

March 31, 2026 Board Meeting

Virginia ABC Board of Directors



March 31, 2026 Board Meeting Agenda

9:00am

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- 9:00AM Call to Order
- New Business, Board approval
 - Approve Minutes from February 5th Board meeting
- New business, Board information
 - Financial Update (Alfano)
 - Marketing Update (Moore)
 - 2026 Legislative Session
- Board Appeal Hearings – 10:00AM
 - Beer Lovers Distributors
 - Roseshire
- Comments from the Board
- Public comments
- Closed session
 - Litigation Update (Hucks-Watkins)
- Adjournment

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Agenda

Minutes to Approve

Financial Performance

Approve minutes

***** ADD MINUTES ******

(minutes will be in PDF – once this report is finalized you convert to PDF and add the minutes pdf – organize pages accordingly)

January & February 2026 Financial Performance

Virginia ABC



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2026 - Month of January

	FY 2026		FY 2026		FY 2026		FY 2026		FY 2025	Fav(Unfav) Percentage	
	Actual	Budget	Fav(Unfav)	Percentage			Actual	Fav(Unfav)	Percentage		
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 104.1	\$ 102.9	\$ 1.2	1.2%			\$ 104.4	\$ (0.3)	-0.3%		
Online Sales	0.7	0.6	0.1	22.8%			0.6	0.1	22.8%		
Other	2.7	2.5	0.2	8.0%			2.8	(0.1)	-3.6%		
Gross Revenue	107.5	106.0	1.5	1.4%			107.8	(0.3)	-0.3%		
Less: Spirits Excise Tax	17.3	17.2	(0.1)	-0.6%			17.4	0.1	0.4%		
Net Revenue	90.2	88.8	1.4	1.6%			90.4	(0.2)	-0.2%		
Total Cost of Goods Sold	50.8	48.5%	49.9	48.2%	(0.9)	-1.8%	51.1	48.7%	0.3	0.6%	
Gross Profit	39.4	38.9	0.5	1.4%			39.3	0.1	0.3%		
Gross Profit as a % of Store Sales	37.6%	37.6%					37.4%				
Operating Costs:											
Retail & Distribution Center Costs	18.1	18.0	(0.1)	-0.6%			16.8	(1.3)	-7.7%		
Administrative Costs (All Other Departments)	4.3	4.6	0.3	6.5%			5.5	1.2	21.8%		
Regulatory Costs (Enforcement & Hearings)	2.2	2.7	0.5	17.4%			2.3	0.1	3.0%		
Total Operating Costs	24.6	27.3%	25.3	28.5%	0.7	2.6%	24.6	27.2%	-	0.0%	
ABC Net Profit	\$ 14.8	\$ 13.6	\$ 1.2	8.8%			\$ 14.7	\$ 0.1	0.7%		
Net Profit as a % of Store Sales	14.1%	13.1%					14.0%				
Net Profit as a % of Net Sales	16.4%	15.3%					16.2%				

● Favorable Variance
● Unfavorable Variance



January Actual Variance Analysis vs Budget

January (month):

- **Net Revenues** are \$1.4M or 1.6% above budget principally due to higher net store sales of \$1.2M and higher licensing revenue of \$0.2M.
- **Cost of Goods Sold** was unfavorable by (\$0.9M) due to the higher net store sales and the ratio to store sales is consistent with the prior year period
- **Operating Costs:**
- **Retail & Distribution Center Costs** are (\$0.1M) unfavorable to budget:
 - (\$0.1M) Higher credit card fees due primarily to increased store sales
 - (\$0.1M) Higher personal services costs
 - (\$0.1M) Increase utility costs due to weather and rate increases.
 - \$0.1M Lower than planned store fixture costs
 - \$0.1M Lower outbound freight costs
- **Administrative Costs** are \$0.3M favorable to budget mainly due to the following:
 - \$0.5M Lower salaries & benefits principally due to unfilled positions and a favorable leave liability adjustment
 - \$0.2M Lower than planned software development and software maintenance costs
 - (\$0.3M) Budgeted attrition
 - (\$0.1M) Increased telecom costs
- **Regulatory Costs** are \$0.5M favorable to budget principally due to lower salary and benefit costs
- **January Net Profits** of \$14.8M is \$1.2M or 8.8% favorable to budget

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2026 - Month of February

	FY 2026		FY 2026		FY 2026		FY 2026		FY 2025		
	Actual	Budget	Fav(Unfav)	Percentage	Actual	Fav(Unfav)	Percentage	Actual	Fav(Unfav)	Percentage	
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 100.4	\$ 104.8	\$ (4.4)	-4.2%		\$ 102.9	\$ (2.5)	-2.4%			
Online Sales	0.6	1.0	(0.4)	-40.0%		1.0	(0.4)	-40.0%			
Other	2.0	2.1	(0.1)	-4.8%		2.1	(0.1)	-4.8%			
Gross Revenue	103.0	107.9	(4.9)	-4.5%		106.0	(3.0)	-2.8%			
Less: Spirits Excise Tax	16.7	17.6	0.9	5.1%		17.2	0.5	2.9%			
Net Revenue	86.3	90.3	(4.0)	-4.4%		88.8	(2.5)	-2.8%			
Total Cost of Goods Sold	48.5	48.0%	50.6	47.8%	2.1	4.2%		50.2	48.3%	1.7	3.4%
Gross Profit	37.8	39.7	(1.9)	-4.8%		38.6	(0.8)	-2.1%			
Gross Profit as a % of Store Sales	37.4%	37.5%				37.2%					
Operating Costs:											
Retail & Distribution Center Costs	16.7	17.6	0.9	5.1%		17.3	0.6	3.5%			
Administrative Costs (All Other Departments)	4.8	4.6	(0.2)	-4.3%		4.7	(0.1)	-2.1%			
Regulatory Costs (Enforcement & Hearings)	2.4	2.7	0.3	11.1%		2.3	(0.1)	-4.3%			
Total Operating Costs	23.9	27.7%	24.9	27.6%	1.0	4.0%		24.3	27.4%	0.4	1.6%
ABC Net Profit	\$ 13.9	\$ 14.8	\$ (0.9)	-6.1%		\$ 14.3	\$ (0.4)	-2.8%			
Net Profit as a % of Store Sales	13.8%	14.0%				13.8%					
Net Profit as a % of Net Sales	16.1%	16.4%				16.1%					

 Favorable Variance
 Unfavorable Variance

February Actual Variance Analysis vs Budget














February (month):


- **Net Revenues** are (\$4.0M) or 4.4% below budget principally due to lower net store sales of (\$3.9M) and lower licensing revenue of (\$0.1M).
- **Cost of Goods Sold** was favorable by \$2.1M due to the lower net store sales and the ratio to store sales is consistent at 48%
- **Operating Costs:**
- **Retail & Distribution Center Costs** are \$0.9M favorable to budget:
 - \$0.8M Lower personal services costs due to unfilled salaried positions \$0.4M and by favorable retail wages \$0.4M
 - \$0.1M Lower credit card fees due primarily to lower store sales
- **Administrative Costs** are (\$0.2M) unfavorable to budget mainly due to the following:
 - (\$0.3M) Budgeted attrition
 - (\$0.1M) Lower personal services costs due to an unfavorable leave liability adjustment
 - \$0.1M Lower than planned software development costs
 - \$0.1M Lower media services costs due to timing
- **Regulatory Costs** are \$0.3M favorable to budget principally due to lower salary and benefit costs
- **February Net Profits** of \$13.9M is (\$0.9M) or 6.1% unfavorable to budget

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Contribution Margin - Income Statement (In Millions)

Fiscal Year 2026 - YTD as of 02/28/2026

	FY 2026		FY 2026		FY 2026		FY 2026		FY 2025		
	Actual	Budget	Fav(Unfav)	Percentage			Actual	Fav(Unfav)	Percentage		
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 957.1	\$ 962.6	\$ (5.5)	-0.6%		\$ 976.1	\$ (19.0)	-1.9%			
Online Sales	6.0	6.0	0.0	0.0%		6.1	(0.1)	-1.6%			
Other	17.6	16.8	0.8	4.8%		17.4	0.2	1.1%			
Gross Revenue	980.7	985.4	(4.7)	-0.5%		999.6	(18.9)	-1.9%			
Less: Spirits Excise Tax	159.0	160.7	1.7	1.1%		162.3	3.3	2.0%			
Net Revenue	821.7	824.7	(3.0)	-0.4%		837.3	(15.6)	-1.9%			
Total Cost of Goods Sold	461.8	479.0%	465.1	48.0%	3.3	0.7%		472.6	48.1%	10.8	2.3%
Gross Profit	359.9	359.6	0.3	0.1%		364.7	(4.8)	-1.3%			
Gross Profit % of Store Sales	37.4%	37.1%					37.1%				
Operating Costs:											
Retail & Distribution Center Costs	143.0	145.8	2.8	1.9%		142.1	(0.9)	-0.7%			
Administrative Costs (All Other Departments)	38.4	38.7	0.3	0.7%		38.5	0.1	0.3%			
Regulatory Costs (Enforcement & Hearings)	18.8	20.9	2.1	10.0%		18.8	-	0.0%			
Total Operating Costs	200.2	24.4%	205.4	24.9%	5.2	2.5%		199.4	23.8%	(0.8)	-0.4%
ABC Net Profit	\$ 159.7	\$ 154.2	\$ 5.5	3.6%		\$ 165.3	\$ (5.6)	-3.4%			
Net Profit as a % of Store Sales	16.6%	15.9%				16.8%					
Net Profit as a % of Net Sales	19.4%	18.7%				19.7%					

 Favorable Variance
 Unfavorable Variance

February YTD Actual Variance Analysis vs Budget

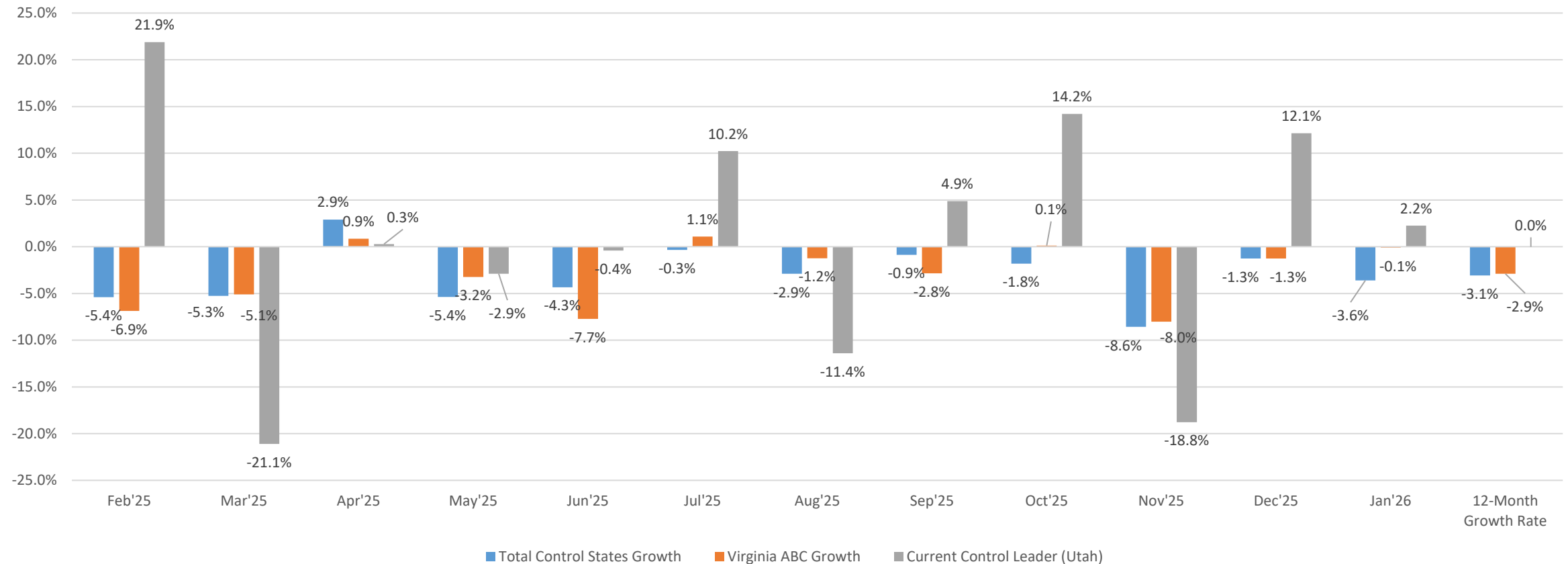
February (YTD):

- **Net Revenues** are (\$3.0M) or 0.4% below budget principally due to lower net store sales of (\$3.8M); partially offset by higher licensing revenue of \$0.8M.
- **Cost of Goods Sold** was favorable by \$3.3M and remains consistent at 47.9% of store sales.
- **Operating Costs:**
- **Retail & Distribution Center Costs** are \$2.8M favorable to budget:
 - \$1.0M Lower personal services costs due to unfilled salaried positions \$2.3M; partially offset by unfavorable retail wages (\$1.3M)
 - \$0.6M Lower than planned repairs and maintenance services costs due to timing
 - \$0.4M Lower store fixture costs due to timing
 - \$0.2M Lower than planned computer operating supplies
 - \$0.2M Lower credit card fees due to favorable rate changes
 - \$0.2M Lower outbound freight costs
 - \$0.2M Lower other costs
- **Administrative Costs** are \$0.3M favorable to budget mainly due to the following:
 - \$1.8M Lower salaries & benefits principally due to unfilled positions, a favorable leave liability adjustment and capitalized labor benefit
 - \$0.7M Lower than planned computer software development costs
 - \$0.3M Lower computer software and hardware maintenance services
 - \$0.2M Lower than planned media services due to timing
 - (\$0.4M) Unfavorable one-time payroll benefit true-up adjustment relating to prior year
 - (\$2.3M) Budgeted attrition
- **Regulatory Costs** are \$2.1M favorable to budget due to lower salary and benefit costs
- **YTD Net Profits** of \$159.7M is \$5.5M or 3.6% favorable to budget

Virginia faring better than other control states in YOY growth.

In aggregate, revenue from all 18 control states declined by **3.1%** when comparing the period from February '25 to January '26 vs. the same period a year prior. This shows that Virginia is not alone in experiencing declining alcohol sales. Virginia ABC's **2.9%** decline during this time shows that Virginia has matched or exceeded the growth of other control states amid widespread challenges to the spirits market. The best performing control state during this period was Utah, with **0.0%** YOY growth. Utah's average monthly revenue during this time was about \$28M vs. Virginia's \$119M.

Virginia ABC: Rolling 12 Store Sales Growth versus Control States



Source: BAR Smartview & NABCA Greenbook



Public Comment