



warfair Advisory Board

Minutes from the meeting in the warfair Advisory Board, March 7nd 2022 from 14:00-16.30.

Venue:

Svinemosevej 7, 3670 Veksø Sj.

Participants:

Peder Holk Nielsen (PHN): Member of the Advisory Board

Judith Kyst (JK): Member of the Advisory Board

Lisbeth Stausholm Zacho (LSZ): Member of the Advisory Board

Jacob Bøtter (JB): Member of the Advisory Board

Tahmina Salik (TS): Member of the Advisory Board

Christian Friis Bach (CFB): CEO of warfair, acting as Secretary to the Advisory Board

Karin Friis Bach (KFB), Director, warfair.

1. Minutes from last meeting & follow-up.

The [minutes](#) from the last meeting had been approved in a written procedure and uploaded to the website.

The work on the warfair Database/Due-diligence progressed well guided by Jacob Bøtter. An application for SMV:Grøn to support the work, B-corp certification and a climate policy has been submitted. The private donor, Jørgen Harboe, has supported the work with DKK 50.000. A number of initiatives for further SEO/website optimisation has been identified.

The Advisory Board welcomed the initiatives. The warfair Database will make it easier to update and maintain the information about products, companies and countries.

The situation in Ukraine was discussed and found to be highly worrisome. It was discussed if Ukraine potentially could fall under the warfair category, which would depend on the World Bank classification.

2. News since last time

Products:

Licorice powder in cooperation with Shadian and Lakrids by Bülow.

Chia seeds from Virunga Origins will come with the next order.

First steps have been taken to buy chufa nuts and cowpeas from Niger from a new company called Yahaya group.

A cooperation has been initiated with the Danish NGO ADDA to source Ginger from their project in the Shan State in Myanmar (Myanmar is now on the World Bank list of fragile and conflict affected countries).

Sales:

Sales have continued to be positive with DKK 55,000 in January and 70,000 in February on the webshop. Following the intervention in Ukraine sales fell slightly but are picking up again.

B-2-B partners:

A number of smaller shops have started to sell warfair products.

The Advisory Board proposed to look at the possibility to make long term strategic partnerships with some of the key partners and to move out packaging. One obvious candidate would be Ziba Foods where repackaging in Denmark is work-heavy and this could be done in Afghanistan.



As for sales it was proposed to look at specific retail outlets such as Søstrene Grene (they take spot-commodities twice annually and have a strong CSR strategy) or REMA 1000 (they also have products that they market for shorter periods). Another idea was to design a box with 4 or 5 of the Ziba Snackpacks.

3. Financial result for 2022.

The draft annual accounts were finalised and shared together with sales statistics. The result was better than expected at the last meeting. Turnover was close to DKK 2 million and the surplus for 2021 was DKK 214.638. The equity has now increased to a total of DKK 429.138.

The inventory of products has increased significantly to around DKK 800.000 and this means the demand for cash liquidity has increased.

The contribution margin was 28% which was satisfactory for a (primarily) food company.

The Advisory Board found the financial result to be satisfactory especially given that this was the first year in full operation and as there had been many uncertainties (Corona, Shipping crisis, Taleban takeover).

4. Budget for 2022

A budget for 2022 has been prepared. The turnover is expected to double to around DKK 4 million which will allow for more market-based salaries and a more robust setup.

The Advisory Board found the expected turnover to be optimistic, but it may be realistic with larger orders on coffee and saffron. The inventory of products was large (almost 6 months of sales). It was emphasized that the budget for salaries should be kept flexible to allow for unexpected events. There were questions regarding the rent and on the payments between warfair and Vejgaard. It was clarified that rent was both to Vejgaard (6000 DKK/month) for the office and packaging room and for the two containers for storage. There was also a question on the shrinkage in inventory which was mainly a transition issue with the implementation of a new system. It was not above normal for a company as warfair.

The Advisory Board also asked about contracts with staff, and it was explained that all contracts were made based on the standards from the Confederation for Danish Industries.

5. warfair trade and investment fund

A final proposal has been developed with help from both a senior business lawyer and a senior accountant.

The Advisory Board supported the proposal and the simplicity in creating a loan facility for "friends and family". Following a discussion on the interest rate it was decided to stay with 3% per annum. It was decided that the warfair trade and investment facility was now ready to launch. The aim should be minimum DKK 500.000 from 5-10 investors to ease the liquidity constraints and allow for scaling.

6. Geographic expansion

The Advisory board in 2021 advised that a geographic expansion beyond Denmark should wait to 2022. Based on a short presentation the international strategy was discussed.

The Advisory Board recommended a careful and well-planned strategy and proposed to ask for help in market analysis at some of the business universities. If we enter other countries, it should be a conscious choice and not because of random requests. It will demand large complexity and a well developed of (franchise) model.

7. Staffing



The recent changes in staffing were described. As reflected in the budget the plan is to hire a packaging and sales staff (20-37 hours) and use student assistants for SoMe.

The Advisory Board agreed that there was a need for a more robust staffing setup.

8. Any other issues

- a. Next Meetings.
May 11th 2022: 14-17 followed by diner.
Planning of next meetings.
- b. Other issues