

## Study on the Strategy and Financial Analysis of Rebecca Company under the Background of Transformation of Hair Products Industry

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**Abstract:** With the changes of the times and the rise of the "appearance economy", the acceptance of wigs as fashion accessories has continued to increase, and the domestic hair products market has shown an accelerated development trend. This article takes Rebecca Company as the research object, sorts out its development history and economic conditions, and systematically analyzes the structure, competition pattern and development prospects of the hair products industry. Through the PEST model, a comprehensive assessment of the industry environment and the company's strategic position is conducted. In terms of corporate governance, analysis is conducted from governance structure to ESG, the financial part combines the 2020-2023 annual report and peer comparison to reveal the company's operating performance, at the strategic level, for inventory and turnover issues, a solution of "numerical empowerment, quality improvement and efficiency enhancement" is proposed. Finally, a combination of qualitative and quantitative methods is used to predict the financial status from 2024 to 2026. Research shows that Rebecca has continued to consolidate its leading position in the industry through multi-channel integration and digital transformation, showing strong competitiveness and development potential.

### 1. Introduction

In recent years, with the continuous deepening of the aesthetic economy and personalized consumption trends, wig products have gradually evolved from traditional functional products to decorative and fashionable consumer products. The market demand has shown a sustained growth trend, especially favored by young groups. As the main producer and exporter of the global hair products industry, my country has long occupied an important share of the international market by relying on a complete industrial chain system and labor advantages. However, the current international economic environment is becoming increasingly complex, and external factors such as frequent geopolitical risks and rising trade barriers pose severe challenges to the export of hair products, prompting the industry to accelerate the transformation from an "export-oriented" to a "dual circulation" development model. In this process, emerging consumer concepts represented by the "face value economy" continue to penetrate, and the rise of new retail models such as live e-commerce and interest e-commerce have opened up new growth space for the hair products industry in the domestic market. Against this background, systematically analyzing the development trend, market structure and competitive situation of the hair products industry, and in-depth research on the strategic choices and operating performance of representative enterprises in the transformation process have important theoretical significance and practical value for promoting high-quality development of the industry and enhancing the core competitiveness of enterprises.

In recent years, with the rise of the "appearance economy" and the intensification of personalized consumption trends, hair products such as wigs have gradually evolved from traditional functional products to fashionable consumer goods, attracting the attention of the academic community to this industry. Hahn et al. pointed out that DIY users, as the "leading users" of the industry, play an important role in promoting product innovation and emphasized the value of consumer participation

in product design and market response [1]. In terms of industry macro-environment analysis, Ha and Coghill proposed that the combination of SWOT and PEST models can help systematically evaluate the impact of policy, economic, social and technological factors on the industry and provide a structured analysis tool for enterprises to formulate strategies [2]. In the field of corporate governance and sustainable development, Waddock and Graves proposed that there is a positive correlation between corporate social performance (CSP) and financial performance, revealing the intrinsic connection between social responsibility and corporate value [3]. This view has been further verified and expanded in subsequent studies. Coelho et al. found in a systematic literature review that corporate social responsibility helps improve financial performance, especially in situations where strategy matches stakeholder needs [4]. Based on European corporate data, Agoraki et al. found that sustainable development measures not only strengthened corporate compliance capabilities, but also had a positive impact on long-term profitability and market competitiveness [5].

Although existing studies have achieved certain results in the relationship between macro-analysis tools, corporate social responsibility and financial performance, systematic research on the hair products industry, especially traditional manufacturing companies represented by Rebecca, is still relatively limited, especially in the comprehensive evaluation of multi-dimensional methods such as PEST, SWOT and financial comparative analysis. Therefore, this paper takes Rebecca as the research object, starting from strategic positioning, governance structure, financial performance and other aspects, to construct a comprehensive analysis framework, in order to provide theoretical support and practical reference for the transformation and sustainable development of the hair products industry.

## **2. Model building and solving**

### **2.1. Company profile and current economic conditions**

Henan Rebecca Hair Products Co., Ltd. is a leading hair products manufacturer in China, focusing on the design and production of high-quality hair products. Rebecca is committed to providing personalized hairdressing solutions and promoting industry innovation, with the mission of "making everyone have beautiful hair". Rebecca has been deeply involved in the market for more than 20 years and has won wide recognition from customers around the world. At the same time, its products and services cover home and commercial wigs and hair extensions. At the same time, it also has in-depth layout in technical services and international trade, and is committed to building a broad industrial ecology. Rebecca adheres to the corporate spirit of "sincerity, innovation, and development", adheres to the work style of "do what you say, and succeed if you do it", strives to realize the vision of becoming a hair products brand with international influence, and uses innovation and quality to create a better hairdressing experience for customers.

Rebecca's 2023 annual report shows that during the reporting period, the international political environment was complex and changeable, geopolitical conflicts intensified, the global economic recovery momentum was insufficient, the demand in the main international hair products market was weak, and the number of new entrants in the industry increased, and market competition became increasingly fierce. Faced with a complex and severe market environment, the company's board of directors and management led all employees to overcome difficulties, implement a differentiated competition strategy, adhere to the "high-quality & fashionable" product positioning, give play to the company's brand, "high-quality" manufacturing and overseas factories "local production and sales" advantages, while stabilizing the offline channel sales in the international market, increase the domestic market and cross-border e-commerce expansion efforts, promote the company's international and domestic market dual circulation drive and "online and offline" in-depth integration, and ensure the overall stability of production and operation. During the reporting period, the company achieved operating income of RMB 1,225,563,193.88, a year-on-year decrease of 2.57%, achieved net profit attributable to shareholders of listed companies of RMB 12,302,269.67, a year-on-year decrease of 63.75%, achieved net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses of RMB 7,682,794.34, a year-on-year decrease of 76.10%.

A detailed description of Rebecca's operating conditions in 2023 is as follows:

First, in terms of operating income, Rebecca achieved a total operating income of approximately 1.226 billion yuan in 2023, a year-on-year decline of 2.57% compared with the previous year. This change is mainly due to the company's reduced sales in the North American market in the past year, reflecting that the company's expansion in the international market faces certain challenges. However, the company's performance in the Asian and European markets is relatively stable, which has played a certain buffering role in the decline in overall operating income. At the same time, in the company's annual operating income composition, craft springs accounted for 7.26%, chemical fiber springs accounted for 43.98%, chemical fiber wigs accounted for 14.65%, human hair wigs accounted for 25.82%, and flame retardant fibers accounted for 5.55%.

Secondly, in terms of net profit, Rebecca achieved a net profit of 12.3023 million yuan attributable to the parent company in 2023, a year-on-year decrease of 63.75%. At the same time, the company's non-net profit was 7.6828 million yuan, a year-on-year decrease of 76.10%. The above two sets of data have declined significantly, mainly due to the decline in operating income and the increase in financial expenses caused by the increase in exchange gains and losses due to fluctuations in the US dollar exchange rate. Despite this, the company has maintained a certain profitability while facing market challenges, showing the stability and resilience of its business.

In addition, in terms of cash flow generated by operating activities, the company's net cash flow was 247 million yuan, a significant year-on-year increase. This change shows that the company has achieved remarkable results in capital operation and cash flow management, effectively ensuring the company's capital liquidity and operational stability. It also reflects the company's enhanced cash repatriation ability, which helps the company better respond to market changes and seize investment opportunities. At the same time, it also reflects the company's optimization of accounts receivable management and inventory turnover, which helps to improve the company's operating efficiency. In addition, the company should also pay attention to maintaining the stability and adequacy of cash flow to support its daily operations and long-term development.

Finally, from the perspective of employee compensation and per capita revenue and profit, as of the end of 2023, Rebecca has a total of 8,284 employees. In terms of employee compensation, the company's directors, supervisors, and senior management personnel received a total of 1.9351 million yuan in remuneration, of which the chairman and general manager Zheng Wenqing received a total pre-tax remuneration of 410,100 yuan from the company. This salary level is at a reasonable level in the industry, reflecting the company's incentives and recognition of senior management. In terms of per capita revenue and profit, the company's employees achieved per capita revenue of 147,900 yuan and per capita profit of 1,500 yuan. Compared with the same period last year, these indicators have declined, mainly due to the decline in operating income and net profit. However, considering that the company can still maintain a certain profitability in the face of market challenges, this performance is still worthy of recognition. In the future, the company can improve per capita revenue and profit levels by optimizing its business structure, improving product quality and service levels. At the same time, effective measures should be taken to improve employee efficiency, including optimizing work processes, strengthening employee training, and improving employee enthusiasm.

In short, Rebecca faces certain operational challenges in 2023. The decline in operating income and net profit requires the company to deeply analyze the reasons and take effective measures to improve them. At the same time, the company should pay attention to the stability and adequacy of cash flow to maintain the robustness of its daily operations and long-term development. In terms of employee compensation and per capita revenue and profit, the company needs to improve employee efficiency and optimize the salary structure to attract and retain outstanding talents. In the future, the company should continue to increase its R&D and innovation efforts, strengthen management in market expansion and cost control, and optimize its business layout and sales channels to cope with the changing market environment and seize development opportunities to achieve sustained and stable development.

The analysis of the global wig market is shown in Figure 1 below.

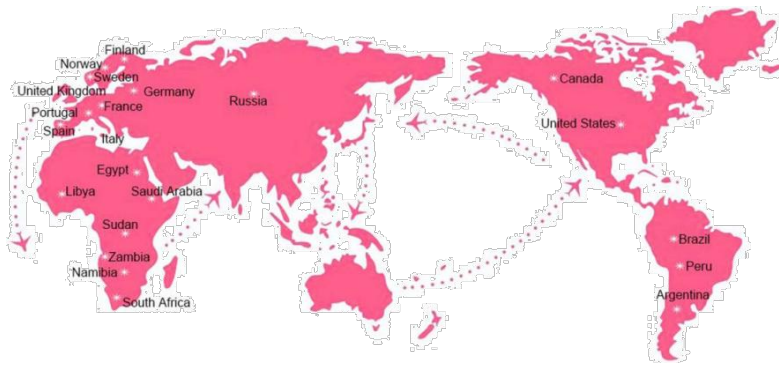


Figure 1 Global wig market distribution

## 2.2. Market analysis based on PEST analysis method

At present, the macro external environment for my country's economic development is poor. All walks of life are adapting to the new normal of global change and actively facing new challenges in the severe environment. At the same time, resource and environmental constraints have been further strengthened, labor costs have greatly increased, and the digital transformation of the manufacturing industry is urgent. The country has introduced a number of policies and put forward a number of propositions, including "Made in China 2025" and "Internet + Manufacturing", aiming to achieve the goal of my country's manufacturing power, improve the country's manufacturing innovation capabilities, promote the deep integration of informatization and industrialization, promote the construction of manufacturing brands, and enhance my country's international competitiveness.

The political environment includes industrial policies, investment policies, government subsidy levels, laws and regulations formulated by the government, and other factors, all of which will affect Rebecca's development.

The relevant policies and measures issued by the government are an important guarantee for the future sustainable development of the wig industry. In the first half of 2023, the State Administration for Market Regulation and the National Standards Committee approved the release and implementation of the "General Technical Specifications for Hair Products" (GB/T41637-2022) national standard for the first time. The state requires that environmentally friendly materials and processes must be used in the production process of wigs, and has made a lot of efforts to promote the recycling and reuse of wigs. In 2020, the Ministry of Finance and the State Administration of Taxation issued the "Announcement on Increasing the Export Tax Rebate Rate for Some Products". With the support of this policy, companies in the wig industry can enjoy lower business tax rates or tax exemption policies, which will help reduce Rebecca's tax burden and increase Rebecca's profitability.

Support the development of the cross-border e-commerce industry and promote the innovative development of foreign trade. In 2021, the Ministry of Commerce's "14th Five-Year Plan for Business Development" supports the high-level development of cross-border e-commerce, carries out special actions for cross-border e-commerce "10, 100, 100 million", special actions for rule and standard construction, and special actions for high-quality development of overseas warehouses. In 2022, the "14th Five-Year Plan for the Construction of a Modern Circulation System" proposed the development of new foreign trade formats, the promotion of diversified development of cross-border trade, and the encouragement of cross-border e-commerce platforms to improve their functions and improve the efficiency of commodity circulation. In recent years, Rebecca hair products have been mainly sold through cross-border trade. National policies have always been positive about cross-border e-commerce, supporting the growth of the cross-border e-commerce industry, attracting more and more investors to enter this industry, and creating a favorable external environment for the long-term and efficient development of Rebecca.

As the most typical export-oriented industry in my country's wig industry, Rebecca is produced domestically, and its main demand markets are concentrated in foreign markets, mainly North American and African markets. Therefore, factors such as domestic and foreign GDP, global

economic trends and market demand all affect the sales of Rebecca hair products.

From the perspective of the global economic situation, the international environment is complex and changeable, but global import and export trade still has a certain degree of development resilience. In 2022, the total global GDP reached 89.7 trillion US dollars, and the year-on-year growth rate slowed to 3.1%, in 2023, the situation of a large number of product backlogs caused by the delayed global supply chain due to the epidemic was also greatly alleviated in 2023, the consumer confidence index grew steadily, the economy showed a trend of stable recovery, and the macroeconomic situation was positive, in 2024, although the world pattern was turbulent, trade flows in various countries and regions remained active. In 2024, North America will still be the engine of global economic growth, and a new round of technological revolution will continue to ferment, the Asia-Pacific region will have stable economic growth, and consumption upgrades and digital transformation will become the main driving force for economic growth.

From the perspective of the domestic economic situation, the national economy has grown steadily, service consumption expenditure has increased rapidly, and the consumer market has shown a recovery trend. In the first three quarters, per capita service consumption expenditure accounted for 46.1% of residents' consumption expenditure, an increase of 2% year-on-year, and the service industry market showed good consumption potential and vitality.

From the perspective of market demand, the market demand is large, the online market penetration rate is low, but the development prospects of e-commerce are promising. As shown in Figure 2 below, the global e-commerce penetration rate is expected to reach 20.3% in 2022, and the retail sales are expected to increase from US\$2.6 trillion in 2017 to US\$5.4 trillion in 2022. The global e-commerce market environment is steadily improving.

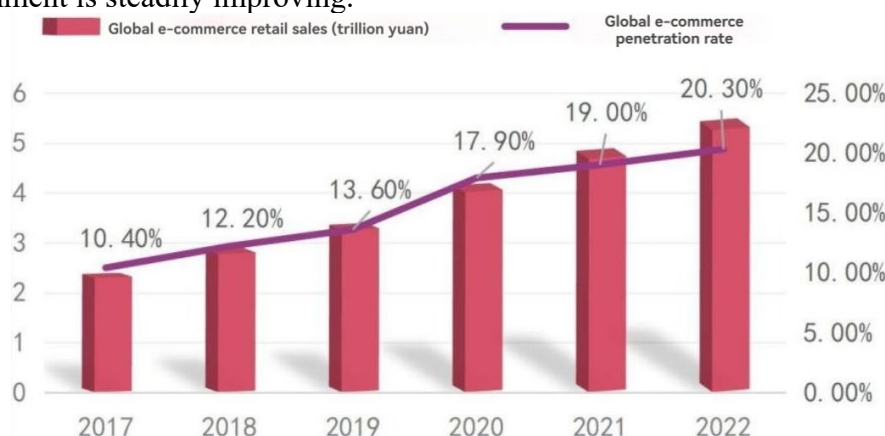


Figure 2 Global e-commerce retail sales and e-commerce penetration rate from 2017 to 2022

According to the survey data released by the National Health Commission, the number of people with hair loss in China will exceed 250 million in 2023, with one in every six people suffering from hair loss. Among them, the proportion of hair loss before the age of 30 is as high as 84%, 20 years earlier than the previous generation. With the growth of my country's per capita GDP and the increasing requirements of residents for living environment, my country's wig market has maintained a growth rate of more than 20% for six consecutive years. In 2023, the scale of China's wig market will reach 14 billion yuan. The domestic wig market is gradually opening up and releasing more potential. In addition, hair products produced in my country account for 70% of the global hair products market and are the world's largest hair products production base. From 2016 to 2021, China's wig product exports and sales have grown steadily. The global market demand for hair products will get a new breakthrough. As a leading enterprise in my country's wig industry, Rebecca will have a broader market prospect if it can launch higher quality, more innovative and more comfortable products.

Wig products have become a new trend in domestic fashion consumption. The demand for wig products has gradually increased, and the scale of the industry has continued to grow. With the development of the times, the public's awareness and demand for items are constantly changing. With the younger and more feminine trend of people with hair loss, as well as the rise of hot trends such as

"appearance economy", "secondary, Cosplay" and "her economy" driven by current consumption upgrades, wigs have gradually changed from being just-needed products for older people with hair loss and white hair to products favored by the younger generation. As a convenient and efficient way to be beautiful, wigs have received widespread attention and demand as people pay more attention to their appearance and image.

Continuously developing more possibilities in the wig industry, Rebecca hair products will have greater commercial potential. With the increasing demand of consumers for personalization and fashion, the wig industry will also develop in the direction of personalization, differentiation and high quality. In the future, the wig industry will pay more and more attention to quality and design, and launch more customized styles to meet the needs of different consumers. At the same time, the wig industry will also promote diversified culture and image, so that wigs are no longer an "embarrassing" existence, but a manifestation of fashion and confidence. As people's awareness of environmental protection continues to increase, the wig industry will also develop in the direction of green and sustainable development. With the development of the times, the wig industry has gradually expanded to other fields, cross-border cooperation with related industries such as cosmetics, beauty, and art, increasing the sales channels of wig products, making the wig industry more diversified and professional.

With the continuous development of science and technology, the wig industry is also constantly innovating and improving, and the development trend of technology will be an important development trend of the wig industry in the future. In the future, the wig industry will adopt more advanced materials and technologies, such as 3D printing technology, artificial intelligence, etc., to make wigs more realistic, fit the scalp, and also more comfortable and durable.

The maturity of technology and the Internetization of society will drive the hair products industry into a new stage of development. Under the trend of industrial digitalization, in response to the long full-link and complex operation of cross-border export e-commerce, service providers with industry accumulation actively provide digital solutions for industry participants, and solve the pain points of cross-border export e-commerce in marketing, payment, logistics and customs clearance based on the advantages of digital technology, and are committed to improving the full-link operation efficiency and helping participants to reduce costs and increase efficiency. With the rapid development of new e-commerce models such as traffic economy, interest e-commerce, and live streaming, Rebecca's development in the domestic and foreign wig markets is expected to usher in an accelerated development period.

### 2.3. Financial Analysis

Table 1 Rebecca 2020-2023 Balance Sheet

Project	In 2023	In 2022	In 2021	In 2020
Assets				
Monetary funds	91764.56	72922.24	32698.91	38558.25
Total current assets	443577.28	436386.24	388826.60	387712.53
Total non-current assets	85371.87	88973.89	92512.74	96840.86
Total Assets	528949.15	525360.13	481339.34	484553.39
Liabilities account				
Total current liabilities	209613.38	188589.15	164573.72	201193.79
Total non-current liabilities	43643.82	53902.52	37743.17	6006.28
Total liabilities	253257.21	242491.68	202316.89	207200.07
Owner's Equity				
Paid-up capital or share capital	113198.54	113198.54	113198.54	113198.54
Undistributed profits	168535.35	167390.66	164012.38	158307.96
Total shareholders' equity	275691.95	282868.44	279022.45	277353.32

As shown in Table 1, under the steady growth strategy, Rebecca's total assets continued to increase steadily from 2020 to 2023, increasing by about 443 million yuan in three years, with a growth rate

of 6.25%. Monetary funds increased from 327 million yuan in 2021 to 918 million yuan in 2023, an increase of 532 million yuan, a large increase. Under Rebecca's steady expansion strategy, current liabilities showed a decreasing trend from 2020 to 2022, and increased by 210 million yuan from 2022 to 2023, indicating that the company raised funds to support daily operations and short-term funding needs. Non-current liabilities due within one year have continued to increase by 376 million yuan in the past three years to increase long-term investment.

As shown in Figure 3, from the perspective of capital structure, current assets have been on an upward trend from 2021 to 2023, with the largest increase in 2021, reaching 14.59%. Non-current assets continue to increase every year.



Figure 3 Rebecca's current liabilities change chart

According to the data in Table 2, from the perspective of the composition of current assets, accounts receivable, monetary funds and inventory account for a high proportion, and the proportion has increased from about 77% in 2020 to about 80% in 2023. Inventory accounts for the highest proportion, reaching 60.60% in 2023, indicating that the company has certain pressure on inventory management. In terms of non-current assets, fixed assets have been decreasing in the past three years, with a total decrease of about 30 million, and the largest decrease in 2020, in addition, construction in progress increases by about 4 million yuan each year. From the perspective of debt structure, from 2020 to 2023, the company's liabilities are mainly composed of current liabilities, which accounted for 97% in 2020, and the cash flow risk is relatively high. Rebecca adjusted its debt structure by increasing long-term liabilities, and in 2023, current liabilities accounted for 82.77%, which is more stable than the previous risk-type debt structure. Due to the short repayment period of current liabilities, there is short-term debt repayment pressure. If the current assets are not enough to repay, the company may need to sell production equipment to repay, which may affect the normal production and operation of the company, thereby increasing operating risks.

Table 2 Rebecca's balance sheet structure of important items

Project	In 2023	In 2022	In 2021	In 2020
Assets				
Monetary funds	17.35%	13.88%	6.79%	7.96%
Prepayment				
Accounts receivable	17.35%	13.88%	6.79%	7.96%
Stock	60.60%	61.56%	67.05%	64.63%
Fixed assets	10.13%	10.41%	11.46%	11.77%
Liabilities				
Accounts payable	2.13%	1.76%	3.43%	2.84%
Advance payment				
Total current liabilities	82.77%	77.78%	81.34%	97.10%

As shown in Table 3, at the end of 2023, Rebecca's total assets were 5.289 billion yuan, ranking first among peer companies, about 3 billion yuan higher than Xinhujin Company and about 3.81 billion yuan higher than Xunxiu Industry. The total liabilities were 2.532 billion, 1.785 billion yuan higher than Xinhujin and 1.819 billion yuan higher than Xunxiu Industry. Rebecca's asset-liability ratio was 47.88%, and the debt level was low. From the perspective of asset structure, Rebecca's current assets accounted for 83.86% of its assets, Xinhujin's proportion was 69.14%, and Xunxiu



Industry's proportion was 60.32%. Similarly, Rebecca's current assets are also relatively large, about 2.87 billion yuan higher than Xinhua Jin and 3.543 billion yuan higher than Xunxiu Industry. From the horizontal comparison of the balance sheet, it can be seen that Rebecca is large in scale and occupies a leading position in the wig industry. Compared with the data at the end of 2020, the proportion of Rebecca's current assets to assets increased from 80.01% to 83.86%, the scale of current assets increased from 3.877 billion to 4.436 billion. From the perspective of liability structure, Rebecca's current liabilities accounted for 82.77% of total liabilities, a decrease of about 14.33% from 97.10% at the end of 2020.

Table 3 Horizontal comparison of Rebecca's balance sheet

Company	Rebecca		Xinhua Jin		Training industry	
Reporting period	In 2023	In 2022	In 2023	In 2022	In 2023	In 2022
Asset class accounts						
Monetary funds	91764	72922	57862	60881	8209	7022
Total current assets	443577	436386	156482	166229	89220	79670
Total non-current assets	85372	88942	69843	72285	58630	60620
Total Assets	528949	525360	226325	238514	147900	140300
Liabilities account						
Total current liabilities	209613	188589	69811	76309	66520	58310
Long-term borrowing	41920	52830	-	-	3187	1253
Total non-current liabilities	43644	53903	4904	4868	4750	2656
Total liabilities	253257	242492	74715	81178	71270	60960
Owner's Equity						
Paid-up capital or share capital	113199	113199	42878	42878	4623	4768
Undistributed profits	168535	167390	46312	43064	72550	75420
Total shareholders' equity	275692	282868	151610	157336	77180	80070

As shown in Table 4, the total operating income from 2020 to 2023 showed an overall downward trend. The main reason for the decline in revenue was the decline in sales in the North American and domestic markets caused by the epidemic. Affected by factors such as the slowdown in global economic growth, changes in the market environment, and inflation, the demand for hair products is sluggish. In addition, American dealers are facing inventory pressure, ordering is more conservative, and specific domestic environmental factors have impacted the supply chain and the terminal retail market. The company's production and operation face great challenges and pressure. Therefore, operating costs will also decrease accordingly.

Table 4 Rebecca Company 2020-2023 Income Statement

Project	In 2023	In 2022	In 2021	In 2020
Total operating income	122556.31	125793.93	156563.49	132958.64
Total cost of doing business	120403.43	121432.33	149865.26	130453.78
Operating profit	2234.15	4624.38	6987.12	3023.81
Gross profit	2078.35	4544.84	6862.16	3393.08
Income tax expense	814.21	1075.44	842.90	-334.96
Net profit attributable to shareholders of the parent company	1230.23	3393.75	6020.59	3814.15

From the perspective of period expenses, using the vertical analysis method, Rebecca's management expenses and sales expenses are on the rise, while R&D expenses and financial expenses are on the decline. Among them, the proportion of financial expenses to total costs from 2020 to 2023 was 5.9%, 4.7%, and 1.5%, respectively, with a significant decline. The reason is that Rebecca has adjusted its debt structure, increasing the proportion of long-term liabilities and reducing the proportion of short-term liabilities from 97% to 74%.



In terms of realized net profit, the net profits achieved in 2020-2023 were 38.14 million, 60.20 million, 33.93 million, and 12.30 million respectively. The company's net profit in 2021 was 60 million yuan, a year-on-year increase of 61%. In 2021, the demand for hair products rebounded, especially in the US market, and the company's orders increased. In addition, the company's domestic sales rebounded significantly, driving the company's revenue growth, resulting in a substantial increase in the company's net profit compared with 2020. The net profit margins were 2.8%, 3.84%, and 2.76%, respectively. From the net profit and net profit margin in the past three years, it can be seen that the profitability of the company has fluctuated greatly in the past three years due to the epidemic, but it has remained flat overall.

As shown in Table 5, from the perspective of net cash flow generated by operating activities, Rebecca's net cash flow from operating activities in 2020-2022 was 156.7 million, 222.5 million, and -64.11 million, respectively. As shown in Figure 4, the net cash flow from operating activities increased from 2020 to 2021, and the growth rate was large, with a growth rate of 52%. From 2021 to 2022, the decline was large, -124%. Analyzing its cash flow statement, we found that Rebecca's net cash flow from operating activities fluctuated, mainly due to the large fluctuations in cash received from the sale of goods and provision of services.

Table 5 Rebecca 2020-2023 Cash Flow Statement

Project	In 2023	In 2022	In 2021	In 2020
Net cash flow from operating activities	24686.70	-2647.28	22253.08	14672.68
Net cash flow from investing activities	-2226.5	-1943.63	-2290.47	-328.35
Net cash flow from financing activities	-17560.84	29298.07	-24658.29	-16558.24

From the perspective of net cash flow from investment activities, Rebecca Investment's net cash was a net outflow from 2020 to 2023, which was -3.283 million, -22.90 million, -19.44 million, and -22.265 million, respectively. The net outflow generally showed a fluctuating upward trend. The net cash flow from investment activities in 2021 was -22.90 million, an increase of 19.617 million compared with the same period in 2020, mainly due to the increase in cash paid for the purchase of wealth management products and the purchase and construction of fixed assets, intangible assets and other long-term assets.

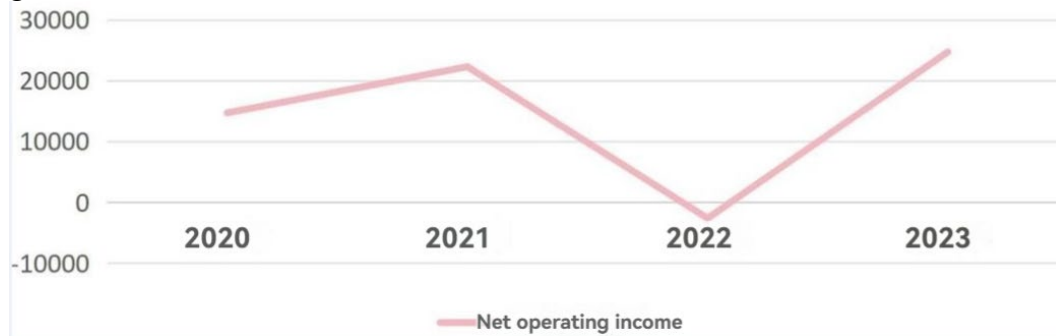


Figure 4 Rebecca's net operating income changes from 2020 to 2023

## 2.4. Financial Forecast

Financial forecasting is an indispensable part of helping Rebecca to sort out development trends and rules, and can provide effective support for the company to improve quality and efficiency and make decisions. Therefore, this article uses qualitative and quantitative analysis methods to make a three-year financial forecast for Rebecca from 2024 to 2026. The quantitative analysis object is mainly the company's three major financial statements. Since the results of quantitative analysis are usually too idealistic and difficult to take into account other factors, we also conduct qualitative analysis to provide more information outside the financial statements in order to make the most accurate financial forecast.

According to an in-depth analysis of Rebecca's financial annual reports in recent years, its revenue in various overseas regions has shown a significant fluctuation trend. Special attention is paid to the Americas. Due to the continuous adjustment and change of US economic policies, the revenue of the

wig industry has a direct impact. In addition, due to the significant differences in corporate policies and tax rate policies in various regions and countries around the world, this also brings challenges and opportunities to Rebecca's market operations. Rebecca needs to continue to expand the American market and the domestic market while stabilizing the African market. According to the forecast of operating income from 2024 to 2026, the market share is adjusted to obtain Rebecca's revenue in each region, as shown in Table 6 below.

Table 6 Rebecca 2020-2023 Cash Flow Statement

region	In 2024	In 2025	In 2026	Market share
United States	48710.4	52145.1	54705.5	36%
Europe	10589.0	11335.7	11892.2	8%
Africa	56318.0	60288.9	63249.5	42%
domestic	18394.3	19691.3	20658.1	14%
total	134011.7	143461	150505	100%

According to Rebecca's financial report from 2020 to 2022, its business is highly dependent on overseas markets, and its operating income is significantly affected by exchange rate fluctuations. In recent years, the rise of global trade protectionism and the uncertainty brought about by the COVID-19 pandemic have further exacerbated currency exchange rate fluctuations between major economies, especially in the context of Sino-US trade frictions, the RMB exchange rate against the US dollar has fluctuated frequently, which has had a great impact on business operations. In addition, changes in risk preferences and risk aversion in the international capital market have also continuously promoted changes in the direction of capital flows, thereby exacerbating exchange rate instability. In order to effectively deal with exchange rate risks, Rebecca can start from many aspects: first, establish a sound exchange rate risk management policy, clarify the risk-taking mechanism, set a reasonable exchange rate fluctuation range, and hedge operations through financial derivatives tools, second, promote the diversification of monetary funds, and appropriately invest in foreign currency markets to disperse the risks brought about by fluctuations in the exchange rate of a single currency, third, continue to promote the "local production and local sales" strategy, set up overseas factories in Africa, Southeast Asia and other places, and achieve local production and local sales, which will not only help reduce dependence on a single market, but also alleviate the direct impact of exchange rate fluctuations on business operations to a certain extent.

The time series model is used to predict Rebecca's operating income from 2024 to 2026. The ARIMA model is stable when processing time series data and can give good prediction results for different data sets. Therefore, the team uses the ARIMA (p, d, q) model to analyze and fit the time series historical data of Rebecca's operating income from 2002 to 2022 to predict the trend and changes in the next three years. Since the time series model must be a stationary sequence to establish a measurement model, the unit root test is first performed, and the data is stabilized using differencing.

Table 7 Unit root test table

variable	Differential order	t	P	AIC	Threshold		
					1%	5%	10%
Operating income	0	-3.182	0.021**	477.375	-4.138	-3.155	-2.714

Table 8 Rebecca's revenue forecast for 2024-2026

Year	Predict the outcome
2024	130114
2025	136630
2026	140659

As can be seen from Table 7 above, when the difference order is 0, the significance P value is 0.021\*\*, which is significant at the level, rejecting the null hypothesis, and the series is a stationary time series. Then, according to the AIC information criterion, the optimal parameters are found, the model autoregression order p=1, and the moving average order q=2 are determined, thus obtaining

the ARIMA model (1,0,2), and according to the model, the predicted operating income of Rebecca from 2024 to 2026 is obtained, as shown in Table 8.

From the perspective of the economic situation, national consumer demand has picked up, service consumption expenditure has grown rapidly, and the consumer market has shown a recovery trend, the demand for hair products has been stable and gradually growing. As a leading company in my country's wig industry, Rebecca has continuously built a dual-track model of independent stations and cross-border e-commerce platforms, integrating the digital economy with the real economy through the coordinated development of offline and online channels, and helping enterprises to continuously cater to consumer needs through digital transformation and upgrading, expand the consumer population, and achieve new breakthroughs in the demand for hair products. Therefore, the team adjusted the planned implementation period upward year by year, and it is expected to be adjusted to 3%/5%/7%. The adjustment results are shown in Figure 5.

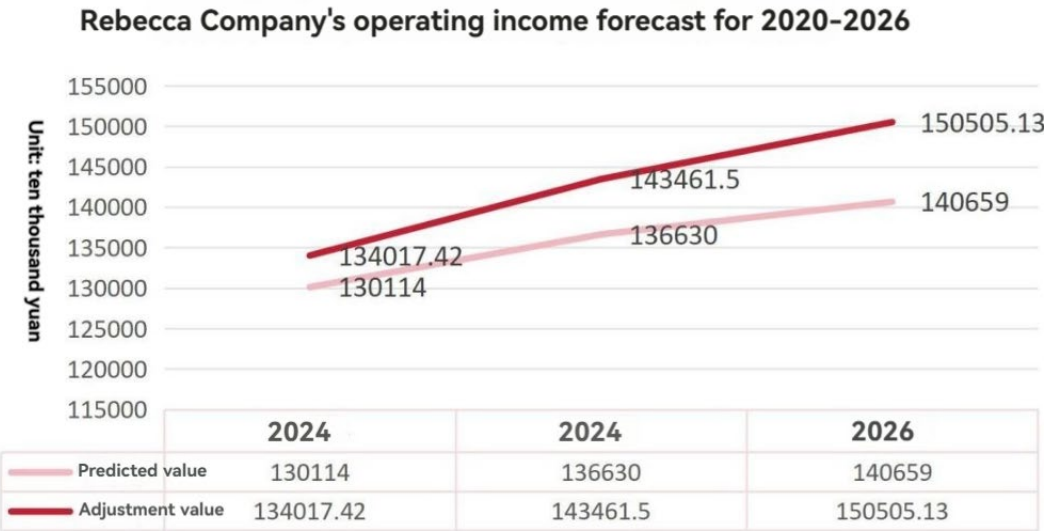


Figure 5 Rebecca's revenue forecast for 2024-2026

### 3. Conclusion

Against the backdrop of a complex and volatile global economic situation and an increasingly uncertain trade environment, Rebecca, as a leading company in my country's hair products industry, faces multiple external challenges and internal transformation pressures. Through the analysis of its financial status from 2020 to 2022, it can be seen that exchange rate fluctuations have a significant impact on the company's main business income, reflecting the financial risks it bears in its international operations. On this basis, this paper proposes a response path, including establishing an exchange rate risk management policy, promoting the diversified allocation of monetary funds, and deepening the "local production and local sales" strategy, to enhance the company's ability to resist external risks. In addition, through a systematic analysis of industry structure, market trends and corporate strategy, Rebecca's transformation direction in the new consumer environment is further clarified. Overall, Rebecca has the potential to maintain its competitive advantage in a complex market with its international layout and strategic adjustment capabilities. In the future, companies should continue to deepen digital transformation, optimize resource allocation, and actively expand domestic demand channels while consolidating overseas markets to promote high-quality development of enterprises.

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