

INVESTING. INNOVATING. INSPIRING.















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.



INVESTING. INNOVATING. INSPIRING.

Pride. It can be felt in everything we do. It is what sets us apart and makes *Blue Diamond* uniquely successful.

We are proud to be one of the world's leading agricultural cooperatives who delivers on quality every day.

We are proud to work as partners where each grower's voice is heard, each team member's contributions are leveraged, and decisions are made for the long term.

We are proud to continually pour efforts into maximizing the returns of each grower who entrusts *Blue Diamond* with their almonds. We do this by investing in our facilities to supply our customers with high-quality almonds, innovating nutritious and flavorful products for consumers, and inspiring global communities with our vision of delivering the benefits of almonds to the world.

For over 109 years, the pride we feel drives our commitment to bring value to and improve the lives of *Blue Diamond*'s hardworking families. As a cooperative of more than 3,000 California almond growers and 1,700 team members, we work in unity to ensure our farms and our brands are sustainable for future generations.



TO OUR GROWER-OWNERS



2019 was a year of milestones and one where investments and innovations inspired us to strengthen Blue Diamond's position as the world's leading almond marketer and processor. Throughout the year, we remained committed to our mission of maximizing the returns of each grower who entrusts us with their almonds. In every facet of our business, we made progress for the benefit of our grower-owners and our achievements during this crop year have genuinely made us Blue Diamond Proud.

We are steadily driving the success of *Blue Diamond Growers* on the farm and in the marketplace. *Blue Diamond*'s recognition for the third consecutive year as one of the top 10 fastest-growing companies¹ is a testament to the focus, alignment, and enthusiasm of our team members to ensure a sustainable future for you, our grower-owners.

Investing.

Blue Diamond will continue to accommodate growth with investments in additional facilities and technologies. After all, this year, California almond growers increased supply to 2.26 billion pounds. Future yield increases will require our facilities' expansion plan to deliver healthy new almond products and world-class service to our global customers.

Breaking ground on a 52,000 square foot expansion to the Turlock facility in January this year signifies our ongoing investment in and commitment to the cooperative's future. The expansion is part of *Blue Diamond*'s plans for new value-added product lines that will start up in April 2020. With the unprecedented growth of *Almond Breeze*® in 2019, this expansion also adds much-needed production capacity for our flagship brand as it continues to lead the almondmilk world as the #1 brand in both refrigerated and shelf-stable products.

We are also proud of our investments in the Salida facility, where team members have increased

production throughput rates and achieved record deliveries and shipments for the year. That earned the Salida facility an "Excellent" SQF rating for the third consecutive year and recognition from the Safe Food Alliance as the 2018 Plant of the Year. Additionally, the Salida team is excelling in safety, operating more than four million hours without a lost-time accident.

These investments in our infrastructure will maximize profitability, promote global growth, and reward our grower-owners with superior returns for producing the highest valued almonds.

Innovating.

Innovation drives growth and success in the almond industry. In 2019, *Blue Diamond* launched 20 new products with the intent of reaching emerging key markets and providing consumers worldwide with new almond product offerings. Our ability to develop unique uses for every variety of almond and expand almond capabilities into previously unexplored categories positions us as the innovation leader in the industry.

In the U.S., retail products expanded their market share leadership with snack nuts posting double-digit sales growth and *Almond Breeze*® achieving over \$500 million in sales. The introduction of our new *Almonds & Fruit* line and *Almond Breeze*™ Creamer and yogurt alternative keep us poised to lead the snack almond and non-dairy beverage segments.

¹ IRI/Boston Consulting Group 2019 CPG Growth Leaders

Blue Diamond continues to expand in overseas markets transitioning our international business from investment to profitability. We introduced *Almond Breeze®* to consumers in Mexico and the Middle East, just to name a few, and launched three new products across Japan and Thailand.

Blue Diamond is the go-to almond supplier for international food companies. We attained over 10 million pounds of new business from more than 100 new customers. As consumers look for healthier, more convenient snacking options, we are using this opportunity to work with our customers on introducing new snack items outside the nut aisle. Blue Diamond will continue to find new ways to increase your profitability long-term by adding more value to your almonds.

Inspiring.

Together we are inspiring millions of consumers with creative marketing campaigns. Your active participation in our social media campaign, **#WeAreBlueDiamond**, brought awareness to the almond industry and interest in our brands. You welcomed consumers into your orchards to show the world that *Almond Breeze*® only puts the best almonds into every drop of our *Almond Breeze*® Almondmilk. The pride you take in being stewards of the land has enabled *Blue Diamond* to prosper.

Inspired by our company values, our team members embrace their role as industry leaders. They are proud to be a part of this cooperative and their commitment to ensuring its success is unmatched. In May, team members rallied to support the Sacramento facility when a fire occurred. Their combined efforts and hard work brought Sacramento's manufacturing capabilities back online as quickly as possible to ensure we met our business needs. The support and collaboration across the business are impressive and we are proud of how our team members responded to this extraordinary challenge.

Blue Diamond is grateful that you continue to put your trust in the cooperative. Just as our team members take pride in our accomplishments, so should you as a grower-owner. We are extremely proud of our 109-year legacy and as we look to the future, knowing we are Blue Diamond Proud will guide our continued success through investing, innovating, and inspiring.

In partnership,



Mark Jansen
President & CEO



Dan Cummings

Chairman of the Board

BLUE DIAMOND GROWERS

BOARD OF DIRECTORS





Back Row: Kevin Fondse, Dale Van Groningen, John Monroe, Kent Stenderup, Stephen Van Duyn, Joe Huston Front Row: Dan Mendenhall, Charles Crivelli III, Dan Cummings, Don Yee, George Goshgarian

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

Stephen Van Duyn District 5

Modesto/Ripon, CA
Charles Crivelli III

District 6
Turlock, CA

Dan Mendenhall District 7

Winton, CA

George Goshgarian District 8 Fresno, CA

Kent Stenderup District 9 Arvin, CA Joe Huston

Director-at-Large

Monterey, CA

Don Yee Director-at-Large El Dorado Hills, CA

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Proud to be a part of a California-based business that is family-owned and that provides delicious quality products to consumers throughout the world.

—Patti Van Groningen

FINANCIAL HIGHLIGHTS

(IN THOUSANDS)

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August 30, 2019 August 31, 2018 August 25, 2017 August 26, 2016	NNUAL REPORT
Net Sales and Other Revenue \$1,565,743 \$1,567,397 \$1,481,343 \$1,672,820	
Payments and Allocations to Members and Patrons 953,418 932,749 906,825 1,200,086	
Interest, Net 8,905 7,176 4,818 6,533	
Total Assets at Year End 749,000 626,375 607,231 557,064	
Depreciated Value of Property, Plant, and Equipment 343,183 268,342 258,459 215,413	
Long-Term Debt at Year End 152,957 96,929 115,900 81,300	
Peak Short-Term Borrowings 176,000 174,000 220,500 460,068	
Members' and Patrons' Equity at Year End 233,884 248,293 235,546 198,205	

Blue Diamond Growers had an inspiring year, to say the least! With a record number of new products introduced all around the globe, a strong crop yield, the addition of several cutting-edge technological investments to advance the plant facilities, and the great strides made in sustainable practices, we are extremely proud of our accomplishments.

Blue Diamond Growers remains the world leader in all varieties of almond products and is pushing beyond previous limits to become an even sharper spearhead in almond innovation. As Blue Diamond links arms with grower-owners to continue our pursuit of being the best almond cooperative on earth, we will deliver the benefits of almonds to the world for many years to come with a bold and exciting future that makes us Blue Diamond Proud!

INVESTING IN THE FUTURE

Blue Diamond Growers is proud of our investment into our grower-owners and business partnerships. The springtime brought six workshops to growers enrolled in the California Almond Sustainability Program (CASP) to further their education. The workshops highlighted Irrigation Management, Integrated Pest Management (IPM), and Bee Health. Furthermore, astounding efforts have been made in 2019 to minimize waste and maximize grower returns.

We are making worthwhile investments on behalf of the honeybee. *Blue Diamond Growers* has partnered with a bee research organization called Project Apis m (PAm) to help educate our growers on the best practices for honeybee health in the orchard. Along with this, we have also implemented Seeds for Bees and Water for Bees to ensure that these important pollinators are cared for throughout the bloom season and for many years to come.





Our "Quality Initiative" educated growers on producing the highest quality almonds while decreasing Navel Orangeworm damage, waste, and product rejection. This initiative reached over 1,500 growers and professionals throughout its campaign. *Blue Diamond* also showcased the high-quality people who are



responsible for producing high-quality almonds by focusing on grower families through television and digital spots. Our grower families were also excited to represent *Blue Diamond* on the *Almond Breeze®* parade float for our first ever partnership appearance at the Rose Parade in January.

We are proud of our multifaceted efforts at conserving and being responsible with our environment. We are putting more care into sustaining our future by overhauling the internal distribution network. This will eliminate approximately 2,000 truckload movements, save 48,000 gallons of diesel fuel, and in turn, eliminate about 490 metric tons of carbon dioxide each year.

Each facility is increasing recycling initiatives by eliminating disposable cups and bottled water. One additional project is the donation of our tough-to-recycle super sacks to California Disaster Relief to use for sandbags during flood season.

Another part of what makes us *Blue Diamond* Proud is our genuine care for our community. Over the year, we provided grants to 19 organizations that promote ag education, health, and community development. These grants helped provide meals for underserved communities, educated children on well-rounded and healthy living, and supplied disaster relief donations for our community.

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Quality of product. Leadership in industry. Planning of the future.

Response to membership needs. Soundness of and growth of the company.

—Bob Weimer



Blue Diamond Growers' Salida and Turlock facilities are undergoing tremendous growth and technological advancement. Salida celebrated four million work hours without a lost-time accident and also enjoyed receiving the Safe Food Alliance Plant of the Year award. Safe Quality Food (SQF) rated the plant "Excellent" for the third consecutive year. Salida is also expanding rapidly with a new bulk almond receiving warehouse that houses state-of-the-art sorting and production technology, giving the site an additional capacity for 50 million pounds of raw material storage. Finally, Salida launched a cutting-edge pasteurization line in September. The line will pasteurize and have roasting capabilities. This line is the first of its kind and we are extremely proud of our achievements at the Salida plant.



Turlock is racking up the days without a lost time accident as well – 450 days and counting. Amidst the shift of many of their manufacturing lines moving to around the clock, continuous operations to meet increased demand, Turlock received Level 3 Certification from SQF, which is the highest possible certification awarded to facilities that adhere to best Food Safety systems. In January, Turlock broke ground on an expansion that will house a new integrated beverage-base line to focus heavily on the ever-growing demand for *Almond Breeze*®. The line is planned to start up in April of 2020.

As we continue to encourage consumers to Crave Victoriously[™], the Sacramento facility optimized snack nut mix and staffing to better meet the increasing volume needs. Because of this, the facility ramped up the snack nut processing rates. In response to Sacramento's strong work, the plant was rated "Excellent," the highest possible rating, from SQF.

INNOVATING EVERY DAY



With 20 exciting, new products having launched around the world, 2019 has proven to be quite an innovative year for *Blue Diamond Growers*! *Almond Breeze*® made a big splash by introducing plant-based yogurt and the brand launched vanilla and unsweetened original creamers in January that became the #1 and #2 plant-based creamer launches of the year. *Almond Breeze*® continues to lead the charge as the top almondmilk brand!





Blue Diamond also widened its snack almond reach with four savory gourmet flavors and the new, and wildly popular, Almonds & Fruit line, available at Walmart, Safeway, Walgreens, and many other retailers throughout the nation. We are proud of these new products! The dedicated innovation of Blue Diamond has deeply increased consumers' interest and loyalty to our ever evolving and always excellent almond products.



INSPIRING GREATER GROWTH



Blue Diamond Growers inspires the world with the benefits of almonds which cultivates our success as a marketing cooperative. Almond flour continues to fly off the shelves of U.S. and European grocery stores. Since its 2015 launch in the U.S., Blue Diamond almond flour has grown by 330 percent and since 2016, sales have grown by 380 percent in Europe.

Even more inspiring is the profitability we are achieving internationally. *Almond Breeze®* took over as market leader in almondmilk in Thailand from an established local brand in both value and volume sales. *Almond Breeze®* owns the almondmilk category leadership in South Korea, South Africa, and other key markets. Additionally, *Blue Diamond's* International Consumer team launched 27 products in five new markets — Mexico, Middle East, Philippines, Germany, and Brazil.









Almond Breeze:

Mexico: Unsweetened Original, Original, Vanilla, and Chocolate; new license agreement and partnership with dairy leader Lala

Middle East: Unsweetened Original, Original, Unsweetened Vanilla, Vanilla, Chocolate, and Barista Blend

Philippines: Unsweetened Original, Original Vanilla, Chocolate,

Latte and Matcha

Germany: Unsweetened Original, Original, Nutri+ Protein, Nutri+ Calcium, and Barista Blend

Snack nuts:

Brazil: Whole Almonds, Wasabi & Soy Sauce, Roasted Salted, Salt & Vinegar, Smokehouse, and Honey Roasted

New Product launches - Almond Breeze

Japan: Healthy Support Protein and Chilled Cup Coffee Latte

Thailand: Barista Blend



GERMANY







BRAZIL

I'm so proud my family has been Blue Diamond growers for over 43 years. Living in New York City now, it's so important for me and my kids to spend every summer here in Modesto helping in the orchard. I'm incredibly proud to be an almond farmer. We are planting a new orchard and hope our boys carry on this tradition.

—Tricia Paoluccio

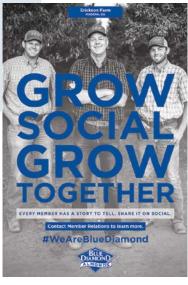
I am proud to be a member of Blue Diamond Growers.

As a small grower having a worldwide presence marketing what I grow,
Blue Diamond Growers makes a 30-acre grower feel like a 3,000-acre grower.

Finally knowing that my crop is secure with the best in the industry.

—Mark R. Driver





Blue Diamond Growers inspired millions around the world through social media this year. Our growers are the lifeblood of our cooperative, so we were thrilled to highlight their stories through the #WeAreBlueDiamond social media campaign. Many of our growers participated in the campaign that reached Facebook, Instagram, and Twitter users. We could not do what we do without them. This unique symbiosis is a beautiful image of what we can achieve and the strength in our togetherness.

BLUE DIAMOND GROWERS & SUBSIDIARIES

Management Report on Consolidated Financial Statement

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 Financial Officer

INDEPENDENT AUDITOR'S REPORT

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

The accompanying summary financial statements, which comprise the summary consolidated balance sheets as of August 30, 2019 and August 31, 2018 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 30, 2019 and August 31, 2018. We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 31, 2019. 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 30, 2019 and August 31, 2018 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 October 31, 2019



BLUE DIAMOND GROWERS & SUBSIDIARIES

Summary Consolidated Balance Sheets As of August 30, 2019 and August 31, 2018 (in thousands)

ASSETS:	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 53,925	\$ 88,939
Accounts receivable, net of allowance for doubtful accounts of \$50 in 2019 and \$63 in 2018	147,247	149,791
Grower advances in excess of (less than) proceeds realized	79,740	(169)
Product inventories	73,338	76,501
Supplies and other current assets	18,485	12,517
Total current assets	372,735	327,579
Property, plant, and equipment, net	343,183	268,342
Investment in CoBank	6,605	6,403
Other assets and deferred charges, net	26,477	24,051
Total assets	\$ 749,000	\$ 626,375

LIABILITIES AND MEMBERS' AND PATRONS' EQUITY:

Total liabilities and members' and patrons' equity	\$ 749,000	\$ 626,375
Total members' and patrons' equity	233,884	248,293
Accumulated other comprehensive loss	(57,150)	(35,064)
Retained earnings	186,454	168,832
Unallocated:		
Allocated members' and patrons' equity	104,580	114,525
Members' and Patrons' Equity:		
Total liabilities	515,116	378,082
Other liabilities	54,857	34,822
Pension liability	73,494	56,988
Long-term debt	152,957	96,929
Total current liabilities	233,808	189,343
Amounts due members and patrons	12,850	10,356
Accounts payable and accrued expenses	98,834	69,973
Unsecured investment certificates	113,153	90,043
Current maturities of long-term debt	\$ 8,971	\$ 18,971
Current Liabilities:		

BLUE DIAMOND GROWERS & SUBSIDIARIES

Summary Consolidated Statements of Operations and Comprehensive Net Proceeds Years ended August 30, 2019 and August 31, 2018 (in thousands)

	2019	2018
NET SALES AND OTHER REVENUE:	\$ 1,565,743	\$ 1,567,397
COSTS AND EXPENSES:		
Cost of products sold	352,640	374,090
Selling, general, and administrative	235,105	234,203
Interest, net	8,905	7,176
Income tax (benefit) expense	(1,947)	3,437
Total costs and expenses	594,703	618,906
Net proceeds	\$ 971,040	\$ 948,491
OTHER COMPREHENSIVE (LOSS) INCOME:		
Foreign currency translation (loss) income	(22)	24
Interest rate swap	(3,384)	2,609
Pension and postretirement benefit plans	(18,680)	571
Other comprehensive (loss) income	(22,086)	3,204
Comprehensive net proceeds	\$ 948,954	\$ 951,695
DISTRIBUTION OF NET PROCEEDS:		
Payments and allocations to members and patrons including		
retains of \$26,575 and \$26,591 for 2019 and 2018, respectively	\$ 953,418	\$ 932,749
Increase to retained earnings	17,622	15,742
	\$ 971,040	\$ 948,491

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Blue Diamond has done a tremendous job of marketing and coming up with new products and flavors that the public wants.

As a grower, we thank all the people that work so hard for our company.

—Robert and Joanna Kidd

BLUE DIAMOND GROWERS

LEADERSHIP TEAM





Mark Jansen President and Chief Executive Officer



Dean LaVallee Chief Financial Officer



Simone Denny Senior Vice President and General Counsel



Brian Barczak Senior Vice President, Global Manufacturing Operations



Bill Morecraft Senior Vice President, Global Ingredients



Raj Joshi Senior Vice President, Global Consumer



Ken Lehman Senior Vice President, Global Supply Chain



Michele Riddle Vice President, Human Resources



Mel Machado Director, Member Relations

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I'm most proud of the all-star staff that Blue Diamond has assembled to manage operations, sales, product development, etc. Amazing jobs being done.

—Joe Sansoni,
Sansoni Farms Orchards, Merced

PRIMARY FACILITIES





Sacramento Processing Plant Business Headquarters

1802 C Street Sacramento, CA 95811 916.442.0771

Salida Processing Plant

4800 Sisk Road Salida, CA 95356 209.545.1602





Turlock Processing Plant

1300 N. Washington Road Turlock, CA 95380

Blue Diamond Nut and Gift Shops are located in Sacramento, Salida and Chico

































