

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): May 10, 2022

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

Symbol(s)

on which registered:

Common stock, par value \$0.10 per share

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 May 10, 2022, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the three months ended March 31, 2022. 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 March 1, 2022, May 5, 2021, and February 25, 2021 for reconciliations of financial measures prepared in accordance with GAAP to Non-GAAP Financial Measures.

Adjusted EBITDA, Tobacco Adjusted EBITDA, and financial measures for all periods presented, including the last twelve months (“LTM”) ended March 31, 2022, (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 enhances 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 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 the Company’s Quarterly Report on Form 10-Q for period ended March 31, 2022 and the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. 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 May 10, 2022, regarding financial results for the three months ended March 31, 2022.

[99.2](#)

Investor presentation of Vector Group Ltd. dated May 2022 (furnished pursuant to Regulation FD).

104

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: May 10, 2022



SARD VERBINEN & CO

FOR IMMEDIATE RELEASE

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VECTOR GROUP REPORTS FIRST QUARTER 2022 FINANCIAL RESULTS

Continued Strong Revenue Growth in Tobacco Segment, with First Quarter Tobacco Segment Revenues Increased by 15% from Prior Year Period

First Quarter 2022 Highlights:

- **Consolidated revenues of \$312.0 million, increased by 15.1% or \$41.1 million compared to the prior year period**
 - Tobacco Segment revenues of \$309.0 million, increased by 15.1% compared to the prior year period.
 - Tobacco Segment unit volume increase of 18.7% compared to the prior year period.
 - Liggett's wholesale and retail market share increases to 5.2% from 3.9% and 4.2%, respectively, in the prior year period.
- **Reported net income attributed to Vector Group of \$32.5 million or \$0.21 per diluted common share, compared to \$32.0 million or \$0.20 per diluted common share in the prior year period; Adjusted Net Income from Continuing Operations of \$26.6 million or \$0.17 per diluted common share, compared to \$34.9 million or \$0.22 per diluted common share in the prior year period**
- **Reported operating income of \$75.1 million, declined by \$0.8 million compared to the prior year period**
 - Tobacco Segment operating income of \$77.6 million, declined by 4.9% or \$4.0 million compared to the prior year period, attributable to the investment in *Montego's* significant volume and market share growth.
- **Adjusted EBITDA from Continuing Operations of \$77.1 million, declined by 1.2% or \$0.9 million compared to the prior year period**
 - Tobacco Segment Adjusted EBITDA from Continuing Operations of \$77.1 million, declined by 4.4% or \$3.6 million compared to the prior year period, attributable to the investment in *Montego's* significant volume and market share growth.
- **Strong liquidity with cash and cash equivalents of \$238 million and investment securities and long-term investments of \$183 million at March 31, 2022**
- **Cash dividends of \$32 million returned to stockholders at a rate of \$0.20 per common share**

MIAMI, FL, May 10, 2022 - Vector Group Ltd. (NYSE:VGR) today announced financial results for the three months ended March 31, 2022.

“Vector Group delivered strong tobacco business revenue performance in the first quarter as we capitalized on favorable market opportunities to substantially increase value and market share,” said Howard M. Lorber, President and Chief Executive Officer of Vector Group Ltd. “Our timely investments in expanding our price-fighting *Montego* brand further demonstrate our proven long-term strategy of optimizing long-term profit through the effective management of volume, pricing, and market share growth.”

GAAP Financial Results

First quarter 2022 revenues were \$312.0 million, compared to revenues of \$271.0 million for the first quarter of 2021. The Company recorded operating income of \$75.1 million for the first quarter of 2022, compared to operating income of \$76.0 million for the first quarter of 2021. Net income attributed to Vector Group Ltd. for the first quarter of 2022 was \$32.5 million, or \$0.21 per diluted common share, compared to net income of \$32.0 million, or \$0.20 per diluted common share, for the first quarter of 2021.

Non-GAAP Financial Measures

Non-GAAP financial results include adjustments for litigation settlements and judgment expense, impact of Master Settlement Agreement settlements, transaction expenses, acceleration of stock compensation expense (for purposes of Adjusted Net Income from Continuing Operations and Adjusted Operating Income only), net gains on sales of assets (for purposes of Adjusted EBITDA from Continuing Operations and Adjusted Operating Income only), and loss on extinguishment of debt (for purposes of Adjusted EBITDA from Continuing Operations and Adjusted Net Income from Continuing Operations). For purposes of Adjusted EBITDA from Continuing Operations only, adjustments include equity in earnings from investments, equity in (earnings) losses from real estate ventures, stock-based compensation expense, litigation settlements and judgment expense, impact of Master Settlement Agreement settlements, transaction expenses, and other, net. For purposes of Adjusted Net Income from Continuing Operations only, adjustments include net interest expense capitalized to real estate ventures and adjustments for a derivative associated with a guarantee. Reconciliations of non-GAAP financial measures to the comparable GAAP financial results for the last twelve months ended March 31, 2022 and the three months ended March 31, 2022 and 2021 are included in Tables 2 through 6.

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

Adjusted EBITDA from Continuing Operations attributed to Vector (as described in Table 2 attached hereto) were \$77.1 million for the first quarter of 2022, compared to \$78.0 million for the first quarter of 2021.

Adjusted Net Income from Continuing Operations (as described in Table 3 attached hereto) was \$26.6 million, or \$0.17 per diluted common share, for the first quarter of 2022, and \$34.9 million, or \$0.22 per diluted common share, for the first quarter of 2021.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$73.1 million for the first quarter of 2022, compared to \$73.3 million for the first quarter of 2021.

Consolidated Balance Sheet

Vector maintained significant liquidity at March 31, 2022 with cash and cash equivalents of \$238 million, including \$46 million of cash at Liggett. Vector also held investment securities of \$133 million and long-term investments of \$50 million.

Vector continued its longstanding practice of paying a quarterly cash dividend in the first quarter of 2022. Vector returned \$32 million to stockholders at a rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the first quarter of 2022, the Tobacco segment had revenues of \$309.0 million, compared to \$268.5 million for the first quarter of 2021.

Operating Income from the Tobacco segment was \$77.6 million for the three months ended March 31, 2022 compared to \$81.6 million for the three months ended March 31, 2021.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the first quarter of 2022 was \$75.6 million,

compared to \$78.9 million for the first quarter of 2021.

For the three months ended March 31, 2022, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.30 billion units, compared to 1.94 billion units for the first quarter of 2021.

According to data from Management Science Associates, for the first quarter of 2022, Liggett's wholesale market share increased to 5.2% compared to 3.9% for the first quarter of 2021. Liggett's wholesale market share is 4.4% for the last twelve months ended March 31, 2022.

According to data from Management Science Associates, for the first quarter of 2022, Liggett's retail market share increased to 5.2% compared to 4.2% for the first quarter of 2021. Liggett's retail market share is 4.4% for the last twelve months ended March 31, 2022. Compared to the first quarter of 2021, Liggett's retail shipments in the first quarter of 2022 increased by 14.6% while the overall industry's retail shipments declined by 7.8%.

Non-GAAP Financial Measures

Adjusted EBITDA from Continuing Operations, Adjusted Net Income from Continuing Operations, Adjusted Operating Income, Tobacco Adjusted Operating Income, Tobacco Adjusted EBITDA, ("the Non-GAAP Financial Measures") are financial measures not prepared in accordance with GAAP. The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances 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 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. Attached hereto as Tables 2 through 6 is information relating to the Company's Non-GAAP Financial Measures for the last twelve months ended March 31, 2022 and the three months ended March 31, 2022 and 2021.

Conference Call to Discuss First Quarter 2022 Results

As previously announced, Vector will host a conference call and webcast on Tuesday, May 10, 2022 at 8:30AM (ET) to discuss its first quarter 2022 results. Investors can access the call by dialing 800-420-1271 and entering 43785 as the conference ID number. The call will also be available via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/45487>. Webcast participants should allot extra time to register before the webcast begins.

A replay of the call will be available shortly after the call ends on May 10, 2022 through May 24, 2022. To access the replay, dial 888-566-0161 and enter 43785 as the conference ID number. The archived webcast will also be available at <https://www.webcaster4.com/Webcast/Page/2271/45487>.

About Vector Group Ltd.

Vector Group is a holding company for Liggett Group LLC, Vector Tobacco Inc., 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 our 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 2021 Annual Report on Form 10-K and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022. 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
(Dollars in Thousands, Except Per Share Amounts)

On December 29, 2021, Vector Group Ltd. completed the distribution of its real estate brokerage, services and PropTech investment business into a new stand-alone public company, Douglas Elliman Inc. (NYSE:DOUG) through a distribution of Douglas Elliman's common stock to Vector Group Ltd. stockholders. The historical results of the real estate brokerage, services and PropTech investment business owned by Douglas Elliman Inc. are excluded from revenues and expenses below and reflected as income from discontinued operations, net of income taxes, in Vector Group Ltd.'s Consolidated Statements of Operations below.

	Three Months Ended	
	2022	March 31, 2021
(Unaudited)		
Revenues:		
Tobacco*	\$ 309,048	\$ 268,463
Real estate	2,994	2,525
Total revenues	<u>312,042</u>	<u>270,988</u>
Expenses:		
Cost of sales:		
Tobacco*	211,537	164,031
Real estate	1,278	876
Total cost of sales	<u>212,815</u>	<u>164,907</u>
Operating, selling, administrative and general expenses	24,029	30,101
Litigation settlement and judgment expense	72	5
Operating income	<u>75,126</u>	<u>75,975</u>
Other income (expenses):		
Interest expense	(25,098)	(28,721)
Loss on extinguishment of debt		(21,362)
Equity in (losses) earnings from investments	(2,242)	577
Equity in (losses) earnings from real estate ventures	(1,877)	1,589
Other, net	<u>(1,145)</u>	<u>2,706</u>
Income before provision for income taxes	44,764	30,764
Income tax expense	<u>12,222</u>	<u>9,214</u>
Income from continuing operations	32,542	21,550
Income from discontinued operations, net of income taxes	<u>—</u>	<u>10,407</u>
Net income	<u>\$ 32,542</u>	<u>\$ 31,957</u>
Per basic common share:		
Net income from continuing operations applicable to common shares	\$ 0.21	\$ 0.14
Net income from discontinued operations applicable to common shares	—	0.06
Net income applicable to common shares	<u>\$ 0.21</u>	<u>\$ 0.20</u>
Per diluted common share:		
Net income from continuing operations applicable to common shares	\$ 0.21	\$ 0.14
Net income from discontinued operations applicable to common shares	—	0.06
Net income applicable to common shares	<u>\$ 0.21</u>	<u>\$ 0.20</u>

* Revenues and cost of sales include federal excise taxes of \$116,079 and \$97,714 for the three months ended March 31, 2022 and 2021, respectively.

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

Table 2 reflects a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. Because Douglas Elliman Inc.'s results are reflected within discontinued operations, they are excluded from the financial information provided below.

	LTM	Year Ended	Three Months Ended	
	March 31, 2022	December 31, 2021	2022	March 31, 2021
Net income attributed to Vector Group Ltd.	\$ 220,048	\$ 219,463	\$ 32,542	\$ 31,957
Net income attributed to Vector Group Ltd. from discontinued operations	(61,902)	(72,309)	—	(10,407)
Interest expense	109,105	112,728	25,098	28,721
Income tax expense	65,815	62,807	12,222	9,214
Net loss attributed to non-controlling interest	(190)	(190)	—	—
Depreciation and amortization	7,610	7,816	1,850	2,056
EBITDA	\$ 340,486	\$ 330,315	\$ 71,712	\$ 61,541
Equity in losses (earnings) from investments (a)	144	(2,675)	2,242	(577)
Equity in (earnings) losses from real estate ventures (b)	(6,784)	(10,250)	1,877	(1,589)
Loss on extinguishment of debt	—	21,362	—	21,362
Stock-based compensation expense (c)	14,286	14,799	2,147	2,660
Litigation settlement and judgment expense (d)	278	211	72	5
Impact of MSA settlement (e)	(2,123)	(2,722)	(2,123)	(2,722)
Transaction expenses (f)	10,468	10,468	—	—
Net gains on sales of assets	(910)	(910)	—	—
Other, net	(6,836)	(10,687)	1,145	(2,706)
Adjusted EBITDA from continuing operations attributed to Vector Group Ltd.	\$ 349,009	\$ 349,911	\$ 77,072	\$ 77,974
Adjusted EBITDA from Continuing Operations Attributed to Vector Group Ltd. by Segment				
Tobacco	\$ 360,830	\$ 364,399	\$ 77,076	\$ 80,645
Real Estate	4,063	4,125	1,035	1,097
Corporate and Other	(15,884)	(18,613)	(1,039)	(3,768)
Total	\$ 349,009	\$ 349,911	\$ 77,072	\$ 77,974

a. Represents equity in earnings recognized from investments that the Company accounts for under the equity method.

b. Represents equity in 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. Included in the year ended December 31, 2021 are expenses associated with the acceleration of stock compensation in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone public company.

d. Represents accruals for product liability litigation in the Company's Tobacco segment.

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

f. Represents expenses incurred in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone public company.

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

Table 3 reflects a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. Because Douglas Elliman Inc.'s results are reflected within discontinued operations, they are excluded from the financial information provided below.

	Three Months Ended March 31,	
	2022	2021
Net income attributed to Vector Group Ltd.	\$ 32,542	\$ 31,957
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	—	(10,407)
Loss on extinguishment of debt	—	21,362
Litigation settlement and judgment expense (a)	72	5
Impact of MSA settlement (b)	(2,123)	(2,722)
Impact of net interest expense capitalized to real estate ventures	(3,696)	(310)
Adjustment for derivative associated with guarantee	(1,681)	—
Total adjustments	(7,428)	7,928
Tax benefit (expense) related to adjustments	1,483	(4,949)
Adjusted Net Income from continuing operations attributed to Vector Group Ltd.	<u>\$ 26,597</u>	<u>\$ 34,936</u>
Per diluted common share:		
Adjusted Net Income from continuing operations applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.17</u>	<u>\$ 0.22</u>

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

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

Table 4 reflects a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. Because Douglas Elliman Inc.'s results are reflected within discontinued operations, they are excluded from the financial information provided below.

	LTM	Year Ended	Three Months Ended	
	March 31, 2022	December 31, 2021	2022	March 31, 2021
Operating income	\$ 319,590	\$ 320,439	\$ 75,126	\$ 75,975
Litigation settlement and judgment expense (a)	278	211	72	5
Transaction expenses (b)	10,468	10,468	—	—
Acceleration of stock compensation expense (c)	4,317	4,317	—	—
Impact of MSA settlement (d)	(2,123)	(2,722)	(2,123)	(2,722)
Net gains on sales of assets	(910)	(910)	—	—
Total adjustments	12,030	11,364	(2,051)	(2,717)
Adjusted Operating Income	\$ 331,620	\$ 331,803	\$ 73,075	\$ 73,258

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
b. Represents expenses include expenses incurred in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone public company.
c. Represents expense related to the acceleration of stock compensation in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone public company.
d. Represents the Company's 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	
	March 31, 2022	December 31, 2021	2022	March 31, 2021
Tobacco Adjusted Operating Income:				
Operating income from Tobacco segment	\$ 356,357	\$ 360,317	\$ 77,639	\$ 81,599
Litigation settlement and judgment expense (a)	278	211	72	5
Impact of MSA settlement (b)	(2,123)	(2,722)	(2,123)	(2,722)
Total adjustments	(1,845)	(2,511)	(2,051)	(2,717)
Tobacco Adjusted Operating Income	\$ 354,512	\$ 357,806	\$ 75,588	\$ 78,882

	LTM	Year Ended	Three Months Ended	
	March 31, 2022	December 31, 2021	2022	March 31, 2021
Tobacco Adjusted EBITDA:				
Operating income from Tobacco segment	\$ 356,357	\$ 360,317	\$ 77,639	\$ 81,599
Litigation settlement and judgment expense (a)	278	211	72	5
Impact of MSA settlement (b)	(2,123)	(2,722)	(2,123)	(2,722)
Total adjustments	(1,845)	(2,511)	(2,051)	(2,717)
Tobacco Adjusted Operating Income	354,512	357,806	75,588	78,882
Depreciation and amortization	6,242	6,525	1,477	1,760
Stock-based compensation expense	76	68	11	3
Total adjustments	6,318	6,593	1,488	1,763
Tobacco Adjusted EBITDA	\$ 360,830	\$ 364,399	\$ 77,076	\$ 80,645

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
b. Represents the Company's 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	
	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021
Revenues:				
Tobacco (a)	\$ 1,243,082	\$ 1,202,497	\$ 309,048	\$ 268,463
Real estate	18,672	18,203	2,994	2,525
Total revenues	<u>\$ 1,261,754</u>	<u>\$ 1,220,700</u>	<u>\$ 312,042</u>	<u>\$ 270,988</u>

a. Tobacco segment revenues include federal excise taxes of \$453,060 for the last twelve months ended March 31, 2022, \$434,695 for the year ended December 31, 2021, \$116,079 and \$97,714 for the three months ended March 31, 2022 and 2021, respectively.



Investor Presentation

May 2022



Disclaimer



This document and any related oral presentation does not constitute an offer or invitation to subscribe for, purchase or otherwise acquire any equity or debt securities or other instruments of Vector Group Ltd. ("Vector," "Vector Group Ltd." or "the Company") or its subsidiaries and nothing contained herein or its presentation shall form the basis of any contract or commitment whatsoever.

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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



- Overview
 - Holding Company with two primary businesses: tobacco (Liggett Group) and real estate (New Valley LLC)
 - On December 29, 2021, Vector completed the spin-off of Douglas Elliman Inc. into an independent publicly traded company (NYSE: DOUG)
 - Reported GAAP net income of \$32.5 million and operating income of \$75.1 million for the three months ended March 31, 2022
 - History of strong earnings with Adjusted EBITDA of \$349.0 million for the last twelve months ended March 31, 2022⁽¹⁾
 - Tobacco Adjusted EBITDA of \$360.8 million for the last twelve months ended March 31, 2022⁽²⁾
 - Diversified portfolio of consolidated and non-consolidated real estate investments at New Valley
 - Maintains substantial liquidity with cash, marketable securities and long-term investments of \$421 million (including cash of \$46 million at Liggett) as of March 31, 2022
 - As of March 31, 2022, seasoned management team (CEO, COO, CFO and General Counsel) with average tenure of 28 years with Vector
 - Management team and directors beneficially own approximately 8% of the equity of Vector
 - Perpetual cost advantage over the largest U.S. tobacco companies – annual cost advantage ranged between \$160 million and \$169 million from 2012 to 2021⁽³⁾

¹⁾ Vector's Net income for the last twelve months ended March 31, 2022, was \$420.0 million. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, filed May 10, 2022 (Table 2), for a reconciliation of Net income to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.

²⁾ All "Liggett" and "Tobacco" financial information in this presentation includes the operations of Liggett Group LLC, Vector Tobacco Inc. and Liggett Vector Brands LLC unless otherwise noted. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Tables 2 and 5 of Exhibit 99.1 to the Company's Current Report on Form 8-K, filed May 10, 2022.

³⁾ Cost advantage applies only to cigarettes sold below applicable market share exemption (approximately 1.03% of cigarettes sold in the United States).



Tobacco Operations



- Fourth-largest U.S. cigarette manufacturer; founded in 1873
 - Core Discount Brands – Eagle 20's, Pyramid, Montego, Grand Prix, Liggett Select and Eve
 - Today, the average retail prices of Eagle 20's and Pyramid are approximately 30% and 15%, respectively, below the average retail prices of the leading premium brands
 - Within the discount category, we continue to see momentum and growth for brands priced at the low end of the value chain
 - Approximately 40% of our current volumes are exempt from payment due to our perpetual MSA grandfathered market share
 - Partner Brands – USA, Bronson and Tourney
- Consistent and strong cash flow
 - Tobacco Adjusted EBITDA of \$360.8 million for the last twelve months ended March 31, 2022 ⁽¹⁾
 - Low capital requirements with capital expenditures of \$6.1 million related to tobacco operations for the last twelve months ended March 31, 2022.
- Current cost advantage of approximately \$0.88 per pack⁽²⁾ compared to the largest U.S. tobacco companies expected to maintain, or gain, market share and drive profit in core brands
 - Pursuant to the MSA, Liggett has no payment obligations unless its market share exceeds a market share exemption of approximately 1.65% of total cigarettes sold in the United States, and Vector Tobacco has no payment obligations unless its market share exceeds a market share exemption of approximately 0.28% of total cigarettes sold in the United States
 - MSA exemption annual cost advantage ranged between \$160 million and \$169 million for Liggett and Vector Tobacco from 2012 to 2021

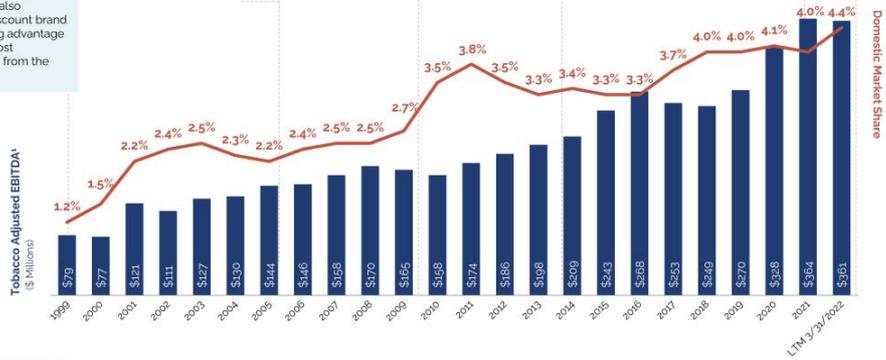


¹⁾ Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed May 30, 2022. Please also refer to the Disclaimer to this document on Page 2.

²⁾ Cost advantage only applied to cigarettes sold below applicable market share exemption (approximately 1.65% of total cigarettes sold in the United States).

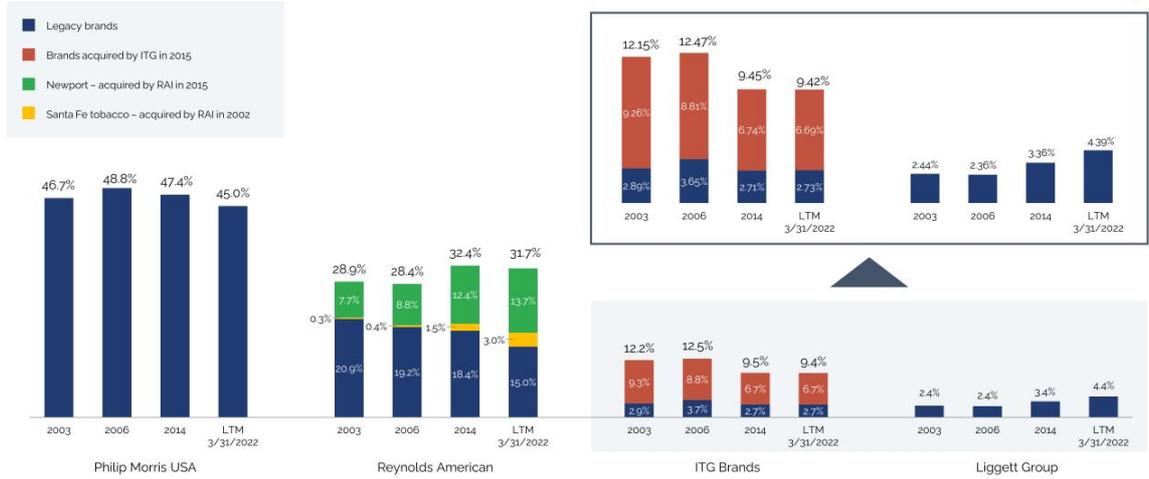
History

1999	2005	2009	2013	2020 and 2021	Today
MSA, which was signed in November 1998, became effective and Liggett, as a Subsequent Participating Manufacturer, established perpetual cost advantage over three largest U.S. tobacco companies. Liggett also introduced deep discount brand Liggett Select taking advantage of the Company's cost advantage resulting from the MSA.	Relaunched deep discount brand Grand Prix.	Repositioned <i>Pyramid</i> as a deep-discount brand in response to a large Federal Excise Tax increase.	Repositioned Eagle 20's as a national deep discount brand.	Expanded distribution of <i>Montego</i> by 29 states.	Liggett maintains its focus on maximizing long-term Tobacco Adjusted EBITDA by effectively managing pricing, volumes and market share.



Source: MSA CDA wholesale shipment database.
 Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.
 a) Vector's operating income from the tobacco segment for the periods presented was \$296.4 million for the last twelve months ended March 31, 2022. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed on May 10, 2022. Please also refer to Table 2 of Exhibit 99.2 to the Company's Current Reports on Form 8-K, filed October 2, 2015, November 15, 2016, and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed March 1, 2022.

Adjusted U.S. Tobacco Industry Market Share



Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2004), 2006 (February 2007) and 2014 (March 2015) and internal estimates for LTM ended 3/31/2022.
 1) Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report for Reynolds American was 29.6%, 27.6% and 23.1%, respectively, and for ITG Brands, was 2.9%, 3.7% and 2.7%, 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. Reynolds American acquired Lorillard Tobacco Company, which manufactured the Newport brand, and sold a portfolio of brands, including the Winston, Salem, Kool and Maverick brands to ITG Brands.
 2) Does not include smaller manufacturers, whose cumulative market shares were 9.6%, 7.9%, 8.6% and 9.5% in 2003, 2006, 2014 and LTM ended 3/31/2022, respectively.

Tobacco Litigation and Regulatory Updates



- Litigation
 - In 2013, Liggett reached a settlement with approximately 4,900 Engle progeny plaintiffs
 - Liggett agreed to pay \$62 million in cash and annual payments of \$3.4 million from 2015 to 2028
 - As of March 31, 2022, 25 Engle progeny cases remain pending
 - Liggett is also a defendant in 61 non-Engle smoking-related individual cases and two smoking-related actions where either a class had been certified or plaintiffs were seeking class certification
 - The Mississippi Attorney General filed a motion to enforce Mississippi's 1996 settlement agreement with Liggett and alleges that Liggett owes Mississippi approximately \$37 million in damages (including interest through March 2022). Proceedings are ongoing, although, to date Liggett has been unsuccessful in its efforts to defeat this matter

- Regulatory
 - Since 1998, the MSA has restricted the advertising and marketing of tobacco products
 - Certain states have passed legislation 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 March 16, 2018, FDA initiated regulatory process to consider setting maximum nicotine level for cigarettes
 - On April 28, 2022, FDA announced proposed product standards to prohibit menthol as a characterizing flavor in cigarettes



Real Estate Operations



- New Valley LLC owns interests in numerous properties and real estate projects in different asset classes, including planned communities, condominium and mixed-use developments, apartment buildings, hotels and commercial properties
- New Valley has approximately \$166 million⁽¹⁾ invested, as of March 31, 2022, in a broad portfolio of real estate ventures
- On December 29, 2021, Vector completed the spin-off of Douglas Elliman Inc. into an independent public company. Douglas Elliman Inc. (NYSE: DOUG) now owns the real estate brokerage, ancillary services operations and PropTech investment businesses formerly owned by Vector. New Valley's interest in numerous real estate properties and projects remain owned by Vector.

¹⁾ Net of cash returned.

Real Estate Summary (Dollars in Thousands)¹

	Net cash invested	Cumulative earnings / (loss) ²	Carrying value ³	Projected construction end date	Range of ownership	Number of investments
Land owned						
All other U.S. areas	\$ (8,894)	\$ 10,933	\$ 9,039	N/A	100.0%	1
	\$ (8,894)	\$ 10,933	\$ 9,039			1
Condominium and Mixed Use Development (Minority interest owned)						
New York City SMSA	\$ 45,246	\$ (2,979)	\$ 21,977	2023	42% - 46.7%	8
All other U.S. areas	71,916	(10,161)	61,725	2022 - 2025	15.0% - 89.1%	10
	\$ 117,162	\$ (13,140)	\$ 83,702			18
Apartments (Minority interest owned)						
All other U.S. areas	11,700	(309)	11,391	N/A	7.6% - 50.0%	1
	\$ 11,700	\$ (309)	\$ 11,391			1
Hotels (Minority interest owned)						
New York City SMSA	\$ 8,198	\$ (7,008)	\$ 1,190	2022	0.4% - 17.8%	3
All other U.S. areas	8,350	(8,350)	-	N/A	N/A	-
International	6,048	(4,792)	1,256	N/A	49.0%	1
	\$ 22,596	\$ (19,150)	\$ 2,446			4
Commercial and Other (Minority interest owned)						
New York City SMSA	\$ (3,176)	\$ 11,247	\$ 8,071	N/A	45.4% - 49.0%	3
All other U.S. areas	3,945	3,492	7,444	N/A	1.6%	1
	\$ 769	\$ 4,271	\$ 9,515			4
Total	\$ 150,333	\$ (28,948)	\$ 121,385			28
Summary						
New York City SMSA	\$ 50,268	\$ (19,740)	\$ 20,628			14
All other U.S. areas	94,017	(4,418)	89,599			13
International	6,048	(4,792)	1,256			1
	\$ 150,333	\$ (28,948)	\$ 121,385			28

1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd's Form 10-K for the period ended March 31, 2022.
2) Includes interest expense capitalized to real estate ventures of \$32,353.
3) Entities affiliated with New Valley LLC invest or have invested in the real estate projects described above. Unless otherwise noted, New Valley Real Estate LLC has not acted as the developer for the real estate projects identified and, in most cases owns or owned a minority of the economic interest therein. Investors in securities of Vector Group Ltd. should not rely on anything set forth in this document in considering an investment in the securities of Vector Group Ltd. Please read the detailed disclosure included in Vector Group Ltd's Form 10-K for the fiscal year ended December 31, 2021, as well as the Form 10-Q for the quarterly period ended March 31, 2022.



Financial Data



Adjusted Historical Financial Data



¹⁾ Revenues include federal excise taxes of \$491, \$462, \$435 and \$453 in thousands, respectively.
²⁾ On December 23, 2021, Vector Group Ltd. completed the distribution of its real estate brokerage, services and PropTech investment business into a new stand-alone public company, Douglas Elliman Inc. (NYSE:DOLG) through a distribution of Douglas Elliman's common stock to Vector Group Ltd. stockholders. The historical results of the real estate brokerage, services and PropTech investment business owned by Douglas Elliman Inc. are excluded 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's net income for the periods presented was \$58.9M, \$209M, \$229M and \$206.4M, respectively. Adjusted EBITDA are a Non-GAAP Financial Measure. Please refer to the Company's Current Reports on Form 8-K, filed on February 28, 2020, March 1, 2022, and May 10, 2022, respectively (Exhibit 99.3) for a reconciliation of Non-GAAP financial measures to GAAP.
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 26. 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 **\$421 million¹ at March 31, 2022 (\$375 million, net of cash at Liggett)**
- Vector's CEO, COO, CFO and General Counsel have an average tenure of **28 years** with the Company and, along with directors, beneficially own **approximately 8% of Vector's common stock**



Tobacco segment

- Liggett is the fourth-largest U.S. Cigarette manufacturer with **4.4%** wholesale market share and **4.4%** retail market share for the last twelve months ended March 31, 2022
- From April 1, 2010, to March 31, 2020, was the only major U.S. cigarette manufacturer to **increase both market share and unit volumes**
- **\$361 million²** of Tobacco Adjusted EBITDA for the last twelve months ended March 31, 2022



Real Estate segment

- New Valley owns a diversified portfolio of consolidated and non-consolidated real estate investments carried at **\$121 million** at March 31, 2022.
- New Valley's portfolio of high-end real estate ventures exists in various luxury markets throughout the U.S., including **New York City, Miami, Los Angeles, Las Vegas and Nashville**



¹ At March 31, 2022, the total amount (\$421 million) includes cash at Liggett of \$46 million.

² Vector Group Ltd.'s operating income from the tobacco segment for the periods presented was \$265.4 million for the last twelve months ended March 31, 2022. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed May 10, 2022 (Tables 2 and 5) and March 1, 2022 (Tables 2 and 5), for a reconciliation of Net Income to Adjusted EBITDA and a reconciliation of operating income from the tobacco segment to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.

Adjusted EBITDA Reconciliation

(\$ Millions)	FYE December 31,			Three Months Ended			LTM 3/31/2022
	2019	2020	2021	3/31/2022	3/31/2021		
Net income attributed to Vector Group Ltd.	\$ 101.0	\$ 92.9	\$ 219.5	\$ 32.5	\$ 32.0	\$	220.0
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	(7.1)	34.0	(72.3)	-	(10.4)		(61.9)
Interest Expense	137.5	121.3	112.7	25.1	28.7		109.1
Tax Expense	31.1	54.1	62.8	12.2	9.2		65.8
Net loss attributed to non-controlling interest	0.0	-	(0.2)	-	-		(0.2)
Depreciation and Amortization	9.2	9.1	7.8	1.9	2.1		7.6
EBITDA	\$ 271.8	\$ 311.4	\$ 330.3	\$ 71.7	\$ 61.5	\$	340.5
Change in Fair Value of Derivatives Embedded Within Convertible Debt ⁽¹⁾	(26.4)	(5.0)	-	-	-		-
Equity in (Earnings) Loss from Investments ⁽²⁾	(17.0)	(56.3)	(2.7)	2.2	(0.6)		0.1
Equity in Losses (Earnings) from Real Estate Ventures ⁽³⁾	27.8	44.7	(10.3)	1.9	(1.6)		(6.8)
Loss on Extinguishment of Debt	4.3	-	21.4	-	21.4		-
Stock-Based Compensation Expense ⁽⁴⁾	9.5	9.5	14.8	2.1	2.7		14.3
Litigation Settlement and Judgment (Income) Expense ⁽⁵⁾	1.0	0.3	0.2	0.1	0.0		0.3
Impact of MSA Settlement ⁽⁶⁾	-	0.3	(2.7)	(2.2)	(2.7)		(2.2)
Transaction Expenses ⁽⁷⁾	-	-	10.5	-	-		10.5
Net Gains on Sales of Assets	-	(2.3)	(0.9)	-	-		(0.9)
Other, Net	(16.7)	8.6	(10.7)	1.2	(2.7)		(6.7)
Adjusted EBITDA Attributed to Vector	\$ 254.1	\$ 311.4	\$ 349.9	\$ 77.1	\$ 78.0	\$	349.0
<u>Operating Income (Loss) by Segment</u>							
Tobacco	\$ 261.6	\$ 319.5	\$ 360.3	\$ 77.6	\$ 81.6	\$	356.4
Real Estate	0.6	(0.6)	4.1	1.0	1.0		4.0
Corporate & Other	(27.6)	(24.5)	(43.9)	(3.5)	(6.7)		(40.8)
Operating Income	\$ 234.6	\$ 294.4	\$ 320.4	\$ 75.1	\$ 76.0	\$	319.6
<u>Adjusted EBITDA Attributed to Vector by Segment</u>							
Tobacco	\$ 270.5	\$ 328.0	\$ 364.4	\$ 77.1	\$ 80.6	\$	360.8
Real Estate (12)	0.8	(0.3)	4.1	1.0	1.1		4.1
Corporate & Other	(17.1)	(16.4)	(18.6)	(1.0)	(3.8)		(15.9)
Adjusted EBITDA Attributed to Vector	\$ 254.1	\$ 311.4	\$ 349.9	\$ 77.1	\$ 78.0	\$	349.0

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 Ludenburg Thelmann Financial Services of \$53.4 million for the year ended December 31, 2020 and equity earnings from Castle Brands of \$9.4 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 settlements of judgment expenses in the Engle progeny tobacco litigation.
- (6) Represents the Company's 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 Elliman Inc. into a standalone public company, which occurred on December 29, 2021.



