XMTR Earnings Call Transcript

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Operator: Hi, and welcome to Xometry's Earnings Conference Call. [Operator Instructions] I would now like to hand the call over to VP of Investor Relations, Shawn Milne.

Shawn Milne: Good morning, and thank you for joining us on Xometry's Q3 2025 Earnings Call. Joining me are Randy Altschuler, our Chief Executive Officer; Sanjeev Singh Sahni, our President; and James Miln, our Chief Financial Officer. During today's call, we will review our financial results for the third quarter 2025 and discuss our guidance for the fourth quarter and full year 2025. During today's call, we will make forward-looking statements, including statements related to the expected performance of our business, future financial results, strategy, long-term growth and overall future prospects. Such statements may be identified by terms such as believe, expect, intend and may. These statements are subject to risks and uncertainties, which could cause them to differ materially from actual results. Information concerning those risks is available in our earnings press release distributed before the market opened today and in our filings with the U.S. Securities and Exchange Commission, including our Form 10-Q for the quarter ended September 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'd also like to point out that on today's call, we will report GAAP and non-GAAP results. We use these non-GAAP financial measures internally for financial and operating decision-making purposes and as a means to evaluate period-to-period comparisons. Non-GAAP financial measures are presented in addition to and not as a substitute or superior to measures of financial performance prepared in accordance with U.S. GAAP. To see the reconciliation of these non-GAAP measures, please refer to our earnings press release distributed today and our investor presentation, both of which are available on the Investors section of our website at investors.xometry.com. A replay of today's call will also be posted on our website. With that, I'd like to turn the call over to Randy.

Randolph Altschuler: Thanks, Shawn. Good morning, and thank you for joining our Q3 2025 earnings call. Our Q3 performance powerfully demonstrates the success of our purposely built marketplace model in this massive and highly fragmented custom manufacturing market. We are proving that a superior experience for both buyers and suppliers, fueled by the power of marketplace dynamics is delivering sustainable growth and value. Our marketplace structure is a key differentiator, powering our industry-leading growth and significant adoption amongst our customers and suppliers. Our marketplace sits at the intersection of manufacturing, AI and technology, and we are excited about digitizing custom manufacturing as we accelerate platform innovation. Q3 was a record quarter for Xometry across many fronts, including revenue, gross profit, marketplace gross margin and adjusted EBITDA. Q3 revenue growth accelerated, increasing 28% year-over-year to $181 million. Marketplace growth accelerated, increasing 31% year-over-year, driven by our rapidly expanding networks of buyers and suppliers and deepening enterprise engagement. We are delivering this level of growth in an ongoing manufacturing contraction, underscoring our significant market share gains. We're off to a strong start in Q4, and we're again raising our full year marketplace growth outlook, which James will discuss later in the call. Powered by improving AI pricing and selection algorithms, we drove a 210 basis points increase in marketplace gross margin year-over-year in Q3, driving 40% growth in marketplace gross profit, expanding marketplace gross margin underscores the value we're creating

with our AI-powered marketplace. Our efficacy and competitive moat continues to increase as we grow our networks of buyers and suppliers and gain more data to continuously train our algorithms. This has driven significant and steady increases in our marketplace gross margins from the 25% level 4 years ago to 35.7% in Q3 of this year. Each quarter of growth and improvements in our technology helps to incrementally power the quarters that follow. Our results in Q3 and year-to-date marked strong progress on our mission to become the de facto digital rails in custom manufacturing. Alongside strong financial results, we are making investments that will pay off in years to come as we drive innovation across our global marketplaces and supplier networks. Our President, Sanjeev Singh Sahni, has accelerated our product development efforts to embed technology and an expanding suite of AI capabilities across the organization. We continue to win, especially with larger customers as we improve price, speed and selection on the marketplace. In early Q4, we launched auto-quote for injection molding services in the United States, following a launch earlier this year in Europe. Xometry's new auto-quoting capability simplifies the injection molding manufacturing process, providing a seamless digital experience to enable customers to move quickly from design to finished part. The platform enables a spectrum of injection molding options from prototype and low-volume bridge tooling to high-volume multi-cavity production tooling in over 35 different materials, colors and finishes. We advanced our AI-powered design for manufacturing capabilities, expanding our automated extraction engine that interprets technical drawings and CAD files. This enhancement improves the accuracy of our quotes and supplier matching, further reducing friction and improving the buyer experience. For our customers, we're increasing supply chain resilience and agility by offering access to a diverse expanding global manufacturing network of over 4,500 active suppliers. This allows buyers to instantly diversify their supplier base, reducing dependence on a single source or region and enhancing overall resilience. In Q3, we continue to expand our global network and our global sourcing efforts and flexible asset-light model are resonating with customers given the rapidly changing global trade environment. We're delivering a scalable enterprise offering through tools like Teamspace and ERP integrations to become more embedded in customer workflows, reducing buyer friction and expanding wallet share in these large accounts. Our technology initiatives, combined with our enterprise sales efforts are powering our land-and-expand strategy. In Q3, a U.S. aerospace company faced a major production challenge, needing complex tight tolerance components on an aggressive time line with limited supplier options. This company turned to the Xometry marketplace as a trusted partner capable of delivering precision, speed and reliability. Based on the success of this program, Xometry quickly expanded to other divisions within the company, becoming a preferred manufacturing partner for rapid production. In Europe, a medical device manufacturer partnered with Xometry to accelerate production of precision components for its next-generation surgical systems. What began with CNC machined and 3D printed parts evolved into multiple high-volume production programs, including injection molded assemblies for other advanced equipment. By leveraging the Xometry marketplace, the customer was able to innovate faster and drive scale in the competitive medical technology market. These are good examples of enterprise customers we believe can generate $10 million plus in annual revenue. For our suppliers, our marketplace is driving increasing value, enabling them to sell their capacity digitally, unlock access to global demand and increase asset utilization and profitability through our Workcenter platform. In early Q4, we launched the new Workcenter mobile app. The Workcenter platform is Xometry's proprietary all-in-one quote-to-cash solution, enabling its partners to source and consolidate work, manage operations, monitor performance and secure cash flow. This powerful new tool is designed to help suppliers within the Xometry partner network manage job offers, production workflows and shop performance anytime, anywhere. By providing easier access to the job board and job management, we expect to drive increasing supplier engagement. Additionally, the new app provides for better communication flow to ensure that partners are quickly informed of critical updates and job opportunities. The app also enables seamless data capture through photos, certifications and status updates to improve accuracy and get information flowing quickly, delivering greater quality, transparency and responsiveness to customers. We expect that the Workcenter app will deepen supplier engagement and enhance our data to further support marketplace gross margin expansion and improve the buyer and supplier experience. For Thomas, in Q3, we launched our new dynamic ad serving technology and began selling on a new platform for new customers. The new

pay-for-performance platform enables advertisers to set budgets, better define their target audience, maximize ad effectiveness and improve ROI tracking. While still early, we are pleased how the platform is functioning, and we're pleased with the initial sales efforts. We expect the new technology will increase advertising penetration and engagement. In Q4, we will further integrate our new natural language search experience to improve buyer engagement as search results are more relevant. There's much more to come in the following months on the innovation front as we focus on further improving buyer and supplier experience and expanding our platforms. Our momentum remains strong in Q4. We're raising our 2025 revenue growth outlook given robust demand in our marketplace and the strong execution of our teams. We expect strong secular growth to continue in 2026 and in coming years as we rapidly scale to $1 billion plus. I will now turn the call over to James for a more detailed review of Q3 and our business outlook.

James Miln: Thanks, Randy, and good morning, everyone. Q3 was a great quarter for Xometry, delivering accelerating revenue growth, robust expansion in marketplace gross 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 off-line 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. Q3 revenue increased 28% year-over-year to $181 million, driven by strong marketplace growth. Q3 marketplace revenue was $167 million and supplier services revenue was $14.1 million. Q3 marketplace revenue increased 31% year-over-year, a 500 basis points acceleration from Q2, driven by strong execution, expansion of buyer and supplier networks and growth with larger accounts as we continue to capture significant market share. Marketplace growth was robust across many verticals, including semiconductors and energy, aerospace and defense and automotive. Q3 active buyers increased 21% year-over-year to 78,282 with a net addition of 3,505 active buyers. Q3 marketplace revenue per active buyer increased 9% year-over-year, primarily due to strong enterprise growth and efficient corporate marketing initiatives in the U.S. In Q3, the number of accounts with last 12-month spend of at least $50,000 on our platform increased 14% year-over-year to 1,724, an increase of 71 from Q2 of 2025. We view accounts with at least $50,000 spend 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 Q3 for marketplace accounts with last 12-month spend of at least $500,000. Our enterprise strategy focuses on our largest accounts, which we believe each have $10 million plus in potential annual account revenue. Supplier services revenue declined approximately 1% quarter-over-quarter as we have largely stabilized the core advertising business. We are focused on improving engagement and monetization on the platform, which remains a leader in industrial sourcing, supplier selection and digital marketing solutions. Q3 gross profit was $72 million, an increase of 29% year-over-year with gross margin of 39.9%. Q3 gross margin for Marketplace was 35.7%, an increase of 210 basis points year-over-year. Q3 gross profit dollars increased a robust 40% 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. Moving on to Q3 operating costs. Q3 total non-GAAP operating expenses increased 17% year-over-year to $66.1 million, well below revenue growth. We are applying strong discipline and rigor to our capital and resource allocation across teams while investing in our growth initiatives. In Q3, sales and marketing decreased 140 basis points year-over-year to 15.9% of revenue. This reflects improving enterprise sales execution and disciplined advertising spend. Marketplace advertising spend was 5% of marketplace revenue, which was down 130 basis points year-over-year as we balance growth and profitability. In Q3, operations and support decreased 60 basis points year-over-year to 8.2% of revenue. We are focused on driving increasing automation with AI across operations and support. Q3 adjusted EBITDA was $6.1 million compared with a loss of $0.6 million in Q3 2024. Q3 adjusted EBITDA improved $6.8 million year-over-year, driven by strong growth in revenue, gross profit and operating efficiencies. Year-to-date, we have delivered approximately 21% incremental adjusted EBITDA margin, primarily driven by strong marketplace gross margin expansion. In Q3, our U.S. segment adjusted EBITDA was $10.3 million or 6.8% adjusted EBITDA margin, a $9 million 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 $4.2 million in Q3 2025 compared with $2 million in Q3 2024, driven in part by our investments to drive further global scale. We expect improved International segment operating leverage in Q4. At the end of the third quarter, cash and cash equivalents and marketable securities were $225 million, decreasing approximately $1 million from Q2 2025. Driven by strong operating leverage and focus on working capital efficiency, we generated $5.8 million in operating cash flow in Q3. We invested $7.4 million in CapEx, primarily software related, 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-light model and limited capital spending. We expect CapEx to be approximately $8 million to $9 million in Q4 2025. Q3 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 approximately 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 fourth quarter, we expect revenue in the range of $182 million to $184 million or 23% to 24% growth year-over-year. We expect Q4 marketplace growth to be approximately 25% to 27% year-over-year. As Randy mentioned, trends remain strong in Q4 even as we are mindful of the uncertain macro environment. We expect Q4 supplier services revenue to decrease approximately 4% year-over-year as we work through the transition of the recently launched Thomas Ad serving platform. In Q4, we expect adjusted EBITDA of $6 million to $7 million compared to $1 million in Q4 2024. In Q4, we expect stock-based compensation expenses, including related payroll taxes, to be approximately $11 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 23% to 24% to 27% to 28% growth. We continue to expect the supplier services to be down approximately 5% year-over-year. This results in our revenue outlook for the full year rising to $676 million to $678 million. For the full year 2025, we are raising our adjusted EBITDA guidance to $16 million to $17 million. As we look ahead, we believe that our growth initiatives can continue to drive at least 20% total revenue growth in 2026, given the large fragmented market opportunity, our initiatives to expand wallet share with strategic accounts and further international expansion, while we remain mindful of the macro environment. I want to close by thanking our dedicated Xometry team members around the world. Their commitment to our buyers and suppliers is instrumental to our continued growth and core to our mission of making the world's manufacturing capacity accessible to all. With that, operator, can you please open up the call for questions?

Operator: [Operator Instructions] Our first question comes from the line of Andrew Boone of Citizens.

Andrew Boone: You guys just talked about the 20% growth for 2026. Can you help us by unpacking that a little bit? Can you talk about kind of the assumptions that are underlying that, whether there are any macro assumptions that are embedded within kind of the 20% growth overall or whether that's really idiosyncratic drivers that can power growth next year kind of regardless of the situation?

James Miln: Andrew, it's James. Thanks for the question. We're really obviously very happy with the performance that we're seeing this year, Marketplace growth of 31% in the third quarter. That's really being driven by the growth initiatives that we've been very consistently driving across enterprise, across scaling our network of buyers and suppliers and improving the technology of the platform as well. So we're seeing it broad-based at the moment across multiple processes across our broad diversity of categories. So as we're working on our plans for 2026, we wanted to give some view as to -- of our confidence in the consistency of that growth at a 20% plus level. We'll clearly come back with the Q4 earnings with more details on guidance for 2026. So we just wanted to give you a bit of a framework of how to think about that for next year.

Shawn Milne: Yes. And Andrew, it's Shawn. And if you just think about the underpinnings of your model heading into 2026, we continue to drive strong active buyer growth, and you see strong revenue per buyer growth, too. So those are some of the underpinnings of the model driving the 20% plus into '26.

Randolph Altschuler: Yes. And I think also just to jump in, it's Randy. We are always mindful of the macro. So we didn't assume any improvement in that next year. This is really about Xometry continuing

to gain market share and control our own faith. And that's what's driving our assumptions here.
Andrew Boone: And then the Workcenter mobile app feels like a large unlock as you guys simplify kind of the process for kind of your stakeholders that are clearly the underneath driver of operations to drive the platform. Can you just double-click in terms of what the unlock is in terms of creating that mobile experience and how people are using it and helping to unlock kind of more demand across the platform?
Sanjeev Sahni: This is Sanjeev Sahni. Let me start by talking about our AI efforts. As you know, we've been an AI-native company from the beginning. AI has been part of our DNA, whether it's data science, machine learning or deep learning models, we've always had those as core to our way of working and scaling the customer and partner experience. We launched the Workcenter mobile app in the U.S. for our large and expanding partner base truly to drive that customer and supplier experience because we really believe as partners adopt a more friendly way of giving us data about their orders, sharing updates on quality control, sharing updates on dispatch, sharing updates on which job they like, which job they don't. We get deeper into engagement with them and are able to help them manage their business, help them manage time lines and quality for our customers. This is just the beginning of a series of AI-enabled tools that we continue to launch and scale. As you know, our focus has been on deploying that towards pricing, speed and selection as a core theme on where our efforts go. And so this cycle, this was our effort in driving speed and continuing to scale that with our partners.
Operator: Our next question comes from the line of Brian Drab of William Blair.
Brian Drab: First, I was wondering if you could just talk a little bit more about some of the changes that you're making within the team, some of the additions, Sanjeev, I know you've talked a lot about adding talent and technical capabilities. Can you talk about the importance of that and how that's going to help you get to this $1 billion revenue level and beyond?
Sanjeev Sahni: Thank you for the question. Again, I think we are seeing very strong success in attracting top talents from some of the best tech companies in the world. As part of our efforts, we want to make sure that we continue to deliver on the strong pipeline of tech outcomes for our customers and partners, like Randy already mentioned, this cycle, we launched auto-quoting for injection, molding, offering that we think will significantly expand our marketplace menu. Injection molding, as you know, is a very, very large category. And this is one where we've launched auto-quoting by building on our experience in the offline where we've now got a set of buyers, suppliers, we've got models that have been refined and now driving technology behind those models helps us bring it to the customer in an online platform, which they can easily adopt and help us drive significantly higher market share. But again, going back to what I was saying before, our AI efforts are truly around price selection speed. So if you think about price, we've been continuing to test behavior-based models. We've been trying to test various sortations on our site, which you can see when it comes to selection, I just mentioned injection molding and then speed, the Workcenter and mobile app. So across areas, including Thomasnet, where we've launched dynamic ad serving technology, this is becoming a truly product-led, product-driven organization with our CTO, Vaidy and his team now in their 6 months in the organization.
Brian Drab: Okay. And then can I ask a much more near-term question. And looking at the guidance and the step function increase that you have from second quarter to third quarter, so you're up almost $20 million in revenue from second quarter to third quarter and then modeling just a couple of million increase sequentially into the fourth quarter. How are you thinking about that guidance? And what have you -- have you seen anything in the first 5 weeks of the quarter? Is there anything beyond kind of typical holiday seasonality that you're thinking about?
James Miln: Yes. Thanks, Brian. So again, I think, as you know, really great performance in Q3 here on -- even despite an uneven manufacturing environment, Xometry is executing really well. Across enterprise, we're seeing a lot of strength, broad-based across the accounts. We're seeing, we believe, strong wallet share gains, revenue per buyer being up 9%. We've seen strong growth across processes from CNC to sheet to additive. I think as we look into the guide, as usual, we take into account those trends we're seeing in the business, which we're very pleased about as well as the risks given the uncertain manufacturing environment. And so with overall marketplace revenue growth over the year now at 27% to 28% plus on the basis of that strong active buyer growth as well, really pleased with

what we're seeing. And just as I said, that all builds into the guidance that we give.
Randolph Altschuler: Yes. And Brian, it's Randy. Just add a couple of things. We were very clear, both in my remarks and James' remarks, Q4 is off to a strong start. So as we talked about when we entered Q3, we had momentum there. We are seeing continued momentum here in Q4. And we -- that's -- I think our strongest guide this year in terms of year-over-year growth is the guide that we're giving for this fourth quarter. So we just continue to be mindful of the macro, but we have a lot of momentum.
Operator: Our next question comes from the line of Matt Swanson of RBC Capital Markets.
Unknown Analyst: This is Simran on for Matt Swanson. Congrats on a great quarter. To start, could you just double-click on the trends that you've been seeing in enterprise and Teamspace and how we should think about that opportunity continuing to grow throughout 2026?
James Miln: Yes. Just to reiterate, enterprise are customers that we think have had more than $500,000 of spend, and that number grew rapidly last year in terms of their year-over-year in 2020. That number grew -- the revenue generated by them grew rapidly. So there's a couple of things. And in this quarter, you're also seeing our revenue per buyers increased 9% year-over-year. And in part, that is as our enterprise customers are leaning more and more in. There's a couple of technology things that are making that happen. First, widespread adoption of Teamspace by those enterprise customers, and we continue to enhance Teamspace, and that's giving us more traction. Our punchouts, so our integration with our enterprise customers' ERP systems that's also accelerating. So accelerating adoption of Teamspace, of our ERP punchouts. And then our enterprise sales motion, we've been talking about that. We've been investing in our enterprise sales team. So when you bring that all in, that's resulting in greater traction with those enterprise customers, which is in part reflected by that 9% growth in buyer spend quarter-over-quarter -- year-over-year, sorry, year-over-year. I would just add, I think we're really -- Xometry is purpose-built for sort of the industry trends that we're seeing now, the move towards supply chain resiliency, importance of getting agility and speed to market and really being able to access technology and supply chain. And I think that, that's what the team has built for many years and is behind our initiatives. And again, it's consistent in terms of how we'll be growing ahead into 2026.
Unknown Analyst: That makes sense. That's really helpful. And then with the new product launches in the EU, can you just remind us how you're thinking about international expansion and those investments heading into next year?
James Miln: This is James. I mean I'll kick off. I think international, we're very pleased with the performance that we've had there over the years, continuing to see that grow and scale. In the quarter, we're up 23% year-over-year. And we really think there's a lot of opportunity here given the large and highly fragmented markets that there are, not just in the U.S. but in Europe and in Asia. We had the recent launch of Teamspace that's been going well. We've also been expanding that marketplace more materials, more processes, more quoting possibilities. We're very pleased to see the injection molding order quoting coming to the U.S. after we were able to first launch that in Europe. So this combination of the market opportunity, again, with the Xometry solution and product road map gives us a lot of confidence and able to continue to see that grow. And as we said before, we believe that could be 30% to 40% of Xometry over time.
Randolph Altschuler: Yes. And just to remind everybody, in 2020, our international revenue was approximately $1 million. We've grown that now to $120 million run rate. So just going back to what James said, we expect that to be eventually 30% to 40% of our marketplace revenue and all the trends are moving nicely in that direction.
Operator: Our next comes from the line of Greg Palm of Craig-Hallum.
Greg Palm: Just thinking back to Q2 and obviously, more so this quarter, but we're not really used to this sort of level of upside on the revenue line. So I'm just curious, like has your visibility changed at all? I'm just kind of curious, as you think back to when you provided guidance last quarter, what changed where you were basically able to outperform by this magnitude?
Randolph Altschuler: We continue to see our customers leaning in more and more and adoption of technology tools that we've been investing now for a while, whether it's Teamspace, whether it's Workcenter, it's the punchout integrations, those adoptions are accelerating. And here's the great news, Greg. As we think about the fourth quarter next year, the injection molding and supporting

launched this quarter, just launched. The mobile app for Workcenter is recent. So -- and we've got a product road map chockful of releases that are going to be coming not only in Q4, but also throughout 2026. So I think you'll have seen us continue to gain momentum. And a lot of that is, as we talked about, the investments we've made in AI and technology and that product adoption from our customers is accelerating.

Greg Palm: Okay. Awesome. And then just as it relates to Q4, I think it implies an incremental margin for the full year around 20%, which I think is a little bit below what you provided last quarter. Is this just sort of maybe a more near-term expansion in some of these investments that you've alluded to? I mean, any reason why we wouldn't see incrementals sort of climbing back in the 20s and early '26? Or how are you sort of thinking about that cadence of incremental margins as we progress into next year?

James Miln: Yes. Thanks, Greg. As we said, we're always about balancing the growth and the profitability. I think when we think about the opportunity ahead for Xometry, it's such a large market that we need to make the right choices to invest in product technology to be able to scale the business. But we also recognize the importance of delivering profitability and improvement on that along the way. And that's why overall, we've given this framework of 20% at least incremental margins to the bottom line. In the last couple of years, you've seen us do that. Year-to-date, we're at 21%. I think you're right, if you put in our guide, then we'd be around 20% for the full year. That is an increase in adjusted EBITDA dollars that we're delivering over what we had in the last update. So we're really pleased with that progression. And I think that that's what we're doing. We're going to continue to balance growth and profitability so that we can grow into this huge opportunity ahead of us.

Randolph Altschuler: And here's the great news, Greg, as revenue is accelerating and we've gotten more growth than we've expected, that gives us some optionality to make some investments. We're obviously, as James said, very focused on profitability as well, but greater growth gives us some options, and we're going to make sure we're taking advantage of that and being smart on both sides of it.

Operator: Our next question comes from the line of Ron Josey of Citi.

Unknown Analyst: This is Robert on for Ron. Great to see the active buyers growth up 21% in the quarter. Question is, I guess, how much of this was driven by international expansion given all the improvements that you made with new materials and faster lead times versus an expansion within existing client base?

James Miln: Robert, this is James. So really pleased with the active buyer growth. I think, in particular, what we're seeing is with a lot of the initiatives that we've been driving both with product and with our marketing teams over the last year, we continue to see success in attracting new buyers to the platform. I think U.S. enterprise actually has been very strong for us. You've seen that in -- we've called that out in terms of driving the revenue, but it's also been on the active buyer side. And the proposition that we have, again, with these macro trends going on and looking for supply chain resiliency and agility, Xometry is purpose-built for this. And I think we've been improving our messaging and improving the way that we've been deploying our marketing. So you've actually seen advertising only up modestly year-over-year, and yet we've been continuing to grow our revenue and our active buyers robustly. So it's been strong in U.S. enterprise, but we have a global opportunity as well.

Randolph Altschuler: Yes. And just to double-click on what James said, it's Randy. It's really broad-based. So it's our existing accounts, those enterprise customers that are leaning in more and activating more, but it's also attracting new buyers, both here domestically and abroad.

Unknown Analyst: And then on marketplace gross margins, they reached a record this quarter, and they're at 35.7%. And this is the second quarter that they're now well within your long-term target range. So should we consider this as the new sustainable baseline for the marketplace going forward, just given benefits from AI, et cetera?

James Miln: Yes. I mean I think that what you're seeing is the result, as you said, of the overall continued improvements in our AI price prediction accuracy, the machine learning, the opportunity we have as we scale, we have more data, we have more suppliers, we have more sourcing. I continue to expect gross margin to be up year-over-year in Q4. We are in that range, 35% to 40%. And so it will always be linear every quarter up and to the right. But I think that we feel that the combination of improving our AI of more data and our sourcing keeps us in that 35% to 40% range.

Randolph Altschuler: Yes. I think we're pretty excited that this quarter, not only do we have accelerated marketplace growth, but we actually grew our gross profit dollars in marketplace even faster. So that's a signal that our customers are valuing and our suppliers value the service that we're bringing to them.