1-800-FLOWERS.COM, INC.

2020 ANNUAL REPORT

EXPRESS, CONNECT, CELEBRATE

ENGAGING CUSTOMERS, DELIVERING SMILES

OUR VISION

INSPIRE MORE HUMAN EXPRESSION, CONNECTION AND CELEBRATION

OUR MISSION

DELIVER SMILES!

ENGAGING WITH OUR CUSTOMERS

As a company, our Vision is to *inspire* more human expression, connection and celebration. This means creating unique ways to help our customers engage with each other – and our company – well beyond the transactional process.

It means understanding and communicating the many ways our products and services help people build relationships, share with others, express themselves in meaningful ways and celebrate moments big and small. To do this in an authentic way – a way that truly resonates with our customers – it must reside with all of us and permeate every aspect of what we do.

Our customer-first strategy means we have a clear investment in the needs of our customers and that we are committed to consistently bringing them more value. In the process, we will deepen our connections and relationships with our customers, earning their emotional loyalty for our company and its family of brands.

ABOUT 1-800-FLOWERS.COM, INC.

1-800-FLOWERS.COM, Inc. (the "Company") is a leading provider of gifts designed to help customers express, connect and celebrate. The Company's business platform features our all-star family of brands, including: 1-800-Flowers.com®, 1-800-Baskets.com®, Cheryl's Cookies®, Harry & David®, PersonalizationMall.com®, Shari's Berries®, FruitBouquets.com®, Moose Munch®, The Popcorn Factory®, Wolferman's Bakery® and Simply Chocolate®. We also offer top-quality steaks and chops from Stock Yards®. Through the Celebrations Passport® loyalty program, which provides members with free standard shipping and no service charge across our portfolio of brands, 1-800-FLOWERS.COM, Inc. strives to deepen relationships with customers. The Company also operates BloomNet®, an international floral service provider offering a broad-range of products and services designed to help professional florists grow their businesses profitably; Napco℠, a resource for floral gifts and seasonal décor; and DesignPac Gifts, LLC, a manufacturer of gift baskets and towers. 1-800-FLOWERS.COM, Inc. was recognized as the 2019 Mid-Market Company of the Year by CEO Connection. Shares in 1-800-FLOWERS.COM, Inc. are traded on the NASDAQ Global Select Market, ticker symbol: FLWS.

FINANCIAL HIGHLIGHTS

	JUNE 28, 2020	JUNE 30, 2019	JULY 1, 2018	JULY 2, 2017	JULY 3, 2016
	(in millions, except percentages and per share data)				
Total Net Revenues	$1,489.6	$1,248.6	$1,151.9	$1,193.6	$1,173.0
Gross Profit Margin	41.8%	42.1%	42.5%	43.6%	44.1%
Operating Expense Ratio	36.4%	38.5%	38.9%	39.7%	40.4%
Adjusted EBITDA[1]	$ 129.5[2]	$ 82.1	$ 78.9[4]	$ 87.2[6]	$ 85.7[8]
Adjusted EPS	$ 0.98[3]	$ 0.52	$ 0.44[5]	$ 0.43[7]	$ 0.43[9]

(1) Excludes stock-based compensation and non-qualified supplementary retirement plan investment appreciation and depreciation.

(2) Adjusted EBITDA for fiscal 2020 excludes the items included in footnote (1), as well as litigation and transaction costs associated with the acquisition of PersonalizationMall.com ($2.7 million) and Harry & David retail store closure costs ($5.2 million).

(3) Adjusted EPS for fiscal 2020 excludes litigation and transaction costs, as well as Harry & David retail store closure costs. Fiscal 2020 EPS, as reported, was $0.89.

(4) Adjusted EBITDA for fiscal 2018 excludes the items included in footnote (1), as well as litigation settlement costs ($0.4 million) and severance ($0.4 million).

(5) Adjusted EPS for fiscal 2018 excludes litigation costs and severance as well as the impact of the re-valuation of the Company's deferred tax liability of $12.2 million, or $0.18 per diluted share, resulting from the Tax Cut and Jobs Act. Fiscal 2018 EPS, as reported, was $0.61.

(6) Adjusted EBITDA for fiscal 2017 excludes the items included in footnote (1), as well as Harry & David severance costs.

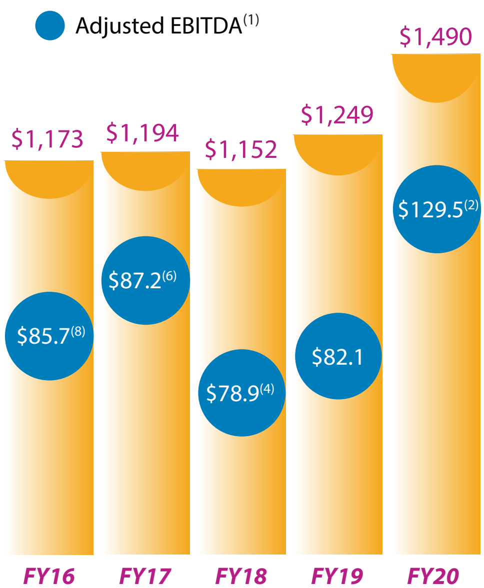
(7) Adjusted EPS for fiscal 2017 excludes Harry & David severance charges and the gain on the sale of Fannie May Confections Brands. Fiscal year 2017 EPS as reported was $0.65.

(8) Adjusted EBITDA for fiscal 2016 excludes the items included in footnote (1), as well as litigation settlement costs and integration costs, including severance, associated with Harry & David and the rightsizing of Fannie May.

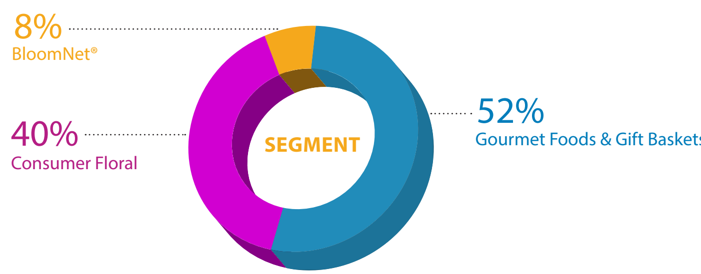
(9) Adjusted EPS for fiscal 2016 excludes the gain from insurance recovery on the Fannie May warehouse fire, loss on the sale of iFlorist, the impairment of foreign equity method investment, Harry & David integration costs, litigation settlement costs, as well as severance associated with Harry & David and the rightsizing of Fannie May. Fiscal year 2016 EPS as reported was $0.55.

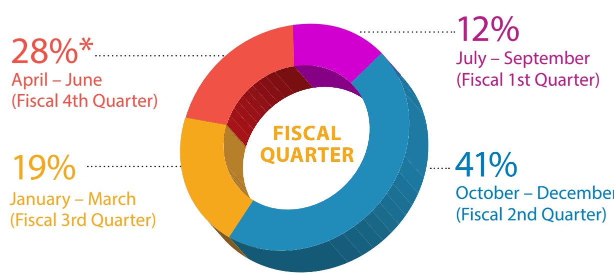
TOTAL REVENUES

(From Continuing Operations In Millions)



FY20 % REVENUES





*(*Reflects impact of COVID-19 pandemic)*

FISCAL 2020 ACHIEVEMENTS

- Achieved 19.3 percent growth in total revenue to $1.49 Billion
- Achieved 57.8 percent growth in Adjusted EBITDA to $129.5 Million
- Achieved 129.9 percent growth in Free Cash Flow to $104.7 Million
- Acquired Shari's Berries (closed August 2019) and acquired PersonalizationMall.com, LLC (closed August 2020)

FINANCIAL REPORT INSERT

See inside rear cover pocket

TO OUR SHAREHOLDERS

Fiscal 2020 was both a tremendously successful as well as a tremendously challenging year. To start, I would like to acknowledge all our associates for their dedication and hard work in helping our customers stay connected and express themselves despite the unprecedented challenges brought on by the COVID-19 pandemic. Our record revenue and profit growth for fiscal 2020 is a testament to their efforts and demonstrates the effective execution of our strategy to engage with our customers and drive sustainable, long-term growth.

As we review fiscal 2020, it is important to note, that through the first three quarters of the year – *before the impact of the pandemic* – we achieved solid top and bottom-line growth, as well as strong growth in our customer files. This reflects our ability to leverage our business platform, including:

- our all-star family of brands;
- our focus on innovation in technology and product development;
- our digital marketing expertise, and;
- our dedication to providing truly exemplary customer service.

The momentum that we carried into our fiscal fourth quarter was further accelerated by the impact of the health crisis as customers increasingly turned to our trusted brands and innovative products to help them remain connected and express themselves during a very difficult period. As a result, already strong customer demand levels rose dramatically across our floral and gourmet gift brands.

FOCUS ON OPERATIONAL EXCELLENCE

Our focus on operational excellence was on full display throughout the year as we leveraged our production and fulfillment capacity to meet the rising customer demand levels, while concurrently protecting the health and safety of our associates, our vendors and our customers. As a result, even while absorbing increased operating costs associated with the pandemic, we achieved strong bottom-line results for the full fiscal year.

TRULY ORIGINAL PRODUCTS

In our Gourmet Foods and Gift Baskets segment, throughout the year we saw customers embracing our great brands and products for an increasing range of everyday occasions, including birthdays, anniversaries, get well, sympathy and just because. This already growing trend was significantly accelerated by the impact of the pandemic as people – who were traveling less and isolating more – recognized the need to stay connected and express themselves to the important people in their lives. As a result, products and product collections that had already been showing strong growth, became go-to purchases for our customers. Products like:

- the *Harry & David Gourmet*SM line of prepared foods – from charcuterie and cheese – to complete family meals;
- The Popcorn Factory® *Tins with Pop*® – featuring relevant memes like "A Socially-Distant Hug";
- Cheryl's Cookies® *Sentiments Collection*, featuring sentiments for every moment, such as "Here for You," "Great Job," "You're Awesome," and more, and;
- Shari's Berries® – which performed ahead of our expectations throughout the year.

In our Consumer Floral business, the 1-800-Flowers.com® brand benefited from increasing demand for everyday occasions along with strong growth for the Valentine's and Easter holidays and record demand for the Mother's Day holiday. Here too, customers continued to respond well to our focus on product innovation, including:

- the expansion of the 1-800-Flowers Plant Shop, featuring a growing assortment of highly popular succulents and house plants;
- our new Conversation RosesTM collection with heartfelt sentiments literally printed right on the rose petals themselves, and;
- the launch of our Jason Wu for *Wild Beauty*TM line, featuring the exclusive floral creations of one of the hottest fashion trend setters on the scene today.

As a result, the 1-800-Flowers.com® brand continued to grow at an accelerated pace on the largest revenue base in the floral industry, further extending its market leadership position.

In our BloomNet® business, throughout the year we continued to focus on strengthening our capabilities as the leading floral industry service provider, offering a broad range of programs designed to help our florists grow their businesses profitably. With the onset of the pandemic, we expanded these efforts significantly to help our local florist members weather a very challenging environment.
For example, in addition to waiving membership fees for the month of April, we provided florists with information and assistance so that they could safely expand their fulfillment capacity and achieve a much-needed boost to their business for the Mother's Day holiday. We also launched several new programs to help our florist members, including:

- on demand personalized greeting cards that enable florists to achieve additional revenue on 1-800-Flowers.com® orders;
- Floriology NOWSM, a digital learning platform for continuing education, and;
- BloomNet WorksSM, a collection of cost savings and profit enhancing programs.

STRONG NEW CUSTOMER GROWTH

Through the first three quarters of fiscal 2020, we achieved strong growth of nearly 11 percent in our new customer file. This reflected:

- the trust customers have in our great family of brands;
- our expanded offering of truly original products, designed specifically to help them express themselves, and;
- the evolution of our marketing messaging,
  - to be more relevant,
  - to engage directly with our customers in a two-way dialog, and
  - to focus on the experience of connection.

New customer growth accelerated dramatically in our fourth quarter, driving full-year new customer growth to more than 40 percent. In addition, growth in our Celebrations Passport® Loyalty program and in Multi-Brand Customers – our best performing customer cohorts – was even stronger. These trends, along with increased demand from existing customers, continued into the first half of fiscal 2021, further enhancing our ability to drive sustainable strong revenue growth going forward.

LATEST ADDITION TO OUR ALL-STAR BRANDS

In February, we announced an agreement to acquire PersonalizationMall.com® ("PMall"). While we were set to close on the acquisition at the end of March, the pandemic caused a delay of several months, with the final closing occurring on August 3rd. We are very pleased to have closed the acquisition well ahead of the key holiday season with the business up and running and already growing nicely on a year-over-year basis.

M&A STRATEGY BENEFITS GROWTH

Fiscal 2020 was "book-ended" by our acquisitions of Shari's Berries® in August 2019 and PMall in August 2020. The addition of these brands to our portfolio reflects the flexibility of the unique business platform we have built and illustrates our strategy to add to our accelerated organic growth with acquisitions:

- the first, Shari's Berries®, a smaller "tuck-in" where we acquired no hard assets, infrastructure or personnel – and were able to leverage our existing operating infrastructure to reposition the brand and grow its revenue and profitability ahead of our initial expectations;
- and the second, PMall, a great new extension of our product offering that adds new capabilities to our platform and instantly makes us one of the leaders in the personalized products that our customers tell us they are looking for to help them connect and express with others.

In both cases, we see significant opportunities to accelerate the growth of these businesses by leveraging our:

- cross-brand marketing and merchandising;
- digital marketing experience and expertise;
- technology platform, and
- fulfillment network.

FURTHER STRENGTHENING OUR BALANCE SHEET

We finished fiscal 2020 with cash and investments of $240.5 million. Our term debt balance was $95.0 million and we had zero borrowings outstanding under the working capital line within our revolving credit facility. As a result, total net cash at the end of the quarter was $145.5 million. Soon after the year closed, we amended our credit agreement, adding an incremental $150 million of borrowing capacity to our existing credit facility through a combination of an incremental term loan of $100 million and an increase of $50 million in our revolving credit facility. Along with our strong free cash flow of more than $100 million, our solid balance sheet enables us to continue to invest to enhance our existing business platform as well as add to our products and capabilities through our M&A strategy.

Our Commitment to Diversity

At 1-800-FLOWERS.COM, Inc., we seek to inspire more human expression, connection and celebration – for everyone. This means fostering a culture of inclusion where our team members, customers and partners feel respected, valued and empowered. We believe that embracing diversity, and celebrating the uniqueness of every individual, makes us a better company.

OUTLOOK FOR CONTINUED STRONG GROWTH

As we headed into our new year, we stated that, due to the significant uncertainty in the overall economy related to the ongoing COVID-19 pandemic, we were not providing guidance for the full fiscal 2021 year. We did, however, provide guidance for our fiscal first quarter, which we exceeded both in revenue and profit growth – driven by continued strong ecommerce growth. In fact, our fiscal 2021 first quarter results represented the sixth consecutive quarter in which our three business segments – Gourmet Food and Gift Baskets, Consumer Floral and Gifts, and BloomNet® – recorded solid, year-over-year growth. Looking ahead, we see the strong momentum in our business continuing based on some of the key trends in the macro environment, including:

- the tremendous shift of consumers to ecommerce shopping where we are positioned as a leader with our all-star collection of brands;
- the increase in "nesting" as people are spending less time traveling and more time at home and seek to add more comfort and convenience to their new, staying-in-place lifestyle, and;
- the prevailing sentiments that have emerged from these challenging times, specifically, our customers' need to connect and express themselves to the important people in their lives.

We are uniquely well-positioned to benefit from, and build on these trends, by leveraging our business platform. With our leadership positions in Floral, Gourmet Foods and now Personalized products, we can solve more of our customers' needs to connect with more of their recipients for more occasions, thus, increasing customer lifetime value.

As always, we continue to be laser focused on our Vision: to engage with our customers to inspire more human expression, connection, and celebration – sentiments that the current environment has taught us are more important than ever.

In closing, I would like to, once again, thank all of our associates for their resilience and dedication to our vision to helping our customers stay connected in what continues to be a very challenging environment. I would also like to thank our vendors, suppliers and our shareholders for their continued support.

Chris McCann, President and CEO

2021

JANUARY

Perhaps more than ever before, this new year brings with it an opportunity for people to remind family and friends how much they care. As the leading provider of gifts designed to help customers express, connect and celebrate, 1-800-FLOWERS.COM, Inc. is always exploring new ways for customers to engage with their recipients and our Company. Our industry leading 1-800-Flowers.com® floral brand is the authority in flowers and plants and our growing portfolio of gifts also features such iconic gourmet food brands as Harry & David®, 1-800-Baskets.com®, Cheryl's Cookies®, The Popcorn Factory®, Wolferman's Bakery® and Moose Munch®, complemented by our newest addition, PersonalizationMall.com®. We are committed to constantly enhancing the gifting experience through innovative technologies backed by superior service – building strong relationships with our customers while making it easy for them to deliver smiles to the important people in their lives.

SUNDAY	MONDAY	TUESDAY
3	4	5
10	11	12
17	18 *Martin Luther King Jr.'s Birthday (observed)*	19
24 / 31	25	26

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1 New Year's Day	2
6	7	8	9
13	14	15	16
20	21	22	23
27	28	29	30

2021

FEBRUARY

February is a month filled with expressions of love, an opportunity to let someone know how truly special they are. Fresh flower arrangements from 1-800-Flowers.com®, crafted to perfection by the finest floral artisans, are cherished gifts for Valentine's Day. Also ideal are delectable treats from Simply Chocolate®, Shari's Berries® and FruitBouquets.com®. Helping to make Cupid's day even more special is PersonalizationMall.com® which was acquired at the start of fiscal 2021. The addition of "PMall" to our all-star family of brands enhances our ability to help our customers engage and stay connected with others. Similar to our market-leading positions in floral and gourmet foods, the broad assortment of products and personalization processes offered by PMall makes us a leader in the growing market for personalized gifts.

SUNDAY	MONDAY	TUESDAY
	1	2 *Groundhog Day*
7	8	9
14 *Valentine's Day* DELIVER SMILES TODAY	15 *Presidents Day*	16
21	22	23
28		

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
3	4	5	6
10	11	12	13
17	18	19	20
24	25	26	27

2021

MARCH

BloomNet® is a leading floral industry service provider, offering a broad range of services to help professional florists grow and prosper. The dedication of BloomNet to its florists was underscored as the pandemic created many challenges for these local businesses. In addition to providing florists with information related to state and federal support programs, BloomNet introduced several new initiatives to help enhance florists' profitability, including the BloomNet Greeting Card Program, which enables florists to offer customers on-demand, personalized greeting cards. Also launched was BloomNet Works℠, featuring a collection of cost-reducing and profit boosting benefits. BloomNet also unveiled Floriology NOW℠, a new online education platform featuring video-based courses covering more than 70 floral design and business topics – generating opportunities for florists to expand their knowledge and their sales potential.

SUNDAY	MONDAY	TUESDAY
	1	2
7	8	9
14	15	16
21 *National Flower Day*	22	23
28	29	30

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
3	4	5	6
10	11	12	13
17 Saint Patrick's Day DELIVER SMILES TODAY	18	19	20 First Day of Spring
24	25	26	27 Passover Begins at Sunset
31			

2021

APRIL

1-800-FLOWERS.COM, Inc. increased revenues substantially in fiscal 2020, punctuated by accelerated customer growth. Contributing to that growth is the re-emergence of Easter as a key celebratory occasion both for floral gifts and for gourmet foods. Customers are increasingly looking to the Easter holiday, and the Spring season in general, as a time to engage and connect with loved ones and friends. Helping to drive our growth and year-long revenues is our Celebrations Passport® loyalty program offering free standard shipping and no service charge on purchases across our family of brands. Passport members are among our best customers in terms of behavior metrics – typified by increases in purchase frequency, annual-spend and retention, as well as showing a high propensity to become multi-brand customers, our very best customer cohorts.

SUNDAY	MONDAY	TUESDAY
4 *Easter*	5	6
11	12	13
18	19 *Administrative Professionals' Week Begins*	20
25	26	27


WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 *April Fools Day*	2	3
7	8	9	10
14	15	16	17
21 *Administrative Professionals' Day* DELIVER SMILES TODAY	22	23 *National English Muffin Day* DELIVER SMILES TODAY	24
28	29	30	

2021

MAY

At 1-800-Flowers.com®, Mother's Day is our number one floral holiday and May is our biggest plant month of the year. Building on our authority position in the plant space, we launched "The Plant Shop," offering new and exclusive botanical choices that are great for Mother's Day and other gifting occasions. This carefully curated assortment of plants includes various varieties of houseplants, succulents, blooming plants and orchids, plus we offer ideas and how-to tips, all designed to help plant lovers create their own indoor oasis. Across its family of brands, 1-800-FLOWERS.COM, Inc. offers a vast array of other top quality and thoughtful gift possibilities that are sure to bring a smile of joy to mom's face.

SUNDAY	MONDAY	TUESDAY
2	3	4
9 *Mother's Day* DELIVER SMILES TODAY	10	11
16	17	18
23 / 30	24 / *Memorial Day (observed)* 31	25

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1
5 *Cinco dé Mayo*	6	7 *Bring Your Mom to Work Day*	8
12	13	14	15
19	20	21	22
26	27	28	29

2021

JUNE

In fiscal 2020, 1-800-FLOWERS.COM, Inc. achieved solid growth from existing customers along with more than 40 percent growth in our new customer file. This growth reflects several factors, including: the trust customers have in our family of brands; our expanded offering of truly original products designed to help customers express themselves; and re-crafted marketing messaging designed to engage customers in a two-way dialog focusing on the experience of connecting for such occasions as Father's Day. Highlighted in this messaging is the breadth and quality of our family of brands, and just as important, the appreciation that recipients like dear old dad have for exceptional gifts from Harry & David® Gourmet with fine meats such as steaks, along with unique, personalized items from PersonalizationMall.com®.

SUNDAY	MONDAY	TUESDAY
		1
6	7	8
13	14 *Flag Day*	15
20 *Father's Day* *First Day of Summer* DELIVER SMILES TODAY	21	22
27	28	29

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5
9	10	11	12
16	17	18	19
23	24	25	26
30			

2021

JULY

Providing a truly exemplary customer experience is always a top priority for 1-800-FLOWERS.COM, Inc. We're engaging customers and reinventing the gift-giving experience through state-of-the-art technologies, including an intelligent virtual assistant that seamlessly combines artificial intelligence and human understanding to streamline customer service. Our use of 3D and augmented reality enables customers to bring products to life and visualize them in their own spaces before making a purchase. Customers can also send complimentary e-Cards, choosing from themed layouts and crafting their own personalized messages. We're also engaging customers via informative blogs and social content, providing recipes and tips about such topics as caring for plants. And, we're building engagement through experiential events, including teaming up with Alice's Table to bring virtual flower-arranging workshops to customers nationwide and our "Connection Communities" peer-to-peer support portal that guides people through life events by connecting them with others who have walked the same path.

SUNDAY	MONDAY	TUESDAY
4 *Independence Day*	5	6
11	12	13
18	19	20
25 *Parents' Day*	26	27


WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3
7	8	9	10
14 *Bastille Day*	15	16	17
21	22	23	24
28	29	30	31

2021

AUGUST

Our customers enjoy many opportunities beyond just holidays to engage their recipients, including such everyday occasions as Birthdays, Thank You, Get Well, Anniversaries, Sympathy, New Baby and "Just Because." Through an array of cross-brand marketing and merchandising programs, our 1-800-Flowers.com® floral brand is extending its market leadership in everyday gifting to Harry & David®, Cheryl's Cookies®, The Popcorn Factory® and our other food brands. The result has been dramatic growth across gourmet food brands for everyday occasions.

SUNDAY	MONDAY	TUESDAY
1 *National Friendship Week Begins* DELIVER SMILES TODAY	2	3
8	9	10
15	16	17
22	23	24
29	30	31

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5	6	7
11	12	13	14
18	19	20	21
25	26	27	28

2021

SEPTEMBER

BloomNet® is committed to offering innovative services and solutions florists can utilize to enhance their success. One example is the Floriology® Institute. Located in Jacksonville, Florida, Floriology Institute is the floral industry's premier education center providing world-class floral design instruction. In addition, there's Floriology® magazine, filled with inspiring design possibilities and business ideas that can help florists grow their sales and profits. And most recently, BloomNet introduced Farm2Florist℠, a new wholesale floral marketplace. The pandemic severely hampered the supply chain of fresh floral product that florists depend on to create bouquets and other arrangements for their customers. Farm2Florist is a result of strategic relationships with best-in-class flower farms, providing highly reliable access to fresh floral product delivered quickly, at substantial savings, from the farms direct to florists' doorsteps.

SUNDAY	MONDAY	TUESDAY
5	6 *Labor Day* *Rosh Hashanah Begins at Sunset*	7
12 *Grandparents Day*	13	14
19	20	21
26	27	28

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4
8	9	10	11 *Patriot Day*
15 *Yom Kippur Begins at Sunset*	16	17	18
22 *First Day of Fall*	23	24	25 *National Singles Day*
29	30		

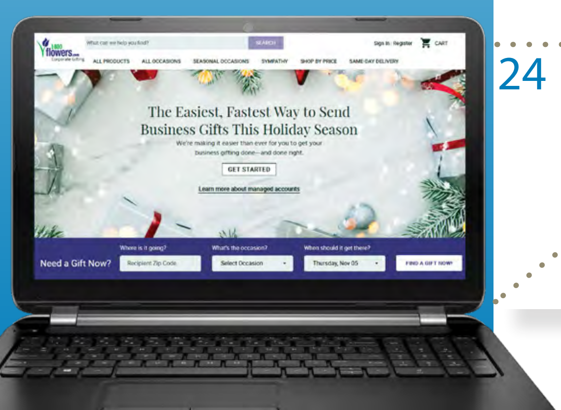
2021

OCTOBER

During fiscal 2020, the 1-800-FLOWERS.COM, Inc. Business Gift Services division launched a new multi-brand corporate gifting website, making it easy for businesses to engage employees and clients. The new site enables corporate accounts to seamlessly access gifts from across our family of gourmet and floral brands, providing diverse possibilities to stay connected with and express appreciation for employees, thank clients, offer condolences, celebrate holidays and convey many other sentiments. The Business Gift Services division also continues to grow its partnership programs with such organizations as AAA, AARP, Veterans Advantage and other large loyalty partners, engaging their extensive memberships with marketing campaigns designed to promote our vast selection of gift brands. In addition, the division has developed wholesale programs with Lori's Gifts – the nation's largest provider of hospital gift shop outsourcing solutions – to offer an extensive assortment of gifting choices to hospital visitors and staff.

SUNDAY	MONDAY	TUESDAY
3	4	5
10	11 *Columbus Day (observed)*	12
17	18	19
24 / *Halloween* 31	25	26

DELIVER SMILES TODAY




WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2
6	7	8	9
13	14	15 *National Boss's Day*	16 *Sweetest Day*
20	21	22	23
27	28 *National Chocolate Day*	29	30

2021

NOVEMBER

The month of November is a time to give thanks for all that is important in our lives. 1-800-FLOWERS.COM, Inc. is grateful for the opportunity to give back to the communities we serve through product donations to local food banks and monetary donations to benefit vital organizations such as No Kid Hungry. In addition, we work closely with our signature philanthropic partner, Smile Farms, to provide meaningful jobs in agricultural settings to adults with developmental disabilities. And, our Harry & David® team in Medford, Oregon is passionately involved in the wonderful work of the Teresa McCormick Center to help those in need by providing tools that lead to self-sufficiency.

SUNDAY	MONDAY	TUESDAY
	1	2 *Election Day*
7	8	9
14	15	16
21	22	23
28 *Hanukkah Begins at Sunset*	29	30

DELIVER SMILES TODAY

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
3	4	5	6
10	11 *Veterans Day*	12	13
17	18	19	20
24	25 *Thanksgiving Day* DELIVER SMILES TODAY	26	27

2021

DECEMBER

In many ways, the holiday season is all about connecting with others, sharing treasured memories and creating new ones. Christmas, Hanukkah and Kwanzaa are filled with possibilities to show our appreciation for family and for the friends who are always there for us. At 1-800-FLOWERS.COM, Inc., our unwavering goal is to help our customers optimize the ways they connect with their recipients. Whether it's gourmet foods from such top brands as Harry & David®, Cheryl's Cookies® and The Popcorn Factory®, or beautiful floral creations from 1-800-Flowers.com®, or unique personalized gifts from PersonalizationMall.com®, providing just the right gift to express just the right emotions is what we do best.

SUNDAY	MONDAY	TUESDAY
5	6	7
12	13	14
19	20	21 *First Day of Winter*
26 *First Day of Kwanzaa*	27	28

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4 *National Cookie Day* DELIVER SMILES TODAY
8	9	10	11
15	16	17	18
22	23	24	25 *Christmas Day* DELIVER SMILES TODAY
29	30	31 *New Year's Eve* DELIVER SMILES TODAY	

BOARD OF DIRECTORS

James F. McCann
Founder and
Executive Chairman
1-800-FLOWERS.COM, Inc.

Christopher G. McCann
President and
Chief Executive Officer
1-800-FLOWERS.COM, Inc.

Geralyn R. Breig
Chief Executive Officer
AnytownUSA.com

Celia R. Brown
Executive Vice President
Group HR Director
Willis Group
Retired

James A. Cannavino
IBM Company
Senior Vice President
Retired

Eugene F. DeMark C.P.A.
Area Managing Partner
KPMG, LLP, Retired

Leonard J. Elmore
Senior Lecturer
Columbia University
Retired Attorney at Law
Network TV Sports Analyst

Sean P. Hegarty
Managing Partner
Hegarty & Company

Adam Hanft
Chief Executive Officer
Hanft Projects LLC

Katherine Oliver
Principal
Bloomberg Associates

Larry Zarin
Senior Vice President
Chief Marketing Officer
Express Scripts, Inc.
Retired

Fiscal Year 2020
Financial Report

1·800·FLOWERS.COM, INC.

Selected Financial Data

1-800-FLOWERS.COM, Inc. and Subsidiaries

The selected consolidated statement of income data for the years ended June 28, 2020, June 30, 2019 and July 1, 2018 and the consolidated balance sheet data as of June 28, 2020 and June 30, 2019, have been derived from the Company's audited consolidated financial statements included elsewhere in this Annual Report. The selected consolidated statement of income data for the years ended July 2, 2017 and July 3, 2016, and the selected consolidated balance sheet data as of July 1, 2018, July 2, 2017, and July 3, 2016, are derived from the Company's audited consolidated financial statements, which are not included in this Annual Report.

The following tables summarize the Company's consolidated statement of income and balance sheet data. The Company acquired Shari's Berries in August 2019. In May 2017, the Company completed the disposition of its Fannie May business, and in October 2015, disposed of its iFlorist business. The following data reflects the results of operations of these subsidiaries since their respective dates of acquisition, and /or until their respective dates of disposition. This information should be read together with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes to those statements included elsewhere in this Annual Report.

	Years Ended				
	June 28, 2020	June 30, 2019	July 1, 2018	July 2, 2017	July 3, 2016
Consolidated Statement of Income Data:	*(in thousands, except per share data)*				
Net revenues	**$ 1,489,637**	$ 1,248,623	$ 1,151,921	$ 1,193,625	$ 1,173,024
Cost of revenues	**867,441**	722,502	662,896	673,344	655,566
Gross profit	**622,196**	526,121	489,025	520,281	517,458
Operating expenses:					
Marketing and sales	**363,227**	319,636	298,810	317,527	318,175
Technology and development	**48,698**	43,758	39,258	38,903	39,234
General and administrative	**97,394**	87,654	77,440	84,116	84,383
Depreciation and amortization	**32,513**	29,965	32,469	33,376	32,384
Total operating expenses	**541,832**	481,013	447,977	473,922	474,176
Operating income	**80,364**	45,108	41,048	46,359	43,282
Interest expense, net	**2,438**	2,769	3,631	5,821	6,674
Other income (expense), net	**(84)**	644	605	15,471	14,839
Income before income taxes	**77,842**	42,983	38,022	56,009	51,447
Income tax expense (benefit)	**18,844**	8,217	(2,769)	11,968	15,579
Net income	**58,998**	34,766	40,791	44,041	35,868
Less: Net loss attributable to noncontrolling interest	**–**	–	–	–	(1,007)
Net income attributable to 1-800-FLOWERS.COM, Inc.	**$ 58,998**	$ 34,766	$ 40,791	$ 44,041	$ 36,875
Basic net income per common share attributable to 1-800-FLOWERS.COM, Inc.					
Basic net income per common share	**$ 0.92**	$ 0.54	$ 0.63	$ 0.68	$ 0.57
Diluted net income per common share attributable to 1-800-FLOWERS.COM, Inc.					
Diluted net income per common share	**$ 0.89**	$ 0.52	$ 0.61	$ 0.65	$ 0.55
Weighted average shares used in the calculation of net income per common share:					
Basic	**64,463**	64,342	64,666	65,191	64,896
Diluted	**66,408**	66,457	66,938	67,735	67,083

1-800-FLOWERS.COM, Inc. and Subsidiaries

	As of				
	June 28, 2020	June 30, 2019	July 1, 2018	July 2, 2017	July 3, 2016
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	**$ 240,506**	$ 172,923	$ 147,240	$ 149,732	$ 27,826
Working capital	**198,298**	175,741 **	148,222	132,227	45,798
Total assets	**774,435 *** **	606,440 **	570,889	552,470	502,941 *
Long-term liabilities	**194,329 *** **	136,232	131,186	145,056	139,494 *
Total 1-800-FLOWERS.COM, Inc. stockholders' equity	**399,774**	342,711 **	314,904	282,239	242,586

**In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which amends ASC 835-30, "Interest – Imputation of Interest." The Company adopted this ASU in fiscal 2017, and the impact of the adoption of the new guidance was to reclassify $3.6 million of deferred financing costs previously included within "Other Assets" to "Long-term debt" in the consolidated balance sheets as of July 1, 2018. We have not reclassified previous fiscal years for the purposes of this presentation.*

***In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." amending revenue recognition guidance ("ASC 606"). The Company adopted this ASU effective July 2, 2018 for all revenue contracts with our customers using the modified retrospective approach and increased retained earnings by $0.3 million, reduced accrued expenses by $1.1 million and decreased prepaid expense by $0.8 million. The comparative information presented in this Form 10-K has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new revenue standard did not have a material impact to our net income for the fiscal year 2019.*

****In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASC 842"). Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet. We adopted the new standard effective July 1, 2019 and elected the optional transition method and therefore, we did not apply the standard to the comparative periods presented in our financial statements. The adoption of the new standard had a material impact to the Company's Consolidated Balance Sheets, but no impact to the Consolidated Statements of Income (Operations) or Consolidated Statements of Cash Flows. As such, we recorded operating lease liabilities of $80.7 million, based on the present value of the remaining minimum rental payments using discount rates as of the effective date, and a corresponding right-of-use assets of $78.7 million based on the operating lease liabilities adjusted for deferred rent and lease incentives received.*

Management's Discussion and Analysis of Financial Condition and Results of Operations

1-800-FLOWERS.COM, Inc. and Subsidiaries

Business Overview

1-800-FLOWERS.COM, Inc. and its subsidiaries (collectively, the "Company") is a leading provider of gifts designed to help customers express, connect and celebrate. For more than 40 years, 1-800-Flowers.com® has been delivering smiles to customers with gifts for every occasion, including fresh flowers and the best selection of plants, gift baskets, gourmet foods, confections, jewelry, candles, balloons and plush stuffed animals. As always, our 100% Smile Guarantee® backs every gift.

The Company's Celebrations Ecosystem includes the following brands: 1-800-Flowers.com®, 1-800-Baskets.com®, Cheryl's Cookies®, FruitBouquets.com®, Harry & David®, Moose Munch®, The Popcorn Factory®, Wolferman's®, Personalization Universe®, Simply Chocolate®, Goodsey®, DesignPac®, Stock Yards®, and Shari's Berries®. In August 2020, the Company added to its family of brands with the acquisition of PersonalizationMall®. Through the Celebrations Passport® loyalty program, which provides members with free standard shipping and no service charge across our portfolio of brands, 1-800-FLOWERS.COM, Inc. strives to deepen its relationships with its customers. The Company also operates BloomNet®, an international floral service provider providing a broad-range of products and services designed to help professional florists grow their businesses profitably; as well as NapcoSM, a resource for floral gifts and seasonal décor.

Business Segments

The Company operates in the following three business segments: Consumer Floral, Gourmet Foods & Gift Baskets, and BloomNet. The Consumer Floral segment includes the operations of the Company's flagship brand, 1-800-Flowers.com, FruitBouquets.com, Flowerama, Personalization Universe and Goodsey, while the Gourmet Foods & Gift Baskets segment includes the operations of Harry & David (which includes Wolferman's, Moose Munch and Stock Yards), Cheryl's (which includes Mrs. Beasley's), The Popcorn Factory, DesignPac and 1-800-Baskets (which includes Simply Chocolate) and Shari's Berries. The BloomNet segment includes the operations of BloomNet and Napco.

See Item 1 in Part I for a detailed description of the Company's business.

Fiscal 2020 Results

The Company entered fiscal 2020 with strong revenue growth momentum, coming off of fiscal 2019, which saw consolidated revenue increase 8.4% in comparison to fiscal 2018, driven by the successful implementation of several strategic growth initiatives designed to support the Company's flagship 1-800-Flowers and Harry & David brands. The Company built upon this momentum, generating revenue growth of 8.3% during the first nine months of fiscal 2020, accompanied by growth in its customer files, reflecting the strength of its family of brands, its focus on technological innovation and product development, and most importantly, providing an exemplary customer experience. The Company was able to leverage its business platform as this growth rate accelerated with the onset of the COVID-19 pandemic, during which time we saw customers increasingly turn to our brands and product offerings to help them remain connected and express themselves during this difficult time. As a result, consolidated annual revenue grew 19.3%, to approximately $1.5 billion during fiscal 2020, while net income increased 69.7%, to $59.0 million. Adjusted EBITDA, which excludes the impact of stock-based compensation, Non-Qualified Plan Investment appreciation/depreciation, the costs of closing our Harry & David retail stores, and PersonalizationMall litigation and transaction costs, increased 57.8%, to $129.5 million.

COVID-19 Impact

In response to the global pandemic, the Company has taken actions to ensure employee safety and business continuity, informed by the guidelines set forth by local, state and federal government and health officials. These initiatives include developing a "Pandemic Preparedness and Response Plan," establishing an internal "nerve center" to allow for communication and coordination throughout the business, designing workstream teams to promote workforce protection and supply chain management, and dedicating resources to support customers, vendors, franchisees, and our BloomNet member florists.

The COVID-19 pandemic has affected, and will continue to affect, our operations and financial results for the foreseeable future. While there is significant uncertainty in the overall consumer environment due to the COVID-19 crisis, we are seeing strong e-commerce demand for gourmet foods and gift baskets and our floral products for holidays and every-day gifting occasions, as well as for self-consumption. Entering the Company's fiscal fourth quarter, immediately following the onset of the pandemic, we saw significantly increased demand during the Easter Holiday period, through Mother's Day, and then continuing with "Everyday" volume through the end of the fiscal year. As we look past the end of fiscal 2020, demand trends remain strong through the first quarter of fiscal 2021. With that said, there are headwinds (and resulting increased costs) that have been, and will continue to impact our operations during the foreseeable future, including the following:

- Retail store closures – on March 20, 2020, in response to government actions, and for the safety of its employees, the Company temporarily closed its Cheryl's and Harry & David retail stores. Affected employees were provided with Company paid special COVID leave pay through April 3rd, as the nation and the Company worked to understand the extent and potential length of the crisis. On April 14th, the difficult decision was made to permanently close 38 of our 39 Harry & David retail stores. As a result, the Company incurred a charge of approximately $5.2 million in our fourth quarter for lease obligations, employee costs and other store closure costs. Annual revenues attributable to the closed locations was approximately $33.0 million.
- Wholesale volume reductions – we have seen a reduction in our wholesale business as a result of COVID-19, which impacted our fourth quarter results within our BloomNet and Gourmet Foods and Gift Baskets segments as these customers were forced to close during the pandemic, resulting in loss of revenues, as well as increased reserves on certain customer receivables. We anticipate that this reduction in wholesale volume will continue through the fiscal second quarter of fiscal 2021, as many of our large wholesale customers are taking a cautious approach due to the uncertainty surrounding the future impact of COVID-19 on the overall consumer economy, and store based retail sales in particular.
- BloomNet membership fee reductions – we waived certain BloomNet membership fees in April 2020 to help them weather the COVID-19 crisis.
- Increased operating costs – we are seeing increased costs associated with the changes we have made, and continue to make, to our manufacturing, ware house and distribution facilities to provide for the safety and wellbeing of our associates, including, among others: required social distancing, enhanced facility cleaning and sanitizing schedules, and staggered production shifts.
- PersonalizationMall litigation – On February 14, 2020, the Company entered into an Equity Purchase Agreement to acquire PersonalizationMall for $252.0 million from Bed Bath & Beyond Inc. The Company originally expected the Acquisition to close on March 30, 2020. However, due to the unprecedented circumstances created by the COVID-19 pandemic, the Company requested a reasonable delay in the closing date as it believed that conditions to closing the transaction had not been met, including the shutdown of PersonalizationMall's facilities. The Seller responded to this request by filing a lawsuit in the Court of Chancery in the State of Delaware on April 1, 2020, seeking a judgment forcing the Company to close. On July 20, 2020, the Company entered into a settlement agreement with respect to the litigation and an amendment to the Equity Purchase Agreement, which reflects, among other things, an amended purchase price of $245.0 million. The transaction closed on August 3, 2020. The Company incurred approximately $2.7mm of related litigation and transaction costs during fiscal 2020.

The scale and overall economic impact of the COVID-19 crisis is still very difficult to assess. However, the strong e-commerce demand that we are seeing across our brands, is expected to offset both the reductions in wholesale revenue, and the increases in costs noted above. The Company believes that the operating platform it has built over the years, combined with its diversified product line, and ability to engage with its customers will allow it to successfully navigate this challenging environment. We remain focused on three key elements of our business strategy:

- Taking care of the health and safety of our associates, our BloomNet florists, our vendors and our customers,
- Maintaining our financial strength and flexibility, and
- Continuing to invest in areas of our business that can help drive future growth.

Fiscal 2021 Guidance

Due to the significant uncertainty in the overall economy related to the ongoing COVID-19 pandemic, the Company is not providing guidance for its full fiscal 2021 year.

Regarding the fiscal first quarter: Based on the strong growth momentum that the Company has carried into the first two months of fiscal 2021, combined with anticipated contributions from its recent acquisition of PersonalizationMall, the Company expects to achieve total consolidated revenue growth for the first quarter in the range of 40-to-45 percent (30-to-35 percent organic growth), compared with the prior year period.

- The anticipated strong revenue growth in the quarter reflects expected e-commerce revenue growth of more than 70 percent, somewhat offset by lower wholesale orders and reduced retail revenues (reflecting the closing of the Harry & David retail stores in fiscal 2020).
- The Company expects the anticipated strong revenue growth, combined with continued operating leverage and contributions from PersonalizationMall, will enable it to drive Adjusted EBITDA for the quarter to break-even or slightly positive, compared with a loss of $11.3 million in the prior year period.

Regarding the fiscal second quarter: While there remains considerable uncertainty in the overall economy, the Company expects the current strong e-commerce demand to continue into the key holiday season in its second fiscal quarter. In addition, the Company anticipates solid contributions to revenues and profits from its recently acquired PersonalizationMall business. The Company anticipates that these factors, combined with the continued strong growth in its customer files, will offset certain headwinds, including higher operating costs due to the COVID-19 pandemic, lower wholesale orders from mass market retailers, capacity constraints at third-party shipping vendors and the potential distraction of the pending national election.

Definitions of non-GAAP financial measures:

We sometimes use financial measures derived from consolidated financial information, but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these are considered "non-GAAP financial measures" under the SEC rules. See below for definitions and the reasons why we use these non-GAAP financial measures. Where applicable, see the Segment Information and Results of Operations sections below for reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures. These non-GAAP financial measures are referred to as "adjusted" or "on a comparable basis" below, as these terms are used interchangeably.

EBITDA and adjusted EBITDA

We define EBITDA as net income (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for the impact of stock-based compensation, Non-Qualified Plan Investment appreciation/depreciation, and certain items affecting period to period comparability. See Segment Information for details on how EBITDA and adjusted EBITDA were calculated for each period presented.

The Company presents EBITDA and adjusted EBITDA because it considers such information meaningful supplemental measures of its performance and believes such information is frequently used by the investment community in the evaluation of similarly situated companies. The Company uses EBITDA and adjusted EBITDA as factors used to determine the total amount of incentive compensation available to be awarded to executive officers and other employees. The Company's credit agreement uses EBITDA and adjusted EBITDA to measure compliance with covenants such as interest coverage and debt incurrence. EBITDA and adjusted EBITDA are also used by the Company to evaluate and price potential acquisition candidates.

EBITDA and adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of the limitations are: (a) EBITDA and adjusted EBITDA do not reflect changes in, or cash requirements for, the Company's working capital needs; (b) EBITDA and adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts; and (c) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and EBITDA does not reflect any cash requirements for such capital expenditures. EBITDA should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

Segment contribution margin and adjusted segment contribution margin

We define segment contribution margin as earnings before interest, taxes, depreciation and amortization, before the allocation of corporate overhead expenses. Adjusted segment contribution margin is defined as contribution margin adjusted for certain items affecting period-to-period comparability. See Segment Information for details on how segment contribution margin was calculated for each period presented.

When viewed together with our GAAP results, we believe segment contribution margin and adjusted segment contribution margin provide management and users of the financial statements meaningful information about the performance of our business segments.

Segment contribution margin and adjusted segment contribution margin are used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. The material limitation associated with the use of the segment contribution margin and adjusted segment contribution margin is that they are an incomplete measure of profitability as they do not include all operating expenses or non-operating income and expenses. Management compensates for these limitations when using this measure by looking at other GAAP measures, such as operating income and net income.

Adjusted net income and adjusted net income per common share

We define adjusted net income and adjusted net income per common share as net income and net income per common share adjusted for certain items affecting period to period comparability. See Segment Information below for details on how adjusted net income and adjusted net income per common share were calculated for each period presented.

We believe that adjusted net income and adjusted net income per common share are meaningful measures because they increase the comparability of period to period results.

Since these are not measures of performance calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, GAAP net income and net income per common share, as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies.

Segment Information

The following table presents the net revenues, gross profit and segment contribution margin from each of the Company's business segments, as well as consolidated EBITDA, adjusted EBITDA and adjusted net income, for fiscal years ended June 28, 2020 and June 30, 2019. For segment information for the fiscal year ended July 1, 2018, please refer to our Annual Report on Form 10-K for the fiscal year ended July 1, 2018, filed on September 14, 2018.

	Years Ended					
	June 28, 2020	Personalization Mall Litigation and Transaction Costs	Harry & David Store Closure Costs	As Adjusted (non-GAAP) June 28, 2020	June 30, 2019	% Change
	(dollars in thousands)					
Net revenues:						
1-800-Flowers.com Consumer Floral	**$ 593,197**	$ –	$ –	$ 593,197	$ 497,765	19.2 %
BloomNet	**111,766**	–	–	111,766	102,876	8.6 %
Gourmet Foods & Gift Baskets	**785,547**	–	–	785,547	648,418	21.1 %
Corporate	**591**	–	–	591	1,105	- 46.5 %
Intercompany eliminations	**(1,464)**	–	–	(1,464)	(1,541)	5.0 %
Total net revenues	**$ 1,489,637**	$ –	$ –	$ 1,489,637	$ 1,248,623	19.3 %
Gross profit:						
1-800-Flowers.com Consumer Floral	**$ 233,941**	$ –	$ –	$ 233,941	$ 195,100	19.9 %
	39.4 %			39.4 %	39.2 %	
BloomNet	**54,193**	–	–	54,193	51,970	4.3 %
	48.5 %			48.5 %	50.5 %	
Gourmet Foods & Gift Baskets	**333,620**	–	–	333,620	278,113	20.0 %
	42.5 %			42.5 %	42.9 %	
Corporate	**442**	–	–	442	938	-52.9 %
	74.8 %			74.8 %	84.9 %	
Total gross profit	**$ 622,196**	$ –	$ –	$ 622,196	$ 526,121	18.3 %
	41.8 %	–	–	41.8 %	42.1 %	
EBITDA (non-GAAP): Segment Contribution Margin (non-GAAP) (a):						
1-800-Flowers.com Consumer Floral	**$ 73,806**	$ –	$ –	$ 73,806	$ 49,653	48.6 %
BloomNet	**35,111**	–	–	35,111	34,705	1.2 %
Gourmet Foods & Gift Baskets	**110,627**	–	5,177	115,804	82,319	40.7 %
Segment Contribution Margin Subtotal	**219,544**	–	5,177	224,721	166,677	34.8 %
Corporate (b)	**(106,667)**	2,706	–	(103,961)	(91,604)	-13.5 %
EBITDA (non-GAAP)	**112,877**	2,706	5,177	120,760	75,073	60.9 %
Add: Stock-based compensation	**8,434**	–	–	8,434	6,310	33.7 %
Add: Compensation charge related to NQ Plan Investment Appreciation	**347**	–	–	347	729	-52.3 %
Adjusted EBITDA (non-GAAP)	**$ 121,658**	$ 2,706	$ 5,177	$ 129,541	$ 82,112	57.8 %

Reconciliation of net income to adjusted net income (non-GAAP):

	Years Ended	
	June 28, 2020	June 30, 2019
	(in thousands, except per share data)	
Net income	**$ 58,998**	$ 34,766
Adjustments to reconcile net income to adjusted net income (non-GAAP)		
Add: PersonalizationMall litigation and transaction costs	**2,706**	–
Add: Harry & David store closure costs	**5,177**	–
Deduct: Income tax (benefit) on adjustments	**(1,908)**	–
Adjusted net income (non-GAAP)	**$ 64,973**	$ 34,766
Basic and diluted net income per common share		
Basic	**$ 0.92**	$ 0.54
Diluted	**$ 0.89**	$ 0.52
Basic and diluted adjusted net income per common share (non-GAAP)		
Basic	**$ 1.01**	$ 0.54
Diluted	**$ 0.98**	$ 0.52
Weighted average shares used in the calculation of net income and adjusted net income per common share		
Basic	**64,463**	64,342
Diluted	**66,408**	66,457

Reconciliation of net income to adjusted EBITDA (non-GAAP):

	Years Ended	
	June 28, 2020	June 30, 2019
	(in thousands)	
Net income	**$ 58,998**	$ 34,766
Add:		
Interest expense, net	**2,522**	2,125
Depreciation and amortization	**32,513**	29,965
Income tax expense	**18,844**	8,217
EBITDA	**112,877**	75,073
Add: PersonalizationMall litigation and transaction costs	**2,706**	–
Add: Harry & David store closure costs	**5,177**	–
Add: Stock-based compensation	**8,434**	6,310
Add: Compensation charge related to NQ plan investment appreciation/(depreciation)	**347**	729
Adjusted EBITDA	**$ 129,541**	$ 82,112

(a) Segment performance is measured based on segment contribution margin or segment Adjusted EBITDA, reflecting only the direct controllable revenue and operating expenses of the segments, both of which are non-GAAP measurements. As such, management's measure of profitability for these segments does not include the effect of corporate overhead, described above, depreciation and amortization, other income (net), and other items that we do not consider indicative of our core operating performance.

(b) Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions, other than those of the Customer Service Center, which are allocated directly to the above categories based upon usage, are included within corporate expenses as they are not directly allocable to a specific segment.

Results of Operations

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal years 2020, 2019 and 2018, which ended on June 28, 2020, June 30, 2019, and July 1, 2018, respectively, consisted of 52 weeks.

Net Revenues

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
	(dollars in thousands)				
Net revenues:					
E-Commerce	**$1,230,385**	23.2%	$ 998,359	8.3%	$ 921,848
Other	**259,252**	3.6%	250,264	8.8%	230,073
	$1,489,637	19.3%	$1,248,623	8.4%	$1,151,921

Net revenues consist primarily of the selling price of the merchandise, service or outbound shipping charges, less discounts, returns and credits.

During the year ended June 28, 2020, net revenues increased 19.3% in comparison to the prior year, reflecting strong execution of the Company's strategy to engage with its customers and build deeper relationships and thereby drive sustainable, long-term growth. The annual growth rate reflects "pre-COVID-19" growth of approximately 8.3% through the first three quarters of fiscal 2020, and "post-COVID-19" growth of 61.0% during the fourth quarter of fiscal 2020. The Company experienced growth across its three business segments, reflecting the strategic marketing and merchandising investments across the Company's brands, the continuing positive trends in everyday gifting occasions, increased self-consumption within the Gourmet Foods & Gift Baskets segment, as well as incremental revenues from Shari's Berries, which was acquired on August 14, 2019. Excluding the incremental revenue contributed by Shari's Berries, which was acquired on August 14, 2019, consolidated net revenues grew 16.3% in fiscal 2020 compared to the prior year.

During fiscal 2019, net revenues increased 8.4% in comparison to the prior year, due to strong customer demand for both holiday and everyday gifting occasions in our Gourmet Foods & Gift Baskets and Consumer Floral segments, as well as membership, transaction and services growth in the BloomNet segment.

Disaggregated revenue by channel follows:

	Years Ended											
	June 28, 2020				June 30, 2019				July 1, 2018			
	Consumer Floral	**BloomNet**	**Gourmet Foods & Gift Baskets**	**Consolidated**	Consumer Floral	BloomNet	Gourmet Foods & Gift Baskets	Consolidated	Consumer Floral	BloomNet	Gourmet Foods & Gift Baskets	Consolidated
						(in thousands)						
Net revenues												
E-commerce	**$ 585,585**	**$ –**	**$644,800**	**$ 1,230,385**	$489,463	$ –	$508,897	$ 998,360	$448,943	$ –	$472,905	$ 921,848
Retail	**4,318**	**–**	**37,076**	**41,394**	4,706	–	45,862	50,568	4,743	–	46,860	51,603
Wholesale	**–**	**33,675**	**103,671**	**137,346**	–	29,744	93,659	123,403	–	28,747	85,758	114,505
BloomNet Services	**–**	**78,091**	**–**	**78,091**	–	73,132	–	73,132	–	60,822	–	60,822
Other	**3,294**	**–**	**–**	**3,294**	3,596	–	–	3,596	3,774	–	–	3,774
Corporate	**–**	**–**	**–**	**591**	–	–	–	1,105	–	–	–	1,114
Eliminations	**–**	**–**	**–**	**(1,464)**	–	–	–	(1,541)	–	–	–	(1,745)
Total net revenues	**$ 593,197**	**$ 111,766**	**$785,547**	**$ 1,489,637**	$497,765	$ 102,876	$648,418	$ 1,248,623	$457,460	$ 89,569	$605,523	$ 1,151,921

Revenue by sales channel:

- **E-commerce revenues (combined online and telephonic)** increased 23.2% during fiscal 2020, comprised of 19.6% growth within the Consumer Floral segment and 26.7% growth in the Gourmet Foods & Gift Baskets segment. During fiscal 2020, the Company fulfilled approximately 16.4 million e-commerce orders (an increase of 24.1% compared to fiscal 2019) at an average order value of $74.94 (a decrease of 0.7% compared to fiscal 2019).

  E-commerce revenues increased 8.3% during fiscal 2019, comprised of 9.0% growth within the Consumer Floral segment and 7.6% growth in the Gourmet Foods & Gift Baskets segment. During fiscal 2019, the Company fulfilled approximately 13.2 million e-commerce orders, at an average order value of $75.44, representing increases of 6.4% and 1.8%, respectively, compared to fiscal 2018.

- **Other revenues** are comprised of the Company's BloomNet segment, as well as the wholesale and retail channels of its 1-800-Flowers.com Consumer Floral and Gourmet Foods & Gift Baskets segments. Other revenues increased 3.6% during fiscal 2020, primarily as a result of 8.6% growth within the BloomNet segment, and 0.9% growth within the Gourmet Foods & Gift Baskets segment.

Other revenues increased 8.8% during fiscal 2019, primarily as a result of 14.9% growth within the BloomNet segment, and 5.2% growth within the Gourmet Foods & Gift Baskets segment, driven primarily by increased wholesale volume, partially offset by a decline in Harry & David retail store volume due to a reduction in store count and a decline in customer traffic.

Revenue by segment:

- **1-800-Flowers.com Consumer Floral** – this segment includes the operations of the 1-800-Flowers.com brand, which derives revenue from the sale of consumer floral products through its e-commerce sales channels (telephonic and online sales), retail stores, and royalties from its franchise operations.

  Net revenues increased 19.2% during fiscal 2020 reflecting the continued benefit of the strategic marketing and merchandising investments made in the Company's flagship brands over the past two years, combined with the significant growth achieved during the 4th quarter, triggered by the pandemic. The Company experienced record Easter and Mother's Day holidays, with post holiday "everyday" volume continuing to show strong year over year improvement.

  Net revenues increased 8.8% during fiscal 2019 due to stable growth throughout the year, driven by a combination of organic growth and increased investment in strategic marketing and merchandising programs designed to accelerate growth and increase market share across its "everyday" gifting occasions, which focuses on "Birthday", "Anniversary", "Sympathy" and "Just Because" occasions. New product introductions at both the entry level and luxury price points, such as the expanded Unicorn and succulents collections, attract new customers to grow the brand's "everyday" business, while supporting continued growth during the key Christmas, Valentine's and Mother's Day holidays.

- **BloomNet** – revenues in this segment are derived from membership fees as well as other product and service offerings to florists.

  Net revenues increased 8.6% during fiscal 2020, primarily due to increased demand for directory, settlement processing revenues (due to the higher florist-to-florist order volume), and transaction fees (driven primarily by increased 1-800-Flowers.com, florist-to-florist, and Shari's Berries order volume sent through the network), and favorable wholesale demand throughout the year due to new customer acquisitions. Offsetting the above increases were lower membership and reciprocity fees due to fee waivers in April 2020 to support our florist network during the worst of the pandemic.

  Net revenues increased 14.9% during fiscal 2019, primarily due to higher services revenues, including membership, settlement processing, directory and transaction fees, monetizing the increased 1-800-Flowers and florist-to-florist orders being sent through the network, building on the efforts begun during the second half of fiscal 2018 to capture a greater share of orders from local flower shops and third-party, online floral companies.

- **Gourmet Foods & Gift Baskets** – this segment includes the operations of Harry & David, Wolferman's, Stock Yards, Cheryl's Cookies, The Popcorn Factory, 1-800-Baskets/DesignPac, and Shari's Berries (acquired on August 14, 2019). Revenue is derived from the sale of gourmet fruits, cookies, baked gifts, premium chocolates and confections, gourmet popcorn, gift baskets, dipped berries, and prime steaks and chops through the Company's e-commerce sales channels (telephonic and online sales) and company-owned and operated retail stores under the Harry & David and Cheryl's brand names, as well as wholesale operations.

  Net revenues increased 21.1% during fiscal 2020, as a result of favorable sales across all brands within the segment, and incremental revenue from Shari's Berries, acquired in August 2019. The favorability was attributable to increased demand throughout the year, with growth of 9.7% during the first nine months of the year, then fueled by accelerated e-commerce demand coinciding with the onset of COVID-19, as product offerings, convenience, and brand sentiment resonated with customers. Wholesale/retail volume, which had been trending significantly favorable to prior year before the onset of COVID-19, ended relatively flat for the year due to the closure of many of the brand's retail customer's stores, and the closure of the Harry & David retail store operations in the 4th quarter.

  Net revenues increased 7.1% during fiscal 2019, attributable to growth from nearly all brands, but primarily due to: (i) strong growth from Harry & David, driven by improved merchandising assortments, increased investments in digital marketing programs, and its "Share More" messaging, which resonated with customers, contributing to new customer acquisition and increases in its "everyday" business, and (ii) as 1-800-Baskets/DesignPac, which generated year-over-year growth from new and existing wholesale customers, as well through its e-commerce business attributable to its Simply Chocolate product line.

Gross Profit

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
	(dollars in thousands)				
Gross profit	**$622,196**	18.3%	$526,121	7.6%	$489,025
Gross margin %	**41.8%**		42.1%		42.5%

Gross profit consists of net revenues less cost of revenues, which is comprised primarily of florist fulfillment costs (fees paid directly to florists), the cost of floral and non-floral merchandise sold from inventory or through third parties, and associated costs including inbound and outbound shipping charges. Additionally, cost of revenues includes labor and facility costs related to direct-to-consumer and wholesale production operations.

Gross profit increased 18.3% during fiscal 2020 due to the increase in revenues noted above, partially offset by a lower gross profit percentage. Gross profit percentage decreased 30 basis points during fiscal 2020, due to lower margins within the Gourmet Foods & Gift Baskets and BloomNet segments, partially offset by improved margins in the Consumer Floral segment. The lower margins were attributable to the acquisition of Shari's Berries, which carries a lower gross margin, and macro-economic headwinds including: (i) rising labor and transportation costs, (ii) tariffs, and (iii) increased costs associated with the changes we have made, and continue to make, to our manufacturing, warehouse and distribution facilities to provide for the safety and wellbeing of our associates in light of COVID-19, including: required social distancing, enhanced facility cleaning and sanitizing schedules, and staggered production shifts. These headwinds have been partially offset by the Company's strategic pricing initiatives and operational productivity improvements.

Gross profit increased 7.6% during fiscal 2019 due to the increase in revenues noted above, partially offset by a lower gross profit percentage. Gross profit decreased 40 basis points during fiscal 2019, reflecting BloomNet's lower gross margin percentage, as well as hourly labor, particularly seasonal labor, and the growth of our Celebrations Passport free-shipping program, partially offset by Gourmet Foods & Gift Baskets logistics initiatives, which reduced per order transportation costs, as well as manufacturing initiatives, including automation and shifting some production to earlier in the season to better utilize our core workforce.

Consumer Floral segment – Gross profit increased 19.9% during fiscal 2020, due to the aforementioned revenue growth and an increase in gross profit percentage of 20 basis points to 39.4%. The higher gross profit percentage reflects lower promotional activity throughout the year due to the elimination of the loyalty points program, instead emphasizing "Passport" to increase purchase frequency. Gross profit increased 7.4% during fiscal 2019, due to the aforementioned revenue growth, partially offset by a decrease in gross profit percentage of 50 basis points to 39.2%. The lower gross profit percentage reflects higher product costs, an increased Celebrations Passport program participation, which has been driving improved customer loyalty and purchase frequency, and increased transportation costs.

BloomNet segment – Gross profit increased 4.3% during fiscal 2020, due to the increase in revenues noted above, partially offset by a decrease in gross profit percentage of 200 basis points to 48.5%. The lower gross profit percentage was due to unfavorable wholesale product margins due to the impact of tariffs, promotional offerings and higher shipping and merchandise costs, as well as higher rebates (higher florist-to-florist volume) and the aforementioned fee waivers in April 2020 to assist the florist network during the onset of the pandemic. Gross profit increased 6.9% during fiscal 2019, due to the increase in revenues noted above, partially offset by a decrease in gross profit percentage of 380 basis points to 50.5%. The lower gross profit percentage is due to the increase in the volume of lower margin florist-to-florist orders, on membership and transaction fee margins, as a result of an increase in rebates to support the brand's efforts to gain market share.

Gourmet Foods & Gift Baskets segment – Gross profit increased by 20.0% during fiscal 2020, due to the increase in revenues noted above, partially offset by a decrease in gross profit percentage of 40 basis points to 42.5%, mainly due to the acquisition of Shari's Berries, which carries a lower gross margin than the rest of the segment, as well as the aforementioned macro-economic headwinds and incremental COVID-19 costs. Gross profit increased by 7.9% during fiscal 2019, due to the increase in revenues noted above, as well as increased margins. Gross profit percentage increased 30 basis points to 42.9% during fiscal 2019, due to logistics initiatives, which reduced shipping and transportation costs, combined with strategic pricing initiatives, and improved operational performance at Cheryl's, partially offset by rising labor costs, and penetration of the Celebrations Passport program.

Marketing and Sales Expense

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
	(dollars in thousands)				
Marketing and sales	**$363,227**	13.6%	$319,636	7.0%	$298,810
Percentage of sales	**24.4%**		25.6%		25.9%

Marketing and sales expense consists primarily of advertising and promotional expenditures, catalog costs, online portal and search costs, retail store and fulfillment operations (other than costs included in cost of revenues) and customer service center expenses, as well as the operating expenses of the Company's departments engaged in marketing, selling and merchandising activities.

Marketing and sales expense increased 13.6% during fiscal 2020, primarily due to increased advertising spend within the Gourmet Foods & Gift Baskets and 1-800-Flowers.com Consumer Floral segments, due to the Company's incremental marketing efforts designed to accelerate revenue growth and capture market share, partially offset by operational efficiencies and platform leverage attributable to the revenue growth. The investment spend was successful in driving significant enterprise growth, while improving overall operating expense leverage and reducing enterprise reliance on promotional pricing, thereby further reinforcing the premium positioning of the Company's portfolio of brands. As a result, marketing and sales as a percentage of net revenues, during fiscal 2020 decreased to 24.4% compared with 25.6% in fiscal 2019.

Marketing and sales expense increased 7.0% during fiscal 2019, primarily due to increased advertising spend within the Consumer Floral and Gourmet Foods & Gift Baskets segments, associated with the Company's incremental marketing efforts designed to accelerate revenue growth and capture market share, coupled with an increase in performance-based bonuses. Increased efficiency around our digital marketing programs generated strong revenue growth, which in turn, enabled us to leverage our platform, while automation initiatives in our service centers drove lower customer service costs. As a result, marketing and sales as a percentage of net revenues, during fiscal 2019 decreased to 25.6% compared with 25.9% in fiscal 2018.

During fiscal 2020, the Company added approximately 4.2 million new e-commerce customers, an increase of 40.5% over the prior year. During fiscal 2019, the Company added approximately 3.0 million new e-commerce customers, an increase of 10.7% over the prior year. Approximately 51.7% of customers who placed e-commerce orders during fiscal 2020 were repeat customers compared to approximately 57.7% in fiscal 2019.

Technology and Development Expense

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
	(dollars in thousands)				
Technology and development	**$48,698**	11.3%	$43,758	11.5%	$39,258
Percentage of sales	**3.3%**		3.5%		3.4%

Technology and development expense consists primarily of payroll and operating expenses of the Company's information technology group, costs associated with its websites, including hosting, design, content development and maintenance and support costs related to the Company's order entry, customer service, fulfillment and database systems.

Technology and development expenses increased by 11.3% during fiscal 2020, as a result of increased consulting and labor costs, due to higher performance based bonuses compared to the prior year, increased hosting costs due to higher usage of cloud storage applications, and higher maintenance and license costs, including security and platform enhancements.

Technology and development expenses increased by 11.5% during fiscal 2019, as a result of increased license and maintenance costs required to support the Company's technology platform, and higher labor and consulting costs due to annual merit increases and an increase in performance-based bonuses.

During the fiscal years ended June 28, 2020, June 30, 2019 and July 1, 2018, the Company expended $69.5 million, $65.4 million and $61.2 million, respectively, on technology and development, of which $20.8 million, $21.6 million and $21.9 million, respectively, has been capitalized.

General and Administrative Expense

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
	(dollars in thousands)				
General and administrative	**$97,394**	11.1%	$87,654	13.2%	$77,440
Percentage of sales	**6.5%**		7.0%		6.7%

General and administrative expense consists of payroll and other expenses in support of the Company's executive, finance and accounting, legal, human resources and other administrative functions, as well as professional fees and other general corporate expenses.

General and administrative expense increased 11.1% during fiscal 2020, primarily due to an increase in labor costs primarily related to performance-based bonuses, higher transaction and legal costs associated with the acquisition of PersonalizationMall.com, and higher bad debt expense, primarily related to the impact of COVID-19 on certain corporate, wholesale, and florist accounts, partially offset by lower health insurance and travel costs.

General and administrative expense increased 13.2% during fiscal 2019, primarily due to an increase in labor costs related to performance-based bonuses and merit increases, as well as increased health insurance costs, and the reinstatement of the Company's 401k match (See Note 14. in Part IV, Item 15 for details regarding Employee Retirement Plans).

Depreciation and Amortization

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
	(dollars in thousands)				
Depreciation and amortization	**$32,513**	8.5%	$29,965	-7.7%	$32,469
Percentage of sales	**2.2%**		2.4%		2.8%

Depreciation and amortization expense increased 8.5% during fiscal 2020, primarily as a result of recent short-lived capital expenditures to support the Company's IT infrastructure.

Depreciation and amortization expense decreased 7.7% during fiscal 2019, as certain short-lived assets were fully depreciated/amortized early in fiscal 2019, while the timing of certain longer-term capital projects had been extended into fiscal 2020.

Interest Expense, net

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
		(dollars in thousands)			
Interest expense, net	**$2,438**	-12.0%	$2,769	-23.7%	$3,631

Interest expense, net consists primarily of interest expense and amortization of deferred financing costs attributable to the Company's credit facility (See Note 9. in Part IV, Item 15 for details), net of income earned on the Company's available cash balances.

Interest expense, net decreased 12.0% during fiscal 2020, due to a decline in the outstanding Term Loan balance, and decreasing interest rates on the Company's credit facility, partially offset by lower interest income on available cash balances due to decreasing interest rates.

Interest expense, net decreased 23.7% during fiscal 2019, due to an increase in interest income, resulting from higher invested cash balances and associated rates earned on these balances, combined with a declining outstanding Term Loan balance, partially offset by increasing interest rates on the Company's credit facility.

Other Income (expense), net

	Years Ended				
	June 28, 2020	% Change	June 30, 2019	% Change	July 1, 2018
		(dollars in thousands)			
Other income (expense), net	**$(84)**	-113.0%	$644	6.4%	$605

Other income, net for the years ended June 30, 2019 and July 1, 2018 consist primarily of investment earnings on the Company's Non-Qualified Deferred Compensation Plan assets.

Income Taxes

During the fiscal years ended June 28, 2020, June 30, 2019, and July 1, 2018, the Company recorded income tax expense (benefit) from continuing operations of $18.8 million, $8.2 million, and ($2.8) million, respectively, resulting in an effective tax rate of 24.2%, 19.1%, and -7.3%, respectively. The Company's effective tax rate for fiscal 2020 differed from the U.S. federal statutory rate of 21% primarily due to state income taxes and nondeductible expenses for executive compensation, partially offset by various permanent differences and tax credits, including excess tax benefits from stock-based compensation. The Company's effective tax rate for fiscal 2019 differed from the U.S. federal statutory rate of 21% primarily due to the impact of excess tax benefit from stock-based compensation and various tax credits, partially offset by state income taxes and non-deductible executive compensation as a result of recent tax reform from The Tax Cuts and Jobs Act ("Tax Act"), which removed the performance-based exclusion for determining the deductible limit. The Company's effective tax rate for fiscal 2018 was impacted by the enactment of the Tax Act on December 22, 2017 (see Note 11 in Part IV, Item 15 for details). Although the Tax Act was enacted on December 22, 2017, since the Company had a July 1 fiscal year-end, the lower corporate income tax rate was phased in, resulting in a U.S. statutory federal rate of approximately 28% for our fiscal 2018, and 21% for fiscal 2019. In addition to the impact of the lower transitional rate, during fiscal 2018, the Company recognized a tax benefit of $12.2 million, or $0.18 per diluted share, reflecting a revaluation of deferred tax liabilities at the lower U.S. federal statutory rate of 21%. Adjusted for the benefit of $12.2 million, the Company's effective tax rate would have been 24.8%, reflecting various tax credits and return to provision adjustments related to the filing of the Company's fiscal 2017 tax return.

At June 28, 2020, the Company's total federal and state capital loss carryforwards were $26.9 million, which if not utilized, will expire in fiscal 2022. The Company's foreign net operating loss carryforwards were $3.9 million, which if not utilized, will begin to expire in fiscal 2034.

Liquidity and Capital Resources

Liquidity and borrowings

The Company's principal sources of liquidity are cash on hand, cash flows generated from operations and borrowings available under the 2019 Credit Agreement (see Note 18. in Part IV, Item 15 for details). At June 28, 2020, the Company had working capital of $198.3 million, including cash and cash equivalents of $240.5 million, compared to working capital of $175.4 million, including cash and cash equivalents of $172.9 million at June 30, 2019. As of June 28, 2020, there were no borrowings outstanding under the Company's Revolver. Due to the seasonal nature of the Company's business, and its continued expansion into non-floral products, the Thanksgiving through Christmas holiday season, which falls within the Company's second fiscal quarter, historically generated nearly 50% of the Company's annual revenues, and all of its earnings. However, with the onset of the COVID-19 pandemic, the Company experienced a significant increase in its revenues and earnings during its fourth quarter of fiscal 2020. These trends have continued through the first two months of its fiscal 2021 first quarter. Our customers have increasingly turned to our brands and our expanded product offerings to help them connect and express themselves during the recent COVID-19 pandemic and our "everyday" gifting product line has seen increased volume. While the continuing impacts of COVID-19 are difficult to predict, the Company expects that its fiscal second quarter will continue to be its largest in terms of revenues and earnings, although increases in the Company's "everyday" business have and are expected to continue to lessen the seasonality of our business. As a result, the Company expects to generate significant cash from operations during its second quarter, and then utilize that cash for operating needs during its fiscal third and fourth quarters, after which time, the Company expects to borrow against its Revolver to fund pre-holiday manufacturing and inventory purchases. Borrowings under the Revolver typically peak in November, at which time cash generated from operations during the Christmas holiday shopping season are expected to enable the Company to repay working capital borrowings prior to the end of December.

We believe that our sources of funding will be sufficient to meet our anticipated operating cash needs for at least the next 12 months. However, any projections of future cash needs and cash flows are subject to substantial uncertainty. We continually evaluate opportunities to repurchase common stock and we will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services, capital infrastructure, and technologies, which might affect our liquidity requirements or cause us to require additional financing.

We have not identified any material liquidity deficiencies as a result of the COVID-19 pandemic. We will continue to monitor and assess the impact COVID-19 may have on our business and financial results. See Part I. Item 1A. "Risk Factors" and Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information.

Cash Flows

Net cash provided by operating activities of $139.4 million for the fiscal year ended June 28, 2020 was primarily attributable to the Company's net income, adjusted for non-cash charges for depreciation and amortization, stock-based compensation, and bad debt expense, as well as increases in accounts payable and accrued expenses as a result of the timing of our seasonal inventory build and performance-based bonus payments, partially offset by increases in trade receivables and inventory related to increased sales volumes.

Net cash used in investing activities of $56.4 million was primarily attributable to the acquisition of Shari's Berries for $20.5 million, and capital expenditures of $34.7 million related to the Company's technology initiatives and Gourmet Foods & Gift Baskets segment manufacturing production and warehousing equipment.

Net cash used in financing activities of $15.5 million for the fiscal year ended June 28, 2020 was primarily due to the acquisition of $10.7 million of treasury stock and net bank repayments of $5.0 million.

Stock Repurchase Program

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. In August 2017, the board of directors increased the authorization to $30.0 million, and on June 27, 2019, increased it once more to $30.0 million. The Company repurchased a total of $10.7 million (754,458 shares), $14.8 million (1,230,303 shares) and $12.2 million (1,269,059 shares) during the fiscal years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively, under this program. As of June 28, 2020, $19.3 million remains authorized under the plan.

Contractual Obligations

At June 28, 2020, the Company's contractual obligations consist of:

- Long-term debt obligations – payments due under the Company's 2019 Credit Agreement (See Note 9 – Long-Term Debt in Item 15 for details).
- Operating lease obligations – payments due under the Company's long-term operating leases (See Note 16 – Leases in Item 15 for details).
- Purchase commitments – consisting primarily of inventory and IT related equipment purchase orders and license agreements made in the ordinary course of business – see below for the contractual payments due by period.

	Payments due by period (in thousands)						
	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Thereafter	Total
Purchase commitments	$ 98,860	$ 12,600	$ 4,784	$ 1,171	$ –	$ –	$ 117,415

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial position and results of operations are based upon the consolidated financial statements of 1-800-FLOWERS.COM, Inc., which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management evaluates its estimates on an ongoing basis, and bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We consider accounting estimates to be critical if both: (i) the nature of the estimate or assumption is material due to the levels of subjectivity and judgment involved, and (ii) the impact within a reasonable range of outcomes of the estimate and assumption is material to the Company's financial condition. Our critical accounting policies relate to goodwill, other intangible assets and income taxes. Management of the Company has discussed the selection of critical accounting policies and the effect of estimates with the audit committee of the Company's board of directors.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in each business combination, with the carrying value of the Company's goodwill allocated to its reporting units, in accordance with the acquisition method of accounting. Goodwill is not amortized, but it is subject to an annual assessment for impairment, which the Company performs during the fourth quarter, or more frequently, if events occur or circumstances change such that it is more likely than not that an impairment may exist. The Company tests goodwill for impairment at the reporting unit level. The Company identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components.

In applying the goodwill impairment test, the Company has the option to perform a qualitative test (also known as "Step 0") or a two-step quantitative test (consisting of "Step 1" and "Step 2"). Under the Step 0 test, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value. Qualitative factors may include, but are not limited to, economic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit and other entity and reporting unit specific events. If after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the fair value of the reporting unit is less than the carrying value, then performing the two-step quantitative test is necessary.

The first step ("Step 1") of the two-step quantitative test requires comparison of the fair value of each of the reporting units to their respective carrying value. If the carrying value of the reporting unit is less than the fair value, no impairment exists and the second step ("Step 2") is not performed. If the carrying value of the reporting unit is higher than the fair value, Step 2 must be performed to compute the amount of the goodwill impairment, if any. In Step 2, the impairment is computed by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for the excess.

The Company generally estimates the fair value of a reporting unit using an equal weighting of the income and market approaches. The Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, the Company engages third-party valuation specialists. Under the income approach, the Company uses a discounted cash flow methodology which requires management to make significant estimates and assumptions related to forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others. For the market approach, the Company uses the guideline public company method. Under this method the Company utilizes information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units, to create valuation multiples that are applied to the operating performance of the reporting unit being tested, in order to obtain their respective fair values. The Company also reconciles the aggregate fair values of its reporting units determined in the first step (as described above) to its current market capitalization, allowing for a reasonable control premium.

For further discussion of the methods used and factors considered in our estimates as part of the impairment testing for Goodwill, see Note 2 and Note 6 in Part IV, Item 15.

Other Intangibles, net

Other intangibles consist of definite-lived intangible assets (such as investment in licenses, customer lists, and others) and indefinite-lived intangible assets (such as acquired trade names and trademarks). The cost of definite-lived intangible assets is amortized to reflect the pattern of economic benefits consumed, over the estimated periods benefited, ranging from 3 to 16 years, while indefinite-lived intangible assets are not amortized, but are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable.

The Company tests indefinite-lived intangible assets for impairment at least annually, during the fourth quarter, or whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. In applying the impairment test, the Company has the option to perform a qualitative test (also known as "Step 0") or a quantitative test. Under the Step 0 test, the Company assesses qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. Qualitative factors may include, but are not limited to economic conditions, industry and market considerations, cost factors, financial performance, legal and other entity and asset specific events. If, after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the indefinite-lived intangible asset is impaired, then performing the quantitative test is necessary. The quantitative impairment test for indefinite-lived intangible assets encompasses calculating a fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. If the carrying value exceeds the fair value, impairment is recognized for the difference. To determine fair value of other indefinite-lived intangible assets, the Company uses an income approach, the relief-from-royalty method. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. Other indefinite-lived intangible assets' fair values require significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value.

For further discussion of the methods used and factors considered in our estimates as part of the impairment testing for other intangibles, see Note 2 and Note 6 in Part IV, Item 15.

Income Taxes

The Company uses the asset and liability method to account for income taxes. The Company has established deferred tax assets and liabilities for temporary differences between the financial reporting bases and the income tax bases of its assets and liabilities at enacted tax rates expected to be in effect when such assets or liabilities are realized or settled. The Company recognizes as a deferred tax asset, the tax benefits associated with losses related to operations. Realization of these deferred tax assets assumes that we will be able to generate sufficient future taxable income so that these assets will be realized. The factors that the Company considers in assessing the likelihood of realization include the forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than a 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits ("UTBs") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to UTBs in income tax expense. Assumptions, judgment and the use of estimates are required in determining if the "more likely than not" standard has been met when developing the provision for income taxes. For further discussion see Note 11, in Part IV, Item 15.

Recently Issued Accounting Pronouncements

See Note 2. in Part IV, Item 15 for details regarding the impact of accounting standards that were recently issued, on our consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from the effect of interest rate changes and changes in the market values of its investments.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's investment of available cash balances and its long-term debt. The Company generally invests its cash and cash equivalents in investment grade corporate and U.S. government securities. Due to the currently low rates of return the Company is receiving on its cash equivalents, the potential for a significant decrease in short-term interest rates is low and, therefore, a further decrease would not have a material impact on the Company's interest income. Borrowings under the Company's credit facility bear interest at a variable rate, plus an applicable margin, and therefore expose the Company to market risk for changes in interest rates. The effect of a 50 basis point increase in current interest rates on the Company's interest expense would be approximately $0.5 million during the fiscal year ended June 28, 2020.

Special Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent 1-800-FLOWERS.COM, Inc.'s (the "Company") current expectations or beliefs concerning future events and can generally be identified by the use of statements that include words such as "estimate," "expects," "project," "believe," "anticipate," "intend," "plan," "foresee," "likely," "will," or similar words or phrases. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results expressed or implied in the forward-looking statements, including, among others: the Company's ability to achieve its guidance for revenue, Adjusted EBITDA and EPS; its ability to manage the significant seasonality of its business and the impact of the COVID-19 pandemic on the Company; its ability to integrate the operations of acquired companies; its ability to cost-effectively acquire and retain customers; the outcome of contingencies, including legal proceedings in the normal course of business; its ability to compete against existing and new competitors; its ability to manage expenses associated with sales and marketing and necessary general and administrative and technology investments and general consumer sentiment and economic conditions that may affect levels of discretionary customer purchases of the Company's products. Reconciliations for forward-looking figures would require unreasonable efforts at this time because of the uncertainty and variability of the nature and amount of certain components of various necessary GAAP components, including for example those related to compensation, tax items, amortization or others that may arise during the year, and the Company's management believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors. The lack of such reconciling information should be considered when assessing the impact of such disclosures. The Company undertakes no obligation to publicly update any of the forward-looking statements, whether as a result of new information, future events or otherwise, made in this annual report or in any of its SEC filings, except as may be otherwise stated by the Company. For a more detailed description of these and other risk factors, and a list of definitions of non-GAAP terms, please refer to the Company's SEC filings, including the Company's Annual Reports on Form 10-K and its Quarterly Reports on Form 10-Q. Consequently, you should not consider any such list to be a complete set of all potential risks and uncertainties.

Definitions of non-GAAP Financial Measures:

We sometimes use financial measures derived from consolidated financial information, but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission ("SEC") rules. Non-GAAP financial measures referred to in this document are either labeled as "non-GAAP" or designated as such with a "1". See below for definitions and the reasons why we use these non-GAAP financial measures.

EBITDA and Adjusted EBITDA

We define EBITDA as net income (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for the impact of stock-based compensation, Non-Qualified Plan Investment appreciation/depreciation, and for certain items affecting period-to-period comparability. The Company presents EBITDA and Adjusted EBITDA because it considers such information meaningful supplemental measures of its performance and believes such information is frequently used by the investment community in the evaluation of similarly situated companies. The Company uses EBITDA and Adjusted EBITDA as factors used to determine the total amount of incentive compensation available to be awarded to executive officers and other employees. The Company's credit agreement uses EBITDA and Adjusted EBITDA to determine its interest rate and to measure compliance with certain covenants. EBITDA and Adjusted EBITDA are also used by the Company to evaluate and price potential acquisition candidates. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of the limitations are: (a) EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, the Company's working capital needs; (b) EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts; and (c) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and EBITDA does not reflect any cash requirements for such capital expenditures. EBITDA and Adjusted EBITDA should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less capital expenditures. The Company considers Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases of fixed assets, which can then be used to, among other things, invest in the Company's business, make strategic acquisitions, strengthen the balance sheet and repurchase stock or retire debt. Free Cash Flow is a liquidity measure that is frequently used by the investment community in the evaluation of similarly situated companies. Since Free Cash Flow is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. A limitation of the utility of free cash flow as a measure of financial performance is that it does not represent the total increase or decrease in the Company's cash balance for the period.

Quarterly Results of Operations

The following table provides unaudited quarterly consolidated results of operations for each quarter of fiscal years 2020 and 2019. The Company believes this unaudited information has been prepared substantially on the same basis as the annual audited consolidated financial statements and all necessary adjustments, consisting of only normal recurring adjustments, have been included in the amounts stated below to present fairly the Company's results of operations. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

	Jun. 28, 2020	Mar. 29, 2020	Dec 29, 2019	Sep. 29, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec 30, 2018	Sep. 30, 2018
	(in thousands, except per share data)							
Net revenues:								
E-commerce (telephonic/online)	$ 382,400	$ 231,851	487,084	$ 129,050	$ 217,477	$ 204,361	$ 458,821	$ 117,700
Other	35,556	46,925	118,558	58,213	41,921	44,052	112,495	51,796
Total net revenues	417,956	278,776	605,642	187,263	259,398	248,413	571,316	169,496
Cost of revenues	248,530	171,324	336,470	111,117	154,164	150,893	316,489	100,956
Gross profit	169,426	107,452	269,172	76,146	105,234	97,520	254,827	68,540
Operating expenses:								
Marketing and sales	100,378	78,606	127,404	56,839	75,855	71,163	119,664	52,954
Technology and development	14,262	11,900	11,733	10,803	11,062	11,511	10,906	10,279
General and administrative	33,207	20,031	22,634	21,522	23,174	22,447	21,603	20,430
Depreciation and amortization	9,245	7,803	7,830	7,635	7,125	7,028	7,969	7,843
Total operating expenses	157,092	118,340	169,601	96,799	117,216	112,149	160,142	91,506
Operating income (loss)	12,334	(10,888)	99,571	(20,653)	(11,982)	(14,629)	94,685	(22,966)
Interest (income) expense, net	711	147	985	595	379	(30)	1,430	990
Other income (expense), net	1,630	(2,605)	975	(84)	351	1,285	(1,266)	274
Income (loss) before income taxes	13,253	(13,640)	99,561	(21,332)	(12,010)	(13,314)	91,989	(23,682)
Income tax expense (benefit)	3,479	(3,983)	25,409	(6,061)	(3,705)	(5,073)	23,411	(6,416)
Net income (loss)	$ 9,774	$ (9,657)	$ 74,152	$ (15,271)	$ (8,305)	$ (8,241)	$ 68,578	$ (17,266)
Basic net income (loss) per common share	$ 0.15	$ (0.15)	$ 1.15	$ (0.24)	$ (0.13)	$ (0.13)	$ 1.07	$ (0.27)
Diluted net income (loss) per common share	$ 0.15	$ (0.15)	$ 1.12	$ (0.24)	$ (0.13)	$ (0.13)	$ 1.04	$ (0.27)
Weighted average shares used in the calculation of net income (loss) per common share:								
Basic	64,283	64,348	64,687	64,503	64,343	64,194	64,209	64,620
Diluted	66,385	64,348	66,401	64,503	64,343	64,194	66,136	64,620

The Company's quarterly results may experience seasonal fluctuations – see the Seasonality section in Item 1 for details. Refer above to the Results of Operations section in Item 7 for a discussion of significant events and transactions.

Consolidated Balance Sheets

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands, except share data)

	June 28, 2020	June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ **240,506**	$ 172,923
Trade receivables, net	**15,178**	12,374
Inventories	**97,760**	92,361
Prepaid and other	**25,186**	25,580
Total current assets	**378,630**	303,238
Property, plant and equipment, net	**169,075**	166,681
Operating lease right-of-use assets	**66,760**	–
Goodwill	**74,711**	62,590
Other intangibles, net	**66,273**	59,615
Other assets	**18,986**	14,316
Total assets	$ **774,435**	$ 606,440
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ **25,306**	$ 25,704
Accrued expenses	**141,741**	96,793
Current maturities of long-term debt	**5,000**	5,000
Current portion of long-term operating lease liabilities	**8,285**	–
Total current liabilities	**180,332**	127,497
Long-term debt	**87,559**	91,973
Long-term operating lease liabilities	**61,964**	–
Deferred tax liabilities	**28,632**	28,898
Other liabilities	**16,174**	15,361
Total liabilities	**374,661**	263,729
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	**–**	–
Class A common stock, $.01 par value, 200,000,000 shares authorized, 53,704,477 and 53,084,127 shares issued in 2020 and 2019, respectively	**537**	530
Class B common stock, $.01 par value, 200,000,000 shares authorized, 33,822,823 shares issued in 2020 and 2019	**338**	338
Additional paid-in capital	**358,031**	349,319
Retained earnings	**167,523**	108,525
Accumulated other comprehensive loss	**(243)**	(269)
Treasury stock, at cost, 17,963,551 and 17,209,093 Class A shares in 2020 and 2019, respectively, and 5,280,000 Class B shares in 2020 and 2019	**(126,412)**	(115,732)
Total stockholders' equity	**399,774**	342,711
Total liabilities and stockholders' equity	$ **774,435**	$ 606,440

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands, except per share data)

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
Net revenues	**$ 1,489,637**	$ 1,248,623	$ 1,151,921
Cost of revenues	**867,441**	722,502	662,896
Gross profit	**622,196**	526,121	489,025
Operating expenses:			
Marketing and sales	**363,227**	319,636	298,810
Technology and development	**48,698**	43,758	39,258
General and administrative	**97,394**	87,654	77,440
Depreciation and amortization	**32,513**	29,965	32,469
Total operating expenses	**541,832**	481,013	447,977
Operating income	**80,364**	45,108	41,048
Interest expense, net	**2,438**	2,769	3,631
Other income (loss)	**(84)**	644	605
Income before income taxes	**77,842**	42,983	38,022
Income tax expense (benefit)	**18,844**	8,217	(2,769)
Net Income	**$ 58,998**	$ 34,766	$ 40,791
Basic net income per common share	**$ 0.92**	$ 0.54	$ 0.63
Diluted net income per common share	**$ 0.89**	$ 0.52	$ 0.61
Weighted average shares used in the calculation of net income per common share:			
Basic	**64,463**	64,342	64,666
Diluted	**66,408**	66,457	66,938

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands)

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
Net income	**$ 58,998**	$ 34,766	$ 40,791
Other comprehensive income (loss) (currency translation)	**26**	(69)	(13)
Comprehensive income	**$ 59,024**	$ 34,697	$ 40,778

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

1-800-FLOWERS.COM, Inc. and Subsidiaries

Years ended June 28, 2020, June 30, 2019 and July 1, 2018

(in thousands, except share data)

	Common Stock				Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' Equity
	Class A		Class B							
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at July 2, 2017	51,227,779	$ 513	33,901,603	$ 339	$ 337,726	$ 32,638	$ (187)	19,989,731	$ (88,790)	$ 282,239
Net income	–	–	–	–	–	40,791	–	–	–	40,791
Translation adjustment	–	–	–	–	–	–	(13)	–	–	(13)
Conversion of Class B stock into Class A stock	78,780	1	(78,780)	(1)	–	–	–	–	–	–
Stock-based compensation	622,734	5	–	–	3,721	–	–	–	–	3,726
Exercise of stock options	142,000	1	–	–	336	–	–	–	–	337
Acquisition of Class A treasury stock	–	–	–	–	–	–	–	1,269,059	(12,176)	(12,176)
Balance at July 1, 2018	52,071,293	520	33,822,823	338	341,783	73,429	(200)	21,258,790	(100,966)	314,904
Net income	–	–	–	–	–	34,766	–	–	–	34,766
Translation adjustment	–	–	–	–	–	–	(69)	–	–	(69)
Stock-based compensation	411,600	4	–	–	6,306	–	–	–	–	6,310
Exercise of stock options	601,234	6	–	–	1,230	–	–	–	–	1,236
Other	–	–	–	–	–	330	–	–	–	330
Acquisition of Class A treasury stock	–	–	–	–	–	–	–	1,230,303	(14,766)	(14,766)
Balance at June 30, 2019	53,084,127	530	33,822,823	338	349,319	108,525	(269)	22,489,093	(115,732)	342,711
Net income	–	–	–	–	–	58,998	–	–	–	58,998
Translation adjustment	–	–	–	–	–	–	26	–	–	26
Stock-based compensation	470,350	5	–	–	8,429	–	–	–	–	8,434
Exercise of stock options	150,000	2	–	–	283	–	–	–	–	285
Acquisition of Class A treasury stock	–	–	–	–	–	–	–	754,458	(10,680)	(10,680)
Balance at June 28, 2020	**53,704,477**	**$ 537**	**33,822,823**	**$ 338**	**$ 358,031**	**$ 167,523**	**$ (243)**	**23,243,551**	**$(126,412)**	**$ 399,774**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands)

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
Operating activities:			
Net income	**$ 58,998**	$ 34,766	$ 40,791
Reconciliation of net income to net cash provided by operating activities net of dispositions:			
Depreciation and amortization	**32,513**	29,965	32,469
Amortization of deferred financing costs	**646**	969	953
Deferred income taxes	**(266)**	2,698	(7,668)
Bad debt expense	**4,143**	1,383	1,068
Stock-based compensation	**8,434**	6,310	3,726
Other non-cash items	**1,032**	(16)	565
Changes in operating items:			
Trade receivables	**(6,947)**	(822)	70
Inventories	**(4,371)**	(3,536)	(12,963)
Prepaid and other	**(726)**	(2,313)	(6,286)
Accounts payable and accrued expenses	**44,359**	8,846	5,249
Other assets and other liabilities	**1,602**	(150)	367
Net cash provided by operating activities	**139,417**	78,100	58,341
Investing activities:			
Capital expenditures, net of non-cash expenditures	**(34,703)**	(32,560)	(33,306)
Acquisitions, net of cash acquired	**(20,500)**	–	–
Working capital adjustment related to sale of Fannie May	**–**	–	(8,500)
Purchase of equity investments	**(1,176)**	–	–
Net cash used in investing activities	**(56,379)**	(32,560)	(41,806)
Financing activities:			
Acquisition of treasury stock	**(10,680)**	(14,766)	(12,176)
Proceeds from exercise of employee stock options	**285**	1,236	337
Proceeds from bank borrowings	**20,000**	32,250	30,000
Repayment of notes payable and bank borrowings	**(25,000)**	(37,187)	(37,188)
Debt issuance costs	**(60)**	(1,390)	–
Net cash used in financing activities	**(15,455)**	(19,857)	(19,027)
Net change in cash and cash equivalents	**67,583**	25,683	(2,492)
Cash and cash equivalents:			
Beginning of year	**172,923**	147,240	149,732
End of year	**$ 240,506**	$ 172,923	$ 147,240

Supplemental Cash Flow Information:

- Interest paid amounted to $3.5 million, $4.7 million, and $4.0 million, for the years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively.
- The Company paid income taxes of approximately $15.5 million, $8.8 million, and $5.2 million, net of tax refunds received, for the years ended June 28, 2020, June 30, 2019, and July 1, 2018, respectively.

See accompanying Notes to Consolidated Financial Statements.

Note 1. Description of Business

1-800-FLOWERS.COM, Inc. is a leading provider of gifts designed to help customers express, connect and celebrate. The Company's business platform features our all-star family of brands, including: 1-800-Flowers.com®, 1-800-Baskets.com®, Cheryl's Cookies®, Harry & David®, PersonalizationMall.com®, Shari's Berries®, FruitBouquets.com®, Moose Munch®, The Popcorn Factory®, Wolferman's Bakery® and Simply Chocolate®. We also offer top-quality steaks and chops from Stock Yards®. Through the Celebrations Passport® loyalty program, which provides members with free standard shipping and no service charge across our portfolio of brands, 1-800-FLOWERS.COM, Inc. strives to deepen relationships with customers. The Company also operates BloomNet®, an international floral service provider offering a broad-range of products and services designed to help professional florists grow their businesses profitably; Napco℠, a resource for floral gifts and seasonal décor; and DesignPac Gifts, LLC, a manufacturer of gift baskets and towers.

Note 2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of 1-800-FLOWERS.COM, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company's net revenues from international sources were not material during fiscal years 2020, 2019 and 2018.

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal years 2020, 2019, and 2018, which ended on June 28, 2020, June 30, 2019, and July 1, 2018, respectively, consisted of 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with banks, highly liquid money market funds, United States government securities, overnight repurchase agreements and commercial paper with maturities of three months or less when purchased.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out method of accounting.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation expense is computed using the straight-line method over the assets' estimated useful lives. Amortization of leasehold improvements and capital leases is computed using the straight-line method over the shorter of the estimated useful lives and the initial lease terms. The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use software. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software. Orchards in production, consisting of direct labor and materials, supervision and other items, are capitalized as part of capital projects in progress – orchards until the orchards produce fruit in commercial quantities, at which time they are reclassified to orchards in production. Estimated useful lives are periodically reviewed, and where appropriate, changes are made prospectively.

The Company's property, plant and equipment are depreciated using the following estimated lives:

Building and building improvements (years)	10 - 40
Leasehold improvements (years)	3 - 10
Furniture, fixtures and production equipment (years)	3 - 10
Software (years)	3 - 7
Orchards in production and land improvements (years)	15 - 35

Property, plant and equipment are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in each business combination, with the carrying value of the Company's goodwill allocated to its reporting units, in accordance with the acquisition method of accounting. Goodwill is not amortized, but it is subject to an annual assessment for impairment, which the Company performs during the fourth quarter, or more frequently if events occur or circumstances change such that it is more likely than not that an impairment may exist. The Company tests goodwill for impairment at the reporting unit level. The Company identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components.

In applying the goodwill impairment test, the Company has the option to perform a qualitative test (also known as "Step 0") or a two-step quantitative test (consisting of "Step 1" and "Step 2"). Under the Step 0 test, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value. Qualitative factors may include, but are not limited to, economic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit and other entity and reporting unit specific events. If after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the fair value of the reporting unit is less than the carrying value, then performing the two-step quantitative test is necessary.

The first step ("Step 1") of the two-step quantitative test requires comparison of the fair value of each of the reporting units to the respective carrying value. If the carrying value of the reporting unit is less than the fair value, no impairment exists and the second step ("Step 2") is not performed. If the carrying value of the reporting unit is higher than the fair value, Step 2 must be performed to compute the amount of the goodwill impairment, if any. In Step 2, the impairment is computed by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for the excess.

The Company generally estimates the fair value of a reporting unit using an equal weighting of the income and market approaches. The Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, the Company engages third-party valuation specialists. Under the income approach, the Company uses a discounted cash flow methodology which requires management to make significant estimates and assumptions related to forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others. For the market approach, the Company uses the guideline public company method. Under this method the Company utilizes information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units, to create valuation multiples that are applied to the operating performance of the reporting unit being tested, in order to obtain their respective fair values. The Company also reconciles the aggregate fair values of its reporting units determined in the first step (as described above) to its current market capitalization, allowing for a reasonable control premium.

During fiscal years 2020 and 2018, the Company performed a Step 0 analysis and determined that it was not "more likely than not" that the fair values of its reporting units were less than their carrying amounts. During fiscal year 2019, the Company performed a Step 1 analysis, and determined that the estimated fair value of the Company's reporting units significantly exceeded their respective carrying values (including goodwill allocated to each respective reporting unit). Future changes in the estimates and assumptions above could materially affect the results of our reviews for impairment of goodwill.

Other Intangibles, net

Other intangibles consist of definite-lived intangible assets (such as investment in licenses, customer lists, and others) and indefinite-lived intangible assets (such as acquired trade names and trademarks). The cost of definite-lived intangible assets is amortized to reflect the pattern of economic benefits consumed, over the estimated periods benefited, ranging from 3 to 16 years, while indefinite-lived intangible assets are not amortized.

Definite-lived intangibles are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying value. If the projected undiscounted cash flows are less than the carrying value, then an impairment charge would be recorded for the excess of the carrying value over the fair value, which is determined by discounting future cash flows.

The Company tests indefinite-lived intangible assets for impairment at least annually, during the fourth quarter, or whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. In applying the impairment test, the Company has the option to perform a qualitative test (also known as "Step 0") or a quantitative test. Under the Step 0 test, the Company assesses qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. Qualitative factors may include, but are not limited to economic conditions, industry and market considerations, cost factors, financial performance, legal and other entity and asset specific events. If, after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the indefinite-lived intangible asset is impaired, then performing the quantitative test is necessary. The quantitative impairment test for indefinite-lived intangible assets encompasses calculating a fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. If the carrying value exceeds the fair value, impairment is recognized for the difference. To determine fair value of other indefinite-lived intangible assets, the Company uses an income approach, the relief-from-royalty method. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. Other indefinite-lived intangible assets' fair values require significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value.

During fiscal years 2020 and 2018, the Company performed a Step 0 analysis and determined that it was not "more likely than not" that the fair values of the indefinite-lived intangibles were less than their carrying amounts. During fiscal year 2019, the Company performed a quantitative test, which determined that the estimated fair value of the Company's intangibles exceeded their respective carrying value in all material respects. Future changes in the estimates and assumptions above could materially affect the results of our reviews for impairment of intangibles.

Business Combinations

The Company accounts for business combinations in accordance with ASC Topic 805, which requires, among other things, the acquiring entity in a business combination to recognize the fair value of all the assets acquired and liabilities assumed; the recognition of acquisition-related costs in the consolidated results of operations; the recognition of restructuring costs in the consolidated results of operations for which the acquirer becomes obligated after the acquisition date; and contingent purchase consideration to be recognized at their fair values on the acquisition date with subsequent adjustments recognized in the consolidated results of operations. The fair values assigned to identifiable intangible assets acquired are determined primarily by using an income approach which is based on assumptions and estimates made by management. Significant assumptions utilized in the income approach are based on company specific information and projections which are not observable in the market and are therefore considered Level 3 measurements. The excess of the purchase price over the fair value of the identified assets and liabilities is recorded as goodwill. Operating results of the acquired entity are reflected in the Company's consolidated financial statements from date of acquisition.

Deferred Catalog Costs

The Company capitalizes the costs of producing and distributing its catalogs. Starting in fiscal 2019, with the adoption of ASU No. 2014-09 (see below), these costs are expensed upon mailing, instead of being amortized in direct proportion to actual sales, as was the case in fiscal year 2018. Included within prepaid and other current assets was $3.0 million and $2.8 million at June 28, 2020 and June 30, 2019 respectively, relating to prepaid catalog expenses.

Investments

Equity investments without a readily determinable fair value

Investments in non-marketable equity instruments of private companies, where the Company does not possess the ability to exercise significant influence, are accounted for at cost, less impairment (assessed qualitatively at each reporting period), adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. These investments are included within "Other assets" in the Company's consolidated balance sheets. The aggregate carrying amount of the Company's cost method investments was $2.8 million as of June 28, 2020 and $1.6 million as of June 30, 2019.

Equity investments with a readily determinable fair value

The Company also holds certain trading securities associated with its Non-Qualified Deferred Compensation Plan ("NQDC Plan"). These investments are measured using quoted market prices at the reporting date and are included within the "Other assets" line item in the consolidated balance sheets (see Note 10 - Fair Value Measurements).

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with high quality financial institutions. Concentration of credit risk with respect to accounts receivable is limited due to the Company's large number of customers and their dispersion throughout the United States, and the fact that a substantial portion of receivables are related to balances owed by major credit card companies. Allowances relating to consumer, corporate and franchise accounts receivable ($5.7 million at June 28, 2020 and $2.8 million at June 30, 2019) have been recorded based upon previous experience and management's evaluation.

Revenue Recognition

Net revenue is measured based on the amount of consideration that we expect to receive, reduced by discounts and estimates for credits and returns (calculated based upon previous experience and management's evaluation). Service and outbound shipping charged to customers are recognized at the time the related merchandise revenues are recognized and are included in net revenues. Inbound and outbound shipping and delivery costs are included in cost of revenues. Net revenues exclude sales and other similar taxes collected from customers.

A description of our principal revenue generating activities is as follows:

- E-commerce revenues - consumer products sold through our online and telephonic channels. Revenue is recognized when control of the merchandise is transferred to the customer, which generally occurs upon shipment. Payment is typically due prior to the date of shipment.
- Retail revenues - consumer products sold through our retail stores. Revenue is recognized when control of the goods is transferred to the customer, at the point of sale, at which time payment is received.
- Wholesale revenues - products sold to our wholesale customers for subsequent resale. Revenue is recognized when control of the goods is transferred to the customer, in accordance with the terms of the applicable agreement. Payment terms are typically 30 days from the date control over the product is transferred to the customer.
- BloomNet Services - membership fees as well as other service offerings to florists. Membership and other subscription-based fees are recognized monthly as earned. Services revenues related to orders sent through the floral network are variable, based on either the number of orders or the value of orders, and are recognized in the period in which the orders are delivered. The contracts within BloomNet Services are typically month-to-month and as a result no consideration allocation is necessary across multiple reporting periods. Payment is typically due less than 30 days from the date the services were performed.

Deferred Revenues

Deferred revenues are recorded when the Company has received consideration (i.e., advance payment) before satisfying its performance obligations. As such, customer orders are recorded as deferred revenue prior to shipment or rendering of product or services. Deferred revenues primarily relate to e-commerce orders placed, but not shipped, prior to the end of the fiscal period, as well as for monthly subscription programs, including our Fruit of the Month Club and Celebrations Passport program.

Our total deferred revenue as of June 30, 2019 was $17.3 million (included in "Accrued expenses" on our consolidated balance sheets), of which, $17.3 million was recognized as revenue during the year ended June 28, 2020. The deferred revenue balance as of June 28, 2020 was $25.9 million.

Cost of Revenues

Cost of revenues consists primarily of florist fulfillment costs (fees paid directly to florists), the cost of floral and non-floral merchandise sold from inventory or through third parties, and associated costs, including inbound and outbound shipping charges. Additionally, cost of revenues includes labor and facility costs related to manufacturing and production operations.

Marketing and Sales

Marketing and sales expense consists primarily of advertising expenses, catalog costs, online portal and search expenses, retail store and fulfillment operations (other than costs included in cost of revenues), and customer service center expenses, as well as the operating expenses of the Company's departments engaged in marketing, selling and merchandising activities.

The Company expenses all advertising costs, with the exception of catalog costs (see *Deferred Catalog Costs* above), at the time the advertisement is first shown. Advertising expense was $171.4 million, $147.8 million and $138.2 million for the years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively.

Technology and Development

Technology and development expense consists primarily of payroll and operating expenses of the Company's information technology group, costs associated with its websites, including hosting, content development and maintenance and support costs related to the Company's order entry, customer service, fulfillment and database systems. Costs associated with the acquisition or development of software for internal use are capitalized if the software is expected to have a useful life beyond one year and amortized over the software's useful life, typically three to seven years. Costs associated with repair maintenance or the development of website content are expensed as incurred, as the useful lives of such software modifications are less than one year.

Stock-Based Compensation

The Company records compensation expense associated with restricted stock awards and other forms of equity compensation based upon the fair value of stock-based awards as measured at the grant date. The cost associated with share-based awards that are subject solely to time-based vesting requirements is recognized over the awards' service period for the entire award on a straight-line basis. The cost associated with performance-based equity awards is recognized for each tranche over the service period, based on an assessment of the likelihood that the applicable performance goals will be achieved.

Derivatives and Hedging

The Company does not enter into derivative transactions for trading purposes, but rather, on occasion to manage its exposure to interest rate fluctuations. When entering into these transactions, the Company has periodically managed its floating rate debt using interest rate swaps in order to reduce its exposure to the impact of changing interest rates on its consolidated results of operations and future cash outflows for interest. The Company did not have any open derivative positions at June 28, 2020 and June 30, 2019.

Income Taxes

The Company uses the asset and liability method to account for income taxes. The Company has established deferred tax assets and liabilities for temporary differences between the financial reporting bases and the income tax bases of its assets and liabilities at enacted tax rates expected to be in effect when such assets or liabilities are realized or settled. The Company recognizes as a deferred tax asset, the tax benefits associated with losses related to operations. Realization of these deferred tax assets assumes that we will be able to generate sufficient future taxable income so that these assets will be realized. The factors that the Company considers in assessing the likelihood of realization include the forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits ("UTBs") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to UTBs in income tax expense. Assumptions, judgment and the use of estimates are required in determining if the "more likely than not" standard has been met when developing the provision for income taxes.

Net Income Per Share

Basic net income per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common and dilutive common equivalent shares (consisting primarily of employee stock options and unvested restricted stock awards) outstanding during the period.

Recently Issued Accounting Pronouncements - Adopted

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASC 842”). Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. We adopted the new standard effective July 1, 2019 and elected the optional transition method and therefore, we will not apply the standard to the comparative periods presented in our financial statements. The new standard provides a number of optional practical expedients in transition. We elected the ‘package of practical expedients’, that did not require us to reassess, under the new standard, our prior conclusions about lease identification, lease classification and initial direct costs. Further, we elected a short-term lease exception policy, permitting us to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets. The adoption of the new standard had a material impact to the Company’s Consolidated Balance Sheets, but no impact to the Consolidated Statements of Income (Operations) or Consolidated Statements of Cash Flows. As such, we recorded operating lease liabilities of $80.7 million, based on the present value of the remaining minimum rental payments using discount rates as of the effective date, and a corresponding right-of-use assets of $78.7 million based on the operating lease liabilities adjusted for deferred rent and lease incentives received. See Note 16 - Leases for further information about our transition to ASC 842 and the newly required disclosures.

Recently Issued Accounting Pronouncements – Not Yet Adopted

Financial Instruments – Measurement of Credit Losses. In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU 2016-13 introduces a new forward-looking “expected loss” approach, to estimate credit losses on most financial assets and certain other instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity’s assumptions, models and methods for estimating expected credit losses. ASU 2016-13 is effective for the Company’s fiscal year ending June 27, 2021, and the guidance is to be applied using the modified-retrospective approach. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

Goodwill – Impairment Test. In January 2017, the FASB issued ASU No. 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” which eliminates Step 2 from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance is effective for the Company’s fiscal year ending June 27, 2021, with early adoption permitted, and should be applied prospectively. We do not expect the standard to have a material impact on our consolidated financial statements.

COVID-19

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was signed into law. The CARES Act provides a substantial stimulus and assistance package intended to address the impact of the pandemic of the novel strain of coronavirus (“COVID-19”), including tax relief and government loans, grants and investments. The CARES Act did not have a material impact on the Company’s consolidated financial statements during the fiscal year ended June 28, 2020.

The Company is closely monitoring the impact of COVID-19 on its business, including how it will affect its customers, workforce, suppliers, vendors, franchisees, florists, and production and distribution channels, as well as its financial statements. The extent to which COVID-19 impacts the Company’s business and financial results will depend on numerous evolving factors, including, but not limited to: the magnitude and duration of COVID-19, the extent to which it will impact macroeconomic conditions, including interest rates, employment rates and consumer confidence, the speed of the anticipated recovery, and governmental, business and individual consumer reactions to the pandemic. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 as of June 28, 2020 and through the date of this report. The accounting matters assessed included, but were not limited to, the Company’s allowance for doubtful accounts and credit losses, inventory and related reserves and the carrying value of goodwill and other long-lived assets. While there was not a material impact to the Company’s consolidated financial statements as of and for the year ended June 28, 2020, the Company’s future assessment of these factors and the evolving factors described above, could result in material impacts to the Company’s consolidated financial statements in future reporting periods.

Reclassifications

Certain balances in the prior fiscal years have been reclassified to conform to the presentation in the current fiscal year.

Note 3 – Net Income Per Common Share

The following table sets forth the computation of basic and diluted net income:

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
	(in thousands, except per share data)		
Numerator:			
Net income	**$58,998**	$34,766	$40,791
Denominator:			
Weighted average shares outstanding	**64,463**	64,342	64,666
Effect of dilutive securities:			
Employee stock options	**1,042**	1,404	1,580
Employee restricted stock awards	**903**	711	692
Total effect of dilutive securities	**1,945**	2,115	2,272
Adjusted weighted-average shares and assumed conversions	**66,408**	66,457	66,938
Net income per common share:			
Basic	**$ 0.92**	$ 0.54	$ 0.63
Diluted	**$ 0.89**	$ 0.52	$ 0.61

Note 4. Acquisition

Acquisition of Shari's Berries

On August 14, 2019, the Company completed its acquisition of the Shari's Berries business ("Shari's Berries"), a leading provider of dipped berries and other specialty treats, through a bankruptcy proceeding of certain assets of the gourmet food business of the FTD Companies, Inc. The transaction, for a purchase price of $20.5 million, included the Shari's Berries domain names, copyrights, trademarks, customer data, phone numbers and other intellectual property, as well as certain raw material inventory and the assumption of specified liabilities.

During the quarter ended June 28, 2020, the Company finalized the allocation of the purchase price to the identifiable assets acquired and liabilities assumed based on its estimates of their fair values on the acquisition date. There were no measurement period adjustments made between the preliminary purchase price allocation and final purchase price allocation. Of the acquired intangible assets, $0.6 million was assigned to customer lists, which is being amortized over the estimated remaining life of 2 years, $6.9 million was assigned to tradenames, and $12.1 million was assigned to goodwill, which is expected to be deductible for tax purposes. The goodwill recognized in conjunction with our acquisition of Shari's Berries is primarily related to synergistic value created in terms of both operating costs and revenue growth opportunities, enhanced financial and operational scale, and other strategic benefits.

The following table summarizes the preliminary and final allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition:

	Shari's Berries Preliminary & Final Purchase Price Allocation
	(in thousands)
Current assets	$ 1,029
Intangible assets	7,540
Goodwill	12,121
Total assets acquired	20,690
Current liabilities	190
Net assets acquired	$20,500

Raw materials inventory was valued at book value, as there have not been any significant price fluctuations or other events that would materially change the cost to replace the raw materials.

The estimated fair value of the acquired tradenames was determined using the relief from royalty method, which is a risk-adjusted discounted cash flow approach. The relief from royalty method values an intangible asset by estimating the royalties saved through ownership of the asset. The relief from royalty method requires identifying the future revenue that would be generated by the trademark, multiplying it by a royalty rate deemed to be avoided through ownership of the asset and discounting the projected royalty savings amounts back to the acquisition date. The royalty rate used in the valuation was based on a consideration of market rates for similar categories of assets. The discount rate used in the valuation was based on the Company's weighted average cost of capital, the riskiness of the earnings stream associated with the trademarks and the overall composition of the acquired assets.

The estimated fair value of the acquired customer lists was determined using the excess earnings method under the income approach. This method requires identifying the future revenue that would be generated by existing customers at the time of the acquisition, considering an appropriate attrition rate based on the historical experience of the Company. Appropriate expenses are then deducted from the revenues and economic rents are charged for the return on contributory assets. The after-tax cash flows attributable to the asset are discounted back to their net present value at an appropriate intangible asset rate of return and summed to calculate the value of the customer lists.

Operating results of the Shari's Berries brand are reflected in the Company's consolidated financial statements from the date of acquisition, within the Gourmet Foods & Gift Baskets segment. Pro forma results of operations have not been presented, as the impact on the Company's consolidated financial results would not have been material.

Note 5. Inventory

The Company's inventory, stated at cost, which is not in excess of market, includes purchased and manufactured finished goods for sale, packaging supplies, crops, raw material ingredients for manufactured products and associated manufacturing labor and is classified as follows:

	June 28, 2020	June 30, 2019
	(in thousands)	
Finished goods	**$35,779**	$36,820
Work-in-process	**16,536**	17,535
Raw materials	**45,445**	38,006
Total inventory	**$97,760**	$92,361

Note 6. Goodwill and Intangible Assets

The following table presents goodwill by segment and the related change in the net carrying amount:

	Consumer Floral	BloomNet	Gourmet Foods & Gift Baskets	Total
		(in thousands)		
Balance at July 1, 2018	$17,441	$ —	$45,149	$62,590
Balance at June 30, 2019	$17,441	$ —	$45,149	$62,590
Acquisition of Shari's Berries	$ —	$ —	$12,121	$12,121
Balance at June 28, 2020	**$17,441**	**$ —**	**$57,270**	**$74,711**

There were no goodwill impairment charges in any segment during the years ended June 28, 2020, June 30, 2019 and July 1, 2018.

The Company's other intangible assets consist of the following:

	Amortization Period	**June 28, 2020** Gross Carrying Amount	**June 28, 2020** Accumulated Amortization	**June 28, 2020** Net	June 30, 2019 Gross Carrying Amount	June 30, 2019 Accumulated Amortization	June 30, 2019 Net
	(in years)	*(in thousands)*					
Intangible assets with determinable lives							
Investment in licenses	14-16	**$ 7,420**	**$ 6,253**	**$ 1,167**	$ 7,420	$ 6,148	$ 1,272
Customer lists	3-10	**12,825**	**10,474**	**2,351**	12,184	9,798	2,386
Other	5-14	**2,946**	**2,382**	**564**	2,946	2,280	666
Total intangible assets with determinable lives		**23,191**	**19,109**	**4,082**	22,550	18,226	4,324
Trademarks with indefinite lives		**62,191**	**—**	**62,191**	55,291	—	55,291
Total identifiable intangible assets		**$85,382**	**$19,109**	**$66,273**	$77,841	$18,226	$59,615

Intangible assets with determinable lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. No material impairments were recognized for the years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively.

The amortization of intangible assets for the years ended June 28, 2020, June 30, 2019 and July 1, 2018 was $0.9 million, $0.7 million and $1.4 million, respectively. Future estimated amortization expense is as follows: 2021 - $0.9 million, 2022 - $0.6 million, 2023 - $0.5 million, 2024 - $0.5 million, 2025 - $0.5 million and thereafter - $1.1 million.

Note 7. Property, Plant and Equipment

	June 28, 2020	June 30, 2019
	(in thousands)	
Land	**$ 30,789**	$ 30,789
Orchards in production and land improvements	**17,139**	11,339
Building and building improvements	**61,159**	59,236
Leasehold improvements	**13,675**	13,861
Production equipment and furniture and fixtures	**65,348**	61,415
Computer and telecommunication equipment	**55,381**	53,694
Software	**151,264**	132,078
Capital projects in progress - orchards	**8,130**	9,902
Property, plant and equipment, gross	**402,885**	372,314
Accumulated depreciation and amortization	**(233,810)**	(205,633)
Property, plant and equipment, net	**$169,075**	$166,681

Depreciation expense for the years ended June 28, 2020, June 30, 2019 and July 1, 2018 was $31.6 million, $29.3 million, and $31.1 million, respectively.

Note 8. Accrued Expenses

Accrued expenses consisted of the following:

	June 28, 2020	June 30, 2019
	(in thousands)	
Payroll and employee benefits	**$ 41,931**	$28,585
Deferred revenue	**25,867**	17,305
Accrued marketing expenses	**14,680**	14,423
Accrued florist payout	**16,755**	8,038
Other	**42,508**	28,442
Accrued Expenses	**$141,741**	$96,793

Note 9. Long-Term Debt

The Company's current and long-term debt consists of the following:

	June 28, 2020	June 30, 2019
	(in thousands)	
Revolver (1), (2)	**$ —**	$ —
Term Loan (1), (2)	**95,000**	100,000
Deferred financing costs	**(2,441)**	(3,027)
Total debt	**92,559**	96,973
Less: current debt	**5,000**	5,000
Long-term debt	**$87,559**	$ 91,973

(1) On May 31, 2019, the Company and certain of its U.S. subsidiaries (collectively, the "Subsidiary Guarantors") entered into a Second Amended and Restated Credit Agreement (the "2019 Credit Agreement") with JPMorgan Chase Bank, N.A. as administrative agent, and a group of lenders. The 2019 Credit Agreement amended and restated the Company's existing amended and restated credit agreement dated as of December 23, 2016 to, among other modifications: (i) increase the amount of the outstanding term loan ("Term Loan") from approximately $97 million to $100 million, (ii) extend the maturity date of the outstanding Term Loan and the revolving credit facility ("Revolver") by approximately 29 months to May 31, 2024, and (iii) decrease the applicable interest rate margins for LIBOR and base rate loans by 25 basis points. The Term Loan is payable in 19 quarterly installments of principal and interest beginning on September 29, 2019, with escalating principal payments, at the rate of 5.0% per annum for the first eight payments, and 10.0% per annum for the remaining 11 payments, with the remaining balance of $62.5 million due upon maturity. The Revolver, in the aggregate amount of $200 million, subject to seasonal reduction to an aggregate amount of $100 million for the period from January 1 through August 1, may be used for working capital and general corporate purposes, subject to certain restrictions.

For each borrowing under the 2019 Credit Agreement, the Company may elect that such borrowing bear interest at an annual rate equal to either: (1) a base rate plus the applicable margin for the relevant class of borrowing, which such margins vary based on the Company's consolidated leverage ratio, where the base rate is the highest of: (a) the prime rate, (b) the New York fed bank rate plus 0.5%, and (c) a LIBOR rate plus 1% (such rate, the "Base Rate") or (2) an adjusted LIBOR rate plus the applicable margin for the relevant class of borrowing, which such margins vary based on the Company's consolidated leverage ratio. The 2019 Credit Agreement requires that while any borrowings or commitments are outstanding the Company comply with certain financial covenants and affirmative covenants as well as certain negative covenants that, subject to certain exceptions, limit the Company's ability to, among other things, incur additional indebtedness, make certain investments and make certain restricted payments. The Company was in compliance with these covenants as of June 28, 2020. The 2019 Credit Agreement is secured by substantially all of the assets of the Company and the Subsidiary Guarantors.

Future principal payments under the Term Loan are as follows: $5.0 million – fiscal 2021, $10.0 million - fiscal 2022, $10.0 million – fiscal 2023, and $70.0 million – fiscal 2024.

(2) The 2019 Credit Agreement was amended subsequent to year end – see Note 18. – Subsequent Events for details.

Note 10. Fair Value Measurements

Cash and cash equivalents, trade and other receivables, prepaids, accounts payable and accrued expenses are reflected in the consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments. Although no trading market exists, the Company believes that the carrying amount of its debt approximates fair value due to its variable nature. The Company's investments in non-marketable equity instruments of private companies are carried at cost and are periodically assessed for other-than-temporary impairment, when an event or circumstances indicate that an other-than-temporary decline in value may have occurred. The Company's remaining financial assets and liabilities are measured and recorded at fair value (see table below). The Company's non-financial assets, such as definite lived intangible assets and property, plant and equipment, are recorded at cost and are assessed for impairment when an event or circumstance indicates that an other-than-temporary decline in value may have occurred. Goodwill and indefinite lived intangibles are tested for impairment annually, or more frequently, if events occur or circumstances change such that it is more likely than not that an impairment may exist, as required under the accounting standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the guidance are described below:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents by level, within the fair value hierarchy, financial assets and liabilities measured at fair value on a recurring basis:

		Fair Value Measurements Assets (Liabilities)		
	Carrying Value	Level 1	Level 2	Level 3
		(in thousands)		
Assets (liabilities) as of June 28, 2020:				
Trading securities held in a “rabbi trust” (1)	$13,442	$13,442	$ —	$ —
	$13,442	$13,442	$ —	$ —
Assets (liabilities) as of June 30, 2019:				
Trading securities held in a “rabbi trust” (1)	$11,816	$11,816	$ —	$ —
	$11,816	$11,816	$ —	$ —

(1) The Company has established a Non-qualified Deferred Compensation Plan (the “NQDC Plan”) for certain members of senior management. Deferred compensation plan assets are invested in mutual funds held in a “rabbi trust,” which is restricted for payment to participants of the NQDC Plan. Trading securities held in the rabbi trust are measured using quoted market prices at the reporting date and are included in the “Other assets” line item, with the corresponding liability included in the “Other liabilities” line item in the consolidated balance sheets.

Note 11. Income Taxes

Significant components of the income tax provision are as follows:

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
		(in thousands)	
Current provision:			
Federal	**$14,727**	$2,809	$ 3,385
State	**4,383**	2,710	1,514
Foreign	**—**	—	—
Current income tax expense	**19,110**	5,519	4,899
Deferred provision (benefit):			
Federal	**(62)**	3,138	(9,331)
State	**(204)**	(427)	1,648
Foreign	**—**	(13)	15
Deferred income tax expense (benefit)	**(266)**	2,698	(7,668)
Income tax expense (benefit)	**$18,844**	$8,217	$(2,769)

A reconciliation of the U.S. federal statutory tax rate to the Company's effective tax rate is as follows:

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
Tax at U.S. statutory rates	**21.0%**	21.0%	28.0%
State income taxes, net of federal tax benefit	**4.5**	4.4	5.7
Valuation allowance change	**(0.3)**	(0.3)	2.6
Non-deductible compensation	**1.1**	0.7	—
Excess tax benefit from stock-based compensation	**(1.0)**	(4.4)	(1.6)
Domestic production deduction	**—**	—	(2.0)
Tax credits	**(1.1)**	(1.8)	(2.5)
Tax Act impact on deferred tax balance (1)	**—**	—	(32.0)
Return to provision	**(0.3)**	(1.0)	(5.8)
Other, net	**0.3**	0.5	0.3
Effective tax rate	**24.2%**	19.1%	(7.3)%

(1) On December 22, 2017, the U.S. government enacted comprehensive tax legislation pursuant to the Tax Cuts and Jobs Act (the "Tax Act"), which significantly revised the ongoing U.S. corporate income tax law by lowering the U.S. federal corporate income tax rate from 35% to 21%. Due to the Company's fiscal year end, the lower income tax rate was phased in, resulting in a U.S. statutory federal rate of approximately 28% for the Company's fiscal year ended July 1, 2018, and 21% for the fiscal years ended June 30, 2019 and June 28, 2020. As a result of the Tax Act, the Company recorded a deferred tax benefit of $12.2 million during the fiscal year ended July 1, 2018, related to the change in deferred tax liabilities.

Shortly after the Tax Act was enacted, the SEC Staff issued Staff Accounting Bulletin 118, "Income Tax Implications of the Tax Cuts and Jobs Act" ("SAB 118"), which provided guidance on accounting for the Tax Act's impact. SAB 118 provided a measurement period during which a company acting in good faith may complete the accounting for the impacts of the Tax Act. We completed the assessment of the income tax effects of the Tax Act in the second quarter of fiscal 2019, with no adjustments recorded to the provisional amounts.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	Years Ended	
	June 28, 2020	June 30, 2019
	(in thousands)	
Deferred income tax assets:		
Loss and credit carryforwards	**$ 10,530**	$ 10,955
Accrued expenses and reserves	**4,676**	3,866
Stock-based compensation	**2,190**	1,798
Deferred compensation	**2,455**	2,150
Operating lease liability	**17,551**	—
Gross deferred income tax assets	**37,402**	18,769
Less: Valuation allowance	**(9,681)**	(9,872)
Deferred tax assets, net	**27,721**	8,897
Deferred income tax liabilities:		
Other intangibles	**(15,337)**	(14,664)
Tax in excess of book depreciation	**(24,336)**	(23,131)
Operating lease right-of-use asset	**(16,680)**	
Deferred tax liabilities	**(56,353)**	(37,795)
Net deferred income tax liabilities	**$ (28,632)**	$ (28,898)

A valuation allowance is provided when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The Company has established valuation allowances, primarily for certain state and all foreign net operating losses as well as federal and state capital loss carryforwards. The Company does not expect to utilize the federal and state capital loss carryforward prior to expiration and has therefore provided for a full valuation allowance. At June 28, 2020, the Company's total federal and state capital loss carryforwards were $26.9 million, which if not utilized, will expire in fiscal 2022. The Company's foreign net operating loss carryforwards were $3.9 million, which if not utilized, will begin to expire in fiscal 2034.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various foreign countries. The Company is currently undergoing its U.S. federal examination for fiscal 2017, however, fiscal 2018 and fiscal 2019 remain subject to U.S. federal examination. Due to ongoing state examinations and nonconformity with the U.S. federal statute of limitations for assessment, certain states remain open from fiscal 2016. The Company's foreign income tax filings from fiscal 2015 forward are open for examination by its respective foreign tax authorities, mainly Canada, Brazil, and the United Kingdom.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. At June 28, 2020, the Company has an unrecognized tax benefit, including accrued interest and penalties, of approximately $1.4 million. The Company believes that $1.0 million of the unrecognized tax positions will be resolved over the next twelve months.

Note 12. Capital Stock

Holders of Class A common stock generally have the same rights as the holders of Class B common stock, except that holders of Class A common stock have one vote per share and holders of Class B common stock have 10 votes per share on all matters submitted to the vote of stockholders. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters presented to the stockholders for their vote or approval, except as may be required by Delaware law. Class B common stock may be converted into Class A common stock at any time on a one-for-one share basis. Each share of Class B common stock will automatically convert into one share of Class A common stock upon its transfer, with limited exceptions. During fiscal 2018, 78,780 shares of Class B common stock were converted into shares of Class A common stock, while none were converted during fiscal 2019 and 2020.

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. In August 2017, the Company's Board of Directors authorized an increase to its stock repurchase plan of up to $30.0 million, and on June 27, 2019, increased it once more to $30.0 million. The Company repurchased a total of $10.7 million (754,458 shares), $14.8 million (1,230,303 shares), and $12.2 million (1,269,059 shares) during the fiscal years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively, under this program. As of June 28, 2020, $19.3 million remains authorized under the plan.

The Company has stock options and restricted stock awards outstanding to participants under the 1-800-FLOWERS.COM 2003 Long Term Incentive and Share Award Plan (as amended and restated as of October 22, 2009, as amended as of October 28, 2011 and September 14, 2016) (the "Plan"). The Plan is a broad-based, long-term incentive program that is intended to provide incentives to attract, retain and motivate employees, consultants and directors in order to achieve the Company's long-term growth and profitability objectives. The Plan provides for the grant to eligible employees, consultants and directors of stock options, share appreciation rights ("SARs"), restricted shares, restricted share units, performance shares, performance units, dividend equivalents, and other share-based awards (collectively "Awards").

Note 13. Stock Based Compensation

The Plan is administered by the Compensation Committee or such other Board committee (or the entire Board) as may be designated by the Board. At June 28, 2020, the Company has reserved approximately 4.5 million shares of Class A common stock for issuance, including options previously authorized for issuance under the 1999 Stock Incentive Plan.

The amounts of stock-based compensation expense recognized within operating income (1) in the periods presented are as follows:

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
	(in thousands)		
Stock options	**$ 104**	$ 315	$ 429
Restricted stock awards	**8,330**	5,995	3,297
Total	**8,434**	6,310	3,726
Deferred income tax benefit	**2,084**	1,578	961
Stock-based compensation expense, net	**$6,350**	$4,732	$2,765

Stock based compensation expense is recorded within the following line items of operating expenses:

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
	(in thousands)		
Marketing and sales	**$3,999**	$2,725	$ 989
Technology and development	**649**	411	198
General and administrative	**3,786**	3,174	2,539
Total	**$8,434**	$6,310	$3,726

(1) Stock-based compensation expense has not been allocated between business segments, but is reflected as part of Corporate overhead. (See Note 15. for details).

Stock Options

The weighted average fair value of stock options on the date of grant, and the assumptions used to estimate the fair value of the stock options using the Black-Scholes option valuation model, were as follows:

	Years Ended		
	June 28, 2020	June 30, 2019 (1)	July 1, 2018 (1)
Weighted average fair value of options granted	**$10.11**	n/a	n/a
Expected volatility	**60%**	n/a	n/a
Expected life (in years)	**8.0**	n/a	n/a
Risk-free interest rate	**n/a**	n/a	n/a
Expected dividend yield	**0.0%**	n/a	n/a

(1) No options were granted during the fiscal years ended June 30, 2019 or July 1, 2018.

The expected volatility of the option is determined using historical volatilities based on historical stock prices. The Company estimated the expected life of options granted based upon the historical weighted average. The risk-free interest rate is determined using the yield available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the option. The Company has never paid a dividend, and as such the dividend yield is 0.0%.

The following table summarizes stock option activity during the year ended June 28, 2020:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
			(in years)	*(in thousands)*
Outstanding beginning of period	1,365,000	$ 2.48		
Granted	15,000	$20.72		
Exercised	(150,000)	$ 1.90		
Forfeited/Expired	—	$ —		
Outstanding end of period	1,230,000	$ 2.77	1.3	$21,043
Exercisable at June 28, 2020	**1,215,000**	**$ 2.55**	**1.3**	**$21,043**

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of fiscal 2020 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on June 28, 2020. This amount changes based on the fair market value of the Company's stock. The total intrinsic value of options exercised for the years ended June 28, 2020, June 30, 2019 and July 1, 2018 was $2.3 million, $7.8 million, and $1.1 million, respectively.

The following table summarizes information about stock options outstanding at June 28, 2020:

	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
		(in years)			
$ 1.79	205,000	0.3	$ 1.79	205,000	$ 1.79
$ 2.63	1,000,000	1.4	$ 2.63	1,000,000	$ 2.63
$10.20	10,000	4.8	$10.20	10,000	$10.20
$20.72	15,000	9.9	$20.72	—	$ —
	1,230,000	1.3	$ 2.77	1,215,000	$ 2.55

As of June 28, 2020, the total future compensation cost related to non-vested options not yet recognized in the statement of operations was $0.1 million and the weighted average period over which these awards are expected to be recognized was 4.4 years.

Restricted Stock

The Company grants shares of Common Stock to its employees that are subject to restrictions on transfer and risk of forfeiture until fulfillment of applicable service conditions and, in certain cases, holding periods (Restricted Stock).

The following table summarizes the activity of non-vested restricted stock during the year ended June 28, 2020:

	Shares	Weighted Average Grant Date Fair Value
Non-vested – beginning of period	1,438,592	$10.81
Granted	759,554	$13.32
Vested	(470,350)	$10.40
Forfeited	(119,328)	$12.15
Non-vested – end of period	1,608,468	$12.01

The fair value of non-vested shares is determined based on the closing stock price on the grant date. As of June 28, 2020, there was $10.0 million of total unrecognized compensation cost related to non-vested restricted stock-based compensation to be recognized over a weighted-average period of 1.2 years.

Note 14. Employee Retirement Plans

The Company has a 401(k) Profit Sharing Plan covering substantially all of its eligible employees. All employees who have attained the age of 21 are eligible to participate upon completion of one month of service. Participants may elect to make voluntary contributions to the 401(k) plan in amounts not exceeding federal guidelines. On an annual basis the Company, as determined by its board of directors, may make certain discretionary contributions. Employees are vested in the Company's contributions based upon years of service. The Company contributed $1.5 million, $0.9 million and $0.0 million during fiscal years 2020, 2019, and 2018, respectively.

The Company also has a nonqualified supplemental deferred compensation plan for certain executives pursuant to Section 409A of the Internal Revenue Code. Participants can defer from 1% up to a maximum of 100% of salary and performance and non-performance based bonus. There were no Company contributions to the plan during fiscal years 2020, 2019 and 2018. Distributions will be made to participants upon termination of employment or death in a lump sum, unless installments are selected by the participant. As of June 28, 2020, and June 30, 2019, these plan liabilities, which are included in "Other liabilities" within the Company's consolidated balance sheets, totaled $13.4 million and $11.8 million, respectively. The associated plan assets, which are subject to the claims of the creditors, are primarily invested in mutual funds and are included in "Other assets" within the Company's consolidated balance sheets. The gains on these investments, which were $0.3 million, $0.7 million, and $0.8 million for the years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively, are included in "Other (income) expense, net," within the Company's consolidated statements of income.

Note 15. Business Segments

The Company's management reviews the results of the Company's operations by the following three business segments:

- 1-800-Flowers.com Consumer Floral,
- BloomNet, and
- Gourmet Foods & Gift Baskets

Segment performance is measured based on contribution margin, which includes only the direct controllable revenue and operating expenses of the segments. As such, management's measure of profitability for these segments does not include the effect of corporate overhead (see (a) below), nor does it include depreciation and amortization, other (income) expense, net and income taxes, or stock-based compensation, which are included within corporate overhead. Assets and liabilities are reviewed at the consolidated level by management and not accounted for by segment.

Net Revenues

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
		(in thousands)	
Net revenues:			
1-800-Flowers.com Consumer Floral	**$ 593,197**	$ 497,765	$ 457,460
BloomNet	**111,766**	102,876	89,569
Gourmet Foods & Gift Baskets	**785,547**	648,418	605,523
Corporate	**591**	1,105	1,114
Intercompany eliminations	**(1,464)**	(1,541)	(1,745)
Total net revenues	**$1,489,637**	$1,248,623	$1,151,921

Operating Income from Continuing Operations

	Years Ended		
	June 28, 2020	June 30, 2019	July 1, 2018
		(in thousands)	
Segment Contribution Margin:			
1-800-Flowers.com Consumer Floral	**$73,806**	$49,653	$50,808
BloomNet	**35,111**	34,705	31,683
Gourmet Foods & Gift Baskets	**110,627**	82,319	70,927
Segment Contribution Margin Subtotal	**219,544**	166,677	153,418
Corporate (a)	**(106,667)**	(91,604)	(79,901)
Depreciation and amortization	**(32,513)**	(29,965)	(32,469)
Operating income	**$80,364**	$45,108	$41,048

(a) Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions, other than those of the Customer Service Center, which are allocated directly to the above categories based upon usage, are included within corporate expenses as they are not directly allocable to a specific segment.

The following tables represent a disaggregation of revenue from contracts with customers, by channel:

	Years Ended											
	June 28, 2020				June 30, 2019				July 1, 2018			
	Consumer Floral	**BloomNet**	**Gourmet Foods & Gift Baskets**	**Consolidated**	Consumer Floral	BloomNet	Gourmet Foods & Gift Baskets	Consolidated	Consumer Floral	BloomNet	Gourmet Foods & Gift Baskets	Consolidated
						(in thousands)						
Net revenues												
E-commerce	**$ 585,585**	**$ –**	**$644,800**	**$ 1,230,385**	$489,463	$ –	$508,897	$ 998,360	$448,943	$ –	$472,905	$ 921,848
Retail	**4,318**	**–**	**37,076**	**41,394**	4,706	–	45,862	50,568	4,743	–	46,860	51,603
Wholesale	**–**	**33,675**	**103,671**	**137,346**	–	29,744	93,659	123,403	–	28,747	85,758	114,505
BloomNet Services	**–**	**78,091**	**–**	**78,091**	–	73,132	–	73,132	–	60,822	–	60,822
Other	**3,294**	**–**	**–**	**3,294**	3,596	–	–	3,596	3,774	–	–	3,774
Corporate	**–**	**–**	**–**	**591**	–	–	–	1,105	–	–	–	1,114
Eliminations	**–**	**–**	**–**	**(1,464)**	–	–	–	(1,541)	–	–	–	(1,745)
Total net revenues	**$ 593,197**	**$ 111,766**	**$785,547**	**$ 1,489,637**	$497,765	$ 102,876	$648,418	$ 1,248,623	$457,460	$ 89,569	$605,523	$ 1,151,921

Note 16. Leases

The Company currently leases plants, warehouses, offices, store facilities, and equipment under various leases through fiscal 2034. Most lease agreements are of a long-term nature (over a year), although the Company does also enter into short-term leases, primarily for seasonal needs. Lease agreements may contain renewal options and rent escalation clauses and require the Company to pay real estate taxes, insurance, common area maintenance and operating expenses applicable to the leased properties. The Company accounts for its leases in accordance with ASC 842. At contract inception, we determine whether a contract is, or contains, a lease by determining whether it conveys the right to control the use of the identified asset for a period of time, by assessing whether we have the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the identified asset.

At the lease commencement date, we determine if a lease should be classified as an operating or a finance lease (we currently have no finance leases) and recognize a corresponding lease liability and a right-of-use asset on our Balance Sheet. The lease liability is initially and subsequently measured as the present value of the remaining fixed minimum rental payments (including base rent and fixed common area maintenance) using discount rates as of the commencement date. Variable payments (including most utilities, real estate taxes, insurance and variable common area maintenance) are expensed as incurred. The right-of-use asset is initially and subsequently measured at the carrying amount of the lease liability adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use asset. Right-of-use assets are assessed for impairment using the long-lived assets impairment guidance. The discount rate used to determine the present value of lease payments is our estimated collateralized incremental borrowing rate, based on the yield curve for the respective lease terms, as we generally cannot determine the interest rate implicit in the lease.

We recognize expense for our operating leases on a straight-line basis over the lease term. As these leases expire, it can be expected that in the normal course of business they will be renewed or replaced. Renewal option periods are included in the measurement of lease liability, where the exercise is reasonably certain to occur. Key estimates and judgments in accounting for leases include how we determine: (1) lease payments, (2) lease term, and (3) the discount rate used in calculating the lease liability.

Additional information related to our leases is as follows:

	Year Ended **June 28, 2020**
	(in thousands)
Lease costs:	
Operating lease costs	**$13,646**
Variable lease costs	**14,706**
Short-term lease cost	**6,638**
Sublease income	**(941)**
Total lease costs	**$34,049**

	Year Ended **June 28, 2020**
	(in thousands)
Cash paid for amounts included in measurement of operating lease liabilities	**$11,916**
Right-of-use assets obtained in exchange for new operating lease liabilities	**$ 178**

	June 28, 2020
	(in thousands)
Weighted-average remaining lease term - operating leases (in years)	**9.6**
Weighted-discount rate - operating leases	**3.8%**

Maturities of lease liabilities in accordance with ASC 842 as of June 28, 2020 are as follows (in thousands):

2021	$10,812
2022	10,038
2023	9,890
2024	9,530
2025	7,163
Thereafter	37,802
Total Future Minimum Lease Payments	85,235
Less Imputed Remaining Interest	14,986
Total	$70,249

At June 30, 2019, in accordance with ASC 840, future minimum rental payments under non-cancelable operating leases with initial terms of one year or more consisted of the following (in thousands):

2020	$ 16,588
2021	13,490
2022	12,081
2023	9,957
2024	9,498
Thereafter	44,953
Total Future Minimum Lease Payments	$106,567

Note 17. Commitments and Contingencies

Other Commitments

The Company's purchase commitments consist primarily of inventory, equipment and technology (hardware and software) purchase orders made in the ordinary course of business, most of which have terms less than one year. As of June 28, 2020, the Company had fixed and determinable off-balance sheet purchase commitments with remaining terms in excess of one year of approximately $5.5 million, primarily related to the Company's technology infrastructure and inventory commitments.

The Company had approximately $2.0 million and $1.6 million in unused stand-by letters of credit as of June 28, 2020 and June 30, 2019, respectively.

Litigation

Bed Bath & Beyond:

On April 1, 2020, Bed Bath & Beyond Inc. ("Bed Bath") commenced an action against the Company in the Court of Chancery for the State of Delaware, which is captioned *Bed Bath & Beyond Inc. v. 1-800-Flowers.com, et ano.*, C.A. (the "Complaint"), alleging a breach of the Equity Purchase Agreement (the "Agreement"), dated February 14, 2020, between Bed Bath, PersonalizationMall.com, LLC ("PersonalizationMall"), the Company and a subsidiary of the Company (the "Purchaser") pursuant to which Bed Bath agreed to sell to Purchaser, and the Purchaser agreed to purchase from Bed Bath, all of the issued and outstanding membership interests of PersonalizationMall. The action was initiated after the Company requested a reasonable delay in the closing under the Agreement due to the unprecedented circumstances created by the COVID-19 pandemic. The Complaint requested an order of specific performance to consummate the transaction under the Agreement plus attorney's fees and costs in connection with the action. The Company filed its answer to the Complaint on April 17, 2020 and an order governing expedited proceedings was approved on April 9, 2020 that set a trial date for late September 2020. On July 21, 2020, the Company and Bed Bath entered into a settlement agreement, pursuant to which the Company agreed to move forward with its purchase of PersonalizationMall for $245 million, subject to certain working capital and other adjustments. The transaction closed on August 3, 2020 (see Note 18. Subsequent Events for details). In connection with the settlement agreement, the parties' executed a Stipulation and Proposed Order of Dismissal, resulting in the voluntary dismissal with prejudice of the litigation relating to the transaction.

In addition, there are various claims, lawsuits, and pending actions against the Company and its subsidiaries incident to the operations of its businesses. It is the opinion of management, after consultation with counsel, that the final resolution of such claims, lawsuits and pending actions will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Note 18. Subsequent Events

Acquisition of PersonalizationMall

On August 3, 2020, the Company completed its acquisition of PersonalizationMall, a leading ecommerce provider of personalized products. The extensive offerings of PersonalizationMall include a wide variety of personalization processes such as sublimation, embroidery, digital printing, engraving and sandblasting, while providing an industry-leading customer experience based on a fully integrated business platform that includes a highly automated personalization process and rapid order fulfillment.

The Company used a combination of cash on its balance sheet and its existing credit facility to fund the $245.0 million purchase (subject to certain working capital and other adjustments), which included its newly renovated, leased 360,000 square foot state-of-the-art production and distribution facility, as well as customer database, tradenames and website. PersonalizationMall's revenues were approximately $171.2 million in its fiscal 2020.

Amended Credit Agreement

On August 20, 2020, the Company, the Subsidiary Guarantors, JPMorgan Chase Bank, N.A. as administrative agent, and a group of lenders entered into a First Amendment (the "First Amendment") to the 2019 Credit Agreement. The First Amendment amends the 2019 Credit Agreement to, among other modifications, (i) increase the aggregate principal amount of the existing Revolver commitments from $200.0 million to $250.0 million, (ii) establish a new tranche of term A-1 loans in an aggregate principal amount of $100.0 million (the "New Term Loan"), (iii) increase the working capital sublimit with respect to the Revolver from $175.0 million to $200.0 million, and (iv) increase the seasonally-reduced Revolver commitments from $100.0 million to $125.0 million for the period from January 1 through August 1 for each fiscal year of the Company.

The New Term Loan will mature on May 31, 2024. Proceeds of the borrowing under the New Term Loan may be used for working capital and general corporate purposes of the Company and its subsidiaries, subject to certain restrictions. The Company may elect that borrowings in respect of the New Term Loan bear interest at an annual rate equal to either the Base Rate or the LIBOR Rate. The New Term Loan is payable in 15 quarterly installments of principal and interest beginning on September 27, 2020, with escalating principal payments, at the rate of 5.0% per annum for the first four payments, and 10.0% per annum for the remaining 11 payments, with the remaining balance of $67.5 million due upon maturity.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effectuated by the Company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made in accordance with authorization of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of June 28, 2020.

The Company's independent registered public accounting firm, BDO USA, LLP, audited the effectiveness of the Company's internal control over financial reporting as of June 28, 2020. BDO USA, LLP's report on the effectiveness of the Company's internal control over financial reporting as of June 28, 2020 is set forth below.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
1-800-FLOWERS.COM, Inc.
Carle Place, NY

Opinion on Internal Control over Financial Reporting

We have audited 1-800-FLOWERS.COM, Inc. and Subsidiaries (the "Company") internal control over financial reporting as of June 28, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of 1-800-FLOWERS.COM, Inc. and Subsidiaries as of June 28, 2020 and June 30, 2019 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 28, 2020, and the related notes and schedule and our report dated September 11, 2020 expressing an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

BDO USA, LLP
Melville, New York
September 11, 2020

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
1-800-FLOWERS.COM, Inc.
Carle Place, NY

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of 1-800-FLOWERS.COM, Inc. and Subsidiaries (the "Company") as of June 28, 2020 and June 30, 2019, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended June 28, 2020, and the related notes and schedule (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 28, 2020 and June 30, 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 28, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of June 28, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated September 11, 2020 expressed an unqualified opinion thereon.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, effective on July 1, 2019, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Codification Topic 842, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2014.

BDO USA, LLP
Melville, New York
September 11, 2020

Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

1-800-FLOWERS.COM's Class A common stock trades on The NASDAQ Global Select Market under the ticker symbol "FLWS." There is no established public trading market for the Company's Class B common stock.

Rights of Common Stock

Holders of Class A common stock generally have the same rights as the holders of Class B common stock, except that holders of Class A common stock have one vote per share and holders of Class B common stock have 10 votes per share on all matters submitted to the vote of stockholders. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters presented to the stockholders for their vote or approval, except as may be required by Delaware law. Class B common stock may be converted into Class A common stock at any time on a one-for-one share basis. Each share of Class B common stock will automatically convert into one share of Class A common stock upon its transfer, with limited exceptions. During fiscal 2018, 78,780 shares of Class B common stock were converted into shares of Class A common stock, while none were converted during fiscal years 2019 and 2020.

Holders

As of September 4, 2020, there were approximately 220 stockholders of record of the Company's Class A common stock, although the Company believes that there is a significantly larger number of beneficial owners. As of September 4, 2020, there were approximately 9 stockholders of record of the Company's Class B common stock.

Purchases of Equity Securities by the Issuer

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. In August 2017, the board of directors increased the authorization to $30.0 million, and on June 27, 2019, increased it once more to $30.0 million. The Company repurchased a total of $10.7 million (754,458 shares), $14.8 million (1,230,303 shares) and $12.2 million (1,269,059 shares) during the fiscal years ended June 28, 2020, June 30, 2019 and July 1, 2018, respectively, under this program. As of June 28, 2020, $19.3 million remains authorized under the plan.

The following table sets forth, for the months indicated, the Company's purchase of common stock during the fiscal year ended June 28, 2020, which includes the period July 1, 2019 through June 28, 2020:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
	(in thousands, except average price paid per share)			
07/01/19 - 07/28/19	—	—	—	$30,000
07/29/19 - 08/25/19	—	—	—	$30,000
08/26/19 - 09/29/19	2,113	$14.85	2,113	$29,969
09/30/19 - 10/27/19	—	—	—	$29,969
10/28/19 - 11/24/19	158,750	$13.24	158,750	$27,867
11/25/19 - 12/29/19	210,000	$13.76	210,000	$24,970
12/30/19 - 01/26/20	270,000	$14.43	270,000	$21,065
01/27/20 - 02/23/20	112,941	$15.30	112,941	$19,333
02/24/20 - 03/29/20	—	—	—	$19,333
03/30/20 - 04/26/20	—	—	—	$19,333
04/27/20 - 05/24/20	654	$20.74	654	$19,320
05/25/20 - 06/28/20	—	—	—	$19,320
Total	754,458	$14.13	754,458	

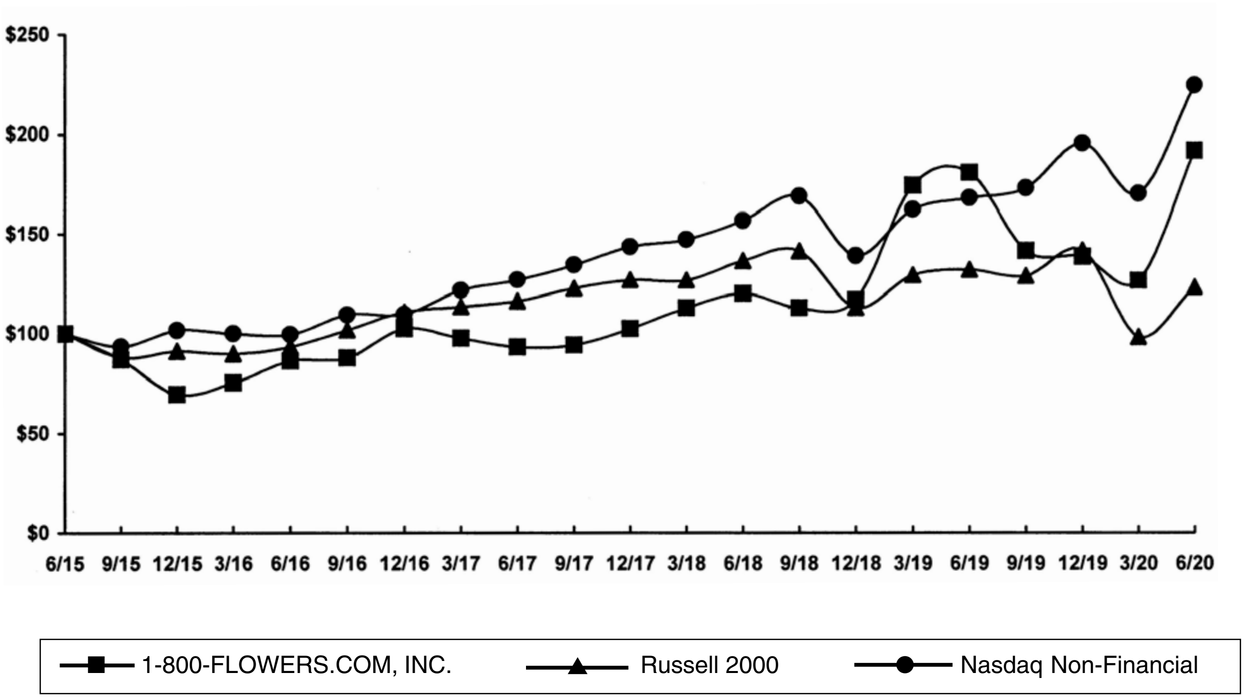
(1) Average price per share excludes commissions and other transaction fees.

Dividends

We have never declared or paid cash dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

*Comparison of 5 Year Cumulative Total Return**

Among 1-800-Flowers.com, Inc., the Russell 2000 Index
and the NASDAQ Non-Financial Index



*$100 invested on 6/30/15 in stock or index, including reinvestment of dividends. Fiscal year ending June 30.

1·800·FLOWERS.COM, INC.

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Special Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent 1-800-FLOWERS.COM, Inc.'s (the "Company") current expectations or beliefs concerning future events and can generally be identified by the use of statements that include words such as "estimate," "expects," "project," "believe," "anticipate," "intend," "plan," "foresee," "likely," "will," or similar words or phrases. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results expressed or implied in the forward-looking statements, including, among others: the Company's ability to achieve its guidance for revenue, Adjusted EBITDA and EPS; its ability to manage the significant seasonality of its business and the impact of the COVID-19 pandemic on the Company; its ability to integrate the operations of acquired companies; its ability to cost-effectively acquire and retain customers; the outcome of contingencies, including legal proceedings in the normal course of business; its ability to compete against existing and new competitors; its ability to manage expenses associated with sales and marketing and necessary general and administrative and technology investments and general consumer sentiment and economic conditions that may affect levels of discretionary customer purchases of the Company's products. Reconciliations for forward-looking figures would require unreasonable efforts at this time because of the uncertainty and variability of the nature and amount of certain components of various necessary GAAP components, including for example those related to compensation, tax items, amortization or others that may arise during the year, and the Company's management believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors. The lack of such reconciling information should be considered when assessing the impact of such disclosures. The Company undertakes no obligation to publicly update any of the forward-looking statements, whether as a result of new information, future events or otherwise, made in this annual report or in any of its SEC filings, except as may be otherwise stated by the Company. For a more detailed description of these and other risk factors, and a list of definitions of non-GAAP terms, please refer to the Company's SEC filings, including the Company's Annual Reports on Form 10-K and its Quarterly Reports on Form 10-Q. Consequently, you should not consider any such list to be a complete set of all potential risks and uncertainties.

Definitions of non-GAAP Financial Measures:
We sometimes use financial measures derived from consolidated financial information, but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission ("SEC") rules. Non-GAAP financial measures referred to in this document are either labeled as "non-GAAP" or designated as such with a "1". See below for definitions and the reasons why we use these non-GAAP financial measures.

EBITDA and Adjusted EBITDA
We define EBITDA as net income (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for the impact of stock-based compensation, Non-Qualified Plan Investment appreciation/depreciation, and for certain items affecting period-to-period comparability. The Company presents EBITDA and Adjusted EBITDA because it considers such information meaningful supplemental measures of its performance and believes such information is frequently used by the investment community in the evaluation of similarly situated companies. The Company uses EBITDA and Adjusted EBITDA as factors used to determine the total amount of incentive compensation available to be awarded to executive officers and other employees. The Company's credit agreement uses EBITDA and Adjusted EBITDA to determine its interest rate and to measure compliance with certain covenants. EBITDA and Adjusted EBITDA are also used by the Company to evaluate and price potential acquisition candidates. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of the limitations are: (a) EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, the Company's working capital needs; (b) EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts; and (c) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and EBITDA does not reflect any cash requirements for such capital expenditures. EBITDA and Adjusted EBITDA should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

Free Cash Flow
We define Free Cash Flow as net cash provided by operating activities less capital expenditures. The Company considers Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases of fixed assets, which can then be used to, among other things, invest in the Company's business, make strategic acquisitions, strengthen the balance sheet and repurchase stock or retire debt. Free Cash Flow is a liquidity measure that is frequently used by the investment community in the evaluation of similarly situated companies. Since Free Cash Flow is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. A limitation of the utility of free cash flow as a measure of financial performance is that it does not represent the total increase or decrease in the Company's cash balance for the period.

Stock Exchange Listing

NASDAQ Global Select Market
Ticker Symbol: FLWS

Transfer Agent and Registrar

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, New York 11219
(718) 921-8200

Independent Auditors

BDO USA, LLP
401 Broadhollow Road
Suite 201
Melville, NY 11747
(631) 501-9600

SEC Counsel

Cahill Gordon and Reindel LLP
32 Old Slip
New York, NY 10005
(212) 701-3000

Shareholder Inquiries

Copies of the Company's reports on Forms 10-K and 10-Q as filed with the U.S. Securities and Exchange Commission and additional information about 1-800-FLOWERS.COM, Inc. may be obtained by visiting the Investor Relations section at www.1800flowersinc.com, by calling 516-237-6113, or by writing to:
Investor Relations
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