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REDSUN RAISIN REPORT #4 – 2020
SOUTH AFRICAN RAISIN CROP MARCH 2020 - 2

HIGHLIGHTS FROM THIS REPORT

COVID-19 virus in South Africa

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Redsun factory is subject to “Lockdown” rules.

COVID-19 virus in South Africa

On the 23rd March 2020 the SA State President announced a total country wide lockdown as the manner in which South Africa will combat the spread of COVID-19. The lockdown started at 00h00, 27th March 2020, and will continue until 24h00 on 16 April 2020. (a total of 21 days). Army and Police are deployed on the streets to enforce the rules of the lockdown.

The lock down is extensive and allows only the sale of specific goods deemed essential in the country. Food and medical equipment are allowed. Alcohol and cigarettes are specifically prohibited for the duration of the lockdown.

We do support the Government in this drastic step. South Africa is now over 1000 infections of COVID-19. The greatest concern are the squatter camps that continually grow around the major cities such as Johannesburg, Cape Tow and Durban. Our medical care infrastructure is

not nearly good enough to handle even a small infection epidemic. We wish everyone in SA the strength to carry this through and hope the required results are achieved.

How does the Nationwide Shutdown affect Redsun.

Redsun has been given authority to remain open on a reduced scale in order to continue the agricultural value chain to receive raisin crop from farmers, and as a food producer. Exports are specifically permitted.

The service providers, essential to enabling Redsun to deliver our product to our customers around the world, have agreed to continue operating under our authority in order to facilitate the logistics to the port.

The laboratories will also be open to assist us with our quality control. The time taken to get the samples to the laboratories will be slower since the movement will be via road since all air traffic is grounded.

The movement of documents by courier is also restricted. Therefore, MSC will issue Seaway bills for us to enable us to facilitate the effective delivery of the container at destination.

Our staff at Redsun are anxious about the effect of the virus, the consequences of moving out of their homes during the lockdown, and generally whether Redsun will be entitled to operate because all other businesses in the area are closed.

Therefore, Redsun gave our staff the free choice, to elect to stay at home or come to work. We have 57 people at work, which is a third of our work force. Everybody is being put to work by John Rooi, our production manager in roles that are new to many of us. Even our administrative staff are being well deployed in the factory. Fortunately, the Redsun quality department is well represented.

Targets for Redsun during the Lockdown.

Redsun must finalise the in take of the 2020 crop. Our total intake as at today stands at 12,000mt. That represents roughly 89% of our target volume of 13,500mt.

Goldens	24% (percentage is of total intake to date , 12,000mt)
Thompsons	50%
Currants	10%
Flames medium	5%
Dark Jumbo	4,8%
Thompson Jumbo	2,1%

Redsun do not allow farmers access to our factory to deliver crop effective from the start of lockdown. This is part of our program to protect our staff working at the factory. Only the Redsun trucks may collect product to bring it to the factory for processing.

Some damaged Thompson mediums are coming in. The damage was created by the rain. The affected farmers are regionally bound from Keimoes heading east along the Orange River. That is where the big rain fell during the drying season. This was a double blow for the farmer. The overall price he is paid is low due to the low market price for Thompson mediums. In

addition, he is given standard grade on the quality grading due to the rain damage on his raisins. The majority of Thompson mediums are very good quality.



Thompson mediums 2020 crop in one of our warehouses.

Currants are good quality. The berry count is bigger than 2019 crop at 900-1300 berries per 100gr.

Goldens we have a 48% choice grading of the volume received, and a 39% standard grade. The problem is the colour. The standard grade is not the bright golden colour that we expect from golden choice grade.

Production volume at Redsun during the Lockdown

Production at Redsun will continue during lockdown. We are expressly permitted to export during this difficult period. We have made arrangements for the logistics involved to Cape Town harbour.

We are currently running on a single shift. We pack 2 containers per day. This will slow during the lockdown, because the operators are not as familiar with the process as our usual team. However, we will improve.

We expect to be operating on a double shift effective from 17 April. That the termination date of the lockdown period in South Africa, and we expect to have completed the intake by then. From this date, we will be packing three to 4 loads per day.

During the Lockdown, Redsun has contracted an independent cleansing company to assist with the cleansing and sanitising of the factory after hours, in order to ensure the cleansing of the production line and our facilities are maintained at the highest level during the time when our personnel numbers are at low levels.

Each of our customers will receive personalised information on the progress we can make in shipping the product as soon as possible.

Peter Kuilman with other admin staff, will be working in the factory during the lock down and therefore, please forgive the lack of availability during the day. Please send a mail and I will revert to you on the same day, all be it a little latter.

For any urgent matters please feel free to contact Riaan, our financial manager at +27 76 4804284, riaan@redsun.co.za.

The Position of the South African crop

Export sales from South Africa for the first two months of 2020 are 762mt better than the same period of 2019 at 3,690mt. Of this volume, 1,770mt were exported to Europe, 884mt to USA and Canada, 704 mt to Africa and finally 258mt to UK.

2585mt of the sales as at 29 February 2020 were "sundried". (Including Thompsons, Flames, Currants and WP sultanas). 1066 mt that were exported were sulphured (goldens).

We understand that there are some of the processors in South Africa are closed for the duration of the shutdown, while others will continue on a slower rate than normal.

The 2020 crop intake should start slowing down. Two of the factories have essentially stopped buying new crop because they have already achieved their target volumes of the new crop.

We estimate that the Redsun variety statistics are in line with the SA raisin industry crop statistics. Raisins SA maintain that the size of the SA 2020 crop is 81,000mt. The industry statistics are understandably delayed in being published by Raisins SA.

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