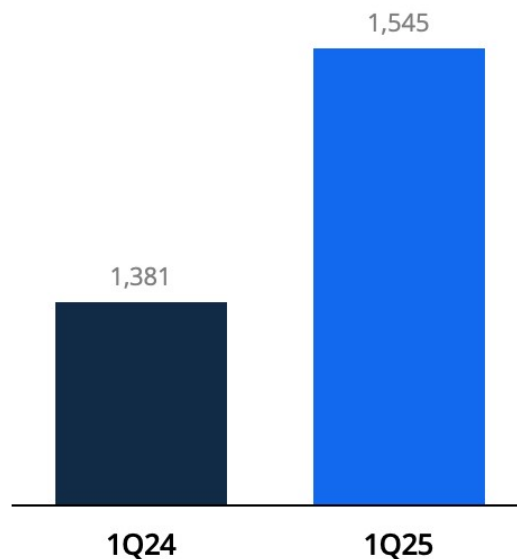
For the quarter ended March 31, 2025, 98% of our revenue was generated from existing accounts. We believe the repeat purchase activity from existing accounts reflects the underlying strength of our business and provides us with substantial revenue visibility and predictability.



Accounts with Last Twelve-Month Spend of At Least \$50,000

Accounts with Last Twelve-Month, or LTM, Spend of At Least \$50,000 means an account that has spent at least \$50,000 on our marketplace in the most recent twelve-month period. We view the acquisition of an account as a foundation for the addition of long-term buyers to our marketplace. Once an account joins our platform, we aim to expand the relationship and increase engagement and spending activities from that account over time. The number of accounts with LTM Spend of at least \$50,000 on our platform reached 1,545 as of March 31, 2025, up 12% from 1,381 as of March 31, 2024.

Accounts with LTM Spend of at Least \$50,000



Adjusted EBITDA

We define Adjusted EBITDA as net loss, adjusted for interest expense, interest and dividend income, other expenses, and certain other non-cash or non-recurring items impacting net loss from time to time, principally comprised of depreciation and amortization, amortization of lease intangible, stock-based compensation, payroll tax expense related to stock-based compensation, lease termination, charitable contributions of common stock, income from an unconsolidated joint venture, restructuring charges, and acquisition and other adjustments not reflective of our ongoing business, such as adjustments related to purchase accounting, the revaluation of contingent consideration, transaction costs and executive severance. Adjusted EBITDA is a performance measure that we use to assess our operating performance and the operating leverage in our business. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA for a period by revenue for the same period.

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	Three Months Ended March 31,	
	2025	2024
Net loss	\$ (15,076)	\$ (16,604)
Add (deduct)		
Interest expense, interest and dividend income and other expenses	(179)	(1,156)
Depreciation and amortization	4,246	3,153
Amortization of lease intangible	180	180
Stock-based compensation	7,342	6,036
Payroll tax expense related to stock-based compensation ⁽¹⁾	1,473	—
Lease termination	(30)	—
Acquisition and other	251	686
Charitable contribution of common stock	516	343
Income from unconsolidated joint venture	(106)	(97)
Restructuring charges	1,461	—
Adjusted EBITDA	<u>\$ 78</u>	<u>\$ (7,459)</u>

(1) In the second quarter of 2024, we changed the definition of Adjusted EBITDA to exclude payroll tax expense related to stock-based compensation. For prior periods, this amount was considered de minimis and, accordingly, we have not adjusted the Adjusted EBITDA amounts for such periods.

For the three months ended March 31, 2025, Adjusted EBITDA was \$0.1 million, as compared to Adjusted EBITDA loss of \$(7.5) million for the same quarter in 2024. For the quarter ended March 31, 2025, Adjusted EBITDA Margin was 0.1% of revenue, as compared to (6.1)% of revenue for the same quarter in 2024, driven primarily by increased operating efficiencies as we continue to grow our revenue and margins faster than our expenses.

Non-GAAP Net Income (Loss)

We define Non-GAAP net income (loss), as net loss adjusted for depreciation and amortization, stock-based compensation, payroll tax expense related to stock-based compensation, amortization of lease intangible, amortization of deferred costs on convertible notes, charitable contributions of common stock, lease termination, restructuring charges and acquisition and other adjustments not reflective of our ongoing business, such as adjustments related to purchase accounting, the revaluation of contingent consideration, transaction costs and executive severance.

	For the Three Months Ended March 31,	
	2025	2024
Non-GAAP Net Income (Loss):		
Net loss	\$ (15,076)	\$ (16,604)
Add (deduct):		
Depreciation and amortization	4,246	3,153
Stock-based compensation	7,342	6,036
Payroll tax expense related to stock-based compensation ⁽¹⁾	1,473	—
Amortization of lease intangible	180	180
Amortization of deferred costs on convertible notes	465	464
Acquisition and other	251	686
Charitable contribution of common stock	516	343
Lease termination	(30)	—
Restructuring charges	1,461	—
Non-GAAP Net Income (Loss)	<u>\$ 828</u>	<u>\$ (5,742)</u>

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(1) In the second quarter of 2024, we changed the definition of Non-GAAP Net Income (Loss) to exclude payroll tax expense related to stock-based compensation. For prior periods, this amount was considered de minimis and, accordingly, we have not adjusted the Non-GAAP Net Income (Loss) amounts for such periods.

For the three months ended March 31, 2025, Non-GAAP net income was \$0.8 million, as compared to Non-GAAP net loss of \$(5.7) million for the same quarter in 2024. For the quarter ended March 31, 2025, Non-GAAP net income (loss) was 0.6% of revenue, as compared to (4.7)% of revenue for the same quarter in 2024.

Adjusted EBITDA and Non-GAAP net income (loss) are non-GAAP financial measures that we use, in addition to our GAAP financial measures, to evaluate our business. We have included Adjusted EBITDA and Non-GAAP net income (loss) in this filing because they are key measures used by our management to evaluate our operating performance. Accordingly, we believe that Adjusted EBITDA and Non-GAAP net income (loss) provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors. Our calculation of Adjusted EBITDA and Non-GAAP net income (loss) may differ from similarly titled non-GAAP measures, if any, reported by our peer companies and therefore may not serve as an accurate basis of comparison among companies. Adjusted EBITDA and Non-GAAP net income (loss) should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Components of Results of Operations

Revenue

Our marketplace revenue is primarily comprised of sales of parts and assemblies to customers through our platform. Buyers purchase specialized CNC manufacturing, sheet metal manufacturing, 3D printing, injection molding, urethane casting, tube cutting, tube bending and finishing services. Customer purchases range from rapid prototyping of single parts to high-volume production on our marketplace. These products are primarily manufactured by our network of suppliers.

Supplier services revenue includes the sale of marketing and advertising services, and to a lesser extent financial service products and SaaS-based solutions.

Cost of Revenue

Marketplace cost of revenue primarily consists of the cost to us of the products that are manufactured or produced by us or our suppliers for delivery to buyers on our platform, internal and external production costs, shipping costs and certain internal depreciation. We expect cost of revenue to increase in absolute dollars to the extent our revenue increases and transaction volume increases. As we grow and add suppliers to our platform, we are able to improve our pricing efficiency, we expect cost of revenue to decline as a percentage of revenue over time.

Cost of revenue for supplier services primarily consists of internal and external production costs and website hosting.

Gross Profit

Gross profit, or revenue less cost of revenue, is primarily affected by the growth of our revenue. Our gross profit margin is primarily affected by liquidity of our suppliers' network and the efficiency of our pricing and will be benefited by increasing the use of existing supplier services and the variety of supplier services offerings over time.

Operating Expenses

Our operating expenses consist of sales and marketing, operations and support, product development, general and administrative functions and impairment of assets.

Sales and Marketing

Sales and marketing expenses are expensed as incurred and include the costs of our digital marketing strategies, branding costs and other advertising costs, certain depreciation and amortization expense, contract acquisition costs and compensation expenses, including stock-based compensation, to our sales and marketing employees. We intend to continue to invest in our sales and marketing capabilities in the future to continue to increase our brand awareness, add new accounts and further penetrate existing accounts. We expect sales and marketing expense to increase in absolute dollars in the future as we grow our business, though in the near-term sales and marketing expenses may fluctuate from period-to-period based on the timing of our investments in our sales and marketing functions as these investments may vary in scope and scale over future periods.

Operations and Support

Operations and support expenses are the costs we incur in support of the buyers and suppliers on our platform which are provided by phone, email and chat for purposes of resolving buyer and suppliers related matters. These costs primarily consist of compensation expenses of the support staff, including stock-based compensation, restructuring charges, certain depreciation and amortization expense and software costs used in delivering buyer and suppliers services. We expect operations and support expense to

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increase in absolute dollars in the future, though in the near-term operations and support expenses may fluctuate from period-to-period based on total revenue levels and the timing of our investments in our operations and support functions as these investments may vary in scope and scale over future periods.

Product Development

Product development costs that are not eligible for capitalization are expensed as incurred. This account also includes compensation expenses, including stock-based compensation expenses to our employees performing these functions, restructuring charges and certain depreciation and amortization expense. We expect product development expense to increase in absolute dollars in the future, though in the near-term product development expenses may fluctuate from period-to-period based on total revenue levels and the timing of our investments in our product development functions as these investments may vary in scope and scale over future periods.

General and Administrative

General and administrative expenses primarily consist of compensation expenses, including stock-based compensation expenses, for executive, finance, legal and other administrative personnel, professional service fees, restructuring charges and certain depreciation and amortization expense. We expect general and administrative expenses to fluctuate as a result of operating as a public company.

Other Income (Expenses)

Interest Expense

Interest expense consists of interest incurred on our outstanding borrowings under our outstanding convertible notes or other borrowings.

Interest and Dividend Income

Interest and dividend income consists of interest and dividends on our cash, cash equivalents and marketable securities.

Other Expenses

Other expenses consist primarily of realized foreign exchange gains and/or losses and other expenses.

Income from Unconsolidated Joint Venture

Income from unconsolidated joint venture consists of our share of the joint venture's income.

Results of Operations

Comparison of the Three Months Ended March 31, 2025 and 2024

The following table sets forth our unaudited statements of operations data for the periods indicated:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Revenue	\$ 150,971	\$ 122,690
Cost of revenue	94,640	74,788
Gross profit	56,331	47,902
Operating expenses:		
Sales and marketing	26,435	27,200
Operations and support	17,090	14,047
Product development	11,171	9,590
General and administrative	17,026	14,922
Total operating expenses	71,722	65,759
Loss from operations	(15,391)	(17,857)
Other income (expenses):		
Interest expense	(1,188)	(1,189)
Interest and dividend income	2,277	2,732
Other expenses	(880)	(387)
Income from unconsolidated joint venture	106	97
Total other income	315	1,253
Loss before income taxes	(15,076)	(16,604)
Benefit for income taxes	—	—
Net loss	(15,076)	(16,604)
Net income attributable to noncontrolling interest	2	12
Net loss attributable to common stockholders	\$ (15,078)	\$ (16,616)

The following table sets forth our unaudited statements of operations data expressed as a percentage of total revenue for the periods indicated:

	Three Months Ended March 31,	
	2025	2024
Revenue	100.0%	100.0%
Cost of revenue	62.7%	61.0%
Gross profit	37.3%	39.0%
Operating expenses:		
Sales and marketing	17.5%	22.2%
Operations and support	11.3%	11.4%
Product development	7.4%	7.8%
General and administrative	11.3%	12.2%
Total operating expenses	47.5%	53.6%
Loss from operations	(10.2)%	(14.6)%
Other income (expenses):		
Interest expense	(0.8)%	(1.0)%
Interest and dividend income	1.5%	2.2%
Other expenses	(0.6)%	(0.3)%
Income from unconsolidated joint venture	0.1%	0.1%
Total other income	0.2%	1.0%
Loss before income taxes	(10.0)%	(13.6)%
Benefit for income taxes	—%	—%
Net loss	(10.0)%	(13.6)%
Net income attributable to noncontrolling interest	—%	—%
Net loss attributable to common stockholders	(10.0)%	(13.6)%

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The following tables present our disaggregated revenue and cost of revenue. Revenue from our marketplace primarily reflects the sales of parts and assemblies on our platform. Revenue from supplier services primarily includes the sale of advertising and to a lesser extent financial service products and SaaS products.

Revenue and cost of revenue is presented in the following tables for the three months ended March 31, 2025 and 2024 (in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Marketplace		
Revenue	\$ 136,353	\$ 107,186
Cost of revenue	93,046	72,907
Gross Profit	\$ 43,307	\$ 34,279
Gross Margin	31.8%	32.0%
Supplier services		
Revenue	\$ 14,618	\$ 15,504
Cost of revenue	1,594	1,881
Gross Profit	\$ 13,024	\$ 13,623
Gross Margin	89.1%	87.9%

Revenue

Total revenue increased \$28.3 million, or 23%, from \$122.7 million for the three months ended March 31, 2024 to \$151.0 million for the three months ended March 31, 2025. This growth was a result of an increase in marketplace revenue, partially offset by a decrease in supplier services revenue. Marketplace revenue increased \$29.2 million, or 27%, from \$107.2 million for the three months ended March 31, 2024 to \$136.4 million for the three months ended March 31, 2025. The increase in marketplace revenue was primarily due to increased buyer activity on the platform, particularly with respect to enterprise customers for the three months ended March 31, 2025 as compared to the prior year period.

Supplier services revenue decreased \$0.9 million, or 6% from \$15.5 million for the three months ended March 31, 2024 to \$14.6 million for the three months ended March 31, 2025. The decrease in revenue was due to reductions in Thomas advertising and marketing services and to a lesser extent a decrease in Thomas non-core services partly offset by growth in financial services.

Total revenue for the three months ended March 31, 2025 and 2024 was \$127.8 million and \$103.4 million, respectively, for the U.S. operating segment and \$23.2 million and \$19.3 million, respectively, for the International operating segment.

Cost of Revenue

Total cost of revenue increased \$19.9 million, or 27%, from \$74.8 million for the three months ended March 31, 2024 to \$94.6 million for the three months ended March 31, 2025. This increase was primarily the result of an increase in marketplace cost of revenue. Total cost of revenue from marketplace and supplier services for the three months ended March 31, 2025 was \$93.0 million and \$1.6 million, respectively, as compared to \$72.9 million and \$1.9 million, respectively, for the three months ended March 31, 2024.

Marketplace cost of revenue was driven by order growth and increased activity on our marketplace.

Gross Profit and Margin

Gross profit increased \$8.4 million, or 18%, from \$47.9 million for the three months ended March 31, 2024 to \$56.3 million for the three months ended March 31, 2025. The increase in gross profit was primarily due to a 26% increase in marketplace gross profit as compared to the prior year period.

Total gross margin was 37.3% for three months ended March 31, 2025 as compared to 39.0% for the three months ended March 31, 2024. The decrease is primarily driven by faster growth and associated mix shift to marketplace revenue which has lower gross margin than supplier services.

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Gross margin for marketplace was 31.8% for the three months ended March 31, 2025, as compared to 32.0% for the three months ended March 31, 2024. The decrease was primarily driven by lower international gross margin.

Gross margin for our supplier services was 89.1% for the three months ended March 31, 2025, as compared to 87.9% for the three months ended March 31, 2024. The increase in gross margin for supplier services is primarily due to a higher mix of advertising and marketing services revenue and the wind down of Thomas non-core services.

Operating Expenses

Sales and Marketing

Sales and marketing expense decreased \$0.8 million, or 3%, from \$27.2 million for the three months ended March 31, 2024 to \$26.4 million for the three months ended March 31, 2025, primarily due to lower commissions and marketing and advertising expense. These decreases were offset by additional sales and marketing employees and their compensation costs, including stock-based compensation and travel and entertainment costs. As a percent of total revenue, sales and marketing expenses decreased to 17.5% for the three months ended March 31, 2025 from 22.2% for the three months ended March 31, 2024.

Advertising expense decreased 18%, from \$8.3 million for the three months ended March 31, 2024 to \$6.8 million for the three months ended March 31, 2025 primarily due to decreased marketplace advertising.

Operations and Support

Operations and support expense increased \$3.0 million, or 22%, from \$14.0 million for the three months ended March 31, 2024 to \$17.1 million for the three months ended March 31, 2025, primarily due to additional employees and their compensation cost, included stock based compensation, increases due to restructuring costs and consulting expense. As a percent of total revenue, operations and support expenses decreased to 11.3% for the three months ended March 31, 2025 from 11.4% for the three months ended March 31, 2024.

Product Development

Product development expense increased \$1.6 million, or 16%, from \$9.6 million for the three months ended March 31, 2024 to \$11.2 million for the three months ended March 31, 2025, primarily as result of increases in amortization expense related to capitalized internal-use software development costs and increases in software costs and increases due to restructuring costs. As a percent of total revenue, product development expenses decreased to 7.4% for the three months ended March 31, 2025 as compared to 7.8% for the three months ended March 31, 2024.

General and Administrative

General and administrative expense increased \$2.1 million, or 14%, from \$14.9 million for the three months ended March 31, 2024 to \$17.0 million for the three months ended March 31, 2025. The increase was due to an increase in general and administrative employees and their compensation costs, including stock-based compensation, increases in reserves for bad debt, restructuring costs and software and maintenance costs. As a percent of total revenue, general and administrative expenses decreased to 11.3% for the three months ended March 31, 2025 from 12.2% for the three months ended March 31, 2024.

Other Income (Expenses)

Interest Expense

Interest expense remained flat at \$1.2 million for the three months ended March 31, 2025 and 2024. Interest expense is primarily due to the interest on the 2027 convertible notes issued in February 2022.

Interest and Dividend Income

Interest and dividend income decreased \$0.5 million, or 17%, from \$2.7 million for the three months ended March 31, 2024 to \$2.3 million for the three months ended March 31, 2025. Interest and dividend income is primarily due to dividend income from our marketable securities.

Other Expenses

Other expenses increased by \$0.5 million, primarily due to foreign tax expense and refunds.

Income from Unconsolidated Joint Venture

Income from unconsolidated joint venture remained flat at \$0.1 million for the three months ended March 31, 2025 and 2024.

Additional Segment Considerations

Total segment Adjusted EBITDA from our U.S. reportable segment for the three months ended March 31, 2025 and 2024 was \$3.0 million and (\$5.5) million, respectively. Total segment Adjusted EBITDA from our International reportable segment for the three months ended March 31, 2025 and 2024 was \$(2.9) million and \$(2.0) million, respectively.

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Refer to Note 5, *Segments* as we changed our measure of segment profit or loss in 2024 to segment Adjusted EBITDA and recast prior year data.

Liquidity and Capital Resources

General

We have financed our operations primarily through sales of our equity securities and borrowings under our convertible notes. As of March 31, 2025, our cash and cash equivalents and marketable securities totaled \$231.4 million. We believe our existing cash and cash equivalents and marketable securities will be sufficient to support our working capital and capital expenditure requirements for at least the next twelve months. We believe we will meet our longer-term expected future cash requirements primarily from a combination of cash flow from operating activities and available cash and cash equivalents and marketable securities. We may also engage in equity or debt financings to secure additional funds. Our future capital requirements will depend on many factors, including our revenue growth rate, receivable and payable cycles, the timing and extent of investments in product development, sales and marketing, operations and support and general and administrative expenses.

Our capital expenditures consist primarily of internal-use software costs, manufacturing equipment, computers and peripheral equipment, furniture and fixtures and leasehold improvements and patents.

Convertible Notes due 2027

In February 2022, we issued \$287.5 million aggregate principal amount of 2027 Notes pursuant to an indenture dated February 4, 2022. The 2027 Notes were issued in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2027 Notes were \$278.2 million, net of debt issuance costs. The debt issuance costs are amortized to interest expense using the effective interest rate method.

The 2027 Notes are unsecured obligations and bear regular interest at 1% per annum, payable on February 1 and August 1 of each year. The 2027 Notes will mature on February 1, 2027 unless repurchased, redeemed, or converted in accordance with their terms prior to such date.

The 2027 Notes are convertible into cash, shares of our Class A common stock, or a combination of cash and shares of our Class A common stock, at our election, at an initial conversion rate of 17.8213 shares of Class A common stock per \$1,000 principal amount of 2027 Notes, which is equivalent to an initial conversion price of approximately \$56.11 per share of our Class A common stock. The conversion rate is subject to customary adjustments for certain events as described in the indenture governing the 2027 Notes. In addition, following certain corporate events that occur prior to the maturity date of the 2027 Notes or if we deliver a notice of redemption in respect of the 2027 Notes, we will, under certain circumstances, increase the conversion rate of the 2027 Notes for a holder who elects to convert its 2027 Notes in connection with such a corporate event or convert its 2027 Notes called (or deemed called) for redemption in connection with such notice of redemption, as the case may be.

We may redeem for cash all or any portion of the 2027 Notes, at our option, on or after February 5, 2025 if the last reported sale price of our Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus accrued and unpaid interest or additional interest, if any.

Holders of the 2027 Notes may convert all or a portion of their 2027 Notes at their option prior to November 1, 2026, in multiples of \$1,000 principal amounts, only under the following circumstances:

- if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the applicable conversion price of the 2027 Notes on each such trading day;
- during the five-business day period after any ten consecutive trading day period in which the trading price per \$1,000 principal amount of the 2027 Notes for each day of that ten consecutive trading day period was less than 98% of the product of the last reported sale price of our Class A common stock and the applicable conversion rate of the 2027 Notes;
- on a notice of redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, in which case we may be required to increase the conversion rate for the 2027 Notes so surrendered for conversion in connection with such redemption notice; or
- on the occurrence of specified corporate events.

On or after November 1, 2026, the 2027 Notes are convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

In the event of a fundamental change (as defined in the indenture governing the 2027 Notes), subject to certain conditions and limited exceptions, holders of the 2027 Notes may require us to repurchase all or a portion of the 2027 Notes at a price equal to 100% of the principal amount of 2027 Notes, plus accrued and unpaid interest.

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We accounted for the issuance of the 2027 Notes as a single liability measured at its amortized cost, as no other embedded features require bifurcation and recognition as derivatives.

As of March 31, 2025, the 2027 Notes have a carrying value of \$284.1 million with an effective annual interest rate of 1.6%.

We may, from time to time, repurchase our convertible senior notes using cash on hand, either on the open market or in privately negotiated transactions.

Cash Flows

The following table presents a summary of our cash flows from operating, investing, and financing activities for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Net cash used in operating activities	\$ (3,691)	\$ (11,734)
Net cash (used in) provided by investing activities	(3,686)	2,927
Net cash provided by financing activities	510	1,233

Operating Activities

For the three months ended March 31, 2025, net cash used in operating activities was \$3.7 million, primarily due to a net loss of \$(15.1) million adjusted for non-cash charges of \$13.6 million and a net decrease in our operating assets and liabilities of \$(2.2) million. The non-cash adjustments primarily relate to stock-based compensation of \$7.3 million, depreciation and amortization of \$4.2 million and a \$1.1 million of reduction to our right of use lease assets. The net decrease in operating assets and liabilities is primarily driven by the changes in accounts receivable of \$13.4 million due to increased sales, changes in other assets of \$2.0 million, changes in lease liabilities of \$1.5 million and changes in prepaid expenses of \$1.5 million offset by changes in accounts payable of \$15.0 million due to timing of payments and changes in contract liabilities of \$1.9 million.

For the three months ended March 31, 2024, net cash used in operating activities was \$11.7 million, primarily due to a net loss of \$(16.6) million adjusted for non-cash charges of \$11.1 million and a net decrease in our operating assets and liabilities of \$(6.3) million. The non-cash adjustments primarily relate to stock-based compensation of \$6.0 million, depreciation and amortization of \$3.2 million, and \$1.1 million of reduction to our right of use lease assets. The net decrease in operating assets and liabilities is primarily driven by changes in accounts payable of \$10.6 million due to the timing of payments and lease liabilities of \$1.7 million, offset by changes in accrued expenses of \$4.4 million and contract liabilities of \$2.3 million.

Investing Activities

For the three months ended March 31, 2025, net cash used by investing activities was \$3.7 million, primarily due to the purchase of property and equipment (which includes the internal-use software development costs) of \$5.5 million and the purchase of marketable securities of \$2.3 million offset by the sale of marketable securities of \$4.0 million.

For the three months ended March 31, 2024, net cash provided by investing activities was \$2.9 million, primarily due to the proceeds from the sale of marketable securities of \$10.0 million offset by the purchase of property and equipment (which includes internal-use software development costs) of \$4.3 million and \$2.7 million for the purchase of marketable securities.

Financing Activities

For the three months ended March 31, 2025, net cash provided by financing activities was \$0.5 million, relating to proceeds from the exercise of stock options.

For the three months ended March 31, 2024, net cash provided by financing activities was \$1.2 million, relating to proceeds from the exercise of stock options.

Critical Accounting Estimates

Our condensed consolidated financial statements and accompanying notes have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected. For additional information about our critical accounting policies and estimates, see the disclosure included in our Annual Report on Form 10-K for the year ended December 31,

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2024 as well as Note 2, *Basis of Presentation and Summary of Significant Accounting Policies* in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q. There have been no material changes to our critical accounting policies and accounting estimates as compared to those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

Recent Accounting Pronouncements

For a description of our recently adopted accounting pronouncements and recently issued accounting standards not yet adopted, see Note 2, *Basis of Presentation and Summary of Significant Accounting Policies* in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure to potential changes in interest rates. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Foreign Currency Exchange Risk

Our U.S. revenue and costs are principally denominated in U.S. dollars and are not subject to foreign currency exchange risk. Our International operating segment generates revenue outside of the United States that is denominated in currencies other than the U.S. dollar. Our results of operations are impacted by changes in exchange rates. Outside the U.S., our International operations generate approximately 15% of our revenues for the three months ended March 31, 2025, of which a majority is generated in Euros. If the average exchange rate of Euros changed unfavorably by 10%, our revenues for the three months ended March 31, 2025 would have decreased by 1.2%. During the three months ended March 31, 2025, our revenues were not materially impacted as the average exchange rate remained consistent between the three months ended March 31, 2024 and March 31, 2025.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. If our costs were to become subject to significant inflationary pressures such as those caused by geopolitical tensions, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, results of operations and financial condition.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2025. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent

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limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are involved in various claims and legal actions that arise in the ordinary course of business. We are not a party to any legal proceedings, that individually or in the aggregate, are reasonably expected to have a material adverse effect on our consolidated results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more matters could have a material adverse effect on our consolidated results of operations, financial condition or cash flows.

For the period ended March 31, 2025, there were no material legal proceedings brought against us nor were there any material developments to any ongoing legal proceedings which constituted reportable events.

Item 1A. Risk Factors.

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2024 under Part I, Item 1A, "Risk Factors," together with all of the other information in this Quarterly Report on Form 10-Q, including the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, financial condition, results of operations, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations, and prospects could be adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Other than as set forth below, there have been no material changes to our risk factors as previously disclosed in Item 1A. contained in Part I of our Annual Report on Form 10-K for the year ended December 31, 2024.

Changes in U.S. and international trade policies could adversely impact our business, results of operations and financial condition.

The recent announcements of substantial new tariffs and other restrictive trade policies have created a dynamic and unpredictable trade landscape, which may adversely impact our business. Current or future tariffs or other restrictive trade measures may raise the cost of raw materials, components or finished goods. We derive the majority of our revenue from the sale of parts and assemblies to our customers on our marketplace. Our business is therefore dependent upon the availability and price of raw materials, tools and components for assembly in various countries around the world. To the extent that significant tariffs, sanctions or similar restrictions are placed on certain goods imported into the United States or tariffs and similar measures, including retaliatory measures, are imposed by foreign governments, we could also face significant challenges in maintaining our cost-effectiveness, and we and our network of suppliers may be required to raise prices, thereby making our marketplace less attractive to buyers. To the extent suppliers increase their costs and we are unable to sufficiently pass such price increases on to our customers, or if the level of demand for the products and services we offer decreases as a result of any price increases, we may not be able to achieve or maintain profitability or otherwise maintain our historical margins. Our suppliers, and we as a result, may experience supply chain disruptions as a result of increased costs and uncertainty, including risks to the long-term viability of such suppliers, which may impact our ability to meet customer demand or cause reputational harm if we are unable to deliver products on expected timelines or if any price increases are poorly received by customers. In addition, many of our customers operate businesses that may be impacted by trade policies, which may result in decreased demand on our marketplace or extended sales cycles as customers assess the impact of evolving trade policies on their operations and face increased costs or decreased revenue due to tariffs and trade restrictions. As a result of the foregoing factors, our business, financial condition and results of operations could be materially and adversely affected.

Trade disputes, trade restrictions, tariffs and other political tensions between the U.S. and other countries may also exacerbate unfavorable macroeconomic conditions including inflationary pressures, foreign exchange volatility, financial market instability, and economic recessions or downturns, which may also negatively impact customer demand for products on our marketplace, delay purchases or renewals, limit expansion opportunities with customers, limit our access to capital, or otherwise negatively impact our business and operations. Ongoing tariff, trade restrictions and macroeconomic uncertainty has and may continue to contribute to volatility in the price of our Class A common stock.

The complexity of announced or future tariffs may also increase the risk that we or our customers or suppliers may be subject to civil or criminal enforcement actions in the U.S. or foreign jurisdictions related to compliance with trade regulations. In addition, retaliatory trade policies or anti-U.S. sentiment in certain regions whether driven by trade tensions, political disagreements, or

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regulatory concerns may make customers, governments and investors more hesitant to engage with, purchase from or invest in U.S. firms. This may lead to increased preference for local competitors, changes to government procurement policies, heightened regulatory scrutiny, decreased intellectual property protections, delays in regulatory approvals or other retaliatory regulatory non-tariff policies, which may result in heightened international legal and operational risks and difficulties in attracting and retaining non-U.S. customers, suppliers, employees, partners and investors. Further, international suppliers may elect not to continue engaging us, limiting our sourcing options and increasing our dependency on domestic suppliers.

While we continue to monitor trade developments, the ultimate impact of these risks remains uncertain and any prolonged economic downturn, escalation in trade tensions, or deterioration in international perception of U.S.-based companies could materially and adversely affect our business, results of operations, financial condition and prospects. In addition, tariffs and other trade developments have and may continue to heighten the risks related to the other risk factors described in our Annual Report for the fiscal year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In January 2025, pursuant to our January 2023 acquisition of Tridi, we issued 16,716 shares of Class A common stock with a value of \$0.6 million as contingent consideration to the former owners of Tridi.

The issuance of these shares was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving any public offering.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, none of our directors and officers (as defined in Rule 16a-1(f) under the Securities and Exchange Act of 1934, as amended) adopted or terminated the contracts, instructions or written plans for the purchase or sale of the Company's securities.

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Item 6. Exhibits.

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are herein incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Xometry, Inc., (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40546), filed with the SEC on July 2, 2021).
3.2	Amended and Restated Bylaws of Xometry, Inc., (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-40546), filed with the SEC on July 2, 2021).
10.1	Employment Agreement by and between Xometry, Inc. and Sanjeev Singh Sahni (incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K (File No. 001-40546), filed with the SEC on February 25, 2025).
10.2	Employment Agreement by and between Xometry, Inc. and Vaidyanathan Raghavan (incorporated herein by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K (File No. 001-40546), filed with the SEC on February 25, 2025).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Xometry, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2025

By: _____ /s/ Randolph Altschuler
Randolph Altschuler
Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Xometry, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2025

By: _____ /s/ James Miln
James Miln
Chief Financial Officer
(Principal Financial and Accounting Officer)
