



warfair Board Meeting

Minutes from the meeting in the warfair Board, January 5th, 2024, from 14:00-16:00.

Venue:

Online using TEAMS

Participants:

Peder Holk Nielsen (PHN): Member of the Board

Lisbeth Stausholm Zacho (LSZ): Member of the Board

Judith Kyst (JK): Member of the Board

Tahmina Salik (TS): Member of the Board

Jacob Bøtter (JB): Member of the Board

Christian Friis Bach (CFB): Member of the Board, acting as Secretary to the Board

Karin Friis Bach (KFB): Member of the Board

1. News and follow-up from last meeting.

The work on B-corp certification is almost finished. All verification has been concluded.

The SoMe marketing efforts are proceeding well. We have more than 2000 subscribers to the newsletter and over 2000 followers on Instagram. The lead price in December was below 5 DKK.

We had a Christmas campaign together with Politiken with our Herati Glass which went very well.

The crowdfunding campaign went well – we reached 324,8 % of our goal (25.000 DKK). In total we had 160 backers with a total of 81.204,00 DKK.

A Palestinian company has been identified but we are proceeding with the due-diligence.

We have introduced a number of new products (see under product development).

Discussion: The Board recommended further focus on Christmas campaigns and on marketing partnerships where those who announce our products get a discount. It could be in newsplatforms such as Globalnyt or Altinget.

2. Product development

We have lately introduced several new products: Four new types of chocolate and vanilla from Virunga Origins in Congo (DRC), white Shakboz almonds and the round Kishmish raisins from Ziba Foods in Afghanistan. This shows a pattern where we are consolidating and developing together with some of our main partners. We are currently looking for Palestinian products: Olive oil, freekeh and couscous but this is not easy. We expect to get new supplies of Sesame from Somalia again after a pause for one year due to the heavy drought.

We may attempt to source from 1-2 new countries, but this will be our main product development in 2024.

Discussion: The new products were welcomed. It was noted that it is very encouraging that several of our stable partners are now engaging in product development and are offering new and high-quality products. This will strengthen us in the market.

The idea of co-branding and product development with other Danish companies was also supported.

As for Palestine it was underlined that it is important to buy from companies where warfair does not run a risk of reputational damage. The Board also underlined that we do not trade with companies who take sides in a conflict and underlined that the due-diligence process was very



important. If warfair also sourced beer and wine from Palestine it would be important to find partners who could help with the distribution.

3. Pricing strategy

We revised our pricing strategy as recommended by the board a year ago and have raised the margin and ensured that we include all costs also packaging costs. It seems, based on the preliminary numbers from 2023, that we have been able to raise our average margin from 20.7% to around 34%. This is very positive and will help consolidate our income in 2024. It is recommended to maintain our current pricing strategy.

Discussion: Approval of pricing strategy for 2024. The Board praised the economic efficiency and pricing strategy, which has resulted in a more consolidated and predictable margin. The Board however, believed the pricing strategy was to conservative given the quality and impact of the products. This should be utilised when possible but in smaller and gradual steps. We should not “leave money on the table! This is also an argument also for developing our own branding with focus on quality and impact.

4. Packaging strategy.

A new uniform packaging design will be implemented in 2024 as agreed in the strategy if financing can be made available. This should allow us to have more uniform design, strengthen the warfair brand and to ensure that we have labels in several languages.

Our current packaging setup is quite flexible and efficient, and we can easily scale up so we can double our turnover within the current model. We will, however, try to move some of the packaging to Ziba Foods if it can be done without undermining our flexibility and without leading to a significantly increased inventory.

Discussion: The Board commented on the packaging strategy and a uniform design was recommended if possible. It was important that it signalled that the products where of high quality. The Board recommended a number of companies that we could contact. We should still ensure fleksibility and also take the climate impact into consideration.

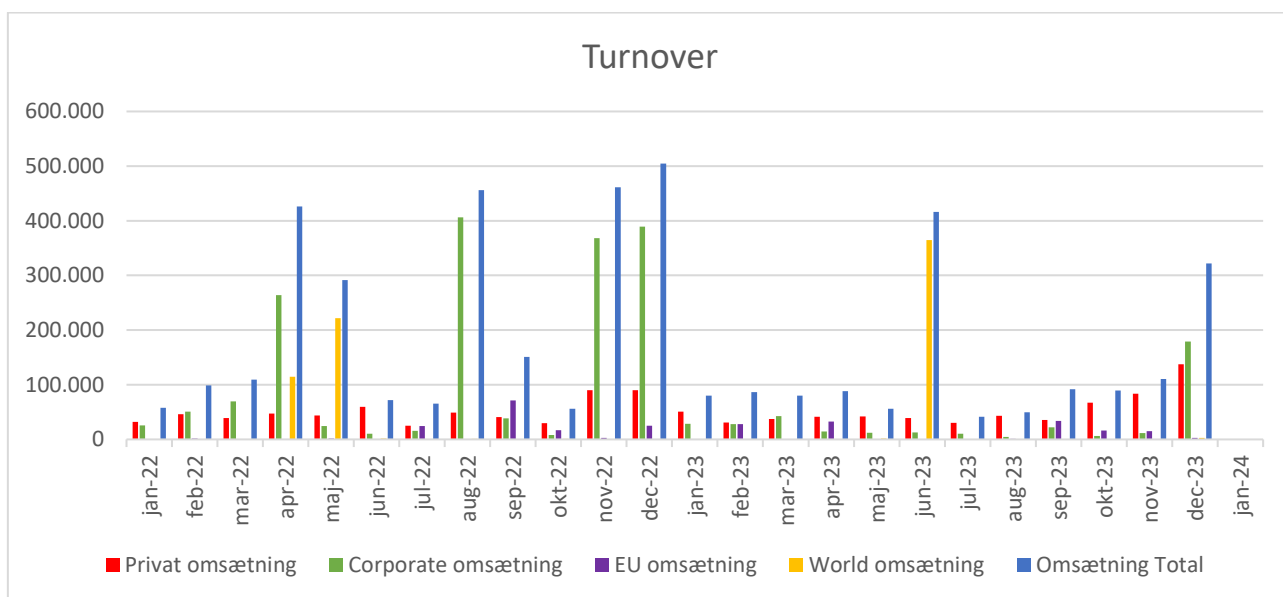
5. warfair strategy implementation

In the attached budget it is shown that if we can maintain our margin and increase our total sales to around 2.9 mio. DKK then we can afford the investments foreseen in the Strategy. However, this is an ambitious goal and we will more likely reach around 2 mio. DKK which will then necessitate a capital injection of around 300.000 DKK.

Discussion: The Board discussed further opportunities to possible fundraising opportunities to ensure the implementation of the strategy. It was decided to proceed with a professional valuation and identify possible investors and we need a professional investor deck also. LSZ, PHN and CFB will meet and prepare to the next Board meeting. Ideally, we could need DKK 500.000 to implement the strategy. However, we must also consider the ownership structure and motivation for all involved.

6. Sales

See sales statistics attached. Total sales in 2023 ended at around 1.51 mio. (compared to 2.76 mio in 2022). Sales through Shopify has increased 8% from 2022 to 2023, but we lack the large corporate orders including for Yemeni coffee and Christmas gifts. The December sales through Shopify increased by 39% which is a good sign also that our new SoMe marketing works.



B-2-B partners:

No news from last meeting regarding Danish B-2-B. partners. Joseph Brot in Austria is continuously increasing their sales.

Discussion: The Board recommended that we reached out to some of the professional Danish cooks to introduce our products and if possible also use food-influencers. It was also recommended to reach out to more international partners, but we need our international labelling strategy before we can proceed.

7. Staff and staff related matters.

KFB has significantly scaled up her workload following other work adjustments and CFB also scaled up in December. Together this helped us deliver without significantly higher salaries. We still have a part-time Ukrainian refugee and a youth worker some hours every week for packaging and we have a part-time SoMe manager. We are working to establish our first warfair Ambassadors to be remunerated based on their sales.

Discussion: The Board supported the current staffing strategy.

8. Budget 2023 and 2024

The revised budget for 2023 and a proposal for budget for 2024 is attached. Despite cutting costs significantly we will face a deficit in 2023 due to our almost full-time staff for the first 6 months. However, on a monthly basis we currently generate a small surplus and the prediction is that we can generate a surplus in 2024 without the investments in the strategy.

Discussion: The Board took note of the possible deficit in 2023 and supported the conservative budget and hoped we would be able to generate a surplus in 2024.

9. Annual workflow for the Board

January:

- Plan for product development and new products
- Pricing strategy
- Packaging

April:

- General Assembly and Board meeting.
- Approval of Annual Account and Ethics report.



- Election of board.
- New investors and fundraising.
- June** (including dinner and meeting with Ethics Committee):
 - Organisational development and staff development.
 - Complaints mechanism
 - Ethical Committee and policy.
- August:**
 - Strategy update and development
- November:**
 - Sales, customers, retention.
 - Approval of budget for next year.

10. Any other issues

Next Meetings. Dates have been planned for 2024. The next meeting will be the 15th of April 2024.