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REDSUN RAISIN REPORT #8 -2022 July

SOUTH AFRICAN RAISIN CROP

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The 2022 South African Raisin Crop

The 2022 raisin crop in South Africa did surprise many of us. We were expecting a volume of 72,000 mt according to the adjusted estimate made by Raisins SA. (Original estimate before the rain was 86,000mt). In the end Raisins SA has confirmed the crop at 77,881mt.

Of this quantity 62% was Thompson medium raisins (normally 57% of the SA crop), and goldens were a mere 13,2% (normally 17,5% of the crop). This change in the ratio between Thompson and goldens is normal during a rain season. The grapes are damaged while they are on the vine. That damaged berry does not make a good quality golden sultana, therefore the farmers elect to use the grapes affected to make Thompsons.

Redsun bought 12,000 mt of farmer's stock raisins from the 2022 crop (15% of the total crop). The buying was a tough race between the 7 raisin packers. We were all chasing a limited quantity of raisins. At times during the buying season, we were hearing estimated volumes of below 70,000mt. The damage we witnessed in the field, both on the vine and on the drying facilities, could easily have resulted in a disastrous crop. That is why, the whole industry was very happy to hear the end results. These figures are based on actual farmers stock delivered to the 7 raisin packers in South Africa.

The Packers submit returns to Raisins SA on a weekly basis during the buying season, reporting on the volume of each type of raisins they have taken delivery during the previous week. This crop size of 77,881 mt includes the "no value" (sticks and stalks). This amounted to an average of 9,5% this year (7,393mt). Normally it is 7% of the gross weight.

The rainfall during the 2022 raisin making season (February- March) was the critical reason why;

1. the volume was less than the 86,000mt originally forecasted by Raisins SA,

2. The general quality was lower than traditionally achieved due to damage on the vine and the drying facilities, and
3. The volume of goldens made in South Africa was 10,305mt (compared to the normal 15,000- 20,000 mt)

The exceptional rainfall over the two seasons of 2021 and 2022 has occurred only three times before in the SA raisin industry. 1954-1956, 1973-1976 and then 1998-2001. Farmers are concerned that history may show that they can expect La Niña to visit again during the season 2023.

How are the Sales of 2022 Crop?

Six months to 30 June 2022 show that South Africa has sold 31,550mt. That is 1,915mt less than at the same time in 2021. Europe has dropped 4,683mt in sales compared to the same time last year, while USA and Canada have gained 2,609mt. United Kingdom has also lost 1699mt of the SA product. There has been an increase of 1487mt to African countries.

On the domestic market, South Africa has bought 4509mt during the first 6 months of the year. The same as the same period in 2021.

How is the Logistics from South Africa

We are pleased to report that the sea freight to North West Continent is up to date. On an average, it is 12 days from Packing to when the container is sailing to EU and UK.

USA and Canada remain a serious problem with long delays caused by few vessels sailing on the route from Cape Town to New York. It can take 6 weeks to have the load placed on board. Redsun is booking far in advance to secure bookings on the ships to USA.

South America goes via North West continent, therefore is reasonably efficient.

Far East is a problem with most of the lines withdrawing their service due to inefficiencies at Singapore (and other ports).

Food grade containers shortages are creeping back into the equation. Freight costs are stable to easing slightly from the past 6 months.

Processing of Golden Sultanas

We thank our customers for their patience. Our factory is now generally up to date with orders. The problems we had with the goldens is now almost a thing of the past. Redsun was obliged to complete the drying process that farmers did not do on the farm due to the weather circumstances. There was 1500mt of goldens that Redsun had to drop the moisture level by an average of 4%

SIAL Food Fair

Redsun will be present at the SIAL Food Fair at Paris 15- 19 October 2022. For the first time, Redsun will not have a booth at the SA Pavilion. The SA Government has introduced the requirement of black ownership to qualify for a booth on the SA Pavilion. Redsun does not fit this ownership requirement. Therefore, we will be present at the general area of the SA Pavilion.

We do look forward to seeing you there.

What does the 2023 SA raisin crop look like?

It is too early to make firm predictions. Farmers are pruning their vines in preparation for a 2023 crop that could reach 90,000mt. If the weather is “normal” for our region, the growth of the plantings is such that a record sized SA raisin crop is certainly possible.

According to reports today, we are expecting the 2023 raisin making season will have lower rainfall than is the historical norm for the Northern Cape Region.

The Western Cape Region (Vredendal, Trawal and VanRhynsdorp) is responsible for 13% of the SA raisin production and is 540km south west of the Orange River.. This is a winter rainfall region, and therefore we usually never have rain issues during the raisin making season.

This Western Cape Region is where 100% of the currants produced in South Africa come from. The currants need the cool sea air that comes in at night from the Atlantic Ocean that is 50km to the west of the growing region.

Redsun Second Raisins Processing Factory

Redsun has secured the property for the construction of our second factory in Vredendal. The final planning of the production line is now on the table. We are looking forward to starting to process product from this region in our new factory during August 2023. Our two raisin factories will be 540km apart from each other. Both will export from the Cape Town Port

The factory will specialise in processing currants. It will also be processing the Thompson and Flame mediums. Jumbos will also be delivered from a growing number of table grape farmers that are converting a portion of their farm to raisin production in the Western Cape Province.

The new factory will be designed to process 15,000mt into the future. Our target in Vredendal for 2023 will be 8000mt. The Keimoes factory will also be processing 8000mt in 2023. Total for the Redsun group will be 16000mt.

The greatest advantage of the two factories is that they are in two different climatic systems. That gives us a level of security to offer our customers on the supply of good quality product, irrespective of the climatic conditions.

South Africa is Producing more Jumbo Raisins

As a result of our participation in the Vredendal area during the buying season, Redsun has 15% of our volume as jumbo and bold raisins during 2022, compared to the South African average of 7,5%. In the past, the quantity of jumbo raisins produced by South Africa was 3,5% of the crop. According to Raisins SA, the jumbos was the only category that Exceeded the adjusted crop forecast of 2022 crop. The original estimate for jumbo raisins was 3000mt. In the end SA produced 6,044 mt of jumbos. More than 100% more than was estimated.

Pecans from the Redsun Cracking factory

Redsun is very proud to say that the nut in shell section of our pecan factory located at Keimoes is now operational. The cracking section will be commissioned at the end of August 2022. Our team is busy buying pecan in shell from the farmers.

Our target is to process 1000mt of nut in shell, which will deliver 500mt of kernel. The quality of the 2022 pecan crop looks very good. SA is looking to produce 27,000mt of pecans in shell

this year. That is in number three position as a pecan producer in the world behind USA and Mexico.

Please let us know if we can assist you with further information or samples.

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30 July 2022