

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): February 15, 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

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 February 15, 2023, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the fourth quarter and full year ended December 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 February 16, 2023 for reconciliations of financial measures prepared in accordance with GAAP to Non-GAAP Financial Measures.

Adjusted EBITDA from Continuing Operations, Adjusted Net Income from Continuing Operations, 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.

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, 2021 and, when filed, in our Annual Report on Form 10-K for the year ended December 31, 2022. 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 February 15, 2023, regarding financial results for the fourth quarter ended December 31, 2022.

[99.2](#)

Investor presentation of Vector Group Ltd. dated February 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: February 16, 2023



FOR IMMEDIATE RELEASE

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VECTOR GROUP REPORTS FOURTH QUARTER AND FULL YEAR 2022 FINANCIAL RESULTS

Record Annual Tobacco Segment Revenues Fueled by Continued Strong Volume

Fourth Quarter 2022 Highlights:

- **Consolidated revenues of \$363.8 million, up 16.0% or \$50.1 million compared to the prior year period.**
 - Tobacco segment revenues of \$363.8 million, up 18.6% or \$57.2 million compared to the prior year period.
 - Tobacco segment wholesale and retail market share increased to 5.5% and 5.8% from 4.4% and 4.4%, respectively, in the prior year period.
- **Reported operating income of \$89.3 million, up \$20.7 million compared to the prior year period.**
 - Tobacco segment operating income of \$93.0 million, up 11.0% or \$9.2 million compared to the prior year period, primarily attributable to the transition of the *Montego* brand strategy from volume-based to income-based.
- **Adjusted EBITDA from Continuing Operations of \$92.7 million, up 10.0% or \$8.4 million compared to the prior year period.**
 - Tobacco Adjusted EBITDA of \$94.5 million, up 10.5% or \$9.0 million compared to the prior year period.

Full Year 2022 Highlights:

- **Record consolidated revenues of \$1.44 billion, up 18.0% or \$220.3 million compared to the prior year.**
 - Tobacco segment revenues of \$1.43 billion, up 18.5% or \$222.6 million compared to the prior year.
 - Tobacco segment wholesale and retail market share increased to 5.4% and 5.5% from 4.1% and 4.2%, respectively, in the prior year.
- **Reported operating income of \$339.0 million, up \$18.6 million compared to the prior year.**
 - Tobacco segment operating income of \$347.0 million, down 3.7% or \$13.3 million compared to the prior year, primarily attributable to the investment in *Montego*'s significant volume and market share growth.

- **Adjusted EBITDA from Continuing Operations of \$352.2 million, up 0.7% or \$2.3 million compared to the prior year.**
- Tobacco Adjusted EBITDA of \$351.1 million, down from \$364.4 million in the prior year.

MIAMI, FL, February 15, 2023 - Vector Group Ltd. (NYSE:VGR) today announced financial results for the three months and year ended December 31, 2022.

“Vector Group delivered record revenues in 2022 by capitalizing on opportunities to substantially increase our market share, thus driving value for stockholders,” said Howard M. Lorber, President and Chief Executive Officer of Vector Group Ltd. “The 11% increase in our Tobacco segment’s operating income in the fourth quarter reflects the recent and ongoing transition of our *Montego* brand strategy from volume-based to income-based. In 2023, we will continue to focus on optimizing long-term profit by effectively managing our volume, pricing, and market share.”

GAAP Financial Results

Three months ended December 31, 2022 and 2021. Fourth quarter 2022 revenues were \$363.8 million, compared to revenues of \$313.7 million in the fourth quarter of 2021. The Company recorded operating income of \$89.3 million in the fourth quarter of 2022, compared to operating income of \$68.6 million in the fourth quarter of 2021. Net income for the fourth quarter of 2022 was \$48.2 million, or \$0.30 per diluted common share, compared to net income of \$45.3 million, or \$0.29 per diluted common share, in the fourth quarter of 2021. Net income from continuing operations for the fourth quarter of 2022 was \$48.2 million, or \$0.30 per diluted common share, compared to net income from continuing operations of \$30.7 million, or \$0.20 per diluted common share, in the fourth quarter of 2021.

Year ended December 31, 2022 and 2021. For the year ended December 31, 2022, revenues were \$1.4 billion, compared to revenues of \$1.2 billion for the year ended December 31, 2021. The Company recorded operating income of \$339.0 million for the year ended December 31, 2022, compared to operating income of \$320.4 million for the year ended December 31, 2021. Net income attributed to Vector Group Ltd. for the year ended December 31, 2022 was \$158.7 million, or \$1.01 per diluted common share, compared to net income of \$219.5 million, or \$1.40 per diluted common share, for the year ended December 31, 2021. Net income from continuing operations for the year ended December 31, 2022 was \$158.7 million, or \$1.01 per diluted common share, compared to net income from continuing operations of \$147.2 million, or \$0.94 per diluted common share, for the year ended December 31, 2021.

Non-GAAP Financial Measures

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

Adjusted EBITDA from Continuing Operations (as described in Table 2 attached hereto) were \$92.7 million for the fourth quarter of 2022, compared to \$84.3 million for the fourth quarter of 2021.

Adjusted Net Income from Continuing Operations (as described in Table 3 attached hereto) was \$48.9 million, or \$0.31 per diluted share, for the fourth quarter of 2022, compared to \$41.4 million, or \$0.26 per diluted share, for the fourth quarter of 2021.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$89.4 million for the fourth quarter of 2022, compared to \$80.1 million for the fourth quarter of 2021.

Year ended December 31, 2022 compared to the year ended December 31, 2021

Adjusted EBITDA from Continuing Operations (as described in Table 2 attached hereto) were \$352.2 million for the year ended December 31, 2022, compared to \$349.9 million for the year ended December 31, 2021.

Adjusted Net Income from Continuing Operations (as described in Table 3 attached hereto) was \$153.4 million, or \$0.97 per diluted share, for the year ended December 31, 2022, compared to \$174.8 million, or \$1.12 per diluted share, for the year ended December 31, 2021.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$337.1 million for the year ended December 31, 2022, compared to \$331.8 million for the year ended December 31, 2021.

Consolidated Balance Sheet

Vector Group Ltd. maintained significant liquidity at December 31, 2022 with cash and cash equivalents of \$224.6 million, including \$10.1 million of cash at its Tobacco segment, investment securities of \$116.4 million and long-term investments of \$45.0 million.

Vector Group Ltd. continued its longstanding history of paying a quarterly cash dividend in the fourth quarter of 2022. For the year ended December 31, 2022, Vector Group Ltd. returned a total of \$127 million to stockholders at a quarterly rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the fourth quarter of 2022, the Tobacco segment had revenues of \$363.8 million, compared to \$306.6 million for the fourth quarter of 2021. For the year ended December 31, 2022, the Tobacco segment had revenues of \$1.4 billion, compared to \$1.2 billion for the year ended December 31, 2021.

Operating Income from the Tobacco segment was \$93.0 million and \$347.0 million for the three months and the year ended December 31, 2022, respectively, compared to \$83.8 million and \$360.3 million for the three months and the year ended December 31, 2021, respectively.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the fourth quarter of 2022 was \$93.0 million compared to \$84.0 million for the fourth quarter of 2021. Tobacco Adjusted Operating Income for the year ended December 31, 2022 was \$345.2 million, compared to \$357.8 million for the year ended December 31, 2021.

Operational Metrics

For the fourth quarter of 2022, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.56 billion units, compared to 2.22 billion units for the fourth quarter of 2021. For the year ended December 31, 2022, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 10.35 billion units, compared to 8.63 billion units for the year ended December 31, 2021.

According to data from Management Science Associates, Inc., for the fourth quarter of 2022, the Tobacco segment's wholesale market share increased to 5.5% compared to 4.4% for the fourth quarter of 2021. For the year ended December 31, 2022, the Tobacco segment's wholesale market share increased to 5.4%, compared to 4.1% for the year ended December 31, 2021. The Tobacco segment's wholesale shipments in the fourth quarter of 2022 increased by 15.3% compared to the fourth quarter of 2021, while the overall industry's wholesale shipments declined by 9.0%. The Tobacco segment's wholesale shipments for the year ended December 31, 2022 increased by 19.9% compared to the year ended December 31, 2021, while the overall industry's wholesale shipments declined by 9.9%.

According to data from Management Science Associates, Inc., for the fourth quarter of 2022, the Tobacco segment's retail market share increased to 5.8% compared to 4.4% for the fourth quarter of 2021. For the year ended December 31, 2022, the Tobacco segment's retail market share increased to 5.5%, compared to 4.2% for the year ended December 31, 2021. The Tobacco segment's retail shipments in the fourth quarter of 2022 increased by 19.5% compared to the fourth quarter of 2021, while the overall industry's retail shipments declined by 9.3%. The Tobacco segment's retail shipments for the year ended December 31, 2022 increased by 19.7% compared to the year ended December 31, 2021, while the overall industry's retail shipments declined by 8.7%.

Non-GAAP Financial Measures

Adjusted EBITDA from Continuing Operations, Adjusted Net Income from Continuing Operations, 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 fourth quarter and full year ended December 31, 2022 and 2021 are included in Tables 2 through 5.

Conference Call to Discuss Fourth Quarter and Full Year 2022 Results

As previously announced, the Company will host a conference call and webcast on Thursday, February 16, 2023 at 8:00 AM (ET) to discuss its fourth quarter and full year results. Investors may access the call via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/47624>. Please join the webcast at least 10 minutes prior to the start time.

A replay of the call will be available shortly after the call ends on February 16, 2023 through March 2, 2023 at <https://www.webcaster4.com/Webcast/Page/2271/47624>.

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 Annual Report on Form 10-K for the year ended December 31, 2021 and, when filed, in our Annual Report on Form 10-K for the year ended December 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 | | Year Ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) | | (Unaudited) | |
| Revenues: | | | | |
| Tobacco* | \$ 363,770 | \$ 306,596 | \$ 1,425,125 | \$ 1,202,497 |
| Real estate | — | 7,077 | 15,884 | 18,203 |
| Total revenues | <u>363,770</u> | <u>313,673</u> | <u>1,441,009</u> | <u>1,220,700</u> |
| Expenses: | | | | |
| Cost of sales: | | | | |
| Tobacco* | 247,582 | 201,441 | 991,331 | 758,015 |
| Real estate | — | 1,859 | 7,327 | 11,527 |
| Total cost of sales | <u>247,582</u> | <u>203,300</u> | <u>998,658</u> | <u>769,542</u> |
| Operating, selling, administrative and general expenses | 26,837 | 41,623 | 103,102 | 131,418 |
| Litigation settlement and judgment expense | 79 | 194 | 239 | 211 |
| Net gains on sales of assets | — | — | — | (910) |
| Operating income | <u>89,272</u> | <u>68,556</u> | <u>339,010</u> | <u>320,439</u> |
| Other income (expenses): | | | | |
| Interest expense | (27,245) | (27,709) | (110,665) | (112,728) |
| Gain (loss) on extinguishment of debt | — | — | 412 | (21,362) |
| Equity in earnings (losses) from investments | 177 | 1,113 | (4,995) | 2,675 |
| Equity in (losses) earnings from real estate ventures | (1,706) | (2,255) | (5,946) | 10,250 |
| Other, net | 7,789 | 819 | 2,746 | 10,687 |
| Income before provision for income taxes | <u>68,287</u> | <u>40,524</u> | <u>220,562</u> | <u>209,961</u> |
| Income tax expense | 20,137 | 9,813 | 61,861 | 62,807 |
| Income from continuing operations | <u>48,150</u> | <u>30,711</u> | <u>158,701</u> | <u>147,154</u> |
| Income from discontinued operations, net of income taxes | — | 14,531 | — | 72,119 |
| Net income | <u>\$ 48,150</u> | <u>\$ 45,242</u> | <u>\$ 158,701</u> | <u>\$ 219,273</u> |
| Net loss from discontinued operations attributed to non-controlling interest | — | 70 | — | 190 |
| Net income attributed to Vector Group Ltd. from continuing operations | 48,150 | 30,711 | 158,701 | 147,154 |
| Net income attributed to Vector Group Ltd. from discontinued operations | — | 14,601 | — | 72,309 |
| Net income attributed to Vector Group Ltd. | <u>\$ 48,150</u> | <u>\$ 45,312</u> | <u>\$ 158,701</u> | <u>\$ 219,463</u> |
| Per basic common share: | | | | |
| Net income from continuing operations applicable to common shares | \$ 0.30 | \$ 0.20 | \$ 1.01 | \$ 0.94 |
| Net income from discontinued operations applicable to common shares | — | 0.09 | — | 0.46 |
| Net income applicable to common shares | <u>\$ 0.30</u> | <u>\$ 0.29</u> | <u>\$ 1.01</u> | <u>\$ 1.40</u> |
| Per diluted common share: | | | | |
| Net income from continuing operations applicable to common shares | \$ 0.30 | \$ 0.20 | \$ 1.01 | \$ 0.94 |
| Net income from discontinued operations applicable to common shares | — | 0.09 | — | 0.46 |
| Net income applicable to common shares | <u>\$ 0.30</u> | <u>\$ 0.29</u> | <u>\$ 1.01</u> | <u>\$ 1.40</u> |

* Revenues and cost of sales include federal excise taxes of \$128,756, \$111,838, \$520,760 and \$434,695 for the three months and year ended December 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.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income | \$ 48,150 | \$ 45,312 | \$ 158,701 | \$ 219,463 |
| Net income from discontinued operations | — | (14,601) | — | (72,309) |
| Interest expense | 27,245 | 27,709 | 110,665 | 112,728 |
| Income tax expense | 20,137 | 9,813 | 61,861 | 62,807 |
| Net loss attributed to non-controlling interest | — | (70) | — | (190) |
| Depreciation and amortization | 1,788 | 1,895 | 7,218 | 7,816 |
| EBITDA | \$ 97,320 | \$ 70,058 | \$ 338,445 | \$ 330,315 |
| Equity in (earnings) losses from investments (a) | (177) | (1,113) | 4,995 | (2,675) |
| Equity in losses (earnings) from real estate ventures (b) | 1,706 | 2,255 | 5,946 | (10,250) |
| (Gain) loss on extinguishment of debt | — | — | (412) | 21,362 |
| Stock-based compensation expense (c) | 1,573 | 6,684 | 7,848 | 14,799 |
| Litigation settlement and judgment expense (d) | 79 | 194 | 239 | 211 |
| Impact of MSA settlement (e) | — | — | (2,123) | (2,722) |
| Transaction expenses (f) | — | 7,042 | — | 10,468 |
| Net gains on sales of assets | — | — | — | (910) |
| Other, net | (7,789) | (819) | (2,746) | (10,687) |
| Adjusted EBITDA from Continuing Operations | \$ 92,712 | \$ 84,301 | \$ 352,192 | \$ 349,911 |
| Adjusted EBITDA from Continuing Operations by Segment | | | | |
| Tobacco | \$ 94,540 | \$ 85,519 | \$ 351,131 | \$ 364,399 |
| Real Estate | 177 | 4,661 | 8,082 | 4,125 |
| Corporate and Other | (2,005) | (5,879) | (7,021) | (18,613) |
| Total | \$ 92,712 | \$ 84,301 | \$ 352,192 | \$ 349,911 |

- 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. 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 Tobacco segment.
- e. Represents the 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 December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income | \$ 48,150 | \$ 45,312 | \$ 158,701 | \$ 219,463 |
| Net income from discontinued operations | — | (14,601) | — | (72,309) |
| (Gain) loss on extinguishment of debt | — | — | (412) | 21,362 |
| Litigation settlement and judgment expense (a) | 79 | 194 | 239 | 211 |
| Impact of MSA settlement (b) | — | — | (2,123) | (2,722) |
| Impact of net interest expense capitalized to real estate ventures | 955 | (1,013) | (2,137) | (1,180) |
| Expense related to Tax Disaffiliation indemnification (c) | 8 | — | 589 | — |
| Transaction expenses (d) | — | 7,042 | — | 10,468 |
| Acceleration of stock compensation expense (e) | — | 4,317 | — | 4,317 |
| Adjustment for derivative associated with guarantee | — | — | (2,646) | — |
| Total adjustments | 1,042 | (4,061) | (6,490) | (39,853) |
| Tax (expense) benefit related to adjustments | (267) | 130 | 1,144 | (4,860) |
| Adjusted Net Income from Continuing Operations | <u>\$ 48,925</u> | <u>\$ 41,381</u> | <u>\$ 153,355</u> | <u>\$ 174,750</u> |
| Per diluted common share: | | | | |
| Adjusted Net Income from Continuing Operations applicable to common shares | <u>\$ 0.31</u> | <u>\$ 0.26</u> | <u>\$ 0.97</u> | <u>\$ 1.12</u> |

- a. Represents accruals for product liability 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.
d. Represents expenses incurred in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone, publicly traded company.
e. Represents expense related to the acceleration of stock compensation in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone, publicly traded company.

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.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating income | \$ 89,272 | \$ 68,556 | \$ 339,010 | \$ 320,439 |
| Litigation settlement and judgment expense (a) | 79 | 194 | 239 | 211 |
| Transaction expenses (b) | — | 7,042 | — | 10,468 |
| Acceleration of stock compensation expense (c) | — | 4,317 | — | 4,317 |
| Impact of MSA settlement (d) | — | — | (2,123) | (2,722) |
| Net gains on sales of assets | — | — | — | (910) |
| Total adjustments | 79 | 11,553 | (1,884) | 11,364 |
| Adjusted Operating Income | <u>\$ 89,351</u> | <u>\$ 80,109</u> | <u>\$ 337,126</u> | <u>\$ 331,803</u> |

- a. Represents accruals for product liability litigation in the Tobacco segment.
- b. Represents 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 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)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Tobacco Adjusted Operating Income: | | | | |
| Operating income from Tobacco segment | \$ 92,966 | \$ 83,760 | \$ 347,044 | \$ 360,317 |
| Litigation settlement and judgment expense (a) | 79 | 194 | 239 | 211 |
| Impact of MSA settlement (b) | — | — | (2,123) | (2,722) |
| Total adjustments | 79 | 194 | (1,884) | (2,511) |
| Tobacco Adjusted Operating Income | <u>\$ 93,045</u> | <u>\$ 83,954</u> | <u>\$ 345,160</u> | <u>\$ 357,806</u> |

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Tobacco Adjusted EBITDA: | | | | |
| Operating income from Tobacco segment | \$ 92,966 | \$ 83,760 | \$ 347,044 | \$ 360,317 |
| Litigation settlement and judgment expense (a) | 79 | 194 | 239 | 211 |
| Impact of MSA settlement (b) | — | — | (2,123) | (2,722) |
| Total adjustments | 79 | 194 | (1,884) | (2,511) |
| Tobacco Adjusted Operating Income | 93,045 | 83,954 | 345,160 | 357,806 |
| Depreciation and amortization | 1,475 | 1,518 | 5,901 | 6,525 |
| Stock-based compensation expense | 20 | 47 | 70 | 68 |
| Total adjustments | 1,495 | 1,565 | 5,971 | 6,593 |
| Tobacco Adjusted EBITDA | <u>\$ 94,540</u> | <u>\$ 85,519</u> | <u>\$ 351,131</u> | <u>\$ 364,399</u> |

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



Investor Presentation

February 2023



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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The following presentation may contain "forward-looking statements," including any statements that may be contained in the presentation that reflect Vector's expectations or beliefs with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of the Company, including the risk that changes in Vector's capital expenditures impact its expected free cash flow and the other risk factors described in Vector's annual report on Form 10-K for the year ended December 31, 2021, as filed with the SEC, and, when filed, Vector's annual report on Form 10-K for the year ended December 31, 2022. Please also refer to Vector's Current Report on Form 8-K, filed on October 2, 2015, November 15, 2016, June 14, 2018, May 3, 2019, February 25, 2021 and February 16, 2023 (Commission File Number 1-5759) as filed with the SEC for information, including cautionary and explanatory language, relating to Non-GAAP Financial Measures in this Presentation labeled "Adjusted".

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



Liggett Vector Brands

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



Real Estate
Diversified portfolio of consolidated and non-consolidated real estate investments

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.

Reported operating income of **\$339.0 million** for the year ended December 31, 2022.



History of strong earnings

\$352.2M

Adjusted EBITDA from continuing operations for the year ended December 31, 2022⁽¹⁾

\$351.1M

Tobacco Adjusted EBITDA for the year ended December 31, 2022⁽²⁾

⁽¹⁾ Vector's net income was \$158.7 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 February 15, 2023 (Table 2), for a reconciliation of net income to Adjusted EBITDA. Please also refer to the Disclaimer to this document on Page 2.

⁽²⁾ 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 February 15, 2023. Please also refer to the Disclaimer to this document on Page 2.

Investment Highlights & Portfolio (cont.)



Maintains substantial liquidity

\$376M

of cash, marketable securities and long-term investments at holding company as of December 31, 2022

+

\$10M

of cash at Liggett as of December 31, 2022, which will be primarily used to pay Liggett's current MSA liability (\$14.8 million at December 31, 2022)

=

\$386M

of consolidated cash, marketable securities and long-term investments as of December 31, 2022



Seasoned management team

29 years

average tenure of CEO, COO, CFO and General Counsel with Vector as of December 31, 2022

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 193% of total cigarettes sold in the United States).



Tobacco Operations

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

Consistent and strong cash flow

\$351.1M
Tobacco Adjusted EBITDA for the year ended December 31, 2022⁽¹⁾

\$9.9M
capital expenditures with capital requirements related to tobacco operations for the year ended December 31, 2022, including \$4.5 million on factory modernization (below)

\$14M
current capital expenditure commitments, of which \$4.5 million (above) has been funded, associated with factory modernization throughout 2022 and 2023

\$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

\$0.91 ⁽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

¹⁾ 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 February 16, 2023. Please also refer to the Disclaimer to this document on Page 2.
²⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1.93% of total cigarettes sold in the United States).

History

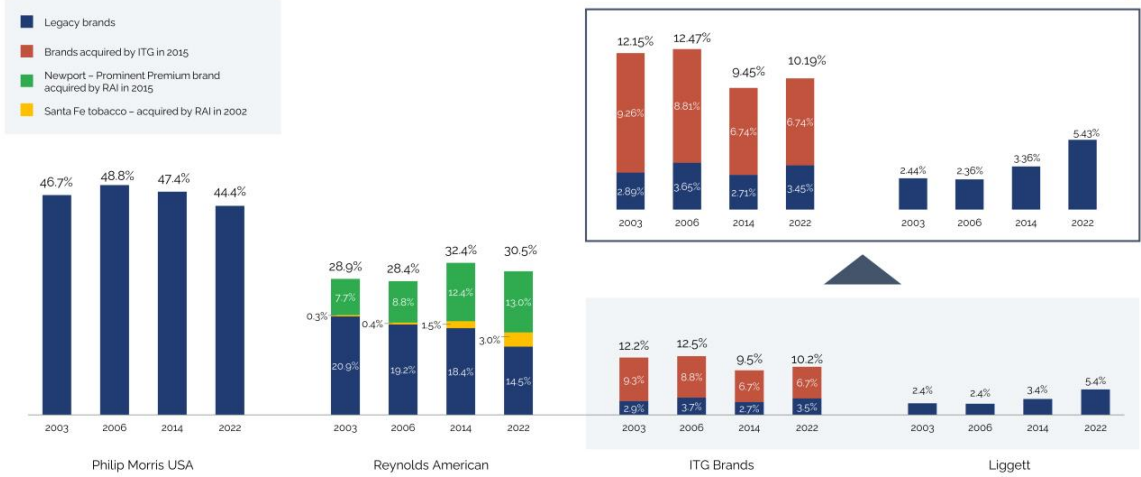


Source: MSA CBA wholesale shipment database.

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 was \$261.6, \$319.5, \$350.3 and \$347.0 for the years ended December 31, 2019, 2020, 2021 and 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 5 of Exhibit 991 to the Company's Current Reports on Form 8-K, filed on February 25, 2021 and February 15, 2023. Please also refer to Table 2 of Exhibit 992 to the Company's Current Reports on Form 8-K, filed October 2, 2016, November 15, 2018, and Table 5 of Exhibit 991 to the Company's Current Report on Form 8-K, filed February 25, 2021.

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



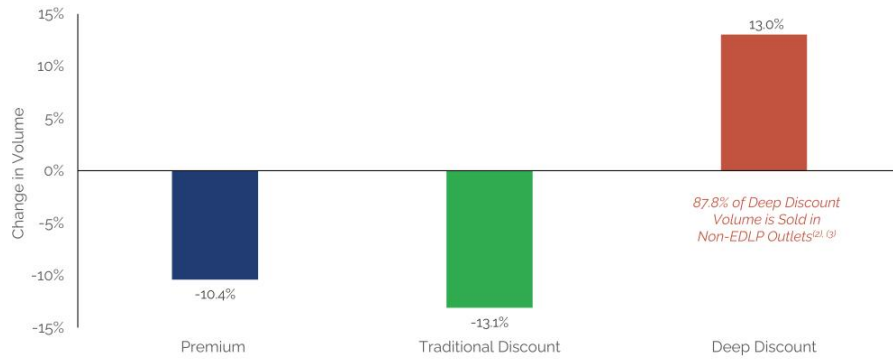
Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2004), 2006 (February 2007) and 2014 (March 2015) and internal estimates for LTM (last twelve months) ended 12/31/2022.
 1) Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report 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. In 2006, 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 9.8%, 7.9%, 8.6% and 9.5% in 2003, 2006, 2014 and 2022, respectively.

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



Liggett's unit sales volume was **53%** in *Traditional Discount* and **47%** in *Deep Discount*⁽²⁾

U.S. Cigarette Industry unit sales volume was **16.4%** in *Traditional Discount* and **11.5%** in *Deep Discount*⁽²⁾



Source: Management Science Associates, Inc.'s (MSA) RIS Database for the 52 weeks ended December 31, 2022. 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 year ended December 31, 2022.

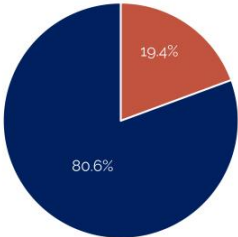
⁽²⁾ The Deep Discount category currently includes brands whose national average retail price is at least 40% lower than the average of the leading Premium cigarette brands. Montego, which represented 47% of Liggett's volume for the year ended December 31, 2022, is included in the Deep Discount category 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⁾

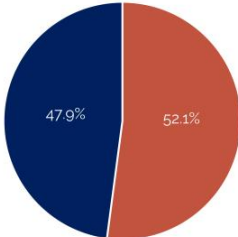


Liggett



■ EDLP⁽¹⁾ ■ Non-EDLP⁽¹⁾

Industry



■ EDLP⁽¹⁾ ■ Non-EDLP⁽¹⁾

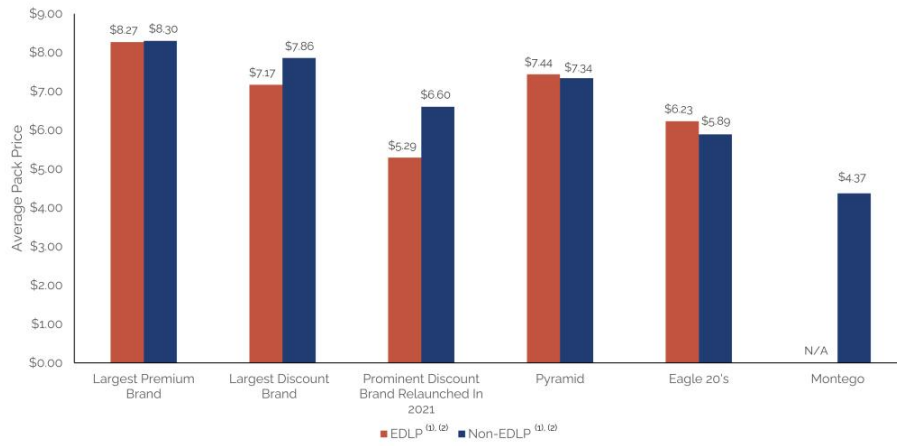
Source: Management Science Associates, Inc.'s IRS Database 52 Weeks Ended December 31, 2022.
⁽¹⁾ EDLP stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell an EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

Wholesale List Price Increases in 2020, 2021, 2022 and 2023



| Effective Date | Action | Brands | | | |
|--------------------|--------------------------------|-----------------|------------|---------|------------------------------------|
| | | Montego | Eagle 20's | Pyramid | Liggett Select, Eve and Grand Prix |
| | | Amount per pack | | | |
| 2020 | | | | | |
| February 17, 2020 | List Price increase | \$ - | \$ 0.08 | \$ 0.08 | \$ 0.08 |
| June 22, 2020 | List Price increase | - | 0.11 | 0.11 | 0.11 |
| November 2, 2020 | List Price increase | - | 0.13 | 0.13 | 0.13 |
| 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 28, 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 |

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

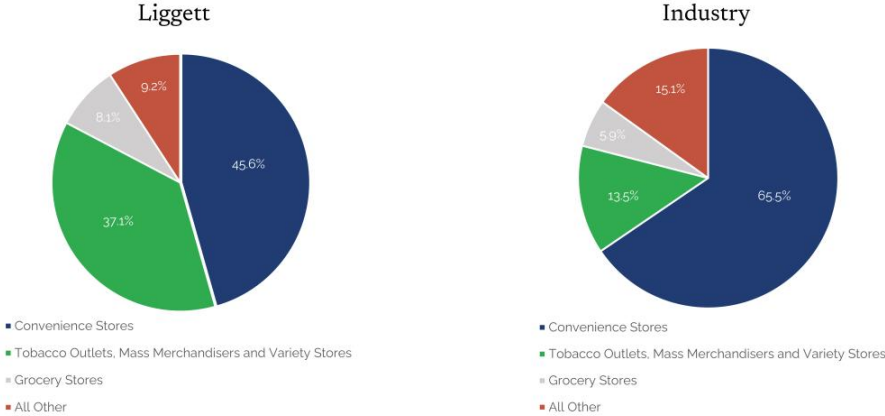


Source: Company Estimates in Liggett's markets for the 13 weeks ended December 31, 2022.

⁽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.

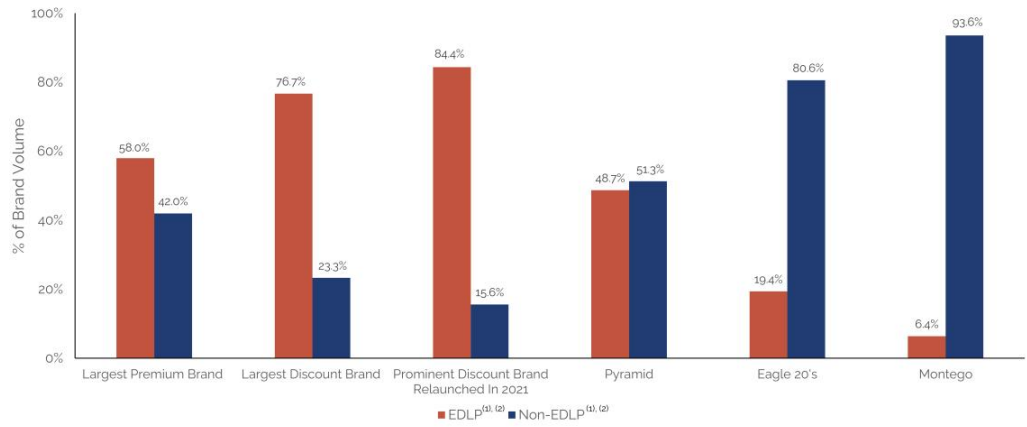
⁽²⁾ Company retail pricing estimates include State Excise Tax and, as such, average brand pricing estimates may be impacted by the degree of geographic diversity in the retail store population sample.

Liggett's Distribution is Value-Focused



Source: Management Science Associates, Inc.'s (MSA) RIS Database for the 52 weeks ended December 31, 2022.

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



Source: Management Science Associates, Inc.'s RIS Database for the 13 weeks ended December 31, 2022.
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.

Tobacco Litigation and Regulatory Updates



- Litigation
 - In 2013, Liggett reached a settlement with approximately 4,900 *Engle* progeny plaintiffs
 - Liggett is paying \$3.7 million annually until 2028
 - As of December 31, 2022, 21 *Engle* progeny cases remain pending
 - Liggett is also a defendant in 53 non-*Engle* smoking-related individual cases
 - There are two smoking-related actions and a health care cost recovery action pending, and all are inactive
 - The mayor of Baltimore recently commenced an action against Liggett and others claiming, among other things, that the failure of the defendants to use biodegradable filters in their cigarette products resulted in littering by smokers which resulted in the reduction of property values and tourism to the City
 - The Mississippi Attorney General filed a motion to enforce Mississippi's 1996 settlement agreement with Liggett and alleges that Liggett owes Mississippi approximately \$40 million in damages (including interest through December 2022). Proceedings are ongoing and Liggett posted a bond for \$24 million in June 2022. 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 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
 - On June 21, 2022, the FDA indicated it plans to publish a proposed rule in May 2023 that establishes a tobacco product standard reducing the level of nicotine in cigarettes to non-addictive levels



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 \$190 million⁽¹⁾ invested, as of December 31, 2022, 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 |
|--|-------------------|---|-------------------------------|---------------------------------|--------------------|-----------------------|
| Land owned | | | | | | |
| All other U.S. areas | \$ (17,532) | \$ 17,532 | \$ - | N/A | 100.0% | - |
| | \$ (17,532) | \$ 17,532 | \$ - | | | - |
| Real Estate Investments at Cost | | | | | | |
| All other U.S. areas | \$ 1,000 | \$ - | \$ 1,000 | N/A | 2.5% | 1 |
| | \$ 1,000 | \$ - | \$ 1,000 | | | 1 |
| Condominium and Mixed Use Development (Minority interest owned) | | | | | | |
| New York City SMSA | \$ 44,414 | \$ (27,608) | \$ 16,806 | 2023 | 41% - 22.8% | 6 |
| All other U.S. areas | 87,550 | (10,942) | 76,608 | 2023 - 2025 | 12.5% - 77.8% | 12 |
| | \$ 131,964 | \$ (38,550) | \$ 93,414 | | | 18 |
| Apartments (Minority interest owned) | | | | | | |
| All other U.S. areas | \$ 11,350 | \$ (1,873) | \$ 9,471 | N/A | 50.0% | 1 |
| | \$ 11,350 | \$ (1,873) | \$ 9,471 | | | 1 |
| Hotels (Minority interest owned) | | | | | | |
| New York City SMSA | \$ 8,354 | \$ (7,555) | \$ 799 | 2023 | 0.4% - 12.3% | 3 |
| All other U.S. areas | 8,350 | (8,350) | - | N/A | N/A | - |
| International | 6,048 | (4,328) | 1,710 | N/A | 49.0% | 1 |
| | \$ 22,752 | \$ (10,233) | \$ 12,519 | | | 4 |
| Commercial and Other (Minority interest owned) | | | | | | |
| New York City SMSA | \$ (4,910) | \$ 12,781 | \$ 7,871 | N/A | 45.4% - 49.0% | 3 |
| All other U.S. areas | 3,144 | 4,333 | 7,477 | N/A | 1.6% | 1 |
| | \$ (1,766) | \$ 17,114 | \$ 15,348 | | | 4 |
| Total | \$ 147,568 | \$ (25,926) | \$ 121,742 | | | 28 |
| Summary | | | | | | |
| New York City SMSA | \$ 47,858 | \$ (22,382) | \$ 25,476 | | | 12 |
| All other U.S. areas | 93,762 | 794 | 94,556 | | | 15 |
| International | 6,048 | (4,328) | 1,710 | | | 1 |
| | \$ 147,568 | \$ (25,926) | \$ 121,742 | | | 28 |

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-K for the period ended December 31, 2022, when filed.

²⁾ Includes interest expense capitalized to real estate ventures of \$10,795.

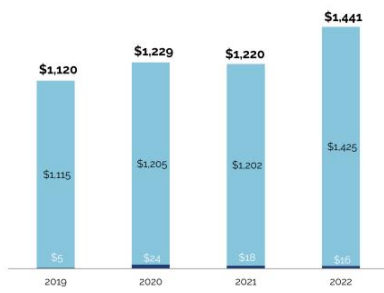


Financial Data

Adjusted Historical Financial Data



Revenues^{(1), (2)}
(\$ in millions)



Adjusted EBITDA^{(3), (4)}
(\$ in millions)



¹⁾ Revenues include federal excise taxes of \$49, \$46, \$43, and \$20.8, 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 \$11, \$21, \$23, and \$29.7, respectively. Adjusted EBITDA are a Non-GAAP Financial Measure. Please refer to the Company's Current Reports on Form 8-K, filed on February 25, 2021, and February 16, 2023, respectively Exhibit 99.1 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



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 **\$386 million⁽¹⁾ at December 31, 2022 (\$376 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 **5.4%** wholesale market share and **5.5%** retail market share for the year ended December 31, 2022
- From January 1, 2012, to December 31, 2022, was the only major U.S. cigarette manufacturer to **increase both market share and unit volumes**
- **\$351 million⁽²⁾** of Tobacco Adjusted EBITDA for the year ended December 31, 2022



Real Estate segment

- New Valley owns a diversified portfolio of consolidated and non-consolidated real estate investments carried at **\$121 million** at December 31, 2022.
- 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 December 31, 2022, the total amount of \$386 million includes cash at Liggett of \$50 million.

²⁾ Vector's operating income from the tobacco segment was \$327.0 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 (Table 5), filed February 16, 2023. Please also refer to the Disclaimer to this document on Page 2.

Adjusted EBITDA Reconciliation

| (\$ Millions) | FYE December 31, | | | |
|---|------------------|-----------------|-----------------|-----------------|
| | 2019 | 2020 | 2021 | 2022 |
| Net income attributed to Vector Group Ltd. | \$ 101.0 | \$ 92.9 | \$ 219.5 | \$ 158.7 |
| Net (income) loss attributed to Vector Group Ltd. from discontinued operations | (7.1) | 34.0 | (72.1) | - |
| Interest Expense | 137.5 | 121.3 | 112.7 | 110.7 |
| Tax Expense | 31.1 | 54.1 | 62.8 | 61.9 |
| Net loss attributed to non-controlling interest | 0.0 | - | (0.2) | - |
| Depreciation and Amortization | 9.2 | 9.1 | 7.8 | 7.2 |
| EBITDA | \$ 271.8 | \$ 311.4 | \$ 330.5 | \$ 338.5 |
| 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) | 5.0 |
| Equity in Losses (Earnings) from Real Estate Ventures ⁽³⁾ | 27.8 | 44.7 | (10.3) | 5.9 |
| Loss (gain) on extinguishment of debt | 4.3 | - | 21.4 | (0.4) |
| Stock-Based compensation expense ⁽⁴⁾ | 9.5 | 9.5 | 14.8 | 7.8 |
| Litigation settlement and judgment (income) expense ⁽⁵⁾ | 1.0 | 0.3 | 0.2 | 0.2 |
| Impact of MSA settlement ⁽⁶⁾ | - | 0.3 | (2.7) | (2.1) |
| Transaction expenses ⁽⁷⁾ | - | - | 10.5 | - |
| Net gains on sales of assets | - | (2.3) | (0.9) | - |
| Other, net | (16.7) | 8.6 | (10.7) | (2.7) |
| Adjusted EBITDA Attributed to Vector | \$ 254.1 | \$ 311.4 | \$ 350.1 | \$ 352.2 |
| <u>Operating Income (Loss) by Segment</u> | | | | |
| Tobacco | \$ 261.6 | \$ 319.5 | \$ 360.3 | \$ 347.0 |
| Real Estate | 0.6 | (0.6) | 4.1 | 8.0 |
| Corporate & Other | (27.6) | (24.5) | (43.9) | (16.0) |
| Operating Income | \$ 234.6 | \$ 294.4 | \$ 320.4 | \$ 339.0 |
| <u>Adjusted EBITDA Attributed to Vector by Segment</u> | | | | |
| Tobacco | \$ 270.5 | \$ 328.0 | \$ 364.4 | \$ 351.1 |
| Real Estate | 0.8 | (0.3) | 4.3 | 8.1 |
| Corporate & Other | (17.1) | (16.4) | (18.6) | (7.0) |
| Adjusted EBITDA Attributed to Vector | \$ 254.1 | \$ 311.4 | \$ 350.1 | \$ 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 Laderburg Thalmann Financial Services of \$5.4 million for the year ended December 31, 2020 and equity earnings from Castle Brands of \$26.4 million for the year ended December 31, 2019.
- (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 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, 2022.
- (8) Some numbers may not add due to rounding.



