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REDSUN RAISIN REPORT #6 -2022 May SOUTH AFRICAN RAISIN CROP

HIGHLIGHTS OF THIS REPORT

Redsun to build a new raisin processing factory in Vredendal, Western Cape

Deliveries from the farm to factories continue

South African 2022 crop

Well done to the raisin farmers

Moist raisins being delivered to factories

Downey Mildew on the leaves

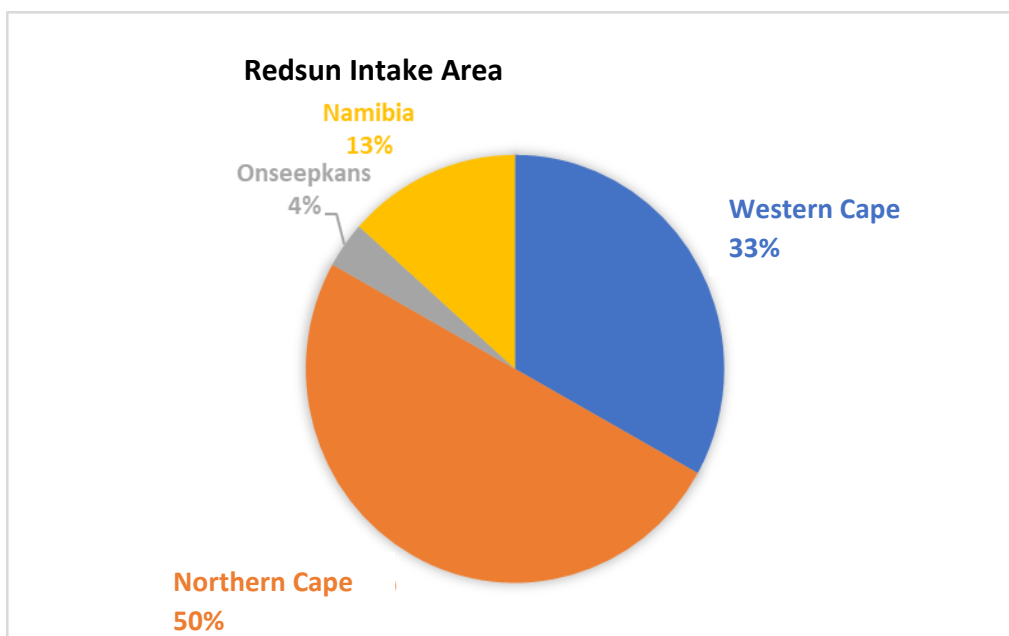
Shipping from Cape Town

Redsun to build a new raisin processing factory in Vredendal, Western Cape

Redsun believes in the future of the South African raisin industry. Raisins are an export orientated crop that is labour intensive. That is precisely the type of development needed in South Africa during these troubled times.

In the circumstances, the Shareholders of Redsun have recognised the growth of the raisin production in the Western Cape (13,265mt of the crop of 2022 or 18%) Today, there is no raisin processing factory in the area, and therefore, all of the production of this region is transported 540km to the Orange River, Northern Cape region where the factories are located. Accordingly, the Redsun Shareholders have capitalised Redsun sufficiently to develop a factory with a capacity of 15,000mt for the Western Cape region.

Our planning is to have the factory processing the 2023 crop. As can be seen from the following graph of the 2022 crop, Redsun has been sourcing product for some years from this region, in preparation for this development.



The raisins sourced from Western Cape, and Namibia will be processed in the new factory. the factory will be designed on the same principles as our Keimoes factory.

AS the Vredendal area is a specialist currant producing region, this factory will be specialising in processing the high quality currants produced in the region. Other varieties from the region are Thompson mediums, Flame mediums and jumbos (black and Thompsons).

This factory will also give Redsun the protection against adverse weather conditions that may exist in the Orange River basin. The Vredendal region is a winter rainfall area, with a completely different weather system than at Keimoes.

Deliveries from the farm to factories continue

It is 6 May 2022. The factory continues to receive deliveries of raisins from farmers. the reason is the poor drying conditions that existed immediately after the harvesting of the grapes. Farmers are telling us of 10 weeks being required to dry the raisins, due to the humidity in the air.

South Africa does not use any mechanical drying facilities in its raisin industry. We rely exclusively on the sun. Therefore, if the sun is frequently interrupted by cloudy weather and rain, the raisins will not be dried.

The humidity in the environment around the Orange River basin was considerably higher than the same time in previous years. A major cause was the rain drenched earth. Another reason is the Orange River itself that was flowing 6 metres higher than its normal level.



The Orange River at Keimoes, 6metres above the normal level.

It is unheard of that raisins are being delivered to factories in May. Redsun is anticipating a further approximate 600mt of raisins to be delivered to our factory within the next two weeks.

Redsun expects to reach 12,000mt of farmer's stock raisins from the 2022 crop. Our average grading on intake has been 73% choice, 11,45% standard, 6,38% industrial and 9,14% no value.

The normal "no value" amount is 3%, however, weather related damage has increased this. In some cases, the no value has increased to about 30%. This product was not delivered to Redsun, due to the punitive results for the farmer because of the grading process for intakes at Redsun. They received better deals elsewhere.

South African 2022 crop

As at 29 April the 2022 raisin crop in South Africa was 75,877 mt. This is based on the reports submitted to Raisins SA of actual deliveries to factories. It excludes raisins that are on the farms, pending delivery to factories.

Variety	Actual 2022 crop at end April	Original projected 2022 crop Raisins SA	Adjusted 2022 crop Raisins SA weather related. 15 Feb 22
Thompson medium	47,650 mt	49,200 mt	39,860 mt
Golden medium	10,160 mt	15,010 mt	12,510 mt
SA Sultanas	5,124 mt	9,000 mt	8,000 mt
OR Sultanas	569 mt	900 mt	700 mt
Flame mediums	4,504 mt	5,400 mt	5,400 mt
Currants	3,507 mt	3,500 mt	3,200 mt
Others *	4,362 mt	3,000 mt	3,000 mt
TOTALS	75,877 mt	86,012 mt	72,672 mt

Therefore, some comments from Redsun,

1. The actual deliveries at end of April is higher than was expected. There will be more, we estimate about another 3,000 mt
2. The weather related damage that we have seen has been tremendous. If all was delivered as raisins, we think the crop could easily have achieved 90,000mt
3. *The "Others" represent jumbo and bold size raisins of all varieties, essentially coming from table grapes.
4. The Currants are grown exclusively in the Western Cape Province, which was unaffected by the adverse weather experienced along the Orange River.
5. The "Others" demonstrate a growth variety in South Africa. The volume exceeded the initial estimates, however, the actual deliveries demonstrate a new trend in the SA crop. Jumbos will be a more important part of the SA raisin mix in the future.
6. Thompson medium was the safest variety for the farmer to make in wet weather circumstances.
 - a. It can be dried in the open concrete apron drying facilities,
 - b. It can be dried in the open on the new drying structures that are becoming popular in SA
 - c. It can be dried on vine.
7. SA Sultanas is the new name for the old "WP Sultanas". A dangerous product to make in wet conditions due to the modified skin of the grape.
8. OR Sultanas in wet conditions tend to change to dark colour and therefore do not usually satisfy the specification of OR Sultanas as a light brown even coloured sultana.

Well done to the raisin farmers

The 2022 South Africa raisin crop has been extremely difficult to make and to collect. Redsun congratulates all the farmers concerned who did their best to make a good quality raisin. We do appreciate your efforts.

Now it is up the factories to ensure that the quality is maintained to deliver to customers.

Moist raisins being delivered to factories

So far, Redsun has not seen any increase in the level of yeast and mould on the raisins. We are watching out for it.

High moisture is a problem with some raisins being delivered at 15%. Farmers, were desperate to deliver, but their raisins would not dry. Market forces encouraged the competing raisin factories to accept these high moisture raisins. Farmers were willing to deliver to whoever would accept this high moisture. Redsun has a strategy and facilities to assist the farmers in reducing the moisture content of the raisin to the required 13%. It takes time to dry the raisins.

Redsun has a number of “low moisture” deliveries to make. Usually it is not a problem, however, this year, there have been some delays to achieve the correct moisture content of the raisins to deliver this product. We do apologise for the inconvenience.

Downey Mildew on the leaves

The moist environment created conditions ideal for the development of downey mildew on the vine leaves. The leaves of the vine produce the food to feed the grapes. If the mildew is growing on the leaves, the leaves do not function at their full capacity. Therefore, we are seeing the grapes are generally a smaller size than normal. This means that the raisins will be between 230-260 berries per 100gr, in the place of 240 – 300 per 100g over the average.

Farmers will be treating the mildew during the offseason in preparation for the 2023 crop. The most important treatment is to prune the affected portions of the vines away. We have to see what the carry over effect on the 2023 crop will be.

Shipping from Cape Town

Thank you for your understanding on the delayed shipments. Operations at Cape Town harbour have been affected by

Weather conditions (strong winds)

Bad management and inefficient labour

Disfunctional equipment.

The effect has been ships remain anchored outside the harbour for up to 10 days, before a docking berth is available. Once in the harbour, it was taking up to 6-7 days to unload and then load ships. Shipping companies were not able to sustain these delays while keeping some sort of schedule at its destination in the Northern hemisphere. Therefore, many ships sailed past Cape Town, despite having containers booked for loading.

The shipping companies did not have much space available on board their ships as they were using smaller ships on the route.

The problems did not only affect the raisins, but also the table grapes, stone fruit and now citrus. The fresh cargo would get preference for loading to raisins. The Redsun factory continued packing at a pace of two containers per day. At one point, Redsun had 64 containers packed and waiting to be loaded on the ships. These containers are stored in a warehouse we have in Cape Town that holds 50 loads. The balance was held at our factory in Keimoes.

We are very pleased to say that several industry - based working groups took the SA Government to task about the inefficiencies in Cape Town, and the other harbours. The situation is improving. The ships are now being handled within two days and the management has improved.

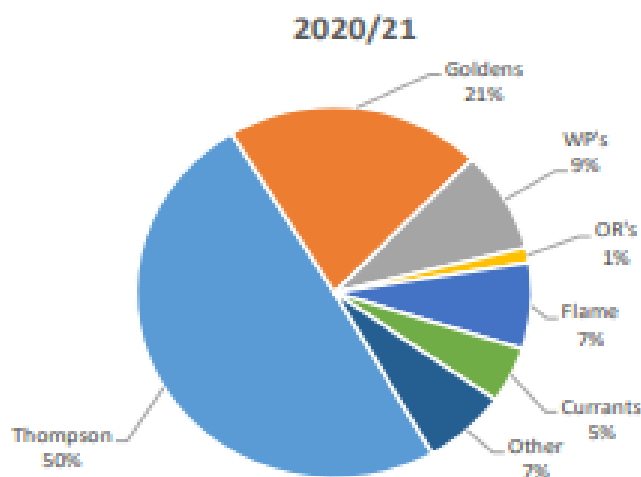
Redsun now has 23 containers waiting to be loaded. Our acceptable level is 14 containers.

The variety mix of the South African crop compared to 2021

Below is a chart produced by RAISINS SA comparing the make up of varieties in the South African raisin crop of 2021 with the crop of 2022.



Dried Product summary by Type (% of total crop)



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