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PRESENTATION
Operator
Good day, and thank you for standing by. Welcome to the Xometry Second Quarter 2021 Earnings Call. (Operator Instructions)

I would now like to hand the conference over to your speaker, Shawn Milne, Vice President, Investor Relations.

Shawn Milne
Good afternoon, and thank you for joining us on Xometry's Q2 2021 Earnings Call. Joining me are Randy Altschuler, our Chief Executive Officer; and Jim Rallo, our Chief Financial Officer.

During today's call, we will review our financial results for the second quarter 2021 and discuss our guidance for the third quarter and full year fiscal 2021. During today's call, we will make forward-looking statements, including statements related to the expected performance of our business, future financial results, strategy, long-term growth and overall future prospects. Such statements may be identified by terms such as believe, expect, intend and may. These statements are subject to risks and uncertainties, which could cause them to differ materially from actual results. Information concerning those risks is available in our earnings press release distributed after market close today and in our SEC filings included in the Form 10-Q for the quarter ended June 30, 2021 that will be filed with the SEC on or before August 16.

We caution you not to place undue reliance on forward-looking statements and undertake no duty or obligation to update any forward-looking statements as a result of new information, future events or changes in our expectations.

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

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Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Thanks, Shawn. Good afternoon, everyone, and thank you for joining us for our first earnings call as a public company. Since many of you are new to Xometry, I'll spend some time introducing you to our business after reviewing our second quarter financial performance and business progress.

Before we begin, I'd like to take this opportunity to thank our sellers, our buyers and our employees for making Xometry the leading marketplace for on-demand manufacturing as we further our mission to digitize one of the largest sectors of the global economy. I would also like to thank our new public market investors as well as our existing investors for their support. I'm going to start with a review of our second quarter performance.

We had a strong Q2 with $50.6 million of revenue as we continue to see rapid adoption of our marketplace by both buyers and sellers. This represents revenue growth of 45% year-over-year and 15% quarter-over-quarter. In Q2, active buyers increased 66% year-over-year. Alongside strong new buyer growth, we continue to see robust growth within existing accounts driven by our land-and-expand strategy.

The number of accounts with the last 12-month spend of at least $50,000 increased 54% year-over-year to 508. On top of strong revenue growth, gross profit increased 21% quarter-over-quarter with gross margins expanding 100 basis points to 23.5%. This was driven by improvements in pricing and seller matching on our AI-powered marketplace. As our marketplace continues to scale and as the number of transactions grow, our machine learning becomes smarter, driving better matches for buyers and sellers and helping us improve our gross margins.

In the first half of 2021, we added over 60 new materials, finishes and processes to our instant quoting engine. This allows us to widen the use cases for all of our buyers across key manufacturing processes and to attract new buyers, which underscores the extensibility of our on-demand manufacturing marketplace.

In the second quarter, we released digital storefronts, the latest offering in our growing basket of seller services. Adding a customized professional digital presence for Xometry sellers increases their overall engagement, visibility and prestige as they look to attract new buyers. The storefront is integrated into our transaction engine, enabling our sellers to efficiently bring their own buyers and transactions to the Xometry marketplace.

We monetize these transactions through our financial payment products. Recently, Ranjana Clark, who is currently Head of Global Transaction Banking at Mitsubishi UGF (sic) [UFJ] Financial Group and is the former Chief Customer and Marketing Officer at PayPal joined our Board of Directors to help guide our payment strategy.

As I mentioned earlier, since many of you are new to the story, I'd like to take a few minutes to provide a brief overview of our marketplace and to discuss key opportunities for growth in areas of investment.

Xometry is the leading on-demand manufacturing marketplace. Since our founding in 2013, growth has been tremendous, including 92% compounded annual growth from 2018 to 2020 with $141 million of revenue in 2020. Today, roughly 30% of Fortune 500 companies are Xometry buyers.

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 by lowering the barriers to entry to the manufacturing ecosystem and to digitize one of the largest industries in the world.

The Xometry platform is a 2-sided marketplace, connecting buyers and sellers of custom-manufactured parts through a transparent online experience. The market is ripe for disruption and digitization with a highly fragmented, regionalized base of sellers and highly inefficient opaque process for buyers. Not only is procurement traditionally slow and expensive, there’s an increased focus from buyers on ESG issues as corporation supply chains produce 5.5x more emissions than their direct operations.
For buyers, we provide immediate pricing, delivery estimates and quality assurance. For sellers, we provide global access to buyers and jobs and a growing basket of seller services to help small local machine shops more efficiently run their businesses, including supplies, shipping and a suite of financial products. Underpinning our marketplace is our proprietary artificial intelligence.

Our AI-powered marketplace enables instant competitive pricing and lead times across a constantly increasing number of choices in combinations of processes, materials and finishes. It starts with our software, which enables 3D geometry and feature recognition. Our machine learning algorithms train on a huge number of features, enabling the platform to become smarter with each transaction driving higher revenue, efficiency and margins.

As pricing and lead times improve, we drive more buyers and higher engagement, resulting in more demand for sellers, creating a powerful network effect for Xometry. The power and value of our marketplace is evidenced by over 23,000 active buyers, including leading brands in aerospace, defense, robotics, medical devices, consumer products, automotive and space.

At the same time, we continue to ramp up our network of active sellers which grew 82% from 2019 to 2020 to over 1,410 active sellers. With so many disruptions to our global supply chains, the expanded breadth and resilience of our seller network has proved crucial to our buyer base. Our market opportunity is massive, with a global TAM of $260 billion in custom on-demand manufacturing, a subset of the multitrillion dollar manufacturing industry. Given the massive market opportunity and our scalable marketplace platform, we will be bold and aggressive in our sales, marketing and technology investments. We’re just getting started.

Within our large and rapidly growing active buyer base, we have a significant opportunity to become an enterprise solution embedded in product design and procurement workflows. We have partnerships with leading CAD platforms, including SOLIDWORKS, Inventor and our recent March ’21 launch of a new integration with Autodesk Fusion 360, which enables users to get instant pricing and lead time estimates from Xometry without leaving Fusion 360.

Another key area of focus is expanding our basket of seller services. In 2019, we launched seller services, beginning with Xometry Supplies, which enables our sellers to buy competitively priced goods from leading brands. In mid-2020, we introduced financial products, including the Xometry Advance Card, which gives sellers immediate access to 30% of the value of the Xometry jobs they accept. And recently, in March of this year, we launched Xometry Pay, a new suite of payment products that allows sellers to quickly accept credit cards and offer payment terms for their customers backed by Xometry.

These financial products offer sellers the opportunity to improve their cash flow, giving them capital to buy materials, tooling and other expenses needed for business operations. Our seller services have been well received, with 40% of our active sellers purchasing supplies or utilizing at least one of our financial products in 2020.

In late 2019, we acquired a small team in Munich, Germany to launch our European operations. Since that time, we’ve seen a strong ramp in revenue in Europe as that platform leverages the AI learnings from our U.S. marketplace.

We have a massive opportunity for international growth. International revenue was just over $3 million for the year 2020 and has generated roughly $6 million in the first half of 2021 alone. Currently, over 90% of our revenue is generated in the United States. We’ve seen an enormous global opportunity and are rapidly scaling up our operations in Europe and intend to build out similar capabilities in Asia Pacific. As with other leading global online marketplaces, international revenue could be 40% or more of total sales over the next several years.

Post our public offering, our pro forma cash balance is roughly $346.8 million, providing strong liquidity to grow our business organically and the opportunity for strategic tuck-in acquisitions to add to our platform, including new geographies or new services.

In Q3 and Q4, we’re going to capitalize on our leadership position and the fragmented nature of our $260 billion market by accelerating investments in new marketing channels, creating a small, dedicated sales team focused on our basket of seller services and stepping up our efforts to expand in new international geographies, including Asia Pacific. We’re also increasing our investments in our machine learning algorithms and the application of them throughout the marketplace.
Xometry is committed to promoting environmental sustainability across our services and to reducing the carbon footprint of manufacturing. With Xometry Go Green initiative, we purchase carbon credits to offset 100% of the estimated impact of the shipment of parts. And we offer buyers the ability to instantly calculate the price-to-purchase carbon credits to offset the CO2 emitted through the manufacturing of their parts.

Our stakeholders expect us to be good stewards, not only of our business, but of the world in which we all live. So with our recent IPO, we founded Xometry.org, which supports the pledge 1% movement and is committing our equity over time to support charitable organizations.

With that, I’ll turn the call over to our CFO, Jim Rallo, for a closer look at second quarter financial results and our business outlook.

James M. Rallo - Xometry, Inc. - CFO

Thanks, Randy, and good afternoon, everyone. I’d like to echo Randy’s comments that we’re excited to discuss our first results as a public company and to share our outlook for the business. As Randy mentioned, we generated Q2 revenue of $50.6 million, a 45% year-over-year increase and up 15% quarter-over-quarter. This increase was driven by strong growth in the number of active buyers resulting from our continued investment in sales and marketing as we leverage our attractive unit economics.

As a reminder, we disclosed in our S-1 that one customer associated with PPE products accounted for 11% of revenue in 2020. Revenue growth in Q2 ’21 was approximately 53%, excluding revenue from that one customer. As Randy mentioned, Q2 active buyers increased 66% year-over-year to 23,942 in Q2. The percentage of revenue from existing accounts was 95%, underscoring the efficiency and transparency of our business model that leads to increasing account stickiness and spend over time.

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. 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 the last 12-month spend of at least 50,000 on our platform reached 508 at the end of Q2 ’21, up 54% year-over-year and 23.3% quarter-over-quarter.

Q2 gross margin was 23.5%, down 30 basis points compared to 23.8% in Q2 ’20. Q2 gross margin increased 100 basis points from Q1 ’21. In early Q1 ’21, we dampened our pricing algorithms to smooth out the impact of rapid commodity price increases to our buyers, lowering gross margin at the start of the year. Towards the end of Q1, we reversed the dampening adjustment, driving improved gross margins quarter-over-quarter. We expect this trend of gross margin improvement to continue quarter-over-quarter in Q3 and Q4.

As our marketplace continues to scale and as the number of transactions grow, our machine learning becomes smarter, driving better matches for our buyers and sellers in increasing our gross margin over time.

Moving on to Q2 operating costs. Q2 ’21 total operating expenses increased 69% year-over-year to $23.7 million, representing 46.8% of revenue. Q2 ’21 operating expenses included stock-based compensation expense of $2 million that is allocated across SG&A line items. Additionally, Q2 operating expenses include approximately $0.5 million in public company costs. Within our operating expenses, sales and marketing is our largest variable component. Given our large $260 billion TAM, we intend to aggressively grow our marketplace, including buyer and seller networks.

Sales and marketing costs were $8.9 million in Q2, an increase of 73% year-over-year driven by continued investment to expand our network of buyers and sellers, our hiring of additional salespeople and increased stock-based compensation expense. Sales and marketing as a percentage of revenue was 17.5% compared to 14.7% in the same period a year ago.

We expect to invest more aggressively in sales and marketing in the second half of ’21, including new marketing channels, increased digital marketing and further hiring in our sales team. Our adjusted EBITDA loss for Q2 was $9.1 million or 17.9% of revenue.
In Q2, revenue from our U.S. and Europe operating segments was $47.2 million and $3.4 million, respectively. Segment loss from our U.S. and Europe operating segments for Q2 was $9.4 million and $2.8 million, respectively. We continue to invest in our European business, which is growing rapidly in improving gross margins as transaction volume increases.

At the end of the second quarter, cash and cash equivalents were $37.4 million with $15.9 million in debt. In early July, we raised approximately $325 million in net proceeds from our IPO and subsequently have paid down our debt, leaving a June 30, ’21 pro forma cash balance of $346.7 million.

Now moving on to guidance. We expect Q3 revenue in the range of $53 million to $55 million, representing year-over-year growth of 26% to 31%. As I mentioned previously, one customer accounted for 11% of revenue in 2020, with the majority of those revenues in Q3 2020. Excluding revenue from that customer, revenue growth guidance is 66% to 72% for Q3 ’21 as compared to Q3 ’20.

Our Q3 ’21 revenue guidance assumes minimum revenue from that one customer. We expect Q3 adjusted EBITDA loss to be in the range of $12 million to $13 million, reflecting the previously mentioned higher spending around sales and marketing, accelerated international investments and higher public company costs that we estimate to be approximately $3 million per quarter moving forward.

In Q3, we expect stock-based compensation expense in the range of $2 million to $2.5 million, which we will exclude from adjusted EBITDA. Additionally, as Randy previously discussed, as part of the IPO, we pledged 1% of the company's capitalization or approximately 403,000 shares to Xometry.org for charitable contributions to nonprofit organizations. As a result, each quarter, we will record a nonoperating charge through general and administrative expenses, which will be excluded from adjusted EBITDA. We estimate that this charge in Q3 ’21 will be approximately $1.3 million to $1.6 million.

For the full year, we expect fiscal year ’21 revenue in the range of $207.5 million to $211.5 million, representing year-over-year growth of 47% to 50%. We expect fiscal year ’21 adjusted EBITDA loss to be in the range of $41 million to $43 million, reflecting the previously mentioned higher public company costs and further investments in sales and marketing.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes with Sterling Auty with JPMorgan.

Sterling Auty - JPMorgan Chase & Co, Research Division - Senior Analyst

So well, first of all, welcome to the public markets. And then in terms of question, you talked about the 30% of the Fortune 500 that are customers. I'm curious if you could talk to us about the trends of how you're increasing penetration, especially within those larger companies. What did you experience here in the quarter?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes, Sterling, it’s Randy, and thank you for the question. Excited to be a public company now. So I think as we mentioned earlier on, we saw a great uptick, an increase of 54% to 508 accounts with more than $50,000 on LTM basis. And as you can imagine, most of those accounts are larger corporations where we've been focusing our land-and-expand strategy. So I think that’s been very successful. Plus, we've also begun rolling out technology tools, including integrations or what people call punchouts with ERP systems, which is also making those relationships stickier. And as
we grow the amount of materials and tools in Q2, we added over 60 new processes, materials and finishes that also allows us more and more to be that one-stop shop for those corporations.

Sterling Auty - JPMorgan Chase & Co, Research Division - Senior Analyst

Great. And then as a follow-up, you talked about the international investment that you’re making, where do you feel you are in terms of the needed presence in the region to be able to scale that business?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So we’re very excited that if you look at the first 6 months, we’ve been focused in Europe. And the revenue in the first 6 months of 2021 versus the first 6 months of 2020, we’ve seen growth of over 5x. So that’s great, and we think we can take advantage of that success and move even quicker, particularly in Asia Pacific, where we don’t -- we’ve got a small number of sellers there, but where we do not have a domestic presence. So we think we have some terrific opportunities there. We’ve seen that great success in Europe, so we’re going to we’re going to work faster to duplicate that kind of success in Asia Pacific in particular.

Operator

Our next question comes from Mike Ng with Goldman Sachs.

Michael Ng - Goldman Sachs Group, Inc., Research Division - Research Analyst

Congratulations on the first quarter as a public company. I was just wondering if you could talk a little bit more about gross margins and the gross margin trajectory for the rest of the year. Jim, you mentioned the dampening adjustments and the sequential improvement. I was just wondering if you could expand on that a little bit more.

James M. Rallo - Xometry, Inc. - CFO

Sure. Thanks, Mike. No problem. So again, I think when you look at what happened in the first quarter, right, we talked about the inflation that we saw in commodity pricing, that commodity pricing was pretty quick in the beginning of the quarter. We decided to dampen the model in the beginning of the quarter and then realize that this is not a -- this isn't a onetime thing. This is a trend that's going to continue, which we're seeing continue. We, therefore, remove that dampening off the model. And at that point, gross margins started to climb again.

And what you see is, right, we had significant improvement, right, about 110 basis points actually quarter-over-quarter as we move through the second quarter of this year. So the model is doing what it's supposed to do. It's adjusting for those prices of the increase in commodities that is. And so we expect to see continued performance around that over the rest of the year. So I would tell you that Q3, Q4, we expect to continue to get improvement in gross profit margin. And again, we feel very confident in our long-term growth model and being able to achieve the margins that we put out there.

Michael Ng - Goldman Sachs Group, Inc., Research Division - Research Analyst

Great. And I was just wondering if you could talk a little bit more about some of the mega trends that you're seeing that will help the on-demand platform, whether that's near shoring and deglobalization or the proliferation of SKUs. Are you still seeing that momentum? And are there any changes to either of those things as reopening continues to happen?
Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. I think we're beginning to see a secular shift into digital manufacturing. We're also -- we were -- one of the benefits of our marketplace is it's very technology extensible. So we've seen a lot of success in different verticals. And in particular, a couple to call out in Q2, our consumer. And we're also seeing an emerging industry such as space and as -- in green technology as well. So I think you're seeing more and more industries adopting this. And again, there's sort of greater acceptance or sort of this secular shift to a digital manufacturing model.

James M. Rallo - Xometry, Inc. - CFO

Yes. And, Mike, I said we're still, right now, trying to understand exactly how the infrastructure build that was passed will affect us. I think on the surface, obviously, we feel like it's going to be positive for the business, certainly not negative. We'll try to have a better update on that on our next call. But clearly, there's going to be an infusion of dollars coming through the U.S. economy that's going to be focused on manufacturing. A lot of that is going to be focused on small businesses. And obviously, we're empowering small businesses. So we do expect to see some positive impact for that. But again, we need to really study that bill, and we'll give you more feedback on the next call.

Operator

And our next question comes from Brian Drab with William Blair.

Brian Paul Drab - William Blair & Company L.L.C., Research Division - Partner & Analyst

I'm on 2 conference calls at the same time. So let me just ask 2 questions here in case I need to jump to the other one for a second. Are you still expecting gross margin to step up in the second half of the year? In the presentations that you showed, [ahead] of the IPO, it looked like you're expecting about 25% in the third quarter and 26% in the fourth quarter, is that still the case? And then my second question is, can you remind me how you're handling the digital storefront service in terms of -- is that a revenue-generating service? Or is that kind of more just to create more attachment with the sellers?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. Thanks, Brian. So I think we will continue -- we're estimating that we'll continue to see sequential gross margin improvement from Q2 to Q3 and from Q3 to Q4. And then as Jim said, from beyond that as well. So we're seeing a nice trend there, and we expect that to continue. The digital storefronts are very exciting. And as I sort of mentioned in my remarks, they are being powered by our suite of financial products. So while there's no charge to our sellers to have a digital storefront, the transactions that go through that storefront with their financial products, and we do -- we are able to monetize those.

Operator

Brian, did that answer your question?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

He may be on to his other call, operator.

Operator

Next question comes from Karl Keirstead with UBS.
Karl Emil Keirstead - UBS Investment Bank, Research Division - Analyst

Congrats on this first quarter. Maybe one for both of you. Randy, you talked a couple of times about the desire to invest overseas to drive the business. I'm wondering if you could just describe what the expected lag is between the time frame for those investments and when you would expect them to translate into sort of a needle-moving impact on Xometry's revenues.

And then perhaps I'll just ask the second question to Jim. Jim, just so I understand the fourth quarter sequential growth dynamics. The guidance you gave implies 4Q revenue growth sequentially of about 13%. In 4Q '20, it was negative 9%. So quite a big difference. I think the answer to why it's so different is just that 3Q '20 for the reasons you described was so big, given that one client and perhaps that pulled revenues from 4Q, and so that makes for a much tougher sequential compare. But I just wanted to make sure that, that's in fact the right way to think about it.

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So let me answer the first question, Karl. Thank you for that, and then I'll hand it off to Jim for the second. So we expect within the next 6 months to formally launch our platform locally in the Asia Pacific market, and that's when I think we'll begin to generate revenue locally within Asia Pacific. And now I'll hand it off to Jim on the second question.

James M. Rallo - Xometry, Inc. - CFO

Yes, Karl. So I think as we talked about, we had one significant customer last year that accounted for about 11% of our revenue. So backing that out, obviously, the growth rates would be stronger, as I highlighted before. I don't see it back to the revenue growth. So we don't see really, at this point, a slowing of revenue growth. We feel confident that we continue to grow strongly. We'll grow strongly that is in Q3 and Q4 and beyond.

Karl Emil Keirstead - UBS Investment Bank, Research Division - Analyst

Got it, Jim. So it sounds maybe like the fourth quarter implied guidance as a more normalized revenue growth for the company.

James M. Rallo - Xometry, Inc. - CFO

Agreed.

Operator

Our next question comes from Nick Jones with Citi.

Nicholas Freeman Jones - Citigroup Inc., Research Division - VP & Analyst

Maybe kind of a bigger picture question on the marketplace. Can you talk about the challenges it is to get more supply on the platform? Is it -- what are the pressures in getting them to kind of come on and stay on? Why would they churn off? I guess trying to understand kind of the supply versus demand-constraint dynamics of the platform today, and how you’re working to solve that.

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. Thanks, Nick. I think a couple of things. We’re -- we’ve got a very robust network of sellers already in the marketplace. And so -- but one of our focus is to continue to grow share of their capacity. We're also introducing new services, such as our basket of financial services and others that
are attracting new sellers to marketplace. So I think we’re seeing growth in both ends, both we’re growing within the existing sellers, their capacity and their spend, and we’re also attracting new sellers. And that’s been very successful. We’re going to -- in fact, one of the reasons -- last year, we saw 40% of our sellers use multiple products. We’re kind of working on that success to invest even more this year and grow a small direct sales force and sort of pour gasoline on that fire.

Nicholas Freeman Jones - Citigroup Inc., Research Division - VP & Analyst

Great. And can you maybe just touch on the sellers who are using some of the ancillary services that you have as well? And what kind of attach rate and uptake you’re seeing on those?

James M. Rallo - Xometry, Inc. - CFO

Yes, sure. I'll take that, Nick. So as we disclosed in our S-1, we had 40% last year of our sellers adopted our seller marketplace services, which includes obviously buying supplies, all of our financial products and so forth. We've seen an uptick in that number recently. We'll give a stronger update on that when we get towards the end of the year, but we continue to see improvement in the number of sellers adopting our seller services.

Operator

Our next question comes from Nat Schindler with Bank of America.

Nathaniel Holmes Schindler - BofA Securities, Research Division - Director

I was just hoping if you could give a little bit more detail on how COVID has impacted the business other than the PPE sale, which is an obvious direct impact. But any other broader impacts of changes that were -- were there any move by design engineers to look online for products early on because of COVID or lockdown?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. I think just to go back to what I was mentioning before, this sort of secular adoption now of digital manufacturing and because of concerns about supply chain fragility and the potential impact of COVID or climate changes, we’re seeing a lot of that this summer. I think people are certainly more and more concerned about that, particularly larger corporations. So I think you will continue to see a shift towards the digital and towards supply chains or marketplace like Xometry that give you robustness and backup resiliency in case there’s a failure in one particular state or region of the world.

James M. Rallo - Xometry, Inc. - CFO

Yes. No, what I would say is the one thing we learned from COVID, right, is that the focused supply chains or concentrated supply chains that typical customers had with their manufacturers, right, that proved to be problematic during COVID. And what happened was, right, we were open for business the entire time during COVID. So obviously, parts of the world shut down, right? I mean China shut down first than Europe, and in the U.S. and in parts of the U.S., right, because certain states were open, certain states were not. We were able to use our global network, right, and we flex that network to be open for business all the time for our customers.

So what happened was, right, people realized that the marketplace that we operate provides them the resilience that they need. And that's why you've seen an uptick, right, in a lot of the KPIs like active buyers, LTM and the number of accounts that are spending over $50,000, right? It's the stickiness of that marketplace and the resilience of the marketplace that we proved during COVID, which is helping drive those increases.
Great. And related to that marketplace buildup and that global seller base that you have, when you move this business more internationally, let's say, to Europe, do you -- how much time do you need to build up local manufacturing? Or is that just not necessary? Can you just move with -- by pushing on the sales side of just one side of the equation, the buyer side?

I think you -- we want to offer customers, buyers, both a local and an international option. So I think there’s definitely, for various reasons, for time, there may be data issues, et cetera, where it needs to be purchased locally within country or within region. So when we think about providing our buyers with the optimal experience and with the maximum number of options, I think it’s important to have a local network as well. And I think that’s just great about our technology platform, and we’re able to build that for them.

And our next question comes from Matt Hedberg with RBC Capital Markets.

Congrats on the IPO. Jim, I wanted to circle back to a prior question and your comment. 40% of active sellers purchasing this -- well -- or purchase -- of the suppliers who have purchased one or more financial service, when you look at some of those sellers that have leveraged even more, in other words, have really taken advantage of that, was there an aha moment that they had where they started to use it and then they realize, I'm going to use this a lot more? Just sort of curious what that tipping point was on maybe expanded usage.

Yes. I think look, we've rolled out our products sequentially, Matt. So I think what we've seen is we've seen an uptake in the adoption as we've continued to roll out products. As Randy described earlier in his comments, right, we've continued to roll out products, and that's driving continued adoption. And so we would expect that to continue. So we've just rolled out additional financial products. We've expanded our network of supplies of MRO providers. So we feel confident that, that adoption rate will continue. As we talked about earlier, the financial services piece of the business for us is very high margin, so 90% to 95% gross profit margins. And again, we're getting good traction in that area from the business and the sellers.

Yes. And I think just to answer your question a little bit -- to dig a little bit deeper into that, when a seller starts using our FastPay product, for example, where they pay a fee to get paid even quicker, you'll see that seller, once he or she starts using it, they use it for most of the future transactions. So when we talk about where we're making our investments, one of the reasons we're investing in a small sales force to sell as fast to seller services is to get more of those sellers into it because it becomes quite addictive.

So our biggest -- the stickiness has been really strong and the repeat rate of them using it has been very high. So we just got to get more people to taste it, and then they'll hopefully continue to use it. Awareness is being (inaudible)...

Once they sample, they want more. That's great, Randy. And then Randy, you guys support several key manufacturing process, CNC, die cast, injection molding, et cetera. I'm curious, I think you've had a lot of success in CNC maybe just confirm that. And when you look forward to the
future, where do you see some of the most interesting aspects of additional adoption of manufacturing process? I'm just sort of curious to sort of what people are leveraging the platform maybe today, and maybe looking forward to how might that change.

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

We're -- we've seen really strong growth in all of our different technologies and processes. It's been a sort of an overall growth across the board. I think what's -- and -- but I think when you look at this $260 billion market, it's still with many different use cases and lots of different flavors. So I think as we continue to add more processes, more technologies, more finishes, we added over 60 last quarter, I think that's what we're seeing that customers, particularly as we're trying to be that one-stop shop, is we're trying to grow that number of $50,000 accounts. Part of the key to that will be to be -- to have a big basket of options available for them.

And also as you move to end-use products and production products, that becomes increasingly important as well. And so again, that's why our marketplace approach and with their technology infrastructure, it's ideally suited for it.

Operator

And ladies and gentlemen, this concludes our Q&A and program for today. We thank you for your participation, and you may now disconnect. Have a wonderful day.