

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2023

VECTOR GROUP LTD.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5759

(Commission File Number)

65-0949535

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

4400 Biscayne Boulevard Miami Florida

(Address of Principal Executive Offices)

33137

(Zip Code)

(305) 579-8000

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to 12(b) of the Act:

Title of each class:

Trading

Name of each exchange

Common stock, par value \$0.10 per share

Symbol(s)

on which registered:

VGR

New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition

On August 3, 2023, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the three and six months ended June 30, 2023. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K and the related Exhibit attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure

The Company has prepared materials for presentations to investors. The materials are furnished (not filed) as Exhibit 99.2 to this Current Report on Form 8-K pursuant to Regulation FD.

Non-GAAP Financial Measures

Exhibit 99.2 contains the Non-GAAP Financial Measures discussed below.

Please refer to Current Reports on Form 8-K dated February 25, 2021, February 16, 2023 and May 8, 2023 for reconciliations of financial measures prepared in accordance with GAAP to Non-GAAP Financial Measures.

Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, and Tobacco Adjusted EBITDA, and certain financial measures for periods presented, including the last twelve months (“LTM”) ended June 30, 2023, (hereafter, referred to as the “Non-GAAP Financial Measures”) are financial measures not prepared in accordance with generally accepted accounting principles (“GAAP”). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhance an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company’s business, and management does and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company’s business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company’s measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies.

EBITDA is defined as net income before interest, taxes, depreciation and amortization. Non-GAAP Financial Measures include adjustments for loss on extinguishment of debt, litigation settlements and judgment expense, impact of Master Settlement Agreement settlements, and impact of net interest expense capitalized to real estate ventures (for purposes of Adjusted Net Income only). For purposes of Adjusted EBITDA only, adjustments include equity in earnings from investments, equity in earnings from real estate ventures, stock-based compensation expense, transaction expenses and other, net.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may be,” “continue” “could,” “potential,” “objective,” “plan,” “seek,” “predict,” “project” and “will be” and similar expressions are intended to identify forward-looking statements. The Company’s actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 and, when filed, in our Quarterly Report on Form 10-Q for the period ended June 30, 2023. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibit

(d) Exhibits.

Exhibit No.

Exhibit

[99.1](#)

Press Release issued on August 3, 2023, regarding financial results for the second quarter ended June 30, 2023.

[99.2](#)

Investor presentation of Vector Group Ltd. dated August 2023 (furnished pursuant to Regulation FD).

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Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III
J. Bryant Kirkland III
Senior Vice President, Treasurer and Chief Financial Officer

Date: August 4, 2023



FOR IMMEDIATE RELEASE

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VECTOR GROUP REPORTS SECOND QUARTER 2023 FINANCIAL RESULTS

Tobacco segment continues to benefit from Montego brand strategy

Second Quarter 2023 Highlights:

- **Consolidated revenues of \$365.7 million, down 5.6% or \$21.5 million compared to the prior year period.**
 - Tobacco segment revenues of \$365.7 million, down 2.3% or \$8.7 million compared to the prior year period.
 - Tobacco segment wholesale and retail market share increased to 5.4% and 5.8% from 5.3% and 5.5%, respectively, in the prior year period.
- **Operating income of \$71.6 million, down 21.0% or \$19.1 million compared to the prior year period.**
 - Tobacco segment operating income of \$75.1 million, down 15.0% or \$13.2 million compared to the prior year period. The decline resulted from an accrual of \$18 million to settle long-standing litigation and was partially offset by a higher gross margin from price increases.
- **Adjusted EBITDA of \$94.1 million, down 1.1% or \$1.0 million compared to the prior year period.**
 - Tobacco Adjusted EBITDA of \$94.7 million, up 5.3% or \$4.8 million compared to the prior year period.

First Half 2023 Highlights:

- **Consolidated revenues of \$699.8 million, up 0.1% or \$0.6 million compared to the prior year period.**
 - Tobacco segment revenues of \$699.8 million, up 2.4% or \$16.4 million compared to the prior year period.
 - Tobacco segment wholesale and retail market share increased to 5.5% and 5.8% from 5.3% and 5.3%, respectively, in the prior year period.
- **Operating income of \$145.9 million, down 12.0% or \$19.9 million compared to the prior year period.**
 - Tobacco segment operating income of \$153.7 million, down 7.4% or \$12.3 million compared to the prior year period.
- **Adjusted EBITDA remained flat at \$172.2 million compared to the prior year period.**

- Tobacco Adjusted EBITDA of \$174.6 million, up 4.6% or \$7.7 million compared to the prior year period.

MIAMI, FL, August 3, 2023 - Vector Group Ltd. (NYSE:VGR) today announced financial results for the three and six months ended June 30, 2023.

“Vector Group performed well in the first half of 2023 as we continued to benefit from the gradual transition of our *Montego* brand strategy,” said Howard M. Lorber, President and Chief Executive Officer of Vector Group Ltd. “In the second half of 2023, we remain focused on optimizing long-term profit by effectively managing our volume, pricing and market share to generate long-term value for our stockholders.”

GAAP Financial Results

Three months ended June 30, 2023 and 2022. Second quarter 2023 revenues were \$365.7 million, compared to revenues of \$387.2 million in the second quarter of 2022. The Company recorded operating income of \$71.6 million in the second quarter of 2023, compared to operating income of \$90.7 million in the second quarter of 2022. Net income for the second quarter of 2023 was \$38.1 million, or \$0.24 per diluted common share, compared to net income of \$39.2 million, or \$0.25 per diluted common share, in the second quarter of 2022.

Six months ended June 30, 2023 and 2022. For the six months ended June 30, 2023, revenues were \$699.8 million, compared to revenues of \$699.2 million for the six months ended June 30, 2022. The Company recorded operating income of \$145.9 million for the six months ended June 30, 2023, compared to operating income of \$165.8 million for the six months ended June 30, 2022. Net income for the six months ended June 30, 2023 was \$72.8 million, or \$0.46 per diluted common share, compared to net income of \$71.7 million, or \$0.45 per diluted common share, for the six months ended June 30, 2022.

Non-GAAP Financial Measures

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Adjusted EBITDA (as described in Table 2 attached hereto) were \$94.1 million for the second quarter of 2023, compared to \$95.1 million for the second quarter of 2022.

Adjusted Net Income (as described in Table 3 attached hereto) was \$50.8 million, or \$0.32 per diluted share, for the second quarter of 2023, compared to \$40.2 million, or \$0.25 per diluted share, for the second quarter of 2022.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$89.7 million for the second quarter of 2023, compared to \$90.8 million for the second quarter of 2022.

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Adjusted EBITDA (as described in Table 2 attached hereto) were \$172.2 million for the six months ended June 30, 2023, compared to \$172.2 million for the six months ended June 30, 2022.

Adjusted Net Income (as described in Table 3 attached hereto) was \$84.8 million, or \$0.54 per diluted share, for the six months ended June 30, 2023, compared to \$66.8 million, or \$0.42 per diluted share, for the six months ended June 30, 2022.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$164.0 million for the six months ended June 30, 2023, compared to \$163.8 million for the six months ended June 30, 2022.

Consolidated Balance Sheet

Vector Group maintained significant liquidity at June 30, 2023 with cash and cash equivalents of \$330.3 million, including \$102.9 million of cash at its Tobacco segment, investment securities of \$116.1 million and long-term investments of \$44.8 million.

Vector Group continued its longstanding history of paying a quarterly cash dividend in the second quarter of 2023. For the six months ended June 30, 2023, Vector Group returned a total of \$64 million to stockholders at a quarterly rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the second quarter of 2023, the Tobacco segment had revenues of \$365.7 million, compared to \$374.3 million for the second quarter of 2022. For the six months ended June 30, 2023, the Tobacco segment had revenues of \$699.8 million, compared to \$683.4 million for the six months ended June 30, 2022.

Operating Income from the Tobacco segment was \$75.1 million and \$153.7 million for the three and six months ended June 30, 2023, respectively, compared to \$88.3 million and \$166.0 million for the three and six months ended June 30, 2022, respectively.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the second quarter of 2023 was \$93.2 million compared to \$88.4 million for the second quarter of 2022. Tobacco Adjusted Operating Income for the six months ended June 30, 2023 was \$171.8 million, compared to \$164.0 million for the six months ended June 30, 2022.

Operational Metrics

For the second quarter of 2023, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.52 billion units, compared to 2.74 billion units for the second quarter of 2022. For the six months ended June 30, 2023, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 4.87 billion units, compared to 5.04 billion units for the six months ended June 30, 2022.

According to data from Management Science Associates, Inc., for the second quarter of 2023, the Tobacco segment's wholesale market share increased to 5.4%, up from 5.3% for the second quarter of 2022. For the six months ended June 30, 2023, the Tobacco segment's wholesale market share increased to 5.5%, up from 5.3% for the six months ended June 30, 2022. The Tobacco segment's wholesale shipments in the second quarter of 2023 declined by 7.9% compared to the second quarter of 2022, while the overall industry's wholesale shipments declined by 8.9%. The Tobacco segment's wholesale shipments for the six months ended June 30, 2023 declined by 3.2% compared to the six months ended June 30, 2022, while the overall industry's wholesale shipments declined by 7.6%.

According to data from Management Science Associates, Inc., for the second quarter of 2023, the Tobacco segment's retail market share increased to 5.8%, up from 5.5% for the second quarter of 2022. For the six months ended June 30, 2023, the Tobacco segment's retail market share increased to 5.8%, up from 5.3% for the six months ended June 30, 2022. The Tobacco segment's retail shipments in the second quarter of 2023 declined by 1.8% compared to the second quarter of 2022, while the overall industry's retail shipments declined by 7.1%. The Tobacco segment's retail shipments for the six months ended June 30, 2023 declined by 0.2% compared to the six months ended June 30, 2022, while the overall industry's retail shipments declined by 8.0%.

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, and Tobacco Adjusted EBITDA (the "Non-GAAP Financial Measures") are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhance an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company's business, and management does and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company's business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company's measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies.

Reconciliations of Non-GAAP Financial Measures to the comparable GAAP financial results for the three and six months ended June 30, 2023 and 2022 are included in Tables 2 through 5.

Conference Call to Discuss Second Quarter 2023 Results

As previously announced, the Company will host a conference call and webcast on Friday, August 4, 2023 at 8:30 AM (ET) to discuss its quarterly period and six months results. Investors may access the call via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/48791>. Please join the webcast at least ten minutes prior to the start time.

A replay of the call will be available shortly after the call ends on August 4, 2023 through August 18, 2023 at <https://www.webcaster4.com/Webcast/Page/2271/48791>.

About Vector Group Ltd.

Vector Group is a holding company for Liggett Group LLC, Vector Tobacco LLC, and New Valley LLC. Additional information concerning the Company is available on the Company's website, www.VectorGroupLtd.com.

Investors and others should note that we may post information about the Company or its subsidiaries on our website at www.VectorGroupLtd.com and/or at the websites of those subsidiaries or, if applicable, on their accounts on LinkedIn, TikTok, Twitter or other social media platforms. It is possible that the postings or releases could include information deemed to be material information. Therefore, we encourage investors, the media and others interested in the Company to review the information we post on our website at www.VectorGroupLtd.com, on the websites of our subsidiaries and on their social media accounts.

Forward-Looking and Cautionary Statements

This press release includes forward-looking statements within the meaning of the federal securities law. All statements other than statements of historical or current facts made in this document are forward-looking. We identify forward-looking statements in this document by using words or phrases such as "anticipate," "believe," "estimate," "expect," "intend," "may be," "continue," "could," "potential," "objective," "plan," "seek," "predict," "project" and "will be" and similar words or phrases or their negatives. Forward-looking statements reflect our current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons.

Risks and uncertainties that could cause our actual results to differ significantly from our current expectations are described in our 2022 Annual Report on Form 10-K and, when filed, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023. We undertake no responsibility to publicly update or revise any forward-looking statement except as required by applicable law.

[Financial Tables Follow]

TABLE 1
VECTOR GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Revenues:				
Tobacco*	\$ 365,662	\$ 374,312	\$ 699,807	\$ 683,360
Real estate	—	12,890	—	15,884
Total revenues	<u>365,662</u>	<u>387,202</u>	<u>699,807</u>	<u>699,244</u>
Expenses:				
Cost of sales:				
Tobacco*	248,984	265,189	481,270	476,726
Real estate	—	6,049	—	7,327
Total cost of sales	<u>248,984</u>	<u>271,238</u>	<u>481,270</u>	<u>484,053</u>
Operating, selling, administrative and general expenses	26,930	25,196	54,222	49,225
Litigation settlement and judgment expense	18,105	57	18,375	129
Operating income	<u>71,643</u>	<u>90,711</u>	<u>145,940</u>	<u>165,837</u>
Other income (expenses):				
Interest expense	(27,124)	(30,724)	(54,598)	(55,822)
Loss on extinguishment of debt	(40)	—	(181)	—
Equity in earnings (losses) from investments	959	(2,311)	800	(4,553)
Equity in earnings (losses) from real estate ventures	2,954	(460)	1,061	(2,337)
Other, net	4,791	(3,094)	8,411	(4,239)
Income before provision for income taxes	53,183	54,122	101,433	98,886
Income tax expense	15,094	14,969	28,603	27,191
Net income	<u>\$ 38,089</u>	<u>\$ 39,153</u>	<u>\$ 72,830</u>	<u>\$ 71,695</u>
Per basic common share:				
Net income applicable to common shares	<u>\$ 0.24</u>	<u>\$ 0.25</u>	<u>\$ 0.46</u>	<u>\$ 0.46</u>
Per diluted common share:				
Net income applicable to common shares	<u>\$ 0.24</u>	<u>\$ 0.25</u>	<u>\$ 0.46</u>	<u>\$ 0.45</u>

* Revenues and cost of sales include federal excise taxes of \$126,750, \$137,884, \$244,568 and \$253,963 for the three and six months ended June 30, 2023 and 2022, respectively.

TABLE 2
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2023	December 31, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income	\$ 159,836	\$ 158,701	\$ 38,089	\$ 39,153	\$ 72,830	\$ 71,695
Interest expense	109,441	110,665	27,124	30,724	54,598	55,822
Income tax expense	63,273	61,861	15,094	14,969	28,603	27,191
Depreciation and amortization	6,998	7,218	1,731	1,793	3,423	3,643
EBITDA	\$ 339,548	\$ 338,445	\$ 82,038	\$ 86,639	\$ 159,454	\$ 158,351
Equity in (earnings) losses from investments (a)	(358)	4,995	(959)	2,311	(800)	4,553
Equity in losses (earnings) from real estate ventures (b)	2,548	5,946	(2,954)	460	(1,061)	2,337
(Gain) loss on extinguishment of debt	(231)	(412)	40	—	181	—
Stock-based compensation expense (c)	7,881	7,848	2,644	2,570	4,750	4,717
Litigation settlement and judgment expense (d)	18,485	239	18,105	57	18,375	129
Impact of MSA settlement (e)	(311)	(2,123)	—	—	(311)	(2,123)
Other, net	(15,396)	(2,746)	(4,791)	3,094	(8,411)	4,239
Adjusted EBITDA	\$ 352,166	\$ 352,192	\$ 94,123	\$ 95,131	\$ 172,177	\$ 172,203
Adjusted EBITDA by Segment						
Tobacco	\$ 358,821	\$ 351,131	\$ 94,687	\$ 89,883	\$ 174,649	\$ 166,959
Real Estate	384	8,082	148	6,873	210	7,908
Corporate and Other	(7,039)	(7,021)	(712)	(1,625)	(2,682)	(2,664)
Total	\$ 352,166	\$ 352,192	\$ 94,123	\$ 95,131	\$ 172,177	\$ 172,203

- a. Represents equity in (earnings) losses recognized from investments that the Company accounts for under the equity method.
b. Represents equity in losses (earnings) recognized from the Company's investment in certain real estate ventures that are accounted for under the equity method and are not consolidated in the Company's financial results.
c. Represents amortization of stock-based compensation.
d. Represents accruals for litigation in the Tobacco segment.
e. Represents the Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.

TABLE 3
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
Net income	\$ 38,089	\$ 39,153	\$ 72,830	\$ 71,695
Loss on extinguishment of debt	40	—	181	—
Litigation settlement and judgment expense (a)	18,105	57	18,375	129
Impact of MSA settlement (b)	—	—	(311)	(2,123)
Impact of net interest expense capitalized to real estate ventures	(1,072)	1,685	(2,113)	(2,011)
Expense related to Tax Disaffiliation indemnification (c)	—	553	—	553
Adjustment for derivative associated with guarantee	—	(783)	—	(2,464)
Total adjustments	17,073	1,512	16,132	(5,916)
Tax (benefit) expense related to adjustments	(4,407)	(449)	(4,164)	1,034
Adjusted Net Income	<u>\$ 50,755</u>	<u>\$ 40,216</u>	<u>\$ 84,798</u>	<u>\$ 66,813</u>
Per diluted common share:				
Adjusted Net Income applicable to common shares	<u>\$ 0.32</u>	<u>\$ 0.25</u>	<u>\$ 0.54</u>	<u>\$ 0.42</u>

a. Represents accruals for litigation in the Tobacco segment.

b. Represents the Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.

c. Represents amounts accrued under the Company's Tax Disaffiliation Agreement related to certain tax liabilities of Douglas Elliman Inc. prior to its distribution on December 29, 2021.

TABLE 4
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED OPERATING INCOME
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2023	December 31, 2022	2023	June 30, 2022	2023	June 30, 2022
Operating income	\$ 319,113	\$ 339,010	\$ 71,643	\$ 90,711	\$ 145,940	\$ 165,837
Litigation settlement and judgment expense (a)	18,485	239	18,105	57	18,375	129
Impact of MSA settlement (b)	(311)	(2,123)	—	—	(311)	(2,123)
Total adjustments	18,174	(1,884)	18,105	57	18,064	(1,994)
Adjusted Operating Income	\$ 337,287	\$ 337,126	\$ 89,748	\$ 90,768	\$ 164,004	\$ 163,843

- a. Represents accruals for litigation in the Tobacco segment.
b. Represents the Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.

TABLE 5
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF TOBACCO ADJUSTED OPERATING INCOME
AND TOBACCO ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2023	December 31, 2022	2023	June 30, 2022	2023	June 30, 2022
Tobacco Adjusted Operating Income:						
Operating income from Tobacco segment	\$ 334,794	\$ 347,044	\$ 75,122	\$ 88,332	\$ 153,721	\$ 165,971
Litigation settlement and judgment expense (a)	18,485	239	18,105	57	18,375	129
Impact of MSA settlement (b)	(311)	(2,123)	—	—	(311)	(2,123)
Total adjustments	18,174	(1,884)	18,105	57	18,064	(1,994)
Tobacco Adjusted Operating Income	<u>\$ 352,968</u>	<u>\$ 345,160</u>	<u>\$ 93,227</u>	<u>\$ 88,389</u>	<u>\$ 171,785</u>	<u>\$ 163,977</u>

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2023	December 31, 2022	2023	June 30, 2022	2023	June 30, 2022
Tobacco Adjusted EBITDA:						
Operating income from Tobacco segment	\$ 334,794	\$ 347,044	\$ 75,122	\$ 88,332	\$ 153,721	\$ 165,971
Litigation settlement and judgment expense (a)	18,485	239	18,105	57	18,375	129
Impact of MSA settlement (b)	(311)	(2,123)	—	—	(311)	(2,123)
Total adjustments	18,174	(1,884)	18,105	57	18,064	(1,994)
Tobacco Adjusted Operating Income	352,968	345,160	93,227	88,389	171,785	163,977
Depreciation and amortization	5,745	5,901	1,419	1,475	2,796	2,952
Stock-based compensation expense	108	70	41	19	68	30
Total adjustments	5,853	5,971	1,460	1,494	2,864	2,982
Tobacco Adjusted EBITDA	<u>\$ 358,821</u>	<u>\$ 351,131</u>	<u>\$ 94,687</u>	<u>\$ 89,883</u>	<u>\$ 174,649</u>	<u>\$ 166,959</u>

- a. Represents accruals for litigation in the Tobacco segment.
b. Represents the Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.

TABLE 6
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF REVENUES
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2023	December 31, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues:						
Tobacco (a)	\$ 1,441,572	\$ 1,425,125	\$ 365,662	\$ 374,312	\$ 699,807	\$ 683,360
Real estate	—	15,884	—	12,890	—	15,884
Total revenues	<u>\$ 1,441,572</u>	<u>\$ 1,441,009</u>	<u>\$ 365,662</u>	<u>\$ 387,202</u>	<u>\$ 699,807</u>	<u>\$ 699,244</u>

a. Tobacco segment revenues include federal excise taxes of \$511,365 for the last twelve months ended June 30, 2023, \$520,760 for the year ended December 31, 2022, and \$126,750, \$244,568, \$137,884 and \$253,963 for the three and six months ended June 30, 2023 and 2022, respectively.



Investor Presentation

August 2023



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Results actually achieved may differ materially from expected results included in these forward-looking statements as a result of these or other factors. Due to such uncertainties and risks, potential investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date on which such statements are made. The Company disclaims any obligation to, and does not undertake to, update or revise and forward-looking statements in this presentation.

Investment Highlights & Portfolio




Holding company with
two primary businesses



Tobacco
Offers the best value propositions in the
U.S. cigarette industry



Real Estate
Diversified portfolio of real estate ventures

NYSE: DOUG

On December 29, 2021, Vector completed the
distribution to its stockholders of Douglas Elliman Inc.
as a standalone publicly traded company


GAAP financial results

Reported GAAP net income of **\$158.7 million** for
the year ended December 31, 2022 and **\$159.8
million** for the twelve months ended June 30, 2023

Reported operating income of **\$339.0 million** for
the year ended December 31, 2022 and **\$319.1
million** for the twelve months ended June 30, 2023


History of
strong earnings

\$352.2M

Adjusted EBITDA for the twelve months ended June 30,
2023²¹

\$358.8M

Tobacco Adjusted EBITDA for the twelve
months ended June 30, 2023²¹

²¹ Vector's net income was \$95.7 million for the year ended December 31, 2022. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed August 4, 2023 (Table 2), for a reconciliation of net income to Adjusted EBITDA. Please also refer to the
Disclaimer to this document on Page 2.

²² Vector's operating income from the tobacco segment was \$347.0 million for the year ended December 31, 2022. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed August 4, 2023. Please also refer to the Disclaimer to this document on
Page 2.

Investment Highlights & Portfolio (cont.)



Maintains substantial liquidity

\$388M

of cash, marketable securities and long-term investments at holding company as of June 30, 2023

+

\$103M

of cash at Liggett as of June 30, 2023, which will be primarily used to pay Liggett's current MSA liability (\$135.7 million at June 30, 2023)

=

\$491M

of consolidated cash, marketable securities and long-term investments as of June 30, 2023



Seasoned management team

29 years

average tenure of CEO, COO, CFO and General Counsel with Vector as of June 30, 2023

7%

of Vector's equity is beneficially owned by management team and directors



MSA cost advantage



Perpetual cost advantage over the largest U.S. tobacco companies

\$160M-\$170M

annual cost advantage range from 2013 to 2022⁽¹⁾

⁽¹⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1,125 of total cigarettes sold in the United States).



Tobacco Operations

5

Overview



4th largest U.S. cigarette manufacturer, founded in 1873

Core Discount Brands
Montego, Eagle 20's, Pyramid, Grand Prix, Liggett Select and Eve

Average Retail Prices Below Leading Premium Brand

Discount Category

- Momentum and growth for brands priced in the deep discount segment
- Approximately 35% of current volumes exempt from payment due to perpetual MSA grandfathered market share

Partner Brands

- USA, Bronson and Tourney

¹⁾ Vector's operating income from the tobacco segment was \$327.6 million for the year ended December 31, 2022 and \$334.8 million for the twelve months ended June 30, 2023. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed August 4, 2023. Please also refer to the Disclosure to this document on Page 8.

²⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1.22% of total cigarettes sold in the United States).

Consistent and strong cash flow

\$358.8M
Tobacco Adjusted EBITDA for the twelve months ended June 30, 2023¹⁾

\$14.6M
capital expenditures with capital requirements related to tobacco operations for the twelve months ended June 30, 2023, including \$10 million on factory modernization (below)

\$13.4M
current capital expenditure commitments, of which \$10 million (above) has been funded, associated with factory modernization throughout 2023 and 2024.

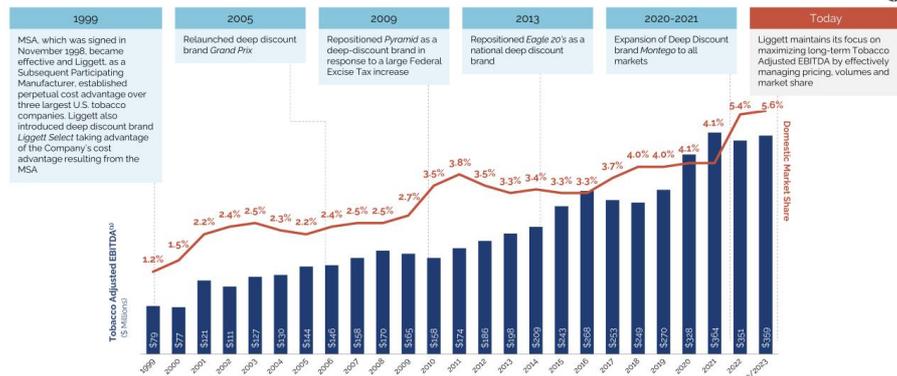
\$160M-\$170M ⁽²⁾
MSA exemption annual cost advantage range for Liggett and Vector Tobacco from 2013 to 2022

Pursuant to the MSA

- Liggett has no payment obligations unless its market share exceeds an exemption of approximately 1.65% of total cigarettes sold in the United States.
- Vector Tobacco has no payment obligations unless its market share exceeds an exemption of approximately 0.28% of total cigarettes sold in the United States

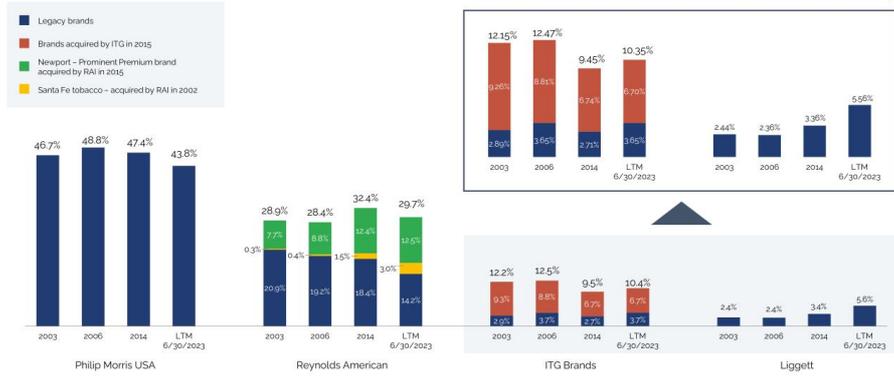
\$0.92 ⁽²⁾
current cost advantage per pack on first 1.93% of cigarettes sold in the United States compared to the largest U.S. tobacco companies

History



Source: MSA CIG wholesale shipment database.
 Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.
 * Vector's operating income from the tobacco segment was \$202, \$201 and \$229 for the years ended December 31, 2020, 2021 and 2022, respectively and \$22.8 million for the twelve months ended June 30, 2023. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 1 and Table 2 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed on February 25, 2021, February 15, 2022 and August 4, 2022. Please also refer to Table 2 of Exhibit 99.2 to the Company's Current Report on Form 8-K, filed October 2, 2020, November 15, 2020, and Table 1 of Exhibit 99.1 to the Company's Current Report on Form 8-K, filed February 19, 2021.

Adjusted U.S. Tobacco Industry Market Share^{(1), (2)}



Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 February 2006, 2009 February 2007 and 2014 (March 2012) and internal estimates for LTM (last twelve months) ended June 30, 2023.
⁽¹⁾ Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report for Reynolds American was 28.0%, 28.4% and 32.4%, respectively, and for ITG Brands, was 12.2%, 12.5% and 9.5%, respectively. Adjusted market share has been computed by Vector Group Ltd. by applying historical market share of each brand to the present owner of brand. Thus, the graph assumes each company owned its current brands on January 1, 2003. The legacy brands market share of Reynolds American in 2003 includes the market share of Brown & Williamson, which was acquired by Reynolds American in 2004. In 2015, Reynolds American acquired Lorillard Tobacco Company, which manufactured the Prominent Premium brand and sold a portfolio of brands.
⁽²⁾ Does not include smaller manufacturers, whose cumulative market shares were 0.8%, 0.9%, 0.8% and 10.8% in 2003, 2006, 2014 and in the LTM June 30, 2023, respectively.

U.S. Cigarette Industry Volume Change by Segment⁽¹⁾

Liggett's unit sales volume was **44%** in *Traditional Discount* and **56%** in *Deep Discount*⁽²⁾

U.S. Cigarette Industry unit sales volume was **15.8%** in *Traditional Discount* and **13.1%** in *Deep Discount*⁽²⁾



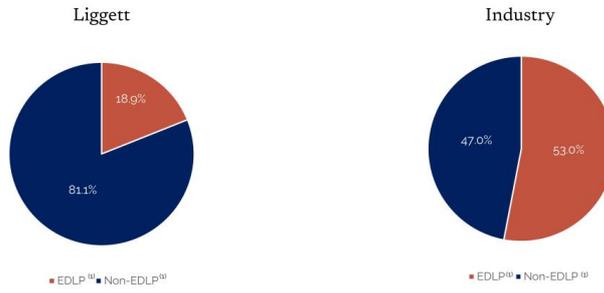
Source: Management Science Associates, Inc.'s (MSA) RIS Database for the 52 weeks ended July 1, 2023. The source for the database is reporting by tobacco distributors, who are constituents of the MSA-RIS database and represent approximately 95% of distributor shipments to retailers selling cigarettes in the United States.

⁽¹⁾ For the 52 weeks ended July 1, 2023.

⁽²⁾ The Deep Discount category currently includes brands whose national average retail price is approximately 50% lower than the average of the leading Premium cigarette brands. Montego, which represented 56% of Liggett's volume for the 52 weeks ended July 1, 2023, is included in the Deep Discount category and all other Liggett brands are included in the Traditional Discount category.

⁽³⁾ Every Day Low Price (EDLP) stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

Liggett's Volume is More Heavily Weighted in Non-EDLP Stores⁽¹⁾



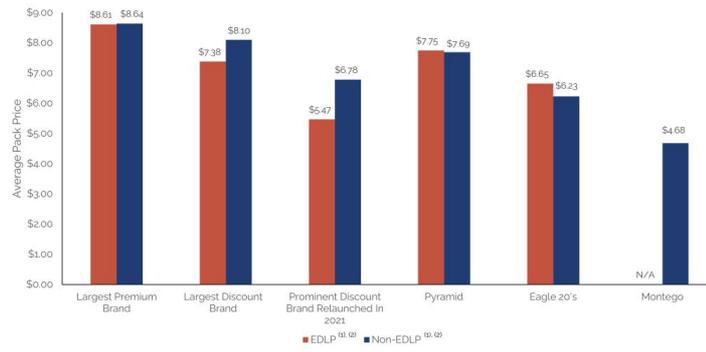
Source: MSA's RIS Database for the 52 Weeks Ended July 1, 2023.
⁽²⁾ EDLP stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell an EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

Wholesale List Price Increases in 2021, 2022 and 2023



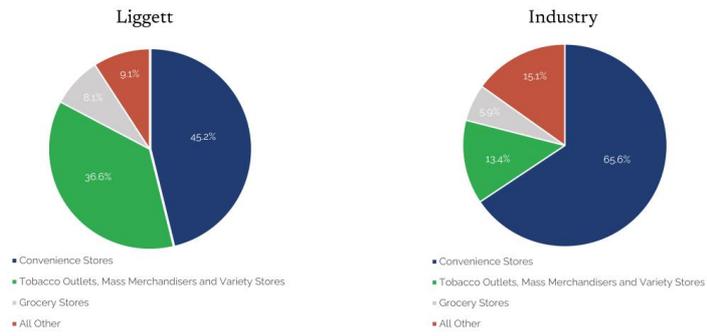
Effective Date	Action	Brands			
		Montego	Eagle 20's	Pyramid	Liggett Select, Eve and Grand Prix
		Amount per pack			
2021					
January 25, 2021	List Price increase	\$ -	\$ 0.14	\$ 0.14	\$ 0.14
June 28, 2021	List Price increase	-	0.14	0.14	0.14
September 27, 2021	List Price increase	-	0.15	0.15	0.15
2022					
January 31, 2022	List Price increase	\$ 0.10	\$ 0.15	\$ 0.15	\$ 0.15
April 29, 2022	List Price increase	-	0.16	0.16	0.16
May 1, 2022	Promotional spending reduction	0.10	-	-	-
July 29, 2022	List Price increase	0.16	0.16	0.16	0.16
October 26, 2022	List Price increase	0.10	0.16	0.16	0.16
2023					
January 27, 2023	List Price increase	\$ 0.10	\$ 0.16	\$ 0.16	\$ 0.16
April 28, 2023	List Price increase	0.16	0.16	0.16	0.20

Average per Pack Price (Retail)–EDLP Stores⁽¹⁾ and Non-EDLP^{(1), (2)} Stores



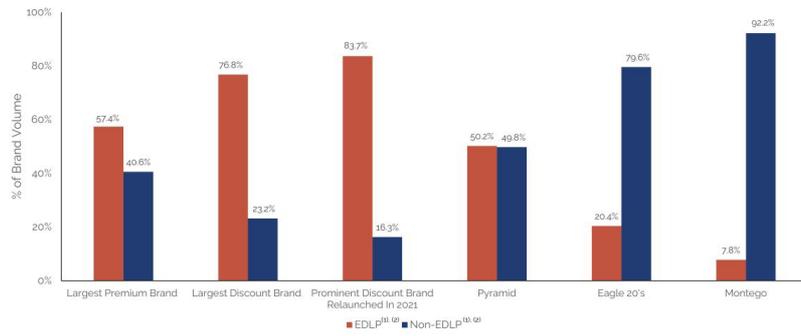
Source: Company estimates in Lugette's markets for the 12 weeks ended July 1, 2023.
⁽¹⁾ EDLP stores are defined as retail stores participating in R.J. REYNOLDS Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.
⁽²⁾ Company retail pricing estimates include State Excise Tax and, as such, average brand pricing estimates may be impacted by the degree of geographic diversity in the retail store population sample.

Liggett's Distribution is Value-Focused



Source: MSA's RIS Database for the 52 weeks ended July 1, 2023

Analysis of Retail Volume – EDLP^{(1), (2)} Stores and Non-EDLP^{(1), (2)} Stores



Source: MSA's RIS Database for the 13 weeks ended July 1, 2023.
⁽¹⁾ EDLP stores are defined as retail stores participating in a Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP brand to consumers at equal to or less than the lowest price offered for any cigarette products sold in the store.
⁽²⁾ Company retail pricing estimates include State Excise Tax and, as such, average brand pricing estimates may be impacted by the degree of geographic diversity in the retail store population sample.

Tobacco Litigation and Regulatory Updates



- Litigation
 - In 2013, Liggett reached a settlement with approximately 4,900 *Engle* progeny plaintiffs
 - Liggett is paying approximately \$4.0 million annually until 2028
 - As of June 30, 2023, 16 *Engle* progeny cases remain pending
 - Liggett is also a defendant in 51 non-*Engle* smoking-related individual cases
 - There are two purported class actions and a health care cost recovery action pending, but all are inactive
 - The Mississippi Attorney General filed a motion to enforce Mississippi's 1996 settlement agreement with Liggett and alleged that Liggett owed Mississippi approximately \$40 million in damages (including interest through June 2023). The parties recently reached an agreement in principle to settle this matter for \$18 million.
- Regulatory
 - Since 1998, the MSA has restricted the advertising and marketing of tobacco products
 - Certain states and cities have passed legislation, among other things, banning the sale of menthol cigarettes
 - Family Smoking Prevention and Tobacco Control Act (2009) granted the FDA the authority to regulate (but not ban) tobacco products
 - On May 4, 2022, FDA published a proposed rule to prohibit menthol as a characterizing flavor in cigarettes and the final rule is expected to be adopted in 2023
 - On June 21, 2022, the FDA indicated it plans to publish a proposed rule in 2023 that establishes a tobacco product standard reducing the level of nicotine in cigarettes to non-addictive levels



Real Estate Operations



Real Estate Overview



- New Valley LLC owns interests in real estate ventures operating in different asset classes, including condominium and mixed-use developments, apartment buildings, hotels and commercial properties
- New Valley has approximately \$176 million⁽¹⁾ invested, as of June 30, 2023, in a broad portfolio of real estate ventures
- On December 29, 2021, Vector completed the distribution to its stockholders of Douglas Elliman Inc. as a standalone public company. Douglas Elliman Inc. (NYSE: DOUG) owns the real estate brokerage, ancillary services operations and PropTech investment businesses formerly owned by Vector through New Valley. New Valley's interest in numerous real estate properties and projects remain owned by Vector.

⁽¹⁾ Net of cash returned.

Real Estate Summary⁽¹⁾



(\$ in thousands)

	Net cash invested	Cumulative earnings / (loss) ⁽²⁾	Carrying value ⁽²⁾	Projected construction end date	Range of ownership	Number of investments
Real Estate Investments at Cost						
All other U.S. areas	\$ 6,000	\$ -	\$ 6,000	N/A	25%	3
	\$ 6,000	\$ -	\$ 6,000			3
Condominium and Mixed Use Development (Minority interest owned)						
New York City SMSA	\$ 33,715	\$ 15,111	\$ 18,604	2023 - 2024	41% - 27.0%	5
All other U.S. areas	81,630	(3,827)	77,843	2023 - 2025	32.6% - 77.8%	11
	\$ 115,345	\$ 11,284	\$ 96,447			16
Apartments (Minority interest owned)						
All other U.S. areas	\$ 13,175	\$ 4,757	\$ 8,418	N/A	50-100%	2
	\$ 13,175	\$ 4,757	\$ 8,418			2
Hotels (Minority interest owned)						
New York City SMSA	\$ 8,354	\$ 7,938	\$ 410	2023	0.4% - 12.3%	3
International	6,048	(6,048)	-	N/A	49.0%	1
	\$ 14,402	\$ 1,890	\$ 410			4
Commercial and Other (Minority interest owned)						
New York City SMSA	\$ 12,270	\$ 4,758	\$ 7,512	N/A	49.0%	1
All other U.S. areas	3,956	5,291	8,246	N/A	1.6%	1
	\$ 16,226	\$ 10,049	\$ 15,758			2
Total	\$ 154,057	\$ 38,928	\$ 127,149			27
Summary						
New York City SMSA	\$ 54,339	\$ 27,807	\$ 28,326			9
All other U.S. areas	101,670	(3,053)	100,617			17
International	6,048	(6,048)	-			1
	\$ 164,057	\$ 18,706	\$ 127,149			27

¹⁾ For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd.'s Form 10-Q for the period ended June 30, 2022, when filed.
²⁾ Includes interest expense capitalized to real estate ventures of \$1,907.



Financial Data

Adjusted Historical Financial Data



⁽¹⁾ Revenues include federal excise taxes of \$46, \$45, \$29, and \$51, respectively.
⁽²⁾ On December 29, 2021, Vector Group Ltd completed the distribution of its real estate coverage services and PropTech investment business into a new standalone public company, Douglas Elliman Inc. (NYSE:DOUG). Through its distribution of Douglas Elliman's common stock to Vector Group Ltd stockholders, the historical results of the real estate coverage services and PropTech investment business owned by Douglas Elliman Inc. are included from revenues and are now reflected as income from discontinued operations, net of income taxes, in Vector Group Ltd's Consolidated Statements of Operations.
⁽³⁾ Vector Group Ltd for the periods presented in this table. EBITDA and EBITDA are in Non-GAAP Financial Measure. Please refer to the Company's Current Reports on Form 8-K, filed on February 26, 2022, and February 16, 2022, respectively (EBITDA) for a reconciliation of Non-GAAP Financial Measures to GAAP. Please also refer to the table on Page 22 for a reconciliation of net income to Adjusted EBITDA.
⁽⁴⁾ Adjusted EBITDA has been computed using a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. The reconciliation is located on Page 22. Because Douglas Elliman Inc.'s results are reflected within discontinued operations, they are excluded from the financial information provided above.



Summary



Vector Group

- Vector Group Ltd., a holding company owning Tobacco and Real Estate businesses, and holding consolidated cash, investment securities and long-term investments of \$491 million⁽¹⁾ at June 30, 2023 (\$388 million, excluding cash at Liggett)
- Vector's CEO, COO, CFO and General Counsel have an average tenure of 29 years with the Company and, along with directors, beneficially own approximately 7% of Vector's common stock



Tobacco segment

- Liggett is the fourth-largest U.S. cigarette manufacturer with 5.6% wholesale market share and 5.8% retail market share for the twelve months ended June 30, 2023
- Liggett was the only major U.S. cigarette manufacturer to increase both market share and unit volumes when comparing unit sales for the twelve months ended June 30, 2013 to unit sales for the twelve months ended June 30, 2023
- \$358.8 million⁽²⁾ of Tobacco Adjusted EBITDA for the twelve months ended June 30, 2023



Real Estate segment

- New Valley owns a diversified portfolio of non-consolidated real estate investments carried at \$127 million at June 30, 2023.
- New Valley's portfolio of real estate ventures exists in various markets throughout the U.S., including New York City, Miami, Los Angeles, Las Vegas and Nashville



⁽¹⁾ At June 30, 2023, the total amount of \$491 million includes cash at Liggett of \$203 million.
⁽²⁾ Vector's operating income from the tobacco segment was \$217 million for the year ended December 31, 2022 and \$334.6 million for the twelve months ended June 30, 2023. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Reports on Form 8-K (Table 5). Read February 15, 2022 and August 4, 2023. Please also refer to the Disclaimer to this document on Page 8.

Adjusted EBITDA Reconciliation

(\$ Millions)	2020	2021	2022	6/30/2023	6/30/2022	TM 6/30/2023
Net income attributed to Vector Group Ltd.	\$ 98.9	\$ 219.5	\$ 158.7	\$ 72.8	\$ 71.7	\$ 159.8
Net (income) loss attributed to Vector Group Ltd. from discontinued operati	34.0	(72.1)	-	-	-	-
Interest Expense	121.3	112.7	110.7	54.6	55.8	109.5
Tax Expense	54.1	62.8	61.9	28.6	27.2	63.3
Net loss attributed to non-controlling interest	-	(0.2)	-	-	-	-
Depreciation and Amortization	9.1	7.8	7.2	3.4	3.6	7.0
EBITDA	\$ 311.4	\$ 330.5	\$ 338.5	\$ 159.4	\$ 158.3	\$ 339.6
Change in Fair Value of Derivatives Embedded Within Convertible Debt ⁽¹⁾	(5.0)	-	-	-	-	-
Equity in (Earnings) Loss from Investments ⁽²⁾	(55.3)	(5.7)	5.0	(6.8)	4.6	(0.4)
Equity in Losses (Earnings) from Real Estate Ventures ⁽³⁾	44.7	(0.3)	5.9	(1.1)	2.3	2.5
Loss (gain) on extinguishment of debt	-	21.4	(0.4)	0.2	-	(0.2)
Stock-Based compensation expense ⁽⁴⁾	9.5	14.8	7.8	4.8	4.7	7.9
Litigation settlement and judgment (income) expense ⁽⁵⁾	0.3	0.2	0.2	18.4	0.1	18.5
Impact of MSA settlement ⁽⁶⁾	0.3	(2.7)	(2.1)	(0.3)	(2.1)	(0.3)
Transaction expenses ⁽⁷⁾	-	10.5	-	-	-	-
Net gains on sales of assets	(2.3)	(0.9)	-	-	-	-
Other, net	8.6	(10.7)	(2.7)	(8.4)	4.3	(15.4)
Adjusted EBITDA Attributed to Vector	\$ 311.4	\$ 350.1	\$ 352.2	\$ 172.2	\$ 172.2	\$ 352.2
Operating Income (Loss) by Segment						
Tobacco	\$ 319.6	\$ 360.3	\$ 347.0	\$ 153.7	\$ 166.0	\$ 334.7
Real Estate	(0.6)	4.1	8.0	0.2	7.8	0.4
Corporate & Other	(24.5)	(43.9)	(16.0)	(8.0)	(8.0)	(16.0)
Operating Income	\$ 294.4	\$ 320.4	\$ 339.0	\$ 145.9	\$ 165.8	\$ 319.1
Adjusted EBITDA Attributed to Vector by Segment						
Tobacco	\$ 328.0	\$ 364.4	\$ 351.1	\$ 174.7	\$ 167.0	\$ 358.8
Real Estate	(0.3)	4.3	8.1	0.2	7.9	0.4
Corporate & Other	(16.4)	(18.6)	(7.0)	(2.7)	(2.7)	(7.0)
Adjusted EBITDA Attributed to Vector	\$ 311.4	\$ 350.1	\$ 352.2	\$ 172.2	\$ 172.2	\$ 352.2

Source: Company filings.

⁽¹⁾ Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.

⁽²⁾ Represents equity in earnings recognized from investments that the Company accounts for under the equity method, included in the amount are equity in earnings from Lakerburg Thermal Energy Services of \$50 million for the year ended December 31, 2020.

⁽³⁾ Represents equity in earnings/losses recognized from the company's investment in certain real estate businesses that are not consolidated in its financial results.

⁽⁴⁾ Represents amortization of stock-based compensation.

⁽⁵⁾ Represents accruals for litigation in the tobacco segment.

⁽⁶⁾ Represents the tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.

⁽⁷⁾ Transaction expenses include expenses incurred in connection with the Company's spin-off of Douglas Elmer Inc. into a standalone public company, which occurred on December 31, 2021.

⁽⁸⁾ Some numbers may not add due to rounding.



