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XMTR.OQ - Q2 2025 Xometry Inc Earnings Call

EVENT DATE/TIME: AUGUST 05, 2025 / 12:30PM GMT

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PRESENTATION

Operator

Good day and thank you for standing by. Welcome to the Xometry Q2 2025 earnings call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Shawn Milne, VP of Investor Relations. Please go ahead.

Shawn Milne - Xometry Inc - IR Contact Officer

Good morning and thank you for joining us on Xometry's Q2 2025 earnings call. Joining me are Randolph Altschuler, our Chief Executive Officer; Sanjeev Sahni, our President; and James Miln, our Chief Financial Officer.

During today's call, we will review our financial results for the second quarter of 2025 and discuss our guidance for the third quarter and full year 2025. During today's call, we will make forward-looking statements including statements related to the expected performance of our business, future financial results, strategy, long-term growth, and overall future prospects.

Such statements may be identified by terms such as believe, expect, intend, and may. These statements are subject to risks and uncertainties which could cause them to differ materially from actual results. Information concerning those risks is available in our earnings press release distributed before the market opens today and in our filings with the US Securities and Exchange Commission, including our Form-10 Q for the quarter ended June 30, 2025.

We caution you not to place undue reliance on forward-looking statements and undertake no duty or obligation to update any forward-looking statements as a result of new information, future events, or changes in our expectations. We also like to point out that on today's call we will report GAAP and non-GAAP results. We use these non-GAAP financial measures internally for financial and operating decision making purposes and as a means to evaluate period to period comparisons.

Non-GAAP financial measures are presented in addition to and not as a substitute or superior to measures of financial performance prepared in accordance with the US 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 investor section of our website at investors.xometry.com. A replay of today's call will also be posted on our website. With that, I'd like to turn the call over to Randy.

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

Thanks, Shawn. Good morning and thank you for joining our Q2 2025 earnings call. Q2 was another strong quarter with record revenue, gross margin, and adjusted EBITA. Q2 revenue increased 23% year over year to \$163 million as we gained significant share in the large and fragmented custom manufacturing market.

Marketplace growth remained robust, increasing 26% year over year, driven by a rapidly expanding networks of buyers and suppliers, and deepening enterprise engagement. Our global marketplaces continue to respond well to the volatile supply chain environment.

Powered by improving AI pricing and selection algorithms, marketplace gross margin reached a record 35.4% in Q2, up 190 basis points year over year, contributing to a record overall company gross margin of 40.1%. Expanding marketplace gross margin underscores the value we're creating with our AI powered marketplace. Our efficacy and competitive mode continues to increase as we grow our networks of buyers and suppliers and gain more data to continuously train our algorithms.

This has driven significant and steady increases in our marketplace growth margins from the 25% level four years ago to 35% plus today. Each quarter of growth and improvements in our technology helps to incrementally power the quarters that follow.

In Q2, we delivered strong operating leverage with adjusted EBITDA of \$3.9 million, and improvement of \$6.6 million year over year. Our results industry leading growth and significant market share gains underscored the differentiated and durable advantages of our marketplace model. We're building a superior business model that delivers strong experience for both buyers and suppliers while driving increasing operating scale and expanding adjusted to down margin.

We deliver these results even as we continue to invest in our key growth initiatives and drive further use of AI throughout our platforms. Since joining Xometry in January in the new role as President, Sanjeev Singhshani has accelerated our efforts to embed technology and AI across the organization to enhance our position as the digital rails in this massively fragmented and traditionally offline custom manufacturing market.

We are deploying generative AI at scale to improve experience and drive additional value for both our buyers and suppliers. Our pace of product introductions is increasing, including several new releases in Q2 and early Q3.

These include in Q2, we continue to improve the buyer experience in our marketplace. We enhanced our instant quoting and selection, expanded instant quoting for new additive materials, and added the ability to dynamically view 2D drawings in the quote flow.

In Q2, Xometry EU launched our TeamSpace solution in Europe, UK, and Turkey. TeamSpace is a cloud-based solution within the Xometry platform that enables customers to collaborate with other users on projects and custom part orders. This global expansion enables Xometry to drive deeper enterprise engagement and enhance viral buyer growth. We are pleased with the initial results.

In Q3, Xometry EU launched integration capabilities for enterprise customers to streamline procurement. This feature enables buyers to order custom parts directly from the Xometry EU site while still within the buyer's procurement platform, streamlining the purchasing process, reducing errors, and improving efficiency by automating data transfer between systems.

In July, we began testing an improved mobile experience for our suppliers in Work Center, a cloud-based platform for suppliers. The new Work Center mobile app enables suppliers to interact more easily within Xometry's platform, including viewing 3D part design files, sharing images of work in progress, and receiving push notifications.

Also in July, we introduced a new AI powered capability that automates the extraction of information from technical drawings to help drive more accurate quoting and supplier selection. This capability will be further enhanced to accelerate our initiative to instantly quote technical drawings.

On Thomasnet, we are pleased with the initial test results of our new search experience using natural language algorithms to improve by our search results based on intent. We are pleased to see a 10% plus improvement in our buyer engagement levels.

Now in Q3, we will begin selling on the new ad serving technology platform for new customers. We expect that the new technology will increase advertising penetration and engagement. There's much more to come in the following months and quarters on the technology front as we focus on further improving buyer and supplier experience and expanding our platforms.

Our technology initiatives combined with their enterprise sales and marketing efforts are powering our land and expand strategy. For example, in Q2, Xometry became a preferred supplier for a major European aerospace company. The customer chose Xometry for our easy to use platform and business model, enabling the customer to start transitioning from its legacy procurement system.

Embedded in the customer supply chain, Xometry is now being used for quick turn projects and long term production programs. It's a good example of an enterprise customer which we believe can generate 10 plus million dollars in annual revenue.

And before I hand it over to James, I want to take a moment to highlight how we're winning, especially with large customers, and why we believe Xometry is increasingly becoming a strategic sourcing partner to some of the world's most demanding buyers.

First, driving technology innovation to deliver improving marketplace price, speed, and selection. We continue to strengthen our AI-driven marketplace with smarter quoting, dynamic pricing, and integrated workflows to make the platform more valuable to our networks of buyers and suppliers. For buyers, this means faster, more accurate sourcing with greater transparency, increasing agility and speed to market.

Second, we're improving supply chain resiliency. Our marketplace helps customers mitigate supply chain volatility and disruptions by offering access to a diverse, expanding global manufacturing network of over 4,000 active suppliers. This allows buyers to instantly diversify their supplier base, reducing dependencies on a single source or region and enhancing overall resilience. Our global sourcing efforts and flexible asset light model are resonating with customers given the rapidly changing global trade environment.

Third, delivering a scalable enterprise offering. Our land and expand playbook is powered by technology as enterprise accounts increasingly adopt our software solutions including TeamSpace and ERP integrations. As we drive adoption of enterprise technology, we become more embedded in customer workflows, reducing buyer friction and expanding wild share in these large accounts.

Fourth, driving value to our global supplier network. Our marketplace is driving increasing value for suppliers, enabling them to sell their capacity digitally, unlock access to global demand, and increase asset utilization and profitability. Suppliers leverage our cloud-based software platform WorkCenter to more efficiently manage their operations, and they utilize our fintech products to improve cash flows.

We continue to win and momentum remains strong in Q3. We are raising our 2025 revenue growth outlook, giving robust demand in our marketplace and strong execution of our teams. I will now turn the call over to James for a more detailed review of Q2 in our business outlook.

James Miln - Xometry Inc - Chief Financial Officer

Thanks, Randy, and good morning everyone. Q2 was another strong quarter of Xometry, delivering strong revenue growth, robust expansion in marketplace growth margin, and significant adjusted EBITDA leverage. As our marketplace responds to customers' needs in real time, Xometry is becoming their digital rails in this massively fragmented and largely offline custom manufacturing market. As we scale towards \$1 billion of revenue, we expect to deliver improving profitability even as we continue to invest in our growth initiatives.

Due to revenue increased 23% year over year to \$163 million driven by strong marketplace growth, Q2 Marketplace revenue was \$148 million and supplier services revenue was \$14.3 million. Q2 marketplace revenue increased 26% year over year, driven by strong execution and growth with

larger accounts as we continue to capture significant market share. Marketplace growth was robust across many verticals, including aerospace and defense, automotive, and robotics.

Q2 active buyers increased 22% year over year to 74,777 with a net addition of 3,323 active buyers. Due to marketplace revenue per active buyer increased 4% year over year, primarily due to strong enterprise growth in the United States.

In Q2 2025, US marketplace revenue increased 25% year over year. International revenue growth accelerated to 31% year over year growth, and we continue to expand our marketplace capabilities, including the recent launch of TeamSpace in Europe.

In Q2, the number of accounts with the last 12 months spend of at least \$50,000 on our platform increased 15% year over year to 1,653, an increase of 108 from quarter one 2025. We view accounts with at least \$50,000 spent at the top of the enterprise funnel. We expect to continue to grow this base of accounts over time. Enterprise investments continue to show returns with strong revenue growth in Q2 for marketplace accounts with the last 12 months spend of at least \$500,000.

Our enterprise strategy focuses on our largest accounts, which we believe each have \$10 million plus in potential annual account revenue. Supplier services revenue declined approximately 2% quarter over quarter, as we have largely stabilized the core advertising business ahead of key product upgrades later in 2025.

We are focused on improving engagement and monetization on the platform, which remains a leader in industrial sourcing, supplier selection, and digital marketing solutions. Q2 gross profit was \$65.2 million an increase of 23% year over year, with a record gross margin of 40.1%. Q2 gross margin for marketplace was a record 35.4%, an increase of 190 basis points year over year.

Q2 marketplace gross profit dollars increased 34% year over year. We are focused on driving marketplace gross profit dollar growth through the combination of top line growth and gross margin expansion. We continue to adjust our pricing to reflect changing tariffs, and our AI cost algorithms update regularly to reflect changes in our supplier network. Q2 gross margin for supplier services remains strong at 88.7%, driven by our increasing focus on the higher gross margin, Thomas advertising and marketing services.

Moving on to Q2 operating costs. Q2 total non-GAAP operating expenses increased 10% year over year to \$61.7 million well below revenue growth rates. We are applying strong discipline and rigor to our capital and resource allocation across teams while investing in our growth initiatives.

In Q2, sales and marketing and DNA decreased 180 and 170 basis points year over year respectively to 16.4% and 8.9% of revenue. This reflects improving enterprise sales execution and discipline advertising spend. Marketplace advertising spend was 5.6% of marketplace revenue, which was down 130 basis points year over year as we balanced growth and profitability.

Q2 adjusted EBITDA was \$3.9 million compared with a loss of \$2.6 million in Q2 of 2024. Q2 adjusted EBITDA improved \$6.6 million year over year, driven by growth in revenue, gross profit, and operating efficiencies. In Q2 we delivered an incremental adjusted EBITDA margin of 22% above our target of at least 20%, primarily driven by strong marketplace gross margin expansion.

In Q2, our US segment adjusted EBITDA was \$6.9 million or 5.1% adjusted EBITDA margin, a \$6.6 million dollar improvement year over year driven by expanding gross profit and strong operating expense leverage, particularly in sales and marketing. Our international segment Adjusted EBITDA loss was \$2.9 million in Q2 2025, roughly flat year over year driven by investments to further drive global scale.

At the end of the second quarter, cash and cash equivalents and marketable securities were \$226 million decreasing approximately \$5 million from Q1 2025. The decrease in cash was driven by CapEx, primarily software related of \$6.9 million reflecting our technology investments in the platform and accelerating product rollouts shared earlier by Randy.

We are focused on improving working capital efficiency and cash flow conversion given our asset-like model and limited capital spending. We expect CapEx to remain approximately \$7 million per quarter for the balance of 2025. In June we completed our convertible debt refinancing and

closing of \$250 million of new 0.75% convertible notes June 2030. This transaction enabled us to extend the maturity of most of our existing debt with improved terms, a lower coupon, and reduced potential dilution to the existing capital structure.

The transaction fortifies our balance sheet by addressing over \$200 million principal amount that had 2027 maturities while providing us with financial flexibility to continue focusing on our growth initiatives and margin expansion. Importantly, this transaction was structured to minimize the potential future dilution for our equity shareholders with an effective 75% conversion premium.

Q2 demonstrates the ability of our AI powered marketplace to deliver strong revenue and gross profit growth and operating leverage as we remain disciplined in our execution. As we scale towards \$1 billion of revenue, we expect continued 20% plus incremental adjusted EBITDA leverage on an annual basis given our large market opportunity and low penetration rates, we will continue to balance investing in the future with driving operating leverage.

Now moving on to guidance. For the third quarter, we expect revenue in the range of \$167 million to \$169 million or 18% to 19% growth year over year. We expect Q3 marketplace growth to be approximately 20% to 22% year over year. As Randy mentioned, trends remain strong in Q3, even as we are mindful of the uncertain macro environment.

We expect Q3 supplier services revenue to decrease approximately 2% to 4% year over year and be approximately flat quarter over quarter. We expect Q3 marketplace gross margin to improve year over year and continue to expect full year marketplace growth margin to also increase year over year.

In Q3, we expect adjust the data of \$4 million to \$5 million compared to a loss of \$0.6 million in Q3 2024. In Q3, we expect stock-based compensation expenses, including related payroll taxes to be approximately \$9 million or approximately 6% of revenue.

For the full year 2025, we are raising our marketplace growth outlook from our previous guidance of at least 22% to 23% to 24% growth driven by our growth initiatives in our large fragmented market. We expect supplier services to be down approximately 5% year over year. We are raising our revenue outlook for the full year. We expect overall growth in 2025 of at least 20%, exceeding 2024 growth of 18%.

Lastly, for the full year 2025, we expect incremental adjusted EBITDA margin of approximately 21%. I want to close by thanking our dedicated geometry team members around the world. Their commitment to our buyers and suppliers is instrumental to our continued growth and core to our mission of making the world's manufacturing capacity accessible to all.

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

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions)

Corey Carpenter, JP Morgan.

Cory Carpenter - JPMorgan Chase & Co - Analyst

Good morning. Thanks for the questions. Randy, one for you and then James, one for you. For Randy, you talked to a number of product initiatives at the company. I wanted to ask where you're seeing the most impact on the business and what your focus areas on the product side are for the second half of the year.

And then James, more more financially related, a lot of press around manufacturing reading slowing in July. It sounds like you're still seeing strong trends continue, but perhaps any insights you could provide on what you're seeing so far this quarter and what you're assuming in the guide would be helpful. Thank you.

Randolph Altschuler - Xometry Inc - Chief Executive Officer, Co-Founder, Director

Yeah. What, I'm actually, Corey, great to hear from you. I'm going to have Sanjeev start on that first question about the product introductions and then I'll chime in as well, and then we'll get to James. So Sanjeev, go ahead.

Sanjeev Sahni - Xometry Inc - President

Thank you for the question. I have now been in the role of President for seven months. I'm focused on driving the day to day running of the company while scaling the value from our current setup. When Randy asked me to join, I believe there was a significant opportunity to embed e-commerce principles to improve the buyer and supplier experience and efficiently rapidly scale our business.

In my experience, asset like marketplaces has a scale when they can efficiently and effectively ingest significant amounts of data about the customers and their orders. And then use the insights from the data to find the most supplier at the least cost who can fulfill your own time.

My focus has been to accelerate the technology and AI deployment to capture more and more of this data. And scale our AI models to improve pricing, speed, and selection for our buyers and suppliers on the platform. I'm proud to echo what Randy said earlier that we are already seeing an increased space of water solar and technology deployments in Q2 and Q3 already.

This includes things like instant porting, selection and increased additive materials, launching TeamSpace and enterprise integration in Europe, testing a mobile app experience in work centers, automating extraction of information from technical drawings, and then on [Palmer's net] testing of a new search experience using natural language.

Overall, AI is central to driving significant improvements in our operating leverage in all functions across all markets.

James Miln - Xometry Inc - Chief Financial Officer

Great, thank you Sanjeev. Cory, on your second question, we're raising our full year marketplace growth outlook to 23% to 24% from at least 22%. So Q2 really sees the quarter 26% growth. We saw great growth in the US and in international and enterprise continues to show good traction. As Randy mentioned, I think Xometry is really purpose built for this rapidly changing global environment, and our marketplace has prospered in terms of macro volatility in the past.

Now, we remain somewhat cautious on the macro environment. It continues, manufacturing industries continue to suggest some buyers remain cautious, but as we've done in the first half, we're very focused on our initiatives, our growth initiatives, what we're seeing that we can drive through enterprise through growing up by a network that we expect to be able to continue to do and we've taken all those trends into account in terms of the guidance

Operator

Brian Drab, William Blair.

Brian Drab - *William Blair Capital Partners - Equity Analyst*

Hi, thanks for taking my questions. Just a couple on gross margin to start. The first quarter you had little pressure on gross margin as you were making some adjustments to your international manufacturing base. Can you talk about how that went? It seems like that was successfully completed at this point and with the rebound and gross margin, really impressive rebound and gross margin. And so can you just talk about that dynamic and also was there anything unusual in the second quarter gross margin?

And does the guidance imply that maybe gross margin ticks down a little bit sequentially in the second half, or can you sustain this really high level in the second half? Thanks.

James Miln - *Xometry Inc - Chief Financial Officer*

Thanks, Brian. It's James. So yes, gross margin was a record in the quarter, 35.4%, up 190 basis points year-over-year into our long-term guidance range of 35% to 40%. As you noted and as we discussed before, in Q1, we proactively made investments in order to ramp up volume in geographies that we felt would be helpful in this environment. And we were able to see a much more normalized progression of our gross margin in the second quarter.

So it's up sharply Q-over-Q. And really, the core of this is being AI-driven. It's the main driver of our gross margin expansion, the continual improvements, as Sanjeev was talking about as well on our AI pricing prediction, machine learning with more data and our AI-driven sourcing. We expect Q3 margin to continue to be up year-over-year. It's not always linear quarter-over-quarter.

So I think that is an important point as we think about progression from here into Q3 into Q4. But we do expect it to continue to show nice improvements year-over-year for the quarter and for the full year.

Brian Drab - *William Blair Capital Partners - Equity Analyst*

Okay. And I'll just ask one more. I don't know if you guys noticed, but the ISM index has been basically below 50 for like 30 months. It's not really showing up in your results. And I'm just wondering, are you having conversations internally where you're just saying if the situation improves in the U.S., Europe, internationally, we really feel like you're leaving a lot on the table, like growth could accelerate.

I mean we're not seeing growth from anyone really in Europe, and you're talking about 31% international growth with strength in Europe. I'm just wondering if you could comment on that, like the potential for even further acceleration in a better environment.

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

Yes. Brian, it's Randy. I appreciate that question. Look, I mean, I think we've been -- we're talking about it now for a while, as you rightfully noted, indices have all been down for a couple of years. And Xometry has been maintaining its strong growth because we're gaining market share and there's more and more adoption by customers of our Xometry marketplace is the best way for sourcing.

So we continue to forecast strong growth based on that. But absolutely, if the macro turns around, that would be a nice tailwind for us. So be good days. But again, we're optimistic. As we talked about coming into Q3, we're off to a strong start in Q3 as well as more and more people are adopting our global marketplace and taking advantage of the AI-driven algorithms and matching.

Shawn Milne - *Xometry Inc - IR Contact Officer*

Yeah, Brian, it's Shawn. And just if you look at the guidance, I mean again, we've been consistent. We don't expect any improvement in the way we give our guidance. And as you've heard on the call from Randy and Sanjiv, we're really focused on driving product innovation on the platform and really improving the buyer and supplier experience and controlling what we can control.

Brian Drab - *William Blair Capital Partners - Equity Analyst*

Right. And so the outlook does not include any improvement in the environment is what you're saying, Shawn?

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

We're continuing to temper our outlook with being cautious and conservative about what the macro will be.

Brian Drab - *William Blair Capital Partners - Equity Analyst*

Yeah, understood. Okay, thanks for taking my questions.

Operator

Ronald Josey, Citi.

Ron Josey - *Citibank - Analyst*

I wanted to follow up on the product question and another one just on the overall macro trends. So Randy, you talked -- I just want to understand your thoughts on instant quoting and the benefits to conversion rate as that just goes to more and more products. So that's on instant quoting. And then, James, on your prepared remarks, you mentioned, I think, adjustments to pricing in the quarter. And I wanted to understand the pricing environment as it relates to macro and tariffs and everything else. Thank you.

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

Thanks, Ron. I'll jump in here and then Sanjeev can add anything. So we are very focused on increasing the scope of what we can instantly quote. That includes additional manufacturing processes, materials, post-processing. And that's reducing friction in our marketplace.

It's increasing the speed by which customers not only can order, but where there can be delivery and can also lead to better outcomes. So that is definitely a focus. You'll continue to see that as we're investing in our algorithms and that expansion in our offering itself.

Ron Josey - *Citibank - Analyst*

Thanks, Randy. Just to add to that, I think our focus remains on improving buyer and customer experience by deploying technology at a very rapid pace while continuing to expand the usage of our AI algorithms across the board. Randy pointed to several examples in his remarks earlier where we've launch product in Q2, continue to see a gaining pace on that in Q3. So we are very proud of that.

James Miln - *Xometry Inc - Chief Financial Officer*

Ron, on the question on pricing and tariffs. So as we talked about on our last call, tariffs are input into our pricing like other changes in duties and shipping, et cetera. So as we see and as our algorithms and our network sees impacts on costs or on pricing in the network, then our marketplace reflects that. And I think I just zoom out a bit in terms of as a global marketplace, we're investing in the ability to give our customers the best sourcing options. So as we adjust pricing, that allows customers to make their choices in terms of the options on our marketplace.

We're able to -- our pricing engine is able to account for changes in international fulfillment. We can work with many of our enterprise customers to secure the domestic supply that they're looking for and as relevant, provide them with the offshore solution. So it's really about the marketplace is purpose-built for these sorts of environments. We're flexible and resilient. We've got a great strong domestic supplier base, but also a global base of over 4,300 suppliers.

And so we feel like we're giving our customers the choice and flexibility that they need to find and secure the sourcing that they want.

Ron Josey - Citibank - Analyst

Got it. Thankyou, all.

Operator

Andrew Boone, Citizens.

Andrew Boone - Citizens JMP Securities LLC - Analyst

Thanks so much for taking my questions. I wanted to ask about the step-up in sales and marketing from 1Q to 2Q. Is there anything to call out there? And then how do we think about just marketing efficiency on a go-forward basis? And then \$500,000 accounts accelerated in the quarter. Is there anything you guys can call out in terms of just the move upmarket and the success you're seeing in terms of driving dollars in terms of larger accounts?

Understood that, that may be a threshold that you guys don't necessarily solve for, but how do we think about that growth and the sustainability of it? Thanks so much.

James Miln - Xometry Inc - Chief Financial Officer

Andrew. I'll kick off on the sales and marketing point. We did see a pickup as we saw more normalized, let's say, marketing spend in the quarter. I remember back in Q1, we were balancing growth and profitability in an uncertain environment, waiting on sort of the announcements of the -- with some caution into the April tariff changes. We were able to continue to see really great leverage year-over-year, both on overall sales and marketing, where we saw 180 points year-over-year and our marketplace advertising, where we saw 130 basis point leverage year-over-year and now that at 5.6%.

So really, it's a case of sort of seeing some Q-on-Q normalization, but the trend that we're going down continues to be that one of continuing to see greater leverage from our sales and marketing investments.

Shawn Milne - Xometry Inc - IR Contact Officer

Yeah. Andrew, it's Shawn. I would just maybe tie the 2 questions together as advertising spend normalized from Q1 to Q2, part of that -- the outcome there was faster growth than the 500 \$50,000 spend KPI, which was very strong on a net add basis.

James Miln - Xometry Inc - Chief Financial Officer

Yeah. I think -- I mean, 108 accounts had year-over-year, that's one of the best quarters that we've had. I think the strongest net adds since Q4 of '23. I think a lot of coming from our focus on the driving the land and expand strategy. And to point again to our earnings presentation, we have some nice case studies in there and how we're scaling enterprise accounts.

And we really think that with our offerings on the technology side as well as our partnering through our sales and operations organization, we're really helping be that one-stop solution for our customers, lowering their procurement costs and optimizing their sourcing strategies.

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

Yeah, just -- this is Randy. Just to jump in here. I mean, particularly as we continue to evolve Teamspace, we're making changes and investments in that and those ERP integrations, that sort of one-two punch really is integrating our workflows more and more with our customer supply chains, and that's resulting not only in more accounts with more than \$50,000 spend on an LTM basis, but it's also growing that larger base that we talked about of accounts with more than \$500,000 of annual spend. So it's really technology-driven, and we're continuing to invest in that. Thank you.

Operator

Matt Swanson, RBC.

Matthew Swanson - *Rbc Capital Markets - Analyst*

Great, thank you and congratulations on the results. Randy, you actually led me in perfectly here on that Teamspace and ERP commentary. I guess just as you're seeing enterprises start to spend more and more time in the Xometry platform, can you just talk about maybe some logical adjacencies of kind of maybe what Teamspace Phase 2 is in terms of where you think you can kind of expand the platform and other things you can do in the enterprise?

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

I think we've talked about that a lot of our strategy revolves around our strategy about increasing our share of wallet with our customers and the manufacturing world. One of the reasons why the Xometry marketplace model is being adopted by more and more is that there's a lot of different use cases, lots of variety and these different -- what seemingly are small differences make a big difference to our customers. So more and more, we want to enable that enterprise customer to go in and be able to do all their shopping in the Xometry marketplace. So as we expand the things that we can auto quote, whether it's manufacturing technologies, it's materials, post processing, lots of different options, different fulfillment options, that will enable us to gain more and more share with the enterprise customers. So going back to the three basics, speed, price and selection and reducing the friction with the technology, if we stick to that strategy and continue to invest in that, that will enable us to grow that share of wallet and become deeper and deeper embedded in those enterprise customers' supply chains.

Matthew Swanson - *Rbc Capital Markets - Analyst*

And then you mentioned as one of the reasons you guys are winning large customers is that supply chain resiliency. There's obviously a lot of tariff noise, a lot of PMI noise. Does that seem like kind of the biggest theme in terms of like what's driving some of this outperformance, maybe even more so from the enterprise side? Is that like the big takeaway from all this noise that people just know that they need to figure out a more maybe elastic supply chain?

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

Look, I think, we've had durable growth since the founding of the company and since we've been a public company. So I think it's more that more and more people are adopting the marketplace model. It's been successful in so many other industries. I think as time is progressing and as our awareness grows and as we continue to innovate more, invest in those technology initiatives, reduce the friction, customers are just realizing that this is a great option. And certainly, when there's some noise in the market that helps that certainly helps raise awareness.

But this is a global trend. We've always talked about a secular shift to the digital that's inevitable, and it's continuing. And just to be clear, you haven't asked, but there's been no pull forward here or anything like that. This is just an ongoing trend that we've been seeing.

Operator

Eric Sheridan, Goldman Sachs.

Eric Sheridan - *Goldman Sachs Group Inc - Analyst*

Thanks so much for taking the questions. Maybe one -- the first one, maybe building on that last question. As you see some shifts in the global macro behavior and elements of the way in which supply chains are built, are you seeing any theme around broader domestic sourcing? And is there any way that you might be able to benefit or align some of the platform to benefit if you do see elements of shifts towards more domestic sourcing on the manufacturing side? And then the second one, you talked in the prepared remarks about improving the mobile experience. Can you talk a little bit about what we should be watching from the outside in on rolling out a new and improved mobile experience and how it either might reduce friction or improve conversion on the platform? Thank you.

Randolph Altschuler - *Xometry Inc - Chief Executive Officer, Co-Founder, Director*

That's great, Eric. I'll take the first one, and then Sanjiv will take the second. So we are continuing to expand our domestic supplier base. We've talked about the majority of our U.S. orders are sourced domestically.

We're expanding that supplier base. It's over 4,300 and to give our customers more choice and flexibility. Certainly, reshoring trends could be beneficial to the marketplace, but Eric, it's still too early to tell. And so again, I'll reiterate that we're off to a strong start in Q3. It's exciting times for us, but the macro continues to be -- we're conservative about it.

We're not really seeing any uptick on it. It's -- our growth is really from gaining market share and improving our marketplace.

Eric Sheridan - *Goldman Sachs Group Inc - Analyst*

Thank you, Randy and just to follow on around the question for the mobile app. Testing in the mobile app in July is focused on our partner and supplier experience. So very much linked to the first question you asked. We see that the app enables our suppliers to interact more easily with the Xometry platform where they can see 3D part files, they can share work in progress, they can receive push notifications, give us updates.

So we actually see the supplier engagement as the primary experience driver from this first work center mobile app testing that's going on right now. So a lot more to come.

Operator

Greg Palm, Craig-Hallum.

Greg Palm - *Craig-Hallum Capital Group - Analyst*

Yeah, good morning, thanks, and congrats on the results. Maybe just going back to the Q2 guidance that you put back out in May. The magnitude of upside was maybe most noteworthy. So I'm just curious what you saw specifically in May and June. And just to be clear, like are you seeing similar strength in July? Any difference? But I'd love to just get a little bit of feel for the cadence of the quarter.

(technical difficulty)

Operator

(Operator Instructions)

James Miln - Xometry Inc - Chief Financial Officer

(technical difficulty) Sorry. So I was just coming back, yes, I mean, in terms of the guidance we said of the 20% to 22% range, coming in at 26%, obviously, very pleased with that. It's driven by stronger-than-expected marketplace revenue and strong gross profit performance. And enterprise continues to perform well, really pleased with the net adds that we had in the quarter. International growth as well was very solid.

Really, it comes back to our growth initiatives. But as we look out, we continue to be mindful of the environment that we're in. continues to be quite a bit of uncertainty out there. So we sort of embed that into our outlook as we look forward.

Randolph Altschuler - Xometry Inc - Chief Executive Officer, Co-Founder, Director

Yeah, I mean just to jump in, Greg, we've been clear that Q3 is off to a strong start. We haven't been shy about that. But as Shane said, we're going to continue to be mindful of the macro as we've been for a while here. And so that's going to -- that's always going to temper our expectations here.

Greg Palm - Craig-Hallum Capital Group - Analyst

Yeah. Understood. And then any specific end markets that stood out? I know you named a couple. And specifically, how big of an end market is aerospace and defense at this point?

Shawn Milne - Xometry Inc - IR Contact Officer

We -- the great thing about being a technology marketplace, it's extensible across many different verticals. And as you know, there's even a slide in our earnings deck or in our investor deck that shows all the different verticals we're in. So we're very and that's enabled us to have durable growth during -- for a long time and during different periods. So I'd say we're -- you're seeing strength across almost all the different verticals that we're in. And it's just a testament to adoption of our marketplace model as the best operating model in this segment of manufacturing.

Greg Palm - Craig-Hallum Capital Group - Analyst

Okay, all right. Thanks for the call.

Operator

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

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