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REDSUN RAISIN REPORT #4 – 2021 SOUTH AFRICAN RAISIN CROP MARCH 2021

HIGHLIGHTS OF THIS REPORT

The crop in SA is about at 50% of volume delivered to processors as at 8 March 2021

Rain and the effect on prices.

**Sultana crop is disappointing because of rain. - Reasons
Shipping delays from Cape Town**

The crop in SA is about at 50% of volume delivered to processors as at 8 March 2021

The official crop estimate for the South African raisins crop remains at 67,500mt (actual for 2020 was 85,080mt) (Source Raisins SA). As at Friday 12 March close of business, Redsun has received 6,903 mt. According to the SA Industry statistics issued by Raisins SA the Redsun figure represents about 16% of the total South African crop delivered to date. Based on our original targets before the weather damage, Redsun should be collecting 17,5% of the SA raisin crop. So Redsun is behind as we come to about 50% of the deliveries.

Redsun has been fortunate to be able to draw from growing regions up to 540km away from our factory, where weather conditions have been better for raisins. We are buying from Western Cape (Vredendal) and Namibia. The quality from these regions have been excellent.



Farmer's stock arriving at Redsun from Namibia

In general, the quality of the raisins coming in have been of a good quality considering the quantity of rain that has fallen on the grapes and raisins while drying. The average net weight per bin is 410kg of farmer's stock. In 2020 this was 426kg per bin. There has not been as bigger sugar build up in the grapes this year and in 2020. That is what represents the difference of the weight. It is not affecting the overall quality, and we have started processing the raisins. The newly made raisins are proceeding through processing and washing line very well.



Thompson medium farmer's stock arriving at Redsun. Note the bin tipping on left of photo. Redsun tips 30% of the bins to extract a representative sample for quality grading.

Rain and the effect on prices.

The prices that Redsun are paying to farmers remain very competitive with other processors. There has been some upward pressure on the prices for farmer's stock raisins. This has been caused by uncertainty of what the eventual crop size will be. Processors have taken the "safe road" and offered farmers more money in case the crop is shorter than we thought. In that case, there would be no chance to make up volumes. So rather pay more to farmers and ensure that you get the crop.

There will inevitably be upward pressure on the raisin prices to the market going forward. We do regret this, but it is rather that than not obtaining the raisins in our warehouse in the first place. The effect is mainly on the products under short supply, such as Thompson select, golden select, Flame select and the sultanas. The major product items produced in SA.

At this stage, the prices of currants, Thompson jumbos and bold, and black Flame type jumbos and bolds remain unaffected. These products come typically from the Vredendal region where rain has not been such an important problem.

Sultana crop is disappointing because of rain. - Reasons

Sultanas have been a major casualty to the rain. Sultanas are vulnerable to damage in rain. Therefore, under these weather conditions, farmers are not making sultanas.

Farmers who prepare grapes to dry as sultanas have serious problems when it rains while it is on the drying facility. Therefore, there are fewer sultanas being made this year than in previous years. They therefore prefer to make the Thompsons from their grapes for the following reasons:

The sultanas go through a process that removes the natural wax layer from the grape before drying. That makes the grape skin thinner and therefore allows the moisture content of the grape to escape faster. Therefore, the drying process of sultanas is usually about 5 days. The drying process for the Thompson raisin is about 11 to 14 days. That is the advantage to the farmer to make sultanas.

The farmer will “lye” the grapes (the process to remove the natural wax layer from the grape) and then places the grape in the sun to dry. If during this drying process, rain falls on the grapes, then the grape has the risk that it will be permanently damaged. The grapes no longer have the protection from the water and easily absorbs large quantities of rainwater. This will cause permanent damage. This is not a problem that occurs as badly with Thompsons. Thompsons can take some rain while on the drying facilities.

Another reason to make sultanas is to be able to use their drying facility more often than if they are making Thompsons. The initial expectation with the 2021 raisin crop was going to be 85,000mt. All farmers were expecting record large sized crops. Therefore, they were planning to use their drying facilities more often. Due to the rain, the SA crop is now down-graded to 67,500mt. We are now hearing even lower assessments to 60,000mt. Therefore, the farmer has fewer grapes to dry. He makes more money if he makes Thompsons than sultanas. Therefore, we will convert his grapes to Thompsons and not sultanas.

We anticipate to receive some more sultanas, but we cannot predict the actual quantity that will arrive.

At this stage we do not want to sell additional quantities of SA Sultanas.



Some farmers dried Thompsons “on vine”. Quality was very good.



Redsun is grateful for every load collected from farms to deliver to our factory. Our own 4 trucks and drivers (in this case Hannes Koper) are working hard collecting raisins from farmers.

Shipping delays from Cape Town

Foodgrade shipping containers have become a problem for Redsun. This is reflecting a world wide concern for shippers. Redsun is shipping with two shipping lines on contract (MSC and DAL). Both shipping lines are being very helpful to Redsun in trying to secure the required equipment to ship our raisins. We are grateful to all parties concerned for the assistance.

At present we have 20 containers that are packed and waiting food grade containers to ship. We continue to pack according to contractual times, however the shipping is letting us down. Please keep note of the shipping registers issued by Redsun twice a week for any updates. We do apologise for the problem and we hope the matter is resolved shortly.

Freight prices have not been affected at this stage. They remain at our contracted levels.

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