



November 21st, 2020

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and Cullen Smith

I-800 Flowers (FLWS): Buy

Current Price: **\$22**

1-Year Price Target: \$33

Upside: 48%



1-800-Flowers

Market Value	
Stock Price as of 11/20/20	\$ 22.43
Shares Outstanding (m)	67,320
Market Cap (m)	\$ 1,450
Net Cash	\$ 91
Enterprise Value	\$ 1,710
Financial Data	
Revenue (m)	\$ 1,490
EBITDA (m)	\$ 116
EPS LTM	\$ 0.89
Gross Margin (2Q20)	40%
EBITDA Margin	8%
Multiples	
NTM P/E	15x
NTM EV/EBITDA	10x
NTM EV/Sales	1x

1800 Flowers (FLWS)

Current Price: \$22

Our Price: \$33

Upside: **48%**



Value Proposition to Investors:

- 1. EBITDA will be 2% higher than consensus estimates
- 2. Selling at a discount to true peers
- 3. Value of customer data vastly underestimated



Gifting Industry Overview

Industry: Gifting

Industry Size: ~\$50 Billion

FLWS Size: 3%

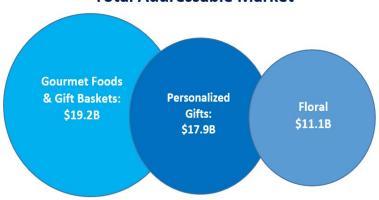
FLWS encompasses 11 brands within gifting, and is the only business with several leading brands across different segments of gifting

Most competition is single-brand and product (i.e. Godiva Chocolate, Omaha steaks)

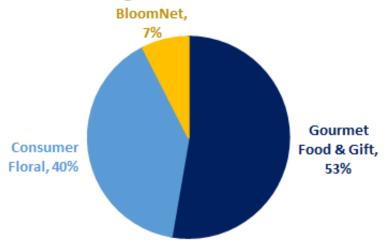




Total Addressable Market



Current Segments as a % of Revenue



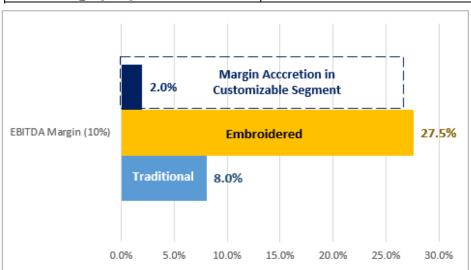


Thesis 1(A): Premiumization Margin Accretion

- Premiumization will drive EBITDA Margin 2% Higher than Consensus
- Acquisition of Personalization Mall is an immediate catalyst for margin accretion as the company positions itself to compete more with individualized gifting sites (i.e. ETSY)
 - Massive Penetration Potential: \$18 Billion TAM

Power of Customized Products on EBITDA Margins

Traditional Bath Robes		Embroidered Bath Robes					
EBITDA Margin	2.47	EBITDA Margin	13.98				
EBITDA Margin (%)	8.0%	EBITDA Margin (%)	27.5%				
10% of Sales	1.15						
EBITDA Margin (10%)	2.0%						





Source: Company Filings, ETSY, 1-800 Flowers.com



Thesis 1(B): Cross-Product Margin Accretion

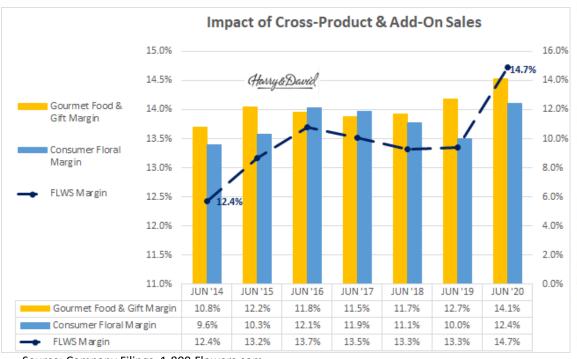
Cross-product, multi-branded sales will also lead to higher margin accretion as gifting "addons" organically blend the higher margin gourmet segment with floral segment products.

2020 Revenue by Segment (as a % of sales)

• Floral Arrangements: 40%

Gourmet Foods & Gift Baskets: 53%

Benefits of Cross-Product Sales





Source: Company Filings, 1-800 Flowers.com

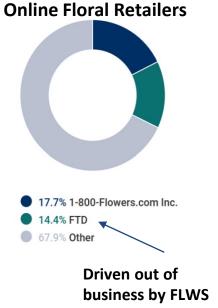


Thesis 2: Mispriced Compared To Peers

The way "giving" is conducted has fundamentally changed, but the market's view has not evolved. FLWS trades at a 55% discount.

Business profile and market perspective is disjointed

- Highly adaptive platform focused on premiumization and customization
- Target demographic is more closely matched by premium retailers



	Market Cap	Enterprise Value	EV/EBITDA 2021	<u>P/E</u> 2021		<u>Growth</u> 5 year
Movado Group (MOV)	\$263	\$339	-2x	14x	-22%	-6%
Moet Hennessy Louis Vuitton (LVMH)	\$293	\$318,242	23x	37x	-9%	30%
Phillips-Van Heusen (PVH)	\$5,600	\$9,745	11x	21x	-17%	85%
Etsy	\$16,969	\$16,545	33x	62x	84%	450%
Ebay	\$34,315	\$38,789	9x	14x	-2%	-32%
Tapestry (TPR)	\$7,878	\$10,742	7x	12x	-20%	14%
Average			14x	24x	2%	90%
1-800-FLO WERS (FLWS)	\$1,524	\$1,820	9x	18x	25%	38%

Souce: Ibis World



Thesis 3: Undervalued Data Business

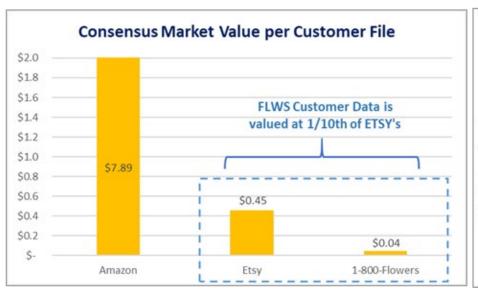
<u>38 million</u> unique customers since 2015, giving FLWS valuable information about each customer's most significant days of the year

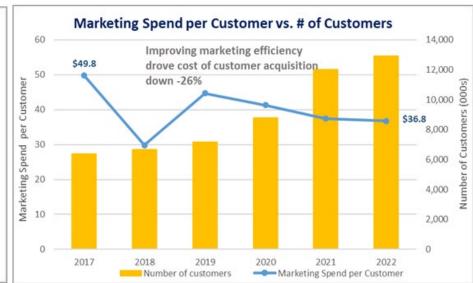
- Amazon 192 Million
- ETSY 39 million

FLWS leverages customer purchase data to maximize the efficiency of marketing spend across their platform.

Put The Happy In Their Birthday We're all feeling the benefits of staying in touch these days. And one of the best reasons to reach out is for a birthday, if someone you know is celebrating another year, be sure to help make it special. SEND BIRTHDAY WISHES

This is a durable competitive advantage.



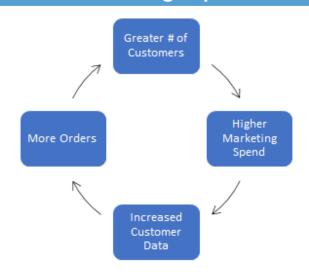


Source: Company filings, company website, Lane Research Associates



Customer Conversion Improvement

Data-Driven Marketing Improves Retention

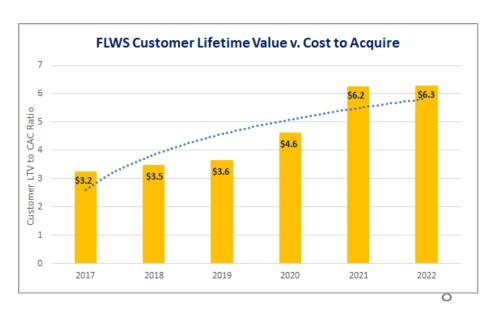


Conversion Rate from First-Time to Repeat Customers 30% 25% 20% 20% 11% 10% 5% 5% 2017 2018 2019 2020 2021

CLV is a catalyst for revenue growth

2x increase LTV/CAC drives revenue beyond consensus estimates for 2020-2021

- 1. 26% decline in CAC, 15% increase in LTV
- 2. 15% CAGR (2017-2020) increase in revenue driven by repeat customers
- Consensus doesn't acknowledge this driver, and underestimates earnings by 19% for 2022





Valuation

Implied Upside	60%	Implied Upside	48%
Target Price	\$ 36	Target Price	\$ 33
		Share Outstanding	64.5
		Implied Market Cap	2,124
Share Count	64.5		
Implied Market Cap	2,301	Minority Interest	0
-		Preferred Equity	0
Minority Interest	0		
Net Debt	(78)	Net Debt	(78)
Debt	163	Total Debt	163
Cash	241	Cash	241
		Implied Enterprise Value	2,046
Enterprise Value	2,223		
Sum of FCF	470	Target Multiple	13.9
Terminal Value	1,753	PV of 2025 EBITDA	148
Terminal Growth Rate	2.0%	2025E EBITDA	222
DCF Terminal Value		Multiples Method	

	2021 Revenue	2022 Revenue
Our Projections	\$1,980	\$2,144
Consensus Estimates (CapIQ)	\$1,748	\$1,799
% Over	13%	19%

Base Case:

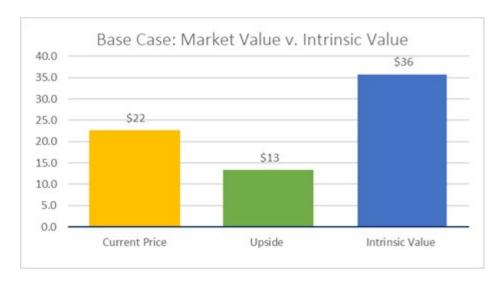
- 1-Year Price Target of \$33
- Total return of +48%

Bear Case:

- 1-Year Price Target: \$12
- Downside: -45%

Bull Case:

- 1-Year Price Target: \$49
- Upside: +118%



Risks to Valuation

Risks to Valuation



High - Larger Competition (Amazon)

- Amazon could enter this market given financial backing and extensive supply chain
- · Whole Foods already provides flowers and has connections with local florists

Mitigation

Consumer data and strong technology platform give FLWS unique knowledge of customer base. Amazon also has built its business model around standardizing products, whereas FLWS is opening its platform to customization and making "No two gifts the same"



Medium - Shifts in Consumer Preference

Gifting industry is highly susceptible to changes in consumer preferences

Mitigation

Brand expansion furthers the reach of the platform and the integration capabilities allowing for management to shift with consumer preferences. Additionally, core business is unlikely to face rapid shifts in demand.



Low - Supply Chain Disruption

• Heavily dependent on sourcing floral materials from regions with higher degrees of political and economic risk (i.e. Ecuador and Columbia), which could create disruptions in the supply chain from time to time

Mitigation

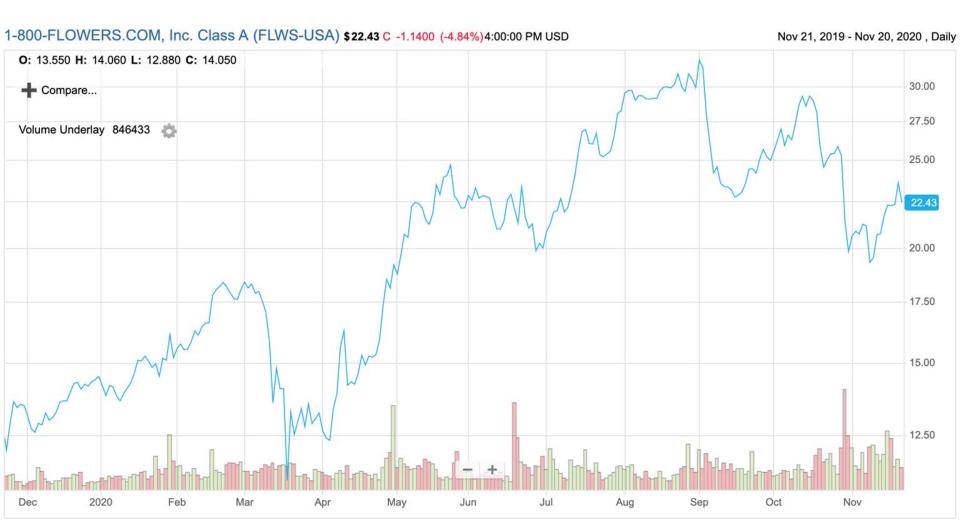
Food segment is considered an essential service and is fully US-based (no FX exposure). Management had flowers segment return to full operation within 3 weeks of Covid lockdown



Appendix



Appendix 1: 1-Year Price Chart





Appendix 2: Where the Market is Wrong

The Market's View

- FLWS has no competitive advantage
- FLWS has a limited and stagnant TAM in the US flower industry
- FLWS is overvalued for simply a "flower company"

 The value of 1-800-Flowers is simply a sum of the value of its brands

Our Thesis

- FLWS unmatched customer data gives it a long-term strategic advantage
- FLWS has an acquisitive management team that has bought businesses in growth industries, expanding into the general gifting industry
- FLWS has a strong and growing platform that, combined with customized gifting, warrants a tech platform and luxury retailer multiple
- The platform FLWS has built brings synergies to all its brands, making the house worth more than the walls



Appendix 3: Bear/Bull/Base Case

Bull Case

Implied Upside: 118%

- Probability: 25%
- · Assumptions:
- Customization spikes to 20% of Sales (based on the result of our study)
- Shift to online is permanently higher growth continues at +10%

Base Case

Implied Upside: 59%

- Probability: 60%
- Assumptions
- EBITDA Margin Accretion of 2% from Customization
- Customer growth of 15% as repeat customers increase
- Superior customer data allows for greater marketing efficiency

Bear Case

Implied Upside: -45%

- Probability: 15%
- Assumptions
- Poor capital allocation and marketing spend
- EPS growth stagnates as a result of margin compression

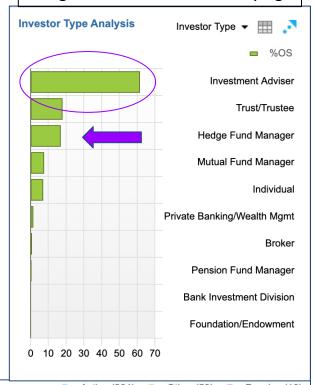


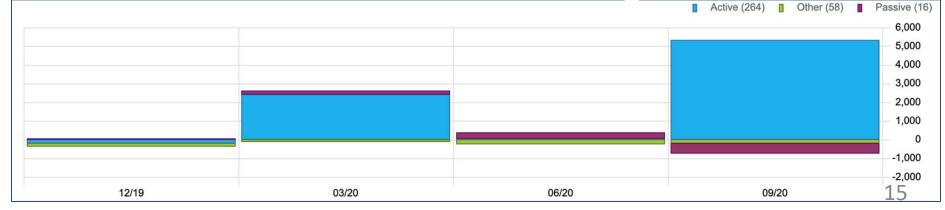
Appendix 4: Active Managers Buying

Many Large Firms entered or increased Position:

Wasatch Advisors, Inc.	-	-	.=:	-		-	9.59	3,458
Fidelity Management & Res	~	-	-	-	-	-	5.98	2,157
Intrinsic Edge Capital Mana	0.99	20	1.19	70	0.37	-294	1.67	468
Penserra Capital Managem	1.26	10	1.43	58	1.56	45	2.33	284
Wells Capital Management,	0.25	35	0.11	-52	0.08	-9	0.81	262
Acadian Asset Management	0.78	-36	0.79	2	0.94	51	1.52	212
Renaissance Technologies	0.28	74	0.07	-77	0.77	253	1.34	207
Voloridge Investment Mana	0.06	23	0.00	-23	0.09	32	0.56	170
Westwood Management Co	-	-	3.40	1,217	4.18	278	4.59	161
Arrowstreet Capital LP	1.70	-15	1.01	-251	1.75	263	2.05	116
Numeric Investors LLC	0.00	-260	0.33	119	0.55	79	0.85	108
UBS Securities LLC	0.08	29	0.00	-28	0.02	7	0.25	82
Walthausen & Co. LLC	-	-	0.82	295	0.22	-215	0.42	71
Susquehanna Financial Gro	0.17	26	0.27	36	0.00	-97	0.18	65
SG Americas Securities LLC	-	-	0.06	20	0.02	-11	0.20	65
Balyasny Asset Manageme	0.43	155	0.55	41	0.66	39	0.81	59
Marshall Wace North Ameri	0.00	-111	1.11	398	0.53	-209	0.66	50
Peak6 Capital Management	0.34	122	0.00	-122	-	-	0.12	45
Sparinvest SA (Denmark)	-	-	-	-	-	-	0.12	42
Hillsdale Investment Manag	-	-	-	-	-	-	0.09	34
Mackenzie Financial Corp.	-	-	-	-	-	-	0.09	33

Hedge Funds and Advisors Buying:





Source: FactSet



Appendix 5: Projected Balance Sheet

BALANCE S	HEET (\$K)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	•	498	518	560	577	613	799	1,038	1,202	1,200	1,402	1,672
	Total Current Assets	160	167	257	273	303	379	543	664	738	945	1,151
	Cash & Cash Equivalents	28	28	150	147	173	241	147	235	375	548	708
	Short Term Recievables	19	19	14	13	12	15	20	22	19	20	23
	Other Current Assets	20	16	18	24	26	25	246	266	226	246	275
	Inventories	93	103	76	89	92	98	130	141	119	130	145
	Total Non-Current Assets	338	351	302	304	310	421	495	538	462	457	521
	Other Assets	168	180	141	140	143	185	246	266	226	246	275
	Property Plant & Equipment	170	171	161	163	167	236	249	272	236	211	246
Total Liabilit	ty & Shareholders' Equity	498	518	560	577	613	799	1,038	1,202	1,200	1,402	1,672
Total Liabilit	ties	292	278	280	264	273	402	517	560	474	518	578
	Total Current Liabilities	124	121	125	125	127	180	222	240	204	223	249
	Acounts Payable	35	35	28	41	26	25	34	36	31	34	38
	ST Debt & Curr. Portion LT Debt	15	20	7	10	5	13	-	-	-	-	-
	Other Current Liabilities	74	66	90	73	97	142	188	204	173	189	211
	Total Non-Current Liabilities	168	157	155	139	145	222	295	320	270	295	330
	Other Liabilities	51	59	54	47	53	73	96	104	88	97	108
	Long Term Debt	118	98	101	92	92	150	199	215	182	198	222
Total Shareh	nolders' Equity	206	240	280	313	341	397	521	642	726	884	1,094
	Common Equity	320	332	339	343	350	359	359	359	359	359	359
	Treasury Stock	-65	-81	-92	-104	-118	-129	-107	-122	-173	-187	-197
	Retained Earnings	-49	-11	33	73	109	168	269	404	541	713	932
	Shareholders' Equity	206	240	280	313	341	397	521	642	726	884	1,094



Appendix 6: Projected Cash Flows

STATEMENT OF CASH FLOWS (\$)		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Ad	ctivities	126	58	61	58	78	139	-54	171	219	205	241
Net Income		19	36	44	41	35	59	102	135	136	172	219
	Depreciation & Amortization	29	32	33	32	30	33	48	50	54	47	42
	Other Funds	37	12	-6	6	9	14	0.00	0.00	0.00	0.00	0.00
	Provision for Deferred Income Taxes	2	-3	-2	-8	3	0	-	-	-	-	-
	Changes in Operating Assets and Liabilities	37.59	(19.38)	(9.08)	(13.56)	2.03	33.92	(203)	(14)	29	(15)	(20)
	Decrease (Increase) in Accounts	Receivable	0	5	1	1	(3)	(5)	(2)	3	(2)	(2)
	Decrease (Increase) in Other Rec	ceivables	3	(1)	(6)	(2)	0	(221)	(20)	41	(21)	(29)
	Increase (Decrease) in Inventory		(10)	27	(13)	(4)	(5)	(32)	(11)	21	(11)	(15)
	Increase (Decrease) in Accounts	Payable	(0)	(7)	14	(16)	(0)	8	3	(6)	3	4
	Increase (Decrease) in Other Lia	bilities	(8)	24	(17)	23	45	47	16	(31)	16	22
Investing Ac	tivities	(164)	(34)	78	(42)	(33)	(56)	(86)	(99)	(46)	(48)	(104)
	Purchase of Fixed Assets	-33	-34	-34	-33	-33	-35	-59	-72	-19	-22	-78
	Sale of Fixed Assets & Businesses	0	0	112	0	0	0	0	0	0	0	0
	Net Assets from Acquisitions	-132	0	0	-9	0	-21	-27	-27	-27	-27	-27
	Other Investments	1	0	0	0	0	-1	0	0	0	0	0
Financing Ad	ctivities	61	(24)	(17)	(19)	(20)	(15)	49	16	(34)	17	23
	Issuance (Repayment) of Debt	61	-15	-7	-7	-6	-5	49	16	(34)	17	23
	Change in Capital Stock	-3	-12	-10	-12	-14	-10	-	-	-	-	-
	Other Funds	3	2	0	0	0	0	-	-	-	-	-
Change in Ca	ash & Cash Equivalents, Net	23	(0)	122	(2)	26	68	(90)	88	140	173	159
	Cash, Beginning of Period	2	24	24	146	144	169	237	147	235	375	548
	Cash, End of Period	24	24	146	144	169	237	147	235	375	548	708



Appendix 7: Projected Income Statement

NCOME STA	TEMENT (\$M)	2015	5	2016		2017	:	2018	2019	- 2	2020	2	2021	20	22	:	2023	:	2024	2025
	Revenues	1,	122	1,173		1,194		1,152	1,249		1,490		1980		2144		1817		1984	2217
	Cost of Revenues		-663	-688		-707		-695	-752		-900		-1178		-1265		-1063		-1151	-1275
	Gross Profit		458	485		487		457	496		590		802		879		754		833	942
	Total Operating Expenses		411	-440		-441		-416	-451		-507		-673		-708		-582		-615	-665
	SG&A		-411	-440)	-441		-416	-451		-507		-673		-708		-582		-615	-665
	EBIT, Earnings Before Interest & Taxes		47	45		46		41	45		83		129		171		172		218	277
	Interest Income (Expense)		-6	-7		-6		-4	-3		-2		0		0		0		0	0
	Other Income (Expense)		-8	15		-15		-1	-1		-3		0		0		0		0	0
	EBT, Earnings Before Taxes		33	38		41		37	42		81		129		171		172		218	277
	Income Taxes		-11	-16		-12		3	-8		-19		-27		-36		-36		-46	-58
	Net Income		22	23		29		40	34		62		102		135		136		172	219
	Shares Outstanding	67,	,329	67,329		67,329		67,329	67,329		67,329		67,329	6	7,329		67,329		67,329	67,329
	Net Income Per Share	\$ 0	0.33	\$ 0.33	\$	0.42	\$	0.60	\$ 0.51	\$	0.92	\$	1.51	\$	2.01	\$	2.02	\$	2.56	\$ 3.25
	EBITDA	\$	76	\$ 77	\$	80	\$	74	\$ 75	\$	116	\$	176	\$	221	\$	227	\$	265	\$ 319
	EBITDA Margin	6.	.81%	6.58%		6.68%		6.38%	6.01%		7.76%		8.90%	1	0.32%		12.49%		13.38%	14.39%



Appendix 8: Revenue Build

	2015	2016	2017	20)18	2019	2020		2021	2022	2	2023		2024		2025
Total Revenue	1122	1173	1194		1152	1249	1490		1,980	2,	,144	1,81	.7	1,984		2,217
Food+Flowers			1,108		1,063	1,146	1,379		1,892	2	,055	1,72	6	1,892		2,123
CLV Calc								l								
New Customers			2,610		2,770	3,060	4,240		6,000	6	,600	3,0	00	3,00)	3,000
% of Total			41%		42%	43%	48%		50%		51%	30)%	299	6	27%
Repeat Customers			3,770		3,900	4,100	4,550		6,010	ε	,310	69	10	751)	8110
% of Total			59%		58%	57%	52%		50%		49%	70)%	719	6	73%
Total Customers			6,380		6,670	7,160	8,790		12010	1	2910	99	10	1051)	11110
Average Spend		\$	141	\$	138	\$ 139	\$ 140	\$	140	\$	140	\$ 14	0	\$ 140	\$	140
Conversion Rate			7%		5%	7%	11%		24%		20%	20)%	209	ó	20%
1-Time Buyers (high Churn)								Г								
Frequency of annual purchase			1		1	1	1		1		1		1		1	1
Revenue/Customer		\$	141	\$	138	\$ 139	\$ 140	\$	140	\$	140	\$ 14	0	\$ 140	\$	140
Revenue for new customers		\$	366,862	\$ 3	382,814	\$ 426,564	\$ 593,600	\$	840,000	\$ 924	,000	\$ 420,00	0	\$ 420,000	\$	420,000
Repeat Customers (Low Churn)																
Frequency of Purchase			1.40		1.26	1.26	1.23		1.25		1.28	1.	35	1.4)	1.50
Revenue/customer		\$	196.54	\$	174.40	\$ 175.52	\$ 172.56	\$	175.00	\$ 17	9.20	\$ 189.0	0	\$ 196.00	\$	210.00
Revenue for Passport Holders		\$	740,947	\$ 6	580,169	\$ 719,619	\$ 785,144	\$	1,051,750	\$ 1,130	,752	\$ 1,305,99	0	\$ 1,471,960	\$	1,703,100
BloomNet Revenue	73	83	82		84	86	85		88		89		91	9	3	94
Y/Y growth		13%	-1%		3%	2%	-1%		3%		1%	7	2%	29	ó	1%

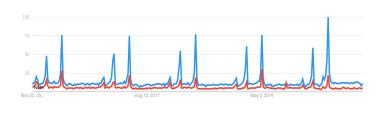


Appendix 9: Power of Cross-Products

Google Trends

1-800-Flowers • FTD

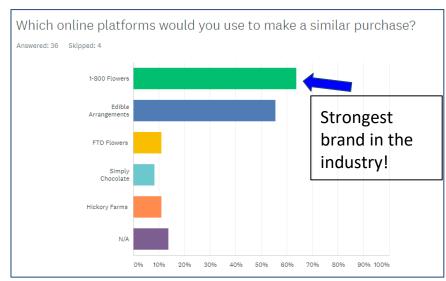
Source: Google Trends

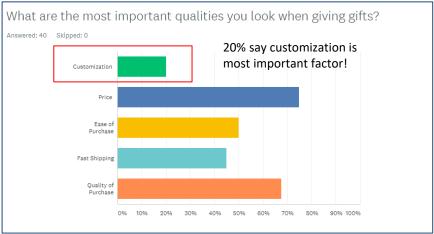






Results of the Survey

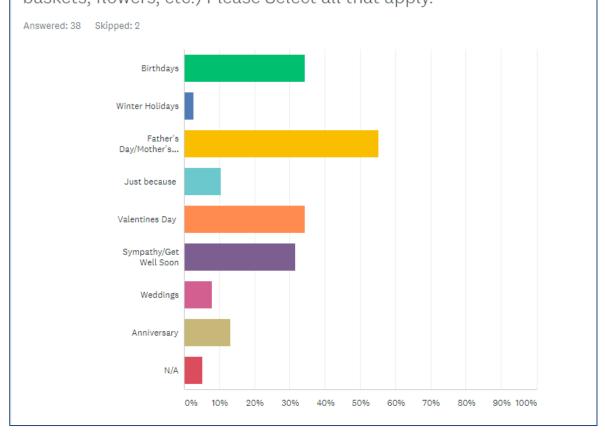






Appendix 10: Survey Continued

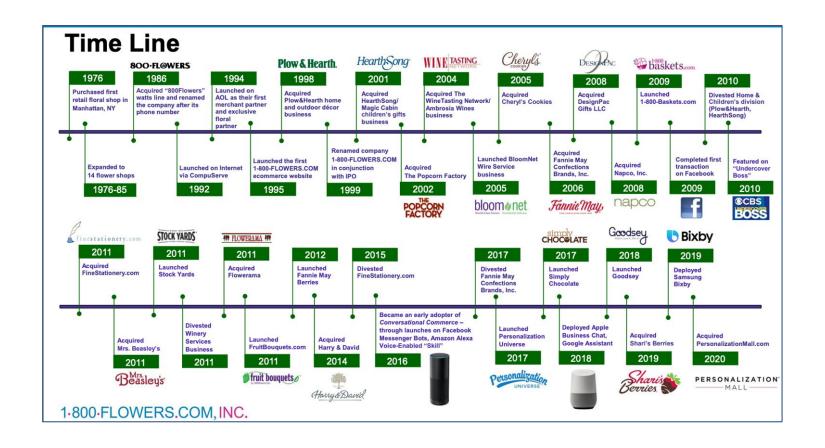
Shift to "Everyday Gifting" What is typically your go-to occasion for similar gifts (chocolates, gift baskets, flowers, etc.) Please Select all that apply.



Team Survey 21



Appendix 11: Company Timeline



Source: Company website 22



Appendix 12: FLWS in the media

Undercover Boss



Jason Wu collections



SNL

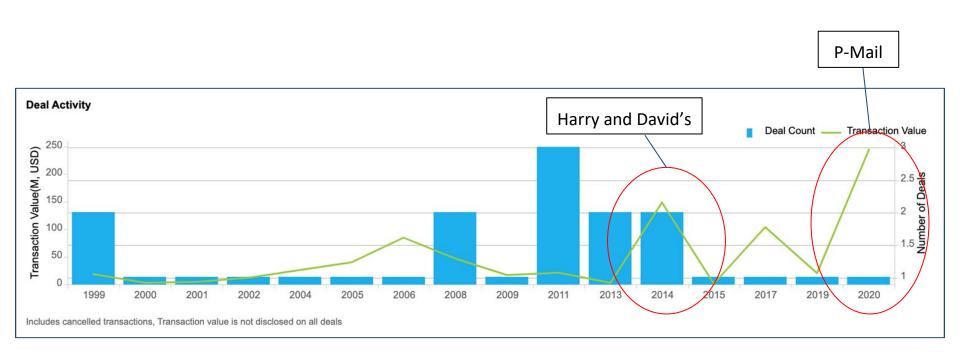


Justin Bieber is Also a Fan!





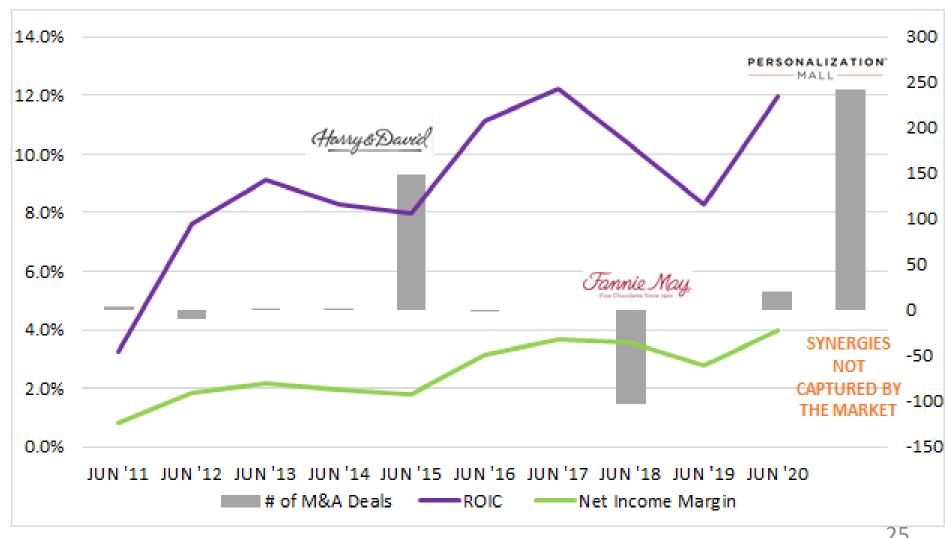
Appendix 13: History of M&A Transactions



Source: FactSet 24



Appendix 14: History of Acquisitive M&A Deals





10% of Sales

EBIT Margin (10%)

Appendix 15: Power of Cross-Products

Happy Birthday Assorted Roses	Costs	Value-Add	Margin Accretion (%)
			36.0%
24 Stems with Clear Vase, Bear & Cookie	69.99	5.0	7.7%
24 Stems with Clear Vase & Bear	64.99	5.0	8.3%
24 Stems with Clear Vase	59.99	10.0	20.0%
24 Stems, Bouquet Only	49.99		
			49.7%
12 Stems with Clear Vase, Bear & Cookie	54.99	5.0	10.0%
12 Stems with Clear Vase & Bear	49.99	5.0	11.1%
12 Stems with Clear Vase	44.99	10.0	28.6%
12 Stems, Bouquet Vase	34.99		

	Traditional	Robes		Embroidered	Robes
\$	35.00	Victoria Secret	\$	43.20	Etsy
\$	34.00	Pottery Barn	\$	59.00	Etsy
\$	24.99	Macy's	\$	55.99	P-Mall
\$	29.74	Kohl's	\$	44.99	P-Mall
	Traditional	Robes		Embroidered	Robes
Revenue	?	30.93	Revenue	•	50.80
Operation	ng Exp	18.56	Operatir	ng Exp	20.56
Gross Pr	ofit	12.37	Gross Pr	ofit	30.24
SG&A		9.90	SG&A		16.25
EBIT Ma	ırgin	2.47	EBIT Ma	rgin	13.98
EBIT	Margin (%)	8.0%	EBIT	Margin (%)	27.5%

1.15 2.0% Source: Company Website



Appendix 16: Research Steps Takes

- Met with IR team
- Met with sell-side analyst covering FLWS
- 3. Bought product from website
- 4. Conducted survey of target demographic in Chapel Hill
- 5. Called 12 local florists
- 6. Consulted with supply chain expert
- 7. Met with consumer portfolio manager and analyst



Equity Value (p/s)

\$

48.95 Enterprise Value (p/s)

Appendix 17: DCF

Discounted Cash Flow Analysis Current Price (11.18.20) 22.4 Assumptions DCF: Scenario Analysis Unlevered Free Cash Flow Tax Rate 28.0% **Best Case** Base Case Bear Case Cost of Equity 10.0% 350 Revenue Growth 10.0% 8.3% 2.0% 296.0 TV Growth Rate 2.0% COGS Margin 56 0% 58 0% 60.0% 300 266.9 EV/EBITDA Multiple 13.0x 238.5 SG&A Margin 32.0% 32.0% 34.0% 250 219.4 1.910 Enterprise Value 2109 Op. Profit Growth 12.0% 6.0% 10.0% Shares O/S (in MM) 64.5 200 WACC 8.5% 8.5% 8.5% Cash LTM 6/28/2020 241 150 Share Outstanding 64.5 64.5 64.5 Debt LTM 6/28/2020 163 Equity p/s 48.9 35.7 12.3 100 Short Interest 29.3% 118.2% 59.0% 45.0% Up/Downside Float 266 50 Beta 1.20 Market Cap 1.442 2020E 2021E 2022E 2023E 2024E WACC 8.5% All numbers stated in MMunless stated otherwise 2020A 2021E 2022E 2023E 2024E 2025E Assumptions (2021E-2024E) Time Periods 2 5 Select a Scenario Best Case 1 3 4 Revenue 1,802.5 2,181.0 1,489.6 1,638.6 1,982.7 2,399.1 Revenue Growth 10.0% Cost of Goods Sold 900.0 917.6 1.009.4 1,110.3 1,221.3 1.343.5 COGS Margin 56.0% Gross Profit 589.7 793.1 872.4 959.6 1,055.6 32.0% 721.0 SG&A Margin 506.6 524.4 634.5 697.9 576.8 SG&A Expense 767.7 Op. Profit Growth 12.0% WACC EBIT 115.6 196.6 216.3 237.9 261.7 287.9 8.5% Plus: D&A 29 39 43 48 52 58 Share Outstanding 64.50 Less: Cash Taxes (11)(55)(61)(67)(73)(81)Depreciation 2.4% Less: Capex (35)(43)(48)(52)(58)(39)Capex (% of Sales) -2.4%Less: Changes in NWC (34)(36)(40)(44)(48)(53)Change in NWC (% of Sales) -2.2% Unlevered FCF \$65 \$106 \$116 \$128 \$141 \$155 Discounted FCF ∑PV of UFCF (2021E-24E) 637 97.4 116.2 127.8 140.6 154.7 2025E FCF *(1+a) 158 TV of UFCF 2025E 2,442 Total Enterprise Value 3.079 Intrinsic Value Market Value Market v. Intrinsic Value Enterprise Value 3,079 Market Cap 3, 157 Current Price \$ 22.4 Plus: Cash + Cash Sec. 241 Plus: Debt 163 Upside \$ 26.5 Less: LT + ST Debt 163 Plus: Minority Interest 0 Intrinsic Value S 48.9 Less: Preferred Equity 0 Less: Preferred Equity 0 Less: Minority Interst 0 Less:Cash + Cash Sec. 241 Equity Value 3.157 Enterprise Value 3,079

\$

47.74



1-800-FLOWERS.COM, INC. Investor Presentation



Engaging Customers, Delivering Smiles



FLWS: A Compelling Investment Opportunity

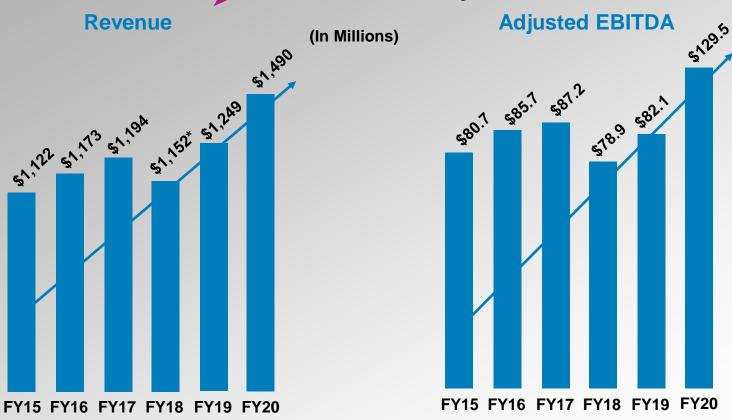
- Strong top and bottom-line growth
- "All-star" collection of iconic brands focused on helping people express and connect
- Growing customer files: increasing purchase frequency and retention
- Market leadership; growing market share
- Strong balance sheet

1-800-FLOWERS.COM, INC.



Total Size: ~\$50 Billion

Growth History



Revenues* by Segment























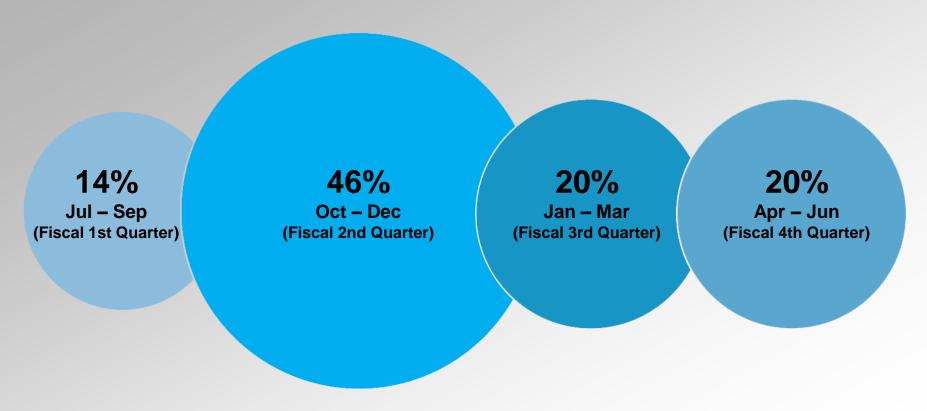
7%

BloomNet





Seasonality: Revenues* by Fiscal Quarter



(*Typical Fiscal Year)

1-800-FLOWERS.COM, INC.





► Gourmet Foods & Gift Baskets

- Segment Revenue: >\$785M
- Building a Leadership Position
- Multiple Brands; Multiple Product Categories





















1-800-FLOWERS.COM, INC.





Consumer Floral

- Segment Revenue: >\$590M
- Market Leader; Powerful Brand Equity
- Truly Original Product Designs
- Leader in "Everyday" Gifting Occasions



PERSONALIZATION

MALL



Latest Acquisition

- Leader in personalization space; broad range of products and personalization technologies
- History of strong revenue growth and double-digit EBITDA contribution margins
- Integrated, fully-automated order/production system enables industry best order turn-around time

1-800-FLOWERS.COM, INC.



bloom net #betterwithbloomnet

B2B Wire Service

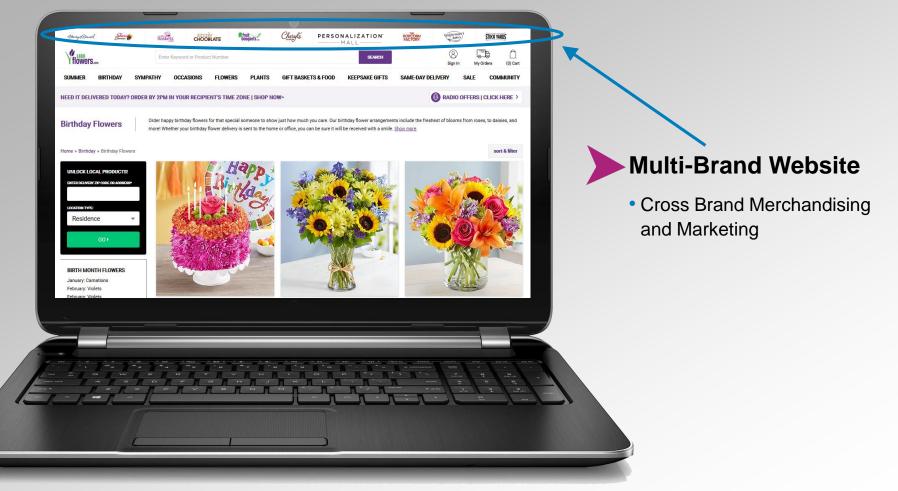
- Segment Revenue: >\$110M
- Growing Market Share vs. Legacy Competitors
- Increasing Order Volumes
- Category Innovation Leader
- Strong Contribution Margin >30%

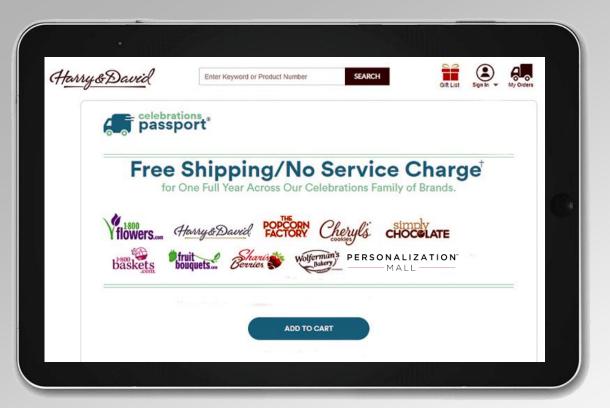
1-800-FLOWERS.COM, INC.



Multi-Brand: Everyday Gifting

- Cross-Brand Marketing & Merchandising Opportunities
- Extending 1-800-Flowers.com's "everyday" gifting leadership to Gourmet Food gift brands
- Solve for more of our customers year-round gifting and celebratory needs







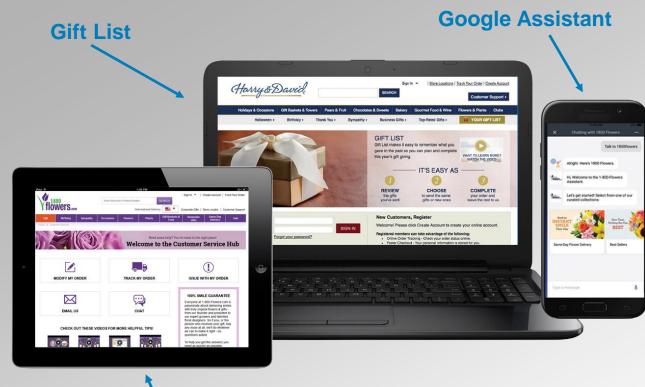
- Multi-Brand Loyalty: Celebrations Passport
 - Free shipping/no service charge across our portfolio of brands
 - Enhance customer behavior:
 - Significantly increased frequency, annual spend and retention
 - Maximizing lifetime value of customers

Innovation: Truly Original Product Designs



Innovation: Expanded Product Offerings





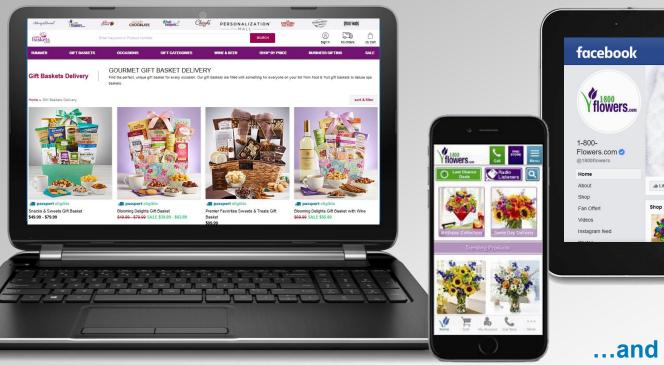
Innovation: Enhancing the Customer Experience

- Continually exploring new and emerging technologies
- Innovating the way customers interact with us
 - Customer Service Hub
 - Alexa, Google Assistant
 - Gift List
 - PWA (progressive web app technology)

Customer Self-Service Hub

Innovation: Customer Engagement

Being where our customers are connecting...





Social

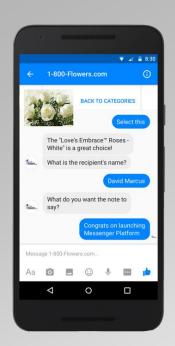
...and staying ahead of the next wave

eCommerce

Mobile

Innovation: the "Next Wave"

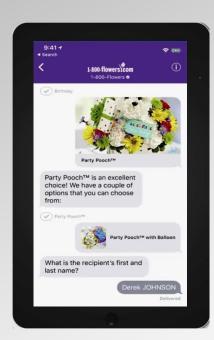
"Conversational Commerce"



Facebook Messenger Bot



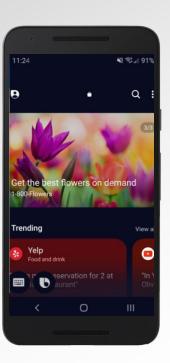
Amazon Alexa Voice-Enabled "Skill"



Apple Business Chat



Google Assistant



Samsung Bixby

Platform for Growth: Celebrations Ecosystem





Building on Positive Trends

- Accelerated top and bottom-line growth
- Significant growth opportunities: both organic and through acquisitions
- Strong balance sheet; Strong free cash flow
- Proven ability to leverage business platform and drive operating efficiencies
- Innovator on the leading edge of fast growing Mobile, Social and Conversational Commerce
- Experienced management team, aligned with shareholders

Safe Harbor Statement

Special Note Regarding Forward-Looking Statements

A number of statements contained in this presentation are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements. For a detailed description of these risk factors, please refer to the Company's Securities and Exchange Commission filings including the Company's Annual Reports on form 10-K and quarterly reports on form 10Q. The Company expressly disclaims any intent or obligation to update any of the forward looking statements included in this presentation.

(*A Reconciliation of Adjusted Net Income and Adjusted EBITDA to appropriate GAAP measures is available at the Investor Relations section of the Company's website at www.1800flowers.com as part of the Company's tables attached to its quarterly filings with the SEC on forms 10Q and 10K as well as its quarterly results press releases.)

NASDAQ: FLWS

Contact: Joseph D. Pititto, Senior VP Investor Relations Phone: (516) 237-6131/ E-mail: invest@1800flowers.com























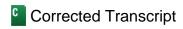








1-800-FLOWERS.COM, INC.



29-Oct-2020

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

Q1 2021 Earnings Call

CORPORATE PARTICIPANTS

Joseph D. Pititto

Senior Vice President-Investor Relations & Corporate Communications, 1-800-FLOWERS.COM, Inc.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

OTHER PARTICIPANTS

Daniel Kurnos

Analyst, The Benchmark Co. LLC

Alex Joseph Fuhrman

Analyst, Craig-Hallum Capital Group LLC

Linda Bolton Weiser

Analyst, D. A. Davidson & Co.

Anthony C. Lebiedzinski

Analyst, Sidoti & Co. LLC

Michael A. Kupinski

Analyst, Noble Capital Markets, Inc.

Douglas Matthai Lane

Analyst, Lane Research LLC

Tim Vierengel

Analyst, Northcoast Research Partners LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the 1-800-FLOWERS.COM, Inc., First Quarter 2021 Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Joe Pititto, Senior Vice President of Investor Relations and Corporate Communications. Please go ahead, sir.

Joseph D. Pititto

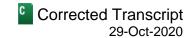
Senior Vice President-Investor Relations & Corporate Communications, 1-800-FLOWERS.COM, Inc.

Thank you, Chris. Good morning, and thank you all for joining us today to discuss 1-800-FLOWERS.COM's financial results for our fiscal 2021 first quarter. For those of you who have not received a copy of our press release issued earlier this morning, the release can be accessed at the Investor Relations Section of our corporate website at www.1800flowersinc.com.

Our call today will begin with brief formal remarks, and then we will open the call to your questions. Presenting today will be Chris McCann, CEO; and Bill Shea, CFO.

Before we begin, I need to remind everyone that some of the statements we will make today may be forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks

Q1 2021 Earnings Call



and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements. For a detailed description of these risks and uncertainties, please refer to our press release issued this morning as well as our SEC filings including the company's Annual Report on Form 10-K and quarterly reports on Form 10-Q.

In addition, this morning we will discuss certain supplemental financial measures that were not prepared in accordance with generally accepted accounting principles. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures can be found in the tables accompanying the company's press release this morning. The company expressly disclaims any intent or obligation to update any of the forward-looking statements made in today's call, any recordings of today's call, the press release issued earlier today or any of its SEC filings, except as maybe otherwise stated by the company.

I'll now turn the call over to Chris McCann.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thanks, Joe, and thank you to everyone who has joined our call this morning. As you can see, our results for the first quarter really demonstrate the benefits of our business platform, which has positioned us to deepen the relationships we have with our customers and to drive sustainable long-term growth.

For the quarter, we achieved 51.5% revenue growth driven by 85% e-commerce growth. This reflects the momentum we have in our business as we continue to drive strong profitable growth across our three business segments. In fact, Q1 represented the sixth consecutive quarter in which our three business segments; Gourmet Foods and Gift Baskets, Consumer Floral and Gifts and BloomNet each recorded solid year-over-year growth.

And we see strong momentum in our business continuing. Based on some of the key macro trends that we see today, trends that quite frankly have been accelerated dramatically by the current environment, condensing what may have taken five years to less than – less than one year for sure.

First, the tremendous shift to consumers to e-commerce shopping where we are positioned as a leader with our all-star collection of brands. Second, the increase in nesting. As people are spending less time traveling and more time at home, everything is centered around the home, people are seeking to add more comfort and convenience to their new stay in place lifestyle. And third, the prevailing sentiments that have emerged from these challenging times; specifically people's need to connect and express themselves to the important people in their lives.

Without a vision to inspire more human expression, connection, and celebration, we are uniquely well-positioned to benefit from and build on these trends by leveraging our business platform which includes our all-star collection of brands, our advanced technology stack, our manufacturing, distribution and logistics capabilities, and our marketing capabilities with our integrated and growing customer file.

With our leadership positions in floral, gourmet foods and now personalized products, we can sell for more of our customers' needs to connect with more of their recipients, for more occasions, thus increasing lifetime value. Over the past several years, our platform has enabled us to execute well on our strategy to expand our product offerings, evolve our marketing to focus on engagement, accelerate our customer file growth and enhance customer loyalty. And our results illustrate that we are reaping the benefits and the investments that we've made in these areas.

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For example, we expanded our product offerings organically by adding new product lines such as our expanded collection of house plants and succulents from the 1-800-FLOWERS Plant Shop that have been wildly popular for us. Harry & David Gourmet line including Harry & David wines and The Popcorn Factory's Tins With Pop line. Now we further broadened our product offerings with the acquisition of Shari's Berries last year and PersonalizationMall this year. We have enhanced and expanded our digital marketing capabilities, and as always we remain hyper-focused on delivering exemplary customer service.

The combination of strategic investment, strong execution and focus on our customers has brought us to where we are today, a leader in our industry, driving e-commerce growth in our first quarter of more than 85%. As we enter the holiday season, we will continue to leverage our platform and drive our momentum. We expect the demand for our everyday gifting solutions will remain high. And we are gearing up to satisfy as much of that demand as we possibly can.

Now, no doubt, we'll face some challenges as will virtually all retailers as the third-party shipping companies are facing capacity constraints and qualified labor is not always at our preferred levels. We are working to proactively manage these issues and execute against our plans for strong growth. And as Bill will discuss in a few minutes, our outlook for Q2, which as you know, is our seasonally largest quarter [indiscernible] (06:43) for record revenue and profits.

Before I turn the call to Bill, allow me to take a moment to provide you with some color on the integration of our latest acquisition, PersonalizationMall. To put it succinctly, we could not be more pleased with the acquisition of PMall, and with the great progress that we are making in our integration process. PMall offers a tremendous assortment of products that can be personalized, from glassware to picture frames to [indiscernible] (07:10) and we have a wonderful holiday assortment which I encourage you to visit and browse. In addition, PMall is among the industry's broadest range of personalization technologies including laser engraving, photo sublimation as well as a dozen more capabilities.

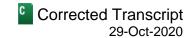
And with our highly – excuse me – with our highly automated process and capabilities, PMall offers one of the industry's fastest turnaround times with orders often completed and shipped the same day as ordered. As you all may have already noticed, we've integrated PMall onto our multi-brand website and into our Passport loyalty program. In terms of cross-bred of merchandising, we've integrated PMall into our co-branded holiday gift guides including our holiday gift and seasons of sharing lookbooks.

We're leveraging our customer file to introduce PMall to millions of new and existing customers in our every day and holiday season communications. And we've already begun to leverage our digital marketing teams PMall with content and creative development across a broad range of digital channels. As a result, we anticipate PMall will be a strong top and bottom line contributor in the upcoming holiday season for sure and for our full fiscal year.

One last point, I'd like to touch on another important area where we are seeing accelerated growth. In addition to our revenue growth, we continue to see accelerated growth in our customer files as well as strong and double-digit growth in membership in our Passport program and multi-brand customers. As we have emphasized in the past, these are our best performing customer cohorts in terms of purchase frequency, retention and lifetime value. The continued strong growth in our customer files along with the growth of our Passport program and multi-brand customers bodes well as we enter the key holiday shopping period.

Looking ahead, we have strong momentum across our three business segments. We continue to grow our customer files at a rapid pace and our customer behavior metrics continue to improve. And our latest acquisition,

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PMall, is already proving to be an excellent fit on our platform and a great addition to our all-star collection of brands.

I'd now like to turn the call over to Bill.

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Thank you Chris. As Chris noted, we have started fiscal 2021 off with strong momentum carried over from last year. And we are pleased with the strong top and bottom line growth that we achieved in our first quarter. Our first quarter was also successful on the standpoint of our closing of the PMall acquisition and the completion of an amended credit facility which provides added financial flexibility and strengthens our already strong balance sheet. As a result, we are well-positioned as we enter the key holiday season and we anticipate the momentum we see across our three business segments will enable us to deliver strong results for the period.

Now breaking down some highlights from our first quarter. First, in terms of revenues, total consolidated revenues increased 51.5% to \$283.8 million, compared with \$187.3 million in the prior year period. Excluding PMall, which we acquired in August this year, total consolidated growth increased 40.6%. This growth was driven by strong e-commerce demand which increased 85.1% during the quarter. Gross profit margin for the period was unchanged compared with the prior period at 40.7%. This reflected increases in gross profit margin of 90 basis points in both our Gourmet Foods and Gift Baskets and Consumer Floral and Gifts segments offset by a reduction of 560 basis points in BloomNet, primarily related to product mix.

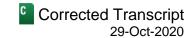
Operating expenses as adjusted, improved 820 basis points to 43.5% of total sales reflecting the strong revenue growth in the period and our ability to leverage our operating platform. Operating expenses as adjusted, exclude the impacts of the company's nonqualified deferred 401(k) compensation plan and onetime costs primarily associated with the acquisition of PMall. As a result of these factors, we improved our adjusted EBITDA by 128.7% or \$14.5 million to \$3.2 million compared with a loss of \$11.3 million in the prior year period. Our adjusted net loss for the period also improved nicely to \$6.5 million or a loss of \$0.10 per share compared with an adjusted net loss of \$15.3 million or \$0.24 per share in the prior period.

Turning to our segment results. And our recently renamed Gourmet Foods and Gift Baskets segment – and Gift segment, which now includes PMall, we grew revenue 78% for the quarter. The 1-800-FLOWERS brand grew approximately 55% on the largest revenue base in the industry thus further expanding its market leadership position. Gross margin in this segment increased 90 basis points to 40.6% compared with 39.7% in the prior year period, primarily reflecting contributions from PMall. Segment contribution margin increased 125.7% or \$10.7 million to \$19.2 million, compared with \$8.5 million in the prior year period primarily driven by the 1-800-FLOWERS brand which accounted for more than \$8 million of the increase.

In our BloomNet business, revenues increased to 28.7% to \$32.7 million, compared with \$25.4 million in the prior year period reflecting significant growth in wholesale products including fresh floral and hard goods and growth in order volumes both on the 1-800-FLOWERS brand as well as from [ph] flowers to florist orders (13:10)

Clearly the decision we made to help florists back in the early days of the pandemic, including waiving membership fees and providing various products and services at reduced prices is paying off as more florists are buying more products and services from BloomNet in addition to fulfilling increased order volumes.

Q1 2021 Earnings Call



Gross profit margin for the quarter was 45.3%, representing a decrease of 560 basis points compared with 50.9% in the prior year period, primarily reflecting product mix. Segment contribution margin increased 24.7% to \$10.4 million compared with \$8.4 million in the prior year period.

In our Gourmet Foods and Gift Baskets segment, we grew revenues 26.3%. This was driven by e-commerce growth of nearly 100% offset in part by a decline in wholesale orders for the holiday season of approximately \$15 million and the loss of approximately \$5 million in revenues associated with the closing of the Harry & David retail stores in fiscal 2020.

The strong e-commerce growth was seen in each of our brands, for everyday occasions such as birthday, anniversary, sympathy and get well among others. Customers also continued to embrace the Harry & David Gourmet line and Harry & David wines, both of which grew significantly during the quarter and continued to attract a younger shopper to the brand.

Gross profit margin increased 90 basis points to 38.9%, compared with 38% in the prior year period. Segment contribution margin as adjusted improved 54.8% or \$3.6 million to a loss of \$3 million, compared with a loss of \$6.6 million in the prior year period.

Now turning to our balance sheet, our cash and investment position was \$11 million at the end of the first quarter, inventory was \$192.6 million, compared with inventory of \$172.5 million at the end of last year's first quarter, primarily related to PMall.

In terms of debt, we had \$217.5 million in debt including \$25 million borrowed under our revolving credit facility. In August, we closed on an amendment to our existing credit facility. The amendment adds an incremental \$100 million in term loan and expands our revolving credit line of credit of \$200 million to \$250 million. All components of the credit facility mature in May 2024. The amendment provides added financial flexibility and further strengthens our balance sheet.

Now turning to guidance. Due to the continued uncertainty in the overall economy relating to the ongoing COVID-19 pandemic, we are not providing guidance for our full fiscal 2021 year at this time. Regarding the fiscal second quarter, the strong e-commerce demand that we carried into this year continued through our first quarter and through October, the first month of the current fiscal second quarter. Based on this growth momentum, we anticipate achieving total consolidated revenue growth for our second quarter in a range of 22% to 26% compared with the prior year period.

This anticipated strong revenue growth in the quarter reflects expected e-commerce growth of more than 40%, including contributions from PMall, somewhat offset by the lower wholesale orders and reduced retail revenues reflecting the closing of the Harry & David retail stores.

Regarding bottom line results for the second quarter, we anticipate that the strong e-commerce revenue growth combined with contributions from PMall will help offset certain headwinds including increased costs from third-party shipping vendors, higher labor costs, higher operating costs due to – due to the COVID-19 pandemic, and the lost contribution in the wholesale and retail channels during the quarter.

As a result, we anticipate driving adjusted EBITDA and EPS growth in the range of 18% to 23% for the quarter compared with the prior year.

I'll now turn the call back to Chris.



Q1 2021 Earnings Call



Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thanks, Bill. So, as you can see we had an excellent start to fiscal 2021. Our top and bottom-line results for the first quarter represent a continuation from the growth momentum that we built for the past several years. In our [ph] Gourmet, Floral and Gift business (17:32), 1-800-FLOWERS brand continues to extend its market leadership position with strong e-commerce growth on the largest revenue base in the industry.

This is now complemented by the acquisition of PMall, which is already proving to be an excellent fit on our platform, and in our all-star collection of brands, making us a leader in the fast-growing category of personalized products with gifting and home décor.

In BloomNet, we are further expanding our market share position with increasing order volumes and growing wholesale business. In our Gourmet Foods and Gift Baskets segment, we are continuing strong e-commerce demand for Harry & David's expanded product offerings as well as a growing assortment of innovative, on-trend top products from The Popcorn Factory, Cheryl's Cookies and our other great Gourmet brands.

In addition, we're continuing to grow our customer file across the enterprise with accelerating new customer growth, increased demand from existing customers and growing membership in our Passport program. And perhaps most importantly, we've begun to engage with our customers differently through an open two-way dialogue such as our weekly Celebrations Pulse Letters that Jim and I send out to customers designed around empathy and emotion rather than a transaction.

These efforts are helping to deepen the relationships we have with our customers, and build customer loyalty as our customer file evolves into an interactive customer community. And as we head into the key holiday season, we're very well-positioned to deliver again an excellent customer experience and drive continued strong top and bottom-line results.

With that, I'll turn it to Chris to open the call for questions. Chris, would you please repeat the directions again for the Q&A?

QUESTION AND ANSWER SECTION

Operator: Of course, sir. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Dan Kurnos of The Benchmark Company. Please go ahead.

Daniel Kurnos

Analyst, The Benchmark Co. LLC

Q

Yes, good morning. Chris, just on the KPIs you gave around Passports and multi-brand, I just wanted to be clear, were those year-over-year growth rates? And if so, is there any color you can give us on sequential improvements and maybe some color around again like you did last quarter the profile of new customers coming to the site? Are they taking – what's the percentage chance they take Passport and become multi-brand?

And then on PMall, it sounds like you're probably further along the integration path, and I think you were talking about on the last quarter, it's a good thing I think especially if there's reduced mobility, it feels like Personalization should do well this holiday period. Is there anything, I know it's super early and you just closed it and integrated it, is there anything you can kind of tell us in what you're seeing from that particular customer channel? How they behave relative to sort of your traditional customer set? And whether or not they are more or less inclined to browse other brands?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.



Sure. Thank you very much for the question. As we look at the numbers that I gave you on the Passport, we're seeing double-digit growth rate. That is year-over-year, not sequential, we don't really report on quarterly sequential numbers. With our seasonality business year-over-year comparisons, we can feel much better.

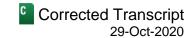
What we're seeing is good double-digit growth in both people becoming multi-brand customers as well as people joining in Passport program. As we do that, and with the accelerated growth that we're seeing in new customers, we're also seeing and I think I mentioned this last quarter as well, we're also seeing an increased conversion rate or take rate from both existing and new customers very importantly, into the Passport program and a nice lift on that increased conversion rate year-over-year. We don't publicize the number, but it's been a nice lift that we're seeing.

So all of that's very encouraging for us, and what we're seeing in the everyday customer file is a larger percentage of our customers everyday being Passport members and all multi-brand customers, and with that drives the increase frequency, the increase spend that comes along following that first purchase.

So working very, very well for us that we're seeing now in the Passport and the multi-brand efforts, and still I would say we're still early stages on some of our cross-brand merchandising capabilities and cross-brand marketing capabilities.

So that leads me then to your answer on your question on PersonalizationMall. Very early, we're very pleased with the progress that we're making on the integration, we're thrilled to have it up on our website. We just got it up this week. So I really don't have any strong indication of cross-brand migration, we got the [ph] tie-up up there (22:39) What we did see was some good response to the communication we sent out to our Passport members as well as to the general customer database as we had to inform them of their [indiscernible] (22:50) logging

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capability will now work with PMall log-in credentials would work on the 1-800-FLOWERS platform as well. And we saw some good feedback and response to that.

So the PMall business on its own is performing ahead of our expectations and the early, very early indications that we have are that the product line will be very well-received by the 1-800-FLOWERS existing customer base.

Daniel Kurnos

Analyst, The Benchmark Co. LLC

Got it. That's helpful. And then maybe just one quick follow up, and then one for Bill. Just in terms of sort of the forward growth trajectory, Chris, because this is becoming sort of more of a talking point, I know that you guys still it feels like your customer base you're just starting to scratch the surface, how do we think of the balance between growing the customer file and expanding wallet share? Do you have a sense of kind of what wallet share you have currently as a percentage of your existing customers gifting budget?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

No, we don't really look at the wallet share so much, what we're focused on really is our internal metrics, the customer behavior metrics we're seeing a frequency, retention and lifetime value. So, that was a move nicely in the right direction. And that's what really uses really good strong confidence and sustainability of our growth rate going forward.

Daniel Kurnos

Analyst, The Benchmark Co. LLC

Okay, fair enough. And then just for Bill, obviously you mentioned kind of the plethora of headwinds that you're facing, is there any way to quantify kind of what you think the margin impact is from COVID and sort of what are you putting in place? Are you giving up maybe some margin to try to get either – I know you usually do this ahead of like Valentine's Day, but are you giving up some margin to try to get sort of pull-forward in demands, so you can make sure you get everything out or are you doing other things to try to increase the flexibility of shipping dates like you had around Mother's Day, which is a lot tougher around the holiday season obviously?

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Yes, Dan, as we've mentioned, we're not like – we're very similar to many companies out there that face the headwinds that we've mentioned, those headwinds being higher shipping costs, higher labor costs and COVID related expenses. So, that has an impact on us. We've demonstrated significant leverage in the model in Q4 and Q1 of this year; our guidance does not show that same level of leverage but still showing kind of record numbers in our second quarter for both top line as well as bottom line.

The ability to move, yes we – as much as you'd like to incentivize customers, you know to buy early, with perishable products it's hard for them to accept shipping early. And that's where the challenge is with the shipping – with the third-party shippers is having that delivery during that – during the month of December and as we get into the month of December. So we continue to look at incentives to do that, but it doesn't move the needle that significantly.

Daniel Kurnos

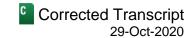
Analyst, The Benchmark Co. LLC

All right. Thanks for all the color guys, and another nice print.

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Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Great. Thank you, Dan.

Operator: Thank you. The next question is from Alex Fuhrman of Craig-Hallum. Please go ahead.

Alex Joseph Fuhrman

Analyst, Craig-Hallum Capital Group LLC

Great. Thanks very much for taking my question. You know I wanted to talk also about just the shipping issue, and of course seeing a lot about the strains that there's going to be on the supply chain this year. Just wondering how much visibility you have into delivery times and what sort of estimates in terms of times you're quoting customers versus what you normally would, is there any concern that that you know could result in a shorter shopping season this holiday season?

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Yes. You know the significant shift in consumers to e-commerce has put quite a bit of strain on the capabilities of the third-party shippers. You've heard and have been reading many stories about the – FedEx, UPS, USPS well-documented in the media, so all retailers including ourselves are facing – are facing these constraints, higher cost constraints on volume. We've built that all into our guidance. We're navigating through these challenges very closely with our primary shipping partner which is FedEx. And even with the constraints on shipping capacity as well as the higher cost [indiscernible] (27:34) we anticipate record top and bottom line results in the second quarter.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Yes. And I think you know based on the fact that we work so well and so closely with our primary shipper, FedEx specifically, I think Alex, we do have very good visibility into shipping times that we're able to then should we see a challenge in just our communication and our – and our customers' expectations around that. That's what we are always trying to manage. So, I think the answer is yes, we have good visibility into it. We have a team that manages that extremely well. We're very confident that we can navigate through the challenges in this holiday season, produce the numbers that Bill gave, and we gave as guidance for this holiday which is 4x of what our growth rate was last year and still provide a great customer experience.

Alex Joseph Fuhrman

Analyst, Craig-Hallum Capital Group LLC

Great. That's terrific. Thank you very much.

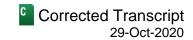
William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Thank you, Alex.

Operator: Thank you. The next question is from Linda Bolton Weiser of D.A. Davidson. Please go ahead.

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Linda Bolton Weiser

Analyst, D. A. Davidson & Co.

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Thanks. Hi. So, I think there's been some investor questions around how well you think you can maintain or retain the customers that you're gaining here during the pandemic. So, maybe you can comment on that in terms of kind of retention? And also, I think your average purchase rate is about 1.7 times per year, maybe at least for floral, is there any indication that that's actually increasing because people are participating more in e-commerce gift giving? Thanks.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

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So, thank you Linda, and thanks for that question. Now as we look at our business and the momentum that we've built over the past few years, it's very encouraging to see that just continuing to grow. So, it's been several years now that we've been building that growth momentum, increasing our customer file, new customers as you pointed out.

Then we just look at what's been the impact of the pandemic on business in general? And it's really been a binary impact with certain businesses like restaurants, bars, retail, brick and mortar retail stores, they've just been devastated by it. Then there are businesses like us, the e-commerce businesses that have reaped the benefits of it. And as we said early on, we've been leaning into that opportunity to grow our customer file even more aggressively with some fantastic new customer acquisition growth rates that we're seeing. And why? It's because it's behind the three trends that we see coming out of this pandemic.

The trend of a dramatic shift to consumers to e-commerce shopping from offline to online. Now that went from 14% up to 40% of sales, it's probably moderating somewhere between 30% and 40% right now, but that's not going away. That's not changing. Then we look at the second real trend of nesting, and how our products like plants and floral, and gourmet food gifts fit so well into that trend, and now we really enhanced that even further with the PersonalizationMall product line in front of the trend of nesting.

And then the third real trend that we're seeing that we believe we are so well-suited for with our vision to inspire expression, connection and celebration is that we've all learned to do the strong human need to stay connected to the people in your lives and people turning digitally looking to companies like ours to help them do that. So, you take those components, the momentum we had, the trends that we're seeing that we're so well-positioned for, the benefits of the platform that we've built over the years, the customer file size and the increasing behavior metrics that you ask about. Yes, we are seeing increased behavior metrics of frequency and retention and customer lifetime value. Then you add in that the acquisition we just did with PersonalizationMall, and we think we couldn't be better well-positioned for long-term sustainable growth when you combine all of those factors together.

Linda Bolton Weiser

Analyst, D. A. Davidson & Co.

Great. Thank you. And then also, can you – I think in the past periods at least you had given some concessions to BloomNet Florists, maybe some waving or something of fees or something of that nature, can you update us on if that's still going on or if that's something in the past? And can you quantify that? And does that affect the revenue line or the gross margin line of BloomNet or can you just give a little more color on that?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

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Well, Linda, thank you very much again. Yes, as Bill mentioned in his remarks, back in Q4 when the pandemic really first started to hit we gave some concessions and reduced pricing to our florists, waver of some fees and in other ways marketing programs that we could help the florists. That's what we do. That's our business is to help our florists compete and to grow and [indiscernible] (32:28) our focus was to make sure we helped our florists survive which they've done very nicely.

That's turning around and benefiting us now as we pointed out with the growth of people choosing to send their orders to BloomNet as opposed to some of the other competitors in the market and purchasing more from BloomNet in the wholesale products again as opposed to other competitors in the market. So we're seeing that customer loyalty. Bill, I'm not sure if that – briefly quantify it from the last quarter, all right?

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Yes, I mean back in Q4, that's the reason why the revenue growth was [ph] chugging (33:02) below double digits. And the bottom-line contribution margin was negative in the fourth quarter. But as you saw in Q1, as we just reported in Q1 with growth almost 29% in the quarter and contribution margins up \$2 million in the quarter clearly the decisions we made back then were the right ones.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

And it's a good team. That BloomNet team is really doing a good job taking care of the flowers.

Linda Bolton Weiser

Analyst, D. A. Davidson & Co.

Thank you. That's all for me. Thanks.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thank you, Linda.

Operator: Thank you. The next question is from Anthony Lebiedzinski of Sidoti & Co. Please go ahead.

Anthony C. Lebiedzinski

Analyst, Sidoti & Co. LLC

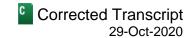
Yes. Good morning, and thank you for taking the question. So I may have missed this, but as far as the customer file growth is concerned, so are you seeing this growth across all of your brands or is there any one brand that stands out? And then as far as your customer file, just wondering when you look at the customer file for PMall, can you give us any indication as far as the incremental growth to the customer file because of PMall acquisition?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thank you, Anthony. As we look at the customer file growth, first of all it is across all brands. And that's important, keep – with that said, keep in mind the two lead brands in customer acquisition efforts are our two largest brands, to date our two largest brands, the 1-800-FLOWERS and Harry & David, but the growth is across all brands.

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And really – and also the same thing that we're seeing with the growth obviously of multi-brand customers, but the Passport customers, the growth is also across all brands [indiscernible] (34:46) recognizing the value and the total solution that we're bringing to the market for that. So we're very, very pleased with the visibility we have there.

As we look at the PMall numbers, I forget that the 12 month active numbers are about 1.5 million, 1.8 million in that range, 1.5 million to 1.8 million 12 months active customers from PMall that will be adding into our file. And again what we see there and one of the things we're very excited about is [indiscernible] (35:16) expanded product line that helps to solve for more of our gifting needs. The broader range of price points on the PMall product line is more lower price point items in there that all – that the expanded product line, the lower price points we believe will help drive the frequency of usage across our customer base even further, as we give our customers more products to meet more of their recipients at more price points to really just help drive lifetime value for us.

Anthony C. Lebiedzinski

Analyst, Sidoti & Co. LLC

Got it. Okay. Thanks, Chris. So, as far as those 1.5 million to 1.8 million active customers for PMall, do you have a sense as to what the overlap is with your current customers? Just want to get a sense as to like it's sort of picking up new customers – brand new customers or not, just...

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

It's a – there's enough turnover there to give us – just like in Harry & David, there was enough crossover in the file to give us strong confidence in our ability to grow multi-brand purchasing. So, there's enough crossover there, not a significant amount, so the majority of those customers really are new to file.

Anthony C. Lebiedzinski

Analyst, Sidoti & Co. LLC

Got it. Okay. Thank you for that. And then as far as the wholesale and retail headwind that you saw in Q1, can you give us maybe, Bill, maybe just a breakdown between the headwind that you saw if you could just separate wholesale versus retail drag that you had in the quarter?

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Yes, Anthony. So in Q1 it was about \$20 million combined, about \$15 million for wholesale down year-over-year and about \$5 million by not having the Harry & David stores open this quarter.

Anthony C. Lebiedzinski

Analyst, Sidoti & Co. LLC

Got it. Okay. Well, thank you and best of luck.

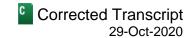
Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thank you.

Operator: Thank you. The next question is from Michael Kupinski of Noble Capital Markets. Please go ahead.

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Michael A. Kupinski

Analyst, Noble Capital Markets, Inc.

Thank you, and congratulations on your quarter, and thanks for taking my questions. I know that in the past during the midst of COVID that you indicated that you weren't seeing any product disruptions from China, and I know that this is a big inventory quarter. So I was just wondering if you can just give us a sense of whether or not you have shifted products you know your suppliers away from China. And what the type of increases in your inventory that you've seen?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Michael, thank you. Look – I think as we look at the inventory, we've been very fortunate that first off the imports from China for us are not a significant part of our supply chain. And even early on, we saw some disruption, not a lot, more just late shipping getting in and that caused a little bit of problems back in the March-April time period.

Things have gotten better since then. And really the big concern was as we moved into this holiday season you know what would happen as far as inventory coming in, components that we bring in from China. While they'd run a week to two weeks late sometimes, that does not cause a major disruption and we've been able to utilize that and service our customers appropriately without any major interruption, so that's worked out well for us. We've looked at shifting some capabilities from sourcing out of China and we've done a little bit of it, but even really as we've studied it more and more, the other geographies just really aren't set up like China. So even with some of the challenges, even with some of the tariffs coming out of China, we're still better off sourcing there than many other places around the world, although we continue to look at mitigating any risk that might exist.

Michael A. Kupinski

Analyst, Noble Capital Markets, Inc.

Gotcha. In terms of PMall, I was just wondering in terms of the revenue trajectory there given the impact that business has probably seen in terms of COVID. And then also if you could just talk a little bit about, I know that the Governor of Illinois has placed additional restrictions in certain areas of the state, whether or not any of those restrictions have affected PMall given that it's based outside of Chicago?

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

In Q1, we kind of gave it – the results kind of pre – both with and without PMall, so kind of through the math and [indiscernible] (39:45) 10 points of our growth related to PMall so it's about \$20 million or so in the quarter. Q2 is by far its biggest quarter, almost 50% of its revenues are in Q2. One of the attractiveness of PMall is that it is EBITDA positive, and contribution positive, in all four [indiscernible] (40:05) but certainly this upcoming quarter is very important to it as nearly half its revenues are during this quarter. We have not seen any disruption in PMall since our ownership; it is growing very nicely year-over-year.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Yes. I would say Bill that really since we've owned PMall and started the integration process, and really looking as I mentioned getting the digital marketing team involved. Looking at the creative to content et cetera, we're seeing nice growth rates ahead of our expectations in PMall. As far as the announcements from Governor Pritzker, they have not affected our facilities in the Chicago land area at this point, and we think we're very well-positioned that we won't have any interruptions. Of course, in this pandemic you never know, but the visibility we have right now is, we're confident that we will not be interrupted.

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Michael A. Kupinski

Analyst, Noble Capital Markets, Inc.

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I know longer term that you had anticipated that there would be some consolidation among your facilities and that PMall's state-of-the-art facilities offers some opportunities to move some of your inventory and products to that location, does that – does the COVID situation and the issues with Governor Pritzker given the fact that Illinois has been probably more restrictive in many ways than other markets, does that kind of derail that plan in terms of any of the potential consolidation into that facility?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.



Michael, not so much as far as especially in anything to do with Illinois or any of the restrictions in Illinois. We have mentioned previously some of the efforts that we had planned for this calendar year were delayed early on by the pandemic, some automation facilities and automation projects in some of our facilities as we just weren't able to bring the people into the facility back in the March, April, May timeframe to do the work that was needed. So that will pick up more post-holiday now as we move into January where we will be able to do that.

But that really had – was not Illinois-specific, quite frankly most of that work was focused on our facilities in Ohio and our newest facility in Atlanta. So, while there was a delay we see those picking back up again now in post-holiday.

William E. Shea Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.	\triangle
So that was unrelated to PMall.	
Christopher G. McCann President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.	Д
Right. True. True.	
Michael A. Kupinski Analyst, Noble Capital Markets, Inc.	C
Got you. Well, congratulations again. Thank you.	
Christopher G. McCann President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.	Д
Thank you, Michael.	

Operator: Thank you. The next question is from Doug Lane of Lane Research. Please go ahead.

Douglas Matthai Lane

Analyst, Lane Research LLC



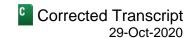
Yes, hi. Thank you. Good morning, everybody. You mentioned that the PMall acquisition contributed about \$20 million. Do you have a number for what the sales were lost from closing the Harry & David stores?

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

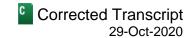


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It was about \$5 million in the quarter. Christopher G. McCann President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc. In sales. William E. Shea Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc. In sales, \$5 million in sales in the quarter. **Douglas Matthai Lane** Analyst, Lane Research LLC Right. William E. Shea Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc. We're about \$20 million down in the kind of the retail wholesale – channels of our business, \$15 million being wholesale and \$5 million being retail sales. **Douglas Matthai Lane** Analyst, Lane Research LLC Okay. And then you haven't talked about the - any numbers around PMall since it was announced you know way back pre-COVID. Do you have any updated kind of numbers we can look for from sales and EBITDA from that acquisition this year? William E. Shea Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc. Yes. We don't provide guidance on a brand by brand basis. We have filed an 8-K/A, so there is filings out there. With respect to the historical profitability and size of PMall, for the year ended February 29, 2020, PMall did about \$170 million in revenues and just under \$25 million in contributed - or EBITDA. Christopher G. McCann President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc. Yes. And as I stated earlier, we're very pleased with the growth that we've seen since we've been operating the business. **Douglas Matthai Lane** Analyst, Lane Research LLC No. It sounds like the business has come back at or better than where it was before it was shut down in the spring. That's for sure. Christopher G. McCann President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc. Yes.

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Douglas Matthai Lane

Analyst, Lane Research LLC

So, can we focus on the December quarter here, obviously going from your seasonally smallest quarter to your seasonally largest quarter? And Chris, how do you look at the biggest constraint in the growth in the December quarter? Is it generating the demand which seems to be there or you're more concerned about capacity, because this is a big quarter and these are big growth numbers from a sales standpoint. And we know about the bottlenecks at third-party shippers but then even internally at Harry & David, and just your whole infrastructure, how should we think about just bottlenecks from a capacity standpoint?

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thank you, Doug. I think you know as I mentioned earlier, you know as we look at the things that have developed in this pandemic and some of the trends that we've seen, you know we've seen things – we've seen this accelerated change more than anything else in so many different fields. And we've seen this accelerated growth in e-commerce, not just for our business but for many businesses. We're seeing accelerated changes in healthcare and everything else. So, I think what we're seeing is an accelerated growth rate for our business.

And that brings certain challenges with it for sure. We have the third-party shipping challenges that Bill spoke about that have been mentioned. We have other labor challenges out there, but we are also at the same time accelerating our internal capabilities. So while it was planned for five years ago, now has to be planned for one year from now. We're doing that. The team is built for that. That team is responding well to that. And we're driving, as I mentioned, to capture all of the demand we possibly can at this holiday period.

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

And Doug, you know, as our guidance indicates we expect record top and bottom line numbers in the second quarter. The growth rates are not the same as Q4 and Q1, but looking at our business on a sequential basis, not really relevant as you indicate with the kind of the size of the second quarter and the shift to the holiday gifting, by far the second quarter is our largest, is our largest quarter. But we continue to see very strong e-commerce demand. And we anticipate that carrying forward through the holiday season.

But as we've stated, we have to offset the revenue declines in our wholesale and retail channels. The challenges that you mentioned with the third-party shippers, with some internal labor, they are not unlike every retailer and ecommerce company out there. But with that said, the guidance we're providing is for our fiscal second quarter to be strong growth in the second quarter. The midpoint of our range is a \$150 million worth of – worth of growth in the quarter. And you know as a reminder, we were forecasting 22% to 26% growth, that's four times the growth rate that we achieved in Q2 last year, the holiday quarter last year. So, we're anticipating a very strong second quarter.

Douglas Matthai Lane

Analyst, Lane Research LLC

Okay. Thank you. That's very helpful.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Thank you, Doug.

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Douglas Matthai Lane

Analyst, Lane Research LLC

Thank you.

Operator: Thank you. Our next question is from Tim Vierengel of Northcoast Research. Please go ahead.

Tim Vierengel

Analyst, Northcoast Research Partners LLC

Thank you. Just one quick question for Bill on the wholesale portion of the Gourmet Foods and Gift Baskets segment. Typically there is a lot of noise between when your partners take delivery of the gift baskets or the – and I was wondering if you could help clarify if there were any shifts between the first quarter and second quarter? Do you expect a similar \$15 million loss number in the second quarter? Any more clarity there would be great. Thank you.

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Yes. So you know as we indicated, wholesale was down \$15 million in the first quarter. I think as we have kind of alluded to in many of our conversations prior to this, that we have some insights into where wholesale demand was going to be for this holiday season. The big box guys make their decisions in the spring. So we're really in the kind of the height of the pandemic, and all are being very conservative in their buying for holiday gift baskets. And so that – that channel for us was going to be down and that e-commerce was going to make up – make up for that.

So in Q2, both retail and wholesale will be down more than they were in Q1. The start of the kind of the wholesale season in September and it runs through September through November. We saw the impact of wholesale being down about \$15 million in September, it's going to be down – it's going to be down, you know slightly more than that in Q2 and retail will be down significantly more than the \$5 million it was down in Q1 because the whole – because of the holiday nature of this quarter.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Right. And with that, that being offset by the strong e-commerce growth that we've been talking about, that will certainly help us to offset those declines.

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Yes, again all this is built into our guidance.

Christopher G. McCann

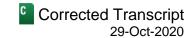
President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Right.

William E. Shea

Senior Vice President-Finance and Administration, Treasurer & Chief Financial Officer, 1-800-FLOWERS.COM, Inc.

Q1 2021 Earnings Call



So the 22% to 26% growth that we have, the over 40% e-commerce growth that offsets the declines in wholesale and retail and still achieves again record topline numbers.

Tim Vierengel

Analyst, Northcoast Research Partners LLC

Thank you.

Operator: Thank you very much. We have no further questions in the queue, and I'd like to hand the call back to the management for some closing remarks.

Christopher G. McCann

President, Chief Executive Officer & Director, 1-800-FLOWERS.COM, Inc.

Great, thank you Chris, and thank you everyone for joining us on the call. And let us know if you have any additional questions. Please don't hesitate to contact us. Certainly we'd like to wish everybody a very happy and different Halloween this season. And also I'd encourage you to visit our lineup of all-star brands to see what we have for the fall season and the holiday season, especially I mentioned the great lineup of products that we have in PMall for this holiday season that we're just so very excited about. So thank you, and we look forward to any follow up questions you may have.

Operator: Thank you very much. Ladies and gentlemen, this conference call has now concluded. Thank you for attending today's presentation, and you may now disconnect your lines.

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