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REDSUN RAISIN REPORT #5 -2021 March SOUTH AFRICAN RAISIN CROP MARCH 2021

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2021 Raisin Crop production statistics

Redsun remains optimistic that we will be able to buy 12,000mt farmer's stock raisins from the 2021 crop. This is despite the exceptionally high rainfall over the Lower Orange River basin from December through to March.

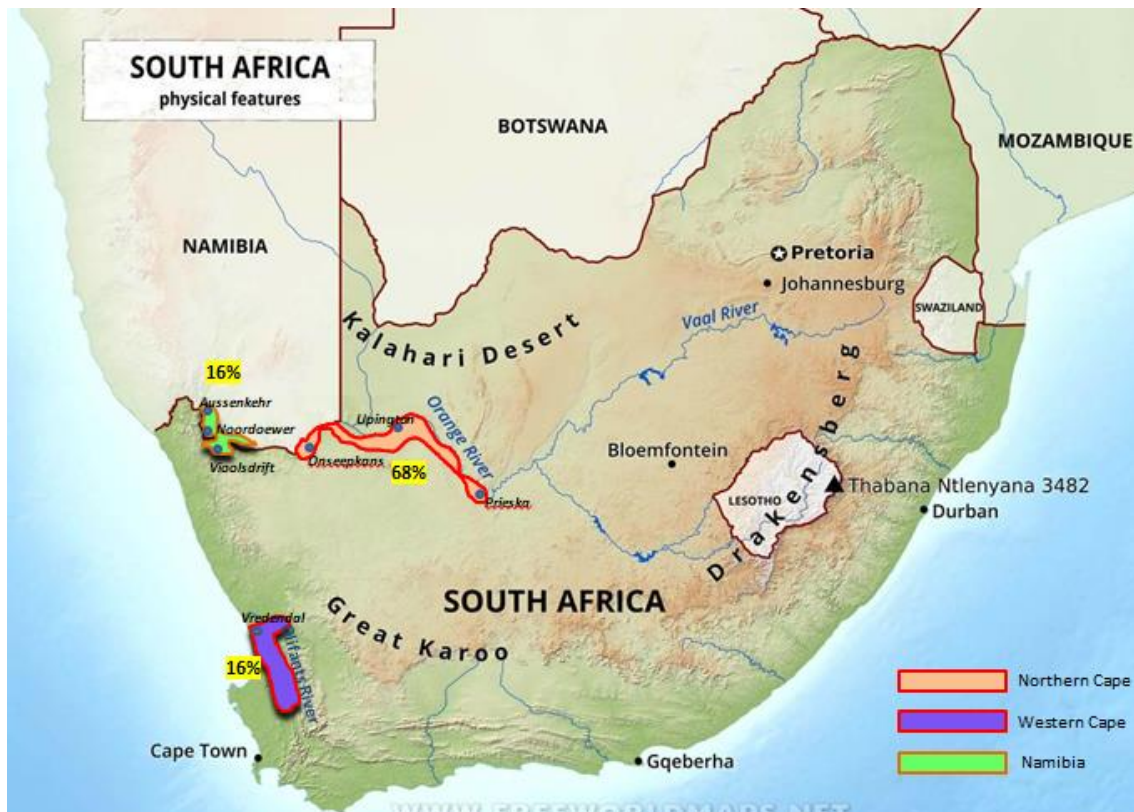
Raisins SA is the statutory organisation governing the raisin industry in South Africa. They have assessed the 2021 Raisin crop at 67,500mt. (2020 crop was 85,080mt)

The justification for this crop size is as follows;

The regions where raisins are produced in SA are Lower Orange River basin, Olifants River and others to a lesser degree. The joint effect is as follows;

1. Orange River basin has 13,800ha of drying grape vineyards which in 2020 produced an average of 5,56mt raisins per ha. Normal crop would be 76,700mt of raisins. It is estimated that the production for 2021 is 25% down due to rain in this region, giving an average yield of 4,1mt raisins per ha. Therefore, we are looking at 55,500 mt of raisins from the Orange River region.
2. The Olifants River region has 1,700 ha of drying grape vines. Based on the same yield efficiency of 5,56mt per ha, that area produces 9,500 mt of raisins in a normal year. In this region, 2021 has been an "exceptional year" in terms of weather conditions therefore, 10,000mt is expected from this region.
3. There are other regions that are producing raisins, eg Western Cape and Namibia. These regions together will deliver about 2,000mt of raisins in 2021.

These may seem to be relatively low raisin production figures on a "per hectare" basis. We are reminded that there are 2,850 ha of vineyards younger than 4 years old along the Orange River. Similar figures exist along the Olifants River and in Namibia. Farmers continue to plant drying grapes and therefore, the actual mature yield of the drying grapes will end up at 6,5 mt – 7mt raisins per ha, average. If one takes that figure 15,500 ha of bearing hectares plus the 500ha that are planted but not yet bearing in SA, that will deliver a crop of 104,000mt to 112,000mt of raisins per year as SA origin, within the next 4 years. (weather conditions permitting!!).



Map of South Africa showing the source where Redsun has received its raisins from to our factory as at 27 March.

2021 Raisin Crop Delivery statistics

Delivery of the crop to processors is progressing. According to Raisin SA, as at 27 March 2021, 58,527 mt had been delivered. That represented 87% of the anticipated crop of 67,500mt. It is interesting that 50,824mt of this delivered volume is from the Orange River region being 90% of the anticipated production for that region. Raisins SA show 7,702 mt delivered from the Olifants River, being only 70% of the anticipated volume from this region.

At Redsun, measured on the same date of 27 March 2021, we had received 9,393mt which represents 16% of the SA crop delivered on the same date. It also represents 78% of the 12,000mt that Redsun is aiming for as the intake for 2021.

We feel that the 12,000mt of product that Redsun is aiming for is realistic. This is based on

1. the wooden bulk bins out at farmers to be filled with raisins and returned to Redsun.
2. Redsun buys raisins from 273 farmers this year. 80% of the volume is delivered by 82 farmers. Redsun is continually in contact with these farmers checking on progress of harvest, and that they are still on track to deliver to Redsun. Based on the crop estimates of our farmers, as updated from time to time and recounted on 27 March, we can expect a total of 13,809mt of raisins. At the beginning of the season, on 5 February, the crop estimates contracted to Redsun were 15,992mt.

IN summary, 12,000mt is a realistic volume for Redsun to achieve for the 2021 crop.

Problems incurred during the intake

There have been three factors that have played against Redsun in achieving the volumes this year, namely

1. Raisins SA introduced a new grading system for buying raisins that was adopted by the larger raisin processors in an effort to avoid the apparent different gradings of the same raisin sample by different processors. Redsun adopted this system. The system was not successful and Redsun reverted back to our system we used for many years. It caused confusion at the beginning of the intake
2. One processor was offering a lower price for raisins, but 100% payment upon delivery. The financial hardship of farmers caused by the demise of the wine industry, caused a lot of the smaller farmers to go to this option, even although the amount paid was less than Redsun was paying. Redsun pays 70% on delivery and 30% on 31 August.
3. Another processor was concerned about volumes, and therefore gave generous gradings to attract farmers. That works to attract farmers away. It feeds the farmer's bank account and their egos.

We have been in contact with all our farmers, to try and assess these events into our calculations. Therefore, we feel we are still in line for 12,000mt.

Farmer's Stock price increase and grading

There have been two rounds of price increases which Redsun has been obliged to make in order to ensure that we remain competitive. In both cases, the initial price adjustment that caused Redsun to increase our price was by the same competitor. They are aggressive in the market to buy a bigger share of this small crop.

In both cases, the increase was big enough to force Redsun to institute immediate increase to farmers to avoid losing the product. This increase did have a knock on effect to the selling price. We do apologise for this.

Redsun Raisin Sales.

Sales of the raisins are proceeding well. Redsun has sold 10,151mt. The available volume with carryover was 14,033mt of saleable product (provided we achieve the 12,000mt from 2021 crop.) Demand remains strong.

The factory is now packing well on a double shift from 06h00 to 24h00 weekdays and a single shift on Saturday.

According to Raisins SA, the SA 2021 raisin crop that has been delivered at 27 March is made up as follows;

Raisin variety	MT delivered to processors
Thompson	29,065
Golden	11,336
SA Sultanas	5,930
OR Sultanas	888
Flames / Black	4,607
Currants	3,093
Others	3,607
Total	58,526

Peter Kuilman
30 March 2021.