



RISING TO THE CHALLENGE

2021 ANNUAL REPORT





RISING TO THE CHALLENGE

MISSION

Maximize the returns of each grower who entrusts *Blue Diamond* with their almonds.

VISION

Delivering the benefits of almonds to the world.

VALUES

Act with Integrity;
Work as Partners;
Deliver Quality Everyday;
Innovate!;
Play to Win.





RISING TO THE CHALLENGE

Over the last year, a unique set of challenges stretched our cooperative in ways never before experienced, and only reinforced the strength of our 111-year-old *Blue Diamond Growers* legacy.

As predicted, the fall 2020 California almond harvest yielded a record-sized 3.1-billion-pound crop. Fortunately, strategic forecasting over the past decade positioned *Blue Diamond* well by establishing the infrastructure, state-of-the-art equipment, and talent needed to receive, process, market and ship a crop 20 percent larger than any our cooperative had seen before.

That accomplishment was not easily achieved. Supply chain and shipping disruptions and altered consumer purchasing behaviors demanded nuanced and agile leadership. Both growers and employees rose to the challenge of getting quality almonds from California's Central Valley trees into the hands of customers and consumers around the world.

Blue Diamond's strong commitment to the health and safety of our workforce was demonstrated through stringent

safety protocols and mitigation measures. As a result, our facilities remained operational throughout the continued COVID-19 pandemic — key to maintaining the aggressive cadence needed to process the record crop.

Our nearly 3,000 hard-working grower-owners continued to inspire every member of the cooperative family. Through the challenges they faced in harvesting the record crop last fall to navigating this summer's drought, these families demonstrated remarkable resilience and tenacity.

From the orchard floor to the shipping docks, we collectively rose to meet the challenges of 2021. Once again, we fulfilled our mission to maximize returns, while providing a considerable competitive advantage, to the *Blue Diamond* growers who entrust us with their almonds. Here are some of the highlights of the 2020-2021 crop year.



TO OUR GROWER-OWNERS

The strength and resilience of our *Blue Diamond Growers* cooperative was showcased in 2021.

In the face of unpredicted hurdles and complexities this year, we collectively rose to the challenge to deliver our almond products to customers and consumers around the world and profits to you, our growers.



2021

**3.1-BILLION
POUND CROP**

**90
COUNTRIES**

**104 PORTS
WORLDWIDE**

The year 2021 was defined by our co-op's agility, perseverance and strategic solutions. The challenge of harvesting, processing and marketing a record-sized 3.1-billion-pound crop, and a resulting co-op crop handle that was 20 percent larger than any crop *Blue Diamond* had taken in before, was compounded by continued impacts from the COVID-19 pandemic. Our co-op's focus on the health and safety of our 1,800 team members allowed our facilities to stay open and production lines to keep running through multiple COVID-19 case surges around the country.

The strength of our long-term industry partnerships, and our world-class team of supply chain professionals, has served us well in navigating the year's challenges associated with both domestic logistics and exporting goods.

Growing popularity of *Blue Diamond* products around the globe led to accelerated growth both home and abroad. Our *Blue Diamond* snack almonds sector sold a record 92 million pounds of almond volume, enjoying 7 percent growth. Overseas, our Asia market saw 81 percent sales growth and Latin America posted strong growth of 38 percent thanks in large part to the introduction of customized consumer-focused Almond Breeze® products such as Almond Cooking Cream.

Overcoming supply chain disruptions, port congestion, and cost inflation in nearly every area of the business, our global sales teams broke *Blue Diamond* commodity shipment records with an astounding 53 percent jump in volume compared to the previous year, successfully delivering products to customers in 90 countries through 104 ports worldwide.

Our beloved *Blue Diamond* brand once again pushed the limits of innovation with new products, new markets and new consumers for our growers' almonds across a diverse portfolio.



Blue Diamond marketing tapped into creative partnerships with brand influencers and digital platforms such as TikTok and webcasts to engage the next generation of almond and almondmilk lovers.

Throughout the year, *Blue Diamond's* team members and strategic partners remained steadfastly committed to the success of our brand, the quality of our almond products, and long-term profitability for our hard-working grower families.

In the end, not only did we successfully market, sell, and ship the record-sized 2020 crop, but we fulfilled the very mission of our cooperative by delivering exceptional returns to our growers.

We're especially proud that we accomplished all this while enhancing our commitment to sustainability and making a positive impact in our communities. The way our growers navigated this past summer's drought was yet another opportunity to demonstrate their tenacity and passion that inspires every single member of the *Blue Diamond* family.

On behalf of your board and executive team, we sincerely thank you for entrusting us with your almonds. We value your loyalty and look forward to our continued partnership as part of *Blue Diamond's* 111-year legacy.

In collaboration,



Mark Jansen
President & CEO



Dan Cummings
Chairman of the Board



RISING TO THE CHALLENGE

BOARD OF DIRECTORS



From Left to Right: Dan Mendenhall, Kevin Fondse, Charles Crivelli III, Dale Van Groningen, Kristin Daley, Dan Cummings, John Monroe, Matthew Efird, Joe Huston, Steve Van Duyn, Kent Stenderup

Dan Cummings
Chairman
District 1
Chico, CA

John Monroe
District 2
Arbuckle, CA

Dale Van Groningen
Vice Chairman
District 3
Ripon, CA

Kevin Fondse
District 4
Ripon/Escalon, CA

Steve Van Duyn
District 5
Modesto/Ripon, CA

Charles Crivelli III
District 6
Turlock, CA

Dan Mendenhall
District 7
Winton, CA

Matthew Efird
District 8
Fresno, CA

Kent Stenderup
District 9
Arvin, CA

Joe Huston
Director-at-Large
Monterey, CA

Kristin Daley
Director-at-Large
San Francisco, CA



FINANCIAL HIGHLIGHTS (IN THOUSANDS)

	August 27, 2021	August 28, 2020	August 30, 2019	August 31, 2018
Net Sales and Other Revenue	\$1,570,471	\$1,590,593	\$1,565,743	\$1,567,397
Payments and Allocations to Members and Patrons	918,865	1,006,041	953,418	932,749
Interest, Net	7,708	9,085	8,905	7,176
Total Assets at Year End	833,046	790,058	749,000	626,375
Depreciated Value of Property, Plant, and Equipment	401,473	403,985	343,183	268,342
Long-Term Debt at Year End	173,395	190,676	152,957	96,929
Peak Short-Term Borrowings	85,500	175,594	176,000	174,000
Members' and Patrons' Equity at Year End	288,104	245,162	233,884	248,293



RISING TO THE CHALLENGE

PUSHING THE LIMITS IN INNOVATION



All three of *Blue Diamond's* major new product launches this year were developed in *Blue Diamond's* Almond Innovation Center.

BAKING.

Consumers increasingly seek better-tasting, gluten-free alternatives to traditional baked products. At the same time, interest in baking has risen in response to the availability of recipes online. People say they enjoy baking because of how it makes them feel and the connection it creates to loved ones. *Blue Diamond* responded to the trend with the launch of Almond Flour in 2020 and two new product lines that feature almond flour as the main ingredient: Tasty Little Cup™ and Baking Mixes.

Tasty Little Cup™ is served in individual, serving-size packaging, and it comes in four flavors: Chocolate Cake, Molten Chocolate Cake, Confetti Cake and Brownie with Diced Almonds. Each yields a Kosher certified, gluten-free, dairy-free cake in a cup in just 60 seconds.

Baking Mixes come in four flavors: Yellow Cake, Chocolate Cake, Chocolate Chip Cookie and Brownie. Containing 10 or fewer ingredients with almond flour as the first ingredient, Baking Mixes deliver maximum flavor and ideal texture. These mixes meet a growing need for better-for-you options in the baking aisle that deliver quality ingredients and great taste.



XTREMES.

Spicy snacks continue to be a hot item for consumers with their taste for heat driving demand for new and hotter items. While spicy is the fastest growing segment in chips, nothing new had appeared in the snack nut category. *Blue Diamond* responded with XTREMES, an innovative line of incredibly hot snack nuts targeting new and younger consumers such as Millennials and Gen Z who are underrepresented in the snack nut category.

Made with real peppers, XTREMES come in three spicy flavors: Cayenne Pepper, Ghost Pepper, and Carolina Reaper. They can be found in grocery stores nationwide.

RESEARCH & DEVELOPMENT.

When not cooking up hot, new flavors and innovative uses for almonds, research and development supports global ingredients with their initiatives. This year research and development assisted with the continued roll-out of Almond Protein Powder featured in new product launches by major food companies.





RISING TO THE CHALLENGE

CUTTING-EDGE MARKETING CAMPAIGNS

Blue Diamond tapped into consumers' hidden needs and desires with new, creative promotional campaigns supporting Snack Almonds, Nut-Thins®, Almond Breeze® and Almondmilk Creamers. A new "flavor" campaign centered on the message "Super Flavor all on a Super Food" promoted *Blue Diamond's* Habanero BBQ almonds on TV. At the same time, a social video campaign featured Honey Roasted, Salt 'n Vinegar, Wasabi & Soy Sauce, and Spicy Dill Pickle.

Whole Natural almonds got a boost from messaging urging consumers to "Eat 28 *Blue Diamond* Almonds a day" in order to "Feel Beauty Full."

Over the summer a vigorous marketing campaign was launched supporting the new XTREMES line of hot and spicy snack almonds. The campaign took to the extremely popular TikTok social media site to invite the product line's "Heat Seeker" consumer target to take the XTREMES Challenge — eating 28 XTREMES almonds consecutively to see if they can handle the heat. That highly successful campaign is being followed by another innovative promotion based on video gaming.



E-COMMERCE.

The *Blue Diamond* Brand posted its highest sales volume through Club Stores this year. Pandemic-isolated consumers pushed e-commerce sales to new heights as they took to the internet for their almond fix. *Blue Diamond* rolled out a year-end promotion — "A Flavorful New Way to Holiday" — to help consumers navigate their holiday plans during the pandemic. Meanwhile, Nut-Thins® launched its first-ever Family Size Item — Hint of Sea Salt. We also launched the first bagged item of Honey Roasted almonds.



ALMOND BREEZE®.

Blue Diamond introduced a breezy new campaign for Almond Breeze® titled “Irresistibly Delicious” featuring a variety of families enjoying Almond Breeze® to the catchy tune of “More Almond Breeze® Please.” The same message played in Canada in a strong digital campaign.

New packaging launched in 2021 with updated recipes on the side of the carton and stronger messaging about calcium in Almond Breeze®. Packages of Almond Breeze® began featuring *Blue Diamond* growers, their orchards, and the delicious ingredients in Almond Breeze®. The messages are accessed with a smart phone. Almond Breeze® also launched onto TikTok with Breeze High: The Musical, featuring original music and crowd-sourced performers. It generated 14 million views and 14 thousand followers in the first month.

Almond Breeze® launched three new Fruit-on-the-Bottom Almondmilk Yogurts — Strawberry, Blueberry and Black Cherry. Single-serve Vanilla Almondmilk Yogurt was also introduced. The brand introduced new and improved Almondmilk Creamers. The new Creamers included reformulated Vanilla and Sweet Crème varieties and the new Caramel. In Canada, Almond Breeze® introduced 4-packs of 240 ml Creamers in Chocolate and Unsweetened Vanilla. The introductions received strong support from digital marketing campaigns.





RISING TO THE CHALLENGE

PLAYING ACROSS THE VALUE CHAIN

Global ingredient commodity shipments broke all records with a 53 percent jump in volume compared to the previous year. Surpassing the FY20 record by the end of March, all shipments April forward added substantial increases to the bottom line. With a goal of minimizing the potential carryout, *Blue Diamond* developed a booking roadmap to match supply scenarios and navigate global logistics concerns to successfully execute the additional volume. More importantly, the relationships with global contacts at strategic and reputable customers were imperative to achieving the remarkable growth.

Value-added shipments broke records with North America up 10 percent over FY20 outpacing total U.S. market growth. Export value-added volume also increased 21 percent from FY20. The largest contribution to the increases came in blanched and natural products being driven by a rebound in the foodservice distribution channels while at-home baking growth continued to fuel sales for almond flour.

Through cutting-edge research and development, *Blue Diamond* developed new and unique innovations to better serve customers. Innovation was showcased through the launch of “Grown in California: The *Blue Diamond* Almond Podcast” and a webisode series, both focused on communicating with customers in new and impactful ways.

We rose to the challenge of selling an unprecedented increase in crop supply through a focus on cross-organizational collaboration to aggressively book and sell the additional volume. The team leaned in and captured business through clear sales guidance, alignment with market considerations and strong leadership. The team also found innovative ways to engage with customers, new outlets for increasing supply and opportunities for developing unique customer-focused solutions to drive sales and increase returns.

Overall, the team made strides in productivity and efficiency, positioning *Blue Diamond* for success in playing across the value chain.



ENGAGING ALMOND LOVERS AROUND THE GLOBE

While *Blue Diamond* markets its products to over 90 countries worldwide, the cooperative focuses on nine strategic markets of high potential: Australia, the United Kingdom, Spain, Japan, Korea, Thailand, Mexico, Brazil and Africa/Middle East. Our success is attributed to working with manufacturing partners that transform *Blue Diamond's* beverage base into Almond Breeze® products sold throughout those markets and in more than 70 countries.

Asia is the leading region with strong performance in all markets and sales growth of 81 percent this year. Latin America also posted strong growth of 38 percent, led by Brazil and Mexico. Several new products were introduced, including Almond Breeze® Almond Cooking Cream (Brazil), Almond Breeze® Almond & Oat (Spain and Japan), Almond Breeze® Calcium (Spain), and Almond Breeze® Nutri+ Fiber (Korea).



We employ a “Hub and Spoke” export model which distributes *Blue Diamond* branded products from manufacturing partners to markets in their region. This enables *Blue Diamond* to accelerate growth effectively and efficiently.



RISING TO THE CHALLENGE

DRIVING SAFETY AND QUALITY IN MANUFACTURING AND OPERATIONS

While California businesses, large and small, experienced critical disruptions in labor supply and operations due to COVID-19 shutdowns and restrictions, *Blue Diamond's* processing and shipping operations succeeded in meeting health and safety requirements while remaining fully operational. That was critical to our cooperative's ability to handle the huge wave of almonds that came our way.

Sacramento launched a Good Catch Safety Program to embed safety in the Site Team's culture while also greatly increasing oil roasting capacity and installing new inshell packaging equipment to increase output.

The Salida plant handled nearly 30 percent more almonds than previously handled with a continued high focus on safety realizing a new record of 5.8 million hours without a lost time incident! Salida added flour production capacity and was the first business in Stanislaus County to earn the Green Business Certification from the Modesto Chamber of Commerce.

Turlock set a new processing volume record, realized considerable improvements in their safety audit process, and achieved their First Pass Quality goal of 99 percent. The Turlock team supported *Blue Diamond's* growing flour business by going to 24/7 operations.

TRAINING.

While staff training has been a priority at *Blue Diamond*, it rose to a new level this year with the appointment of a Manufacturing Training Manager to work with the Site Training Coordinators whose responsibility is to make certain that Operators receive consistent, accurate training for their assignments.

The coordinators are implementing the Training Within Industry (TWI) methodology in certification classes at all three processing locations. Sixty-three certified trainers have completed the classes and are now working with new operators in their work areas to ensure

that their tasks are being done correctly and to *Blue Diamond* standards. The outcome has created less downtime, higher throughput, and increased safety.

At the supervisory level, Front Line Leadership increasingly participates in training courses developed in response to feedback from Great Place to Work employee surveys that highlight areas for improvement. Participants develop their interpersonal communication and leadership skills and learn techniques for giving and receiving feedback. Results have been very positive.



GLOBAL SUPPLY CHAIN.

Transportation disruption became the norm in 2021. Ports closed in China and a ship ran aground and blocked the Suez Canal. And chronic port congestion led to a 12 percent loss of shipping capacity worldwide. In the US, truck and rail availability reached all-time lows. Despite the disruptions that required constant replanning, *Blue Diamond* rose to the challenge and filled customers' orders in 90 countries through 104 ports worldwide, often thanks to long-term relationships in the supply chain, some of which date back to 1943 during World War II.

CO-MANUFACTURING.

Blue Diamond works with other food manufacturers for increased processing and packaging capacity as needed. Nut-Things® and Almond Breeze® are two examples of products co-manufactured by our partners. This past year new contracts were let for almond flour packaging, production of Family Size Nut-Things®, Tasty Little Cup™, almond oil, and Baking Mixes.

ENGINEERING.

Blue Diamond completed a second Flour Tower and new Flour Pouch line in Salida, and installed a new Inshell Bagging line in Sacramento. Site improvements in recently purchased adjoining lots along 16th Street in Sacramento resulted in a more inviting campus workplace while allowing for future capacity.

Partnership with team members, material suppliers, and equipment suppliers led to a new Honey Roasted package that was crucial to reducing costs and meeting shipping case requirements for key customers.

PROCUREMENT.

In 2021, material supply, material cost increases and lead time delays highlighted the need for *Blue Diamond's* procurement expertise in keeping the cooperative's plants running and products flowing.

Our team also took a leading role with supplier diversity and responsible sourcing.





RISING TO THE CHALLENGE

PARTNERING WITH OUR GROWER-OWNERS



Blue Diamond's success as a grower-owned cooperative relies on each member's commitment to quality in their orchards and to the strength of the collective partnership. Growers have input into the decision-making and guidance of the cooperative — through Growers Liaison Committees, the Advisory Committee, the Board of Directors which is elected from the membership, and outreach by the professional field staff who keep in touch with members in their districts.



This year, the Membership Division reorganized its Member Relations operations to maximize value to the membership and the cooperative's operations. Major initiatives and areas of development involved delivering quality, sustainability, and social media engagement. Two director positions were created to provide daily leadership and team management. The goal is to enhance two-way communication with grower-owners, identify members' service needs, and further develop Regional Managers' knowledge and skills.



“Major initiatives and areas of development involved delivering quality, sustainability, and social media engagement.”





RISING TO THE CHALLENGE

BLUE DIAMOND CULTIVATING SUSTAINABILITY



COOPERATIVE.

In 2021, *Blue Diamond* continued to strengthen its sustainability story. That story begins with the cooperative structure. Since 1910, the cooperative has provided financial returns and stability to members while growing markets and opening opportunities for future generations. Today, the average *Blue Diamond Grower* family farm is less than 100 acres, demonstrating the benefits for member farms of all sizes.



FARMING.

Each almond's journey starts with the sustainability practices of our grower-owners. Beginning with the 2020 crop, *Blue Diamond's* Sustainability Incentive Program has provided financial incentives to member-growers who participate in ABC's California Almond Sustainability Program (CASP). The program educates and assesses growers on a wide array of best practices and additional water conservation opportunities. Since we introduced the grower incentive program, tens of thousands of acres have been added to the CASP program.



BEES.

Blue Diamond encourages growers to take part in the Seeds for Bees[®] program, which urges the use of cover crops to increase the density, diversity, and duration of bee forage in California orchards, farms, and vineyards, while improving soil health. The seed mixes available through Seeds for Bees[®] are designed to bloom at critical times of the year when natural forage is scarce and native bees are active. Since 2018, over 6,100 acres on more than 110 *Blue Diamond* member farms have participated in the program. *Blue Diamond's* Water for Bees program provides growers with education and sample buckets to provide clean drinking water for bee hydration while hives are in the orchards. In 2021, *Blue Diamond* distributed more than 800 buckets to members, supporting more than 24,000 bee hives.

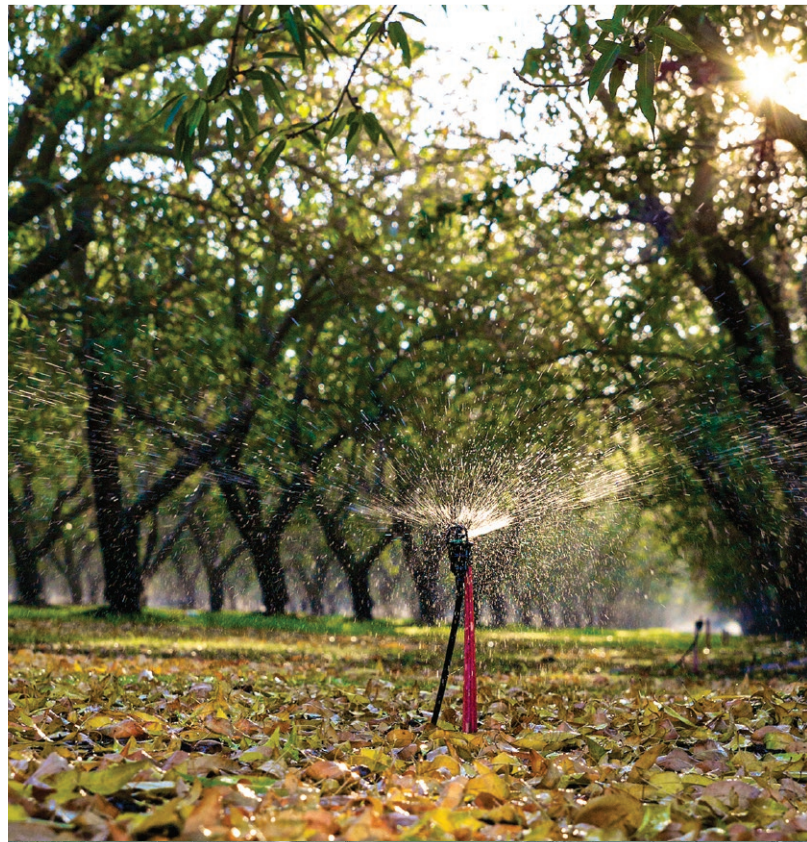


IRRIGATION.

The 2021 drought drew attention to the ongoing impacts of weather, infrastructure challenges, and regulations on California agriculture water resources. Almonds grow on 20 percent of California’s irrigated farmland but use only 13 percent of the water California devotes to growing food — less than a proportionate share. Over the last 20 years, California almond growers have reduced the water it takes to grow a pound of almonds by 33 percent. Thanks to our sustainability program, we can confirm that *Blue Diamond* members use efficient, low-volume drip or micro-sprinkler irrigation systems on more than 85 percent of their orchards. This means that *Blue Diamond* growers are nearly twice as likely to have high-efficiency irrigation systems than California farms overall.

FACILITIES.

Dedicated sustainability teams at each of our facilities focus on waste diversion, energy/water efficiency, and sustainable practices within our operations. In 2021, our Salida and Turlock facilities both achieved certification through the California Green Business Network.





RISING TO THE CHALLENGE

MAKING A DIFFERENCE IN OUR COMMUNITIES



COMMUNITY FOOD BANKS.

Just as our products go out into the world, we also wish to take care of our neighbors in the communities surrounding us. Not only do our communities benefit from this, but so do our employees and our brand. In fiscal year 2021, the value of *Blue Diamond* product donations exceeded \$454,000. Snack almonds and other products were donated to shelters, children’s hospitals, and food banks, bringing relief and nutritious foods to those who need it most in our communities.

COMMUNITY GIVING AND VOLUNTEERISM.

In 2021, *Blue Diamond* invested nearly \$250,000 in our mission to make a difference through our corporate giving strategy. This included \$115,000 awarded in community grants to 11 worthy organizations with goals centered around our Sacramento, Salida, and Turlock communities. The grants funded activities related to either community health and wellness or agricultural education for children and adults.



Additionally, to support American Red Cross disaster relief efforts, *Blue Diamond* employees and grower-owners, along with a \$10,000 match from *Blue Diamond*, donated \$26,500 to provide relief for wildfires that burned several million acres in California.



Finally, *Blue Diamond*’s new paid volunteer time off program gives team members the opportunity to



dedicate their passions and talents to amplify the impact of these investments and meet other community needs.



INVESTING IN THE NEXT GENERATION.

Blue Diamond highly values the next generation of community and industry leaders.

The *Blue Diamond Growers* Foundation, a 501(c)(3) nonprofit organization created in 2011, Scholarship Program, funded by generous donations from our community and other sources, invests in future leaders in California's Central Valley and the dependents of *Blue Diamond* employees who have demonstrated excellent academic performance and are pursuing a four-year college degree. This year, the foundation awarded 24 high school graduates with a *Blue Diamond Growers* Foundation Scholarship. Over the past 10 years, the foundation has supported more than 150 students.



And to help nurture the next generation of farmers and agricultural leaders we once again promoted fundraising efforts for, and gave \$25,000 in matching funds to, the California Future Farmers of America as part of our treasured long-term partnership with the organization.

BLUE DIAMOND GROWERS & SUBSIDIARIES MANAGEMENT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Management of *Blue Diamond Growers* and its subsidiaries have the responsibility for preparing the consolidated financial statements and for their integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements include amounts that are based on management's best estimates and judgments. Management also has the responsibility for the accurate preparation of the other information in the annual report and its consistency with the consolidated financial statements.

Blue Diamond Growers' financial statements have been audited by Crowe, LLP (Crowe), independent certified public accountants, which were engaged by the Audit Committee of the Board of Directors. Management has made available to Crowe all of the Company's financial records and related data, as well as the minutes of the board of director's meetings and the annual membership meeting. Furthermore, management believes that all the representations made to Crowe during its audit were valid and appropriate.

Management of *Blue Diamond Growers* has established and maintains a system of internal control that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. The system of internal control provides for appropriate division of responsibility based on policies and procedures that are communicated to employees with significant roles in the financial reporting process and which are updated as necessary. Management continually monitors the system of internal control for compliance.

The Company maintains an internal auditing program that independently reviews the effectiveness of the internal controls and recommends possible improvements thereto. In addition, as part of its audit of the Company's financial statements, Crowe gained an understanding of selected internal accounting controls to establish a basis for determining the nature, timing and extent of audit tests to be applied. Management has considered the internal auditor's and Crowe's recommendations concerning the Company's system of internal control and has taken actions that we believe are cost and risk effective in the circumstances to respond appropriately to those recommendations. Management believes that the Company's system of internal control is adequate to accomplish the objectives discussed herein.

Management also recognizes its responsibility for fostering a strong ethical climate so that the Company's affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in the Company's Code of Ethics, which is published to all employees. The Code of Ethics addresses, among other things, the necessity of ensuring open communications within the company; potential conflicts of interest; compliance with all domestic and foreign laws, including those relating to financial disclosure; and the confidentiality of proprietary information. The Company maintains a systematic program to assess compliance with these policies.



Mark Jansen
President & CEO



Dean LaVallee
Chief Operating Officer
& Chief Financial Officer

We present summary consolidated financial statements for the Company on pages 22-23 of this report. Complete audited financial statements and footnotes are available to any member upon request to the Blue Diamond Growers' Grower Accounting Department (916) 446-8385.

INDEPENDENT AUDITOR'S REPORT THE AUDIT COMMITTEE & BOARD OF DIRECTORS OF BLUE DIAMOND GROWERS

The accompanying summary financial statements, which comprise the summary consolidated balance sheets as of August 27, 2021 and August 28, 2020 and the summary consolidated statements of operations and comprehensive net proceeds for the years then ended, are derived from the audited consolidated financial statements of *Blue Diamond Growers* and subsidiaries as of and for the years ended August 27, 2021 and August 28, 2020. We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 2, 2021. The audited consolidated financial statements, and the summary consolidated financial statements derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited consolidated financial statements.

The summary consolidated financial statements do not contain any of the disclosures required by accounting standards generally accepted in the United States of America. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of *Blue Diamond Growers* and subsidiaries.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the summary consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary consolidated financial statements with the related information in the audited consolidated financial statements from which the summary consolidated financial statements have been derived, and evaluating whether the summary consolidated financial statements are prepared in accordance with the basis described above. We did not perform any audit procedures regarding the audited consolidated financial statements after the date of our report on those financial statements.

OPINION

In our opinion, the summary consolidated financial statements of *Blue Diamond Growers* and subsidiaries as of and for the years ended August 27, 2021 and August 28, 2020 referred to above are consistent, in all material respects, with the audited consolidated financial statements from which they have been derived, on the basis described above.

Crowe LLP

Crowe LLP
Sacramento, California
November 2, 2021



BLUE DIAMOND GROWERS & SUBSIDIARIES
SUMMARY CONSOLIDATED BALANCE SHEETS
AS OF AUGUST 27, 2021 AND AUGUST 28, 2020 (IN THOUSANDS)

ASSETS:	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 113,907	\$ 105,137
Accounts receivable, net of allowance for doubtful accounts of \$53 and \$50 in 2021 and 2020, respectively	157,473	123,115
Grower advances in excess of (less than) proceeds realized	6,302	24,066
Product inventories	85,481	71,945
Supplies and other current assets	18,783	20,123
Total current assets	381,946	344,386
Property, plant, and equipment, net	401,473	403,985
Investment in CoBank	7,008	6,779
Other assets and deferred charges, net	42,619	34,908
Total assets	833,046	\$ 790,058

LIABILITIES AND MEMBERS' AND PATRONS' EQUITY:

Current Liabilities:		
Current maturities of long-term debt	\$ 17,281	\$ 17,281
Unsecured investment certificates	108,517	104,391
Accounts payable and accrued expenses	101,267	78,884
Amounts due members and patrons	18,030	9,900
Total current liabilities	245,095	210,456
Long-term debt, net	173,395	190,676
Pension liability	47,667	73,156
Other liabilities	78,785	70,608
Total liabilities	544,942	544,896
Members' and Patrons' Equity:		
Allocated members' and patrons' equity	103,136	102,511
Unallocated:		
Retained earnings	216,956	200,106
Accumulated other comprehensive loss	(31,988)	(57,455)
Total members' and patrons' equity	288,104	245,162
Total liabilities and members' and patrons' equity	\$ 833,046	\$ 790,058

BLUE DIAMOND GROWERS & SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE NET PROCEEDS
YEARS ENDED AUGUST 27, 2021 AND AUGUST 28, 2020 (IN THOUSANDS)

	2021	2020
NET SALES AND OTHER REVENUE:	\$ 1,570,471	\$ 1,590,593
COSTS AND EXPENSES:		
Cost of products sold	341,626	346,073
Selling, general, and administrative	283,704	217,049
Interest, net	7,708	9,085
Income tax benefit	1,718	(1,307)
Total costs and expenses	634,756	570,900
Net proceeds	\$ 935,715	\$ 1,019,693
OTHER COMPREHENSIVE (LOSS) INCOME:		
Foreign currency translation income (loss)	(5)	26
Interest rate swap	1,419	(1,214)
Pension and postretirement benefit plans	24,053	883
Other comprehensive (loss) income	25,467	(305)
Comprehensive net proceeds	\$ 961,182	\$ 1,019,388
DISTRIBUTION OF NET PROCEEDS:		
Payments and allocations to members and patrons including retains of \$25,408 and \$28,598 for 2021 and 2020, respectively	\$ 918,865	\$ 1,006,041
Increase to retained earnings	16,850	13,652
	\$ 935,715	\$ 1,019,693



RISING TO THE CHALLENGE



LEADERSHIP TEAM



Mark Jansen
President and Chief
Executive Officer



Dean LaVallee
Chief Operating
Officer and Chief
Financial Officer



Simone Denny
Senior Vice President
and General Counsel



Brian Barczak
Senior Vice President,
Global Supply



Bill Morecraft
Senior Vice President,
Global Ingredients



Raj Joshi
Senior Vice President,
Global Consumer



Nicole Gasaway
Senior Vice President,
Human Resources
and Communications



Mel Machado
Vice President,
Member Relations



PRIMARY FACILITIES



SALIDA PROCESSING PLANT

4800 Sisk Road, Salida, CA 95356
209.545.1602



TURLOCK PROCESSING PLANT

1300 N. Washington Road, Turlock, CA 95380
209.545.1602



SACRAMENTO PROCESSING PLANT BUSINESS HEADQUARTERS

1802 C Street, Sacramento, CA 95811
916.442.0771

**BLUE DIAMOND NUT
AND GIFT SHOPS
ARE LOCATED
IN SACRAMENTO,
SALIDA AND CHICO**



1802 C Street, Sacramento, CA 95811
916.442.0771

©2021 Blue Diamond Growers