REFINITIV

DELTA REPORT

10-Q

FLWS - 1 800 FLOWERS COM INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	613
CHANGES	149
DELETIONS	292
ADDITIONS	172

Table of Contents

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 **December March 31, 2023 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**

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1-800-FLOWERS.COM, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**11-3117311**
(State of incorporation)	(I.R.S. Employer Identification No.)
Two Jericho Plaza, Suite 200, Jericho, NY 11753	**(516) 237-6000**
(Address of principal executive offices) (Zip code)	(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 February 2, 2024 May 3, 2024:

Class A common stock: 37,428,934 37,141,975

Class B common stock: 27,068,221

1-800-FLOWERS.COM, Inc.

FORM 10-Q

For the quarterly period ended December 31, 2023 March 31, 2024

TABLE OF CONTENTS

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)

	December 31, 2023	July 2, 2023	**March 31, 2024**	**July 2, 2023**
	(unaudited)		*(unaudited)*	
Assets				

Current assets:				
Cash and cash equivalents	$ 312,017	$ 126,807	$ 183,956	$ 126,807
Trade receivables, net	46,578	20,419	26,779	20,419
Inventories	161,324	191,334	159,458	191,334
Prepaid and other	24,557	34,583	26,437	34,583
Total current assets	544,476	373,143	396,630	373,143
Property, plant and equipment, net	227,643	234,569	223,939	234,569
Operating lease right-of-use assets	117,825	124,715	114,784	124,715
Goodwill	153,577	153,376	153,577	153,376
Other intangibles, net	117,897	139,888	116,783	139,888
Other assets	30,292	25,739	34,269	25,739
Total assets	$ 1,191,710	$ 1,051,430	$ 1,039,982	$ 1,051,430
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 92,418	$ 52,588	$ 47,015	$ 52,588
Accrued expenses	224,084	141,914	138,004	141,914
Current maturities of long-term debt	10,000	10,000	10,000	10,000
Current portion of long-term operating lease liabilities	15,433	15,759	15,250	15,759
Total current liabilities	341,935	220,261	210,269	220,261
Long-term debt, net	181,749	186,391	179,432	186,391
Long-term operating lease liabilities	110,740	117,330	107,918	117,330
Deferred tax liabilities, net	25,026	31,134	22,599	31,134
Other liabilities	28,900	24,471	34,438	24,471
Total liabilities	688,350	579,587	554,656	579,587
Commitments and contingencies (See Note 14)				
Commitments and contingencies (See Note 14)				
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, 58,743,969 and 58,273,747 shares issued at December 31, 2023 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 December 31, 2023 and July 2, 2023	323	323		
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
Additional paid-in capital	392,849	388,215	396,109	388,215
Retained earnings	302,748	271,083	285,845	271,083
Accumulated other comprehensive loss	(170)	(170)	(170)	(170)
Treasury stock, at cost, 21,089,336 and 20,565,875 Class A shares at December 31, 2023 and July 2, 2023, respectively and 5,280,000 Class B shares at December 31, 2023 and July 2, 2023	(192,978)	(188,191)		
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)
Total stockholders' equity	503,360	471,843	485,326	471,843
Total liabilities and stockholders' equity	$ 1,191,710	$ 1,051,430	$ 1,039,982	$ 1,051,430

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		Six Months Ended		Three Months Ended		Nine Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	**March 31, 2024**	**April 2, 2023**	**March 31, 2024**	**April 2, 2023**
Net revenues	$ 822,054	$ 897,877	$ 1,091,104	$ 1,201,481	$ 379,405	$ 417,566	$ 1,470,509	$ 1,619,047
Cost of revenues	466,357	530,111	633,479	732,257	240,688	277,126	874,167	1,009,383
Gross profit	355,697	367,766	457,625	469,224	138,717	140,440	596,342	609,664
Operating expenses:								
Marketing and sales	188,557	194,466	271,075	283,605	105,828	106,472	376,903	390,077
Technology and development	14,822	14,952	30,126	29,692	15,291	14,837	45,417	44,529
General and administrative	27,154	28,908	55,643	55,153	32,295	25,922	87,938	81,075
Depreciation and amortization	14,152	14,315	27,346	27,009	13,232	13,267	40,578	40,276
Intangible impairment	19,762	-	19,762	-				
Goodwill and intangible impairment					-	64,586	19,762	64,586
Total operating expenses	264,447	252,641	403,952	395,459	166,646	225,084	570,598	620,543
Operating income	91,250	115,125	53,673	73,765				
Operating income (loss)					(27,929)	(84,644)	25,744	(10,879)
Interest expense, net	4,611	4,143	8,093	6,964	881	1,712	8,974	8,676
Other (income) expense, net	(2,736)	148	(2,262)	1,070	(3,574)	1,404	(5,836)	2,474
Income before income taxes	89,375	110,834	47,842	65,731				
Income tax expense	26,468	28,304	16,177	16,893				
Net income and comprehensive net income	62,907	82,530	31,665	48,838				
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 per common share	$ 0.97	$ 1.28	$ 0.49	$ 0.76				
Basic net income (loss) per common share					$ (0.26)	$ (1.10)	$ 0.23	$ (0.34)
Diluted net income per common share	$ 0.97	$ 1.27	$ 0.49	$ 0.75				
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 per common share:								
Weighted average shares used in the calculation of net income (loss) per common share:								
Basic	64,835	64,675	64,814	64,606	64,489	64,767	64,703	64,660
Diluted	65,177	64,835	65,155	64,820	64,489	64,767	65,057	64,660

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 December 31, 2023 and January 1, 2023									
	Common Stock				Additional		Accumulated Other			Total
	Class A		Class B		Paid-in	Retained	Comprehensive	Treasury Stock		Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Equity
Balance at October 1, 2023	58,309,547	$ 583	32,348,221	$ 323	$ 390,579	$ 239,841	$ (170)	25,856,358	$ (188,265)	$ 442,891
Net income	-	-	-	-	-	62,907	-	-	-	62,907
Stock-based compensation	429,312	5	-	-	2,226	-	-	-	-	2,231
Exercise of stock options	5,110	-	-	-	44	-	-	-	-	44
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	512,978	(4,713)	(4,713)
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
Balance at October 2, 2022	57,706,389	$ 577	32,529,614	$ 325	$ 381,440	$ 282,093	$ (211)	25,698,396	$ (186,952)	$ 477,272
Net income	-	-	-	-	-	82,530	-	-	-	82,530
Stock-based compensation	368,249	4	-	-	1,895	-	-	-	-	1,899
Conversion – Class B into Class A	181,393	2	(181,393)	(2)	-	-	-		-	-
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	140,248	(1,175)	(1,175)
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

	Common Stock		
	Class A		C
	Shares	Amount	Share
Balance at December 31, 2023	58,743,969	$ 588	32,348,
Net loss	-	-	
Stock-based compensation	12,262	-	
Exercise of stock options	24,903	-	
Acquisition of Class A treasury stock	-	-	
Balance at March 31, 2024	58,781,134	$ 588	32,348,
Balance at January 1, 2023	58,256,031	$ 583	32,348,
Net loss	-	-	
Stock-based compensation	4,166	-	
Conversion – Class B into Class A	-	-	
Acquisition of Class A treasury stock	-	-	

Balance at April 2, 2023	58,260,197	$ 583	32,348,

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

Condensed Consolidated Statements of Stockholders' Equity

(in thousands, except share data)

(unaudited)

	Six Months Ended December 31, 2023 and January 1, 2023												
	Common Stock				Additional		Accumulated Other			Total	**Common Stock**		
	Class A		Class B		Paid-in	Retained	Comprehensive	Treasury Stock		Stockholders'	**Class A**		**C**
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Equity	**Shares**	**Amount**	**Share**
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	58,273,747	$ 583	32,348,
Net income	-	-	-	-	-	31,665	-	-	-	31,665	-	-	
Stock-based compensation	465,112	5	-	-	4,590	-	-	-	-	4,595	477,374	5	
Exercise of stock options	5,110	-	-	-	44	-	-	-	-	44	30,013	-	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	523,461	(4,787)	(4,787)	-	-	
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			
Balance at March 31, 2024											58,781,134	$ 588	32,348,
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	57,706,389	$ 577	32,529,
Net income	-	-	-	-	-	48,838	-	-	-	48,838			
Net loss											-	-	
Stock-based compensation	368,249	4	-	-	3,450	-	-	-	-	3,454	372,415	4	
Conversion – Class B into Class A	181,393	2	(181,393)	(2)	-	-	-		-	-	181,393	2	(181,
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	140,248	(1,175)	(1,175)	-	-	
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			
Balance at April 2, 2023											58,260,197	$ 583	32,348,

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six Months Ended		Nine Months Ended	
	December 31, 2023	January 1, 2023	**March 31, 2024**	**April 2, 2023**
Operating activities:				
Net income	$ 31,665	$ 48,838		
Adjustments to reconcile net income to net cash provided by operating activities:				
Intangible impairment	19,762	-		
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
Depreciation and amortization	27,346	27,009	40,578	40,276
Amortization of deferred financing costs	361	671	541	998
Deferred income taxes	(6,108)	(846)	(8,535)	(4,390)
Bad debt expense	225	2,407	418	2,997
Stock-based compensation	4,595	3,454	7,641	5,941
Other non-cash items	(385)	(470)	(122)	(245)
Changes in operating items:				
Trade receivables	(26,384)	(31,622)	(6,778)	(15,977)
Inventories	29,808	46,506	31,674	57,031
Prepaid and other	6,640	7,550	4,761	2,706
Accounts payable and accrued expenses	125,404	89,050	(6,077)	(59,806)
Other assets and liabilities	(169)	1,113	1,426	1,102
Net cash provided by operating activities	212,760	193,660	100,051	73,064
Investing activities:				
Acquisitions, net of cash acquired			-	(5,000)
Capital expenditures	(17,807)	(23,849)	(26,482)	(31,351)
Net cash used in investing activities	(17,807)	(23,849)	(26,482)	(36,351)
Financing activities:				
Acquisition of treasury stock	(4,787)	(1,175)	(9,178)	(1,197)
Proceeds from exercise of employee stock options	44	-	258	-
Proceeds from bank borrowings	82,000	195,900	82,000	195,900
Repayment of bank borrowings	(87,000)	(205,900)	(89,500)	(210,900)
Debt issuance cost	-	(383)	-	(383)
Net cash used in financing activities	(9,743)	(11,558)	(16,420)	(16,580)
Net change in cash and cash equivalents	185,210	158,253	57,149	20,133
Cash and cash equivalents:				
Beginning of period	126,807	31,465	126,807	31,465
End of period	$ 312,017	$ 189,718	$ 183,956	$ 51,598

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 six nine-month periods ended December March 31, 2023 2024are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2024. 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, 2023was $30.8 million $30.8 million (included in "Accrued expenses" on our consolidated balance sheets), of which $10.7 million $2.8 million and $26.8 million $29.6 million was recognized as revenue during the three and six nine months ended December March 31, 2023. 2024, respectively. The deferred revenue balance as of December March 31, 2023 2024was $39.9 million.
$31.7 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 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 for this tradename. 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 tradename.

The Company concluded that goodwill and other indefinite-lived intangible assets, excluding its PersonalizationMall tradename, 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 Standard 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.

Note 2 – Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing the net income (loss) during the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share reflects the potential dilution that would occur if securities or other contracts 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) per common share:

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
	(in thousands, except per share data)				(in thousands, except per share data)			
Numerator:								
Net income	$ 62,907	$ 82,530	$ 31,665	$ 48,838				
Net income (loss)					$ (16,903)	$ (70,993)	$ 14,762	$ (22,155)

Denominator:								
Weighted average shares outstanding	64,835	64,675	64,814	64,606	64,489	64,767	64,703	64,660
Effect of dilutive stock options and unvested restricted stock awards	342	160	341	214	-	-	354	-
Diluted weighted-average shares outstanding	65,177	64,835	65,155	64,820	64,489	64,767	65,057	64,660
Net income per common share								
Net income (loss) per common share								
Basic	$ 0.97	$ 1.28	$ 0.49	$ 0.76	$ (0.26)	$ (1.10)	$ 0.23	$ (0.34)
Diluted	$ 0.97	$ 1.27	$ 0.49	$ 0.75	$ (0.26)	$ (1.10)	$ 0.23	$ (0.34)

Note 3 – Acquisitions

Acquisition of Things Remembered

On January 10, 2023, the Company completed its acquisition of certain assets of the Things Remembered brand, a provider of personalized gifts, whose operations are integrated within the PersonalizationMall.com brand, in the Consumer Floral & Gifts 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 was allocated to the identifiable assets acquired and liabilities assumed based on our estimates of their fair values on the acquisition date, including: goodwill of $1.9 million (deductible for income tax purposes), trademarks of $0.8 million (indefinite life), customer lists of $0.8 million (3-year life), inventory of $1.1 million, and equipment of $0.4 million. During the quarter ended December 31, 2023, the Company finalized its purchase price allocation, resulting in immaterial adjustments to the preliminary carrying value of the respective recorded assets and the residual amount that was allocated to goodwill.

Operating results of the Things Remembered business are reflected in the Company's consolidated financial statements from the date of acquisition within the Consumer Floral & Gifts segment. Pro forma results of operations have not been presented, as the impact on the Company's consolidated financial results was not material.

Note 4 – Inventory Net

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:

	December 31, 2023	July 2, 2023	**March 31, 2024**	**July 2, 2023**
	(in thousands)		*(in thousands)*	
Finished goods	$ 92,160	$ 92,582	$ 86,503	$ 92,582
Work-in-process	20,158	33,818	22,299	33,818
Raw materials	49,006	64,934	50,656	64,934
Total inventory	$ 161,324	$ 191,334	$ 159,458	$ 191,334

Note 5 – Goodwill and Intangible Assets, Net

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

		Gourmet
	Consumer	**Foods &**

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

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

	December 31, 2023				July 2, 2023			**March 31, 2024**				
	Amortization Period	Gross Carrying Amount	**Accumulated Amortization**	Net	Gross Carrying Amount	**Accumulated Amortization**	Net	**Amortization Period**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**	**Gross Carrying Amount**
	(in years)		*(in thousands)*					*(in years)*			*(in thousands)*	
Intangible assets with determinable lives												
Investment in licenses	14 - 16	$ 7,420	$ 6,622	$ 798	$ 7,420	$ 6,569	$ 851	14 - 16	$ 7,420	$ 6,648	$ 772	$ 7,420
Customer lists	3 - 10	29,071	23,757	5,314	29,071	21,611	7,460	3 - 10	29,071	24,830	4,241	29,071
Other	5 - 14	2,946	2,634	312	2,946	2,604	342	5 - 14	2,946	2,649	297	2,946
Total intangible assets with determinable lives		39,437	33,013	6,424	39,437	30,784	8,653		39,437	34,127	5,310	39,437
Trademarks with indefinite lives		111,473	-	111,473	131,235	-	131,235		111,473	-	111,473	131,235
Total identifiable intangible assets		$ 150,910	$ 33,013	$ 117,897	$ 170,672	$ 30,784	$ 139,888		$ 150,910	$ 34,127	$ 116,783	$ 170,672

Future estimated amortization expense is as follows: remainder of fiscal 2024 - $2.2 million, $1.1 million, fiscal 2025 - $1.9 million, fiscal 2026 - $1.3 million, fiscal 2027 - $0.5 million, fiscal 2028 - $0.2 million and thereafter - $0.3 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.

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 ending 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 investments without a readily determinable fair value was $2.6 million as of December March 31, 2023 2024and July 2, 2023, 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).

Note 7 –Debt, Net

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

	December 31, 2023	July 2, 2023	**March 31, 2024**	**July 2, 2023**
	(in thousands)		*(in thousands)*	
Revolver	$ -	$ -	$ -	$ -
Term Loans	195,000	200,000	192,500	200,000
Deferred financing costs	(3,251)	(3,609)	(3,068)	(3,609)
Total debt	191,749	196,391	189,432	196,391
Less: current maturities of long-term debt	10,000	10,000	10,000	10,000
Long-term debt, net	$ 181,749	$ 186,391	$ 179,432	$ 186,391

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 and restates 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 the amount of the outstanding term loan ("Term Loan") from approximately $150 million to $200 million, (ii) decreases 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 the maturity date of the outstanding term loan and the revolving credit facilities by approximately 48 months to June 27, 2028, and (iv) increases the applicable interest rate margins for SOFR and base rate loans by 25 basis points.

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 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 December March 31, 2023. 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: $5.0 million $2.5 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.

Note 8 -– Property, Plant and Equipment, Net

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

	December 31, 2023	July 2, 2023	**March 31, 2024**	**July 2, 2023**
	(in thousands)		*(in thousands)*	
Land	$ 33,866	$ 33,866	$ 33,827	$ 33,866
Orchards in production and land improvements	20,604	20,401	20,604	20,401
Building and building improvements	68,510	67,647	68,911	67,647
Leasehold improvements	30,882	29,524	30,973	29,524
Production equipment	130,043	125,297	130,890	125,297
Furniture and fixtures	9,235	9,102	9,294	9,102
Computer and telecommunication equipment	43,041	41,859	42,832	41,859
Software	193,925	181,085	192,837	181,085
Capital projects in progress	14,644	18,205	17,608	18,205
Property, plant and equipment, gross	544,750	526,986	547,776	526,986
Accumulated depreciation and amortization	(317,107)	(292,417)	(323,837)	(292,417)
Property, plant and equipment, net	$ 227,643	$ 234,569	$ 223,939	$ 234,569

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.

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

Level 1	Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
Level 2	Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

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

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

	Carrying Value	Fair Value Measurements Assets (Liabilities)			**Carrying Value**	**Fair Value Measurements Assets (Liabilities)**		
		Level 1	Level 2	Level 3		**Level 1**	**Level 2**	**Level 3**
	(in thousands)				*(in thousands)*			
As of December 31, 2023:								
As of March 31, 2024								
Trading securities held in a “rabbi trust” (1)	$ 27,183	$ 27,183	$ -	$ -	$ 31,160	$ 31,160	$ -	$ -
Total assets (liabilities) at fair value	$ 27,183	$ 27,183	$ -	$ -	$ 31,160	$ 31,160	$ -	$ -
As of July 2, 2023:								
As of July 2, 2023								
Trading securities held in a “rabbi trust” (1)	$ 22,617	$ 22,617	$ -	$ -	$ 22,617	$ 22,617	$ -	$ -
Total assets (liabilities) at fair value	$ 22,617	$ 22,617	$ -	$ -	$ 22,617	$ 22,617	$ -	$ -

(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 six nine months ended December March 31, 2023 2024was 29.6% 33.0% and 33.8% 34.7%, respectively, compared to 25.5% 19.1% and 25.7% -0.6% in the same periods of the prior year. The Company's effective tax rate for fiscal 2024 and fiscal 2023 differed from the U.S. federal statutory rate of 21.0% primarily due to state income taxes and non-deductible executive compensation, partially offset by tax credits and other items. Fiscal 2024 was further impacted by impairment charges within the impairment charge, which reduced 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, partially offset by tax credits.

On a regular basis, the Company evaluates the recoverability of deferred tax assets and the need for a 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 when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. At both March 31, 2024 and July 2, 2023, the Company had valuation allowances of approximately $3.2 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 years 2020, 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 2016. 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 December March 31, 2023, 2024, the Company has an unrecognized tax benefit, including accrued interest and penalties, of approximately $1.6 million. $3.2 million. The Company believes that $0.1 million $0.4 million of unrecognized tax positions will be resolved over the next twelve months.

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		Six Months Ended		**Three Months Ended**		**Nine Months Ended**	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	**March 31, 2024**	**April 2, 2023**	**March 31, 2024**	**April 2, 2023**
	(in thousands)				*(in thousands)*			
Net Revenues:								
Segment Net Revenues:								
Consumer Floral & Gifts	$ 254,835	$ 277,049	$ 397,029	$ 439,229	$ 221,207	$ 233,019	$ 618,236	$ 672,248
BloomNet	27,236	32,852	56,106	66,219	27,314	36,968	83,420	103,187
Gourmet Foods & Gift Baskets	539,963	588,431	638,072	696,659	130,989	147,863	769,061	844,522
Corporate	279	72	549	116	167	36	716	152
Intercompany eliminations	(259)	(527)	(652)	(742)	(272)	(320)	(924)	(1,062)
Total net revenues	$ 822,054	$ 897,877	$ 1,091,104	$ 1,201,481	$ 379,405	$ 417,566	$ 1,470,509	$ 1,619,047
Operating Income:								
Segment Contribution Margin:								
Consumer Floral & Gifts	$ 10,593	$ 27,886	$ 19,419	$ 38,696	$ 22,190	$ 26,136	$ 41,609	$ 64,832
BloomNet	9,088	9,348	18,475	18,865	7,506	10,982	25,981	29,847
Gourmet Foods & Gift Baskets	118,153	123,503	107,125	104,793	(8,172)	(78,480)	98,953	26,313
Segment Contribution Margin Subtotal	137,834	160,737	145,019	162,354	21,524	(41,362)	166,543	120,992
Corporate (a)	(32,432)	(31,297)	(64,000)	(61,580)	(36,221)	(30,015)	(100,221)	(91,595)
Depreciation and amortization	(14,152)	(14,315)	(27,346)	(27,009)	(13,232)	(13,267)	(40,578)	(40,276)
Operating income	$ 91,250	$ 115,125	$ 53,673	$ 73,765	$ (27,929)	$ (84,644)	$ 25,744	$ (10,879)

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

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

Three Months Ended									
Consumer Floral & Gifts		BloomNet		Gourmet Foods & **Gift Baskets**		Corporate and Eliminations		Consolidated	
December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023

Three Mo				
Consumer Floral & Gifts		**BloomNet**		**Gourı Gif**
March 31, 2024	**April 2, 2023**	**March 31, 2024**	**April 2, 2023**	**March 31, 202**
(in th				

Net revenues															
E-commerce	$ 252,845	$ 275,081	$ -	$ -	$ 485,561	$ 515,329	$ -	$ -	$ 738,406	$ 790,410	$ 218,590	$ 230,403	$ -	$ -	$ 121,6
Other	1,990	1,968	27,236	32,852	54,402	73,102	20	(455)	83,648	107,467	2,617	2,616	27,314	36,968	9,3
Total net revenues	$ 254,835	$ 277,049	$ 27,236	$ 32,852	$ 539,963	$ 588,431	$ 20	$ (455)	$ 822,054	$ 897,877	$ 221,207	$ 233,019	$ 27,314	$ 36,968	$ 130,9
Other revenues detail	**Other revenues detail**														
Retail and other	1,990	1,968	-	-	4,296	4,313	-	-	6,286	6,281	2,617	2,616	-	-	1,6
Wholesale	-	-	8,706	12,054	50,106	68,789	-	-	58,812	80,843	-	-	12,364	14,695	7,7
BloomNet services	-	-	18,530	20,798	-	-	-	-	18,530	20,798	-	-	14,950	22,273	
Corporate	-	-	-	-	-	-	279	72	279	72	-	-	-	-	
Eliminations	-	-	-	-	-	-	(259)	(527)	(259)	(527)	-	-	-	-	
Total other revenues	$ 1,990	$ 1,968	$ 27,236	$ 32,852	$ 54,402	$ 73,102	$ 20	$ (455)	$ 83,648	$ 107,467	$ 2,617	$ 2,616	$ 27,314	$ 36,968	$ 9,3

	Six Months Ended														N
	Consumer Floral & Gifts		BloomNet		Gourmet Foods & **Gift Baskets**		Corporate and Eliminations		Consolidated		**Consumer Floral & Gifts**		**BloomNet**		C
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	**March 31, 2024**	**April 2, 2023**	**March 31, 2024**	**April 2, 2023**	**M 3**
Net revenues															
E-commerce	$ 393,180	$ 435,463	$ -	$ -	$ 555,137	$ 593,869	$ -	$ -	$ 948,317	$ 1,029,332	$ 611,770	$ 665,866	$ -	$ -	$ 6
Other	3,849	3,766	56,106	66,219	82,935	102,790	(103)	(626)	142,787	172,149	6,466	6,382	83,420	103,187	
Total net revenues	$ 397,029	$ 439,229	$ 56,106	$ 66,219	$ 638,072	$ 696,659	$ (103)	$ (626)	$ 1,091,104	$ 1,201,481	$ 618,236	$ 672,248	$ 83,420	$ 103,187	$ 7
Other revenues detail	**Other revenues detail**														
Retail and other	3,849	3,766	-	-	6,230	6,221	-	-	10,079	9,987	6,466	6,382	-	-	
Wholesale	-	-	20,503	25,675	76,705	96,569	-	-	97,208	122,244	-	-	32,867	40,370	
BloomNet services	-	-	35,603	40,544	-	-	-	-	35,603	40,544	-	-	50,553	62,817	
Corporate	-	-	-	-	-	-	549	116	549	116	-	-	-	-	
Eliminations	-	-	-	-	-	-	(652)	(742)	(652)	(742)	-	-	-	-	
Total other revenues	$ 3,849	$ 3,766	$ 56,106	$ 66,219	$ 82,935	$ 102,790	$ (103)	$ (626)	$ 142,787	$ 172,149	$ 6,466	$ 6,382	$ 83,420	$ 103,187	$

Note 12 – Leases

The Company currently leases plants, warehouses, offices, store facilities, and equipment under various leases through 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 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.

Additional information related to our leases is as follows:

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
	(in thousands)				(in thousands)			
Lease costs:								
Operating lease costs	$ 5,651	$ 5,606	$ 11,273	$ 10,953	$ 5,693	$ 5,627	$ 16,966	$ 16,580
Variable lease costs	7,568	6,603	14,082	12,454	6,399	6,499	20,481	18,953
Short-term lease cost	2,535	2,889	3,418	4,454	282	474	3,700	4,928
Sublease income	(246)	(241)	(497)	(484)	(238)	(253)	(735)	(737)
Total lease costs	$ 15,508	$ 14,857	$ 28,276	$ 27,377	$ 12,136	$ 12,347	$ 40,412	$ 39,724
Cash paid for amounts included in measurement of operating lease liabilities	Cash paid for amounts included in measurement of operating lease liabilities		$ 11,300	$ 9,851			$ 16,957	$ 15,431
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities		$ 1,784	$ 10,521			$ 3,153	$ 11,790

	DecemberMarch 31, 20232024
	(in thousands)
Weighted-average remaining lease term - operating leases (in years)	8.4 8.2
Weighted-discount rate - operating leases	4.1 %

Maturities of lease liabilities in accordance with ASC 842 as of December March 31, 2023 2024and reconciliation to balance sheet are as follows (in thousands):

Fiscal Year:		
Remainder of 2024	$ 9,507	$ 3,838
2025	20,644	20,998
2026	18,714	19,076
2027	17,095	17,447
2028	16,179	16,514
Thereafter	68,402	68,722
Total Future Minimum Lease Payments	150,541	146,595
Less: Imputed Remaining Interest	24,368	23,427
Total Operating Lease Liabilities	126,173	123,168
Less: Current portion of long-term operating lease liabilities	15,433	15,250
Long-term operating lease liabilities	$ 110,740	$ 107,918

Note 13 -– Accrued Expenses

Accrued expenses consisted of the following:

	December 31, 2023	July 2, 2023	**March 31, 2024**	**July 2, 2023**
	(in thousands)		(in thousands)	
Payroll and employee benefits	$ 30,889	$ 33,927	$ 25,786	$ 33,927
Deferred revenue	39,928	30,811	31,661	30,811
Accrued marketing expenses	13,646	13,679	15,190	13,679
Accrued florist payout	17,981	13,437	12,733	13,437
Accrued purchases	44,546	18,351	16,578	18,351
Accrued income taxes	20,756	922		
Other	56,338	30,787	36,056	31,709
Accrued Expenses	$ 224,084	$ 141,914	$ 138,004	$ 141,914

17

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.

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 year ended July 2, 2023. 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 year ended July 2, 2023 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®, and Simply Chocolate®, and Card Isle®. 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. strives to deepen relationships with customers. The Company also operates BloomNet®, an international floral and gift industry service provider offering a broad-range of products and services designed to help members grow their businesses profitably; Napco℠, a resource for floral gifts and seasonal décor; DesignPac Gifts, LLC, a manufacturer of gift baskets and towers; and Alice's Table®, a lifestyle business offering fully digital floral, culinary and other experiences to guests across the country.

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 year ended July 2, 2023.

Macro-economic Conditions

Overall, broader macro-economic conditions continue to impact our consumers as they continue to moderate their discretionary income. Consumers remain pressured by persistent inflation, higher interest rates, and the resumption of student loan repayments. Throughout the first half of fiscal 2024, past several years, we have seen that customer spending on "Everyday" gifting occasions has slowed, whereas spending 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. In line with this, total consolidated revenues decreased 8.4% 9.1% to $822.1 million $379.4 million and 9.2% to $1.09 billion $1.47 billion during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared with the same periods of the prior year. As we look ahead to the second half end of fiscal 2024, 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 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 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 second third quarter and first half 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, as a result of a decline in the actual and projected revenue for the Company's PersonalizationMall tradename, 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 tradename. 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 tradename. See Note 5 – Goodwill and Intangible Assets, Net for further information.

Acquisition of Things Remembered

On January 10, 2023, the Company completed its acquisition of certain assets of the Things Remembered brand, a provider of personalized gifts, whose operations have been integrated within the PersonalizationMall.com brand, in the Consumer Floral & Gifts segment. The Company used cash on hand to fund the $5.0 million purchase, which included intellectual property, customer list, certain inventory, and equipment - see Note 3 –Acquisitions in Item 1.

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. – See Note 15 – Subsequent Events 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, the Company continues to expect revenue to remain pressured by a challenging consumer environment, but certain year-over-year trends continue to improve. The Company is updating its Fiscal 2024 guidance to reduce its revenue outlook for the full year, while maintaining its Adjusted EBITDA and Free Cash Flow expectations, as the also expects continued improvement in gross profit margin and the company's expense optimization efforts are expected to mitigate the softer than anticipated revenue improvement. margin.

As a result, the Company now expects is reiterating its Fiscal 2024: 2024 guidance as follows:

- total revenues on a percentage basis to decline in a range of 7% to 9%, as compared with the prior year;
- Adjusted EBITDA to be in a range of $95 million to $100 million; and
- Free Cash Flow to be in a range of $60 million to $65 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 and Results of Operations sections below for reconciliations of these non-GAAP measures to their most directly comparable GAAP financial measures. These non-GAAP financial measures are referred to as "non-GAAP" or "adjusted" 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 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.

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 net income (loss) and adjusted or comparable net income (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. See Segment Information below for details on how adjusted net income (loss) and adjusted or comparable net income (loss) per common share were calculated for each period presented.

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.

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 operating activities, a GAAP measure, to free cash flow, a non-GAAP Measure.

	Nine Months Ended	
	March 31, 2024	April 2, 2023
	(in thousands)	
Net cash provided by operating activities	$ 100,051	$ 73,064

Capital expenditures	(26,482)	(31,351)
Free Cash Flow	$ 73,569	$ 41,713

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							Three Months Ended				
	December 31, 2023	Intangible Impairment	As Adjusted (non-GAAP) December 31, 2023	January 1, 2023	Things Remembered Transaction Costs	As Adjusted (non-GAAP) January 1, 2023	% Change	March 31, 2024	Restructuring cost/ Severance	As Adjusted (non-GAAP) March 31, 2024	April 2, 2023	Goodwill and Intangible Impairmen
								(dollars in thousands)				
Net revenues:												
Consumer Floral & Gifts	$ 254,835	$ -	$ 254,835	$ 277,049	$ -	$ 277,049	-8.0 %	$ 221,207	$ -	$ 221,207	$ 233,019	$
BloomNet	27,236		27,236	32,852		32,852	-17.1 %	27,314		27,314	36,968	
Gourmet Foods & Gift Baskets	539,963		539,963	588,431		588,431	-8.2 %	130,989		130,989	147,863	
Corporate	279		279	72		72	287.5 %	167		167	36	
Intercompany eliminations	(259)		(259)	(527)		(527)	50.9 %	(272)		(272)	(320)	
Total net revenues	$ 822,054	$ -	$ 822,054	$ 897,877	$ -	$ 897,877	-8.4 %	$ 379,405	$ -	$ 379,405	$ 417,566	$
Gross profit:												
Consumer Floral & Gifts	$ 109,176		$ 109,176	$ 112,274		$ 112,274	-2.8 %	$ 87,005	$ -	$ 87,005	$ 88,317	$
	42.8 %		42.8 %	40.5 %		40.5 %		39.3 %		39.3 %	37.9 %	
BloomNet	12,974		12,974	13,879		13,879	-6.5 %	12,411		12,411	15,720	
	47.6 %		47.6 %	42.2 %		42.2 %		45.4 %		45.4 %	42.5 %	
Gourmet Foods & Gift Baskets	233,200		233,200	241,418		241,418	-3.4 %	39,169		39,169	36,371	
	43.2 %		43.2 %	41.0 %		41.0 %		29.9 %		29.9 %	24.6 %	
Corporate	347		347	195		195	77.9 %	132		132	32	
	124.4 %		124.4 %	270.8 %		270.8 %		79.0 %		79.0 %	88.9 %	
Total gross profit	$ 355,697	$ -	$ 355,697	$ 367,766	$ -	$ 367,766	-3.3 %	$ 138,717	$ -	$ 138,717	$ 140,440	$
	43.3 %	-	43.3 %	41.0 %	-	41.0 %		36.6 %	-	36.6 %	33.6 %	

EBITDA (non-GAAP):												
Segment Contribution Margin (non-GAAP) (a):												
Consumer Floral & Gifts	$ 10,593	$ 19,762	$ 30,355	$ 27,886	$ -	$ 27,886	8.9 %	$ 22,190	$ 630	$ 22,820	$ 26,136	$
BloomNet	9,088		9,088	9,348		9,348	-2.8 %	7,506	69	7,575	10,982	
Gourmet Foods & Gift Baskets	118,153		118,153	123,503		123,503	-4.3 %	(8,172)	538	(7,634)	(78,480)	64,58
Segment Contribution Margin Subtotal	137,834	19,762	157,596	160,737	-	160,737	-2.0 %	21,524	1,237	22,761	(41,362)	64,58
Corporate (b)	(32,432)		(32,432)	(31,297)	243	(31,054)	-4.4 %	(36,221)	1,180	(35,041)	(30,015)	
EBITDA (non-GAAP)	105,402	19,762	125,164	129,440	243	129,683	-3.5 %	(14,697)	2,417	(12,280)	(71,377)	64,58
Add: Stock-based compensation	2,231		2,231	1,899		1,899	17.5 %	3,046		3,046	2,487	
Add: Compensation charge related to NQDC Plan Investment Appreciation (Depreciation)	2,682		2,682	(196)		(196)	1468.4 %	3,534		3,534	(1,446)	
Adjusted EBITDA (non-GAAP)	$ 110,315	$ 19,762	$ 130,077	$ 131,143	$ 243	$ 131,386	-1.0 %	$ (8,117)	$ 2,417	$ (5,700)	$ (70,336)	$ 64,58

	Six Months Ended							Nine M			
	December 31, 2023	Intangible Impairment	As Adjusted (non-GAAP) December 31, 2023	January 1, 2023	Things Remembered Transaction Costs	As Adjusted (non-GAAP) January 1, 2023	% Change	March 31, 2024	Intangible Impairment	Restructuring cost/ Severance	As Adjusted (non-GAAP) March 31, 2024
								(dollars			
Net revenues:											
Consumer Floral & Gifts	$ 397,029	$ -	$ 397,029	$ 439,229	$ -	$ 439,229	-9.6 %	$ 618,236	$ -	$ -	$ 618,236
BloomNet	56,106		56,106	66,219		66,219	-15.3 %	83,420			83,420
Gourmet Foods & Gift Baskets	638,072		638,072	696,659		696,659	-8.4 %	769,061			769,061
Corporate	549		549	116		116	373.3 %	716			716

Intercompany eliminations	(652)		(652)	(742)		(742)	12.1%	(924)			(924)	
Total net revenues	$ 1,091,104	$ -	$ 1,091,104	$ 1,201,481	$ -	$ 1,201,481	-9.2%	$ 1,470,509	$ -	$ -	$ 1,470,509	$
Gross profit:												
Consumer Floral & Gifts	$ 165,498	$ -	$ 165,498	$ 174,193	$ -	$ 174,193	-5.0%	$ 252,503	$ -	$ -	$ 252,503	$
	41.7%		41.7%	39.7%		39.7%		40.8%			40.8%	
BloomNet	27,472		27,472	28,366		28,366	-3.2%	39,883			39,883	
	49.0%		49.0%	42.8%		42.8%		47.8%			47.8%	
Gourmet Foods & Gift Baskets	264,107		264,107	266,531		266,531	-0.9%	303,276			303,276	
	41.4%		41.4%	38.3%		38.3%		39.4%			39.4%	
Corporate	548		548	134		134	309.0%	680			680	
	99.8%		99.8%	115.5%		115.5%		95.0%			95.0%	
Total gross profit	$ 457,625	$ -	$ 457,625	$ 469,224	$ -	$ 469,224	-2.5%	$ 596,342	$ -	$ -	$ 596,342	$
	41.9%	-	41.9%	39.1%	-	39.1%		40.6%	-	-	40.6%	
EBITDA (non-GAAP):												
Segment Contribution Margin (non-GAAP) (a):												
Consumer Floral & Gifts	$ 19,419	$ 19,762	$ 39,181	$ 38,696	$ -	$ 38,696	1.3%	$ 41,609	$ 19,762	$ 630	$ 62,001	$
BloomNet	18,475		18,475	18,865		18,865	-2.1%	25,981		69	26,050	
Gourmet Foods & Gift Baskets	107,125		107,125	104,793	-	104,793	2.2%	98,953		538	99,491	
Segment Contribution Margin Subtotal	145,019	19,762	164,781	162,354	-	162,354	1.5%	166,543	19,762	1,237	187,542	
Corporate (b)	(64,000)		(64,000)	(61,580)	243	(61,337)	-4.3%	(100,221)		1,180	(99,041)	
EBITDA (non-GAAP)	81,019	19,762	100,781	100,774	243	101,017	-0.2%	66,322	19,762	2,417	88,501	
Add: Stock-based compensation	4,595		4,595	3,454		3,454	33.0%	7,641			7,641	
Add: Compensation charge related to NQDC Plan Investment Appreciation (Depreciation)	2,178		2,178	(1,102)		(1,102)	297.6%	5,712			5,712	
Adjusted EBITDA (non-GAAP)	$ 87,792	$ 19,762	$ 107,554	$ 103,126	$ 243	$ 103,369	4.0%	$ 79,675	$ 19,762	$ 2,417	$ 101,854	$

Reconciliation of net income to adjusted net income (non-GAAP):	Three Months Ended		Six Months Ended					
Reconciliation of net income (loss) to adjusted net income (loss) (non-GAAP):					Three Months Ended		Nine Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Net income	$ 62,907	$ 82,530	$ 31,665	$ 48,838				
Adjustments to reconcile net income to adjusted net income (non-GAAP)								
					(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	-	243	-	243	-	201	-	444
Add: Intangibles impairment	19,762	-	19,762	-				
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	-	(63)	-	(63)	(3,538)	(11,546)	(3,538)	(11,609)
Adjusted net income (non-GAAP)	$ 82,669	$ 82,710	$ 51,427	$ 49,018				
Adjusted net income (loss) (non-GAAP)					$ (18,024)	$ (17,752)	$ 33,403	$ 31,266
Basic and diluted net income per common share								
Basic and diluted net income (loss) per common share								
Basic	$ 0.97	$ 1.28	$ 0.49	$ 0.76	$ (0.26)	$ (1.10)	$ 0.23	$ (0.34)
Diluted	$ 0.97	$ 1.27	$ 0.49	$ 0.75	$ (0.26)	$ (1.10)	$ 0.23	$ (0.34)
Basic and diluted adjusted net income per common share (non-GAAP)								
Basic and diluted adjusted net income (loss) per common share (non-GAAP)								
Basic	$ 1.28	$ 1.28	$ 0.79	$ 0.76	$ (0.28)	$ (0.27)	$ 0.52	$ 0.48
Diluted	$ 1.27	$ 1.28	$ 0.79	$ 0.76	$ (0.28)	$ (0.27)	$ 0.51	$ 0.48
Weighted average shares used in the calculation of basic and diluted net income and adjusted net income per common share								
Weighted average shares used in the calculation of basic and diluted net income (loss) and adjusted net income (loss) per common share								
Basic	64,835	64,675	64,814	64,606	64,489	64,767	64,703	64,660
Diluted	65,177	64,835	65,155	64,820	64,489	64,767	65,057	64,660

Reconciliation of net income to Adjusted EBITDA (non-GAAP):	Three Months Ended	Six Months Ended		
Reconciliation of net income (loss) to Adjusted EBITDA (non-GAAP):			Three Months Ended	Nine Months Ended

	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Net income	$ 62,907	$ 82,530	$ 31,665	$ 48,838				
					(in thousands)			
Net income (loss)					$ (16,903)	$ (70,993)	$ 14,762	$ (22,155)
Add: Interest expense and other, net	1,875	4,291	5,831	8,034	(2,693)	3,116	3,138	11,150
Add: Depreciation and amortization	14,152	14,315	27,346	27,009	13,232	13,267	40,578	40,276
Add: Income tax expense	26,468	28,304	16,177	16,893				
Add: Income tax (benefit) expense					(8,333)	(16,767)	7,844	126
EBITDA	105,402	129,440	81,019	100,774	(14,697)	(71,377)	66,322	29,397
Add: Stock-based compensation	2,231	1,899	4,595	3,454	3,046	2,487	7,641	5,941
Add: Compensation charge related to NQDC plan investment Appreciation (Depreciation)	2,682	(196)	2,178	(1,102)	3,534	(1,446)	5,712	(2,548)
Add: Intangible impairment	19,762	-	19,762	-				
Add: Transaction costs	-	243	-	243	-	201	-	444
Add: Restructuring cost/Severance					2,417	-	2,417	-
Add: Goodwill and intangible impairment					-	64,586	19,762	64,586
Adjusted EBITDA	$ 130,077	$ 131,386	$ 107,554	$ 103,369	$ (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.

Results of Operations

Net revenues

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)						(dollars in thousands)					
Net revenues:												
E-Commerce	$ 738,406	$ 790,410	-6.6 %	$ 948,317	$ 1,029,332	-7.9 %	$ 340,241	$ 357,801	-4.9 %	$ 1,288,558	$ 1,387,133	-7.1 %
Other	83,648	107,467	-22.2 %	142,787	172,149	-17.1 %	39,164	59,765	-34.5 %	181,951	231,914	-21.5 %
Total net revenues	$ 822,054	$ 897,877	-8.4 %	$ 1,091,104	$ 1,201,481	-9.2 %	$ 379,405	$ 417,566	-9.1 %	$ 1,470,509	$ 1,619,047	-9.2 %

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

Net revenues decreased 8.4% 9.1% and 9.2% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, due to lower order volume across all 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 on January 10, 2023 and launched the brand on its e-commerce platform in April 2023. Things Remembered revenues were not significant during the three and six nine months ended December 31, 2023 March 31, 2024.

	Three Months Ended															Consumer Flor	
	Consumer Floral & Gifts			BloomNet			Gourmet Foods & Gift Baskets			Corporate and Eliminations		Consolidated				March 31, 2024	April 2023
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	% Change			
Net revenues	Net revenues																
E-commerce	$ 252,845	$ 275,081	-8.1 %	$ -	$ -	- %	$ 485,561	$ 515,329	-5.8 %	$ -	$ -	$ 738,406	$ 790,410	-6.6 %		$ 218,590	$ 230,4
Other	1,990	1,968	1.1 %	27,236	32,852	-17.1 %	54,402	73,102	-25.6 %	20	(455)	83,648	107,467	-22.2 %		2,617	2,6
Total net revenues	$ 254,835	$ 277,049	-8.0 %	$ 27,236	$ 32,852	-17.1 %	$ 539,963	$ 588,431	-8.2 %	$ 20	$ (455)	$ 822,054	$ 897,877	-8.4 %		$ 221,207	$ 233,0
Other revenues detail	Other revenues detail																
Retail and other	1,990	1,968	1.1 %	-	-	-	4,296	4,313	-0.4 %	-	-	6,286	6,281	0.1 %		2,617	2,6
Wholesale	-	-	-	8,706	12,054	-27.8 %	50,106	68,789	-27.2 %	-	-	58,812	80,843	-27.3 %		-	
BloomNet services	-	-	-	18,530	20,798	-10.9 %	-	-	-	-	-	18,530	20,798	-10.9 %		-	
Corporate	-	-	-	-	-	-	-	-	-	279	72	279	72	287.5 %		-	
Eliminations	-	-	-	-	-	-	-	-	-	(259)	(527)	(259)	(527)	50.9 %		-	
Total other revenues	$ 1,990	1,968	1.1 %	$ 27,236	$ 32,852	-17.1 %	$ 54,402	$ 73,102	-25.6 %	$ 20	$ (455)	$ 83,648	$ 107,467	-22.2 %		$ 2,617	$ 2,6

	Six Months Ended															Consumer	
	Consumer Floral & Gifts			BloomNet			Gourmet Foods & Gift Baskets			Corporate and Eliminations		Consolidated				March 31, 2024	A
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	% Change			
Net revenues	Net revenues																
E-commerce	$ 393,180	$ 435,463	-9.7 %	$ -	$ -	- %	$ 555,137	$ 593,869	-6.5 %	$ -	$ -	$ 948,317	$ 1,029,332	-7.9 %		$ 611,770	$ 6
Other	3,849	3,766	2.2 %	56,106	66,219	-15.3 %	82,935	102,790	-19.3 %	(103)	(626)	142,787	172,149	-17.1 %		6,466	
Total net revenues	$ 397,029	$ 439,229	-9.6 %	$ 56,106	$ 66,219	-15.3 %	$ 638,072	$ 696,659	-8.4 %	$ (103)	$ (626)	$ 1,091,104	$ 1,201,481	-9.2 %		$ 618,236	$ 6

Other revenues detail	Other revenues detail														
Retail and other	3,849	3,766	2.2 %	-	-	-	6,230	6,221	0.1 %	-	-	10,079	9,987	0.9 %	6,466
Wholesale	-	-	-	20,503	25,675	-20.1 %	76,705	96,569	-20.6 %	-	-	97,208	122,244	-20.5 %	-
BloomNet services	-	-	-	35,603	40,544	-12.2 %	-	-	-	-	-	35,603	40,544	-12.2 %	-
Corporate	-	-	-	-	-	-	-	-	-	549	116	549	116	373.3 %	-
Eliminations	-	-	-	-	-	-	-	-	-	(652)	(742)	(652)	(742)	12.1 %	-
Total other revenues	$ 3,849	3,766	2.2 %	$ 56,106	$ 66,219	-15.3 %	$ 82,935	$ 102,790	-19.3 %	$ (103)	$ (626)	$ 142,787	$ 172,149	-17.1 %	$ 6,466 $

Revenue by sales channel:

E-commerce revenues (combined online and telephonic) decreased 6.6% 4.9% and 7.9% 7.1% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, primarily due to the decline in demand across all our segments as a result of the macro-economic conditions noted above, which above. These external influences have negatively impacted consumer discretionary spending, combined with planned reductions in advertising spend. spending.

During the three and six nine months ended December 31, 2023 March 31, 2024, the Company fulfilled approximately 7.9 million 4.3 million and 10.5 million 14.8 million orders through its e-commerce sales channel (online and telephonic sales), a decrease of 9.0% 6.2% and 10.8% 9.5%, respectively, compared to the same periods of the prior year. During the three and six nine months ended December 31, 2023 March 31, 2024, average order value increased 2.7% 1.4% and 3.4% 2.7%, to $93.14 $79.36 and $90.06, $87.29, respectively, 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 broader segments of our customer base to purchase. This did have some negative impact on our average order value.

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 six nine months ended December 31, 2023 March 31, 2024, decreased 22.2% 34.5% and 17.1% 21.5%, respectively, respectively. compared to the same periods of the prior year, due to lower volumes in both wholesale volumes within and BloomNet services. The decrease in wholesale revenue was primarily due to certain retailers reducing their Easter orders in light of the Gourmet Foods & Gift Baskets segment, as well as consumer environment. The lower BloomNet service 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, 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 8.0% 5.1% and 9.6% 8.0% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, year. The Consumer Floral & Gifts segment experienced an increase in volume trend driven by the Valentine's Day holiday, but due to the continued economic pressure, which was combined with planned reductions in advertising spend, as the brands focused their efforts on improving gross margin and operating spend efficiency, in the face of softening demand.

During the three and six nine months ended December 31, 2023 March 31, 2024, Consumer Floral & Gifts orders through its e-commerce sales channel (online and telephonic sales) decreased 10.4% 5.6% and 12.3% 10.2%, respectively, compared to the same periods of the prior year, however this year. This was partially offset by an increase in average order value of 2.6% 0.5% and 3.0% 2.3%, respectively, as a result of product mix 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 broader segments of our customer base to purchase. This did have some negative impact on our average order value in the quarter.

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

Net revenues decreased 17.1% 26.1% and 15.3% 19.2% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods 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, and Vital Choice. 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 brand names, as well as wholesale operations.

Net revenues within this segment decreased 8.2% 11.4% and 8.4% 8.9% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, as a result of lower e-commerce and wholesale revenues, primarily due to macro-economic weakness, combined with planned reductions in advertising spend, as weakness. As such, the brands focused their efforts on improving gross margin and operating spend efficiency in the face of softening demand.

During the three and six nine months ended December 31, 2023 March 31, 2024, Gourmet Foods & Gift Baskets orders through its e-commerce sales channel (online and telephonic sales) decreased 7.9% 7.3% and 9.3% 8.7%, respectively, compared to the same periods of the prior year, however this year. This was partially offset by an increase in average order value of 2.3% 3.0% and 3.1% 2.8%, respectively, 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.

28

Gross profit

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)						(dollars in thousands)					
Gross profit	$ 355,697	$ 367,766	-3.3 %	$ 457,625	$ 469,224	-2.5 %	$ 138,717	$ 140,440	-1.2 %	$ 596,342	$ 609,664	-2.2 %
Gross profit %	43.3 %	41.0 %		41.9 %	39.1 %		36.6 %	33.6 %		40.6 %	37.7 %	

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 3.3% 1.2% and 2.5% 2.2% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, primarily due to lower revenues as noted above, partially principally offset by a favorable gross profit percentage.

Gross profit percentage increased 230 300 and 280 290 basis points during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, driven by 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.

Gross profit by segment follows:

Consumer Floral & Gifts segment - Gross profit decreased by 2.8% 1.5% and 5.0% 3.8% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, due to the impact of the lower revenues noted above, partially offset by favorable gross profit percentage attributable to lower florist fulfillment costs and lower freight costs in both the three and reduced nine months ended March 31, 2024, and labor costs. efficiencies for the nine months ended March 31, 2024.

BloomNet segment - Gross profit decreased by 6.5% 21.0% and 3.2% 9.5% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, due to the decrease in revenues 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 product mix. lower florist rebates due to lower volume.

Gourmet Foods & Gift Baskets segment – Gross profit decreased increased by 3.4% 7.7% and 0.9% 0.1% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year due to despite the revenue decrease noted above, partially offset by 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, respectively, compared to the same periods of the prior year. The increased gross profit percentage was attributable to lower freight costs, a decline in certain commodity prices, reduced labor costs, efficiencies, and better inventory management.

Marketing and sales expense

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)						(dollars in thousands)					
Marketing and sales	$ 188,557	$ 194,466	-3.0 %	$ 271,075	$ 283,605	-4.4 %	$ 105,828	$ 106,472	-0.6 %	$ 376,903	$ 390,077	-3.4 %
Percentage of net revenues	22.9 %	21.7 %		24.8 %	23.6 %		27.9 %	25.5 %		25.6 %	24.1 %	

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 3.0% 0.6% and 4.4% 3.4% during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to the same periods of the prior year, due 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.

Technology and development expense

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)						(dollars in thousands)					
Technology and development	$ 14,822	$ 14,952	-0.9 %	$ 30,126	$ 29,692	1.5 %	$ 15,291	$ 14,837	3.1 %	$ 45,417	$ 44,529	2.0 %
Percentage of net revenues	1.8 %	1.7 %		2.8 %	2.5 %		4.0 %	3.6 %		3.1 %	2.8 %	

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 decreased increased by 0.9% 3.1% and 2.0% during the three months and nine-month periods ended December 31, 2023 March 31, 2024, compared to the same period of the prior year, primarily due to reduced labor and consulting costs. Technology and development expense increased 1.5% during the six months ended December 31, 2023 compared to the same period periods of the prior year, primarily due to higher maintenance and support costs for the Company's Company's technology platform enhancements, partially offset by lower web hosting costs in the quarter ended March 31, 2024, and reduced labor and consulting costs. costs for the nine months ended March 31, 2024.

General and administrative expense

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)						*(dollars in thousands)*					
General and administrative	$ 27,154	$ 28,908	-6.1 %	$ 55,643	$ 55,153	0.9 %	$ 32,295	$ 25,922	24.6 %	$ 87,938	$ 81,075	8.5 %
Percentage of net revenues	3.3 %	3.2 %		5.1 %	4.6 %		8.5 %	6.2 %		6.0 %	5.0 %	

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

General and administrative expenses decreased 6.1% increased 24.6% and 8.5% during the three months and nine-month periods ended December 31, 2023 March 31, 2024, respectively, compared to the same period of the prior year, primarily due to lower labor and insurance costs and bad debt expense, offset in part by changes in the value of the Company's NQDC plan investments (offset in Other Income below). General and administrative expenses increased 0.9% during the six months ended December 31, 2023 compared to the same period of the prior year, due to increases in labor costs driven by changes in the value of the Company's NQDC plan investments (offset in Other Income 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 bad debt expense and lower insurance and professional fees.

Depreciation and amortization expense

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change	March 31, 2024	April 2, 2023	% Change	March 31, 2024	April 2, 2023	% Change
	(dollars in thousands)						*(dollars in thousands)*					
Depreciation and amortization	$ 14,152	$ 14,315	-1.1 %	$ 27,346	$ 27,009	1.2 %	$ 13,232	$ 13,267	-0.3 %	$ 40,578	$ 40,276	0.7 %
Percentage of net revenues	1.7 %	1.6 %		2.5 %	2.2 %		3.5 %	3.2 %		2.8 %	2.5 %	

Depreciation and amortization expense decreased 1.1% 0.3% during the three months ended December 31, 2023 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 IT-related ecommerce/platform enhancements. Depreciation and amortization expense increased 1.2% 0.7% during the six nine months ended December 31, 2023 March 31, 2024 compared to the same period of the prior year, due to distribution facility automation projects and IT related IT-related ecommerce/platform enhancements.

Goodwill and Intangible impairment

	Three Months Ended	Six Months Ended

	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change
			(dollars in thousands)			
Intangible impairment	$ 19,762	$ -	- %	$ 19,762	$ -	- %

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

During the three and six months 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.

Interest expense, net

	Three Months Ended			Six Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change
			(dollars in thousands)			
Interest expense, net	$ 4,611	$ 4,143	11.3 %	$ 8,093	$ 6,964	16.2 %

	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 %

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 increased 11.3% and 16.2% decreased 48.5% during the three and six months ended December 31, 2023, respectively, March 31, 2024 compared to the same periods 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.

Other expense (income), net

	Three Months Ended			Six Months Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change
			(dollars in thousands)			

Other (income) expense, net	$	(2,736)	$	148	1,948.6 %	$	(2,262)	$	1,070	311.4 %

	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 %

Other (income) expense consists primarily of investment losses (gains) on the Company's NQDC Plan Investments. investments.

31

Income Taxes

The Company recorded income tax benefit of $8.3 million and income tax expense of $26.5 million and $16.2 million $7.8 million during the three and six nine months ended December 31, 2023 March 31, 2024, respectively, compared to an income tax benefit of $16.8 million and income tax expense of $28.3 million and $16.9 million $0.1 million, during the three and six nine months ended January 1, 2023 April 2, 2023, respectively. The Company's effective tax rate for the three and six nine months ended December 31, 2023 March 31, 2024, was 29.6% 33.0% and 33.8% 34.7%, respectively, compared to 25.5% 19.1% and 25.7% -0.6% in the same periods of the prior year. The Company's effective tax rate for fiscal 2023 2024 and 2024 fiscal 2023 differed from the U.S. federal statutory rate of 21.0% primarily due to state income taxes and non-deductible executive compensation, partially offset by tax credits and other items. Fiscal 2024, was further impacted by impairment charges within the impairment charge, which reduced 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, 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 - Debt, Net in Item 1 for details). At December 31, 2023 March 31, 2024, the Company had working capital of $202.5 million, $186.4 million, including cash and cash equivalents of $312.0 $184.0 million, compared to working capital of $152.9 million, including cash and cash equivalents of $126.8 million, at July 2, 2023.

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 of fiscal 2024, the Company borrowed under its revolving credit agreement in order to fund pre-holiday manufacturing and inventory procurement requirements, with borrowings peaking at $82.0 million in November 2023. Cash generated from operations during the Christmas holiday shopping season enabled 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 December 31, 2023 March 31, 2024.

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 operating activities of $212.8 million, $100.1 million, for the six nine months ended December 31, 2023 March 31, 2024, was primarily attributable to the Company's net income during the period, adjusted by non-cash charges related to the intangible impairment, depreciation and amortization, stock-based compensation and changes in deferred income taxes, combined with seasonal changes in net working capital, including increases in accounts payable and accrued expenses and trade receivables and driven by a decrease in inventories.

Net cash used in investing activities of $17.8 million, $26.5 million, for the six nine months ended December 31, 2023 March 31, 2024, was attributable to capital expenditures primarily related to the Company's technology and automation initiatives.

Net cash used in financing activities of $9.7 million, $16.4 million, for the six nine months ended December 31, 2023 March 31, 2024, related primarily to net repayment of bank borrowings under the Company's working capital line of credit and the repurchase of common stock.

Free Cash Flow

Free cash flow was $73.6 million for the nine months ended March 31, 2024, compared with free cash flow of $41.7 million for the nine months ended April 2, 2023, an increase of $31.9 million primarily driven by an increase in cash flows from operations. 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 December 31, 2023 March 31, 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 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 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Thereafter	Total
Purchase commitments	$ 73,067	$ 15,773	$ 3,749	$ 775	$ -	$ -	$ 93,364

	Payments due by period (*in thousands*)						
	Remaining Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Thereafter	Total
Purchase commitments	$ 54,971	$ 42,956	$ 5,039	$ 805	$ -	$ -	$ 103,771

Critical Accounting Estimates

As disclosed in the Company's Annual Report on Form 10-K, for the fiscal year ended July 2, 2023, 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.

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," "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:
  - to achieve revenue and profitability;
  - to leverage its operating platform and reduce operating expenses;
  - to manage the seasonality of its business;
  - to cost effectively acquire and retain customers;
  - to successfully integrate acquired businesses and assets;
  - to reduce working capital requirements and capital expenditures;
  - to mitigate the impact of supply chain cost and capacity constraints;
  - to compete against existing and new competitors;
  - to manage expenses associated with sales and marketing and necessary general and administrative and technology investments; and
  - to address the effects of changes in accounting policies, practices, or assumptions, including changes that could potentially require future impairment charges;
- 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 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.

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 $0.3 $0.2 and $0.6 million $0.8 million during the three and six nine months ended December 31, 2023 March 31, 2024, respectively.

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 December 31, 2023 March 31, 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 December 31, 2023 March 31, 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 December 31, 2023 March 31, 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.

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 year ended July 2, 2023.

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 December 31, 2023 March 31, 2024, $27.2 million $22.8 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 six nine months of fiscal 2024, which includes the period July 3, 2023 through December 31, 2023 March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
	(in thousands, except average price paid per share)				*(in thousands, except average price paid per share)*			
07/03/23 – 07/30/23	-	$ -	-	$ 31,965	-	$ -	-	$ 31,965
07/31/23 – 08/27/23	-	$ -	-	$ 31,965	-	$ -	-	$ 31,965
08/28/23 – 10/01/23	10,483	$ 7.08	10,483	$ 31,890	10,483	$ 7.08	10,483	$ 31,890
10/02/23 – 10/29/23	-	$ -	-	$ 31,890	-	$ -	-	$ 31,890
10/30/23 – 11/26/23	272,978	$ 8.56	272,978	$ 29,549	272,978	$ 8.56	272,978	$ 29,549
11/27/23 – 12/31/23	240,000	$ 9.85	240,000	$ 27,178	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
Total	523,461	$ 9.12	523,461		948,284	$ 9.65	948,284	

(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.

ITEM 6. EXHIBITS

10.1 Consulting Agreement, dated as of December 20, 2023, between 1-800-FLOWERS.COM, Inc., and Hanft Ideas LLC and Adam Hanft. * ^

10.2 Appointment Letter from 1-800-FLOWERS.COM, Inc. to Christopher G. McCann, dated December 31, 2023 (incorporated by reference to Current Report on Form 8-K filed on January 2, 2024, Exhibit 99.1). ^

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

* Filed herewith.

^ Management contracts or compensatory plans or arrangements.

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: February 8, 2024 May 8, 2024

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

Date: February 8, 2024 May 8, 2024

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

Exhibit 10.1

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "**Agreement**") by and between 1-800-FLOWERS.COM, Inc., a corporation with an address of Two Jericho Plaza, Suite 200, Jericho, New York 115753 (the "**Company**"), and Hanft Ideas LLC, a company controlled by Adam Hanft with an address of 50 Astor Lane, Sands Point, NY 11050 (together with Mr. Hanft, "**Consultant**", and, together with Mr. Hanft and the Company, the "**Parties**" and, each, a "**Party**") is made and entered into as of December 20, 2023 (the "**Effective Date**").

WHEREAS, Adam Hanft currently serves as a non-employee member of the Company's Board of Directors (the "**Board**");

WHEREAS, the Company wishes to engage Consultant as an independent contractor to perform services outside the scope of Mr. Hanft's responsibilities in his capacity as a member of the Board;

NOW THEREFORE, in consideration of the mutual promises and other good and valuable consideration set forth in the Agreement, the receipt of which are hereby acknowledged, the Parties agree as follows:

1. **Services.** During the term of the Agreement (the "**Term**"), Consultant shall provide to the Company the consulting services described in Exhibit A attached hereto (the "**Services**"), subject to the terms and conditions set forth herein. Consultant shall, in Consultant's sole discretion, determine the means, manner and method of performing the Services, and will devote such time, attention and skill hereunder as is necessary to render the Services. The Company shall provide Consultant with such access to its premises, information and/or data as the Company determines, in its sole discretion, is necessary for the performance of the Services. Mr. Hanft's Board service is separate from the Services and not subject to the Agreement.

2. **Term.** The Term shall commence on the Effective Date and continue for a period of twelve (12) months, unless earlier terminated in accordance with Section 15 below.

3. **Fees.** It is expressly understood and agreed that Consultant's fees shall be as set forth in Exhibit A and such fees shall constitute the total consideration for everything furnished, provided, or done by Consultant in connection with the Agreement, including, without limitation, all Services rendered by Consultant, and any and all Work Product (as defined in Section 5 herein). Such fees shall be in addition to such compensation as Mr. Hanft may be entitled to receive as a member of the Board.

4. **Independent Contractor.** It is expressly understood and agreed that Consultant is an independent contractor for the Services provided pursuant to the Agreement and Consultant is not an employee of the Company and/or any of its Affiliates (as defined in Section 6 herein). Nothing in the Agreement shall create or be construed to create any employee, partnership, joint venture or agency relationship between the Company and Consultant and Consultant shall not be considered, whether under the provisions of the Agreement or otherwise, as having the status of an employee of the Company and/or any of its Affiliates for any purpose whatsoever. In its capacity as independent contractor pursuant to the Agreement, Consultant agrees (i) to be solely responsible for the filing and payment of all income, payroll, Social Security, and/or other federal, state, or local taxes, unemployment insurance, disability insurance and/or workers' compensation insurance required by federal, state or local law, (ii) that all payments received by Consultant from the Company will not be subject to tax withholding by the Company, and (iii) that Consultant is not covered by any health insurance, dental insurance, disability insurance, unemployment insurance, worker's compensation, stock option, life insurance, pension, profit sharing and/or other employee benefit plan provided by or on behalf of the Company, and that Consultant has no right to nor will Consultant seek benefits or any form of payment from or through the Company under any such plans; provided that, Consultant shall be entitled to continue to be covered by the Company's compensation and/or benefit plans, policies and programs for which Mr. Hanft may be eligible in his capacity as a member of the Board. The Parties further recognize that Consultant is responsible for determining the means and methods of the performance of all services undertaken by Consultant under the terms of the Agreement, has the exclusive right to direct and control the financial aspects of Consultant's business operations, including the ability to earn a profit or suffer a financial loss under the Agreement.

5. **Work Product.** Consultant agrees that all of the results, proceeds, and deliverables of the Services, shall be owned, throughout the world, exclusively by the Company, including all copyright, trade secret, trademark, service mark, patent and all other intellectual property rights (collectively, "**Intellectual Property Rights**") thereto. Consultant further agrees that all other writings, technology,inventions, discoveries, machines, formulae, improvements, software designs, computer programs, strategies, specific computer-related know-how, data, artwork, layouts, photographs, presentation files, videos, images, processes, techniques, methods, ideas, concepts, research proposals, original works of authorship, and materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, modified, conceived, or reduced to practice in the course of performing the Services, and the results thereof (collectively referred to as "**Work Product**") shall be deemed as "work for hire," of which the Company shall be deemed the author to the extent such works qualify as such in accordance with applicable law and intellectual property rights, including, but not limited to, copyright, patent, trade secret, and trademark rights, therein automatically and immediately vest in the Company. If for any reason, any Work Product may not qualify as "work for hire," Consultant irrevocably assigns to the Company, for no additional consideration, all of Consultant's right, title, and interest throughout the world in and to such Work Product, including the right to sue for past, present, and future infringement, misappropriation, or dilution thereof. To the extent any copyrights are assigned hereunder, Consultant hereby irrevocably waives in favor of the Company, to the extent permitted by applicable law, any and all claims Consultant may now or hereafter have in any jurisdiction to all rights of paternity or attribution, integrity, disclosure, and withdrawal and any other rights that may be known as "moral rights" in relation to all Work Product to which the assigned copyrights apply. Consultant agrees that the Company shall own all Intellectual Property Rights worldwide, with respect to any Work Product discovered, created or developed under the Agreement without regard to the origin of the Work Product and warrants and represents that Consultant has not licensed or assigned the Work Product to any other person or party and that Consultant has lawful right and authority to enter into the Agreement. Upon the reasonable request of the Company, during and after the Term, Consultant shall promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, and provide such further cooperation, as may be necessary to assist the Company to apply for, prosecute, register, maintain, perfect, record or enforce its rights in any Work Product and all intellectual property rights therein. In the event the Company is unable, after reasonable effort, to obtain Consultant's signature on any such documents, Consultant hereby irrevocably designates and appoints the Company as Consultant's agent and attorney-in-fact, to act for and on Consultant's behalf solely to execute and file any such application or other document and do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or other intellectual property protection related to the Work Product with the same legal force and effect as if Consultant had executed them. Consultant agrees that this power of attorney is coupled with an interest therein.

6. **Company Materials.** As between Consultant and the Company, the Company is, and will remain, the sole and exclusive owner of all right, title, and interest in and to any documents, specifications, data, know-how, methodologies, software, and other materials provided or made available to Consultant by the Company ("**Company Materials**"), including all Intellectual Property Rights therein. Consultant has no right or license to use, publish, reproduce, prepare derivative works based upon, distribute, perform, or display any Company Materials except during the Term to the extent necessary to perform Consultant's obligations under the Agreement. All other rights in and to the Company Materials are expressly reserved by the Company. Consultant has no right or license to use the Company's or any of its Affiliates' trademarks, service marks, trade names, logos, symbols, or brand names, unless such right or license is expressly granted by Company in a written amendment, or separate written agreement, signed by the Parties. For purposes of the Agreement, the term "**Affiliate**" shall mean any person or entity directly or indirectly controlling, controlled by, or under common control with, a Party.

7. **Confidentiality.** Consultant hereby recognizes and acknowledges that, during the course of or in connection with Consultant's performance of the Services or other services in connection with the Agreement, the Company may provide access to or disclose to Consultant certain Confidential Information, as defined herein. For purposes of the Agreement, the term "**Confidential Information**" shall mean any information, communication or data, in any form, including, but not limited to, oral, written, graphic or electromagnetic forms, models or samples that the Company and/or any of its Affiliates desires to protect against unrestricted disclosure, access, or use, including, without

limitation, the term and conditions of the Agreement, business information, network infrastructure, technology environment, floral designs and/or recipes, financial data, pricing, marketing data, plans or strategies, trade secrets, operations of the Company, its Affiliates, or their suppliers or customers, and that which is designated as proprietary or confidential. All such Confidential Information shall remain the sole property of the Company, and its confidentiality shall be maintained and protected by Consultant with the same degree of care as Consultant uses for Consultant's own confidential and proprietary information (but in no event less than a reasonable degree of care) and Consultant shall not use the Confidential Information for any purpose other than for performance of the Services, and shall not disclose such Confidential Information to any third party, except to persons or entities on a "need to know" basis as required to perform the Services (and provided that, prior to disclosure to such persons or entities, Consultant ensures that such persons or entities are subject to confidentiality, non-disclosure and non-use obligations concerning the Confidential Information, which are at least as restrictive as the terms hereof). Any Confidential Information that Consultant develops in connection with the Services, including, but not limited to, any Work Product, shall be subject to the terms and conditions of this provision. The restrictions on the use, access, or disclosure of any Confidential Information shall not apply to information that is "Confidential Information" within the meaning hereof (i) after it has become generally available to the public without breach of the Agreement by Consultant, or (ii) which the Company authorizes in writing may be disclosed.

8. **Protected Rights.** Consultant understands that nothing contained in the Agreement limits Consultant's ability to file a charge or complaint with the U.S. Securities and Exchange Commission, or any other federal, state, or local governmental regulatory or law enforcement agency ("**Government Agencies**"). Consultant further understands that nothing in the Agreement limits Consultant's ability to communicate with any Government Agencies or otherwise participate in or fully cooperate with any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to or approval from the Company. Consultant can provide confidential information to Government Agencies without risk of being held liable by the Company for liquidated damages or other financial penalties. The Agreement also does not limit Consultant's right to receive an award for information provided to any Government Agencies. Furthermore, notwithstanding any provision of the Agreement, pursuant to the Defense of Trade Secrets Act of 2016, (a) Consultant will not be held criminally liable under any federal or state trade secret law for any disclosure of a trade secret that (i) is made in confidence to a federal, state or local government official, either directly or indirectly, or to any attorney and solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding, and (b) if Consultant files a lawsuit for retaliation for reporting a suspected violation of law, Consultant may disclose the Company's trade secrets to Consultant's attorney and use the trade secret information in a court proceeding if it files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

PRIVATE AND CONFIDENTIAL

9. **Representations and Warranties.** Consultant represents and warrants as follows: (i) Consultant has the right to enter into the Agreement, to grant the rights granted herein, and to perform fully all of Consultant's obligations in the Agreement; (ii) Consultant's execution of the Agreement and performance of the Services will not result in a breach or constitute a default under any agreements to which Consultant is a party or by which Consultant is bound; (iii) Consultant is highly skilled and experienced in the performance of the Services and possesses the expertise needed to provide the Services and the Company is relying upon such; (iv) Consultant shall perform the Services in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and in compliance with all laws, rules and regulations of governmental authorities having jurisdiction; (v) Consultant shall devote sufficient resources to ensure that the Services are performed in a timely and reliable manner; (vi) the Company will receive good and valid title to all Work Product, free and clear of all encumbrances and liens of any kind; and (vii) all Work Product produced and delivered hereunder will not, to the best of Consultant's knowledge, directly or indirectly infringe upon any patent, copyright, trade secret, intellectual property, or other proprietary, property or privacy right of any third party.

10. **Compliance with Rules and Regulations.** Consultant acknowledges that Consultant is (i) aware that the United States securities laws may prohibit any person who has material nonpublic information about a company from purchasing or selling securities of such company, or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such a person is likely to purchase or sell such securities, and (ii) familiar with the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations promulgated thereunder to the extent they relate to the matters referred to in this Section 10. In addition to the confidentiality requirements set forth in Section 7 above, Consultant agrees that Consultant shall not use or cause any third party to use, and that Consultant shall use reasonable efforts to assure that none of Consultant's Affiliates or representatives shall use or cause any third party to use, any Confidential Information in contravention of the United States securities laws, including the Exchange Act or any rules and regulations promulgated thereunder. Consultant further agrees to comply with all applicable federal and state laws, including, but not limited to, the Foreign Corrupt Practices Act of 1977.

11. **Limitation of Liability.** Except for claims under Sections 7, 9, 10 and/or 12of the Agreement, in no event shall either Party be liable to the other Party for any special, incidental, consequential, indirect, or punitive damages (including, but not limited to, lost profits and lost opportunities), arising out of or relating to the Agreement, regardless of whether such liability is based on breach of contract, tort, strict liability, warranties, failure of essential purpose, loss of goodwill or otherwise, and even if advised of the possibility of such damages.

12. **Consultant Indemnification.** Consultant shall defend, indemnify and hold harmless the Company, its Affiliates, and their respective directors, officers, employees, agents, parents and affiliates, and assigns from and against any and all claims, actions, suits, damages, losses, deficiencies, liabilities, obligations, commitments, costs or expenses of any kind or nature whatsoever (including reasonable attorney's fees and expenses incurred in investigating and defending against the same and interest) arising out of or in connection with (i) bodily injury, death of any person, or damage to real or tangible personal property resulting from Consultant's acts or omissions in the performance of the Services, (ii) any breach by Consultant of any of the terms of the Agreement, (iii) Consultant's obligations under the Agreement, (iv) any negligence, willful misconduct, act or omission of Consultant in connection with the provision of Services, (v) any claim of infringement or other violation regarding the Work Product (including, without limitation, any alleged infringement of any Intellectual Property Rights), and (vi) any notice, claim, or determination by any federal, state, or local government or their agencies, including, without limitation, the Internal Revenue Service, Worker's Compensation, Department of Labor (or other similar state department) that seeks to levy any tax or other financial obligation on the Company based on, or in any way relating to, the Company's classification of Consultant as an independent contractor. The Company may satisfy such indemnity (in whole or in part) by way of deduction from any payment due to Consultant.

13. **Notice.** Any notice to be given hereunder shall be in writing and sent by overnight courier or United States registered or certified mail, to the address of the receiving Party indicated above, or at such other address as may hereafter be furnished in writing by either Party hereto to the other. Consultant shall also send a copy of any notice sent to the Company to 1-800-FLOWERS.COM, Inc., Two Jericho Plaza, Suite 200, Jericho, New York 115753, Attn: General Counsel.

14. **Other Business Activities.** Consultant understands and agrees that Consultant's Services are non-exclusive, and the Company reserves the right, in itssole discretion, to retain the services of other persons or entities that may be the same or similar to the Services. Consultant further understands and agrees that nothing in the Agreement shall be deemed to obligate Consultant to perform the Services for any specific days or times and that Consultant is free to choose the days and times Consultant will be available to provide the Services; provided, however, that Consultant agrees to use best efforts to complete the Services in accordance with any estimated completion date set forth in Exhibit A or as otherwise agreed to by the Parties.

15. **Termination.** Either Party may terminate the Agreement upon not less than ninety (90) days' prior written notice. In the event of termination pursuant to this provision, the Company shall pay Consultant on a prorata basis any fees then due and payable for the period completed up to and including the date of termination. The ability of either Party to terminate the Agreement shall in no way be interpreted as an at-will employment provision and shall not otherwise affect Consultant's status as an independent contractor under the Agreement. Upon expiration or termination of the Agreement, Consultant shall immediately return to the Company (i) all Company Materials, including, but not limited to, all hardware, software, tools, equipment, or other materials, such as notes, memoranda, reports, and documents, provided by the Company to, and for use by, Consultant, (ii) all Confidential Information, in any form or medium, together with all copies thereof, and any tangible documents and materials containing, reflecting, incorporating, or based on Confidential Information, (iii) all deliverables (whether complete or incomplete) that resulted from or were provided in connection with the Services ("**Deliverables**"),and (iv) all Work Product. Upon Company's written request, Consultant shall verify in writing that all materials, Company Materials, Confidential Information, Deliverables, and Work Product have been returned and that no additional copies of such materials, Company Materials, Confidential Information, Deliverables, and Work Product, have been made. Expiration or termination of the Agreement will not affect any rights or obligations that are to survive the expiration or termination of the Agreement.

16. **Personal Services/Assignment.** The Agreement is a personal services agreement and Consultant represents and warrants to the Company that Adam Hanft will personally perform the Services. Neither Party may assign any rights or delegate or subcontract any obligations under the Agreement without the prior written consent of the other Party, except that such consent shall not be required in connection with the Company's transfer or assignment to an acquirer of all or substantially all of the Company's capital stock, assets, or equity interests. Subject to the limits on assignment stated above, the Agreement will inure to the benefit of, be binding on and be enforceable against each of the Parties and their respective successors and assigns.

17. **Waiver.** No failure or delay by either Party to exercise, and no course of dealing with respect to, any right of any such party regarding an obligation of the other Party, shall operate as a waiver thereof, unless agreed to in writing by both Parties. Any single or partial waiver by either Party of any obligation of the other Party under the Agreement shall constitute a waiver of such obligation only as specified in such waiver and shall not constitute a waiver of any other obligation.

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18. **Choice of Law/Venue and Waiver of Jury.** The Agreement shall be interpreted, governed, construed, and enforced in accordance with the laws of the State of New York without regard to its conflicts of law provisions and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Supreme Court of the State of New York, Nassau County and the United States District Court, Eastern District of New York for any dispute arising out of, under, or related to the Agreement. **EACH PARTY SPECIFICALLY WAIVES TRIAL BY JURY.**

19. **Survival.** Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, this Section 19, 21 and 22 of the Agreement are deemed to survive its termination or expiration.

20. **Security Compliance.** During the term of the Agreement, Consultant shall fully comply with all of the Company's data privacy and security rules, regulations, policies, guidelines, and procedures of which the Company makes Consultant aware.

21. **Entire Agreement.** The Agreement, including Exhibit A hereto, constitutes the sole, entire and existing agreement between the Parties, and supersedes all priordiscussions, representations, agreements or understandings, whether oral or written, expressed or implied, between the Parties. The Agreement may only be amended or modified in a writing signed by both Parties. If any provision of the Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

22. **Attorneys' Fees.** The prevailing Party in any action or proceeding to enforce the terms of the Agreement or any rights or obligations hereunder shall be entitled to receive as part of a judgment its reasonable attorneys' fees, costs and expenses incurred in that action or proceeding.

23. **Counterparts.** The Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument. A signature made on a faxed or electronically mailed copy of the Agreement or a signature transmitted by fax or electronic mail, or which is made electronically, shall, for all purposes, be deemed an original and in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Parties have executed the Agreement as of the Effective Date.

1-800-FLOWERS.COM, INC.

By: /s/ James F. McCann

Name: James F. McCann
Title: Chairman and CEO

Date: Dec. 21, 2023

HANFT IDEAS LLC

By: /s/ Adam Hanft
Name: Adam Hanft
Title: CEO

Date: Dec. 20, 2023

ADAM HANFT

Signed: /s/ Adam Hanft

Date: Dec. 20, 2023

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EXHIBIT A

Description of Services

Consultant shall provide advice and assistance with respect to the following:

(i) designing the "rails" process for coordinating the Company's marketing activities;

(ii) assisting with the development of the Company's "content leading" messaging;

(iii) tuning the creative elements of the Company's messaging copy, headlines, photography, etc.; and/or

(iv) other marketing and creative requests as may be reasonably requested by the Company.

The Chief Executive Officer of the Company or his designee shall provide oversight and guidance to Consultant with respect to the Services.

Fees and Payment

Consultant shall be paid fees at an annual rate of One Hundred Thousand and 00/100 Dollars ($100,000.00), paid in equal quarterly installments. The initial installment shall be paid within five (5) business days of the Effective Date and each subsequent installment shall be paid in arrears within five (5) business days of the subsequent three (3) quarterly anniversaries of the Effective Date.

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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) 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: February 8, 2024 May 8, 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: February 8, 2024 May 8, 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 December 31, 2023March 31, 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: February 8, 2024 May 8, 2024

/s/ James F. McCann
James F. McCann
Executive Chairman and Chief Executive Officer

Dated: February 8, 2024 May 8, 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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