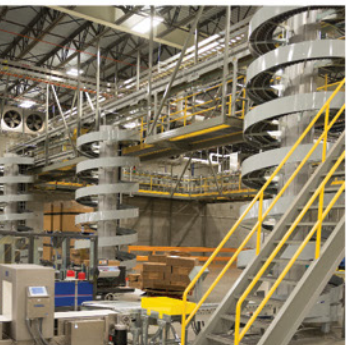




Partnering for a Sustainable Future



Annual Report
2022



Mission

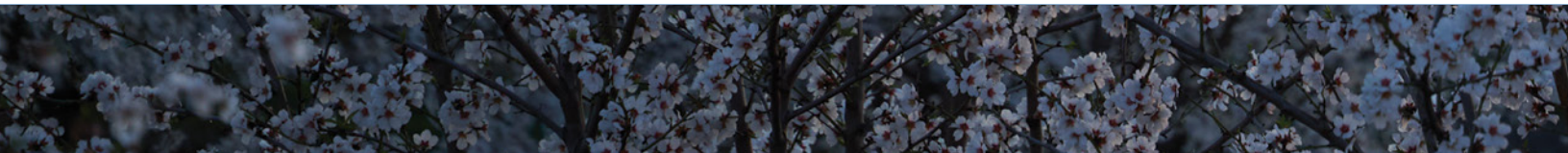
Maximize the returns of each grower who entrusts *Blue Diamond* with their almonds.

Vision

Delivering the benefits of almonds to the world.

Values

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



Partnering for a Sustainable Future

At *Blue Diamond Growers*, we're led by our mission to "maximize the returns of each grower who entrusts *Blue Diamond* with their almonds." As simple as it sounds, that mission guides everything we do.

Although 2022 was marked by supply-chain disruptions, the ongoing COVID-19 impact at our manufacturing and warehousing facilities, and a continuing drought, we still fulfilled our mission and provided a considerable competitive advantage with our grower returns. But it could not have occurred without the values shared among our 3,000 grower-owners or the 1,800 hard-working *Blue Diamond* team members.

Act with Integrity. Work as Partners.
Deliver Quality Every Day. Innovate!
Play to Win.

These values are engrained in everything we do, whether marketing your almond crop or giving back to the community.

Partnerships are the backbone of our cooperative's structure. As it has for 112 years, *Blue Diamond* continued to partner

with its grower-owners to deliver quality every day through efforts like our Quality Meat and Quality Inshell programs.

Through integral industry relationships, we also were able to implement work-arounds for port congestion that enabled us to support our vision of "delivering the benefits of almonds to the world."

And our Almond Innovation Center continued to develop new value-added uses for your almond crop, like Mash Ups and Almond Breeze® Extra Creamy.

As an almond industry leader, *Blue Diamond* played to win. Our efforts are clear in our consistently competitive grower returns, our global brand recognition and the integrity of every one of our grower-owners and *Blue Diamond* team members.

2022

**2.8-billion
pound crop**

**record
competitive returns**

**awarded a \$45
million grant**

To Our Grower-Owners

In our 112th year, *Blue Diamond Growers* showed its strength and resiliency.

Faced with the many challenges of 2022, including COVID shutdowns, inflation and port congestion, we implemented creative solutions to deliver your crop to our customers and consumers worldwide. At the same time, we're proud of the way our cooperative has consistently provided you, our growers, with increasingly superior competitive returns.

Coming off the record 3.1-billion-pound crop of 2020, 2021's crop was the second largest at 2.8 billion meat pounds. Persistent global supply-chain disruptions, including shutdowns at the Port of Oakland, stalled industry export shipments. Tapping *Blue Diamond's* team of supply chain professionals and our long-term industry partnerships, we found solutions that benefited our growers and created new export supply chain resiliency for the rest of the industry.

Our world-class Almond Innovation Center (AIC) continues to develop new products that delight the taste buds and inspire better snacking while increasing demand for your crop. The AIC's new product development helped contribute to \$90 million in innovation revenue and 18.9 million pounds of innovation volume for *Blue Diamond*.

Several new *Blue Diamond* branded consumer products were launched in FY22 including Extra Creamy Almond Breeze®, Almond & Oat Almond Breeze® (international markets) and new Snack Almonds (Chilé 'n Lime, Probiotics, Elote, Korean BBQ, and Mash Ups). Global Ingredients saw increased sales from new customer applications of almond butter, almond flour, and almond protein powder.

Even as we took price increases to offset inflation, *Blue Diamond's* Snack Almond line still sold 83 million pounds of almonds. Almond Breeze® remained the No.1 almondmilk in the plant-based milk category overcoming partner capacity challenges and increased competition.

Building on our industry-leading position in the almondmilk category, this year *Blue Diamond* launched Almond Breeze® Extra Creamy in response to oat milk. And we're happy to report that it is winning with retailers and consumers who appreciate its combination of great texture and taste.

Though our global network of licensee partners *Blue Diamond* markets Almond Breeze® products in more than 70 countries, and we saw 17% volume growth in FY22 compared to the previous year.

Increasing consumer demand for our products could not happen without the creative partnerships developed by *Blue Diamond* marketing. This year, we went back to our grower roots with the "Grower's Daughter" TV spots while enlisting new digital media, including TikTok and NFT or non-fungible tokens. And we continued our expansion into the e-commerce arena.



Sustainability is in our DNA at *Blue Diamond*. Our grower-owners embrace the philosophy of responsibly stewarding the land they farm as exemplified by their increasing participation in our Orchard Stewardship Incentive Program (OSIP) which has attracted 40% of our co-op acreage making us the global almond sustainability leader. Additionally, our ongoing collaboration with our partners Project *Apis m.* and the Pollinator Partnership allowed *Blue Diamond* to be awarded a \$45 million grant from the USDA to further accelerate our initiatives in the areas of whole orchard recycling, pollinator cover crops, conservation cover and hedgerows.

This year, we will also publish our co-op's first standalone Sustainability Report, which will be developed annually to highlight our progress in this key area. The Sustainability Report will share in greater detail, and through metrics where available, what our cooperative has accomplished in the areas of environmental stewardship, bee and pollinator support, reduction of greenhouse gas emissions, and our commitment to improving the communities where we live and work.

Our commitment to sustainability extends beyond the orchard to our community and our 1,800 *Blue Diamond* team members. As part of that, we continue to invest in the future through leadership programs that develop team members as well as our grower-owners.

Despite the many challenges of the year, we were able to increase payments by an average of \$.20 a pound and deliver a record competitive advantage in your returns. We're proud of the way our growers and *Blue Diamond* team members remained nimble to address the challenges and yet continued to be partners for a sustainable future for our orchards and our communities.

This year was just another example of the strength of each and every member of the *Blue Diamond* family who are the heart and soul of our co-op.

On behalf of your board and executive team, we'd like to thank you for your unwavering support and we look forward to our continued partnership as part of *Blue Diamond*.



Mark Jansen
President & CEO



Dan Cummings
Chairman of the Board

Board of Directors



Left to Right: Dan Mendenhall, Nick Blom, George A. te Velde, Dale Van Groningen, Kristin Daley, Dan Cummings, John Monroe, Matt Efird, Joe Huston, Steve Van Duyn, Kent Stenderup

Dan Cummings
Chairman
District 1
Chico, CA

John Monroe
District 2
Arbuckle, CA

Dale Van Groningen
District 3
Ripon, CA

George A. te Velde
District 4
Ripon/Escalon, CA

Steve Van Duyn
Vice Chairman
District 5
Modesto/Ripon, CA

Nick Blom
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 26, 2022	August 27, 2021	August 28, 2020	August 30, 2019
Net Sales and Other Revenue	\$1,606,682	\$1,570,471	\$1,590,593	\$1,565,743
Payments and Allocations to Members and Patrons	904,395	918,865	1,006,041	953,418
Interest, Net	8,044	7,708	9,085	8,905
Total Assets at Year End	858,444	833,046	790,058	749,000
Depreciated Value of Property, Plant, and Equipment	399,650	401,473	403,985	343,183
Long-Term Debt at Year End	156,114	173,395	190,676	152,957
Peak Short-Term Borrowings	134,600	85,500	175,594	176,000
Members' and Patrons' Equity at Year End	340,331	288,104	245,162	233,884



Riding the Wave of Innovations

Blue Diamond's Almond Innovation Center continues to turn out new products that build on the success of our existing ones.

Almond Breeze® Extra Creamy.

This year, we launched our Creamiest Almondmilk yet! Made with almond oil to give you the goodness of Almondmilk with all the creaminess of dairy milk, it is the first introduction of our "Extra Creamy" platform; launched nationally in January of 2022. Our "Extra Creamy" Almondmilk can be found at many major retailers across the country, including Walmart. Keep an eye out for the next "Extra Creamy" launch coming January 2023!

Focus on Flavor.

Our newest Snack Almond flavors satisfy consumers' appetites for adventure with globally inspired savory food flavor profiles. This year, we introduced Korean BBQ and Elote (Mexican street-style corn). Also inspired by consumers, we paired two complementary flavors for a fun and exciting experience. Blue Diamond Mash Ups were launched as the first flavor duo in the Snack Nuts category, as a test n' learn program at Walmart. National launch expected in Spring of 2024.





Limited-Time Offers.

In July, we launched Chilé 'n Lime flavored almonds at Costco. This product features a zesty kick of chilé balanced with a hint of lime. This product was featured nationally for a limited time offering. Also, within the club segment we featured Lightly Salted with Probiotic Flavored Almonds. All the tasty, lightly salted flavor you love with the goodness of healthy probiotics to support your digestive and immune system. This limited time offer was launched in July at Sam's Club nationally.



A Blend of Retro and High-Tech

Blue Diamond tapped into our orchard roots with our “Grower’s Daughter” Almond Breeze® TV spot, which celebrated our grower families. The ad also pointed out that “The Best Almonds Make the Best Almondmilk.”®

Launched this year, Almond Breeze® Extra Creamy rode the popularity of the original Almond Breeze®. Thanks to a variety of marketing programs, it quickly gained wide distribution in grocery and retail stores.

Blue Diamond also blazed trails by tapping new media channels for the launch of Banana Almond Breeze® NFTs – non-fungible tokens – for metaverse collectors. And we worked with fans to create a TikTok musical, “Noggy & Bright,” to celebrate Almond Breeze® Nog.

The business welcomed a new creative agency in FY22 and began developing a new campaign set to debut in FY23.

Almond Breeze®

Blue Diamond Almond Breeze® faced significant challenges in FY22, including partner capacity challenges and increased competition. Nevertheless, Almond Breeze® remained the No.1 almondmilk in the plant-based milk category due, in part, to strong advertising that delivered billions of media impressions.

New Almond Breeze® Extra Creamy debuted in FY22, offering consumers a delicious almondmilk whose creaminess rivaled dairy and oat milk. Almond Breeze® Extra Creamy was strongly supported by a variety of marketing programs including digital, social and product placement in Guy’s Grocery Games and The Great Food Truck Race TV shows. In addition, our new and improved Almond Breeze® Creamers, introduced to the market in FY21, continued to gain momentum and started to overtake several key competitors in their distribution regions.

Looking ahead, Almond Breeze® is working with its new agency partner to develop a fresh FY23 TV campaign around nurturing families. The brand also will target healthy-minded consumers when they’re most engaged – in the New Year.

Baking.

Blue Diamond’s Culinary business, including *Blue Diamond*-branded almond flour and almond flour-based baking mixes, gained traction in FY22, delivering 3.5 million pounds of volume. Continued at-home baking trends resulted in consistent sales of 3-pound bags through the club and e-commerce channels, while 1-pound bags made significant distribution and sales gains in the grocery channel including distribution





in Kroger and its 2,400 store locations. The new packaging line at the Salida facility was also completed this past year allowing *Blue Diamond* to bring retail flour production fully in-house while also providing margin enhancements. Another highlight for the flour business was completing set up and production of a 1-pound flour bag for launch in Canada in FY23.

Snack Almonds.

Blue Diamond Snack Almonds persevered during a challenging FY22, with the brand delivering 83 million pounds of almonds. Inflation and shifts in consumer behavior meant shoppers were buying fewer items and focusing on products perceived as more economical and popular with the whole family.

The brand continued to drive relevance with consumers, consolidating messaging behind its “Flavor” campaign of delighting the taste buds and inspiring better snacking.

As part of this, Snack Almonds delivered a dynamic, multi-faceted partnership with the Los Angeles-based gaming franchise “100 Thieves” to support the spicy XTREMES line of almonds.

In the new year, Snack Almonds will focus on delivering the greatest consumer value, which will complement a new campaign with shopper support and the strongest holiday campaign yet.

Another highlight was Nut-Thins®, which performed well despite a significant price increase.

Research & Development.

This year R&D worked closely with our Global Ingredients team to advance our work on almond protein powder and almond butter. Our research is expanding our understanding of the functional properties and distinct advantages of these key ingredients. Additionally, ongoing technical research to evaluate innovative technologies and find ways to expand our almond ingredient application base took place throughout the year. Working in partnership with our Global Ingredients sales team, R&D provided support to several ingredient customers, sharing applied almond expertise and new product insights.

Nut & Gift Shops.

FY22 was a strong year for the *Blue Diamond* Nut & Gift Shops as the operation adapted to changing shopping habits. The combined operation not only increased gross sales over FY21 but also increased sales over FY19, indicating a recovery from pandemic-era stagnation.

The direct-to-consumer online store showed its continued staying power, with sales more than double FY19. Perhaps the strongest indicator of Nut & Gift Shop growth in FY22 was the critical holiday shopping season. November and December sales showed strong increases across the board, contributing 49% of annual sales in those months alone, including a sales record of nearly \$1 million in December alone.



Pivoting to Exceed Customer Expectations

Throughout the year, the Global Ingredients Division balanced growth while remaining agile. Our industry faced logistical challenges, such as lack of containers and equipment, shortened loading windows for vessels and a weeklong trucker strike at the Port of Oakland. But our *Blue Diamond* team members were able to complete all 2021 crop year shipments to both domestic and international customers. This was possible through our well-established customer relationships and international customer base.

Supporting customers throughout their buying process is critical, and their concerns go beyond

quality and reliability. In response, we developed Applied Almond Expertise to work with them on crafting individual solutions that focus on both functionality and nutrition.

For example, many customers are using *Blue Diamond* Almond Protein Powder in new food applications, thanks to these partnerships.

We're also working to digitize Global Ingredients Division sales and order management with an eye on continuous improvement. This is designed to help boost efficiency, support planning and operational execution, and increase productivity.





Expanding Our Global Presence

While *Blue Diamond* markets Almond Breeze® products around the world, we focus on nine strategic regions: Australia, the United Kingdom, Spain, Japan, Korea, Thailand, Mexico, Brazil and Africa/ Middle East. In addition, we conducted a strategic test expansion into China. New markets in 2022 included Uganda, Ghana, Kenya, Bolivia and Argentina.

We saw 17% volume growth in FY22 compared to the previous year with Asia leading the way with 33% volume growth.

As we do in the United States, we work with manufacturing partners who transform *Blue Diamond's* beverage base into Almond Breeze® products sold in more than 70 countries.

Tapping into the global growth of oat milk, *Blue Diamond* launched Almond Breeze® Almond and Oat in four markets. Among other debuts were Almond Breeze® Latte hot cans in Japan and six-count Almond Breeze® Club Packs in Mexico.

We employ a “Hub and Spoke” export model, which distributes *Blue Diamond* branded products from manufacturing partners to markets in their regions.





Leading the Industry Through Supply Chain Solutions

In 2022, global transportation disruptions continued, leading to an almond export backlog of 1.3 billion pounds across the industry. In response, the *Blue Diamond* Supply Chain Team partnered with the Almond Alliance, California Department of Food and Agriculture, and the California Governor’s Office of Business Development to build a new multi-port export strategy. This included implementing a pop-up yard at the Port of Oakland to stage products closer to the port to reduce wait times at congested terminals. In addition, the Supply Chain Team partnered on the launch of the first inland direct-rail port from Fresno to the Port of Los Angeles.

Based on these learnings, the team spearheaded the Almond Express train to carry containers from Oakland to Los Angeles, Long Beach and Norfolk, Virginia. The containers were then offloaded onto terminal docks for guaranteed export to Asia, the Middle East and India.

Even during a time period when supply chain and logistics challenges caused temporary disruptions and distractions, *Blue Diamond* remained laser-focused on safety and quality in every aspect of the co-op’s manufacturing and operations processes.

Culture of Safety and Quality.

At *Blue Diamond*, we continue on the path to “Zero Harm” with a focus on a proactive approach to safety management.

The Good Catch Program has been expanded to all three locations this year. Developed and implemented by one of our Grassroots Safety Teams, the program encourages team members to “own” safety.

To date, team members have identified over 500 Good Catches to prevent accidents and injuries. Our Grassroots Safety Teams are part of our overall safety culture change initiative. Salida has gone more than a year without a lost-time injury. More than 90% of the site has also become certified in OSHA 10 – a 10-hour training program – to improve safety awareness and involvement.

Demonstrating an unwavering commitment to quality, Turlock achieved a *Blue Diamond* record 99% Safe Quality Food (SQF) rating while beating its previous First Pass Quality record with a new one – 99.3%. This reduced the pounds put on hold by about 40%. Salida achieved another “excellent” SQF rating, marking several consecutive years of “excellent” ratings for the site.

Training.

The Training Within Industry (TWI) program is progressing across our sites, helping team members learn new equipment and tasks and improve their skills. So far, they have received nearly 17,000 hours of training, and we have more than 75 TWI certified trainers.



Salida's Good Catch Logo



Sacramento's Good Catch Logo

Technical Talent	Emerging Leaders	Frontline Leaders
In Development	July Start	Ready Now
Job Matrixes Training Checklists Gap Analysis Training	Competencies High Potential TMs Training plan built IDPs	Competencies Path for Growth Mentorships IDPs



Their goal is to work with new operators in their work areas to ensure tasks are done correctly and to *Blue Diamond* standards. This results in less downtime, higher throughput, and increased safety.

To aid in team members' career growth in technical roles — such as maintenance and electronics — as well as in leadership, *Blue Diamond* launched a Grow From Within initiative.

In addition, we implemented Shop Floor Leadership as an investment in our Frontline Leaders and teams. The focus is increased shop floor presence to improve our standards and coaching effectiveness, leading to increased engagement and ownership.

Procurement.

Material availability, cost increases and lead time delays remained focus areas for Procurement.

The Russia-Ukraine War added another hurdle when our 6 million pounds of sunflower oil for roasting was eliminated. Quick replacement sourcing for oil prevented production delays.

Other supply chain disruptions in inputs and labor also caused us to quickly pivot to keep *Blue Diamond's* plants running and product flowing.

Strategic solutions already in place include a near source strategy, focus on domestic supplies, alternative material contingencies and backup suppliers, that will limit or avoid future challenges in these key planning areas.

Engineering.

The year was highlighted by seamless pivoting in production capabilities for several new flavors of snack nuts.



Processing solutions also helped combat the risk of the oil shortage mentioned earlier when the team was able to organize a project to significantly extend the yield on oil usage.

In Sacramento, the Receiving area and Kings Highway project was completed to improve receiving efficiency as well as limit overall traffic on the main C Street entrance.

Other major upgrades in Sacramento this year included upgrading Electronic Sorting Machines with improved technology to advance electronic defect removal and process flow. This will also help to reduce overall production costs.

Co-Manufacturing.

Blue Diamond partners with a global network of food manufacturers to maintain supply flexibility with increased processing and packaging capacity ready to respond to consumer trends. We scaled up Almond Breeze[®] production with a new Australian partner and added a partner to manufacture the new Mash Ups innovation in the United States. This year, we also implemented a project to bring flour pouching in-house and it is now packaged at our Salida site.



An Unwavering Partnership

As a grower-owned cooperative, *Blue Diamond's* success depends on each member's commitment to quality in their orchards and to the strength of the collective partnership.

After more than a two-year hiatus due to the pandemic, *Blue Diamond* returned to in-person formats for Grower Liaison Committee and District Meetings this year. This outreach by our professional field staff is critical to keep our grower-owners informed about topics such as crop size, market conditions, supply chain and overall *Blue Diamond* performance. But input from our grower-owners into decision making and guidance of the cooperative is equally important.

To offer all *Blue Diamond* grower-owners an opportunity to hone their leadership skills, we have refreshed the Leadership Program and opened it to members of all ages.

Through two separate classes spanning a year, the class receives an in-depth view of the industry that develops effective leaders and advocates for our industry. Since 1994 when the program launched, more than 500 almond growers have participated.







Sustaining a Future Through *Blue Diamond*

This year, in conjunction with our traditional Annual Report, *Blue Diamond Growers* published its inaugural Sustainability Report that shares in greater detail what our cooperative has learned and accomplished together over the years. The report, posted on our www.bluediamond.com website, will be published each year going forward to report progress on our sustainability and community-focused efforts.

An abbreviated summary of the activities and investments that highlight our commitment to sustainability is outlined below.

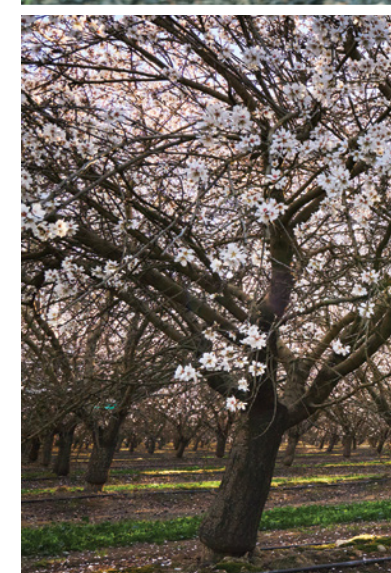
Farming.

Blue Diamond has more acres in a sustainability program than any other almond company in the world. In 2020, *Blue Diamond* began further investing in sustainability by offering financial incentives for almonds that came from members participating in the Almond Board of California's California Almond Stewardship Platform. As of August 2022, more than 40% of *Blue Diamond* acreage was enrolled in the *Blue Diamond* Orchard Stewardship Incentive Program. To receive the highest incentive in *Blue Diamond's* Program, grower-owners also must assess their carbon footprint and achieve Bee Friendly Farming Certification, an achievement 11% of all member acres have met.

In FY22, \$1.74 million was paid out in incentives to reward growers for participating in the Orchard Stewardship Incentive Program. And small, medium and large farms were all represented in the program.

Bees and Other Pollinators.

Blue Diamond encourages growers to follow best practices to create conditions favorable for honeybees and other pollinators. Working with organizations such as Project *Apis m.*, Pollinator Partnership and the Almond Board of California, growers help enhance the health of honeybees and other pollinators, the sustainability of their almond crop and the overall ecosystem of the region. Today, an estimated 29% of *Blue Diamond* orchards plant cover crops for soil quality and pollinator benefits and 11% of *Blue Diamond* grower acres are Bee Friendly Farming® certified. To help keep pollinators hydrated, we partnered with a customer to distribute 990 bee buckets to members to provide fresh drinking water for nearly 30,000 hives.





Irrigation.

The ongoing drought reinforced the importance of stewarding a finite water supply. The almond industry had begun the commitment long before the current drought and uses 33% less water to grow a pound of almonds today than 20 years ago. And although almond orchards occupy 21% of the state's farmland, they use only 14% of California agricultural water.

Blue Diamond growers have done their part, with an estimated 90+% of member orchards using efficient micro-irrigation systems today. With resources provided through the Orchard Stewardship Incentive Program, *Blue Diamond* members are advancing an industry goal of reducing water use by another 20% by 2025.



Facilities and Manufacturing.

At our *Blue Diamond* manufacturing and office facilities in California's Central Valley, dedicated sustainability teams support initiatives related to reducing greenhouse gas emissions, as well as improving waste diversion and energy and water efficiency. In 2022, major projects included modernizing a steam boiler system at the Sacramento plant which will reduce natural gas consumption for the facility by more than 30%, reducing cost and greenhouse gas emissions.

Additional efforts include leading research to improve packaging sustainability and upcycling the byproducts of our manufacturing. Ninety percent of *Blue Diamond* consumer-facing packaging is recyclable, based on weight. But lightweight, flexible plastic pouches are the next focus of our research. We are seeking a recyclable or industrially compostable material that can still meet *Blue Diamond's* high quality and food safety standards. And in partnership with How2Recycle and the Sustainable Packaging Coalition, we provide guidance to consumers on recycling our product containers.

Commitment to Our Communities

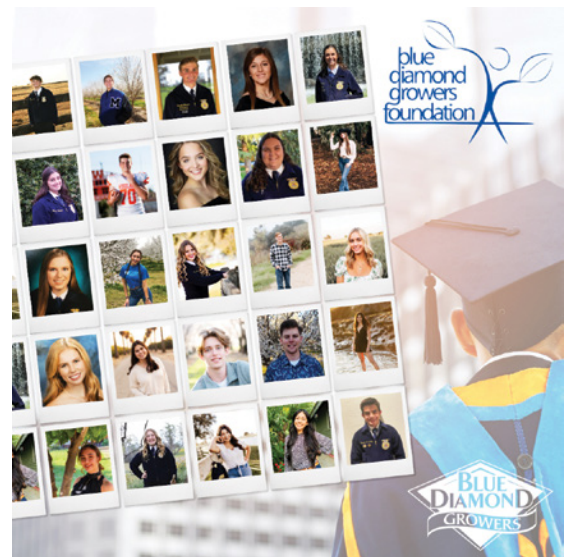
We are committed to improving the communities where we live and work. Our employees and growers take great pride in our co-op's investment in programs that support agricultural education, health and wellness and food security for families throughout the Central Valley.

In FY22, we awarded \$140,000 in community grants to 14 organizations. Additionally, 191,883 lbs of in-kind product donations, valued at \$716,000, were made to food banks and other nonprofit organizations from January through July 2022. In the latest employee survey, 80% of team members reported that they felt good about the ways in which *Blue Diamond* contributes to the community. And *Blue Diamond* employees at all three sites frequently invested their time and talents in amplifying our community philanthropy — a total of 538 paid community service hours were dedicated this year.

Investing in the Next Generation.

To ensure the long-term sustainability of the almond industry, *Blue Diamond* continues to invest in the next generation of community and industry leaders. Created in 2011, the *Blue Diamond Growers Foundation* — a nonprofit 501(c)(3) organization — awarded Foundation Scholarships to 25 high school graduates this year who showed academic performance and plan to pursue a four-year college degree. The recipients, who are from California's Central Valley or are dependents of a *Blue Diamond* employee, are passionate about making differences

in their communities and influencing the future of agriculture. Since its inception, the Foundation has helped nearly 175 students pursue their dreams. The program is funded by generous donations from our growers, our community, and other sources.





LAST YEAR'S RECIPIENTS

- Sacramento Loaves & Fishes
- St. John's Program for Real Change
- California Foundation for Agriculture in the Classroom
- LOVE Stanislaus / LOVE Our Cities INC
- Garden Joy
- The GreenHouse
- Sacramento Foodbank Services
- The Salvation Army
- Soil Born Farms Urban Agriculture Project
- Museum of Science and Curiosity
- Food Literacy Center
- San Joaquin County Office of Education
- Sierra Vista Child and Family Services
- Second Harvest



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

Independent Auditor's Report

the Audit Committee & Board of Directors of *Blue Diamond Growers*

Opinion

The summary consolidated financial statements, which comprise the summary consolidated balance sheets as of August 26, 2022 and August 27, 2021, 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 26, 2022 and August 27, 2021. We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 26, 2022.

In our opinion, the accompanying summary consolidated financial statements of *Blue Diamond Growers* and subsidiaries as of and for the years ended August 26, 2022 and August 27, 2021 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 below.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by accounting standards generally accepted in the United States of America. Reading the summary consolidated financial statements and the auditor's report hereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibility of Management for the Summary Consolidated Financial Statements

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 on 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 consolidated financial statements.

Crowe LLP

Crowe LLP
Sacramento, California
October 26, 2022

Blue Diamond Growers & Subsidiaries
Summary Consolidated Balance Sheets
as of August 26, 2022 and August 27, 2021 (in Thousands)

ASSETS:	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 85,577	\$ 113,907
Accounts receivable, net of allowance for doubtful accounts of \$44 and \$53 in 2022 and 2021, respectively	179,215	157,473
Grower advances in excess of proceeds realized	23,692	6,302
Product inventories	99,357	85,481
Supplies and other current assets	20,964	18,783
Total current assets	408,805	381,946
Property, plant, and equipment, net	399,650	401,473
Investment in CoBank	7,250	7,008
Other assets and deferred charges, net	42,739	42,619
Total assets	\$ 858,444	\$ 833,046

LIABILITIES AND MEMBERS' AND PATRONS' EQUITY:

Current Liabilities:		
Current maturities of long-term debt	\$ 17,281	\$ 17,281
Unsecured investment certificates	115,930	108,517
Accounts payable and accrued expenses	107,320	101,267
Amounts due members and patrons	7,668	18,030
Total current liabilities	248,199	245,095
Long-term debt, net	156,114	173,395
Pension liability	39,733	47,667
Other liabilities	74,067	78,785
Total liabilities	518,113	544,942
Members' and Patrons' Equity:		
Allocated members' and patrons' equity	101,090	103,136
Unallocated:		
Retained earnings	267,508	216,956
Accumulated other comprehensive loss	(28,267)	(31,988)
Total members' and patrons' equity	340,331	288,104
Total liabilities and members' and patrons' equity	\$ 858,444	\$ 833,046

Blue Diamond Growers & Subsidiaries
Summary Consolidated Statements of Operations and Comprehensive Net Proceeds Years Ended August 26, 2022 and August 27, 2021 (in Thousands)

	2022	2021
NET SALES AND OTHER REVENUE:	\$ 1,606,682	\$ 1,570,471
COSTS AND EXPENSES:		
Cost of products sold	390,580	341,626
Selling, general, and administrative	252,697	283,704
Interest, net	8,044	7,708
Income tax benefit	414	1,718
Total costs and expenses	651,735	634,756
Net proceeds	\$ 954,947	\$ 935,715
OTHER COMPREHENSIVE (LOSS) INCOME:		
Foreign currency translation income (loss)	(53)	(5)
Interest rate swap	3,002	1,419
Pension and postretirement benefit plans	772	24,053
Other comprehensive (loss) income	3,721	25,467
Comprehensive net proceeds	\$ 958,668	\$ 961,182
DISTRIBUTION OF NET PROCEEDS:		
Payments and allocations to members and patrons including retains of \$25,373 and \$25,408 for 2022 and 2021, respectively	\$ 904,395	\$ 918,865
Increase to retained earnings	50,552	16,850
	\$ 954,947	\$ 935,715



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



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

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