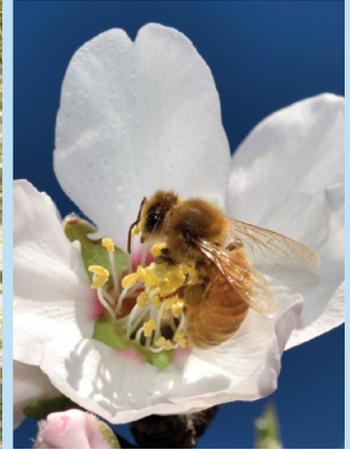
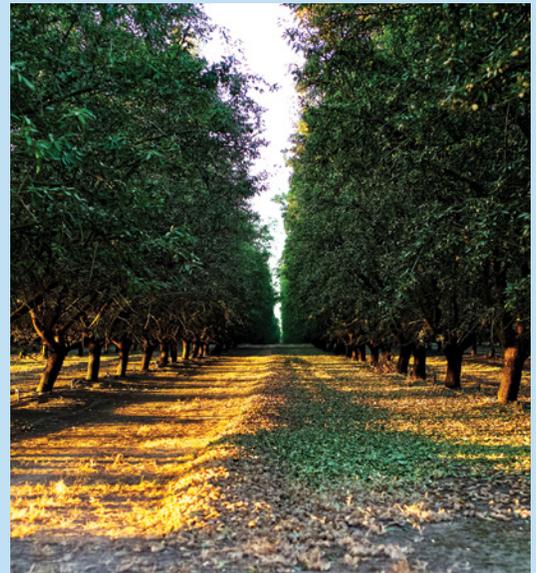


innovation
stewardship
retail placement
collaboration
resources
partners
growth
future
generations
new products
management
resilience



GROWING
TOGETHER

innovation
stewardship
retail placement
collaboration
resources
partners
growth
future
generations
new products
management
resilience



2023 Annual Report



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.

GROWING TOGETHER



In the purest sense, a cooperative is about people coming together to meet a common goal. And there is no better example than *Blue Diamond Growers*.



Our approximately 3,000 grower-owners and 1,600 team members strive every day to fulfill our mission to “maximize the returns of each grower who entrusts *Blue Diamond* with their almonds.”

The 2022-23 winter season, with a bloom-time freeze in some regions and continuing statewide drought, tested the resilience of our 113-year-old cooperative. As we have in the past, we drew from our collective strengths. The 2022 almond crop statewide produced 2.92 billion meat pounds, down slightly from 2021’s record 3.1 billion pounds.

The incoming 2023 crop appears smaller than the past two years as cold, wet, windy weather grounded honeybees for much of the pollination period.

But the winter storms had a silver lining. They filled most of the state’s reservoirs, erasing California’s prolonged drought and ensuring reliable irrigation for growers.

The past year brought high interest rates and inflation that affected global and domestic customer and consumer buying habits. By working closely with customers and leveraging innovation, we launched new

flavors and new products and found new markets, allowing the cooperative to maintain and even increase our market share.

Highlights of the year’s new brand and product marketing efforts included rolling out the *Gimme Blue Diamond* and *Don’t Just Milk It, Almondmilk It!* campaigns; introducing fun flavors like a holiday Naughty & Nice snack nut duo, Three Cheese Nut-Thins®, and the wildly popular Thin Dipped Almonds; partnering with celebrity chefs to promote Almond Flour; and integrating Almond Breeze® Barista Blend into Starbucks stores throughout China.

Thanks to a \$45 million U.S. Department of Agriculture grant, our grower-owners can affordably expand their environmental stewardship activities, such as planting cover crops and bee forage. In the first year, our grower-members have applied for over 10,000 acres of cover crops, exceeding our goals for FY23.

While each year is unique and diverse, growing together as *Blue Diamond* allows us to thrive, and together we will carry forward our legacy.

To Our Grower-Owners



The foundational belief behind *Blue Diamond Growers* is that we are stronger together. Today, 113 years since our cooperative's inception, our growth and resilience continues, along with an unwavering commitment to the people, partnerships and collaborations woven throughout our legacy.

While this belief and commitment have allowed us to continue to provide you, our grower-owners, with competitive returns, the current state of our industry is a stark reminder of the historical highs and lows of crop production. It's not a question of whether there will be troughs, but rather how long will the trough last and how can we expand the resources available to help growers.

Throughout this Annual Report, you'll find examples of how *Blue Diamond Growers* drove strategic initiatives and innovation across the board to help fortify our grower families to be able to better weather challenging times. From identifying new global markets to fostering creative partnerships that reach more consumer households, and from driving increased brand loyalty to collaborating to meet unique customer needs, your cooperative is demonstrating its strength and resilience in the face of adverse times.

The almond industry's 800-million-pound carry in from the 2022-23 marketing year no doubt casts a shadow on grower profitability. The current market prices are admittedly not sustainable. Even though the industry continues to move tremendous amounts of almonds, we need to further reduce the existing inventory to rebalance supply and demand.

Doing business in the post-COVID world came with its own set of challenges, which are slowly being reversed. Supply chain disruptions, which affected both exports and domestic shipments, have eased. Ocean shipping rates have reverted to pre-pandemic levels and exports are once again a priority. Domestic transportation rates have also recovered from the previous years' increases.

Consumer buying patterns have also shifted, and inflation has pressured shopper spending. Snack Almonds overcame a challenging year for the snack industry and the snack nut category in particular.

Consumers often chose to trade down to lower cost alternatives and smaller package sizes to reduce their overall grocery spend, which negatively affected volume.

Despite a decrease in overall almond snack consumption, we were able to grow our share of the almond segment by 2.5 points. Much of that was due to innovative campaigns and sweepstakes that increased our relevance with snackers.

While other major almond flour brands saw declining post-pandemic sales, *Blue Diamond's* flour business held steady due to our new distribution in the grocery channel as well as relevant marketing during key baking periods.

And thanks to production at one of our co-manufacturers, *Blue Diamond* launched its innovative Thin Dipped Chocolate Covered Almonds, which got off to a great start.

The cooperative's international consumer products segment remained resilient, enjoying significant growth for almond beverage base in core markets despite high inflation that restricted purchasing power and demand.

Blue Diamond worked with a partner in South Korea to develop a new Almond Breeze® Barista Blend for Starbucks China. Based on consumer reaction, we plan to expand our Barista product offerings to other premium coffee/tea chains.

A continued focus on fostering collaborative global partnerships has helped fuel a gradual recovery in international markets following the COVID pandemic and led to the expansion of new almond ingredient application areas and regions.

Our unwavering commitment to sustainability, including the launch of our inaugural sustainability report, resonated deeply with global customers. It opened the door for richer conversations and a point of differentiation that promises to further these relationships.

And our sustainability efforts will only grow, thanks to a \$45 million U.S. Department of Agriculture (USDA) Climate-Smart Grant we received. The program promotes "climate-smart" practices that farmers can implement on their land.

The USDA grant program also complements our Orchard Stewardship Incentive Program (OSIP) by lowering the cost of installing pollinator-friendly practices needed to get Bee Friendly Farming certified. That, in turn, helps members reach the higher-paying tier in OSIP.

Sustainability comprises three pillars: economic, environmental and social. We'd be remiss if we

didn't highlight the social component that includes investing in *Blue Diamond Growers* employees through focusing on training, developing our next generation of leaders, and giving back to the community.

The Global Supply Training Department, for example, received a \$497,000 grant from the California Employment Training Panel designed to help employers upgrade their workers' skills.

For several years, *Blue Diamond Growers* has issued small grants to nonprofit organizations in and around the three regions where our processing facilities are located and where our employees live. In FY23, we awarded \$140,000 in grants to 14 nonprofits and food banks to help make a difference for families in our communities.

As we've learned from the past, while each year is unique and diverse, no challenge is insurmountable. The leadership commitment from your board and executive team is stronger than ever, and a tenacious focus on innovation in every aspect of the cooperative drives our progress. Working and growing together as *Blue Diamond Growers* allows us to thrive, and together we will carry forward our legacy. Thank you for your continued loyalty.



Kai Bockmann
President & CEO



Dan Cummings
Chairman of the Board



Board of Directors



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

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 25, 2023 | August 26, 2022 | August 27, 2021 | August 28, 2020 |
|---|-----------------|-----------------|-----------------|-----------------|
| Net Sales and Other Revenue | \$1,329,241 | \$1,606,682 | \$1,570,471 | \$1,590,593 |
| Payments and Allocations to Members and Patrons | 629,087 | 904,395 | 918,865 | 1,006,041 |
| Interest, Net | 15,749 | 8,044 | 7,708 | 9,085 |
| Total Assets at Year End | 878,361 | 858,444 | 833,046 | 790,058 |
| Depreciated Value of Property, Plant, and Equipment | 406,612 | 399,650 | 401,473 | 403,985 |
| Long-Term Debt at Year End | 138,833 | 156,114 | 173,395 | 190,676 |
| Peak Short-Term Borrowings | 153,900 | 134,600 | 85,500 | 175,594 |
| Members' and Patrons' Equity at Year End | 348,139 | 340,331 | 288,104 | 245,162 |

Driving Differentiation

Through Flavor



Increasing household penetration was a key goal for *Blue Diamond's* Innovation efforts this past year. Distinctive flavor offerings helped attract younger snack almond consumers and drive incremental sales for the cooperative and for many retailers.



Popular holiday traditions inspired the introduction of Snickerdoodle and Peppermint Cocoa snack nuts as a limited-edition holiday offering with customizable gift tags on the lids.

Younger consumers' appetites for adventure and discovering cultural cuisines inspired two new "street-food" savory flavor profiles: Elote and Korean BBQ.

Elote, or Mexican-style street corn, is roasted sweet corn topped with salt, chili pepper, cheese, chipotle and cumin. The snack nut flavor was originally developed as a limited-edition offering for Walmart; however, because of strong consumer demand, the flavor was picked up by Sam's Club and then went national.

Korean BBQ is a sweet and savory mix of plum, garlic and hoisin, creating a one-of-a-kind flavor from the other side of the globe.



Chilé N Lime was another fan favorite launched at Walmart and Costco as a limited time offering. Sales exceeded expectations for both retailers. Chile N Lime won this year's People's Food Awards and was recognized by Costco as a nominee for their International Inspired Flavor of the Year.

Joining these successful flavors was a newcomer introduced last summer — Honey Butter, a melt-in-your-mouth pairing of butter flavor and honey.



Rounding out *Blue Diamond's* offerings for FY23 were Thin Dipped Almonds in two flavors: Double Dark Chocolate and Dark Chocolate Sea Salt Caramel. With half the sugar of the average chocolate-covered almond, Thin Dipped Almonds are a healthful and deliciously indulgent treat. Look for distribution to expand across the country in January.

Growing Our Ingredients Portfolio

Blue Diamond continues to collaborate with strategic customers helping them meet ingredient challenges and find ways to incorporate our almonds into new projects through research and development conducted in our Almond Innovation Center.

Maintaining our position as the global leader in almond ingredients, in FY23 we deepened our applications expertise in existing and new categories, including plant-based yogurt, chocolate, baking, beverages and plant-based cheese.



An Eye on the Future — Bioactives

Blue Diamond began a pilot project with Brightseed, an artificial intelligence-driven biotechnology start-up, to gain a deeper understanding of bioactives in almonds and their predicted health benefits. Bioactives are extra-nutritional compounds found in small quantities in foods that provide health benefits beyond basic nutritional values. The promising project has since transitioned to the Almond Board of California for further consideration.

Delighting

Blue Diamond Consumers

Snack Almonds/Nut-Thins®

Blue Diamond Snack Almonds overcame a challenging year for the snack industry, one that particularly impacted the snack nut category. Despite a decrease in overall almond consumption, *Blue Diamond* successfully grew its share of the almond segment by 2.5 points.

Inflation and shifting consumer buying behavior continued to test the category, as the brand and all snack nuts competed with the vast array of snacks available to consumers, particularly with consumers working from home. Financial pressures found consumers trading down to smaller package sizes reducing their overall grocery spend, which negatively affected volume.

Blue Diamond responded to FY23 challenges with key programs to grow the brand's relevance with snackers. A fall campaign and sweepstakes inspired consumers during football season. The innovative "Naughty & Nice" holiday campaign — featuring our delicious, limited-time seasonal flavors — drove significant household gains during the period compared to the same time a year ago. This included coveted "light" buyers, who only frequent the category during the holidays.



The *Gimme Blue Diamond* campaign captured consumers with a catchy jingle and a shout out to try our “crunchy, tasty, sweet, savory, always satisfying” almonds. On top of that, the cooperative launched our first-ever chocolate-covered product with a healthy twist — the amazing Thin Dipped Almonds.

Driving a fast start to the new year, the brand is poised to evolve its football and holiday campaigns throughout the January to May snack season of strong category buyer engagement as well as accelerate our Thin Dipped program.



Turning to the almond cracker side of the house, *Blue Diamond* Nut-Thins® completed a challenging year as two FY22 price increases significantly affected consumption.

But consumers responded favorably when the brand launched its first new flavor in three years, Three Cheese, at key retailers. Aligned marketing efforts and earned media promotions will continue to support this favorite line of gluten-free snacks in FY24.





Almond Breeze®

Blue Diamond Almond Breeze® regained retail momentum beginning in January after a challenging start to FY23 and the lingering effect of FY22 partner capacity challenges. Improved sales of Almond Breeze® corresponded with the launch of our new *Don't Just Milk It, Almondmilk It™* campaign in January. In a playful, relatable way, the breakthrough campaign showed how Almond Breeze® is the delicious, nutritious milk you'll feel great giving to your family. The endearing ads came to life across TV, online video, social media and more, delivering nearly 2 billion impressions and driving positive retail sales over the prior year.

Almond Breeze® focused on key moments and occasions valued by consumers drawing them in to purchase. The brand led the year with strong health-oriented messaging using influencers, digital ads and social media. This targeted outreach grabbed consumers during a time of year when they are inspired to embrace health and wellness. The ads drove consumers to a website where they could choose a favorite Almond Breeze® flavor and ingredients to build a dream smoothie. Almond Breeze® partnered with key online publications and influencers to demonstrate that almondmilk is the perfect replacement for dairy milk in mouth-watering recipes and coffee drinks.

With strong marketing support, Almond Breeze® has taken a significant market share from rival Silk® and remains America's No. 1 selling branded almondmilk. Almond Breeze® gained 0.8 points of market share within the competitive non-dairy milk segment as well as 2.3 points of market share in the almondmilk segment.



Delighting *Blue Diamond* Consumers

Almond Flour (Culinary)

Blue Diamond's flour business held steady during a challenging year for the baking category. Trending off large growth during the pandemic when people were cooking at home, the total almond flour category decreased 8.9% in volume over the 52-week period ending August 13.

While other major almond flour brands saw declines, *Blue Diamond* was able to maintain flat growth, thanks to new distribution in the grocery channel as well as relevant marketing during key baking periods.



The spring baking season launched a culinary partnership with celebrity chef Amanda Freitag, known for her appearances on the TV show *Chopped*. She included almond flour in recipes that she created and featured on social media. Online and in-store branding featured a new look and tone designed to stand out in the baking category and inspire more cooks to try *Blue Diamond* Almond Flour. Both the partnership and attention-getting branding will continue in the new year.

Satisfying Direct-to-Consumer Experiences



NUT & GIFT SHOP

The *Blue Diamond* Nut and Gift Shop enterprise delivered a 2.5% increase in gross sales over FY22. The direct-to-consumer online store continues to grow, with a gross sales increase of 2.7% over the previous year. In particular, the new Thin Dipped Almonds and Honey Butter Almonds proved to be strong sellers among online consumers.

The three *Blue Diamond* retail stores showed growth, outperforming FY22. The Salida Gift Shop demonstrated a particularly strong presence, boasting an 8% increase in same-store sales over the previous year. The Sacramento Gift Shop served as a popular backdrop for the media when state and local public officials gathered to celebrate National Almond Day in April.

In the crucial holiday sales month of December, the combined Gift Shops and online business had their all-time best single month, achieving more than \$1 million in sales and are well positioned for a great FY24.





Expanding Our Brand's Global Footprint

Fiscal Year 2023 was a year of resilience for our international consumer products. Despite high inflation restricting purchasing power and demand, *Blue Diamond* saw significant growth for almondmilk beverage base in core markets like South Korea as a key partner expanded into China by introducing Almond Breeze® Barista Blend.

The new Barista Blend version was designed for Starbucks China and was extensively tested with local coffees amongst consumers. Barista Blend is now available in Starbucks stores across China and will continue to grow as Starbucks implements their rapid store expansion. We are confident that this will enable us to get our Barista products into other premium coffee/tea chains in a country where cafe culture is growing significantly.



Innovation remains a key driver for growing *Blue Diamond's* global footprint. Across geographic regions worldwide, the brand launched initiatives delivering value-added products to meet unique market-based consumer demand.

Highlights in FY23 included Almond Breeze® Extra Creamy in Australia, Almond Breeze® Zero in Spain, and Almond Breeze® Almond & Oat in Brazil. All have shown great potential to drive volume and maintain brand relevance in competitive plant-based markets.

Providing Functional Ingredients Around the World

In the ever-evolving landscape of worldwide markets, *Blue Diamond Growers* continued to forge stronger connections with customers in FY23. Our team's focus on fostering collaborative partnerships has fueled a resurgence in international markets following the COVID pandemic, leading an expansion in new application areas and regions.

A notable highlight is *Blue Diamond Growers'* advancement in sustainability, a journey shared with our grower-owners and visible through the launch of our inaugural sustainability report. This sparked industry-wide interest and resonated deeply with global ingredient customers who prioritize sustainability within their organizations and from their suppliers. We have opened the door for richer conversations that promise to further relationships and propel sales.



In addition, the strategic focus of using almonds as a functional ingredient in plant-based and non-dairy foods and beverages is on time to drive post-COVID product development and new product launches. Integral to success is our unyielding commitment to delivering exceptional quality almonds and almond ingredients.



Unleashing the Power

Safety

Blue Diamond is proud to grow a safety culture across our sites. In August, we held the inaugural Safety Culture summit, bringing safety teams from Salida, Turlock and Sacramento together to hear from our CEO, highlight projects from each team, and build momentum for future safety efforts.



Illustrating the cooperative's commitment to a safety culture, FY23 realized a 200% increase in Good Catches across the sites compared to FY22. Totaling more than 1,000 this past year, Good Catches are any observations that improve unsafe conditions or behaviors. Through this and other efforts, our workers' compensation costs are at a record low.



Quality

The cooperative continues to focus on improving quality and addressing low customer and consumer complaints. As a result, we achieved another year of first pass quality of 99.5% or better.

Leaders

Growing capable and supportive leaders is an investment in the future. The Emerging Leader Program started in FY23 with our first cohort, and we have promoted many of the participants. We look forward to growing our internal leadership pipeline in FY24.





THE GRADING ROOM BEFORE THE PROJECT START

Engineering/Projects

Investing in manufacturing efficiency secures *Blue Diamond's* future. Facility upgrades have improved our capabilities and strengthened automation. The Sacramento site received updated electronic sorting machines (ESM), increasing our yield while reducing operating costs. Upgrades to the grading and electronic sorting equipment at the Salida site optimized mechanical size grading and yields. The Turlock site team installed an improved method for conveying almonds through the process that enhances safety, quality and overall product yields.

Salida Main Production Line (MPL) Upgrade Goals:

- Replace (40+ year) MPL graders.
- Add capability to remove hard-to-detect defects.
- Redesign the process handling ESM kick outs to increase yield.
- Increase throughput of Nonpareil by over 20%.
- Reduce the need for manual labor.
- Eliminate reprocessing to lower costs.



PROJECT RESULTS

- Line successfully started up September 2023.
- Produced 1.4 MM lbs. in a day.
- On track to deliver projected savings.



- Zero safety incidents during the project.
- Line control now capable from iPads.

Unleashing the Power



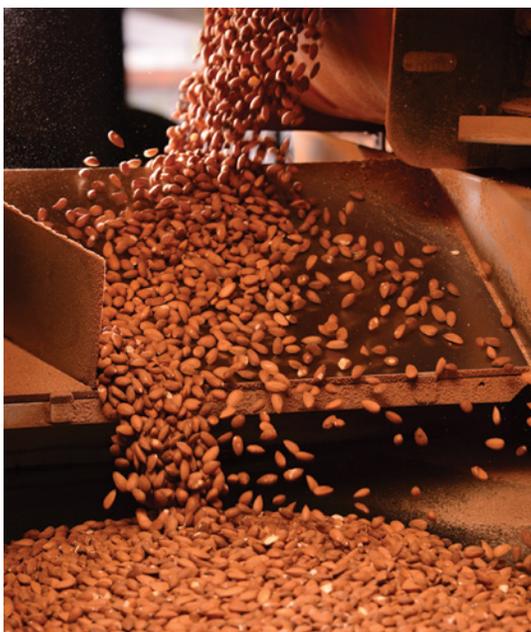
Global Supply Chain

Blue Diamond leads and grows supply chain efficiency to ensure future resilience. In late 2022, relief from the pandemic shipping crisis came as supply chain conditions normalized and then continued throughout FY23. Ocean rates reverted to pre-pandemic levels and exports again became a priority to offset lower import volumes. On the domestic front, supply chain congestion eased, allowing transportation rates to recover from previous years' increases.

Blue Diamond continued its digital integration and process improvement by implementing SAP Transportation Management Systems for global transportation. In Forecasting and Inventory Planning, the team upgraded the integrated business planning system to improve forecasting.

Demonstrating continued industry leadership, *Blue Diamond* represents the almond industry on the Federal Maritime Commission National Shipper Advisory Committee, composed of 12 influential U.S. import and export customers. In addition, *Blue Diamond* leadership chairs a trucking chassis subcommittee tasked with improving ag-related global shipping at all domestic ports and inland rail systems.

Closer to home, *Blue Diamond* serves on the California Freight Advisory Commission to advise the state on projects and funding needs to prepare for alternative fuel mandates taking effect in 2035.



Co-Manufacturing

Blue Diamond values partners in growing efficiency and profitability. Thanks to production at one of our co-manufacturers, *Blue Diamond* launched its innovative Thin Dipped Chocolate Covered Almonds. We also turned to our co-manufacturing network to provide capacity relief for our packaging line in Sacramento.

As part of the Nut-Thins® strategy, the team negotiated modified production requirements and cost avoidance. Co-manufacturing also launched line extensions and customer-specific displays for Nut-Thins® to expand consumer reach.

Expanding our global co-manufacturing network, *Blue Diamond* contracted with a new Almond Breeze® partner in Colombia and conducted due diligence for other markets, such as India.



BUY TOGETHER. SELL TOGETHER. GROW TOGETHER.

Procurement

Expanding the value of partnering, the *Blue Diamond Growers* completed a joint buying exercise with Ocean Spray® and Land O'Lakes® for corrugated boxes that netted 11% savings. To address inflation, Requests for Proposals (RFPs) were issued across all direct material categories with completed RFPs on cans, film, drums totes and roasting oil. An award to a domestic supplier eliminated a seven-week lead time on film.

The team expanded RFPs for indirect goods and services, including media, consumer insights, transportation, international media, and numerous human resources recruitment needs, netting value and savings.

As part of the “Growers Connect Marketplace” project that goes live in FY24, *Blue Diamond Growers* will expand its current strategic supplier relationships and affiliations with Group Purchase Organizations to help drive down growers’ costs.

Training

Blue Diamond’s Global Supply Training Department received a \$497,000 grant from the California Employment Training Panel designed to help employers upgrade their workers’ skills. To better support the needs of our front-line team members, the number of Certified Training Within Industry (TWI) Trainers increased by 40% in FY23. There are now 118 team members across the three sites who were formally taught interpersonal skills to train fellow team members using the TWI methodology. More than 20,000 hours of training were completed across the three *Blue Diamond* sites in FY23.



Helping Growers Weather a Challenging Year



Blue Diamond's grower-owners are a resilient group of farmers, and this year certainly tested their fortitude. Unfavorable weather during bloom in February and March brought very cold temperatures, wind and in some regions, even hail. High winds and saturated soils toppled trees and in severe cases rendered some orchards unfarmable.

That same weather frequently grounded bees needed to pollinate traditional varieties, with the number of bee-flight hours reduced by more than 50% in some regions.

Weather conditions caused problems for growers throughout the season. Leaves of trees on waterlogged soils turned yellow due to oxygen-deprived or anaerobic conditions in the root zone and poor nutrient levels, and growers had few opportunities to apply fertilizer. The prolonged soil moisture

increased the prevalence of *Phytophthora* root rot infections, and the limited opportunities for sanitation during the winter contributed to significant reject levels attributed to navel orange worm damage in crop harvest that started in August.

But the weather was not all bad news. On a positive note, the cold temperatures reduced the incidence of fungal diseases in tree canopies, and the 13 atmospheric rivers that crossed the state in March ended drought conditions in nearly all parts of California.

Partnering to Drive Sustainable Growth



Growing the cooperative's stewardship, *Blue Diamond* held several online webinars, including hosting the Almond Board

of California to talk about the California Almond Stewardship Platform, and the Pollinator Partnership to discuss Bee Friendly Farming. In-person trainings were held with our growers in each district to encourage participation in *Blue Diamond's* Orchard Stewardship Incentive Program (OSIP) and to offer on-site sign ups.

Through OSIP, growers can earn two tiers of financial incentives, helping to offset rising input costs. Growers completing first-tier requirements receive a base payment and a premium on their deliveries. The second, higher-paying tier requires a grower's acreage to be Bee Friendly Farming certified and that the grower take a carbon footprint assessment of their operation. Results included 75 of our growers participating in the Seeds for Bees program bringing plantings on over 4,000 acres; and the Water for Bees program, which distributed 835 hydration-station buckets to members this year providing fresh water for thirsty pollinators in their orchards.

Early this year, the U.S. Department of Agriculture awarded *Blue Diamond* a five-year \$45 million Climate-Smart Grant. Through the program, *Blue Diamond* is working to develop a market for sustainable-identified products in an effort to earn higher profits for participating growers.

In July, after months of working with USDA staff to update and revise the project plan to match federal requirements, *Blue Diamond's* USDA Climate-Smart Grant launched with our grower-members.

The initial phase offers grower-owners no-cost cover crop seed and a financial incentive to plant cover crops and/or conservation cover — also known as bee pastures — on their land. These practices not only work toward taking carbon out of the atmosphere and putting it into the soil as organic matter, but they also enhance orchard biodiversity and improve soil health. In the program, growers will work with our technical partners, Pollinator Partnership and Project *Apis m.*, to implement these practices.

The program also works to identify almond-specific methods to quantify the greenhouse gas (GHG) impacts of these climate-smart practices and will explore market-based mechanisms to financially reward growers for their stewardship work.

Even before the final agreement with the USDA, *Blue Diamond* reached out to strategic customers to stimulate their interest in turning the climate-smart benefits into larger volume purchases and/or premium pricing.

The USDA grant program complements *Blue Diamond's* current Orchard Stewardship Incentive Program by lowering the cost of initiating pollinator-friendly practices needed to get Bee Friendly Farming certified. That, in turn, helps members achieve the requirements for the higher-paying tier in OSIP.

Partnering to Drive Sustainable Growth

Giving Back to Our Communities

For several years, *Blue Diamond Growers* has issued small grants to nonprofits in and around the three regions where our processing facilities are located and where our employees live. The grants focus on advancing agriculture education or health, wellness and food security for families or children. The range of support, from \$5,000 to \$15,000, can make a significant impact in supporting the good work of established organizations in and around *Blue Diamond* communities.

In FY23, we awarded \$140,000 in grants to 14 organizations. Additionally, 409,405 pounds of in-kind almond product donations, valued at \$1,865,128, were made to food banks and other nonprofit organizations.

Blue Diamond team members invested their time and talents volunteering in their communities, taking advantage of up to eight hours of paid volunteer time offered as a new benefit this year. Volunteer efforts were often organized to benefit organizations designated as community grant recipients to amplify the cooperative's overall impact.



Caring for Our People

Our commitment to our people bonds us all, and we take great care to nurture our community of approximately 1,600 dedicated team members.

Blue Diamond's shared values drive us to innovate and grow, both as a business and as individuals. Our culture is defined by a genuine desire to care for our people, and our shared Vision, Mission and Values shape how we engage with one another.

Embracing the Leader Promise

In FY23, we embarked on a journey to align leadership practices with *Blue Diamond's* goals and values.



Connected to Purpose
Committed to People
Ambitious About Our Future

We defined the behaviors that leaders need to inspire and motivate people and teams. By embracing the Leadership Promise, we remain rooted in our history, focused on our greatest asset — our people — and driven to the future.



Growing from Within

We invest in our people because we firmly believe that nurturing internal growth is the most effective way to cultivate engaged and dedicated employees who share our passion for driving success.

In FY23, we saw a total of 36 salaried positions filled internally, more than double from the previous year, and a testament to our commitment to recognizing and advancing talent.



Caring for Our People

Fostering Belonging

At *Blue Diamond*, we foster an environment where everyone can fulfill their potential and be at their very best. We create a diverse and inclusive workplace because we believe that having a range of perspectives and cultures is vital for our growing business. It helps us to create new opportunities, innovate and flourish.

We have an incredibly low turnover rate and we believe that is proof of the great culture we have created.

Our culture is firmly grounded in a collaborative spirit that welcomes all and provides everyone the opportunity to achieve success. This year, we saw a 30% increase in referrals from team members.



Focusing on Safety and Wellness

The safety and well-being of our team members is a top priority for us. Maintaining a safe workplace is key to our success, and we proactively educate our people through on-the-job training, annual courses, and by hosting informal roundtable discussions about essential topics.

We remain dedicated to promoting and supporting the health and overall well-being of our team members. Our team members actively participate in our wellness programs that provide preventive health services, health education and mental health resources.

As we look to the future, we will continue to care for and invest in our people. We know we have the very best team, and we are excited to bring the goodness of almonds to families all over the world.





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.



Kai Bockmann
President & CEO



Dean LaVallee
Chief Operating Officer
& Chief Financial Officer

We present summary consolidated financial statements for the Company on pages 26–27 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.

Opinion

The summary consolidated financial statements, which comprise the summary consolidated balance sheets as of August 25, 2023 and August 26, 2022, 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 25, 2023 and August 26, 2022. We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 27, 2023.

In our opinion, the accompanying summary consolidated financial statements of *Blue Diamond Growers* and subsidiaries as of and for the years ended August 25, 2023 and August 26, 2022 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 27, 2023

Blue Diamond Growers & Subsidiaries
Summary Consolidated Balance Sheets
As of August 25, 2023 and August 26, 2022 (in Thousands)

| ASSETS: | 2023 | 2022 |
|---|-------------------|-------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 37,796 | \$ 85,577 |
| Accounts receivable, net of allowance for doubtful accounts of \$50 and \$44 in 2023 and 2022, respectively | 115,301 | 179,215 |
| Grower advances in excess of proceeds realized | 155,074 | 23,692 |
| Product inventories | 83,338 | 99,357 |
| Supplies and other current assets | 23,455 | 20,964 |
| Total current assets | 414,964 | 408,805 |
| Property, plant, and equipment, net | 406,612 | 399,650 |
| Investment in CoBank | 7,502 | 7,250 |
| Other assets and deferred charges, net | 49,283 | 42,739 |
| Total assets | \$ 878,361 | \$ 858,444 |

LIABILITIES AND MEMBERS' AND PATRONS' EQUITY:

| | | |
|---|-------------------|-------------------|
| Current Liabilities: | | |
| Current maturities of long-term debt | \$ 17,281 | \$ 17,281 |
| Unsecured investment certificates | 168,409 | 115,930 |
| Accounts payable and accrued expenses | 96,507 | 107,320 |
| Amounts due members and patrons | 4,274 | 7,668 |
| Total current liabilities | 286,471 | 248,199 |
| Long-term debt, net | 138,833 | 156,114 |
| Pension liability | 31,863 | 39,733 |
| Other liabilities | 73,055 | 74,067 |
| Total liabilities | 530,222 | 518,113 |
| Members' and Patrons' Equity: | | |
| Allocated members' and patrons' equity | 90,757 | 101,090 |
| Unallocated: | | |
| Retained earnings | 278,603 | 267,508 |
| Accumulated other comprehensive loss | (21,221) | (28,267) |
| Total members' and patrons' equity | 348,139 | 340,331 |
| Total liabilities and members' and patrons' equity | \$ 878,361 | \$ 858,444 |

Blue Diamond Growers & Subsidiaries

Summary Consolidated Statements of Operations and Comprehensive Net Proceeds Years Ended August 25, 2023 and August 26, 2022 (in Thousands)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| NET SALES AND OTHER REVENUE: | \$ 1,329,241 | \$ 1,606,682 |
| COSTS AND EXPENSES: | | |
| Cost of products sold | 395,031 | 390,580 |
| Selling, general, and administrative | 278,686 | 252,697 |
| Interest, net | 15,749 | 8,044 |
| Income tax (benefit) expense | (407) | 414 |
| Total costs and expenses | 689,059 | 651,735 |
| Net proceeds | \$ 640,182 | \$ 954,947 |
| OTHER COMPREHENSIVE (LOSS) INCOME: | | |
| Foreign currency translation income (loss) | 11 | (53) |
| Interest rate swap | 577 | 3,002 |
| Pension and postretirement benefit plans | 6,458 | 772 |
| Other comprehensive (loss) income | 7,046 | 3,721 |
| Comprehensive net proceeds | \$ 647,228 | \$ 958,668 |
| DISTRIBUTION OF NET PROCEEDS: | | |
| Payments and allocations to members and patrons including retains of \$17,843 and \$25,373 for 2023 and 2022, respectively | \$ 629,087 | \$ 904,395 |
| Increase to retained earnings | 11,095 | 50,552 |
| | \$ 640,182 | \$ 954,947 |



Leadership Team



Kai Bockmann
President & CEO



Dean LaVallee
Chief Operating Officer
& Chief Financial Officer



Frances Dillon
Chief Human
Resources Officer



Brian Barczak
Chief Global
Supply Officer



Raj Joshi
Chief Growth Officer



Carmen Bourgaize
Chief Commercial
Officer



Mel Machado
Vice President,
Member Relations



Alicia Rockwell
Chief Government
Affairs Officer

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

innovation
stewardship
retail placement
collaboration
resources
partners
growth
future
generations
new products
management
resilience

innovation
stewardship
retail placement
collaboration
resources
partners
growth
future
generations
new products
management
resilience



1802 C Street, Sacramento, CA 95811
916.442.0771

©2023 Blue Diamond Growers