1-800-FLOWERS.COM, INC.

2021 ANNUAL REPORT

ENGAGING CUSTOMERS, DELIVERING SMILES

OUR VISION

INSPIRE MORE HUMAN EXPRESSION, CONNECTION AND CELEBRATION

OUR MISSION

DELIVER SMILES!

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 e-commerce business platform features an 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®, Stock Yards®, Simply Chocolate® and Vital Choice®. Through the Celebrations Passport® loyalty program, which provides members with free standard shipping and no service charge across our portfolio of brands, the Company strives to deepen relationships with customers. The Company also operates BloomNet®, an international floral and gift industry service provider offering a broad range of products and services designed to help members 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 among the top 5 on the National Retail Federation's 2021 Hot 25 Retailers list, which ranks the nation's fastest-growing retail companies. Shares in 1-800-FLOWERS.COM, Inc. are traded on the NASDAQ Global Select Market, ticker symbol: FLWS. For more information, visit 1800flowersinc.com or follow @1800FLOWERSInc on Twitter.

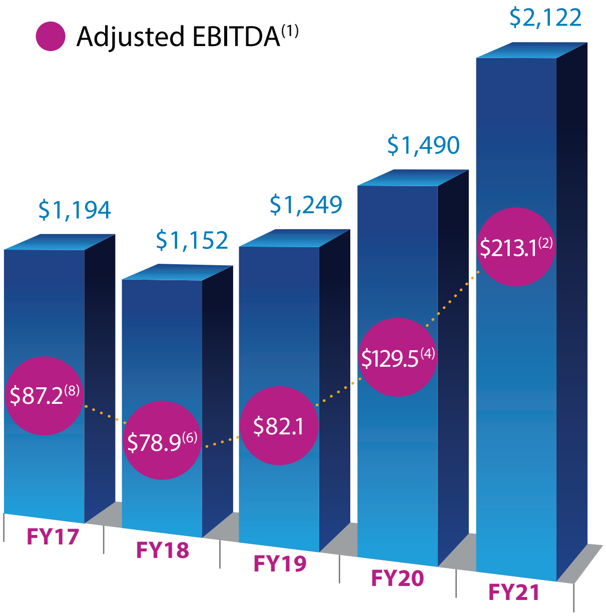
FINANCIAL HIGHLIGHTS

	JUNE 27, 2021	JUNE 28, 2020	JUNE 30, 2019	JULY 1, 2018	JULY 2, 2017
	(in millions, except percentages and per share data)				
Total Net Revenues	$2,122.2	$1,489.6	$1,248.6	$1,151.9	$1,193.6
Gross Profit Margin	42.2%	41.8%	42.1%	42.5%	43.6%
Operating Expense Ratio	35.2%	36.4%	38.5%	38.9%	39.7%
Adjusted EBITDA[(1)]	$ 213.1[(2)]	$129.5[(4)]	$ 82.1	$ 78.9[(6)]	$ 87.2[(8)]
Adjusted EPS	$ 1.84[(3)]	$ 0.98[(5)]	$ 0.52	$ 0.44[(7)]	$ 0.43[(9)]

(1) *Excludes stock-based compensation and non-qualified supplementary retirement plan investment appreciation and depreciation.*
(2) *Adjusted EBITDA for fiscal 2021 excludes the items included in footnote (1), as well as litigation and transaction costs associated with the acquisition of PersonalizationMall.com ($5.4 million) and Harry & David retail store closure cost recoveries ($0.5 million).*
(3) *Adjusted EPS for fiscal 2021 excludes litigation and transaction costs associated with the acquisition of PersonalizationMall.com, as well as Harry & David retail store closure cost recoveries. Fiscal 2021 EPS, as reported, was $1.78.*
(4) *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).*
(5) *Adjusted EPS for fiscal 2020 excludes litigation and transaction costs associated with the acquisition of PersonalizationMall.com, as well as Harry & David retail store closure costs. Fiscal 2020 EPS, as reported, was $0.89.*
(6) *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).*
(7) *Adjusted EPS for fiscal 2018 excludes litigation settlement 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.*
(8) *Adjusted EBITDA for fiscal 2017 excludes the items included in footnote (1), as well as Harry & David severance costs ($0.8 million).*
(9) *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.*

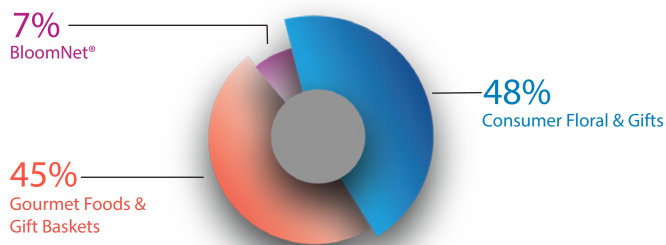
TOTAL REVENUES

(From Continuing Operations In Millions)

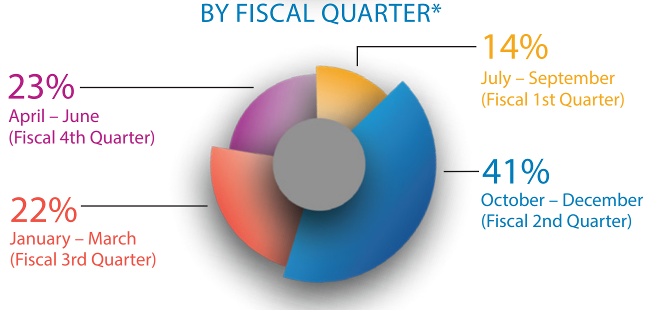


FY21 % REVENUES

BY SEGMENT



BY FISCAL QUARTER*



** Reflects typical seasonality*

FISCAL 2021 ACHIEVEMENTS

- Achieved 42.5% growth in Total Revenue to $2.12 billion
- Achieved 64.5% growth in Adjusted EBITDA to $213.1 million
- Generated Free Cash Flow of $118.1 million
- Added more than 6.5 million new customers to our Enterprise Customer File

FINANCIAL REPORT INSERT

See inside rear cover pocket

TO OUR SHAREHOLDERS

Fiscal 2021 was a truly incredible year for our company. Most of all, we are proud of the many achievements of our associates. They worked diligently throughout the year to overcome the unprecedented challenges of the global pandemic to help millions of customers stay connected and express themselves – sentiments that are more important than ever.

For the year, total revenues grew 42.5 percent, and we achieved a significant milestone for our company by surpassing $2 billion in total revenue. We have essentially ***doubled the size of our business over the past three years***. This reflects our focus on providing our customers with an expanded range of solutions designed to help them express, connect and celebrate with the important people in their lives. In fact, over the past several years we have significantly ***transformed*** our company, growing from a collection of specialty brands into a unique e-commerce platform built for growth. This unique business platform includes:

- Our all-star family of brands;
- Our advanced technology stack;
- Our manufacturing, distribution, and logistics capabilities;
- Our digital marketing expertise; and,
- Our growing customer file.

By leveraging our platform, combined with our strong revenue growth, we were also able to enhance our gross profit margin and reduce our operating expense ratio for the year, resulting in Adjusted EBITDA growth of nearly 65 percent to more than $200 million and free cash flow of more than $100 million.

Strong Customer File Growth and Behaviors

Our customer file is one of our most important assets and a key driver of the strong growth that we foresee going forward. During fiscal 2021, we added more than 6.5 million new customers. One of the strongest areas of new growth was in millennials, which increased at a double-digit pace and now represents nearly a quarter of our total customer file.

Existing customers also grew at a strong pace, resulting in more than 13 million total active customers for the year. Importantly, even with the strong new customer growth, existing customers represented more than 60 percent of our total revenue in fiscal 2021.

As we have noted in the past, our best performing customer cohorts are customers who purchase from more than one product category or brand and customers who belong to our ***Celebrations Passport*** loyalty program. In both cases, we saw solid growth in fiscal 2021:

- Customers who bought from more than one product category or brand, excluding Personalization Mall, made up more than 13 percent of total active customers and represented approximately 29 percent of total revenue for the year, up significantly from the prior year;
- Further illustrating the importance of this cohort, the average spend of these customers in fiscal 2021 was more than double the spend of an average customer, excluding Personalization Mall.

In terms of our Celebrations Passport loyalty program, membership grew more than 100 percent and surpassed the 1 million mark during the year. Celebrations Passport member revenue per customer was also up for the year to nearly double that of average customers.

Truly Original Product Development

In terms of product development, during fiscal 2021, we significantly expanded our product offering with the acquisition of Personalization Mall, adding:

- thousands of personalizable gifts, from wine glasses to picture frames;
- a dozen personalization technology options, from laser engraving to custom embroidery; and,
- a highly automated operating model that provides industry-leading order-to-ship delivery times.

This acquisition significantly extended the capabilities of our operating platform and positions us as a leader in personalized gifting. And we've only scratched the surface in terms of what we can do with the unique capabilities and broad product offering of Personalization Mall. During fiscal 2022, we plan to roll out personalized products across our brand sites, showcasing these new gifting options to millions of our customers. And we are equally excited by the tremendous opportunities we see in corporate gifting where personalized products can help our corporate customers stay connected with both their clients and their employees.

Cross-Brand Merchandising: Bundles Are Trending

Throughout fiscal 2021, we also focused our product development efforts on creating more cross-brand and cross-category ***bundled gifts***, leveraging our platform to create truly original and compelling gift combinations. For example, for Mother's Day we bundled Shari's Berries, roses from 1-800-Flowers.com, and award-winning Harry & David wine, creating a hit product that we have now expanded into a growing collection that we call our "Deliciously Decadent Series."

We've also created *shop-in-shop* experiences to take advantage of brand affinities, such as the 1-800-Flowers.com Shop on the Harry & David site and the Moose Munch Shop on The Popcorn Factory site – introducing customers to our expanded product offerings with authentic and organic experiences. And, for everyday gifting occasions, we expanded our Birthday and Sympathy Collections that feature more multiple brand combinations.

Building a Customer Community

Throughout fiscal 2021, we expanded our initiatives to ***engage*** with our customers and build a community that goes beyond transactions. Deepening the relationships we have with our customers – through a combination of highly relevant content, interactive experiences and platforms that promote a two-way dialog – will further enhance our position as our customers' go-to resource for all their expressive and connective needs.

One way we measure the success of our initiatives in this area is through specific touchpoints that we have with consumers across a broad range of communication and social channels. In fiscal 2021, we created nearly 80 million consumer engagements. Many of these engagements happened around key holiday periods, such as Mother's Day and Father's Day, where we built programs featuring popular chefs like Antonia Lofaso and well-known athletes like soccer star Ali Krieger and basketball great Ray Allen. We created video profiles showcasing their roles as the heart of their families, and these videos reached millions of consumers.

Throughout the year we also worked to create a growing range of online events through social channels like Facebook and Instagram. For example, our "*Breakfast at Wolferman's Bakery*[SM]" virtual series was a great success; it was watched by nearly 2 million consumers and effectively introduced a new, younger demographic to our Wolferman's Bakery brand with a mix of lifestyle tips, personal experiences and recipe demonstrations.

These, and many more interactive engagements, helped us introduce millions of people to our broad range of solutions for their connective and expressive needs. We plan to continue to broaden these efforts and extend our engagement reach going forward.

Maintaining a Strong Balance Sheet

After investing $245 million to acquire Personalization Mall at the start of the fiscal year, we still finished the year with a very solid balance sheet. With net debt of less than $10 million and Adjusted EBITDA of more than $200 million, we are well positioned to invest in our business to grow both organically as well as through strategic and accretive acquisitions. Our inventory of $154 million at year end reflected the acquisition of Personalization Mall as well as our decision to build inventory ahead of the new fiscal year. This positions us well to reduce our reliance on seasonal labor needed to build holiday inventory and minimizes the impact of the worldwide supply chain issues affecting many retail companies.

In fiscal 2022, we anticipate continued strong growth in our cash flows, and we plan to continue investing in our business platform to support future growth. We will continue to deploy automation in our manufacturing, warehouse, and distribution facilities to further reduce reliance on seasonal labor, along with other ongoing initiatives.

Our strong balance sheet also enabled us to continue expanding our product offering with the acquisition of Vital Choice Seafood LLC ("Vital Choice") in November of 2021. Vital Choice is a trusted provider of exceptional quality, premium, wild-caught seafood and hundreds of other great "better-for-you" products. This acquisition illustrates our focus on further strengthening our offerings in the highly on-trend "better-for-you" food and gifting category. During fiscal 2022, we look forward to integrating Vital Choice into our great family of brands and using the strength of our business platform to accelerate its top and bottom-line growth.

"We have transformed our company from a collection of specialty brands to become a leading ecommerce platform that inspires our customers to express, connect and celebrate."

Guiding for Continued Double-Digit Revenue Growth

In fiscal 2022, we anticipate continued double-digit revenue growth and solid bottom-line performance. This is based on both the improvements, albeit uneven, in the overall economy that we have been seeing, as well as the macro-economic trends and the factors we see in our business, including:

- the significant shift of consumers to e-commerce shopping, which we believe will continue;
- the expansion of our product offering, both organically and through strategic acquisitions like Shari's Berries, Personalization Mall and, most recently, Vital Choice;
- the strong growth and positive behaviors in our customer file, including strong new-to-file customer growth as well as increased demand from existing customers; and,
- continued strong growth in our Celebrations Passport loyalty program, which is driving increased frequency, retention, and cross-category/cross-brand purchases.

With that said, we are aware of several headwinds affecting our business in the new fiscal year, including:

- a challenging labor market with both limited availability and rising wage rates; and,
- significant increases in both inbound and outbound shipping rates as well as higher commodity costs.

We are confident in our ability to manage these headwinds and continue to leverage the strengths of our business platform to drive strong revenue growth and solid bottom-line performance in fiscal 2022.

Our Business Transformation

In closing, I would like to say again how proud I am of our team's efforts to manage our business and drive strong growth in what has been – and continues to be – a very challenging environment. We have ***transformed*** our company from a collection of specialty brands to become a leading ***e-commerce platform*** that inspires our customers to express, connect and celebrate.

Looking ahead, we are well-positioned to deepen the relationships we have with our customers by ***engaging*** with them across a broad range of communication channels as we work to build a true community and offer our customers the most robust online gifting assortment. As always, we will remain laser-focused on our Vision: to inspire more human expression, connection, and celebration – and our Mission: to deliver smiles. I would like to thank all our associates, vendors, suppliers, and shareholders for their continued support. We look forward to driving growth and building long-term shareholder value in fiscal 2022 and the years ahead.

Chris McCann, President & CEO

JANUARY 2022

The 1-800-FLOWERS.COM, Inc. Celebrations Passport® loyalty program, offering free standard shipping and no service charge across our family of brands, has been key in our ongoing growth momentum. Celebrations Passport enhances customer behavior and maximizes lifetime customer value – increasing purchase frequency and annual spend while also boosting purchases of multi-category/multi-brand gifts. Our growing portfolio of industry leading brands for gifting and sharing includes 1-800-Flowers.com®, the authority on floral and plants, along with iconic gourmet food brands including Harry & David®, Cheryl's Cookies®, 1-800-Baskets.com®, The Popcorn Factory®, Shari's Berries®, Wolferman's Bakery®, Moose Munch®, Simply Chocolate® and Stock Yards®. Our brand portfolio also includes PersonalizationMall.com®, a premier provider of personalized gifts for every occasion, as well as the most recent addition to our family, Vital Choice®, which features more than 400 "better for you" foods, including premium wild-caught seafood, sustainably farmed shellfish, organic grass-fed beef and more.

SUNDAY	MONDAY	TUESDAY
2	3	4
9	10	11
16	17 *Martin Luther King Jr.'s Birthday (observed)*	18
23 / 30	24 / 31	25

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 *New Year's Day* DELIVER SMILES TODAY
5	6	7	8
12	13	14	15
19	20	21	22
26	27	28	29

FEBRUARY | 2022

There are #NoLimitsOnLove and 1-800-FLOWERS.COM, Inc. has endless ways to help customers express their heart's desire on Valentine's Day. In fiscal 2021, 1-800-Flowers.com delivered approximately 22 million stems, including 14 million roses for the Valentine's Day holiday, as customers turned to our trusted floral brand to express their love. In the build up to Cupid's big day, many customers choose to select unique gifts from across our broad product offering and to extend the love and romance beyond a single day. For example, surprising that special someone with a beautiful bouquet one day, "wowing" them with a Harry & David Gourmet™ prepared meal on another, and then delighting them with gourmet dipped berries from Shari's Berries® on Valentine's Day itself. Giftable greetings, like Cards with Pop® from The Popcorn Factory® and a Cheryl's Cookie Card® from Cheryl's Cookies®, are always great gifts leading up to the big day – and are perfect for kids.

SUNDAY	MONDAY	TUESDAY
		1
6	7	8
13	14 *Valentine's Day* DELIVER SMILES TODAY	15
20	21 *Presidents' Day*	22
27	28	

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

MARCH | 2022

As the leading floral and gift industry service provider, BloomNet® is committed to working side by side with its member florists to foster industry education, build community and develop long term relationships built on trust, commitment and dependability. This dedication has been on full display throughout the health crisis, with many florists being impacted by the industry-wide supply chain challenges in their efforts to procure fresh floral product. To help mitigate this issue, BloomNet introduced the Farm2Florist℠ floral marketplace, establishing strategic relationships with best-in-class flower farms around the world to source the finest product and ship it directly to the shops of member florists. BloomNet also teamed with a business partner to enable florists to increase their revenue opportunities by offering customers custom-printed greeting cards created right in their own shops. Another highly valuable service offered to florists by BloomNet is the FloriologyNOW℠ online education platform, which provides video-based floral design and business courses that can help them gain expertise and help grow sales.

SUNDAY	MONDAY	TUESDAY
		1
6	7	8
13	14	15
20 *First Day of Spring*	21 *National Flower Day* DELIVER SMILES TODAY	22
27	28	29

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5
9	10	11	12
16	17 *Saint Patrick's Day* DELIVER SMILES TODAY	18	19
23	24	25	26
30	31		

APRIL | 2022

Birthdays are among our top everyday gifting occasions and we are helping our customers be thoughtful gift givers with a continuing array of new birthday themed products across our family of brands. From "Happy Birth-YAY" cookie tins to celebratory gift baskets, these differentiated products are providing our customers with meaningful ways to express and connect during birthday celebrations throughout the year. During fiscal 2021, we launched a new Birthday Gifting Hub, providing customers with creative cross-brand ideas for inspired gift-giving, as well as a comprehensive birthday gift guide featuring trending products and unique offerings. We also launched two new blog series designed to provide customers with ideas, tips and suggestions – "Birthdays Reimagined" and "Birthdays by the Ages" – featuring timely topics including *30 Fun Ways to Celebrate Your 30th Birthday.*

SUNDAY	MONDAY	TUESDAY
3	4	5
10	11	12
17 *Easter*	18	19
24	25 *Administrative Professionals' Week Begins*	26


WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1 *April Fools Day*	2
6	7	8	9
13	14	15 *Passover Begins at Sunset*	16
20	21	22	23 *National English Muffin Day*
27 *Administrative Professionals' Day*	28	29	30

MAY | 2022

At 1-800-FLOWERS.COM, Inc., we continue to develop innovative ways to help our customers make Mother's Day celebrations truly memorable. Lush floral arrangements from 1-800-Flowers.com® continue to be among the top choices for honoring mom. These include our One-of-a-Kind bouquets, featuring beautifully crafted gatherings of blooms chosen by local florists, which make the bouquets as unique as the moms who receive them. Our expanded, multi-brand gift offering includes everything from houseplants and gift baskets to baked goods and chocolates, plus thousands of personalizable items sure to light up any room with mom's smile. We've been focusing our product development efforts on creating more cross-brand and cross-category bundled gifts, leveraging our platform to create truly original gift combinations. One Mother's Day bundle featuring Shari's Berries®, roses from 1-800-Flowers.com® and award-winning Harry & David® wine was a big hit, leading us to create an expanded collection we call our "Deliciously Decadent Series."

SUNDAY	MONDAY	TUESDAY
1	2	3
8 *Mother's Day* DELIVER SMILES TODAY	9	10
15	16	17
22	23	24
29	30 *Memorial Day (observed)*	31

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5 *Cinco de Mayo*	6 *Bring Your Mom to Work Day*	7
11	12	13	14
18	19	20	21
25	26	27	28

JUNE | 2022

Helping people express, connect, and celebrate is truly a team effort – and one that requires a highly engaged and passionate network of people. 1-800-FLOWERS.COM, Inc. is committed to creating a welcoming, inclusive environment that supports the diversity of our team members across the country. Our company Employee Resource Groups (ERGs) offer welcoming, encouraging communities to support diverse populations across our family of brands. These inclusive communities not only offer an opportunity to network, but they also host events and activities to engage team members across the company to help educate and inform. ERGs support such diverse populations as the Latinx community, LGBTQ+ employees, women throughout the company, and Black team members. We believe that embracing diversity, and celebrating the uniqueness of every individual, makes us a better company.

SUNDAY	MONDAY	TUESDAY
5	6	7
12	13	14 *Flag Day*
19 *Father's Day* *Juneteenth* DELIVER SMILES TODAY	20	21 *First Day of Summer*
26	27	28

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4
8	9	10	11
15	16	17	18
22	23	24	25
29	30		

JULY | 2022

Across our family of brands, we are proud to be actively engaged in a variety of philanthropic, volunteer and charitable programs aimed at strengthening the communities we serve. We provide support throughout the year to Smile Farms®, our signature philanthropic partner, a nonprofit dedicated to increasing work and other opportunities for adults with developmental challenges. We've joined forces with No Kid Hungry to provide funds to help feed vulnerable children in America, while also donating perishable items year-round to food banks across the country. In addition, we support multiple organizations that work to foster acceptance and inclusion for diverse populations, including supporting the work of GLAAD, the leading LGBTQ+ media advocacy organization, as it works to create a world where everyone can live the life they love.

SUNDAY	MONDAY	TUESDAY
3	4 *Independence Day*	5
10	11	12
17	18	19
24 *Parent's' Day* / 31	25	26

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2
6	7	8	9
13	14 *Bastille Day*	15	16
20	21	22	23
27	28	29	30

AUGUST | 2022

At 1-800-FLOWERS.COM, Inc., creating more personalized experiences is one way we continue to enhance the customer journey with us. Across our brand websites, customers can find convenient options for interacting with our brands, whether it's via Live Agent, Chatbot or Self-Service. We have further personalized the customer experience with an AI-powered Virtual Assistant (text & voice) equipped with specific skills, such as understanding, reasoning, learning and the ability to continuously learn how to better serve customer needs. From a product standpoint, the recent addition of PersonalizationMall.com® to our brand portfolio positions us as a leader in personalized gifting, with tens of thousands of new items now available in our product assortment. PersonalizationMall.com offers more than a dozen personalization options, from laser engraving to custom embroidery, and its highly automated operating model provides industry leading order-to-ship delivery times.

SUNDAY	MONDAY	TUESDAY
	1	2
7 *National Friendship Week Begins* DELIVER SMILES TODAY	8	9
14	15	16
21	22	23
28	29	30



WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
3	4	5	6
10	11	12	13
17	18	19	20
24	25	26	27
31			

SEPTEMBER 2022

For 1-800-FLOWERS.COM, Inc., our customer file is one of our most important assets and a driver of the strong growth that we foresee going forward. During fiscal 2021, we saw tremendous customer growth, with more than 6.5 million new customers, as well as strong demand from existing customers, resulting in more than 13 million total active customers for the year. Importantly, even with the strong new customer growth, existing customers represented approximately 64 percent of our total revenue. Customers are increasingly drawn to our expanded product offering and portfolio of iconic brands for both holidays as well as everyday gifting occasions, such as Birthdays, Thank You, Sympathy, Get Well, Anniversaries, New Baby and "Just Because." 1-800-FLOWERS.COM, Inc. is growing the multi-category/multi-brand purchases of both our new and existing customers – generating opportunities to solve for more of our customers' year-round connective, expressive and celebratory needs.

SUNDAY	MONDAY	TUESDAY
4	5 *Labor Day*	6
11 *Patriot Day* *Grandparents Day*	12	13
18	19	20
25 *Rosh Hashanah Begins at Sunset*	26	27

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3
7	8	9	10
14	15	16	17
21	22	23 *First Day of Fall*	24 *National Singles Day* DELIVER SMILES TODAY
28	29	30	

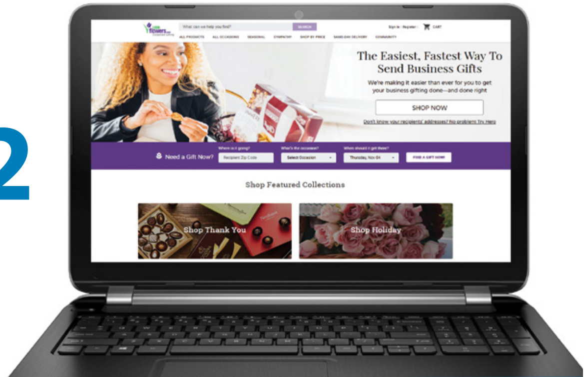
OCTOBER | 2022

Engaging customers is a top priority for 1-800-FLOWERS.COM, Inc. We are focused on deepening our relationships and creating a real community and belonging, well beyond the transactional process. We're doing this through a combination of highly relevant, interactive experiences and special platforms designed to promote a two-way dialog. Initiatives include our weekly "Celebrations Pulse®" newsletters, our proprietary blog content offering DIY tips and more, plus experiential programs, such as floral design and charcuterie workshops. There's also our popular "Breakfast at Wolferman's Bakery℠" virtual series which is attracting a new and younger demographic with popular cooks and other personalities sharing recipes and experiences.

SUNDAY	MONDAY	TUESDAY
2	3	4 *Yom Kippur Begins at Sunset*
9	10 *Columbus Day (observed)*	11
16	17 *National Boss's Day*	18
23 / 30	24 / *Halloween* 31	25

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1
5	6	7	8
12	13	14	15 Sweetest Day DELIVER SMILES TODAY
19	20	21	22
26	27	28 National Chocolate Day DELIVER SMILES TODAY	29

NOVEMBER | 2022



The 1-800-FLOWERS.COM, Inc. business gifting service (BGS) team continues to raise the bar for corporate gifting, most recently with the launch of Hero, powered by SmartGift. Hero is an intelligent enterprise engagement and gifting platform which makes it easier for our corporate clients to build meaningful professional relationships, virtually or in-person, across their organization, client base and other audiences. Hero is now integrated into our dynamic corporate gifting website, helping business customers create a culture of recognition, appreciation and engagement. This includes access to thousands of differentiated gifting options from across our family of brands, as well as same-day delivery and address-less shipping capabilities, customization offerings, white-glove service, gifting expertise and more. Recipients can even digitally unwrap and preview gifts, choose the delivery date and address, and in some cases, swap the gift for another item. With this unique engagement-as-a-service offering, we've created the definitive destination for today's distributed workforce.

SUNDAY	MONDAY	TUESDAY
		1
6	7	8 *Election Day*
13	14	15
20	21	22
27	28	29


WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5
9	10	11 *Veterans Day*	12
16	17	18	19
23	24 *Thanksgiving Day* DELIVER SMILES TODAY	25	26
30			

DECEMBER 2022

As the calendar turns to December, the countdown to Christmas, Hanukkah and Kwanzaa officially begins. 1-800-FLOWERS.COM, Inc. has introduced many exciting new offerings that provide meaningful ways for customers to share love, appreciation and gratitude this holiday season. Thoughtful sentiments that can be cherished for many years to come include personalized porcelain ornaments and festive stockings. Advent calendars filled with gourmet treats add a special touch to holiday traditions. The gift of self-care is easy to share with fresh, juicy Royal Riviera® pears or plump, sweet cherries from Harry & David®. Hot cocoa charcuterie boards from Cheryl's Cookies® are a DIY lover's dream. Shopping for pet parents is easy, too, with gifts from our new Max & Milo™ collection. Plus, complete feasts delivered right to the door by Harry & David Gourmet™ means more time to spend with friends and family.

SUNDAY	MONDAY	TUESDAY
4 *National Cookie Day*	5	6
11	12	13
18 *Hanukkah Begins at Sunset*	19	20
25 *Christmas Day*	26 *First Day of Kwanzaa*	27

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3
7	8	9	10
14	15	16	17
21 *First Day of Winter*	22	23	24
28	29	30	31 *New Year's Eve* DELIVER SMILES TODAY

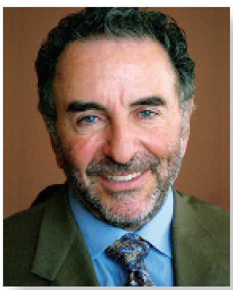
2021 BOARD OF DIRECTORS

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.

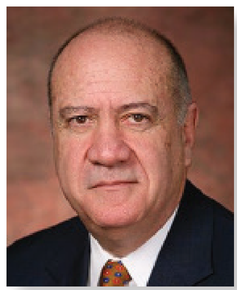
Geralyn R. Breig
Former President of
Clarks, Americas
Independent Consultant
and Advisor

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

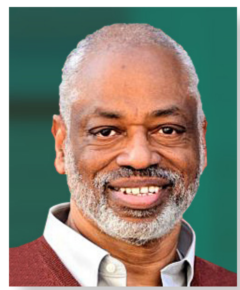


James A. Cannavino
Senior Vice President
IBM Company
Retired

Dina Colombo
Chief Operating Officer
and Chief Financial
Officer
GreyLion Capital LP



Eugene F. DeMark C.P.A.
Area Managing Partner
KPMG, LLP, Retired
Former BankUnited and
MSG Network Director



Leonard J. Elmore
Network Television
Sports Analyst
Attorney at Law

Adam Hanft
Founder and Chief
Executive Officer
Hanft Projects LLC

Stephanie Redish Hofmann
Managing Director
Google

Katherine Oliver
Principal
Bloomberg Associates

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

Fiscal Year 2021

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 27, 2021, June 28, 2020 and June 30, 2019 and the consolidated balance sheet data as of June 27, 2021 and June 28, 2020 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 1, 2018 and July 2, 2017, and the selected consolidated balance sheet data as of June 30, 2019 and July 1, 2018, and July 2, 2017, 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 PersonalizationMall in August 2020. The Company acquired Shari's Berries in August 2019. In May 2017, the Company completed the disposition of its Fannie May business. The following data reflects the results of operations of these subsidiaries since their respective dates of acquisition, and /or until their respective date 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 27, 2021	June 28, 2020	June 30, 2019	July 1, 2018	July 2, 2017
Consolidated Statement of Income Data:	*(in thousands, except per share data)*				
Net revenues	**$ 2,122,245**	$ 1,489,637	$ 1,248,623	$ 1,151,921	$ 1,193,625
Cost of revenues	**1,225,816**	867,441	722,502	662,896	673,344
Gross profit	**896,429**	622,196	526,121	489,025	520,281
Operating expenses:					
Marketing and sales	**533,268**	363,227	319,636	298,810	317,527
Technology and development	**54,428**	48,698	43,758	39,258	38,903
General and administrative	**117,136**	97,394	87,654	77,440	84,116
Depreciation and amortization	**42,510**	32,513	29,965	32,469	33,376
Total operating expenses	**747,342**	541,832	481,013	447,977	473,922
Operating income	**149,087**	80,364	45,108	41,048	46,359
Interest expense, net	**5,860**	2,438	2,769	3,631	5,821
Other income (expense), net	**5,888**	(84)	644	605	15,471
Income before income taxes	**149,115**	77,842	42,983	38,022	56,009
Income tax expense (benefit)	**30,463**	18,844	8,217	(2,769)	11,968
Net income	**118,652**	58,998	34,766	40,791	44,041
Basic net income per common share	**$ 1.83**	$ 0.92	$ 0.54	$ 0.63	$ 0.68
Diluted net income per common share	**$ 1.78**	$ 0.89	$ 0.52	$ 0.61	$ 0.65
Weighted average shares used in the calculation of net income per common share:					
Basic	**64,739**	64,463	64,342	64,666	65,191
Diluted	**66,546**	66,408	66,457	66,938	67,735

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

	As of				
	June 27, 2021	June 28, 2020	June 30, 2019	July 1, 2018	July 2, 2017
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	**$ 173,573**	$ 240,506	$ 172,923	$ 147,240	$ 149,732
Working capital	**134,121**	198,298	175,741**	148,222	132,227
Total assets	**1,076,679*** **	774,435***	606,440**	570,889	552,470*
Long-term liabilities	**567,609*** **	194,329***	136,232	131,186	145,056*
Total 1-800-FLOWERS.COM, Inc. stockholders' equity	**509,070**	399,774	342,711**	314,904	282,239

**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 2, 2017.*

***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 in fiscal 2019, 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 fiscal 2020 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 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®, Stock Yards® and Simply Chocolate®. 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 and gift industry service provider offering a broad-range of products and services designed to help members grow their businesses profitably; Napco℠, a resource for floral gifts and seasonal décor; and DesignPac Gifts, LLC, a manufacturer of gift baskets and towers.

Business Segments

The Company operates in the following three business segments: Consumer Floral & Gifts, Gourmet Foods & Gift Baskets, and BloomNet. The Consumer Floral & Gifts segment includes the operations of the Company's flagship brand, 1-800-Flowers.com, PersonalizationMall, FruitBouquets.com, Flowerama, and Goodsey, while the Gourmet Foods & Gift Baskets segment includes the operations of Harry & David, Wolferman's Bakery, Moose Munch, Stock Yards, Cheryl's, Mrs. Beasley's, The Popcorn Factory, DesignPac, 1-800-Baskets.com, 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 2021 Results

Fiscal 2021 was a transformative year for the Company. Over the past several years, we have grown from a collection of specialty brands into a unique ecommerce platform that inspires and enables our customers to express, connect and celebrate. The success that the Company experienced in fiscal 2021 began with the foundation laid during fiscal 2018 when the Company implemented a three-year plan focused on three primary objectives: (i) "E-commerce Growth Initiatives" (ii) "Focused Loyalty and "Coordinated Promotional Activity", and (iii) "BloomNet Growth." These objectives formulated the backbone of the long-term customer acquisition efforts implemented by our flagship 1-800-Flowers.com and Harry & David brands, and the roll-out of our successful Passport loyalty program. The revenue and earnings growth achieved in fiscal 2021 was made possible by the momentum that we have been building over the last several years, backed by the investments made in our products, technology, marketing capabilities, production and fulfillment infrastructure and our people. This momentum is evidenced in our revenue growth trend of 8.4% in Fiscal 2019, approximately 9.0% in fiscal 2020, prior to the onset of the COVID-19 pandemic, before finishing the year at 19.3%, and ultimately reaching 42.5% in fiscal 2021.

As a result of our assortment of products and services designed to help our customers deliver smiles, including the timely, accretive acquisition of PersonalizationMall, combined with our agile fulfillment infrastructure, which can quickly flex with changing sales, we were well positioned to take advantage of the shift in consumer behavior brought on by the pandemic, which dramatically accelerated the shift to e-commerce shopping. Over the span of two years, the Company grew from $1.2 billion in fiscal 2019 to $2.1 billion in fiscal 2021, and delivered adjusted EBITDA of $213.1 million in fiscal 2021, compared to $129.5 million in fiscal 2020 and $82.1 million in fiscal 2019. Net income increased from $34.8 million in fiscal 2019 to $59.0 million in fiscal 2020 and $118.6 in fiscal 2021.

We believe it is helpful to review our earnings performance based on EBITDA, excluding the impact of certain items. In consolidation, on a pro forma basis, adjusting fiscal 2021 for: (i) the negative impact on EBITDA of costs associated with the acquisition of PersonalizationMall ($5.4 million), and (ii) gains on non-qualified deferred compensation ('NQDC") plan assets ($5.7 million), partially offset by (iii) favorable settlements of Harry & David store lease closure costs ($0.5 million), and adjusting fiscal 2020 to exclude: (i) costs associated with the acquisition of PersonalizationMall ($2.7 million), (ii) Harry & David store closure costs ($5.2 million), and gains on NQDC assets ($0.3 million), fiscal 2021 Adjusted EBITDA was $213.1 million, compared to $129.5 million in fiscal 2020.

Acquisition of PersonalizationMall

On August 3, 2020, the Company completed its acquisition of PersonalizationMall.com LLC ("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 during its fiscal year ended February 29, 2020.

Amended Credit Agreement

Subsequent to, but in contemplation of the acquisition of PersonalizationMall, on August 20, 2020, the Company entered into a First Amendment to its 2019 Credit Agreement to: (i) increase the aggregate principal amount of the existing revolving credit facility ("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. 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. The $100.0 million proceeds of the New Term Loan were used to repay the $95.0 million borrowing, which had been drawn on its existing Revolver to finance the acquisition, as well as financing fees of approximately $2.0 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 included 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 is expected to 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 continue to see strong e-commerce demand for gourmet foods and gift baskets and our floral and personalized products. With that said, there are headwinds (and resulting increased costs) that have impacted our fiscal 2021 results, and will continue to impact our operations for 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 of fiscal 2020 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 – in comparison to fiscal 2020, wholesale revenues within our Gourmet Foods and Gift Baskets segment were negatively impacted during our first, second and third quarters, as many of our large wholesale customers were taking a cautious approach due to the uncertainty surrounding the future impact of COVID-19 on their brick and mortar retail stores.
- 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: required social distancing, enhanced facility cleaning and sanitizing schedules, and staggered production shifts, as well as overall wage rate increases, and labor supply shortages.
- Supply chain constraints – the nationwide increase in e-commerce volume has also resulted in third-party carrier capacity constraints, and higher delivery costs. Ocean transport costs and capacity shortages, caused by the ongoing global recovery from the pandemic, have created supply chain shortages and increased costs.

The scale and overall economic impact of the COVID-19 crisis is still very difficult to assess as the Company begins to annualize the impact that COVID-19 has had on consumer behavior. However, 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 and continue to grow revenues through fiscal 2022.

Looking ahead, we believe we are well positioned to deepen the relationships we have with our customers by engaging with them across a broad range of communication channels as we work to build a true community and offer our customers the most robust online gifting assortment.

Fiscal 2022 Guidance

For the fiscal 2022 full year, the Company is providing the following guidance:

- Total revenue growth of 10.0 percent-to-12.0 percent compared with the prior year;
- Adjusted EBITDA growth of 5.0 percent-to-8.0 percent;
- EPS in line with fiscal 2021, as improved EBITDA is offset by higher depreciation and a higher effective tax rate; and
- Free Cash Flow in excess of $100.0 million.

The Company's guidance for the year is based on several factors including:

- The significant increase in consumers shopping online where the Company's broad product offering and brand portfolio makes it a leading destination for customers looking for solutions to help them connect, express themselves and celebrate – sentiments that have become more important than ever;
- Significant expansion of the Company's product offering, both organically and through strategic acquisitions like Shari's Berries and PersonalizationMall.com;
- Continued strong growth and positive behaviors in the Company's customer file, including strong new-to-file customer growth as well as increased demand from existing customers; and
- Continued strong growth in the Company's Celebrations Passport® loyalty program, which is helping drive increased frequency, retention, and cross-category/cross-brand purchases.

The Company is also aware of several headwinds affecting its business, including:

- A challenging labor market with both limited availability and rising wage rates; and
- Significant increases in both inbound and outbound shipping rates as well as higher commodity costs.

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.

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.

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 27, 2021 and June 28, 2020. For segment information for the fiscal year ended June 30, 2019, please refer to our Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

	Years Ended								
	June 27, 2021	Personalization Mall Litigation & Transaction Costs	Harry & David Store Closure Costs	As Adjusted (non-GAAP) June 27, 2021	June 28, 2020	Personalization Mall Litigation & Transaction Costs	Harry & David Store Closure Costs	As Adjusted (non-GAAP) Jun 28, 2020	% Change
Net revenues:									
Consumer Floral & Gifts	**$1,025,015**	$ –	$ –	$1,025,015	$ 593,197	$ –	$ –	$ 593,197	72.8%
BloomNet	**142,919**			142,919	111,766			111,766	27.9%
Gourmet Foods & Gift Baskets	**955,607**			955,607	785,547			785,547	21.6%
Corporate	**341**			341	591			591	-42.3%
Intercompany eliminations	**(1,637)**			(1,637)	(1,464)			(1,464)	-11.8%
Total net revenues	**$2,122,245**	$ –	$ –	$2,122,245	$1,489,637	$ –	$ –	$1,489,637	42.5%
Gross profit:									
Consumer Floral & Gifts	**$ 420,860**	$ –	$ –	$ 420,860	$ 233,941	$ –	$ –	$ 233,941	79.9%
	41.1%			41.1%	39.4%			39.4%	
BloomNet	**64,978**			64,978	54,193			54,193	19.9%
	45.5%			45.5%	48.5%			48.5%	
Gourmet Foods & Gift Baskets	**410,208**			410,208	333,620			333,620	23.0%
	42.9%			42.9%	42.5%			42.5%	
Corporate	**383**			383	442			442	-13.3%
	112.3%			112.3%	74.8%			74.8%	
Total gross profit	**$ 896,429**	$ –	$ –	$ 896,429	$ 622,196	$ –	$ –	$ 622,196	44.1%
	42.2%	–	–	42.2%	41.8%	–	–	41.8%	
EBITDA (non-GAAP): Segment Contribution Margin (non-GAAP) (a):									
Consumer Floral & Gifts	**$ 128,625**	$ –	$ –	$ 128,625	$ 73,806	$ –	$ –	$ 73,806	74.3%
BloomNet	**45,875**			45,875	35,111			35,111	30.7%
Gourmet Foods & Gift Baskets	**149,377**		(483)	148,894	110,627		5,177	115,804	28.6%
Segment Contribution Margin Subtotal	**323,877**	–	(483)	323,394	219,544	–	5,177	224,721	43.9%
Corporate (b)	**(132,280)**	5,403		(126,877)	(106,667)	2,706		(103,961)	-22.0%
EBITDA (non-GAAP)	**191,597**	5,403	(483)	196,517	112,877	2,706	5,177	120,760	62.7%
Add: Stock-based compensation	**10,835**			10,835	8,434			8,434	28.5%
Add: Compensation charge related to NQDC Investment Appreciation	**5,713**			5,713	347			347	1546.4%
Adjusted EBITDA (non-GAAP)	**$ 208,145**	$ 5,403	$ (483)	$ 213,065	$ 121,658	$ 2,706	$ 5,177	$ 129,541	64.5%

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

	Years Ended	
	June 27, 2021	June 28, 2020
Net income	**$ 118,652**	$ 58,998
Adjustments to reconcile net income to adjusted net income (non-GAAP)		
Add: PersonalizationMall litigation and transaction costs	**5,403**	2,706
Add: Harry & David store closure cost	**(483)**	5,177
Deduct: Income tax benefit on adjustments	**(1,005)**	(1,908)
Adjusted net income (non-GAAP)	**$ 122,567**	$ 64,973
Basic and diluted net income per common share		
Basic	**$ 1.83**	$ 0.92
Diluted	**$ 1.78**	$ 0.89
Basic and diluted adjusted net income per common share (non-GAAP)		
Basic	**$ 1.89**	$ 1.01
Diluted	**$ 1.84**	$ 0.98
Weighted average shares used in the calculation of net income and adjusted net income per common share		
Basic	**64,739**	64,463
Diluted	**66,546**	66,408

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

	Years Ended	
	June 27, 2021	June 28, 2020
Net income	**$ 118,652**	$ 58,998
Add: Interest expense/other (income), net	**(28)**	2,522
Add: Depreciation and amortization	**42,510**	32,513
Add: Income tax expense	**30,463**	18,844
EBITDA	**191,597**	112,877
Add: Stock-based compensation	**10,835**	8,434
Add: Compensation charge related to NQDC investment appreciation	**5,713**	347
Add: PersonalizationMall litigation and transaction costs	**5,403**	2,706
Add: Harry & David store closure cost	**(483)**	5,177
Adjusted EBITDA	**$ 213,065**	$ 129,541

(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 2021, 2020 and 2019 which ended on June 27, 2021, June 28, 2020 and June 30, 2019, respectively, consisted of 52 weeks.

Net Revenues

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Net revenues:					
E-Commerce	**$1,879,550**	52.8%	$1,230,385	23.2%	$ 998,359
Other	**242,695**	-6.4%	259,252	3.6%	250,264
	$2,122,245	42.5%	$1,489,637	19.3%	$1,248,623

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 27, 2021, net revenues increased 42.5% in comparison to the prior year, reflecting strong growth across the Company's three business segments. Excluding revenues of PersonalizationMall.com, which was acquired on August 3, 2020, total net revenues grew 26.6% in comparison to the prior year, as the favorable growth trends we had been seeing in everyday gifting occasions, beginning with the fourth quarter of fiscal 2020, continued through the third quarter of fiscal 2021, before normalizing with the annualization of the pandemic during the fourth quarter of fiscal 2021. The annual growth rate reflects "post-COVID-19" growth of 52.6% (35.5%, excluding PersonalizationMall) through the first three quarters of fiscal 2021, and "post-COVID-19 annualization" growth of 16.5% (3.8%, excluding PersonalizationMall) during the fourth quarter of fiscal 2021. The marketing and merchandising investments that the Company has made across its brands, including product offerings and messaging that have resonated with our customers, coupled with the strategic acquisitions of Shari's Berries® in August of 2019 and PersonalizationMall.com® in August of 2020, have enabled the Company to capitalize on the consumer behavioral shift to e-commerce shopping accelerated by the pandemic.

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, consolidated net revenues grew 16.3% in fiscal 2020 compared to the prior year.

Disaggregated revenue by channel follows:

	Years Ended											
	June 27, 2021				June 28, 2020				June 30, 2019			
	Consumer Floral & Gifts	**BloomNet**	**Gourmet Foods & Gift Baskets**	**Consolidated**	Consumer Floral & Gifts	BloomNet	Gourmet Foods & Gift Baskets	Consolidated	Consumer Floral & Gifts	BloomNet	Gourmet Foods & Gift Baskets	Consolidated
						(in thousands)						
Net revenues												
E-commerce	**$1,015,716**	**$ –**	**$ 863,834**	**$ 1,879,550**	$ 585,585	$ –	$ 644,800	$ 1,230,385	$ 489,463	$ –	$ 508,897	$ 998,360
Retail	**5,543**	**–**	**9,134**	**14,677**	4,318	–	37,076	41,394	4,706	–	45,862	50,568
Wholesale	**–**	**45,299**	**82,639**	**127,938**	–	33,675	103,671	137,346	–	29,744	93,659	123,403
BloomNet	**–**	**97,620**	**–**	**97,620**	–	78,091	–	78,091	–	73,132	–	73,132
Other	**3,756**	**–**	**–**	**3,756**	3,294	–	–	3,294	3,596	–	–	3,596
Corporate	**–**	**–**	**–**	**341**	–	–	–	591	–	–	–	1,105
Eliminations	**–**	**–**	**–**	**(1,637)**	–	–	–	(1,464)	–	–	–	(1,541)
Total net revenues	**$1,025,015**	**$ 142,919**	**$ 955,607**	**$ 2,122,245**	$ 593,197	$ 111,766	$ 785,547	$ 1,489,637	$ 497,765	$ 102,876	$ 648,418	$ 1,248,623

Revenue by sales channel:

- **E-commerce revenues (combined online and telephonic)** increased 52.8% during fiscal 2021, comprised of 73.5% growth within the Consumer Floral & Gifts segment and 34.0% growth in the Gourmet Foods & Gift Baskets segment. During fiscal 2021, the Company fulfilled approximately 26.0 million e-commerce orders (an increase of 54.9% compared to fiscal 2020) at an average order value of $72.22 (a decrease of 1.4% compared to fiscal 2020).

  E-commerce revenues 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).

- **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 decreased 6.4% during fiscal 2021, primarily as a result of the disposition of Harry & David stores in April 2020, and weak wholesale demand attributable to COVID-19, partially offset by 27.9% growth within the BloomNet segment.

  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.

Revenue by segment:

Consumer Floral & Gifts – this segment, which historically has consisted primarily of the operations of the 1-800-Flowers.com brand, but now includes revenues attributable to PersonalizationMall, subsequent to its August 3, 2020 acquisition date, derives revenue from the sale of consumer floral products and gifts, primarily through its e-commerce sales channel (telephonic and online sales), as well as retail stores, and royalties from its franchise operations.

Net revenues increased 72.8%, during fiscal 2021, reflecting: (i) the marketing and merchandising investments made in our flagship brand, which have driven our growth and market share gains that began in the second half of fiscal 2018, continued through fiscal 2020, and accelerated with the start of the pandemic, and (ii) the incremental revenues of PersonalizationMall. Excluding the revenues derived from PersonalizationMall, segment pro-forma revenue growth was 33.0% during fiscal 2021, despite the shift of the Valentine's Day date placement from Friday in fiscal 2020 to Sunday in fiscal 2021, which normally results in a 20% reduction in demand. The revenue increase was supported by the Company's customer acquisition strategy, and a strategic combination of organic and investment spend, resulting in growth across our "everyday" gifting occasions, which focused on "Birthday", "Anniversary", "Sympathy" and "Just Because" occasions, as well as holiday specific occasions, including the Christmas, Valentine's Day and Mother's Day holidays. The acquisition of PersonalizationMall and its complementary product line contributed to the accelerated growth rate as it filled the personalization gift niche that our consumer and BGS customers requested.

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.

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

Net revenues increased 27.9% during fiscal 2021, primarily due to increased: (i) settlement processing revenues, due to higher florist-to-florist order volume, (ii) transaction, reciprocity and membership fees, driven primarily by increased order volume referred through the network, and (iii) favorable wholesale demand. This growth was supported by the strategic decision made in April 2020, to temporarily waive fees and establish health and safety protocols to help member florists, until they could safely re-establish operations during the pandemic.

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 referred 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.

Gourmet Foods & Gift Baskets – this segment includes the operations of Harry & David, Wolferman's Bakery, 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 21.6%, during the fiscal year 2021, due to favorable e-commerce revenues across the segment, partially offset by reduced wholesale and retail volumes. E-commerce revenue growth of 34.0% during fiscal 2021 was the result of increased penetration of "everyday" volume, and increased holiday volume in the second quarter of fiscal 2021, both of which benefitted from the impact of the COVID-19 pandemic as product offerings, convenience, and brand sentiment resonated with customers. Wholesale/retail channel revenues declined 34.8% during the fiscal year 2021, as big-box retail store customers reduced order volumes due to the pandemic, and as a result of the closure of the Harry & David retail store operations in the fourth quarter of fiscal 2020.

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.

Gross Profit

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Gross profit	**$896,429**	44.1%	$622,196	18.3%	$526,121
Gross margin %	**42.2%**		41.8%		42.1%

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, as well as payments made to referring florists related to order volume sent through the Company's BloomNet network.

Gross profit increased 44.1% during fiscal 2021 primarily due to the increase in revenues noted above. Gross profit percentage increased 40 basis points during the fiscal year 2021, as higher margins within the Consumer Floral & Gifts (due to the acquisition of PersonalizationMall) and Gourmet Foods & Gift Baskets segments were offset, in part, by lower margins within the BloomNet segment. On a pro-forma basis, excluding the impact of PersonalizationMall, gross margin percentage was 41.1%.

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.

Consumer Floral & Gifts segment – Gross profit increased 79.9% during fiscal 2021, due to the aforementioned revenue growth and an increase in gross profit percentage of 170 basis points to 41.1%. The higher gross profit percentage was primarily attributable to the acquisition of PersonalizationMall, which carries higher margins, as well as pricing initiatives and reductions in promotional activity after the onset of COVID-19, partially offset by higher florist fulfillment, credits, product and delivery costs which increased as a result of the pandemic. On a pro-forma basis, excluding the impact of PersonalizationMall, acquired on August 3, 2020, gross margin percentage was 37.9% during the fiscal year 2021.

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 "Celebrations Passport" to increase purchase frequency.

BloomNet segment – Gross profit increased 19.9% during fiscal 2021, due to the increase in revenues noted above, partially offset by a decrease in gross profit percentage of 300 basis points to 45.5%. The decrease in gross margin % was due to higher rebates (higher florist to florist volume), combined with unfavorable wholesale product margins due to product mix, and higher shipping/ merchandising costs.

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.

Gourmet Foods & Gift Baskets segment – Gross profit increased by 23.0% during fiscal 2021, due to the increase in revenues noted above, as well as an increase in gross profit percentage of 40 basis points, to 42.9%. The increase in gross profit percentage was primarily attributable to lower promotions, merchandise assortment, channel mix, and fixed cost efficiency, partially offset by higher transportation costs due to surcharges and expedited ship methods, as well as increased labor costs.

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.

Marketing and Sales Expense

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Marketing and sales	**$533,268**	46.8%	$363,227	13.6%	$319,636
Percentage of sales	**25.1%**		24.4%		25.6%

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 46.8% during fiscal 2021, as a result of marketing initiatives designed to accelerate revenue growth and capture market share within both the Gourmet Foods & Gift Baskets segment, and the Consumer Floral & Gifts segment, which includes the incremental marketing costs of PersonalizationMall, which was acquired on August 3, 2020. On a pro-forma basis, excluding the impact of PersonalizationMall, and Harry & David store closure costs, marketing and sales as a percentage of net revenues, was 24.6% during fiscal 2021, compared with 24.0% in fiscal 2020, primarily reflecting the year-over-year increase in marketing costs during the fourth quarter of fiscal 2021, due to the low cost of marketing during the early stages of the pandemic.

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.

During fiscal 2021, the Company added approximately 6.6 million new e-commerce customers (5.2 million on a proforma basis excluding PersonalizationMall), an increase of 61.7% (27.0% on a proforma basis excluding PersonalizationMall) over the prior year. During fiscal 2020, the Company added approximately 4.1 million new e-commerce customers, an increase of 40.5% over the prior year. Approximately 51.9% of customers who placed e-commerce orders during fiscal 2021 were repeat customers compared to approximately 53.3% in fiscal 2019.

Technology and Development Expense

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Technology and development	**$54,428**	11.8%	$48,698	11.3%	$43,758
Percentage of sales	**2.6%**		3.3%		3.5%

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 11.8% during fiscal 2021, primarily due to increased consulting and labor costs, increased hosting and maintenance costs incurred to support the Company's technology platform, in addition to the incremental technology costs associated with PersonalizationMall, which was acquired on August 3, 2020.

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.

During the fiscal years 2021, 2020 and 2019, the Company expended $79.7 million, $69.5 million and $65.4 million, respectively, on technology and development, of which $25.3 million, $20.8 million and $21.6 million, respectively, has been capitalized.

General and Administrative Expense

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
General and administrative	**$117,136**	20.3%	$97,394	11.1%	$87,654
Percentage of sales	**5.5%**		6.5%		7.0%

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 20.3% during fiscal 2021, due to incremental costs related to: (i) PersonalizationMall (including transaction and litigation related costs), (ii) higher labor costs due to annual merit increases and performance related bonuses, as well as investment earnings on the Company's NQDC Plan assets (offset within Other (income) expenses noted below), (iii) incremental health and safety-related COVID-19 related expenses, partially offset by (iv) lower travel expenses, and (v) lower bad debt expense compared to the impact of COVID-19 on certain business and wholesale accounts in fiscal 2020.

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.

Depreciation and Amortization

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Depreciation and amortization	**$42,510**	30.7%	$32,513	8.5%	$29,965
Percentage of sales	**2.0%**		2.2%		2.4%

Depreciation and amortization expense increased 30.7% during fiscal 2021, primarily due to the incremental depreciation and customer list amortization associated with PersonalizationMall, recent short-lived IT related ecommerce/platform enhancements and accelerated depreciation on certain legacy systems, which are being replaced with modern platforms.

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.

Interest Expense, net

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Interest expense, net	**$5,860**	140.4%	$2,438	-12.0%	$2,769

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 increased 140.4% during fiscal 2021, due to the incremental interest expense associated with a new tranche of Term A-1 Loan in the aggregate principal of $100.0 million (the "New Term Loan") which was used to partially finance the acquisition of PersonalizationMall, and lower interest income on the Company's outstanding cash balances due to lower interest rates.

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.

Other Income (expense), net

	Years Ended				
	June 27, 2021	% Change	June 28, 2020	% Change	June 30, 2019
	(dollars in thousands)				
Other income (expense), net	**$5,888**	7,109.5%	$(84)	-113.0%	$644

Other income, net for the fiscal years 2021, 2020 and 2019, respectively, consist primarily of investment earnings (losses) on the Company's NQDC Plan assets.

Income Taxes

During the fiscal years 2021, 2020 and 2019, the Company recorded income tax expense from continuing operations of $30.5 million, $18.8 million and $8.2 million, respectively, resulting in an effective tax rate of 20.4%, 24.2% and 19.1%, respectively. The Company's effective tax rate for fiscal 2021 differed from the U.S. federal statutory rate of 21% primarily due to various permanent differences and tax credits, including excess tax benefits from stock-based compensation, partially offset by state income taxes and nondeductible expenses for executive compensation. 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.

At June 27, 2021, the Company's total federal and state capital loss carryforwards were $25.2 million, which if not utilized, will expire in fiscal 2022. The Company's foreign net operating loss carryforwards were $4.5 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 2020 Credit Agreement (see Note 9. in Part IV, Item 15 for details). At June 27, 2021, the Company had working capital of $134.1 million, including cash and cash equivalents of $173.6 million, compared to working capital of $198.3 million, including cash and cash equivalents of $240.5 million at June 28, 2020.

As of June 27, 2021, 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 pandemic of the novel strain of coronavirus ("COVID-19"), our customers have increasingly turned to our brands and our expanded product offerings to help them connect and express themselves, 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 the aforementioned increase in the Company's "everyday" business has and is expected to continue to lessen the seasonality of our business.

The Company utilized cash on hand to fund its operations through August 2020. In September 2020, the Company borrowed under its Revolver to fund short-term working capital needs, with borrowings peaking at $70.0 million in November 2020. Cash generated from operations during the Christmas holiday shopping season enabled the Company to repay the Revolver in December 2020. Based on current projected cash flows, the Company believes that available cash balances are expected to be sufficient to provide for the Company's operating needs until the second quarter of fiscal year 2022, when the Company expects to borrow against its Revolver to fund pre-holiday manufacturing and inventory purchases. The Company expects to be able to repay all working capital borrowings prior to the end of the same quarter.

While we believe that our sources of funding will be sufficient to meet our anticipated operating cash needs for at least the next twelve months, any projections of future cash needs and cash flows are subject to substantial uncertainty. We continually evaluate, and 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.

To date, we have not identified any material liquidity deficiencies as a result of the COVID-19 pandemic. Based on the information currently available to us, we do not expect the impact of COVID-19 to have a negative impact on our liquidity. 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 $173.3 million for the fiscal 2021 was primarily attributable to the Company's net income, adjusted for non-cash charges for depreciation and amortization, stock-based compensation, deferred income taxes, and bad debt expense, as well as increases in accounts payable and accrued expenses due to increased volume and the timing of our seasonal inventory build, partially offset by volume related increases in prepaid expenses, trade receivables and inventory.

Net cash used in investing activities of $307.9 million was primarily attributable to the acquisition of PersonalizationMall for $250.9 million, and capital expenditures of $55.2 million related to the Company's technology initiatives, as well as manufacturing production and warehousing equipment.

Net cash provided by financing activities of $67.7 million related to proceeds from bank borrowings of $265.0 million (including the Company's New Term Loan in the amount of $100.0 million, which was used to repay borrowings then outstanding under the Company's Revolver in the amount of $97.5 million), repayment of notes payable and bank borrowings of $175.0 million (including the $97.5 million repayment of the Revolver upon closing of the $100.0 million New Term Loan), and the acquisition of $22.4 million of treasury stock.

Stock Repurchase Program

See Item 5 in Part II for details.

Contractual Obligations

At June 27, 2021, the Company's contractual obligations consist of:

- Long-term debt obligations – payments due under the Company's 2020 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	$ 189,137	$ 8,327	$ 6,172	$ 3,750	$ 2,000-	$ –	$ 209,386

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 quantitative test ("Step 1"). 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 Step 1 quantitative test is necessary.

Step 1 of the 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. Otherwise, the Company would 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.

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 have been approximately $0.9 million during the fiscal year ended June 27, 2021.

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.

Consolidated Balance Sheets

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

(in thousands, except share data)

	June 27, 2021	June 28, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 173,573	$ 240,506
Trade receivables, net	20,831	15,178
Inventories	153,863	97,760
Prepaid and other	51,792	25,186
Total current assets	400,059	378,630
Property, plant and equipment, net	215,287	169,075
Operating lease right-of-use assets	86,230	66,760
Goodwill	208,150	74,711
Other intangibles, net	139,048	66,273
Other assets	27,905	18,986
Total assets	$ 1,076,679	$ 774,435
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 57,434	$ 25,306
Accrued expenses	178,512	141,741
Current maturities of long-term debt	20,000	5,000
Current portion of long-term operating lease liabilities	9,992	8,285
Total current liabilities	265,938	180,332
Long-term debt	161,512	87,559
Long-term operating lease liabilities	79,375	61,964
Deferred tax liabilities	34,162	28,632
Other liabilities	26,622	16,174
Total liabilities	567,609	374,661
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, 55,675,661 and 53,704,477 shares issued in 2021 and 2020, respectively	557	537
Class B common stock, $.01 par value, 200,000,000 shares authorized, 33,433,614 and 33,822,823 shares issued in 2021 and 2020, respectively	334	338
Additional paid-in capital	371,103	358,031
Retained earnings	286,175	167,523
Accumulated other comprehensive loss	(318)	(243)
Treasury stock, at cost, 18,825,841 and 17,963,551 Class A shares in 2021 and 2020, respectively, and 5,280,000 Class B shares in 2021 and 2020	(148,781)	(126,412)
Total stockholders' equity	509,070	399,774
Total liabilities and stockholders' equity	$ 1,076,679	$ 774,435

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income and Comprehensive Income

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

(in thousands, except per share data)

	Years Ended		
	June 27, 2021	June 28, 2020	June 30, 2019
Net revenues	**$ 2,122,245**	$ 1,489,637	$ 1,248,623
Cost of revenues	**1,225,816**	867,441	722,502
Gross profit	**896,429**	622,196	526,121
Operating expenses:			
Marketing and sales	**533,268**	363,227	319,636
Technology and development	**54,428**	48,698	43,758
General and administrative	**117,136**	97,394	87,654
Depreciation and amortization	**42,510**	32,513	29,965
Total operating expenses	**747,342**	541,832	481,013
Operating income	**149,087**	80,364	45,108
Interest expense, net	**5,860**	2,438	2,769
Other income (expense), net	**5,888**	(84)	644
Income before income taxes	**149,115**	77,842	42,983
Income tax expense	**30,463**	18,844	8,217
Net Income	**118,652**	58,998	34,766
Other comprehensive income (loss) (currency translation)	**(75)**	26	(69)
Comprehensive income	**$ 118,577**	$ 59,024	$ 34,697
Basic net income per common share	**$ 1.83**	$ 0.92	$ 0.54
Diluted net income per common share	**$ 1.78**	$ 0.89	$ 0.52
Weighted average shares used in the calculation of net income per common share:			
Basic	**64,739**	64,463	64,342
Diluted	**66,546**	66,408	66,457

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

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

Years ended June 27, 2021, June 28, 2020 and June 30, 2019

(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 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
Net income	–	–	–	–	–	118,652	–	–	–	118,652
Translation adjustment	–	–	–	–	–	–	(75)	–	–	(75)
Stock-based compensation	688,675	7	–	–	10,828	–	–	–	–	10,835
Exercise of stock options	893,300	9	–	–	2,244	–	–	–	–	2,253
Conversion of Class B stock into Class A stock	389,209	4	(389,209)	(4)	–	–	–	–	–	–
Acquisition of Class A treasury stock	–	–	–	–	–	–	–	862,290	(22,369)	(22,369)
Balance at June 27, 2021	**55,675,661**	**$ 557**	**33,433,614**	**$ 334**	**$ 371,103**	**$ 286,175**	**$ (318)**	**24,105,841**	**$ (148,781)**	**$ 509,070**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

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

(in thousands)

	Years Ended		
	June 27, 2021	June 28, 2020	June 30, 2019
Operating activities:			
Net income	**$ 118,652**	$ 58,998	$ 34,766
Reconciliation of net income to net cash provided by operating activities net of acquisitions:			
Depreciation and amortization	**42,510**	32,513	29,965
Amortization of deferred financing costs	**1,143**	646	969
Deferred income taxes	**5,530**	(266)	2,698
Bad debt expense	**964**	4,143	1,383
Stock-based compensation	**10,835**	8,434	6,310
Other non-cash items	**645**	1,032	(16)
Changes in operating items:			
Trade receivables	**(5,236)**	(6,947)	(822)
Inventories	**(39,104)**	(4,371)	(3,536)
Prepaid and other	**(22,850)**	(726)	(2,313)
Accounts payable and accrued expenses	**57,397**	44,359	8,846
Other assets and other liabilities	**2,804**	1,602	(150)
Net cash provided by operating activities	**173,290**	139,417	78,100
Investing activities:			
Acquisitions, net of cash acquired	**(250,942)**	(20,500)	–
Capital expenditures, net of non-cash expenditures	**(55,219)**	(34,703)	(32,560)
Purchase of equity investments	**(1,756)**	(1,176)	–
Net cash used in investing activities	**(307,917)**	(56,379)	(32,560)
Financing activities:			
Acquisition of treasury stock	**(22,369)**	(10,680)	(14,766)
Proceeds from exercise of employee stock options	**2,253**	285	1,236
Proceeds from bank borrowings	**265,000**	20,000	32,250
Repayment of notes payable and bank borrowings	**(174,997)**	(25,000)	(37,187)
Debt issuance costs	**(2,193)**	(60)	(1,390)
Net cash provided by (used in) financing activities	**67,694**	(15,455)	(19,857)
Net change in cash and cash equivalents	**(66,933)**	67,583	25,683
Cash and cash equivalents:			
Beginning of year	**240,506**	172,923	147,240
End of year	**$ 173,573**	$ 240,506	$ 172,923

Supplemental Cash Flow Information:

- Interest paid amounted to $5.2 million, $3.5 million, and $4.7 million, for the years ended June 27, 2021, June 28, 2020, and June 30, 2019, respectively.
- The Company paid income taxes of approximately $37.2 million, $15.5 million, and $8.8 million, net of tax refunds received, for the years ended June 27, 2021, June 28, 2020, and June 30, 2019, 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®, Stock Yards® and Simply Chocolate®. 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 and gift industry service provider offering a broad-range of products and services designed to help its members 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 2021, 2020 and 2019.

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. fiscal years 2021, 2020, and 2019, which ended on June 27, 2021, June 28, 2020, and June 30, 2019, 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 - 20
Software (years)	3 - 7
Orchards in production and land improvements (years)	15 - 45

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 quantitative test ("Step 1"). 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 Step 1 quantitative test is necessary.

Step 1 of the 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. Otherwise, the Company would 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.

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 2021 and 2020, 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 2021 and 2020, 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. Included within prepaid and other current assets was $2.7 million and $3.0 million at June 27, 2021 and June 28, 2020 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 $4.6 million as of June 27, 2021 and $2.8 million as of June 28, 2020.

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 ($4.0 million at June 27, 2021 and $5.7 million at June 28, 2020) 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 whole sale 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 28, 2020 was $25.9 million (included in "Accrued expenses" on our consolidated balance sheets), of which, $25.9 million was recognized as revenue during the year ended June 27, 2021. The deferred revenue balance as of June 27, 2021 was $33.4 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 $307.9 million, $171.4 million and $147.8 million for the years ended June 27, 2021, June 28, 2020 and June 30, 2019, 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 27, 2021 and June 28, 2020.

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 f uture 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

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 requires 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. We adopted ASU 2016-13 for the Company's fiscal 2021 (quarter ending September 27, 2020), using the modified-retrospective approach. There was no material 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 two 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. We adopted this guidance for the Company’s fiscal 2021 (quarter ending September 27, 2020), on a prospective basis. There was no material impact of adopting this guidance 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 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 years ended June 27, 2021 and 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 27, 2021 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 years ended June 27, 2021, and 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 27, 2021	June 28, 2020	June 30, 2019
	(in thousands, except per share data)		
Numerator:			
Net income	**$118,652**	$ 58,998	$34,766
Denominator:			
Weighted average shares outstanding	**64,739**	64,463	64,342
Effect of dilutive securities:			
Employee stock options	**727**	1,042	1,404
Employee restricted stock awards	**1,080**	903	711
Total effect of dilutive securities	**1,807**	1,945	2,115
Adjusted weighted-average shares and assumed conversions	**66,546**	66,408	66,457
Net income per common share:			
Basic	**$ 1.83**	$ 0.92	$ 0.54
Diluted	**$ 1.78**	$ 0.89	$ 0.52

Note 4. Acquisition

Acquisition of PersonalizationMall

On February 14, 2020, 1-800-Flowers.com, Inc., 800-Flowers, Inc., a wholly-owned subsidiary of 1-800-Flowers.com, Inc. (the "Purchaser"), PersonalizationMall.com, LLC ("PersonalizationMall"), and Bed Bath & Beyond Inc. ("Seller"), entered into an Equity Purchase Agreement (the "Purchase Agreement") pursuant to which Seller agreed to sell to the Purchaser, and the Purchaser agreed to purchase from Seller, all of the issued and outstanding membership interests of PersonalizationMall for $252.0 million in cash (subject to certain working capital and other adjustments). On July 20, 2020, Purchaser, PersonalizationMall, and Seller entered into an amendment (the "Amendment") to the Purchase Agreement to, among other things, amend the purchase price to $245.0 million (subject to certain working capital and other adjustments). On August 3, 2020, the Company completed its acquisition of PersonalizationMall, including its newly renovated, leased 360,000 square foot, state-of-the-art production and distribution facility, as well as customer database, tradenames and website. After working capital and related adjustments, total consideration paid was approximately $250.9 million.

The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on our preliminary estimates of their fair values on the acquisition date. The fair values assigned to PersonalizationMall's tangible and intangible assets and liabilities assumed were considered preliminary and were based on the information that was available as of the date of the acquisition. As of June 27, 2021, the Company has finalized its allocation and this resulted in immaterial adjustments to the carrying value of the respective recorded assets and the determination of the residual amount that was allocated to goodwill.

The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed:

	PersonalizationMall's Preliminary Purchase Price Allocation August 3, 2020	Measurement Period Adjustments (1)	**PersonalizationMall's Final Purchase Price Allocation June 27, 2021**
		(in thousands)	
Assets Acquired:			
Inventories	$ 16,998	$ —	**$ 16,998**
Other assets	5,216	-1	**5,215**
Property, plant and equipment, net	30,792	—	**30,792**
Operating lease right-of-use assets	21,438	—	**21,438**
Goodwill	133,337	102	**133,439**
Other intangibles, net	76,000	—	**76,000**
Total assets acquired	$283,781	$ 101	**$283,882**
Liabilities assumed:			
Accounts payable and accrued expenses	$ 11,400	$ 102	**$ 11,502**
Operating lease liabilities	21,438	—	**21,438**
Total liabilities assumed	$ 32,838	$ 102	**$ 32,940**
Net assets acquired	$250,943	$ —	**$250,942**

(1) The measurement period adjustments did not have a significant impact on the Company's condensed consolidated statements of income for the year ended June 27, 2021.

The determination of the fair values of the acquired assets and assumed liabilities (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) requires significant judgment. The estimates and assumptions include the projected timing and amount of future cash flows and discount rates reflecting risk inherent in the future cash flows.

Acquired inventory, consisting of raw materials and supplies, 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.

Property, plant and equipment was valued at book value (cost less accumulated depreciation and amortization), due to the nature of the assets, which included recently acquired production equipment and leasehold improvements for PersonalizationMall's production facility, which became operational in September 2019.

Based on the valuation as of August 3, 2020, of the acquired intangible assets, $11.0 million was assigned to customer lists (4 years life), $65.0 million was assigned to tradenames (indefinite life), and the residual amount of $133.4 million was allocated to goodwill (indefinite life and deductible for tax purposes). The goodwill recognized in conjunction with the Purchaser's acquisition of PersonalizationMall 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. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce.

The estimated fair value of the acquired trade names 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 PersonalizationMall's weighted average cost of capital, the riskiness of the earnings stream association 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.

As required by ASC 805, "Business Combinations," the following unaudited pro forma financial information for the year ended June 27, 2021 and June 28, 2020, give effect to the PersonalizationMall acquisition as if it had been completed on July 1, 2019. The unaudited pro forma financial information is prepared by management for informational purposes only in accordance with ASC 805 and is not necessarily indicative of or intended to represent the results that would have been achieved had the acquisition been consummated as of the dates presented, and should not be taken as representative of future consolidated results of operations. The unaudited pro forma financial information does not reflect any operating efficiencies and/or cost savings that the Company may achieve with respect to the combined companies. The pro forma information has been adjusted to give effect to nonrecurring items that are directly attributable to the acquisition.

	Year Ended June 27, 2021	Year Ended June 28, 2020
	(in thousands)	
Net Revenues	**$2,138,238**	$1,635,424
Net Income	**125,213**	63,871

The unaudited pro forma amounts above include the following adjustments:

- A decrease of operating expenses by $5.4 and $2.7 million during the years ended June 27, 2021 and June 28, 2020, respectively, to eliminate transaction and litigation costs directly related to the transaction that do not have a continuing impact on operating results.
- An increase of operating expenses by $0.2 million during the year ended June 27, 2021 and $2.8 million during the year ended June 28, 2020, respectively, to reflect the additional amortization expense related to the increase in definite lived intangible assets.
- An increase in interest expense of $0.6 million during the year ended June 27, 2021 and $4.1 million during the year ended June 28, 2020, respectively, which is comprised of incremental interest and amortization of deferred financing costs associated with the New Term Loan (as defined below). The interest rate used for the purposes of these pro forma statements, of 3.5%, was the rate in effect at loan inception.
- The combined pro forma results were tax effected using the Company's effective tax rate for the respective periods.

Net revenue attributable to PersonalizationMall, included within the year ended June 27, 2021, was $236.0 million, and corresponding operating income during the period, excluding litigation and transaction costs, was $34.7 million.

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. 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 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 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 27, 2021	June 28, 2020
	(in thousands)	
Finished goods	**$ 72,267**	$35,779
Work-in-process	**19,058**	16,536
Raw materials	**62,538**	45,445
Total inventory	**$153,863**	$97,760

Note 6. Goodwill and Intangible Assets

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

	Consumer Floral & Gifts	BloomNet	Gourmet Foods & Gift Baskets	Total
		(in thousands)		
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
Acquisition of PersonalizationMall	$133,439	$ —	$ —	$133,439
Balance at June 27, 2021	**$150,880**	**$ —**	**$57,270**	**$208,150**

There were no goodwill impairment charges in any segment during the years ended June 27, 2021, June 28, 2020 and June 30, 2019, respectively.

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

	Amortization Period	**June 27, 2021** Gross Carrying Amount	Accumulated Amortization	Net	June 28, 2020 Gross Carrying Amount	Accumulated Amortization	Net
	(in years)			*(in thousands)*			
Intangible assets with determinable lives							
Investment in licenses	14-16	**$ 7,420**	**$ 6,359**	**$ 1,061**	$ 7,420	$ 6,253	$ 1,167
Customer lists	3-10	**23,825**	**13,697**	**10,128**	12,825	10,474	2,351
Other	5-14	**2,946**	**2,483**	**463**	2,946	2,382	564
Total intangible assets with determinable lives		**34,191**	**22,539**	**11,652**	23,191	19,109	4,082
Trademarks with indefinite lives		**127,396**	**—**	**127,396**	62,191	—	62,191
Total identifiable intangible assets		**$161,587**	**$22,539**	**$139,048**	$85,382	$19,109	$66,273

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 27, 2021, June 28, 2020 and June 30, 2019, respectively.

The amortization of intangible assets for the years ended June 27, 2021, June 28, 2020 and June 30, 2019 was $3.3 million, $0.9 million and $0.7 million, respectively. Future estimated amortization expense is as follows: 2022 - $3.3 million, 2023 - $3.3 million, 2024 - $3.3 million, 2025 - $0.8 million, 2026 - $0.3 million and thereafter - $0.7 million.

Note 7. Property, Plant and Equipment

	June 27, 2021	June 28, 2020
	(in thousands)	
Land	**$ 30,284**	$ 30,789
Orchards in production and land improvements	**18,829**	17,139
Building and building improvements	**62,232**	61,159
Leasehold improvements	**26,451**	13,675
Production equipment	**82,526**	57,904
Furniture and fixtures	**8,860**	7,444
Computer and telecommunication equipment	**55,841**	55,381
Software	**177,844**	151,264
Capital projects in progress - orchards	**18,090**	8,130
Property, plant and equipment, gross	**480,957**	402,885
Accumulated depreciation and amortization	**(265,670)**	(233,810)
Property, plant and equipment, net	**$215,287**	$169,075

Depreciation expense for the years ended June 27, 2021, June 28, 2020, and June 30, 2019 was $39.2 million, $31.6 million, and $29.3 million, respectively.

Note 8. Accrued Expenses

Accrued expenses consisted of the following:

	June 27, 2021	June 28, 2020
	(in thousands)	
Payroll and employee benefits	**$ 56,134**	$ 41,931
Deferred revenue	**33,388**	25,867
Accrued marketing expenses	**16,591**	14,680
Accrued florist payout	**17,926**	16,755
Accrued purchases	**17,259**	8,200
Other	**37,214**	34,308
Accrued expenses	**$178,512**	$141,741

Note 9. Long-Term Debt

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

	June 27, 2021	June 28, 2020
	(in thousands)	
Revolver (1), (2)	**$ —**	$ —
Term Loan (1), (2)	**185,000**	95,000
Deferred financing costs	**(3,488)**	(2,441)
Total debt	**181,512**	92,559
Less: current debt	**20,000**	5,000
Long-term debt	**$161,512**	$87,559

(1) On May 31, 2019, the Company and certain of its U.S. subsidiaries 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 an applicable margin varying 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%, or (2) an adjusted LIBOR rate plus an applicable margin varying based on the Company's consolidated leverage ratio.

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 (together the "2020 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. For each borrowing under the 2020 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 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%, or (2) an adjusted LIBOR rate plus an applicable margin varying based on the Company's consolidated leverage ratio. 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.

The 2020 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 March 28, 2021. The 2020 Credit Agreement is secured by substantially all of the assets of the Company.

Future principal payments under the Term Loan and New Term Loan are as follows: $20.0 million - fiscal 2022, $20.0 million – fiscal 2023 and $145.0 million – fiscal 2024.

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 observ able 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 27, 2021:				
Trading securities held in a "rabbi trust" (1)	$21,651	$21,651	$ —	$ —
	$21,651	$21,651	$ —	$ —
Assets (liabilities) as of June 28, 2020:				
Trading securities held in a "rabbi trust" (1)	$13,442	$13,442	$ —	$ —
	$13,442	$13,442	$ —	$ —

(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 27, 2021	June 28, 2020	June 30, 2019
		(in thousands)	
Current provision:			
Federal	**$17,594**	$14,727	$2,809
State	**7,339**	4,383	2,710
Current income tax expense	**24,933**	19,110	5,519
Deferred provision (benefit):			
Federal	**5,160**	(62)	3,138
State	**370**	(204)	(427)
Foreign	**—**	—	(13)
Deferred income tax expense (benefit)	**5,530**	(266)	2,698
Income tax expense	**$30,463**	$18,844	$8,217

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

	Years Ended		
	June 27, 2021	June 28, 2020	June 30, 2019
Tax at U.S. statutory rates	**21.0%**	21.0%	21.0%
State income taxes, net of federal tax benefit	**4.2**	4.5	4.4
Valuation allowance change	**(0.3)**	(0.3)	(0.3)
Non-deductible compensation	**0.7**	1.1	0.7
Excess tax benefit from stock-based compensation	**(4.1)**	(1.0)	(4.4)
Tax credits	**(0.9)**	(1.1)	(1.8)
Return to provision	**(0.1)**	(0.3)	(1.0)
Other, net	**(0.1)**	0.3	0.5
Effective tax rate	**20.4%**	24.2%	19.1%

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 27, 2021	June 28, 2020
	(in thousands)	
Deferred income tax assets:		
Loss and credit carryforwards	**$ 10,016**	$ 10,530
Accrued expenses and reserves	**9,270**	4,676
Stock-based compensation	**2,593**	2,190
Deferred compensation	**3,074**	2,455
Operating lease liability	**22,262**	17,551
Gross deferred income tax assets	**47,215**	37,402
Less: Valuation allowance	**(9,258)**	(9,681)
Deferred tax assets, net	**37,957**	27,721
Deferred income tax liabilities:		
Other intangibles	**(18,695)**	(15,337)
Tax in excess of book depreciation	**(31,944)**	(24,336)
Operating lease right-of-use asset	**(21,480)**	(16,680)
Deferred tax liabilities	**(72,119)**	(56,353)
Net deferred income tax liabilities	**$(34,162)**	$(28,632)

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 27, 2021, the Company's total federal and state capital loss carryforwards were $25.2 million, which if not utilized, will expire in fiscal 2022. The Company's foreign net operating loss carryforwards were $4.5 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 2018, however, fiscal 2019 and fiscal 2020 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 2016 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 27, 2021, the Company has an unrecognized tax benefit, including accrued interest and penalties, of approximately $1.1 million. The Company believes that $0.1 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 2021, 389,209 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. On June 27, 2019, the Company's Board of Directors authorized an increase to its stock repurchase plan of up to $30.0 million, and on April 22, 2021, increased it once more to $40.0 million. The Company repurchased a total of $22.4 million (862,290 shares), $10.7 million (754,458 shares), and $14.8 million (1,230,303 shares), during the fiscal years ended June 27, 2021, June 28, 2020, and June 30, 2019, respectively, under this program. As of June 27, 2021, $32.4 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, October 28, 2011, September 14, 2016, and October 15, 2020) (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 27, 2021, the Company has reserved approximately 2.3 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 27, 2021	June 28, 2020	June 30, 2019
	(in thousands)		
Stock options	**$ 36**	$ 104	$ 315
Restricted stock awards	**10,799**	8,330	5,995
Total	**10,835**	8,434	6,310
Deferred income tax benefit	**3,171**	2,084	1,578
Stock-based compensation expense, net	**$7,664**	$6,350	$4,732

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

	Years Ended		
	June 27, 2021	June 28, 2020	June 30, 2019
	(in thousands)		
Marketing and sales	**$ 4,943**	$3,999	$2,725
Technology and development	**652**	649	411
General and administrative	**5,240**	3,786	3,174
Total	**$10,835**	$8,434	$6,310

(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 27, 2021 (1)	June 28, 2020	June 30, 2019 (1)
Weighted average fair value of options granted	**n/a**	$10.11	n/a
Expected volatility	**n/a**	60%	n/a
Expected life (in years)	**n/a**	8.0	n/a
Risk-free interest rate	**n/a**	n/a	n/a
Expected dividend yield	**n/a**	0.0%	n/a

(1) No options were granted during the fiscal years ended June 27, 2021 or June 30, 2019.

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 rem aining 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 27, 2021:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
			(in years)	*(in thousands)*
Outstanding beginning of period	1,230,000	$2.77		
Granted	—	$ —		
Exercised	(893,300)	$2.52		
Forfeited/Expired	—	$ —		
Outstanding end of period	336,700	$3.44	0.7	$10,183
Exercisable at June 27, 2021	**321,700**	**$2.63**	**0.4**	**$ 9,989**

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 2021 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 27, 2021. 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 27, 2021, June 28, 2020 and June 30, 2019 was $22.6 million, $2.3 million, and $7.8 million, respectively.

The following table summarizes information about stock options outstanding at June 27, 2021:

	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)			
$ 2.63	321,700	0.4	$ 2.63	321,700	$2.63
$20.72	15,000	8.9	$20.72	—	$ —
	336,700	0.7	$ 3.44	321,700	$2.63

As of June 27, 2021, 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 3.4 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 27, 2021:

	Shares	Weighted Average Grant Date Fair Value
Non-vested – beginning of period	1,608,468	$12.01
Granted	794,095	$24.37
Vested	(688,675)	$11.19
Forfeited	(75,082)	$17.12
Non-vested – end of period	1,638,806	$18.12

The fair value of non-vested shares is determined based on the closing stock price on the grant date. As of June 27, 2021, there was $17.3 million of total unrecognized compensation cost related to non-vested restricted stock-based compensation to be recognized over a weighted-average period of 1.9 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 $1.6 million, $1.5 million, and $0.9 million during fiscal years 2021, 2020, and 2019, 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 2021, 2020 and 2019. 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 27, 2021 and June 28, 2020, these plan liabilities, which are included in "Other liabilities" within the Company's consolidated balance sheets, totaled $21.7 million and $13.4 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 $5.7 million, $0.3 million, and $0.7 million, for the years ended June 27, 2021, June 28, 2020, and June 30, 2019, 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:

- Consumer Floral & Gifts,
- 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 27, 2021	June 28, 2020	June 30, 2019
	(in thousands)		
Net revenues:			
Consumer Floral & Gifts	**$1,025,015**	$ 593,197	$ 497,765
BloomNet	**142,919**	111,766	102,876
Gourmet Foods & Gift Baskets	**955,607**	785,547	648,418
Corporate	**341**	591	1,105
Intercompany eliminations	**(1,637)**	(1,464)	(1,541)
Total net revenues	**$2,122,245**	$1,489,637	$1,248,623

Operating Income

	Years Ended		
	June 27, 2021	June 28, 2020	June 30, 2019
	(in thousands)		
Segment Contribution Margin:			
Consumer Floral & Gifts	**$128,625**	$73,806	$49,653
BloomNet	**45,875**	35,111	34,705
Gourmet Foods & Gift Baskets	**149,377**	110,627	82,319
Segment Contribution Margin Subtotal	**323,877**	219,544	166,677
Corporate (a)	**(132,280)**	(106,667)	(91,604)
Depreciation and amortization	**(42,510)**	(32,513)	(29,965)
Operating income	**$149,087**	$80,364	$45,108

(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 27, 2021				June 28, 2020				June 30, 2019			
	Consumer Floral & Gifts	**BloomNet**	**Gourmet Foods & Gift Baskets**	**Consolidated**	Consumer Floral & Gifts	BloomNet	Gourmet Foods & Gift Baskets	Consolidated	Consumer Floral & Gifts	BloomNet	Gourmet Foods & Gift Baskets	Consolidated
						(in thousands)						
Net revenues												
E-commerce	**$1,015,716**	**$ –**	**$ 863,834**	**$ 1,879,550**	$ 585,585	$ –	$ 644,800	$ 1,230,385	$ 489,463	$ –	$ 508,897	$ 998,360
Retail	**5,543**	**–**	**9,134**	**14,677**	4,318	–	37,076	41,394	4,706	–	45,862	50,568
Wholesale	**–**	**45,299**	**82,639**	**127,938**	–	33,675	103,671	137,346	–	29,744	93,659	123,403
BloomNet	**–**	**97,620**	**–**	**97,620**	–	78,091	–	78,091	–	73,132	–	73,132
Other	**3,756**	**–**	**–**	**3,756**	3,294	–	–	3,294	3,596	–	–	3,596
Corporate	**–**	**–**	**–**	**341**	–	–	–	591	–	–	–	1,105
Eliminations	**–**	**–**	**–**	**(1,637)**	–	–	–	(1,464)	–	–	–	(1,541)
Total net revenues	**$1,025,015**	**$ 142,919**	**$ 955,607**	**$ 2,122,245**	$ 593,197	$ 111,766	$ 785,547	$ 1,489,637	$ 497,765	$ 102,876	$ 648,418	$ 1,248,623

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:

	Years Ended	
	June 27, 2021	June 28, 2020
	(in thousands)	
Lease costs:		
Operating lease costs	**$14,308**	$13,646
Variable lease costs	**19,342**	14,706
Short-term lease cost	**6,639**	6,638
Sublease income	**(812)**	(941)
Total lease costs	**$39,476**	$34,049

	Years Ended	
	June 27, 2021	June 28, 2020
	(in thousands)	
Cash paid for amounts included in measurement of operating lease liabilities	**$14,802**	$11,916
Right-of-use assets obtained in exchange for new operating lease liabilities	**$30,622**	$ 178

	Years Ended	
	June 27, 2021	June 28, 2020
	(in thousands)	
Weighted-average remaining lease term - operating leases (in years)	**8.7**	9.6
Weighted-discount rate - operating leases	**3.8%**	3.8%

Maturities of lease liabilities in accordance with ASC 842 as of June 27, 2021 are as follows (in thousands):

2022	$13,192
2023	14,215
2024	14,024
2025	11,721
2026	10,460
Thereafter	42,674
Total Future Minimum Lease Payments	106,286
Less Imputed Remaining Interest	16,919
Total	$89,367

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 27, 2021, the Company had fixed and determinable off-balance sheet purchase commitments with remaining terms in excess of one year of approximately $20.2 million, primarily related to the Company's technology infrastructure and inventory commitments.

The Company had approximately $2.3 million and $2.0 million in unused stand-by letters of credit as of June 27, 2021 and June 28, 2020, 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. 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.

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). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of June 27, 2021.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of PersonalizationMall, which was acquired on August 3, 2020, and which is included in the consolidated balance sheets of the Company as of June 27, 2021, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the year then ended. PersonalizationMall constituted 7% and 11% of total assets and net revenues, respectively, for the fiscal year ended June 27,2021. Management did not assess the effectiveness of internal control over financial reporting of PersonalizationMall because of the timing of the acquisition which was completed on August 3, 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 27, 2021. BDO USA, LLP's report on the effectiveness of the Company's internal control over financial reporting as of June 27, 2021 is set forth below.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
1-800-FLOWERS.COM, Inc.
Jericho, 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 27, 2021, 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 27, 2021, 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 27, 2021 and June 28, 2020 and 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 27, 2021, and the related notes and schedule and our report dated September 10, 2021 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.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of PersonalizationMall.com, which was acquired on August 3, 2020, and which is included in the consolidated balance sheets of the Company as of June 27, 2021, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the year then ended. PersonalizationMall.com constituted 7% and 11% of total assets and net revenues, respectively, for the fiscal year ended June 27,2021. Management did not assess the effectiveness of internal control over financial reporting of PersonalizationMall.com because of the timing of the acquisition which was completed on August 3, 2020. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of PersonalizationMall.com.

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 10, 2021

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
1-800-FLOWERS.COM, Inc.
Jericho, 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 27, 2021 and June 28, 2020, 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 27, 2021, 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 27, 2021 and June 28, 2020, and the results of its operations and its cash flows for each of the three years in the period ended June 27, 2021, 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 27, 2021, 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 10, 2021 expressed an unqualified opinion thereon.

Change in Accounting Principle

As discussed in Note 16 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the Audit Committee of the Board of Directors and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements; and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Business Combinations

As described in Note 4 to the consolidated financial statements, the Company completed the acquisition of PersonalizationMall.com, LLC, a leading ecommerce provider of personalized products, for the purchase price of approximately $250.9 million, net of cash during the fiscal year ended June 27, 2021. This acquisition included a significant amount of intangible assets and goodwill, requiring management to determine fair values of the identifiable assets and liabilities at the acquisition date.

We identified management's judgments used to determine the fair value of identifiable intangible assets related to the PersonalizationMall.com acquisition as a critical audit matter. The Company's determination of fair values of certain identifiable intangible assets is subjective and included management's judgments over significant unobservable inputs and assumptions utilized including revenue and EBITDA growth rates, and royalty rates. Auditing these elements involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Assessing the design and testing operating effectiveness of certain controls over the development of significant assumptions used to determine the fair values of certain identifiable intangible assets.
- Assessing the reasonableness of significant inputs and assumptions used by management through evaluating revenue and EBITDA growth rates against the historical performance of the target entity, similar business units of the Company, and other relevant supporting documents.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in evaluating the reasonableness of the selected royalty rates by assessing the strength and history of the brand name, benchmarking against rates used in historical transactions, and comparing to market data.

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

BDO USA, LLP
Melville, New York
September 10, 2021

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 2021, 389,209 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 3, 2021, there were approximately 202 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 3, 2021, there were approximately 11 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. On June 27, 2019, the board of directors increased the authorization to $30.0 million, and on April 22, 2021, increased it once more to $40.0 million. The Company repurchased a total of $22.4 million (862,290 shares), $10.7 million (754,458 shares) and $14.8 million (1,230,303 shares) during the fiscal years 2021, 2020 and 2019, respectively, under this program. As of June 27, 2021, $32.5 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 2021, which includes the period June 29, 2020 through June 27, 2021:

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)			
06/29/20 - 07/26/20	—	—	—	$19,320
07/27/20 - 08/23/20	—	—	—	$19,320
08/24/20 - 09/27/20	36,355	$29.94	36,355	$18,231
09/28/20 - 10/25/20	—	—	—	$18,231
10/26/20 - 11/22/20	305,941	$21.23	305,941	$11,735
11/23/20 - 12/27/20	203,842	$23.93	203,842	$ 6,850
12/28/20 - 01/24/21	70,438	$27.65	70,438	$ 4,900
01/25/21 - 02/21/21	12,821	$31.63	12,821	$ 4,494
02/22/21 - 03/28/21	—	—	—	$ 4,494
03/29/21 - 04/25/21	—	—	—	$ 4,494
04/26/21 - 05/23/21	142,893	$32.71	142,893	$35,322
05/24/21 - 06/27/21	90,000	$31.80	90,000	$32,457
Total	862,290	$25.92	862,290	

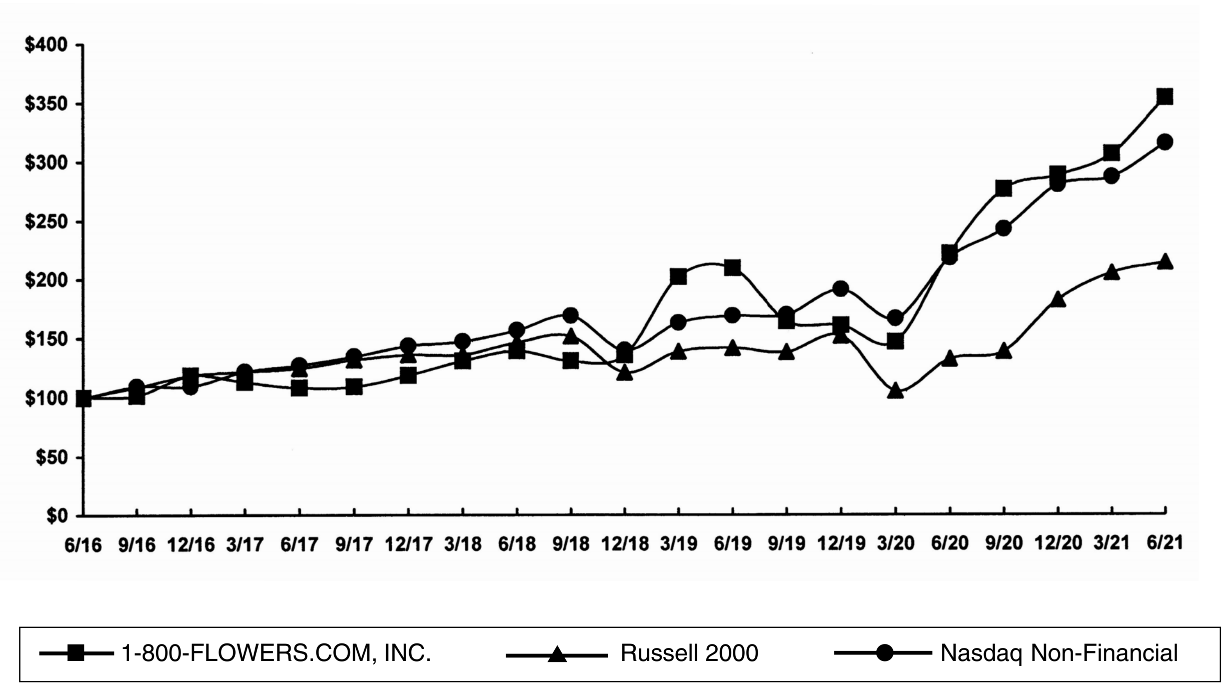
(1) Average price per share excludes commissions and other transaction fees.

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 6/30/16 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
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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 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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