

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

	July 2, 2017	July 3, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 149,732	\$ 27,826
Trade receivables, net	14,073	19,123
Inventories	75,862	103,328
Prepaid and other	17,735	16,382
Total current assets	257,402	166,659
Property, plant and equipment, net	161,381	171,362
Goodwill	62,590	77,667
Other intangibles, net	61,090	79,000
Other assets	10,007	8,253
Total assets	<u>\$ 552,470</u>	<u>\$ 502,941</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 27,781	\$ 35,201
Accrued expenses	90,206	66,066
Current maturities of long -term debt	7,188	19,594
Total current liabilities	125,175	120,861
Long-term debt	101,377	94,396
Deferred tax liabilities	33,868	35,517
Other liabilities	9,811	9,581
Total liabilities	270,231	260,355
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued	—	—
Class A common stock, \$.01 par value, 200,000,000 shares authorized, 51,227,779 and 48,846,449 shares issued in 2017 and 2016, respectively	513	488
Class B common stock, \$.01 par value, 200,000,000 shares authorized, 33,901,603 and 35,263,004 shares issued in 2017 and 2016, respectively	339	353
Additional paid -in capital	337,726	331,349
Retained earnings (deficit)	32,638	(11,403)
Accumulated other comprehensive loss	(187)	(146)
Treasury stock, at cost, 14,709,731 and 13,589,025 Class A shares in 2017 and 2016, respectively, and 5,280,000 Class B shares in 2017 and 2016	(88,790)	(78,055)
Total equity	282,239	242,586
Total liabilities and equity	<u>\$ 552,470</u>	<u>\$ 502,941</u>

[See accompanying Notes to Consolidated Financial Statements.](#)

**1-800-FLOWERS.COM, Inc. and Subsidiaries**  
**Consolidated Statements of Income**  
*(in thousands, except per share data)*

	Years ended		
	July 2, 2017	July 3, 2016	June 28, 2015
Net revenues	\$ 1,193,625	\$ 1,173,024	\$ 1,121,506
Cost of revenues	673,344	655,566	634,311
Gross profit	520,281	517,458	487,195
Operating expenses:			
Marketing and sales	317,527	318,175	299,801
Technology and development	38,903	39,234	34,745
General and administrative	84,116	84,383	85,908
Depreciation and amortization	33,376	32,384	29,124
Total operating expenses	473,922	474,176	449,578
Operating income	46,359	43,282	37,617
Interest expense, net	5,821	6,674	5,753
Other (income) expense, net	(15,471)	(14,839)	1,550
Income before income taxes	56,009	51,447	30,314
Income tax expense	11,968	15,579	10,930
Net Income	\$ 44,041	\$ 35,868	\$ 19,384
Less: Net loss attributable to noncontrolling interest	-	(1,007)	(903)
Net income attributable to 1-800-FLOWERS.COM, Inc.	\$ 44,041	\$ 36,875	\$ 20,287
Basic net income per common share attributable to 1-800-FLOWERS.COM, Inc.	\$ 0.68	\$ 0.57	\$ 0.31
Diluted net income per common share attributable to 1-800-FLOWERS.COM, Inc.	\$ 0.65	\$ 0.55	\$ 0.30
Weighted average shares used in the calculation of net income per common share:			
Basic	65,191	64,896	64,976
Diluted	67,735	67,083	67,602

[See accompanying Notes to Consolidated Financial Statements .](#)

**1-800-FLOWERS.COM, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
*(in thousands)*

	<u>July 2, 2017</u>	<u>July 3, 2016</u>	<u>June 28, 2015</u>
Net income	\$ 44,041	\$ 35,868	\$ 19,384
Other comprehensive income/(loss) (currency translation)	(41)	252	(505)
Comprehensive income	44,000	36,120	18,879
Less:			
Net loss attributable to noncontrolling interest	-	(1,007)	(903)
Other comprehensive income (loss) (currency translation) attributable to noncontrolling interest	-	87	(180)
Comprehensive net loss attributable to noncontrolling interest	-	(920)	(1,083)
Comprehensive income attributable to 1-800-FLOWERS.COM, Inc.	<u>\$ 44,000</u>	<u>\$ 37,040</u>	<u>\$ 19,962</u>

[See accompanying Notes to Consolidated Financial Statements .](#)

**1-800-FLOWERS.COM, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
**Years ended July 2, 2017, July 3, 2016 and June 28, 2015**  
*(in thousands, except share data)*

	Accumulated										Total		
	Common Stock				Additional	Retained	Other		1-800-FLOWERS.COM, Inc.				
	Class A		Class B		Paid-in	Earnings	Comprehensive	Treasury Stock		Stockholders'	Noncontrolling	Total	
	Shares	Amount	Shares	Amount	Capital	(Deficit)	Loss	Shares	Amount	Equity	Interest	Equity	
Balance at June 29, 2014	38,119,398	\$ 381	42,058,594	\$ 420	\$ 305,510	\$ (68,565)	\$ (46)	16,098,437	\$(54,472)	\$ 183,228	\$ 2,890	\$ 186,118	
Net income	-	-	-	-	-	20,287	-	-	-	20,287	(903)	19,384	
Translation adjustment	-	-	-	-	-	-	(325)	-	-	(325)	(180)	(505)	
Conversion of Class B stock into Class A stock	2,748,550	27	(2,748,550)	(27)	-	-	-	-	-	-	-	-	
Stock-based compensation	1,154,173	12	-	-	5,950	-	-	-	-	5,962	-	5,962	
Exercise of stock options	853,170	9	-	-	5,533	-	-	-	-	5,542	-	5,542	
Excess tax benefit from stock-based compensation	-	-	-	-	2,115	-	-	-	-	2,115	-	2,115	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	1,056,038	(8,360)	(8,360)	-	(8,360)	
Balance at June 28, 2015	42,875,291	429	39,310,044	393	\$ 319,108	(48,278)	(371)	17,154,475	(62,832)	208,449	1,807	210,256	
Net income	-	-	-	-	-	36,875	-	-	-	36,875	(1,007)	35,868	
Translation adjustment	-	-	-	-	-	-	165	-	-	165	87	252	
Noncontrolling interest write-off	-	-	-	-	-	-	60	-	-	60	(887)	(827)	
Conversion of Class B stock into Class A stock	4,047,040	40	(4,047,040)	(40)	-	-	-	-	-	-	-	-	
Stock-based compensation	879,863	9	-	-	6,334	-	-	-	-	6,343	-	6,343	
Exercise of stock options	1,044,255	10	-	-	3,507	-	-	-	-	3,517	-	3,517	
Excess tax benefit from stock-based compensation	-	-	-	-	2,400	-	-	-	-	2,400	-	2,400	
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	1,714,550	(15,223)	(15,223)	-	(15,223)	
Balance at July 3, 2016	48,846,449	488	35,263,004	353	331,349	(11,403)	(146)	18,869,025	(78,055)	242,586	-	242,586	
Net income	-	-	-	-	-	44,041	-	-	-	44,041	-	44,041	
Translation adjustment	-	-	-	-	-	-	(41)	-	-	(41)	-	(41)	
Conversion of Class B stock into Class A stock	1,361,401	14	(1,361,401)	(14)	-	-	-	-	-	-	-	-	
Stock-based compensation	965,429	10	-	-	6,092	-	-	-	-	6,102	-	6,102	

Exercise of stock options	54,500	1	-	-	285	-	-	-	-	286	-	286
Acquisition of Class A treasury stock	-	-	-	-	-	-	-	1,120,706	(10,735)	(10,735)	-	(10,735)
Balance at July 2, 2017	<u>51,227,779</u>	<u>\$ 513</u>	<u>33,901,603</u>	<u>\$ 339</u>	<u>\$ 337,726</u>	<u>\$ 32,638</u>	<u>\$ (187)</u>	<u>19,989,731</u>	<u>\$ (88,790)</u>	<u>\$ 282,239</u>	<u>-</u>	<u>\$ 282,239</u>

[\*See accompanying Notes to Consolidated Financial Statements .\*](#)

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

	July 2, 2017	Years ended July 3, 2016	June 28, 2015
Operating activities:			
Net income	\$ 44,041	\$ 35,868	\$ 19,384
Reconciliation of net income to net cash provided by operating activities, net of acquisitions/dispositions:			
Gain on sale of Fannie May	(14,607)	-	-
Depreciation and amortization	33,376	32,384	29,124
Amortization of deferred financing costs	1,532	1,791	1,501
Deferred income taxes	(1,649)	(3,000)	2,471
Foreign equity investment impairment	-	2,278	-
Loss on sale/impairment of iFlorist	-	1,990	-
Non-cash impact of write-offs related to warehouse fire	-	-	29,522
Bad debt expense	1,158	1,278	1,295
Stock-based compensation	6,102	6,343	5,962
Excess tax benefit from stock-based compensation	-	(2,400)	(2,550)
Other non-cash items	133	517	1,439
Changes in operating items:			
Trade receivables	(6,220)	(4,210)	8,331
Insurance receivable	-	2,979	(2,979)
Inventories	(9,277)	(10,216)	26,390
Prepaid and other	(2,609)	(1,560)	8,047
Accounts payable and accrued expenses	9,132	(6,429)	(2,235)
Other assets	(36)	(29)	(1,058)
Other liabilities	(66)	89	1,089
Net cash provided by operating activities	61,010	57,673	125,733
Investing activities:			
Acquisitions, net of cash acquired	-	-	(131,994)
Proceeds from sale of business	111,955	-	-
Capital expenditures, net of non-cash expenditures	(33,653)	(33,938)	(32,572)
Other	-	-	963
Net cash provided by (used in) investing activities	78,302	(33,938)	(163,603)
Financing activities:			
Acquisition of treasury stock	(10,735)	(15,223)	(8,360)
Excess tax benefit from stock based compensation	-	2,400	2,550
Proceeds from exercise of employee stock options	286	3,517	5,542
Proceeds from bank borrowings	181,000	178,000	239,500
Repayment of notes payable and bank borrowings	(186,451)	(192,543)	(172,983)
Debt issuance costs	(1,506)	-	(5,642)
Net cash (used in) provided by financing activities	(17,406)	(23,849)	60,607
Net change in cash and cash equivalents	121,906	(114)	22,737
Cash and cash equivalents:			
Beginning of year	27,826	27,940	5,203
End of year	\$ 149,732	\$ 27,826	\$ 27,940

**Supplemental Cash Flow Information:**

- Interest paid amounted to \$4.4 million, \$5.0 million and \$4.3 million, for the years ended July 2, 2017, July 3, 2016 and June 28, 2015, respectively.
- The Company paid income taxes of approximately \$6.8 million, \$13.4 million and \$5.1 million, net of tax refunds received, for the years ended July 2, 2017, July 3, 2016 and June 28, 2015, respectively.

[See accompanying Notes to Consolidated Financial Statements.](#)