

PDD Earnings Call Transcript

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Quarter: 3

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the PDD Holdings, Inc. Third Quarter 2025 Earnings Conference Call [Operator Instructions] Please be advised that today's conference is being recorded. I would now like to hand the conference over to your host today. Please go ahead.

Unknown Executive: Thank you, operator, and hello, everyone, and thank you for joining us today. PDD Holdings earnings release was distributed earlier and is available on our website at investor.pddholdings.com and through the Globe Newswire services. Before we begin, I'd like to refer you to our safe harbor statement in the earnings press release, which applies to this call as we will make certain forward-looking statements. Also, this call includes discussions of certain non-GAAP financial measures. Please refer to our earnings release, which contains a reconciliation of non-GAAP measures to GAAP measures. Joining us today on the call are Mr. Chen Lei, our Chairman and Co-Chief Executive Officer; Mr. Zhao Jiazhen, our Executive Director and Co-Chief Executive Officer; our VP of Finance, Ms. Liu Jun, is unfortunately on medical leave. Delivering the prepared remarks on Jun's behalf today will be Ms. Xin Yi Lim from our Investor Relations team, who has spoken on our earlier earnings calls. Lei and Jiazhen will make some general remarks and on our performance for the past quarter and our strategic focus, and Jun Liu will then walk us through our financial results for the third quarter ended September 30, 2025. And during the Q&A session, Lei and Jiazhen will answer questions in Chinese and will help translate. Please kindly note that the English translation is for reference only. And in case of any discrepancy, statements in the original language should prevail. Now it's my pleasure to introduce our Chairman and Co-Chief Executive Officer, Mr. Chen Lei. Lei, please go ahead.

Lei Chen: Hello, everyone, and thank you for joining our Q3 2025 earnings conference call. This year marks the 10th anniversary of the company's founding. Just before this earnings release, we celebrated our 10th birthday. When we started in 2015, we pioneered the team purchase model, which offered the value proposition of more savings and more fun at scale and created a new e-commerce defined by 3 characters, namely benefit all, people first and more open. Since then, we have gradually grown from a start into a key player in the e-commerce industry and along our journey, created greater value for our users, our merchants as well as the industry and the society. This quarter, we reported RMB 108 billion in revenue, with growth remaining under pressure. As always, we prioritize long-term value over short-term results. Looking back over the past decade, we have upheld our core value of concern, adhered firmly to our own duties and principles and maintained focus on our core business of e-commerce. Through our journey, we strive to create value for our users and to address the needs of the widest range of consumers. We have also made every effort in giving back to the industry ecosystem, driving the industry to become more benefit all, more people first and more open. Since day 1, our mission has been to serve the broadest range of consumers by offering affordable prices and quality services. 10 years ago, we introduced the team purchase model to address the challenges faced by the farmers and growers as well as industrial belt merchants. This e-commerce model has helped a large base of farmers and everyday workers increase their income while offering urban and rural consumers across through quality foods and daily necessities at affordable prices. Today, 10 years later, our focus remains on the day-to-day of people from all walks of life. We continue to provide

consumers with quality goods at affordable prices and help merchants, many of which SMEs expand their market reach. And ultimately, we help producers and consumers live a better life. As a new e-commerce platform born in the mobile Internet era, we moved beyond the traditional online shopping model that placed products at the center. And instead, we put people first. We built our model around consumer focus. We try to understand a human touch behind every click, and we honor the consumer trust behind every order. We strive to bring more savings and more fun to every purchasing experience. And with this goal in mind, we will continuously driven product innovation, technology integration, service upgrades and improvements in product selection and the efficiency of supply chain. In doing so, we aim to satisfy the diverse and rapidly growing needs of everyday consumers. Throughout our journey, we have faced fierce and persistent industry competition, and yet we have remained steadfast in our focus on the company's intrinsic value in the long run, and we promote the high-quality growth of the platform ecosystem, and we advocate for a more open industry environment. Since last year, we have further elevated our ecosystem development and roll out substantial merchant support initiatives such as the \$10 billion fee reduction program and \$100 billion support program. Through these initiatives, we made investments in our merchants and a wider, creating room for innovation and growth for both established brands and SMEs. We hope to play our part in facilitating supply chain upgrade and addressing the long-standing challenge faced by our merchants who had quality but lack brand recognition. As we look ahead, the e-commerce industry is witnessing even more intense competition, and we will continue to uphold the principles that have guided us for the past 10 years, staying true to our mission of creating value for our consumers and focused on investing in the high-quality development of our platform and the wider industry. Today, the scale of our business is far greater than it was 10 years ago and with greater scale comes greater social responsibility. And therefore, as we think about our growth in this new era, we must do so in a way that prioritizes the interest of wider public and the long-term outlook of the entire ecosystem. Going forward, more strategic initiatives similar to \$100 billion support program will be rolled out to support both supply side and demand side. We are also strengthening our efforts in giving back to the industry and a broader society. Three years ago, we launched our global business, which has now grown to serve many markets. Today, with the rapid evolvement of trade barriers and other global events, we are seeing significant shift in the platform's regulatory environment, including in trade policies, tax rules, data security and product compliance regulation across different countries and regions. This means we will inevitably face greater challenges and more uncertainties. As a young global company, we are working hard to learn to keep up and to adapt to these trends. However, there remain significant uncertainties exposing the company to risks that are unpredictable and difficult to quantify, which may impact our financial performance, both in the short term and over the long term. And in the midst of fierce industry competition, a complex global environment and our continuous ecosystem investments, our quarterly profitability will fluctuate and is inherently unpredictable. And therefore, simple linear projection might not be a good way to projecting future performance. As we have emphasized in the past, short-term stock price fluctuation has never been our focus. And rather, our focus remains on building long-lasting intrinsic value by doing the right thing and creating value for consumers. It is with our firm commitment to high-quality development, we embark on the next decade towards our vision of Costco plus Disney. And with that, we will turn the call over to Zhao Jiazhen for further remarks.

Jiazhen Zhao: [Foreign Language]

Unknown Executive: [Interpreted] Good day, everyone. This is Zhao Jiazhen. Thank you again for joining our Q3 2025 earnings release. The third quarter this year marks the company's 10th anniversary. As Lei mentioned, over the past 10 years, we have remained committed to creating value for our users and growing alongside our merchants. We have strived to drive the industry to become more open and have delivered incremental value to the society. At this 10-year juncture, we will continue to step up our efforts to give back to the supply side and the demand side as part of our efforts to drive industry upgrades and deliver more savings and more funds to the general public. In this quarter, our revenue growth continued to be under pressure and operating profit grew in low single digits. Currently, we see intensified competition within the e-commerce sector that is centered around new business models. We will continue to invest back into our platform ecosystem and our investments into the merchant support initiatives similar to the RMB 10 billion fee reduction program and the RMB

100 billion support program will continue in the long run. These investments will affect the sustained performance of revenue and net profit. And accordingly, our financial results of this quarter should not be considered as guidance for future performance. We cannot rule out the possibility that the financial performance in the next few quarters will continue to fluctuate. Over the past decade, we grew from a start-up into a public platform. We benefited from China's rapid economic development. And at the same time, we have not lost sight of the social responsibilities that are inherent to a platform company and proactively gave back to the agriculture and other industries. And this year, we rolled out the first RMB 100 billion support program in the e-commerce industry to support merchants and farmers. Through initiatives such as Duo Duo Premium Produce, new quality supply and logistics support to remote regions, we continue to drive the high-quality development of the platform ecosystem. As a new e-commerce platform with roots in agriculture, the first products bought and sold on Pinduoduo was agricultural produce. Along the way, we have made long-term investments across different parts of the agricultural industry from supply chain and warehousing logistics to supporting new generations of farmers and agricultural research and development. These efforts have significantly increased the scale and efficiency of agricultural product distribution, greatly promoted product standardization and helped farmers increase output and income. And in this process, we have become the largest platform for agricultural products in China. In the third quarter, our Duo Duo Premium project team visited dozens of agriculture specialty regions, including Hubei, Jingzhou, Henan, Shangqiu, Shandong, Liyang, and Yunnan, Pu'er. This year, on the back of CNY 100 billion support program, we launched the Duo Duo Premium Produce initiative to step up our investments into agriculture. Based on the 2025 agricultural product half year report that we just issued, our investments in agriculture have yielded significant results. And in the first half of this year, agriculture sales grew by 47% year-over-year, and we saw a similarly rapid increase in the number of agricultural merchants with a particularly notable increase of over 30% year-over-year in the generation of merchants born in the 2000s. This demonstrates that the online distribution of agricultural products continues to hold immense promise. In the third quarter, our Duo Duo Premium Produce team visited dozens of agricultural specialty regions, including Hubei, Jingzhou, Henan, Shangqiu, Shandong, Liyang, and Yunnan [indiscernible] to develop tailored solutions for the merchants and help them make the transition from a model that prioritizes scale to one that prioritize quality. And during the harvest season starting in September, we allocated RMB 1 billion subsidy and RMB 2 billion traffic support and in collaboration with the 300,000 agricultural merchants on our platform, we rolled out the Duo Duo harvest season program to facilitate the timely distribution of produce from rural areas to urban markets, helping farmers increase income. In the early days of our company, our team purchase model brought about a solution to the legacy challenges within the industrial belts and enabled the industries to quickly scale across regions. The number of e-commerce merchants in many of these regions grew from just 100 or 200 to several thousands. However, this growth has also led to commoditized competition. And today, these industrial belts have reached a critical juncture that calls for transformation. This quarter, we continue to invest in a new quality supply initiative through our CNY 100 billion support program. Our teams visited dozens of industrial belts such as down jackets in Pinghu, snacks in Huizhou, children's wear in Foshan, bags and luggage in Shandong, and Hanfu in Chaoqian. Leveraging our digital capabilities and fee reduction and merchant support programs, we continue to enhance quality and efficiency for our merchants, we aim to address the challenges of commoditized competition faced by many industries by incremental innovation across each part of the supply chain from raw materials to finished products. At the end of September, we released a 1-year development report on new quality supply. The report shows rapid growth in the number of industrial merchants. The number of merchants between the age of 25 and 30 grew by 31% year-over-year and those born in the 2000s grew by 44%. The number of high-quality SKUs increased by over 50% year-over-year, and we've also seen a significant rise in the branded stores on these industrial belts. And these figures demonstrate that the key industrial belts are steadily moving towards high-quality development. And on supply side, investments have allowed us to bring more savings and more fun to a broad base of ordinary consumers. We see urban white-collar workers ordering fresh flowers from Yunnan, while young people in small towns buy trendy designer toys. We see mountain villages enjoying high-quality seafood, while herdsmen in Western regions wear UV protective jackets. And taking the Western regions as an example, the exemption of transshipment fees

has led to a significant surge in order volume for pet supplies, outdoor and sun protection gears, designer toys and fresh produce and plants, among other product categories. This greatly stimulated economic activities between the regions. Starting a fresh from this 10-year mark, we will continue to put consumers first and drive organizational evolution. And one by one, we will tackle the practical problems faced by our users, merchants and the industries through persistent focused efforts and continue to build a thriving platform that benefits all, taking on greater social responsibility and creating value for the public. Now I'll hand over to in Xin Yi to provide you with an update on our Q3 financial performance.

Xin Yi Lim: Thank you, Jiazhen. Hello, everyone. This is Xin Yi from the Investor Relations team. Jun is on medical leave, and I will deliver the prepared remarks on behalf of her. Let me walk you through our financial performance for the third quarter ended September 30, 2025. In terms of income statements, in the third quarter, our total revenues increased 9% year-over-year to RMB 108.3 billion. This was driven by an increase in revenues from online marketing services and transaction services. Revenues from online marketing services and others were RMB 53.3 billion this quarter, up 8% from the same quarter of 2024. Online marketing services growth moderated further as competition intensified and as we invest in the merchant ecosystem. Revenues from transaction services were RMB 54.9 billion, up 10% from the same quarter last year. Moving on to costs and expenses. Our total cost of revenues increased 18% from RMB 39.7 billion in Q3 2024 to RMB 46.8 billion this quarter, mainly due to increase in fulfillment fees, bandwidth and server costs and payment processing fees. On a GAAP basis, total operating expenses this quarter increased 3% to RMB 36.4 billion from RMB 35.4 billion in the same quarter of 2024. On a non-GAAP basis, total operating expenses increased to RMB 34.4 billion this quarter from RMB 32.9 billion in Q3 2024. Our total non-GAAP operating expenses as a percentage of total revenues this quarter was 32%, roughly in line with the same quarter last year. Looking into specific expense items. Our non-GAAP sales and marketing expenses this quarter were RMB 29.8 billion, flat compared to the same quarter last year. On a non-GAAP basis, our sales and marketing expenses as a percentage of our revenues this quarter was 28% compared to 30% in the same quarter last year. Our non-GAAP general and administrative expenses were RMB 896 million versus RMB 647 million in the same quarter of 2024. Our research and development expenses were RMB 3.7 billion this quarter on a non-GAAP basis and RMB 4.3 billion on a GAAP basis, up 41% year-over-year. Our investment in R&D; reached a new high this quarter, reflecting our focus on improving the core technology capabilities of our platform. We are committed to investing in R&D; over the long run to capture opportunities in supply chain innovation and consumer experience. On a GAAP basis, operating profit for the quarter was RMB 25 billion versus RMB 24.3 billion in the same quarter last year. Non-GAAP operating profit was RMB 27.1 billion versus RMB [28] billion in the same quarter last year. Non-GAAP operating profit margin was 25% this quarter, down from 27% for the same quarter last year. As we invest in the platform ecosystem, our profitability may continue to fluctuate. Net income attributable to ordinary shareholders was RMB 29.3 billion for the quarter compared to RMB 25 billion in the same quarter last year. Basic earnings per ADS was RMB 20.96 and diluted earnings per ADS was RMB 19.7 versus basic earnings per ADS of RMB 18.02 and diluted earnings per ADS of RMB 16.91 in the same quarter of 2024. Non-GAAP net income attributable to ordinary shareholders was RMB 31.4 billion versus RMB 27.5 billion in the same quarter last year. Non-GAAP diluted earnings per ADS was RMB 21.08 versus RMB 18.59 in the same quarter of 2024. Now as Lei and Jiazhen mentioned, we are facing an increasingly competitive industry landscape, which calls for more investments in the platform ecosystem. And therefore, as we roll out greater merchant support initiatives and ecosystem investments, financial results may continue to fluctuate from quarter-to-quarter. That completes our income statement. Now let me move on to cash flow. Our net cash generated from operating activities was RMB 45.7 billion compared with RMB 27.5 billion in the same quarter last year. As of September 30, 2025, we had RMB 423.8 billion in cash, cash equivalents and short-term investments. Thank you. This concludes my prepared remarks.

Unknown Executive: Thank you, Xin Yi . And next, we will move on to the Q&A; session. In today's Q&A; session, Lei and Jiazhen will take questions from analysts on the line. [Operator Instructions] Lei and Jiazhen will answer questions in Chinese and will help translate for convenient purposes. Operator, we'll open for questions.

Operator: [Operator Instructions] Your first question comes from Joyce Ju with Bank of America.

Joyce Ju: [Foreign Language] I will translate myself. My first question is, in the third quarter, we see a recovery in overall online retail sector as the industry's year-over-year growth reached its best level in the past few quarters. Could management share the company's perspective on the recent industry trend? In the meantime, we noticed a slowdown in Duo Duo's online marketing service revenue this quarter, which we estimate also indicated some pressure on the take rate. Could management elaborate on the main factors driving the growth? And do you anticipate this trend will continue in the next couple of quarters? Secondly, in the past few quarters, we've seen several platform companies roll out major business innovations and ramp up investment in the new models, which has really shifted the competitive dynamics. How does management view the competitive outlook in China's e-commerce sector from here and why?

Jiazhen Zhao: [Foreign Language]

Unknown Executive: [Interpreted] This is Zhao Jiazhen, let me take this question. In the past few quarters, the industry has entered a new investment cycle. The e-commerce sector is evolving rapidly and within an industry landscape that has a large number of strong players, competition is unavoidable. And faced with this competitive and fast-changing environment, our primary focus should be that what unique value our platform can create for the consumers, merchants and other participants. We do not pay too much attention to the short-term industry trends or every move made by the competition. And as we see it from here onwards, we must leverage our inherent strength to pursue high-quality growth and enhance our core capabilities in order to better serve our merchants and consumers and along the way, creating more value. And of course, we are also encouraged to see the overall recovery in online retail. And at the beginning of this year, we further recognized the long-term value of high-quality growth and our management team made a commitment to elevate our platform ecosystem investments to a new stage and launched CNY 100 billion support program to support our merchants. And this involves the platform proactively dedicating substantial resources to invest in merchants and the broader industry. And in doing so, we target to provide ample room for innovation and growth for both established brands and SMEs. In the meantime, we also formed the Merchant Protection Committee to create a long-term communication mechanism with our merchants. We have also undertaken targeted upgrades to the merchant aftersales service system and implemented multiple improvements to address issues like abnormal order disputes. And these efforts are all focused on optimizing the business environment for our merchants and nurturing a platform ecosystem where all participants can thrive together. And looking ahead at this juncture, management unanimously agreed that it is our responsibility to further increase investment in our platform ecosystem and to think about the company's development from a broader perspective of public interest and the long-term health of the entire ecosystem. We will remain focused on the platform's intrinsic value and healthy development in the long run. And therefore, in the period ahead, we plan to roll out more strategic initiatives that benefit both merchants and consumers. Programs such as the CNY 100 billion support program and further enhance our efforts to invest in the industry and give back to the society. And back to the topic of growth rates, we mentioned several quarters ago that as the platform increase in scale and also as competition intensifies, our growth rate is set to slow down. As we continue to invest in programs to support merchants and the industry, our financial performance may experience ups and downs in the coming period. However, we will always maintain a long-term perspective, focusing on creating a unique value for consumers and merchants and building our intrinsic value. And in terms of your second question about competition. And as you have observed, the competition in our industry has intensified. And over the past few months, we've seen many industry peers deploying significant capital and resources to aggressively develop new business models, leading to increasingly fierce competition around emerging business models in the e-commerce sector. And in this environment, we will continue to invest substantial capital to strengthen our platform ecosystem. Major merchant support initiatives such as the CNY 10 billion fee reduction program and CNY 100 billion support program will be sustained over the long run and with more similar program to be launched. The platform is willing to let go some of the profits to create room for the development of the entire ecosystem. We view these as our long-term investments. And for instance, as mentioned earlier, this year, we launched the Duo Duo

Premium Produce campaign under our CNY 100 billion support program, which has significantly helped quality agriculture merchants increase their scale and improve the efficiency of product distributions. There are numerous initiatives like this. And these long-term investments will naturally impact our revenue and profit performance. And moving forward, amid the changing external conditions and intensifying competition, our long-term investments are set to increase. And therefore, we do not think this quarter's profitability should serve as guidance for future performance, and there is still the possibility of continuous fluctuation in the results over the coming quarters. Thank you.

Unknown Executive: Thank you, Joyce. Operator, we're ready for the analyst -- next analyst on the line.

Operator: Your next question comes from Alicia Yap with Citigroup.

Alicia Yap: [Foreign Language] Two questions. The first one is in the global business operation, we have observed that the company and also other peers are facing regulatory and also public scrutiny in many countries, some of which are quite intense. How does management view this situation? And what are our planned response? And then second question is the company has mentioned investment in the merchant ecosystem over the past few quarters. Could you share the current status of this initiative? And how should we assess the financial impacts of this initiative? And what are the company's future plans?

Lei Chen: [Foreign Language].

Unknown Executive: [Interpreted] Alicia, this is Lei. Let me answer your first question. After more than 3 years of development, the company's global business now serves local consumers in many markets and has received positive feedback from users worldwide, and we are greatly encouraged by such support and trust, but at the same time, we sense profound responsibility. So from the very beginning, the goal of our global business has been to achieve long-term sustainable development in each market and deliver tangible value to consumers. And therefore, we continuously reflect on how to integrate with the local cultural practices and legal compliance systems in each of the markets so that we become an organic part of the local economies. The growth of our business alongside regulatory trends across different markets now set a higher standard for us. We have always believed that providing consumers with a safe and trustworthy shopping environment is a fundamental duty of an e-commerce platform. And accordingly, management has made trust and safety and also product compliance a key component of the company's high-quality development strategy and has made substantial investments in this area. And on the technical front, we are continuously refining the policies and processes for merchant onboarding and product listing. The company has dedicated significant resources combining automated and manual screening to proactively monitor product listing, sales and after-sales services. And by doing so, we hope to enhance our ability to detect and respond to safety risk. And at the same time, we actively collaborate with external stakeholders and incorporate the feedback to hold ourselves to higher standards. In terms of our teams, we continue to invest in building a professional compliance team that keeps up with regulatory trends in our operating markets and promptly implement adjustments in our business operations. And despite these efforts, regulatory environment in areas such as trade policies, tax, data security and product compliance are undergoing significant changes across various countries and regions, and this presents us with greater challenges and heightened uncertainty. As a young and global organization, we are striving to learn and to adapt to these changes. However, I have to admit that this process introduces significant uncertainties, which bring unpredictable and difficult to quantify risks and could impact the company's financial performance in both the short and long term. And in facing such uncertainties to us, we remain very focused on strengthening our internal capabilities and enhancing platform compliance and fostering a healthier and more sustainable platform ecosystem. Thank you.

Jiazhen Zhao: [Foreign Language]

Unknown Executive: [Interpreted] This is Zhao Jiazhen. Let me answer your second question. And over the past 10 years, we have undergone an extraordinary growth journey evolving from a start-up to a public platform with certain social influence. And throughout this journey, we have benefited from the rapid development of the digital economy and while at the same time, took on social responsibilities that are expected of a platform company like ours. And over these 10 years, we have explored different ways to leverage digital capabilities to serve the broader communities and give back to the society and particularly around rural revitalization and industry upgrades. And as part of this journey, we launched

strategic initiatives such as the CNY 10 billion agriculture research program to inject new energy into agriculture modernization. And this year, we took another critical step to launch the first CNY 100 billion support program in the e-commerce sector. And through the key measures such as Duo Duo Premium Produce, new quality supply and logistics support for remote regions, we are continuously improving the platform ecosystem and brought more high-quality merchants and products to the broader consumer markets, driving the high-quality development of different industries. And regarding your question around merchant support investments, we have always emphasized that as an e-commerce platform, we must collaborate closely with all the ecosystem participants to create value for consumers and merchants are vital partners in our efforts to serve the consumers well. And therefore, a healthy and sustainable merchant ecosystem is a fundamental pillar of the platform's high-quality development. We hope these initiatives will promote high-quality growth for quality merchants. For instance, the fee reduction policies we introduced have lowered merchants costs, enabling them to be more willing and able to reinvest in their products and services. And currently, we are already seeing some positive feedback from these ecosystem investments on our platform. And this year marks our 10-year anniversary and standing at this new starting point, we will continue to diligently address the practical challenges faced by our users, merchants and industries one by one, and we hope to take a greater social responsibility and by building a platform ecosystem that benefits all. Thank you.

Unknown Executive: Okay. Operator, I think we have time for one more analyst.

Operator: Your next question comes from Kenneth Fong with UBS.

Kenneth Fong: [Foreign Language] The company operating margin decline this quarter has narrowed compared to the previous quarter. Meanwhile, management just mentioned plans for increased investment. So how should we view the company's upcoming investment pace as well as the profitability level? And my second question is, could management share what the new consumption trend that we observed during the recent annual shopping festival promotion. Additionally, we have seen other industry participants achieving good results with the new business models such as quick commerce during Double 11. So how does management view the competitive landscape under these emerging models?

Jiazhen Zhao: [Foreign Language]

Unknown Executive: [Interpreted] This is Zhao Jiazhen. Let me answer your question. In the third quarter, heightened competition, together with our ongoing investments in the CNY 100 billion support program put pressure on our revenue growth and also led to a decline in operating margins both year-on-year and quarter-on-quarter. At the moment, the industry landscape continues to change rapidly. And in this environment, it is crucial for us to maintain our long-term strategic focus. Looking ahead, we will continue to increase investments in our platform ecosystem. This includes measures such as merchant fee reduction and marketing support for high-quality merchants and all targeted at creating more room for the healthy development of the supply chain, and these investments will pose challenges to our revenue and profit. And at the same time, as mentioned in our prepared remarks, our global business is currently facing a complex global environment. The policies and industry regulatory landscapes across different countries and regions have undergone and are expected to continue undergoing significant changes. This will bring unforeseeable risks and challenges to our company, which may also impact the company's financial performance in both the short and long term. Now as we communicated over the past few quarters, we will firmly prioritize high-quality development in the long term over short-term financial results. And accordingly, our financial performance may fluctuate over the coming quarters and linear projections may not be appropriate for financial forecast. And as to your second question, and over the past few months, we have observed an overall positive consumption momentum with gradually recovering market confidence. And during the Q3 promotional period, consumption needs in the e-commerce sector was further stimulated, showing a steadily improving trend. At the same time, we clearly recognize that the e-commerce competition remains very, very intense. New business models continue to emerge and the market landscape is constantly evolving. Major players are increasing investments in new business directions, leading to escalating competition and creating challenges for our businesses on all fronts. And in such an environment, we will further raise our standards, strengthen our core capabilities and continue to deepen our efforts in supply chain improvement and platform ecosystem development to identify new growth opportunities.

And from a long-term perspective, we will increase high-quality investments to translate these capabilities into products and services that offer consumers greater quality for money. This process will not be immediate but will demand continuous efforts. For a considerable period of time, we may be at a competitive disadvantage to our competitors, and this will potentially be accompanied by financial pressures such as slower revenue growth. But our attitude remains positive. But first, we choose to view competition through a long-term lens and plan on proactively increasing investments to create more possibilities for the healthy and sustainable development of the ecosystem, even if this means forgoing some short-term profits. And these trade-offs are made with the intention to build a more robust and sustainable long-term value amid industry competition. Thank you.

Unknown Executive: Okay. Thank you, Jiazhen. It's about time, and thank you all for joining us today. We look forward to speaking with you again next quarter. Thank you, and have a great day.

Operator: Ladies and gentlemen, that does conclude our conference for today. Thank you for participating. You may now disconnect. [Portions of this transcript that are marked [Interpreted] were spoken by an interpreter present on the live call.]