

REFINITIV

## DELTA REPORT

### 10-Q

FLWS - 1 800 FLOWERS COM INC

10-Q - SEPTEMBER 29, 2024 COMPARED TO 10-Q - MARCH 31, 2024

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TOTAL DELTAS 977

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, September 29, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_ to \_\_\_\_

Commission File No. 0-26841



1-800-FLOWERS.COM, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

Two Jericho Plaza, Suite 200, Jericho, NY 11753

(Address of principal executive offices) (Zip code)

11-3117311

(I.R.S. Employer Identification No.)

(516) 237-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock	FLWS	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes**  **No**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit such files). **Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes**  **No**

The number of shares outstanding of each of the Registrant's classes of common stock as of May 3, 2024 October 28, 2024:

Class A common stock: 37,141,975 36,782,727

Class B common stock: 27,068,221

1-800-FLOWERS.COM, Inc.  
 FORM 10-Q  
 For the quarterly period ended **March 31, 2024** **September 29, 2024**

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**PART I. – FINANCIAL INFORMATION**

**ITEM 1. – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

1-800-FLOWERS.COM, Inc. and Subsidiaries  
 Condensed Consolidated Balance Sheets  
 (in thousands, except for share data)

	March 31, 2024	July 2, 2023	September 29, 2024	June 30, 2024
Assets	(unaudited)		(unaudited)	

Current assets:						
Cash and cash equivalents	\$ 183,956	\$ 126,807	\$ 8,407	\$ 159,437		
Trade receivables, net	26,779	20,419	41,024	18,024		
Inventories	159,458	191,334	275,323	176,591		
Prepaid and other	26,437	34,583	60,960	31,680		
Total current assets	396,630	373,143	385,714	385,732		
Property, plant and equipment, net	223,939	234,569	225,239	223,789		
Operating lease right-of-use assets	114,784	124,715	112,926	113,926		
Goodwill	153,577	153,376	156,648	156,537		
Other intangibles, net	116,783	139,888	115,531	116,216		
Other assets	34,269	25,739	38,566	36,448		
Total assets	\$ 1,039,982	\$ 1,051,430	\$ 1,034,624	\$ 1,032,648		
Liabilities and Stockholders' Equity						
Current liabilities:						
Accounts payable	\$ 47,015	\$ 52,588	\$ 63,732	\$ 80,005		
Accrued expenses	138,004	141,914	128,926	121,303		
Current maturities of long-term debt	10,000	10,000	57,500	10,000		
Current portion of long-term operating lease liabilities	15,250	15,759	16,836	16,511		
Total current liabilities	210,269	220,261	266,994	227,819		
Long-term debt, net	179,432	186,391	172,293	177,113		
Long-term operating lease liabilities	107,918	117,330	104,398	105,866		
Deferred tax liabilities, net	22,599	31,134	18,794	19,402		
Other liabilities	34,438	24,471	38,728	36,106		
Total liabilities	554,656	579,587	601,207	566,306		
Commitments and contingencies (See Note 14)						
Commitments and contingencies (See <a href="#">Note 14</a> )						
Stockholders' equity:						
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, none issued	-	-	-	-		
Class A common stock, \$0.01 par value, 200,000,000 shares authorized, 58,781,134 and 58,273,747 shares issued at March 31, 2024 and July 2, 2023, respectively	588	583				
Class B common stock, \$0.01 par value, 200,000,000 shares authorized, 32,348,221 shares issued at March 31, 2024 and July 2, 2023	323	323				
Class A common stock, \$0.01 par value, 200,000,000 shares authorized, 58,798,430 and 58,792,695 shares issued at September 29, 2024 and June 30, 2024, respectively			588	588		
Class B common stock, \$0.01 par value, 200,000,000 shares authorized, 32,348,221 shares issued at September 29, 2024 and June 30, 2024			323	323		
Additional paid-in capital	396,109	388,215	401,685	399,165		
Retained earnings	285,845	271,083	230,788	264,978		
Accumulated other comprehensive loss	(170)	(170)	(127)	(127)		
Treasury stock, at cost, 21,514,159 and 20,565,875 Class A shares at March 31, 2024 and July 2, 2023, respectively and 5,280,000 Class B shares at March 31, 2024 and July 2, 2023	(197,369)	(188,191)				
Treasury stock, at cost, 21,805,703 and 21,645,290 Class A shares at September 29, 2024 and June 30, 2024, respectively and 5,280,000 Class B shares at September 29, 2024 and June 30, 2024			(199,840)	(198,585)		
Total stockholders' equity	485,326	471,843	433,417	466,342		
Total liabilities and stockholders' equity	\$ 1,039,982	\$ 1,051,430	\$ 1,034,624	\$ 1,032,648		

See accompanying Notes to Condensed Consolidated Financial Statements.

**1-800-FLOWERS.COM, Inc. and Subsidiaries**  
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)  
*(in thousands, except for per share data)*  
*(unaudited)*

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Net revenues	\$ 379,405	\$ 417,566	\$ 1,470,509	\$ 1,619,047
Cost of revenues	240,688	277,126	874,167	1,009,383
Gross profit	138,717	140,440	596,342	609,664
Operating expenses:				
Marketing and sales	105,828	106,472	376,903	390,077
Technology and development	15,291	14,837	45,417	44,529
General and administrative	32,295	25,922	87,938	81,075
Depreciation and amortization	13,232	13,267	40,578	40,276
Goodwill and intangible impairment	-	64,586	19,762	64,586
Total operating expenses	166,646	225,084	570,598	620,543
Operating income (loss)	(27,929 )	(84,644 )	25,744	(10,879 )
Interest expense, net	881	1,712	8,974	8,676
Other (income) expense, net	(3,574 )	1,404	(5,836 )	2,474
Income (loss) before income taxes	(25,236 )	(87,760 )	22,606	(22,029 )
Income tax (benefit) expense	(8,333 )	(16,767 )	7,844	126
Net income (loss) and comprehensive net income (loss)	(16,903 )	(70,993 )	14,762	(22,155 )
Basic net income (loss) per common share	\$ (0.26 )	\$ (1.10 )	\$ 0.23	\$ (0.34 )
Diluted net income (loss) per common share	\$ (0.26 )	\$ (1.10 )	\$ 0.23	\$ (0.34 )
Weighted average shares used in the calculation of net income (loss) per common share:				
Basic	64,489	64,767	64,703	64,660
Diluted	64,489	64,767	65,057	64,660

	Three Months Ended	
	September 29,	
	2024	2023
Net revenues	\$ 242,090	\$ 269,050
Cost of revenues (excludes depreciation and amortization)	149,771	167,122
Gross profit	92,319	101,928
Operating expenses:		
Marketing and sales	82,097	82,518
Technology and development	15,639	15,304
General and administrative	28,526	28,489
Depreciation and amortization	13,038	13,194

Total operating expenses		139,300	139,505
Operating loss		(46,981 )	(37,577 )
Interest expense, net		3,360	3,482
Other (income) expense, net		(1,767 )	474
Loss before income taxes		(48,574 )	(41,533 )
Income tax benefit		(14,384 )	(10,291 )
Net loss and comprehensive loss		(34,190 )	(31,242 )
Basic and diluted net loss per common share	\$ (0.53 )	\$ (0.48 )	
Basic and diluted weighted average shares used in the calculation of net loss per common share	64,198	64,785	

See accompanying Notes to Condensed Consolidated Financial Statements.

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

#### Condensed Consolidated Statements of Stockholders' Equity

(in thousands, except share data)

(unaudited)

Three Months Ended March 31, 2024 and April 2, 2023												
	Accumulated											
	Common Stock				Additional				Other			
	Class A		Class B		Paid-in	Retained	Comprehensive	Treasury Stock	Total	Stockholders' Equity		
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Amount	Stockholders' Equity	
Balance at December 31, 2023	58,743,969	\$ 588	32,348,221	\$ 323	\$ 392,849	\$ 302,748	\$ (170 )	26,369,336	\$ (192,978 )	\$ 503,360		
Net loss	-	-	-	-	-	(16,903 )	-	-	-	-	(16,903 )	
Stock-based compensation	12,262	-	-	-	3,046	-	-	-	-	-	3,046	
Exercise of stock options	24,903	-	-	-	214	-	-	-	-	-	214	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	424,823	(4,391 )	(4,391 )		
Balance at March 31, 2024	<u>58,781,134</u>	<u>\$ 588</u>	<u>32,348,221</u>	<u>\$ 323</u>	<u>\$ 396,109</u>	<u>\$ 285,845</u>	<u>\$ (170 )</u>	<u>26,794,159</u>	<u>\$ (197,369 )</u>	<u>\$ 485,326</u>		
Balance at January 1, 2023	58,256,031	\$ 583	32,348,221	\$ 323	\$ 383,335	\$ 364,623	\$ (211 )	25,838,644	\$ (188,127 )	\$ 560,526		
Net loss	-	-	-	-	-	(70,993 )	-	-	-	-	(70,993 )	
Stock-based compensation	4,166	-	-	-	2,487	-	-	-	-	-	2,487	
Conversion – Class B into Class A	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	1,757	(22 )	(22 )		
Balance at April 2, 2023	<u>58,260,197</u>	<u>\$ 583</u>	<u>32,348,221</u>	<u>\$ 323</u>	<u>\$ 385,822</u>	<u>\$ 293,630</u>	<u>\$ (211 )</u>	<u>25,840,401</u>	<u>\$ (188,149 )</u>	<u>\$ 491,998</u>		

Three Months Ended September 29, 2024 and October 1, 2023												
	Accumulated											
	Common Stock				Additional				Other			
	Class A		Class B		Paid-in	Retained	Comprehensive	Treasury Stock	Total	Stockholders' Equity		
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Amount	Stockholders' Equity	

Balance at													
June 30, 2024	58,792,695	\$ 588	32,348,221	\$ 323	\$ 399,165	\$ 264,978	\$ (127 )	26,925,290	\$ (198,585 )	\$ 466,342			
Net loss	-	-	-	-	-	-	(34,190 )	-	-	-	-	(34,190 )	
Stock-based compensation	1,000	-	-	-	-	2,479	-	-	-	-	-	2,479	
Exercise of stock options	4,735	-	-	-	-	41	-	-	-	-	-	41	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	-	160,413	(1,255 )	(1,255 )		
Balance at September 29, 2024	<u>58,798,430</u>	<u>\$ 588</u>	<u>32,348,221</u>	<u>\$ 323</u>	<u>\$ 401,685</u>	<u>\$ 230,788</u>	<u>\$ (127 )</u>	<u>27,085,703</u>	<u>\$ (199,840 )</u>	<u>\$ 433,417</u>			
Balance at													
July 2, 2023	58,273,747	\$ 583	32,348,221	\$ 323	\$ 388,215	\$ 271,083	\$ (170 )	25,845,875	\$ (188,191 )	\$ 471,843			
Net loss	-	-	-	-	-	-	(31,242 )	-	-	-	-	(31,242 )	
Stock-based compensation	35,800	-	-	-	-	2,364	-	-	-	-	-	2,364	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	-	10,483	(74 )	(74 )		
Balance at October 1, 2023	<u>58,309,547</u>	<u>\$ 583</u>	<u>32,348,221</u>	<u>\$ 323</u>	<u>\$ 390,579</u>	<u>\$ 239,841</u>	<u>\$ (170 )</u>	<u>25,856,358</u>	<u>\$ (188,265 )</u>	<u>\$ 442,891</u>			

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

#### Condensed Consolidated Statements of Stockholders' Equity

(in thousands, except share data)

(unaudited)

Nine Months Ended March 31, 2024 and April 2, 2023

	Accumulated										
	Common Stock				Additional			Other			Total
	Class A		Class B		Paid-in	Retained	Comprehensive	Treasury Stock		Stockholders' Equity	
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Equity	
Balance at July 2, 2023	58,273,747	\$ 583	32,348,221	\$ 323	\$ 388,215	\$ 271,083	\$ (170 )	25,845,875	\$ (188,191 )	\$ 471,843	
Net income	-	-	-	-	-	-	14,762	-	-	-	14,762
Stock-based compensation	477,374	5	-	-	-	7,636	-	-	-	-	7,641
Exercise of stock options	30,013	-	-	-	-	258	-	-	-	-	258
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	948,284	(9,178 )	(9,178 )	
Balance at March 31, 2024	<u>58,781,134</u>	<u>\$ 588</u>	<u>32,348,221</u>	<u>\$ 323</u>	<u>\$ 396,109</u>	<u>\$ 285,845</u>	<u>\$ (170 )</u>	<u>26,794,159</u>	<u>\$ (197,369 )</u>	<u>\$ 485,326</u>	
Balance at July 3, 2022	57,706,389	\$ 577	32,529,614	\$ 325	\$ 379,885	\$ 315,785	\$ (211 )	25,698,396	\$ (186,952 )	\$ 509,409	
Net loss	-	-	-	-	-	-	(22,155 )	-	-	-	(22,155 )
Stock-based compensation	372,415	4	-	-	-	5,937	-	-	-	-	5,941
Conversion – Class B into Class A	181,393	2	(181,393 )	(2 )	-	-	-	-	-	-	-
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	-	142,005	(1,197 )	(1,197 )
Balance at April 2, 2023	<u>58,260,197</u>	<u>\$ 583</u>	<u>32,348,221</u>	<u>\$ 323</u>	<u>\$ 385,822</u>	<u>\$ 293,630</u>	<u>\$ (211 )</u>	<u>25,840,401</u>	<u>\$ (188,149 )</u>	<u>\$ 491,998</u>	

See accompanying Notes to Condensed Consolidated Financial Statements.

**1-800-FLOWERS.COM, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
*(in thousands)*  
*(unaudited)*

	Nine Months Ended		Three Months Ended	
	March 31,	April 2,	September 29,	October 1,
	2024	2023	2024	2023
<b>Operating activities:</b>				
Net income (loss)	\$ 14,762	\$ (22,155)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Goodwill and intangible impairment	19,762	64,586		
Net loss			\$ (34,190)	\$ (31,242)
Reconciliation of net loss to net cash used in operating activities, net of acquisitions:				
Depreciation and amortization	40,578	40,276	13,038	13,194
Amortization of deferred financing costs	541	998	180	180
Deferred income taxes	(8,535)	(4,390)	(607)	(579)
Bad debt expense	418	2,997	84	586
Stock-based compensation	7,641	5,941	2,479	2,364
Other non-cash items	(122)	(245)	255	270
Changes in operating items:				
Trade receivables	(6,778)	(15,977)	(23,025)	(24,407)
Inventories	31,674	57,031	(97,439)	(89,287)
Prepaid and other	4,761	2,706	(29,237)	(14,764)
Accounts payable and accrued expenses	(6,077)	(59,806)	(8,806)	(42)
Other assets and liabilities	1,426	1,102	27	(157)
Net cash provided by operating activities	100,051	73,064		
Net cash used in operating activities			(177,241)	(143,884)
<b>Investing activities:</b>				
Acquisitions, net of cash acquired	-	(5,000)	(3,000)	-
Capital expenditures	(26,482)	(31,351)	(12,075)	(6,974)
Net cash used in investing activities	(26,482)	(36,351)	(15,075)	(6,974)
<b>Financing activities:</b>				
Acquisition of treasury stock	(9,178)	(1,197)	(1,255)	(74)
Proceeds from exercise of employee stock options	258	-	41	-
Proceeds from bank borrowings	82,000	195,900	45,000	35,000
Repayment of bank borrowings	(89,500)	(210,900)	(2,500)	(2,500)
Debt issuance cost	-	(383)		
Net cash used in financing activities	(16,420)	(16,580)		
Net cash provided by financing activities			41,286	32,426
Net change in cash and cash equivalents	57,149	20,133	(151,030)	(118,432)
Cash and cash equivalents:				

Beginning of period	126,807	31,465	159,437	126,807
End of period	\$ 183,956	\$ 51,598	\$ 8,407	\$ 8,375

See accompanying Notes to Condensed Consolidated Financial Statements.

**1-800-FLOWERS.COM, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**  
*(unaudited)*

**Note 1 – Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared by 1-800-FLOWERS.COM, Inc. and Subsidiaries (the "Company") in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine-month periods ended **March 31, September 29, 2024** are not necessarily indicative of the results that may be expected for the fiscal year ending **June 30, 2024**. These financial statements should be read in conjunction with our [Annual Report on Form 10-K for the fiscal year ended July 2, 2023](#), which provides a more complete understanding of our accounting policies, financial position, operating results and other matters.

The Company's quarterly results may experience seasonal fluctuations. 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, is expected to generate over 40% of the Company's annual revenues, and all of its earnings. Due to the number of major floral gifting occasions, including Mother's Day, Valentine's Day, Easter, and Administrative Professionals Week, revenues also have historically risen during the Company's fiscal third and fourth quarters in comparison to its fiscal first quarter.

**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.

**Revenue Recognition**

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

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

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

### Deferred Revenues

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

Our total deferred revenue as of **July 2, 2023** **June 30, 2024** was **\$30.8** **\$25.0** million (included in "Accrued expenses" on our consolidated balance sheets), of which **\$2.8** **\$13.0** million and **\$29.6** million was recognized as revenue during the three and nine months ended **March 31**, **September 29, 2024**, respectively. The deferred revenue balance as of **March 31**, **September 29, 2024** was **\$31.7** **\$24.6** million.

### Impairment Evaluation

The Company performs its annual assessment of goodwill and indefinite-lived intangible impairment during its fiscal fourth quarter, or more frequently if events occur or circumstances change such that it is more likely than not that an impairment may exist. During the quarter ended December 31, 2023, as a result of a decline in the actual and projected revenue for the Company's PersonalizationMall trademark (indefinite-lived intangible asset), as well as a higher discount rate resulting from the higher interest rate environment, the Company determined that an impairment assessment was required for this trademark. This assessment resulted in the Company recording a non-cash impairment charge of \$19.8 million to reduce the recorded carrying value of the PersonalizationMall trademark.

The Company concluded that goodwill and other indefinite-lived intangible assets, excluding its PersonalizationMall trademark, did not require an impairment assessment. See [Note 5 – Goodwill and Intangible Assets, Net](#) for further information.

### Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 requires enhanced disclosures about significant segment expenses, includes enhanced interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and contains other disclosure requirements. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. ASU 2023-07 is to be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of ASU 2023-07 on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires the disclosure of additional information with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes and requires greater detail about significant reconciling items in the reconciliation. Additionally, the amendment requires disaggregated information pertaining to taxes paid, net of refunds received, for federal, state, and foreign income taxes. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and allows for either a prospective or retrospective approach on adoption. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements and related disclosures.

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### Note 2 – Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing the net income (loss) loss during the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) loss per common share reflects is computed using the weighted average number of common shares outstanding during the period and excludes the dilutive potential dilution that common shares (consisting of unvested restricted stock awards), as their inclusion would occur if securities or other contracts be antidilutive. As a result of the net loss for the three months ended September 29, 2024 and October 1, 2023, there is no dilutive impact to issue common stock were exercised or converted into common stock.

The following table sets forth the computation of basic and diluted net income (loss) loss per common share:

	Three Months Ended		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
(in thousands, except per share data)				
Numerator:				
Net income (loss)	\$ (16,903 )	\$ (70,993 )	\$ 14,762	\$ (22,155 )
Denominator:				

Weighted average shares outstanding	64,489	64,767	64,703	64,660
Effect of dilutive stock options and unvested restricted stock awards	—	—	354	—
Diluted weighted-average shares outstanding	64,489	64,767	65,057	64,660
Net income (loss) per common share				
Basic	\$ (0.26)	\$ (1.10)	\$ 0.23	\$ (0.34)
Diluted	\$ (0.26)	\$ (1.10)	\$ 0.23	\$ (0.34)

share calculation for the respective periods.

#### Note 3 – Acquisitions

##### Acquisition of *Things Remembered Scharffen Berger*

On January 10, 2023, July 1, 2024, the Company completed its acquisition of certain assets of *Scharffen Berger*®, a chocolate manufacturing company, expanding the *Things Remembered* brand, a provider of personalized gifts, whose operations are integrated within the *PersonalizationMall.com* brand, Company's product offerings in the *Consumer Floral Gourmet Foods & Gifts* segment, *Gift Baskets* Segment. The Company used cash on hand to fund the \$5.0 million purchase, which included the intellectual property, customer list, certain inventory, and equipment. The acquisition did not include *Things Remembered* retail stores. *Things Remembered*'s annual revenues from its e-commerce operations, based on its most recently available unaudited financial information was \$30.4 million for the twelve months ended November 30, 2022.

The total consideration of \$5.0 million \$3.3 million was primarily allocated to the identifiable assets acquired and liabilities assumed based on the preliminary estimates of their fair values on the acquisition date, including: property, plant and equipment of \$2.0 million, inventory of \$1.3 million and goodwill of \$0.1 million (deductible for income tax purposes), offset by net liabilities of \$0.1 million. The Company is in the process of finalizing its allocation and this may result in potential adjustments to the carrying value of the respective recorded assets and liabilities, establishment of certain additional intangible assets, revision of useful lives of intangible assets, and the determination of any residual amount that will be allocated to goodwill.

*Scharffen Berger* annual revenues and results of operations, based on its most recent available financial information, is deemed immaterial to the Company's consolidated financial statements, and, as such pro forma results of operations have not been presented.

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##### Acquisition of *Card Isle*

On April 3, 2024, the Company, within its *BloomNet* segment, completed its acquisition of certain assets of *Card Isle*®, an e-commerce greeting card company, expanding the Company's presence in the greeting card category across all brands. The Company used cash on hand to fund the purchase.

The total consideration of \$3.6 million was primarily allocated to the identifiable assets acquired and liabilities assumed based on the preliminary estimates of their fair values on the acquisition date, including: goodwill of \$1.9 million \$3.0 million (deductible for income tax purposes), trademarks and artist contracts of \$0.8 million (indefinite \$0.6 million (5-year life), customer lists. The Company is in the process of \$0.8 million (3-year life), inventory of \$1.1 million, finalizing its allocation and equipment of \$0.4 million. During the quarter ended this December 31, 2023, may the Company finalized its purchase price allocation, resulting in immaterial potential adjustments to the preliminary carrying value of the respective recorded assets and liabilities, establishment of certain additional intangible assets, revisions of useful lives of intangible assets, and the determination of any residual amount that was will be allocated to goodwill.

*Operating Card Isle* annual revenues and results of operations, based on its most recently available financial information, is deemed immaterial to the *Things Remembered* business are reflected in the Company's Company's consolidated financial statements, from the date of acquisition within the *Consumer Floral & Gifts* segment. Pro and, as such pro forma results of operations have not been presented, as the impact on the Company's consolidated financial results was not material.

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#### Note 4 – Inventory

The Company's inventory, valued at the lower of cost or net realizable value, 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:

	March 31, 2024	July 2, 2023	September 29, 2024	June 30, 2024
	(in thousands)		(in thousands)	
	\$ 86,503	\$ 92,582	\$ 170,479	\$ 94,590
Finished goods	22,299	33,818	26,526	25,849
Work-in-process				

Raw materials	50,656	64,934	78,318	56,152
Total inventory	\$ 159,458	\$ 191,334	\$ 275,323	\$ 176,591

**Note 5 – Goodwill and Intangible Assets, Net**

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

	Gourmet				(in thousands)	
	Consumer		Foods & Gift			
	Floral & Gifts	BloomNet	Baskets	Total		
Balance at July 2, 2023	\$ 153,376	\$ -	\$ -	\$ 153,376		
Measurement period adjustment for Things Remembered Acquisition	201	-	-	201		
Balance at March 31, 2024	\$ 153,577	\$ -	\$ -	\$ 153,577		

	Gourmet				(in thousands)	
	Consumer		Foods & Gift			
	Floral & Gifts	BloomNet	Baskets	Total		
Balance at June 30, 2024	\$ 153,577	\$ 2,960	\$ -	\$ 156,537		
Acquisition of Scharffen Berger	-	-	111	111		
Balance at September 29, 2024	\$ 153,577	\$ 2,960	\$ 111	\$ 156,648		

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

	March 31, 2024			July 2, 2023			September 29, 2024			Gross Carrying Amount (in thousands)		
	Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net	Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Net	
	Amortization	Carrying	Accumulated	Net	Carrying	Accumulated	Net	Amortization	Carrying	Accumulated	Net	
	Period (in years)	Amount	Amortization	Net	Amount	Amortization	Net	Period (in years)	Amount	Amortization	Net	
Intangible assets with determinable lives												
Investment in licenses	14 - 16	\$ 7,420	\$ 6,648	\$ 772	\$ 7,420	\$ 6,569	\$ 851	14 - 16	\$ 7,420	\$ 6,701	\$ 719	\$ 7,420
Customer lists	3 - 10	29,071	24,830	4,241	29,071	21,611	7,460	3 - 10	29,647	26,576	3,071	29,647
Other	5 - 14	2,946	2,649	297	2,946	2,604	342	5 - 14	2,946	2,678	268	2,946
Total intangible assets with determinable lives		39,437	34,127	5,310	39,437	30,784	8,653		40,013	35,955	4,058	40,013

Trademarks with indefinite lives	111,473	-	111,473	131,235	-	131,235	111,473	-	111,473	111,473
Total identifiable intangible assets	\$ 150,910	\$ 34,127	\$ 116,783	\$ 170,672	\$ 30,784	\$ 139,888	\$ 151,486	\$ 35,955	\$ 115,531	\$ 151,486
	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Future estimated amortization expense is as follows: remainder of fiscal 2024 - \$1.1 million, fiscal Fiscal 2025 - \$1.9 million \$1.4 million, fiscal Fiscal 2026 - \$1.3 million \$1.4 million, fiscal Fiscal 2027 - \$0.5 million \$0.6 million, fiscal Fiscal 2028 - \$0.3 million, Fiscal 2029 - \$0.2 million and thereafter - \$0.3 million \$0.1 million.

The Company performs its annual assessment of goodwill and indefinite-lived intangible impairment during its fiscal fourth quarter, or more frequently if events occur or circumstances change such that it is more likely than not that an impairment may exist.

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During the quarter ended December 31, 2023, as a result of a decline in the actual and projected revenue for the Company's PersonalizationMall tradename (indefinite-lived intangible asset), as well as a higher discount rate resulting from the higher interest rate environment, the Company determined that an impairment assessment was required. The Company's impairment test for the indefinite-lived intangible asset encompassed calculating a fair value of the indefinite-lived intangible asset and comparing that result to its carrying value. To determine fair value of the indefinite-lived intangible asset, the Company used 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. 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. Based on the impairment assessment performed for the quarter ended December 31, 2023, the Company recorded a non-cash impairment charge of \$19.8 million to reduce the recorded carrying value of the PersonalizationMall tradename to its estimated fair value. This impairment charge was recorded in the Company's Consumer Floral & Gifts reporting unit. The Company concluded that goodwill and other indefinite-lived intangible assets, excluding its PersonalizationMall tradename, did not require an impairment assessment.

#### Note 6 – 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 equity cost method investments without a readily determinable fair value was \$2.6 million \$2.4 million as of March 31, September 29, 2024 and July 2, 2023 June 30, 2024, respectively.

##### *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 9 - Fair Value Measurements](#)).

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#### Note 7 – Debt, Net

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

	March 31, 2024		July 2, 2023		September 29, 2024		June 30, 2024	
			(in thousands)				(in thousands)	
	\$	-	\$	-	\$	45,000	\$	-
Revolver								
Term Loans	192,500		200,000		187,500		190,000	
Deferred financing costs	(3,068)		(3,609)		(2,707)		(2,887)	
Total debt	189,432		196,391		229,793		187,113	
Less: current maturities of long-term debt	10,000		10,000		57,500		10,000	
Long-term debt, net	\$ 179,432		\$ 186,391		\$ 172,293		\$ 177,113	

On June 27, 2023, the Company, certain of its U.S. subsidiaries, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent entered into a Third Amended and Restated Credit Agreement (the "Third Amended Credit Agreement"). The Third Amended Credit Agreement ~~amends~~amended and ~~restates~~restated the Company's Second Amended and Restated Credit Agreement, dated as of May 31, 2019 (as amended by the First Amendment, dated as of August 20, 2020, the Second Amendment, dated as of November 8, 2021, and the Third Amendment, dated as of August 29, 2022). The Third Amended Credit Agreement, among other modifications: (i) ~~increases~~increased the amount of the outstanding term loan ("Term Loan") ~~from approximately \$150 million~~ to \$200 million, (ii) ~~decreases~~decreased the amount of the commitments in respect of the revolving credit facility ~~from \$250 million~~ to \$225 million, subject to a seasonal reduction to an aggregate amount of \$125 million for the period from January 1 to August 1, (iii) ~~extends~~extended the maturity date of the outstanding term loan and the revolving credit facilities ~~by approximately 48 months~~ to June 27, 2028, and (iv) ~~increases~~increased the applicable interest rate margins for SOFR and base rate loans by 25 basis points.

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For each borrowing under the Third Amended 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) an adjusted SOFR rate for a one month interest period plus 1% or (2) an adjusted SOFR for rate plus an applicable margin varying based on the Company's consolidated leverage ratio. The adjusted SOFR rate includes a credit spread adjustment of 0.1% for all interest periods.

The Third Amended 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 31, September 29,~~ 2024. The Third Amended Credit Agreement is secured by substantially all of the assets of the Company.

The principal of the Term Loan is payable at a rate of \$2.5 million for the first 8 quarterly installments beginning on September 29, 2023, increasing to a quarterly payment of \$5.0 million, commencing on September 26, 2025, for the remaining 11 payments, with the remaining balance of \$125.0 million due upon maturity on June 27, 2028.

Future principal term loan payments under the Third Amended Credit Agreement are as follows: ~~\$2.5 million~~\$7.5 million – remainder of Fiscal ~~2024~~, ~~\$10.0 million~~ – Fiscal ~~2025~~, \$20.0 million – Fiscal 2026, \$20.0 million – Fiscal 2027, and \$140.0 million – Fiscal ~~2028~~, 2028.

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#### Note 8 – Property, Plant and Equipment, Net

The Company's property, plant and equipment, ~~net~~ consists of the following:

	March 31, 2024		July 2, 2023		September 29, 2024		June 30, 2024	
	(in thousands)				(in thousands)			
Land	\$ 33,827		\$ 33,866		\$ 33,827		\$ 33,827	
Orchards in production and land improvements	20,604		20,401		20,917		20,604	
Building and building improvements	68,911		67,647		69,410		69,089	
Leasehold improvements	30,973		29,524		31,257		31,289	
Production equipment	130,890		125,297		134,806		131,664	
Furniture and fixtures	9,294		9,102		9,330		9,325	
Computer and telecommunication equipment	42,832		41,859		42,820		42,159	
Software	192,837		181,085		196,207		176,160	
Capital projects in progress	17,608		18,205		12,777		23,172	
Property, plant and equipment, gross	547,776		526,986		551,351		537,289	
Accumulated depreciation and amortization	(323,837)		(292,417)		(326,112)		(313,500)	
Property, plant and equipment, net	\$ 223,939		\$ 234,569		\$ 225,239		\$ 223,789	

#### Note 9 – 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 (these are level 2 investments). 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.

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

Level 1	Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
Level 2	Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
Level 3	Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

	Carrying Value	Fair Value Measurements			
		Assets (Liabilities)			
		Level 1	Level 2	Level 3	
(in thousands)					
As of March 31, 2024					
Trading securities held in a "rabbi trust" (1)	\$ 31,160	\$ 31,160	\$ -	\$ -	
Total assets (liabilities) at fair value	<u><u>\$ 31,160</u></u>	<u><u>\$ 31,160</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
As of July 2, 2023					
Trading securities held in a "rabbi trust" (1)	\$ 22,617	\$ 22,617	\$ -	\$ -	
Total assets (liabilities) at fair value	<u><u>\$ 22,617</u></u>	<u><u>\$ 22,617</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

	Carrying Value	Fair Value Measurements			
		Assets (Liabilities)			
		Level 1	Level 2	Level 3	
(in thousands)					
Assets (Liabilities) as of September 29, 2024					
Trading securities held in a "rabbi trust" (1)	\$ 35,425	\$ 35,425	\$ -	\$ -	
	<u><u>\$ 35,425</u></u>	<u><u>\$ 35,425</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
Assets (Liabilities) as of June 30, 2024					
Trading securities held in a "rabbi trust" (1)	\$ 32,805	\$ 32,805	\$ -	\$ -	
	<u><u>\$ 32,805</u></u>	<u><u>\$ 32,805</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

(1) The Company has established a 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 a 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 10 – Income Taxes

The Company computed the interim tax provision using an estimated annual effective rate, adjusted for discrete items. This estimate is used in providing for income taxes on a year-to-date basis and may change in subsequent interim periods. The Company's effective tax rate for the three and nine months ended **March 31, September 29, 2024** was **33.0%** and **34.7% 29.6%, respectively**, compared to **19.1% and -0.6% 24.8%** in the same **periods period** of the prior year. The Company's effective tax rate for **fiscal the 2024 three months ended September 29, 2024** and **fiscal October 1, 2023** differed from the U.S. federal statutory rate of **21.0%** primarily due to **impairment charges within the respective periods**, thus reducing the amount of income reflected in the Company's **estimated annual effective tax rate**. Further impacting the effective tax rate for **fiscal 2024 and fiscal 2023** were **tax deficiencies (shortfalls) from stock-based compensation, state income taxes and non-deductible executive compensation including tax deficiencies (shortfalls) from stock-based compensation**, partially offset by tax credits.

On a regular basis, **The Company evaluates the recoverability/realizability of its deferred tax assets on a quarterly basis and the need for a establishes valuation allowance**. Such evaluations involve the application of significant judgment. The Company considers multiple factors in its evaluation of the need for a valuation allowance, including reversal of deferred tax liabilities, available tax planning strategies that could be implemented to realize the deferred tax assets, and forecasted future taxable income. A valuation allowance is provided **allowances** when it is more likely than not that **some all or a portion of a deferred tax asset may not be realized**. In completing this evaluation, the Company considers available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative earnings and losses in the most recent fiscal years, taxable income in prior carryback year(s) if permitted under the tax law, the time period over which our temporary differences will reverse, the implementation of feasible and prudent tax planning strategies, and expectations for future pre-tax operating income. Estimating future taxable income is inherently uncertain and requires judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or **all, a portion of the recorded** deferred tax assets will not be **realized**. **At both realized in future periods**. As of **March 31, September 29, 2024**, and **July 2, 2023, June 30, 2024**, the Company had valuation allowances of approximately **\$3.2 million \$4.9 million**, primarily related to certain state and foreign net operating losses.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various foreign countries. The Company's **fiscal Fiscal years 2020, 2023, 2022 and 2021 and 2022** 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 Fiscal 2016, 2020**. The Company's foreign income tax filings from **fiscal 2017** are open for examination by its respective foreign tax authorities, mainly Canada and Brazil.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. At **March 31, September 29, 2024**, the Company has an unrecognized tax benefit, including accrued interest and penalties, of approximately **\$3.2 million \$3.3 million** (included in "Other liabilities" on our consolidated balance sheet), all of which if fully recognized would impact our effective tax rate. The Company believes that **\$0.4 million** of unrecognized tax positions will be resolved over the next twelve months.

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## Note 11 – Business Segments

The Company's management reviews the results of its 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.

Three Months Ended		Nine Months Ended		Three Months Ended	
March 31,	April 2,	March 31,	April 2,	September 29,	October 1,
2024	2023	2024	2023	2024	2023
(in thousands)					

Net Revenues:

Segment Net Revenues:

Consumer Floral & Gifts	\$ 221,207	\$ 233,019	\$ 618,236	\$ 672,248	\$ 135,180	\$ 142,194
BloomNet	27,314	36,968	83,420	103,187	23,075	28,870
Gourmet Foods & Gift Baskets	130,989	147,863	769,061	844,522	84,003	98,109
Corporate	167	36	716	152	89	270
Intercompany eliminations	(272)	(320)	(924)	(1,062)	(257)	(393)
Total net revenues	<u>\$ 379,405</u>	<u>\$ 417,566</u>	<u>\$ 1,470,509</u>	<u>\$ 1,619,047</u>	<u>\$ 242,090</u>	<u>\$ 269,050</u>

Operating Income:

Operating Income (Loss):

Segment Contribution Margin:

Consumer Floral & Gifts	\$ 22,190	\$ 26,136	\$ 41,609	\$ 64,832	\$ 4,944	\$ 8,826
BloomNet	7,506	10,982	25,981	29,847	6,841	9,387
Gourmet Foods & Gift Baskets	(8,172)	(78,480)	98,953	26,313	(12,253)	(11,028)
Segment Contribution Margin Subtotal	21,524	(41,362)	166,543	120,992	(468)	7,185
Corporate (a)	(36,221)	(30,015)	(100,221)	(91,595)	(33,475)	(31,568)
Depreciation and amortization	(13,232)	(13,267)	(40,578)	(40,276)	(13,038)	(13,194)
Operating income	<u>\$ (27,929)</u>	<u>\$ (84,644)</u>	<u>\$ 25,744</u>	<u>\$ (10,879)</u>		
Operating loss					<u>\$ (46,981)</u>	<u>\$ (37,577)</u>

(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, stock-based compensation, as well as Stock-based compensation changes in the fair value of the Company's NQDC Plan. 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.

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

	Three Months Ended									
	Consumer Floral &				Gourmet Foods &				Corporate and	
	Gifts		BloomNet		Gift Baskets		Eliminations		Consolidated	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
(in thousands)										
Net revenues										
E-commerce	\$ 218,590	\$ 230,403	\$ -	\$ -	\$ 121,651	\$ 127,398	\$ -	\$ -	\$ 340,241	\$ 357,801
Other	2,617	2,616	27,314	36,968	9,338	20,465	(105)	(284)	39,164	59,765
Total net revenues	<u>\$ 221,207</u>	<u>\$ 233,019</u>	<u>\$ 27,314</u>	<u>\$ 36,968</u>	<u>\$ 130,989</u>	<u>\$ 147,863</u>	<u>\$ (105)</u>	<u>\$ (284)</u>	<u>\$ 379,405</u>	<u>\$ 417,566</u>
Other revenues detail										
Retail and other	2,617	2,616	-	-	1,629	1,686	-	-	4,246	4,302
Wholesale	-	-	12,364	14,695	7,709	18,779	-	-	20,073	33,474
BloomNet services	-	-	14,950	22,273	-	-	-	-	14,950	22,273
Corporate	-	-	-	-	-	-	167	36	167	36
Eliminations	-	-	-	-	-	-	(272)	(320)	(272)	(320)
Total other revenues	<u>\$ 2,617</u>	<u>\$ 2,616</u>	<u>\$ 27,314</u>	<u>\$ 36,968</u>	<u>\$ 9,338</u>	<u>\$ 20,465</u>	<u>\$ (105)</u>	<u>\$ (284)</u>	<u>\$ 39,164</u>	<u>\$ 59,765</u>

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Nine Months Ended

	Consumer Floral &				Gourmet Foods &				Corporate and			
	Gifts		BloomNet		Gift Baskets		Eliminations		Consolidated			
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
(in thousands)												
Net revenues												
E-commerce	\$ 611,770	\$ 665,866	\$ -	\$ -	\$ 676,788	\$ 721,267	\$ -	\$ -	\$ 1,288,558	\$ 1,387,133		
Other	6,466	6,382	83,420	103,187	92,273	123,255	(208)	(910)	181,951	231,914		
Total net revenues	<u>\$ 618,236</u>	<u>\$ 672,248</u>	<u>\$ 83,420</u>	<u>\$ 103,187</u>	<u>\$ 769,061</u>	<u>\$ 844,522</u>	<u>\$ (208)</u>	<u>\$ (910)</u>	<u>\$ 1,470,509</u>	<u>\$ 1,619,047</u>		
Other revenues detail												
Retail and other	6,466	6,382	-	-	7,859	7,907	-	-	14,325	14,289		
Wholesale	-	-	32,867	40,370	84,414	115,348	-	-	117,281	155,718		
BloomNet services	-	-	50,553	62,817	-	-	-	-	50,553	62,817		
Corporate	-	-	-	-	-	-	-	-	716	152	716	152
Eliminations	-	-	-	-	-	-	-	-	(924)	(1,062)	(924)	(1,062)
Total other revenues	<u>\$ 6,466</u>	<u>\$ 6,382</u>	<u>\$ 83,420</u>	<u>\$ 103,187</u>	<u>\$ 92,273</u>	<u>\$ 123,255</u>	<u>\$ (208)</u>	<u>\$ (910)</u>	<u>\$ 181,951</u>	<u>\$ 231,914</u>		

	Three Months Ended											
	Consumer Floral &				Gourmet Foods &				Corporate and			
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023								
(in thousands)												
Net revenues												
E-commerce	\$ 133,544	\$ 140,335	\$ -	\$ -	\$ 59,630	\$ 69,576	\$ -	\$ -	\$ 193,174	\$ 209,911		
Other	1,636	1,859	23,075	28,870	24,373	28,533	(168)	(123)	48,916	59,139		
Total net revenues	<u>\$ 135,180</u>	<u>\$ 142,194</u>	<u>\$ 23,075</u>	<u>\$ 28,870</u>	<u>\$ 84,003</u>	<u>\$ 98,109</u>	<u>\$ (168)</u>	<u>\$ (123)</u>	<u>\$ 242,090</u>	<u>\$ 269,050</u>		
Other revenues detail												
Retail and other	\$ 1,636	\$ 1,859	\$ -	\$ -	\$ 1,784	\$ 1,934	\$ -	\$ -	\$ 3,420	\$ 3,793		
Wholesale	-	-	10,112	11,797	22,589	26,599	-	-	32,701	38,396		
BloomNet services	-	-	12,963	17,073	-	-	-	-	12,963	17,073		
Corporate	-	-	-	-	-	-	-	-	89	270	89	270
Eliminations	-	-	-	-	-	-	-	-	(257)	(393)	(257)	(393)
Total other revenues	<u>\$ 1,636</u>	<u>\$ 1,859</u>	<u>\$ 23,075</u>	<u>\$ 28,870</u>	<u>\$ 24,373</u>	<u>\$ 28,533</u>	<u>\$ (168)</u>	<u>\$ (123)</u>	<u>\$ 48,916</u>	<u>\$ 59,139</u>		

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#### Note 12 – Leases

The Company currently leases plants, warehouses, offices, store facilities, and equipment under various leases through fiscal **Fiscal 2036**. 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, the Company determines 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 the Company has 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, the Company determines if a lease should be classified as an operating or a finance lease (the Company currently has no finance leases) and recognizes a corresponding lease liability and a right-of-use asset on its **Consolidated 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. Further, the Company elected a short-term lease exception policy, permitting it to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets. The 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 the Company's estimated collateralized incremental borrowing rate, based on the yield curve for the respective lease terms, as the Company generally cannot determine the interest rate implicit in the lease.

The Company recognizes expense for its 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 the Company determines: (1) lease payments, (2) lease term, and (3) the discount rate used in calculating the lease liability.

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Additional information related to our leases is as follows:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	March 31,		March 31,		September 29,	
	2024	2023	2024	2023	2024	2023
	(in thousands)					
<b>Lease costs:</b>						
Operating lease costs	\$ 5,693	\$ 5,627	\$ 16,966	\$ 16,580	\$ 6,004	\$ 5,622
Variable lease costs	6,399	6,499	20,481	18,953	6,527	6,514
Short-term lease cost	282	474	3,700	4,928	755	883
Sublease income	(238)	(253)	(735)	(737)	(230)	(251)
<b>Total lease costs</b>	<b>\$ 12,136</b>	<b>\$ 12,347</b>	<b>\$ 40,412</b>	<b>\$ 39,724</b>	<b>\$ 13,056</b>	<b>\$ 12,768</b>
Cash paid for amounts included in measurement of operating lease liabilities			\$ 16,957	\$ 15,431	\$ 6,148	\$ 5,638
Right-of-use assets obtained in exchange for new operating lease liabilities			\$ 3,153	\$ 11,790	\$ 3,673	\$ 91

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March 31, September

29,

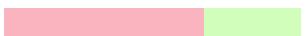
2024

(in thousands)

Weighted-average remaining lease term - operating leases (in years)	8.27.7
Weighted-discount rate - operating leases	4.14.4 %

Maturities of lease liabilities in accordance with ASC 842 as of **March 31, September 29, 2024** and reconciliation to the **consolidated balance sheet** are as follows (in thousands):

Fiscal Year:



Remainder of 2024	\$ 3,838	
2025	20,998	
Remainder of 2025		\$ 16,040
2026	19,076	21,676
2027	17,447	18,389
2028	16,514	17,417
2029		16,483
Thereafter	68,722	53,074
Total Future Minimum Lease Payments	146,595	143,079
Less: Imputed Remaining Interest	23,427	21,845
Total Operating Lease Liabilities	123,168	121,234
Less: Current portion of long-term operating lease liabilities	15,250	16,836
Long-term operating lease liabilities	\$ 107,918	\$ 104,398

#### Note 13 – Accrued Expenses

Accrued expenses consisted of the following:

	March 31, 2024	July 2, 2023	September 29, 2024	June 30, 2024
	(in thousands)		(in thousands)	
Payroll and employee benefits	\$ 25,786	\$ 33,927	\$ 24,119	\$ 29,954
Deferred revenue	31,661	30,811	24,647	25,009
Accrued marketing expenses	15,190	13,679	11,199	10,709
Accrued florist payout	12,733	13,437	9,725	9,526
Accrued purchases	16,578	18,351	26,206	15,338
Other	36,056	31,709	33,030	30,767
Accrued Expenses	\$ 138,004	\$ 141,914	\$ 128,926	\$ 121,303

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#### Note 14 – Commitments and Contingencies

##### Litigation

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

#### Note 15– Subsequent Events

##### Acquisition of Card Isle

On April 3, 2024, the Company completed its acquisition of Card Isle, an e-commerce greeting card company, expanding the Company's presence in the greeting card category across all brands.

The Company used cash on its balance sheet to fund the approximate \$3.5 million purchase. Card Isle annual revenue, based on its most recently available financial information, is deemed immaterial to the Company's consolidated financial statements.

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#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") is intended to provide an understanding of our financial condition, change in financial condition, cash flow, liquidity, and results of operations. The following MD&A discussion should be read in conjunction with the consolidated financial statements and notes to those statements that appear elsewhere in this Form 10-Q and in the Company's [Annual Report on Form 10-K for the fiscal year ended July 2, 2023 June 30, 2024](#). The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could differ materially from those discussed or referred to in the forward-looking statements. Factors that could cause or contribute to any differences include, but are not limited to, those discussed under the caption "Forward-Looking Information and Factors That May Affect Future Results," under Part I, Item 1A, of the Company's [Annual Report on Form 10-K for the fiscal year ended July 2, 2023 June 30, 2024](#) under the heading "Risk Factors" and Part II-Other Information, Item 1A in this Form 10-Q.

## Business Overview

1-800-FLOWERS.COM, Inc. and its subsidiaries (collectively, the "Company") is a leading provider of gifts designed to help inspire customers to give more, connect more, and build more and better relationships. 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®, Things Remembered®, Moose Munch®, The Popcorn Factory®, Wolferman's Bakery®, Vital Choice®, Simply Chocolate®, Scharffen Berger®, and Card Isle® Simply Chocolate®. Through the Celebrations Passport® loyalty program, which provides members with free standard shipping and no service charge on eligible products across our portfolio of brands, [1-800-FLOWERS.COM, Inc.](#) 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 its members grow their businesses profitably; Napco™, a resource for floral gifts and seasonal décor; DesignPac Gifts, LLC, a manufacturer of gift baskets and towers; and Alice's Table®, a lifestyle business offering fully digital on demand floral, culinary and other experiences to guests across the country; and Card Isle®, an e-commerce greeting card service.

For additional information, see Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview" of our [Annual Report on Form 10-K for the fiscal year ended July 2, 2023 June 30, 2024](#).

## Macro-economic Conditions

Overall, broader macro-economic conditions continue to impact our consumers as they continue to moderate their discretionary income, spending. Consumers remain pressured by persistent inflation and higher interest rates, and the resumption of student loan repayments. Throughout the past several years, we have seen rates. Our fiscal first quarter contains no major holiday occasions, which means that customer spending on "Everyday" gifting occasions has slowed, whereas spending our e-commerce sales for the major holidays has held up better. However, customers did remain more conservative regarding their Christmas and Valentine's Day holiday spending than originally anticipated. quarter are primarily comprised of everyday or just-because gift giving. Based on this, we expected our sales to be the most challenged during the first quarter of Fiscal 2025. In line with this, our expectations, total consolidated revenues in the first quarter of Fiscal 2025 decreased 9.1% 10.0% to \$379.4 million and 9.2% to \$1.47 billion during the three and nine months ended March 31, 2024 \$242.1 million, respectively, compared with total consolidated revenues of \$269.1 million in the same periods of the prior year. year period. As we look ahead to the end of fiscal 2024, holiday period in the current environment, we continue to expect our e-commerce sales trends to improve albeit at a slower pace than initially anticipated. The challenging macro-economic conditions that have affected our customers have also impacted our operating costs. During the second quarter of fiscal 2022, in-bound and out-bound shipping, commodity, labor and fuel costs began gifting business has historically proven to surge, and escalated throughout the balance of the year and into fiscal 2023. During our second quarter and third quarter of fiscal 2023, while certain commodity prices remained near historical highs, we began be more resilient during holiday periods as consumers tend to see a more stable labor market, and significant year-over-year reductions in ocean freight costs. As a result of these trends, combined with our strategic pricing initiatives, automation efforts, and other internal management initiatives, we started to see year-over-year improvement in gross margin commencing in the second quarter of fiscal 2023. These trends and initiatives continued into fiscal 2024 and we saw a significant improvement in year-over-year gross margin in the third quarter and first nine months of fiscal 2024. This improvement and a reduction of expenses helped to offset the aforementioned year-over-year decline in sales.

## Intangible Impairment

During the quarter ended December 31, 2023, view holiday gifting periods as a result of a decline in the actual and projected revenue for the Company's PersonalizationMall trademark, as well as a higher discount rate resulting from the higher interest rate environment, the Company determined that an impairment assessment was required for this trademark. This assessment resulted in the Company recording a non-cash impairment charge of \$19.8 million to reduce the recorded carrying value of the PersonalizationMall trademark. See [Note 5 – Goodwill and Intangible Assets, Net](#) for further information.

being somewhat less discretionary.

## Acquisition of Things Remembered Scharffen Berger

On January 10, 2023 July 1, 2024, the Company completed its acquisition of certain assets of Scharffen Berger, a chocolate manufacturing company, expanding the Things Remembered brand, a provider of personalized gifts, whose operations have been integrated within the PersonalizationMall.com brand, Company's product offerings in the Consumer Floral Gourmet Foods & Gifts segment. Gift Baskets Segment. The Company used cash on hand its balance sheet to fund the \$5.0 million approximately \$3.3 million purchase which included intellectual property, customer list, certain inventory, and equipment - see - See [Note 3 – Acquisitions – Acquisitions, in Item 1](#).

## Acquisition of Card Isle

On April 3, 2024, the Company completed its acquisition of certain assets of Card Isle, an e-commerce greeting card company, expanding the Company's presence in the greeting card category across all brands. The Company used cash on its balance sheet to fund the approximate \$3.5 million purchase. \$3.6 million purchase – See [Note 153 – Subsequent Events Acquisitions, in Item 1](#).

## Amended and Restated Credit Agreement

On June 27, 2023, the Company entered into a Third Amended and Restated Credit Agreement to, among other modifications, (i) increase the amount of the outstanding term loan from approximately \$150 million to \$200 million, (ii) decrease the amount of the commitments in respect of the revolving credit facility from \$250 million to \$225 million, subject to a seasonal reduction to an aggregate amount of \$125 million for the period from January 1 to August 1, (iii) extend the maturity date of the outstanding term loan and the revolving credit facilities by approximately 48 months to June 27, 2028, and (iv) increase the applicable interest rate margins for SOFR and base rate loans by 25 basis points (See [Note 7 - Debt, Net in Item 1](#), for details).

## Company Guidance

For Fiscal 2024, 2025, the Company continues to expect its revenue trend to remain pressured by a challenging improve as the fiscal year progresses. The Adjusted EBITDA range reflects the acknowledgement that the consumer environment but certain year-over-year trends continue to improve. The Company also expects continued improvement in gross margin. remains uncertain.

As a result, for Fiscal 2025 the Company is reiterating its Fiscal 2024 guidance as follows: continues to expect:

- **total** Total revenues on a percentage basis to decline be in a range of 7% flat to 9%, a decrease in the low single digits, as compared with the prior year;
- Adjusted EBITDA to be in a range of \$95 million \$85 million to \$100 million; \$95 million, and
- Free Cash Flow to be in a range of \$60 million \$45 million to \$65 million; \$55 million.

Refer to "Definitions of non-GAAP Financial Measures" for reconciliation of non-GAAP results to applicable GAAP results.

## 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 rules. See below for definitions and the reasons why we use these non-GAAP financial measures. Where applicable, see the [Segment Information](#) measures, 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 "non-GAAP", "adjusted" or "adjusted" "on a comparable basis" below, as these terms are used interchangeably. 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. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The lack of such reconciling information should be considered when assessing the impact of such disclosures.

## 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 Deferred Compensation Plan ("NQDC 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 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.

The following table presents the EBITDA and Adjusted EBITDA for the three months ended September 29, 2024 and October 1, 2023, respectively.

Reconciliation of net loss to Adjusted EBITDA (non-GAAP):

	Three Months Ended	
	September 29, 2024	October 1, 2023
	(in thousands)	
Net loss	\$ (34,190)	\$ (31,242)
Add: Interest expense and other, net	1,593	3,956
Add: Depreciation and amortization	13,038	13,194
Add: Income tax benefit	(14,384)	(10,291)
EBITDA	(33,943)	(24,383)
Add: Stock-based compensation	2,479	2,364
Add: Compensation charge related to NQDC Plan investment appreciation (depreciation)	1,738	(504)
Add: System implementation costs	1,780	-
Adjusted EBITDA	\$ (27,946)	\$ (22,523)

**Adjusted net loss and adjusted or comparable net loss per common share**

We define adjusted net income (loss) and adjusted or comparable net income (loss) per common share as net income (loss) and net income (loss) per common share adjusted for certain items affecting period-to-period comparability. We believe that adjusted net income (loss) and adjusted or comparable net income (loss) 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 (loss) and net income (loss) per common share, as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies.

The following table presents the adjusted net loss and adjusted net loss per common share for the three months ended September 29, 2024 and October 1, 2023, respectively.

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

	Three Months Ended	
	September 29, 2024	October 1, 2023
	(in thousands, except for share data)	
Net loss	\$ (34,190)	\$ (31,242)
Adjustments to reconcile net loss to adjusted net loss (non-GAAP)		
Add: System implementation costs	1,780	-
Deduct: Income tax effect on adjustments	(527)	-
Adjusted net loss (non-GAAP)	\$ (32,937)	\$ (31,242)
Basic and diluted net loss per common share	\$ (0.53)	\$ (0.48)
Basic and diluted adjusted net loss per common share (non-GAAP)	\$ (0.51)	\$ (0.48)
Weighted average shares used in the calculation of basic and diluted net loss and adjusted net loss per common share	64,198	64,785

**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 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 this limitation when using this measure by looking at other GAAP measures, such as operating income and net income.

**Adjusted** The following table presents the net income (loss) revenues, gross profit, segment contribution margin, and adjusted net segment contribution margin from each of the Company's business segments, for the three months ended September 29, 2024 and October 1, 2023, respectively.

	Three Months Ended						
			System Implementation		As Adjusted (non-GAAP)		%
	September 29, 2024		Costs		September 29, 2024		
<b>Net revenues:</b>							
Consumer Floral & Gifts	\$ 135,180	\$ -	\$ 135,180	\$ 142,194			-4.9 %
BloomNet	23,075	-	23,075	28,870			-20.1 %
Gourmet Foods & Gift Baskets	84,003	-	84,003	98,109			-14.4 %
Corporate	89	-	89	270			-67.0 %
Intercompany eliminations	(257)	-	(257)	(393)			34.6 %
<b>Total net revenues</b>	<b>\$ 242,090</b>	<b>\$ -</b>	<b>\$ 242,090</b>	<b>\$ 269,050</b>			<b>-10.0 %</b>
<b>Gross profit:</b>							
Consumer Floral & Gifts	\$ 53,929	\$ 39.9 %	\$ 53,929	\$ 56,322			-4.2 %
BloomNet	11,528	50.0 %	11,528	14,498			-20.5 %
Gourmet Foods & Gift Baskets	26,844	32.0 %	26,844	30,907			-13.1 %
Corporate	18	20.2 %	18	201			-91.0 %
<b>Total gross profit</b>	<b>\$ 92,319</b>	<b>\$ 38.1 %</b>	<b>\$ 92,319</b>	<b>\$ 101,928</b>			<b>-9.4 %</b>
<b>EBITDA (non-GAAP):</b>							
<b>Segment Contribution Margin (non-GAAP) (a):</b>							
Consumer Floral & Gifts	\$ 4,944	\$ -	\$ 4,944	\$ 8,826			-44.0 %
BloomNet	6,841	-	6,841	9,387			-27.1 %
Gourmet Foods & Gift Baskets	(12,253)	913	(11,340)	(11,028)			-2.8 %
<b>Segment Contribution Margin Subtotal</b>	<b>(468)</b>	<b>913</b>	<b>445</b>	<b>7,185</b>			<b>-93.8 %</b>
Corporate (b)	(33,475)	867	(32,608)	(31,568)			-3.3 %
<b>EBITDA (non-GAAP)</b>	<b>(33,943)</b>	<b>1,780</b>	<b>(32,163)</b>	<b>(24,383)</b>			<b>-31.9 %</b>
<b>Add: Stock-based compensation</b>	<b>2,479</b>	<b>-</b>	<b>2,479</b>	<b>2,364</b>			<b>4.9 %</b>

<b>Add: Compensation charge related to NQDC Plan Investment</b>						
<b>Appreciation (Depreciation)</b>	<b>1,738</b>	<b>-</b>	<b>1,738</b>	<b>(504)</b>	<b>444.8 %</b>	
<b>Adjusted EBITDA (non-GAAP) (c)</b>	<b>\$ (29,726)</b>	<b>\$ 1,780</b>	<b>\$ (27,946)</b>	<b>\$ (22,523)</b>		<b>-24.1 %</b>

(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 (loss) per common share (net), and other items that we do not consider indicative of our core operating performance.

We define adjusted net income (loss) (b) Corporate expenses consist of the Company's enterprise shared service cost centers, and adjusted net income (loss) per common share include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, stock-based compensation, as net income (loss) and net income (loss) per common share adjusted for certain items affecting period-to-period comparability. See [Segment Information](#) below for details on how adjusted net income (loss) and adjusted net income (loss) per common share were calculated for each period presented, well as changes in the fair value of the Company's NQDC Plan. 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.

We believe that adjusted (c) See reconciliation of the Company's net income (loss) and adjusted net income (loss) 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 (loss) and net income (loss) per common share, as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies. [Adjusted EBITDA \(non-GAAP\)](#) above.

#### 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.

The following table reconciles net cash provided by used in operating activities, a GAAP measure, to free cash flow, a non-GAAP Measure, for the three months ended September 29, 2024 and October 1, 2023, respectively.

	Nine Months Ended	
	March 31,	April 2,
	2024	2023
(in thousands)		
Net cash provided by operating activities	\$ 100,051	\$ 73,064
Capital expenditures	(26,482)	(31,351)
<b>Free Cash Flow</b>	<b>\$ 73,569</b>	<b>\$ 41,713</b>

	Three Months Ended	
	September 29,	October 1,
	2024	2023
(in thousands)		
Net cash used in operating activities	\$ (177,241)	\$ (143,884)
Capital expenditures	(12,075)	(6,974)
<b>Free cash flow</b>	<b>\$ (189,316)</b>	<b>\$ (150,858)</b>

## 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, and Adjusted EBITDA.

	Three Months Ended							
			As Adjusted		Goodwill and		Remembered	
	Restructuring cost/		(non-GAAP)		Intangible		Transaction	
	March 31, 2024	Severance	March 31, 2024	April 2, 2023	Impairment	Costs	April 2, 2023	Change
				(dollars in thousands)				
<b>Net revenues:</b>								
Consumer Floral & Gifts	\$ 221,207	\$ -	\$ 221,207	\$ 233,019	\$ -	\$ -	\$ 233,019	-5.1 %
BloomNet	27,314		27,314	36,968			36,968	-26.1 %
Gourmet Foods & Gift Baskets	130,989		130,989	147,863			147,863	-11.4 %
Corporate	167		167	36			36	363.9 %
Intercompany eliminations	(272 )		(272 )	(320 )			(320 )	15.0 %
<b>Total net revenues</b>	<b>\$ 379,405</b>	<b>\$ -</b>	<b>\$ 379,405</b>	<b>\$ 417,566</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 417,566</b>	<b>-9.1 %</b>
<b>Gross profit:</b>								
Consumer Floral & Gifts	\$ 87,005	\$ -	\$ 87,005	\$ 88,317	\$ -	\$ -	\$ 88,317	-1.5 %
	39.3 %		39.3 %	37.9 %			37.9 %	
BloomNet	12,411		12,411	15,720			15,720	-21.0 %
	45.4 %		45.4 %	42.5 %			42.5 %	
Gourmet Foods & Gift Baskets	39,169		39,169	36,371			36,371	7.7 %
	29.9 %		29.9 %	24.6 %			24.6 %	
Corporate	132		132	32			32	312.5 %
	79.0 %		79.0 %	88.9 %			88.9 %	
<b>Total gross profit</b>	<b>\$ 138,717</b>	<b>\$ -</b>	<b>\$ 138,717</b>	<b>\$ 140,440</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 140,440</b>	<b>-1.2 %</b>
	36.6 %		36.6 %	33.6 %			33.6 %	
<b>EBITDA (non-GAAP):</b>								
<b>Segment Contribution Margin (non-GAAP)</b>								
(a):								
Consumer Floral & Gifts	\$ 22,190	\$ 630	\$ 22,820	\$ 26,136	\$ -	\$ -	\$ 26,136	-12.7 %
BloomNet	7,506	69	7,575	10,982			10,982	-31.0 %
Gourmet Foods & Gift Baskets	(8,172 )	538	(7,634 )	(78,480 )	64,586		(13,894 )	45.1 %
<b>Segment Contribution Margin Subtotal</b>	<b>21,524</b>	<b>1,237</b>	<b>22,761</b>	<b>(41,362 )</b>	<b>64,586</b>	<b>-</b>	<b>23,224</b>	<b>-2.0 %</b>
Corporate (b)	(36,221 )	1,180	(35,041 )	(30,015 )		201	(29,814 )	-17.5 %
<b>EBITDA (non-GAAP)</b>	<b>(14,697 )</b>	<b>2,417</b>	<b>(12,280 )</b>	<b>(71,377 )</b>	<b>64,586</b>	<b>201</b>	<b>(6,590 )</b>	<b>-86.3 %</b>
<b>Add: Stock-based compensation</b>	<b>3,046</b>		<b>3,046</b>	<b>2,487</b>			<b>2,487</b>	<b>22.5 %</b>
<b>Add: Compensation charge related to</b>								
<b>NQDC Plan Investment Appreciation</b>								
<b>(Depreciation)</b>	<b>3,534</b>		<b>3,534</b>	<b>(1,446 )</b>			<b>(1,446 )</b>	<b>344.4 %</b>
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ (8,117 )</b>	<b>\$ 2,417</b>	<b>\$ (5,700 )</b>	<b>\$ (70,336 )</b>	<b>\$ 64,586</b>	<b>\$ 201</b>	<b>\$ (5,549 )</b>	<b>-2.7 %</b>

Nine Months Ended

Things

	March 31, 2024	Intangible Impairment	Restructuring cost/ Severance	As Adjusted		Intangible Impairment	Transaction Costs	Goodwill and Remembered		As Adjusted (non- GAAP)			
				March 31, 2024				April 2, 2023		March 31, 2024			
				(dollars in thousands)									
<b>Net revenues:</b>													
Consumer Floral & Gifts	\$ 618,236	\$ -	\$ -	\$ 618,236	\$ 672,248	\$ -	\$ -	\$ 672,248	\$ -	\$ 672,248	-8.0 %		
BloomNet	83,420			83,420	103,187					103,187	-19.2 %		
Gourmet Foods & Gift Baskets	769,061			769,061	844,522					844,522	-8.9 %		
Corporate	716			716	152					152	371.1 %		
Intercompany eliminations	(924 )			(924 )	(1,062 )					(1,062 )	13.0 %		
<b>Total net revenues</b>	<b>\$ 1,470,509</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,470,509</b>	<b>\$ 1,619,047</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,619,047</b>	<b>\$ -</b>	<b>\$ 1,619,047</b>	<b>-9.2 %</b>		
<b>Gross profit:</b>													
Consumer Floral & Gifts	\$ 252,503	\$ -	\$ -	\$ 252,503	\$ 262,510	\$ -	\$ -	\$ 262,510	\$ -	\$ 262,510	-3.8 %		
	40.8 %			40.8 %	39.0 %					39.0 %			
BloomNet	39,883			39,883	44,086					44,086	-9.5 %		
	47.8 %			47.8 %	42.7 %					42.7 %			
Gourmet Foods & Gift Baskets	303,276			303,276	302,902					302,902	0.1 %		
	39.4 %			39.4 %	35.9 %					35.9 %			
Corporate	680			680	166					166	309.6 %		
	95.0 %			95.0 %	109.2 %					109.2 %			
<b>Total gross profit</b>	<b>\$ 596,342</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 596,342</b>	<b>\$ 609,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 609,664</b>	<b>\$ -</b>	<b>\$ 609,664</b>	<b>-2.2 %</b>		
	40.6 %			40.6 %	37.7 %					37.7 %			
<b>EBITDA (non-GAAP):</b>													
<b>Segment Contribution Margin (non-GAAP) (a):</b>													
Consumer Floral & Gifts	\$ 41,609	\$ 19,762	\$ 630	\$ 62,001	\$ 64,832	\$ -	\$ -	\$ 64,832	\$ -	\$ 64,832	-4.4 %		
BloomNet	25,981		69	26,050	29,847					29,847	-12.7 %		
Gourmet Foods & Gift Baskets	98,953		538	99,491	26,313	64,586				90,899	9.5 %		
Segment Contribution Margin													
Subtotal	166,543	19,762	1,237	187,542	120,992	64,586				185,578	1.1 %		
Corporate (b)	(100,221 )		1,180	(99,041 )	(91,595 )		444			(91,151 )	-8.7 %		
<b>EBITDA (non-GAAP)</b>	<b>66,322</b>	<b>19,762</b>	<b>2,417</b>	<b>88,501</b>	<b>29,397</b>	<b>64,586</b>	<b>444</b>	<b>444</b>	<b>94,427</b>	<b>-6.3 %</b>			
Add: Stock-based compensation	7,641			7,641	5,941					5,941	28.6 %		
Add: Compensation charge related to NQDC Plan													
Investment Appreciation													
(Depreciation)	5,712			5,712	(2,548 )					(2,548 )	324.2 %		
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 79,675</b>	<b>\$ 19,762</b>	<b>\$ 2,417</b>	<b>\$ 101,854</b>	<b>\$ 32,790</b>	<b>\$ 64,586</b>	<b>\$ 444</b>	<b>\$ 444</b>	<b>\$ 97,820</b>	<b>4.1 %</b>			

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Reconciliation of net income (loss) to adjusted net income (loss) (non-GAAP):	Three Months Ended		Nine Months Ended	
	March 31,	April 2,	March 31,	April 2,

	2024	2023	2024	2023
	(in thousands, except for share data)			
Net income (loss)	\$ (16,903)	\$ (70,993)	\$ 14,762	\$ (22,155)
Adjustments to reconcile net income (loss) to adjusted net income (loss) (non-GAAP)				
Add: Transaction costs	-	201	-	444
Add: Restructuring cost/Severance	2,417	-	2,417	-
Add: Goodwill and intangible impairment	-	64,586	19,762	64,586
Deduct: Income tax effect on adjustments	(3,538)	(11,546)	(3,538)	(11,609)
Adjusted net income (loss) (non-GAAP)	\$ (18,024)	\$ (17,752)	\$ 33,403	\$ 31,266
Basic and diluted net income (loss) per common share				
Basic	\$ (0.26)	\$ (1.10)	\$ 0.23	\$ (0.34)
Diluted	\$ (0.26)	\$ (1.10)	\$ 0.23	\$ (0.34)
Basic and diluted adjusted net income (loss) per common share (non-GAAP)				
Basic	\$ (0.28)	\$ (0.27)	\$ 0.52	\$ 0.48
Diluted	\$ (0.28)	\$ (0.27)	\$ 0.51	\$ 0.48
Weighted average shares used in the calculation of basic and diluted net income (loss) and adjusted net income (loss) per common share				
Basic	64,489	64,767	64,703	64,660
Diluted	64,489	64,767	65,057	64,660

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	Reconciliation of net income (loss) to Adjusted EBITDA (non-GAAP):			
	Three Months Ended		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
(in thousands)				
Net income (loss)	\$ (16,903)	\$ (70,993)	\$ 14,762	\$ (22,155)
Add: Interest expense and other, net	(2,693)	3,116	3,138	11,150
Add: Depreciation and amortization	13,232	13,267	40,578	40,276
Add: Income tax (benefit) expense	(8,333)	(16,767)	7,844	126
EBITDA	(14,697)	(71,377)	66,322	29,397
Add: Stock-based compensation	3,046	2,487	7,641	5,941
Add: Compensation charge related to NQDC plan investment Appreciation (Depreciation)	3,534	(1,446)	5,712	(2,548)
Add: Transaction costs	-	201	-	444
Add: Restructuring cost/Severance	2,417	-	2,417	-
Add: Goodwill and intangible impairment	-	64,586	19,762	64,586
Adjusted EBITDA	\$ (5,700)	\$ (5,549)	\$ 101,854	\$ 97,820

(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.

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## Results of Operations

### Net revenues

	Three Months Ended			Nine Months Ended			Three Months Ended		
	March 31,		%	March 31,		%	September 29,	October 1,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
	(dollars in thousands)								
Net revenues:									
E-Commerce	\$ 340,241	\$ 357,801	-4.9 %	\$ 1,288,558	\$ 1,387,133	-7.1 %	\$ 193,174	\$ 209,911	-8.0 %
Other	39,164	59,765	-34.5 %	181,951	231,914	-21.5 %	48,916	59,139	-17.3 %
Total net revenues	<u>\$ 379,405</u>	<u>\$ 417,566</u>	<u>-9.1 %</u>	<u>\$ 1,470,509</u>	<u>\$ 1,619,047</u>	<u>-9.2 %</u>	<u>\$ 242,090</u>	<u>\$ 269,050</u>	<u>-10.0 %</u>

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

Net revenues decreased 9.1% and 9.2% 10.0% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods of the prior year, due to lower order volume across all the Company's three segments, reflecting a continuation of the trends that the Company had experienced throughout the prior fiscal year, as consumer discretionary income remains pressured, and consumers continue to moderate their spending. Contributing to this decline was the prudent use of promotional offerings and advertising campaigns, which balance the long-term goals of the Company with strategies to improve gross margins and tightly control operating expenses during this challenging economic environment.

The Company acquired Things Remembered Scharffen Berger and Card Isle on January 10, 2023 July 1, 2024 and launched the brand on its e-commerce platform in April 2023. Things Remembered revenues April 3, 2024, respectively. Revenues related to these acquisitions were not significant during the three and nine months ended March 31, 2024 September 29, 2024.

	Three Months Ended														
	Consumer Floral & Gifts			BloomNet			Gourmet Foods & Gift Baskets			Corporate and Eliminations			Consolidated		
	March 31,	April 2,	%	March 31,	April 2,	%	March 31,	April 2,	%	March 31,	April 2,	%	March 31,	April 2,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change
(dollars in thousands)															
Net revenues															
E-commerce	\$ 218,590	\$ 230,403	-5.1 %	\$ -	\$ -	- %	\$ 121,651	\$ 127,398	-4.5 %	\$ -	\$ -	-	\$ 340,241	\$ 357,801	-4.9 %
Other	2,617	2,616	0.0 %	27,314	36,968	-26.1 %	9,338	20,465	-54.4 %	(105)	(284)	-	39,164	59,765	-34.5 %
Total net revenues	<u>\$ 221,207</u>	<u>\$ 233,019</u>	<u>-5.1 %</u>	<u>\$ 27,314</u>	<u>\$ 36,968</u>	<u>-26.1 %</u>	<u>\$ 130,989</u>	<u>\$ 147,863</u>	<u>-11.4 %</u>	<u>\$ (105)</u>	<u>\$ (284)</u>	<u>-</u>	<u>\$ 379,405</u>	<u>\$ 417,566</u>	<u>-9.1 %</u>
Other revenues detail															
Retail and other	2,617	2,616	0.0 %	-	-	-	1,629	1,686	-3.4 %	-	-	-	4,246	4,302	-1.3 %
Wholesale	-	-	-	12,364	14,695	-15.9 %	7,709	18,779	-58.9 %	-	-	-	20,073	33,474	-40.0 %
BloomNet services	-	-	-	14,950	22,273	-32.9 %	-	-	-	-	-	-	14,950	22,273	-32.9 %
Corporate	-	-	-	-	-	-	-	-	-	167	36	167	36	36	363.9 %
Eliminations	-	-	-	-	-	-	-	-	-	(272)	(320)	(272)	(320)	(320)	15.0 %
Total other revenues	<u>\$ 2,617</u>	<u>\$ 2,616</u>	<u>0.0 %</u>	<u>\$ 27,314</u>	<u>\$ 36,968</u>	<u>-26.1 %</u>	<u>\$ 9,338</u>	<u>\$ 20,465</u>	<u>-54.4 %</u>	<u>\$ (105)</u>	<u>\$ (284)</u>	<u>-</u>	<u>\$ 39,164</u>	<u>\$ 59,765</u>	<u>-34.5 %</u>
Nine Months Ended															

	Consumer Floral & Gifts			BloomNet			Gourmet Foods & Gift Baskets			Corporate and Eliminations			Consolidated			Consumer Floral & Gifts			
	March 31,	April 2,	%	March	April 2,	%	March 31,	April 2,	%	March 31,	April 2,	%	March 31,	April 2,	%	September 29, 2024	October 1, 2023	%	September 29, 2024
	2024	2023	Change	31, 2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024
(dollars in thousands)																			
<b>Net revenues</b>																			
E-commerce	\$ 611,770	\$ 665,866	-8.1 %	\$ -	\$ -	-	- %	\$ 676,788	\$ 721,267	-6.2 %	\$ -	\$ -	\$ 1,288,558	\$ 1,387,133	-7.1 %	\$ 133,544	\$ 140,335	-4.8 %	\$ -
Other	6,466	6,382	1.3 %	83,420	103,187	-19.2 %	92,273	123,255	-25.1 %	(208)	(910)	181,951	231,914	-21.5 %	1,636	1,859	-12.0 %	23,07	
<b>Total net revenues</b>	<b>\$ 618,236</b>	<b>\$ 672,248</b>	<b>-8.0 %</b>	<b>\$ 83,420</b>	<b>\$ 103,187</b>	<b>-19.2 %</b>	<b>\$ 769,061</b>	<b>\$ 844,522</b>	<b>-8.9 %</b>	<b>\$ (208)</b>	<b>\$ (910)</b>	<b>\$ 1,470,509</b>	<b>\$ 1,619,047</b>	<b>-9.2 %</b>	<b>\$ 135,180</b>	<b>\$ 142,194</b>	<b>-4.9 %</b>	<b>\$ 23,07</b>	
<b>Other revenues detail</b>																			
Retail and other	6,466	6,382	1.3 %	-	-	-	7,859	7,907	-0.6 %	-	-	14,325	14,289	0.3 %	\$ 1,636	\$ 1,859	-12.0 %	\$ -	
Wholesale	-	-	-	32,867	40,370	-18.6 %	84,414	115,348	-26.8 %	-	-	117,281	155,718	-24.7 %	-	-	-	10,11	
BloomNet services	-	-	-	50,553	62,817	-19.5 %	-	-	-	-	-	50,553	62,817	-19.5 %	-	-	-	12,96	
Corporate	-	-	-	-	-	-	-	-	-	716	152	716	152	371.1 %	-	-	-	-	
Eliminations	-	-	-	-	-	-	-	-	-	(924)	(1,062)	(924)	(1,062)	13.0 %	-	-	-	-	
<b>Total other revenues</b>	<b>\$ 6,466</b>	<b>\$ 6,382</b>	<b>1.3 %</b>	<b>\$ 83,420</b>	<b>\$ 103,187</b>	<b>-19.2 %</b>	<b>\$ 92,273</b>	<b>\$ 123,255</b>	<b>-25.1 %</b>	<b>\$ (208)</b>	<b>\$ (910)</b>	<b>\$ 181,951</b>	<b>\$ 231,914</b>	<b>-21.5 %</b>	<b>\$ 1,636</b>	<b>\$ 1,859</b>	<b>-12.0 %</b>	<b>\$ 23,07</b>	

#### Revenue by sales channel:

**E-commerce revenues (combined online and telephonic)** decreased **4.9%** and **7.1%** **8.0%** during the three and nine months ended **March 31, 2024** **September 29, 2024**, respectively, compared to the same periods period of the prior year, primarily due to the decline in demand across all our three segments, as a result of the macro-economic conditions noted above. These external influences have negatively impacted consumer discretionary spending.

During the three and nine months ended **March 31, 2024** **September 29, 2024**, the Company fulfilled approximately **4.3 million** and **14.8 million** **2.5 million** orders through its e-commerce sales channel (online and telephonic sales), a decrease of **6.2%** and **9.5%** **6.5%**, respectively, compared to a year-over-year decrease of **16.1%** for the same periods of period in the prior year. During the three and nine months ended **March 31, 2024** **September 29, 2024**, average order value increased **1.4%** and **2.7%**, decreased **1.5%** to **\$79.36** and **\$87.29**, respectively, **\$78.25** compared to the same period in the prior year. The average order value decreased as a result of product mix trending into higher price point items, including bundles, and customer mix with more affluent consumers buying at a higher rate than less affluent. During the quarter ended **March 31, 2024**, the Company has introduced a wider selection of more modestly priced items to attract target a broader segments of our customer base to purchase. This did have some negative impact on our average order value consumer base.

**Other revenues** are comprised of the Company's BloomNet segment, as well as the wholesale and retail channels of its Consumer Floral & Gifts and Gourmet Foods & Gift Baskets segments.

Other revenues during the three and nine months ended **March 31, 2024** **September 29, 2024**, decreased **34.5%** and **21.5%** **17.3%**, respectively, compared to the same periods period of the prior year, due to slightly lower wholesale volumes in both wholesale and BloomNet services. The decrease in wholesale revenue was primarily within the Gourmet Foods & Gift Baskets segment largely due to certain retailers reducing their Easter orders in light timing of shipments from the consumer environment. The first quarter to the second quarter, as well as lower service BloomNet revenues were due to lower shop-to-shop volumes, as well as wholesale volumes.

#### Revenue by segment:

**Consumer Floral & Gifts** – this segment, which includes the operations of the 1-800-Flowers.com, PersonalizationMall, the Things Remembered and Alice's Table brands, and the Things Remembered brand, subsequent to its acquisition on January 10, 2023, derives revenue from the sale of consumer floral products and gifts through its e-commerce sales

channels (telephonic and online sales), retail stores, and royalties from its franchise operations.

Net revenues within this segment decreased 5.1% and 8.0% 4.9% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year. The Consumer Floral & Gifts segment experienced an increase in volume trend driven by the Valentine's Day holiday, but year, due to continued economic pressure, the brands focused their efforts on improving gross margin and operating spend efficiency, in the face of softening demand. macro-economic pressure.

During the three and nine months ended March 31, 2024 September 29, 2024, Consumer Floral & Gifts orders through its e-commerce sales channel (online and telephonic sales) decreased 5.6% and 10.2% 2.8%, respectively, compared to the same periods period of the prior year. This was partially offset by an increase in In addition, the average order value of 0.5% and 2.3% decreased 2.1%, respectively, as a result of product mix into higher trending towards lower price point items, including bundles, and customer mix with more affluent consumers buying at a higher rate than less affluent. During the quarter ended March 31, 2024, the Company has introduced a wider selection of more modestly priced items to attract broader segments of our customer base to purchase. This did have some negative impact on our average order value in the quarter. items.

**BloomNet** - revenues in this segment are derived from membership fees, as well as product and service offerings.

Net revenues decreased 26.1% and 19.2% 20.1% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year. The net revenue decline was due to soft wholesale product revenues, as well as lower services revenues, attributable to a decline in order volume processed through the network.

**Gourmet Foods & Gift Baskets** – this segment includes the operations of Harry & David, Wolferman's, Cheryl's Cookies, The Popcorn Factory, 1-800-Baskets/DesignPac, Shari's Berries, Vital Choice, and Vital Choice, since July 1, 2024, Scharffen Berger. Revenue is derived from the sale of gourmet fruits, cookies, baked gifts, premium chocolates and confections, gourmet popcorn, gift baskets, dipped berries, prime steaks, chops, and fish, 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 Cookies brand names, as well as wholesale operations.

Net revenues within this segment decreased 11.4% and 8.9% decreased 14.4% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year, as a result of lower e-commerce and wholesale revenues, primarily due to macro-economic weakness. As such, weakness and the brands focused their efforts on improving gross margin and operating spend efficiency in the face timing of softening demand. wholesale shipments.

During the three and nine months ended March 31, 2024 September 29, 2024, Gourmet Foods & Gift Baskets orders through its e-commerce sales channel (online and telephonic sales) decreased 7.3% and 8.7% 13.8%, respectively, compared to the same periods period of the prior year. This was partially offset by an increase in In addition, the average order value of 3.0% and 2.8% decreased 0.5%, respectively, as a result of product mix trending into higher towards lower price point items, including bundles, and customer mix with more affluent consumers buying at a higher rate than less affluent. items.

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#### Gross profit

	Three Months Ended			Nine Months Ended			Three Months Ended		
	March 31,		%	March 31,		%	September 29,	October 1,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
	(dollars in thousands)								
Gross profit	\$ 138,717	\$ 140,440	-1.2%	\$ 596,342	\$ 609,664	-2.2%	\$ 92,319	\$ 101,928	-9.4%
Gross profit %	36.6%	33.6%		40.6%	37.7%		38.1%	37.9%	

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 sending florists related to order volume referred through the Company's BloomNet network.

Gross profit decreased 1.2% and 2.2% 9.4% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year, due to lower revenues as noted above, principally partially offset by a favorable gross profit percentage.

Gross profit percentage increased 300 and 290 basis points during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year, driven by improved inventory management, production efficiencies, and lower florist fulfillment and rebate costs, as well as lower freight costs, a decline in certain commodity costs, reduced labor costs in our Gourmet Foods & Gift Baskets segment, and better inventory management costs.

Gross profit by segment follows:

**Consumer Floral & Gifts segment** - Gross profit decreased by 1.5% and 3.8% 4.2% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year, due to the impact of the lower revenues noted above, partially offset by favorable gross profit percentage attributable to production efficiencies and lower florist fulfillment costs and lower freight costs in both the three and nine months ended March 31, 2024, and labor efficiencies for the nine months ended March 31, 2024, costs.

**BloomNet segment** - Gross profit decreased by 21.0% and 9.5% 20.5% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year, due to the decrease in revenues noted above, as well as a slight decline in gross profit percentage. Gross profit percentage decreased in comparison to the prior year due to higher cost of merchandise, delivery and shipping, and labor costs, partially offset by lower florist rebates.

**Gourmet Foods & Gift Baskets segment** - Gross profit decreased by 13.1% during the three months ended September 29, 2024, compared to the same period of the prior year, due to the decrease in revenue noted above, partially offset by improved gross profit percentage. Gross profit percentage increased in comparison to the prior year primarily due to improvements in wholesale margins, lower freight costs and lower florist rebates due to lower volume.

**Gourmet Foods & Gift Baskets segment** - Gross profit increased by 7.7% and 0.1% during the three and nine months ended March 31, 2024, respectively, compared to the same periods of the prior year despite the revenue decrease noted above, as the brands delivered improved gross profit percentage. Gross profit percentage increased 530 and 350 basis points during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year. The increased gross profit percentage was attributable to lower freight costs, a decline in certain commodity prices, labor cost of merchandise, which was the result of operational efficiencies and better strong inventory management.

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#### Marketing and sales expense

	Three Months Ended			Nine Months Ended			Three Months Ended		
	March 31,	April 2,	%	March 31,	April 2,	%	September 29,	October 1,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
(dollars in thousands)									
Marketing and sales	\$ 105,828	\$ 106,472	-0.6 %	\$ 376,903	\$ 390,077	-3.4 %	\$ 82,097	\$ 82,518	-0.5 %
Percentage of net revenues	27.9 %	25.5 %		25.6 %	24.1 %		33.9 %	30.7 %	

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 decreased 0.6% and 3.4% 0.5% during the three and nine months ended March 31, 2024 September 29, 2024, respectively, compared to the same periods period of the prior year, due mainly related to variable components associated with lower revenues, combined with planned reductions in advertising spend focused on driving profitable volume during a period when consumer discretionary purchases are under pressure, decreased labor costs.

#### Technology and development expense

	Three Months Ended			Nine Months Ended			Three Months Ended		
	March 31,	April 2,	%	March 31,	April 2,	%	September 29,	October 1,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
(dollars in thousands)									
Technology and development	\$ 15,291	\$ 14,837	3.1 %	\$ 45,417	\$ 44,529	2.0 %	\$ 15,639	\$ 15,304	2.2 %
Percentage of net revenues	4.0 %	3.6 %		3.1 %	2.8 %		6.5 %	5.7 %	

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 expense increased by 3.1% and 2.0% 2.2% during the three and nine-month periods months ended March 31, 2024 September 29, 2024, compared to the same periods period of the prior year, primarily due to higher maintenance and support costs for the Company's technology platform enhancements, including duplicate costs relating to the implementation of a new customer service platform, partially offset by lower web hosting costs in the quarter ended March 31, 2024, and reduced labor and consulting costs for the nine months ended March 31, 2024. costs.

#### General and administrative expense

	Three Months Ended			Nine Months Ended			Three Months Ended		
	March 31,	April 2,	%	March 31,	April 2,	%	September 29,	October 1,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
				(dollars in thousands)			(dollars in thousands)		
General and administrative	\$ 32,295	\$ 25,922	24.6%	\$ 87,938	\$ 81,075	8.5%	\$ 28,526	\$ 28,489	0.1%
Percentage of net revenues	8.5%	6.2%		6.0%	5.0%		11.8%	10.6%	

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 expenses increased 24.6% and 8.5% were essentially flat during the three and nine-month periods months ended March 31, 2024 September 29, 2024, respectively, compared to the same period of the prior year, primarily due to increases in labor costs driven by changes in the value of the Company's NQDC plan Plan investments (offset in Other Income (income) expense below), as well as a severance charge taken during the quarter ended March 31, 2024, related to an enterprise reduction in workforce, partially offset by favorable lower bad debt expense and lower insurance and professional fees. discretionary spending.

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#### Depreciation and amortization expense

	Three Months Ended			Nine Months Ended			Three Months Ended		
	March 31,	April 2,	%	March 31,	April 2,	%	September 29,	October 1,	%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
				(dollars in thousands)			(dollars in thousands)		
Depreciation and amortization	\$ 13,232	\$ 13,267	-0.3%	\$ 40,578	\$ 40,276	0.7%	\$ 13,038	\$ 13,194	-1.2%
Percentage of net revenues	3.5%	3.2%		2.8%	2.5%		5.4%	4.9%	

Depreciation and amortization expense decreased 0.3% was essentially in-line with the prior year, during the three months ended March 31, 2024, compared to the same period of the prior year, due to the timing of certain assets becoming fully depreciated, offset in part by distribution facility automation projects and IT-related ecommerce/platform enhancements. Depreciation and amortization expense increased 0.7% during the nine months ended March 31, 2024 compared to the same period of the prior year, due to distribution facility automation projects and IT-related ecommerce/platform enhancements.

#### Goodwill and Intangible impairment

	Three Months Ended			Nine Months Ended		
	March 31,	April 2,	%	March 31,	April 2,	%
	2024	2023	Change	2024	2023	Change
Goodwill and Intangible impairment	\$ -	\$ 64,586	-100.0%	\$ 19,762	\$ 64,586	-69.4%

During the quarter ended December 31, 2023, the Company recorded a non-cash impairment charge of \$19.8 million related to its PersonalizationMall trademark, due to a decline in the actual and projected revenue, combined with a higher discount rate resulting from the higher interest rate environment. See [Note 5 - Goodwill and Intangible Assets, Net](#), in Item 1 for further information.

During the quarter ended April 2, 2023, the Company recorded a non-cash impairment charge of \$64.6 million related to its Gourmet Foods & Gift Baskets reporting unit. The Company fully impaired the related goodwill and partially impaired certain tradenames within the reporting unit. September 29, 2024.

#### Interest expense, net

	Three Months Ended			Nine Months Ended		
	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)					
Interest expense, net	\$ 881	\$ 1,712	-48.5 %	\$ 8,974	\$ 8,676	3.4 %
Three Months Ended						
	September 29, 2024	October 1, 2023	% Change			
	(dollars in thousands)					
Interest expense, net	\$ 3,360	\$ 3,482	-3.5 %			

Interest expense, net consists primarily of interest expense and amortization of deferred financing costs attributable to the Company's credit facility (See [Note 7 - Debt, Net](#) in Item 1 for details), net of income earned on the Company's available cash balances.

Interest expense net decreased 48.5% was relatively in-line with the prior year, during the three months ended March 31, 2024 compared to the same period of the prior year, primarily due to interest earned on available cash balances, partially offset by higher interest rates on the Company's credit facility. Interest expense, net increased 3.4% during the nine months ended March 31, 2024, compared to the same period of the prior year, due to higher interest rates on the Company's credit facility, partially offset by favorable interest earned on available cash balances. September 29, 2024.

#### Other (income) expense, (income), net

	Three Months Ended			Nine Months Ended		
	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)					
Other (income) expense, net	\$ (3,574 )	\$ 1,404	354.6 %	\$ (5,836 )	\$ 2,474	335.9 %
Three Months Ended						
	September 29, 2024	October 1, 2023	% Change			
	(dollars in thousands)					
Other (income) expense, net	\$ (1,767 )	\$ 474	472.8 %			

Other (income) expense consists primarily of investment losses (gains) on the Company's NQDC Plan investments. investments (for which the offsetting expense was recorded in the general and administration expense line item).

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## Income Taxes

The Company recorded **income tax benefit of \$8.3 million and income tax expense of \$7.8 million** during the three and nine months ended March 31, 2024, respectively, compared to an income tax benefit of **\$16.8 million** and **\$14.4 million** and **\$10.3 million**, and **income tax expense of \$0.1 million**, during the three and nine months ended April 2, 2023 September 29, 2024 and October 1, 2023, respectively. The Company's effective tax rate for the three and nine months ended March 31, 2024, September 29, 2024 was 33.0% and 34.7% 29.6%, respectively, compared to 19.1% and -0.6% 24.8% in the same periods period of the prior year. The Company's effective tax rate for fiscal 2024 the three months ended September 29, 2024 and fiscal 2023 October 1, 2023 differed from the U.S. federal statutory rate of 21.0% primarily due to impairment charges within the respective periods, thus reducing the amount of income reflected in the Company's estimated annual effective tax rate. Further impacting the effective tax rate for fiscal 2024 and fiscal 2023 were tax deficiencies (shortfalls) from stock-based compensation, state income taxes and non-deductible executive compensation including tax deficiencies (shortfalls) from stock-based compensation, partially offset by tax credits.

## 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 Company's credit agreement (see [Note 7 - Debit, Net in Item 1](#) for details). At **March 31, 2024** September 29, 2024, the Company had working capital of **\$186.4 million**, including cash and cash equivalents of **\$8.4 million**, compared to working capital of **\$157.9 million**, including cash and cash equivalents of **\$184.0 million**, compared to working capital of **\$152.9 million**, including cash and cash equivalents of **\$126.8 million** \$159.4 million, at **July 2, 2023** June 30, 2024.

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, is expected to generate over 40% of the Company's annual revenues, and all of its earnings. Due to the number of major floral gifting occasions, including Mother's Day, Valentine's Day, Easter, and Administrative Professionals Week, revenues also have historically risen during the Company's fiscal third and fourth quarters in comparison to its fiscal first quarter.

During the first two quarters As of fiscal 2024, September 29, 2024, the Company borrowed had \$45.0 million outstanding under its revolving credit agreement in order to fund pre-holiday manufacturing and inventory procurement requirements. Working capital borrowings peaking at \$82.0 million typically peak in November 2023. Cash after which time cash generated from operations during the Christmas holiday shopping season enabled is expected to enable the Company to repay the borrowings under the Revolver in December 2023. Based on current projected cash flows, the Company believes that available cash balances will be sufficient to provide for the Company's operating needs through the remainder of fiscal 2024, at which time the Company would again expect to borrow against its Revolver to fund pre-holiday manufacturing and inventory purchases. The Company had no amounts outstanding under its Revolver as of March 31, 2024, such borrowings.

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.

### Cash Flows

Net cash provided by used in operating activities of **\$100.1 million** \$177.2 million, for the **nine** three months ended **March 31, 2024** September 29, 2024, was primarily attributable to the Company's net income loss during the period, adjusted by non-cash charges related to the intangible impairment, for depreciation and amortization and stock-based compensation, and changes in deferred income taxes, combined with seasonal changes in net working capital, driven by a decrease including increases in inventories, inventory, trade receivables, and prepaid and other current assets.

Net cash used in investing activities of **\$26.5 million** \$15.1 million, for the **nine** three months ended **March 31, 2024** September 29, 2024, was attributable to capital expenditures primarily related to the Company's technology and automation initiatives, and the acquisition of Scharffen Berger as noted above.

Net cash used in provided by financing activities of **\$16.4 million** \$41.3 million, for the **nine** three months ended **March 31, 2024** September 29, 2024, related primarily to net repayment of proceeds from bank borrowings under the Company's working capital line of credit and the repurchase of common stock credit.

### Free Cash Flow

Free cash flow was **\$73.6 million** negative \$189.3 million for the **nine** three months ended **March 31, 2024** September 29, 2024, compared with free cash flow of **\$41.7 million** negative \$150.8 million for the **nine** three months ended **April 2, 2023** October 1, 2023, an increase a decrease of **\$31.9 million** \$38.5 million primarily driven by an increase a decrease in cash flows from operations. operations to fund the build in inventory for the holiday season. Refer to "[Definitions of non-GAAP Financial Measures](#)" for reconciliation of non-GAAP results to applicable GAAP results.

### Stock Repurchase Program

See [Item 2 in Part II](#) below for details.

### Contractual Obligations

At **March 31, 2024** **September 29, 2024**, the Company's contractual obligations consist of:

- Long-term debt obligations - payments due under the Company's credit agreement (see [Note 7 - Debt, Net in Item 1](#) for details and payments due by period).
- Operating lease obligations – payments due under the Company's operating leases (see [Note 12 - Leases in Item 1](#) for details and payments due by period for the long-term operating leases).
- 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)	
	Remaining								
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Thereafter			
	2024	2025	2026	2027	2028	Thereafter			
Purchase commitments	\$ 54,971	\$ 42,956	\$ 5,039	\$ 805	\$ -	\$ -	\$ 103,771		

	Payments due by period							(in thousands)	
	Remaining								
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Thereafter			
	2025	2026	2027	2028	2029	Thereafter			
Purchase commitments	\$ 93,077	\$ 11,223	\$ 5,093	\$ 3,447	\$ 3,447	\$ -	\$ 116,287		

### Critical Accounting Estimates

As disclosed in the Company's [Annual Report on Form 10-K for the fiscal year ended July 2, 2023 June 30, 2024](#), the discussion and analysis of the Company's financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances, and management evaluates its estimates and assumptions on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions. The Company's most critical accounting policies relate to goodwill, other intangible assets and income taxes. There have been no significant changes to the assumptions and estimates related to the Company's critical accounting policies since **July 2, 2023 June 30, 2024**.

### Recently Issued Accounting Pronouncements

See [Note 1 - Accounting Policies](#) in Item 1 for details regarding the impact of accounting standards that were recently issued on our consolidated financial statements.

### Forward Looking Information and Factors that May Affect Future Results

Our disclosure and analysis in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's 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," "forecast," "likely," "will," "should," "goal," "target" 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 that could cause actual results to differ materially from the results expressed or implied in the forward-looking statements, including:

- the Company's ability:
  - o to achieve revenue and profitability;
  - o to leverage its operating platform and reduce operating expenses;
  - o to manage the seasonality of its business;
  - o to cost effectively acquire and retain customers;
  - o to successfully integrate acquired businesses and assets;
  - o to reduce working capital requirements and capital expenditures;
  - o to mitigate the impact of supply chain cost and capacity constraints;
  - o to compete against existing and new competitors;
  - o to manage expenses associated with sales and marketing and necessary general and administrative and technology investments; **and**
  - o to address the effects of changes in accounting policies, practices, or assumptions, including changes that could potentially require future impairment charges;
  - o to achieve its guidance for the full Fiscal year;
  - o to successfully execute its strategic initiatives; **and**
  - o to reduce promotional activities and achieve more efficient marketing programs.
- the outcome of contingencies, including legal proceedings in the normal course of business; **and**
- general consumer sentiment and economic conditions that may affect, among other things, the levels of discretionary customer purchases of the Company's products and the costs of shipping and labor.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties, and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated, or projected. Investors should bear this in mind as they consider forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Forms 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission. Our [Annual Report on Form 10-K for the fiscal year ended July 2, 2023](#) [June 30, 2024](#) listed various important factors that could cause actual results to differ materially from expected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers can find them in Part I, Item 1A, of that filing under the heading "Cautionary Statements Under the Private Securities Litigation Reform Act of 1995". We incorporate that section of that Form 10-K in this filing and investors should refer to it. In addition, please refer to any additional risk factors in [Part II, Item 1A](#) in this Form 10-Q.

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### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from the effect of interest rate changes.

#### 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. Borrowings under the Company's credit facility bear interest at a variable rate, plus an applicable margin, and therefore expose the Company to market risk for changes in interest rates. The effect of a 50 basis point increase in current interest rates on the Company's interest expense would be approximately **\$0.2 and \$0.8 million** **\$0.2 million** during the three **and nine** months ended **March 31, 2024**, **respectively**. **September 29, 2024**.

### ITEM 4. CONTROLS AND PROCEDURES

## Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of **March 31, 2024** **September 29, 2024**. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have each concluded that the Company's disclosure controls and procedures were effective as of **March 31, 2024** **September 29, 2024**.

## Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the Company's evaluation required by Rules 13a-15(d) or 15d-15(d) of the Securities Exchange Act of 1934 during the quarter ended **March 31, 2024** **September 29, 2024**, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, as specified above. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met.

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## PART II. – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

#### Litigation

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.

### ITEM 1A. RISK FACTORS

There were no material changes to the Company's risk factors as discussed in Part 1, Item 1A-Risk Factors in the Company's [Annual Report on Form 10-K for the fiscal year ended July 2, 2023](#) [June 30, 2024](#).

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### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 April 22, 2021, the Company's Board of Directors authorized an increase to its stock repurchase plan of up to \$40.0 million. In addition, on February 3, 2022, the Company's Board of Directors authorized an increase to its stock repurchase plan of up to \$40.0 million. As of **March 31, 2024** **September 29, 2024**, \$22.8 **\$20.3** million remained authorized under the plan.

The following table sets forth, for the months indicated, the Company's purchase of common stock during the first **nine** **three** months of **fiscal 2024**, **Fiscal 2025**, which includes the period **July 3, 2023** **July 1, 2024** through **March 31, 2024** **September 29, 2024**:

	Total	Dollar
	Number of	Value of
	Shares	Shares
	Purchased	that May
	as Part of	Yet Be
Total	Average	Publicly
		Purchased

Period	Number of Shares Purchased	Price Paid Per Share (1)	Announced Plans or Programs	Under the Plans or Programs
	(in thousands, except average price paid per share)			
07/03/23 – 07/30/23	-	\$ -	-	\$ 31,965
07/31/23 – 08/27/23	-	\$ -	-	\$ 31,965
08/28/23 – 10/01/23	10,483	\$ 7.08	10,483	\$ 31,890
10/02/23 – 10/29/23	-	\$ -	-	\$ 31,890
10/30/23 – 11/26/23	272,978	\$ 8.56	272,978	\$ 29,549
11/27/23 – 12/31/23	240,000	\$ 9.85	240,000	\$ 27,178
01/01/24 – 01/28/24	180,000	\$ 10.38	180,000	\$ 25,305
01/29/24 – 02/25/24	124,823	\$ 10.10	124,823	\$ 24,040
02/26/24 – 03/31/24	120,000	\$ 10.42	120,000	\$ 22,787
<b>Total</b>	<b>948,284</b>	<b>\$ 9.65</b>	<b>948,284</b>	

Period	Total	Dollar	
	Number of Shares Purchased	Value of Shares that May as Part of Yet Be Purchased	
Total	Average	Publicly Announced	Under the Plans or Programs
Number of Shares Purchased	Price Paid Per Share (1)	Plans or Programs	Programs
(in thousands, except shares and average price paid per share)			
07/01/24 – 07/28/24	-	\$ -	- \$ 21,571
07/29/24 – 08/25/24	-	\$ -	- \$ 21,571
08/26/24 – 09/29/24	160,413	\$ 7.79	160,413 \$ 20,316
<b>Total</b>	<b>160,413</b>	<b>\$ 7.79</b>	<b>160,413</b>

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

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

#### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

#### ITEM 5. OTHER INFORMATION

##### None. Rule 10b5-1 Plans

During the **37** three months ended September 29, 2024, none of the directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-rule 10b5-1 trading arrangement", as defined in Item 408 of Regulation S-K.

**ITEM 6. EXHIBITS**

31.1	<u><a href="#">Certification of the principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</a></u>
31.2	<u><a href="#">Certification of the principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</a></u>
32.1	<u><a href="#">Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a></u>
101.INS	<i>Inline XBRL Instance Document</i>
101.SCH	<i>Inline XBRL Taxonomy Extension Schema Document</i>
101.CAL	<i>Inline XBRL Taxonomy Calculation Linkbase Document</i>
101.DEF	<i>Inline XBRL Taxonomy Extension Definition Linkbase Document</i>
101.LAB	<i>Inline XBRL Taxonomy Extension Label Document</i>
101.PRE	<i>Inline XBRL Taxonomy Definition Presentation Document</i>
104	<i>Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)</i>

\* Filed herewith.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

1-800-FLOWERS.COM, Inc.  
(Registrant)

Date: May 8, 2024 November 1, 2024

/s/ James F. McCann  
James F. McCann  
Executive Chairman and Chief Executive Officer  
(Principal Executive Officer)

Date: May 8, 2024 November 1, 2024

/s/ William E. Shea  
William E. Shea  
Senior Vice President, Treasurer and  
Chief Financial Officer (Principal  
Financial and Accounting Officer)

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Exhibit 31.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002  
(RULE 13a-14(a))**

I, James F. McCann, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of 1-800-FLOWERS.COM, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, November 1, 2024

/s/ James F. McCann

James F. McCann

Executive Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002  
(RULE 13a-14(a))

I, William E. Shea, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of 1-800-FLOWERS.COM, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
- (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, November 1, 2024

/s/ William E. Shea

William E. Shea

Senior Vice President, Treasurer and  
Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of 1-800-FLOWERS.COM, Inc. (the "Company") hereby certifies, to the best of such officer's knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended **March 31, September 29, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **May 8, November 1, 2024**

/s/ James F. McCann

James F. McCann

Executive Chairman and Chief Executive Officer

Dated: **May 8, November 1, 2024**

/s/ William E. Shea

William E. Shea

Senior Vice President, Treasurer

and Chief Financial Officer

These certifications are furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certifications will not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates them by reference.

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