

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): November 1, 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 November 1, 2022, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the three and nine months ended September 30, 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 August 5, 2022, May 10, 2022, 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 September 30, 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 discussion and analysis of its results of operations and enhance an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

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

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

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may be,” “continue” “could,” “potential,” “objective,” “plan,” “seek,” “predict,” “project” and “will be” and similar expressions are intended to identify forward-looking statements. The Company's actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” in the Company's Quarterly Report on Form 10-Q for period ended September 30, 2022, when filed, 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 November 1, 2022, regarding financial results for the third quarter ended September 30, 2022.

[99.2](#)

Investor presentation of Vector Group Ltd. dated November 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: November 2, 2022



FOR IMMEDIATE RELEASE

Contact: Emily Claffey/Columbia Clancy
FGS Global
212-687-8080
Abi Genis
FGS Global - Europe
+44 (0)20 3178 8914
J. Bryant Kirkland III, Vector Group Ltd.
305-579-8000

VECTOR GROUP REPORTS THIRD QUARTER 2022 FINANCIAL RESULTS

Tobacco Segment Revenues Set Quarterly Record Fueled by Continued Strong Volume

Third Quarter 2022 Highlights:

- **Consolidated revenues of \$378.0 million, increased by 26.6% or \$79.5 million compared to the prior year period**
 - Tobacco segment revenues of \$378.0 million are a quarterly record and increased by 26.9% compared to the prior year period.
 - Tobacco segment unit volume increase of 30.1% compared to the prior year period.
 - Liggett's wholesale and retail market share increased to 5.7% and 5.7% from 3.9% and 4.2%, respectively, in the prior year period.
- **Reported net income attributed to Vector Group Ltd. of \$38.9 million or \$0.25 per diluted common share, compared to \$48.9 million or \$0.31 per diluted common share in the prior year period**
- **Reported net income attributed to Vector Group Ltd. from Continuing Operations of \$38.9 million or \$0.25 per diluted common share, compared to \$29.9 million or \$0.19 per diluted common share in the prior year period**
- **Adjusted Net Income from Continuing Operations of \$37.6 million or \$0.24 per diluted common share, compared to \$33.9 million or \$0.22 per diluted common share in the prior year period**
- **Reported operating income of \$83.9 million, increased by \$1.9 million compared to the prior year period**
 - Tobacco segment operating income of \$88.1 million, declined by 4.0% or \$3.7 million compared to the prior year period, primarily attributable to the investment in *Montego*'s significant volume and market share growth.
- **Adjusted EBITDA from Continuing Operations of \$87.3 million, declined by 1.6% or \$1.4 million compared to the prior year period**
 - Tobacco Adjusted EBITDA of \$89.6 million, declined by 4.0% or \$3.7 million compared to the prior year period, primarily attributable to the investment in *Montego*'s significant volume and market share growth.

Year-to-date 2022 Highlights:

- **Consolidated revenues of \$1.1 billion, increased by 18.8% or \$170.2 million compared to the prior year period**
 - Tobacco segment revenues of \$1.1 billion, increased by 18.5% compared to the prior year period.
 - Tobacco segment unit volume increase of 21.5% compared to the prior year period.
 - Liggett's wholesale and retail market share increased to 5.4% and 5.4% from 4.0% and 4.2%, respectively, in the prior year period.
- **Reported net income attributed to Vector Group Ltd. of \$110.6 million or \$0.70 per diluted common share, compared to \$174.2 million or \$1.11 per diluted common share in the prior year period**
- **Reported net income attributed to Vector Group Ltd. from Continuing Operations of \$110.6 million or \$0.70 per diluted common share, compared to \$116.4 million or \$0.74 per diluted common share in the prior year period**
- **Adjusted Net Income from Continuing Operations of \$104.4 million or \$0.66 per diluted common share, compared to \$133.4 million or \$0.85 per diluted common share in the prior year period**
- **Reported operating income of \$249.7 million, declined by \$2.1 million compared to the prior year period**
 - Tobacco segment operating income of \$254.1 million, declined by 8.1% or \$22.5 million compared to the prior year period, primarily attributable to the investment in *Montego's* significant volume and market share growth.
- **Adjusted EBITDA from Continuing Operations of \$259.5 million, declined by 2.3% or \$6.1 million compared to the prior year period**
 - Tobacco Adjusted EBITDA of \$256.6 million, declined by 8.0% or \$22.3 million compared to the prior year period, primarily attributable to the investment in *Montego's* significant volume and market share growth.
- **Strong liquidity with cash and cash equivalents of \$385.0 million and investment securities and long-term investments of \$160.2 million at September 30, 2022**
- **Cash dividends of \$95 million returned to stockholders at a rate of \$0.60 per common share**

Last Twelve Months ended September 30, 2022 Highlights:

- **Consolidated revenues of \$1.4 billion**
 - Tobacco segment revenues of \$1.4 billion.
- **Net income of \$155.9 million**
- **Operating income of \$318.3 million**
 - Tobacco segment operating income of \$337.8 million.
- **Adjusted EBITDA from Continuing Operations of \$343.8 million**
 - Tobacco Adjusted EBITDA of \$342.1 million.

MIAMI, FL, November 1, 2022 - Vector Group Ltd. (NYSE:VGR) today announced financial results for the three and nine months ended September 30, 2022.

"Vector Group delivered record tobacco quarterly revenues in the third quarter as we continued to capitalize on favorable market opportunities to substantially increase value and market share," said Howard M. Lorber, President and Chief Executive Officer of Vector Group Ltd. "Driven by the significant growth of our price-fighting *Montego* brand, Liggett's wholesale market share in the third quarter was 5.7%, which is its highest market share since 1984. We have begun to gradually shift our growth strategy of *Montego*, which is now the second-largest discount brand in the United States, from volume-based to profit-based. As we move forward, we will continue to focus on optimizing long-term profit through the effective management of volume, pricing, and market share growth."

GAAP Financial Results

Three months ended September 30, 2022 and 2021. Third quarter 2022 revenues were \$378.0 million, compared to revenues of \$298.5 million in the third quarter of 2021. The Company recorded operating income of \$83.9 million in the third quarter of 2022, compared to operating income of \$82.0 million in the third quarter of 2021. Net income for the third quarter of 2022 was \$38.9 million, or \$0.25 per diluted common share, compared to net income of \$48.9 million, or \$0.31 per diluted common share, in the third quarter of 2021.

Nine months ended September 30, 2022 and 2021. For the nine months ended September 30, 2022, revenues were \$1.1 billion, compared to revenues of \$907.0 million for the nine months ended September 30, 2021. The Company recorded operating income of \$249.7 million for the nine months ended September 30, 2022, compared to operating income of \$251.9 million for the nine months ended September 30, 2021. Net income attributed to Vector Group Ltd. for the nine months ended September 30, 2022 was \$110.6 million, or \$0.70 per diluted common share, compared to net income of \$174.2 million, or \$1.11 per diluted common share, for the nine months ended September 30, 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 September 30, 2022 and the three and nine months ended September 30, 2022 and 2021 are included in Tables 2 through 6.

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Adjusted EBITDA from Continuing Operations (as described in Table 2 attached hereto) were \$87.3 million for the third quarter of 2022, compared to \$88.7 million for the third quarter of 2021.

Adjusted Net Income from Continuing Operations (as described in Table 3 attached hereto) was \$37.6 million, or \$0.24 per diluted share, for the third quarter of 2022, and \$33.9 million or \$0.22 per diluted share, for the third quarter of 2021.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$83.9 million for the third quarter of 2022, compared to \$84.5 million for the third quarter of 2021.

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Adjusted EBITDA from Continuing Operations (as described in Table 2 attached hereto) were \$259.5 million for the nine months ended September 30, 2022, compared to \$265.6 million for the nine months ended September 30, 2021.

Adjusted Net Income from Continuing Operations (as described in Table 3 attached hereto) was \$104.4 million, or \$0.66 per diluted share, for the nine months ended September 30, 2022, compared to \$133.4 million, or \$0.85 per diluted share, for the nine months ended September 30, 2021.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$247.8 million for the nine months ended September 30, 2022, compared to \$251.7 million for the nine months ended September 30, 2021.

Last twelve months ended September 30, 2022

For the last twelve months ended September 30, 2022, revenues were \$1.4 billion. The Company recorded operating income of \$318.3 million for the last twelve months ended September 30, 2022. Net income for the last twelve months ended September 30, 2022 was \$155.9 million.

For the last twelve months ended September 30, 2022, Adjusted EBITDA (as described in Table 2 attached hereto) were \$343.8 million. Adjusted Operating Income (as described in Table 4 attached hereto) was \$327.9 million for the last twelve months ended September 30, 2022.

Consolidated Balance Sheet

Vector maintained significant liquidity at September 30, 2022 with cash and cash equivalents of \$385.0 million, including \$174.4 million of cash at Liggett, and investment securities of \$115.8 million and long-term investments of \$44.4 million.

Vector continued its longstanding history of paying a quarterly cash dividend in the third quarter of 2022. For the nine months ended September 30, 2022, Vector returned a total of \$95 million to stockholders at a quarterly rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the third quarter of 2022, the Tobacco segment had revenues of \$378.0 million, compared to \$297.9 million for the third quarter of 2021. For the nine months ended September 30, 2022, the Tobacco segment had revenues of \$1.1 billion, compared to \$895.9 million for the nine months ended September 30, 2021. For the last twelve months ended September 30, 2022, the Tobacco segment had revenues of \$1.4 billion.

Operating Income from the Tobacco segment was \$88.1 million and \$254.1 million for the three and nine months ended September 30, 2022, respectively, compared to \$91.8 million and \$276.6 million for the three and nine months ended September 30, 2021, respectively. Operating Income from the Tobacco segment was \$337.8 million for the last twelve months ended September 30, 2022.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the third quarter of 2022 and 2021 was \$88.1 million and \$91.8 million, respectively. Tobacco Adjusted Operating Income for the nine months ended September 30, 2022 was \$252.1 million, compared to \$273.9 million for the nine months ended September 30, 2021.

For the third quarter of 2022, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.75 billion units, compared to 2.11 billion units for the third quarter of 2021. For the nine months ended September 30, 2022, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 7.79 billion units, compared to 6.41 billion units for the nine months ended September 30, 2021.

Operational Metrics

According to data from Management Science Associates, for the third quarter of 2022, wholesale market share increased to 5.7% compared to 3.9% for the third quarter of 2021. For the nine months ended September 30, 2022, Liggett's wholesale market share increased to 5.4%, compared to 4.0% for the nine months ended September 30, 2021. Compared to the third quarter of 2021, Liggett's wholesale shipments in the third quarter of 2022 increased by 30.1% while the overall industry's wholesale shipments declined by 10.7%. Compared to the nine months ended September 30, 2021, Liggett's wholesale shipments for nine months ended September 30, 2022 increased by 21.5% while the overall industry's wholesale shipments declined by 10.1%.

According to data from Management Science Associates, for the third quarter of 2022, Liggett's retail market share increased to 5.7% compared to 4.2% for the third quarter of 2021. For the nine months ended September 30, 2022, Liggett's retail market share increased to 5.4%, compared to 4.2% for the nine months ended September 30, 2021. Compared to the third quarter of 2021, Liggett's retail shipments in the third quarter of 2022 increased by 22.8% while the overall industry's retail shipments declined by 8.5%. Compared to the nine months ended September 30, 2021, Liggett's retail shipments for nine months ended September 30, 2022 increased by 19.8% while the overall industry's retail shipments declined by 8.5%.

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, and financial measures for the last twelve months ("LTM") ended September 30, 2022 ("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 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. Attached hereto as Tables 2 through 6 is information relating to the Company's Non-GAAP Financial Measures for the last twelve months ended September 30, 2022 and the three and nine months ended September 30, 2022 and 2021.

Conference Call to Discuss Third Quarter 2022 Results

As previously announced, the Company will host a conference call and webcast on Wednesday, November 2, 2022 at 8:00 AM (ET) to discuss its third quarter 2022 results. Investors may access the call via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/46710>. Please join the webcast at least 10 minutes prior to start time.

A replay of the call will be available for one year shortly after the call ends at <https://www.webcaster4.com/Webcast/Page/2271/46710>.

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 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 2021 Annual Report on Form 10-K and, when filed, in our Quarterly Report on Form 10-Q for the quarter ended September 30, 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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
Revenues:				
Tobacco*	\$ 377,995	\$ 297,942	\$ 1,061,355	\$ 895,901
Real estate	—	543	15,884	11,126
Total revenues	<u>377,995</u>	<u>298,485</u>	<u>1,077,239</u>	<u>907,027</u>
Expenses:				
Cost of sales:				
Tobacco*	267,023	186,398	743,749	556,574
Real estate	—	1,046	7,327	9,668
Total cost of sales	<u>267,023</u>	<u>187,444</u>	<u>751,076</u>	<u>566,242</u>
Operating, selling, administrative and general expenses	27,040	29,924	76,265	89,795
Litigation settlement and judgment expense	31	12	160	17
Net gains on sales of assets	—	(910)	—	(910)
Operating income	<u>83,901</u>	<u>82,015</u>	<u>249,738</u>	<u>251,883</u>
Other income (expenses):				
Interest expense	(27,598)	(28,226)	(83,420)	(85,019)
Gain (loss) on extinguishment of debt	412	—	412	(21,362)
Equity in (losses) earnings from investments	(619)	44	(5,172)	1,562
Equity in (losses) earnings from real estate ventures	(1,903)	(5,694)	(4,240)	12,505
Other, net	(804)	(1,451)	(5,043)	9,868
Income before provision for income taxes	<u>53,389</u>	<u>46,688</u>	<u>152,275</u>	<u>169,437</u>
Income tax expense	14,533	16,776	41,724	52,994
Income from continuing operations	<u>38,856</u>	<u>29,912</u>	<u>110,551</u>	<u>116,443</u>
Income from discontinued operations, net of income taxes	—	18,857	—	57,588
Net income	<u>\$ 38,856</u>	<u>\$ 48,769</u>	<u>\$ 110,551</u>	<u>\$ 174,031</u>
Net loss from discontinued operations attributed to non-controlling interest	—	120	—	120
Net income attributed to Vector Group Ltd. from continuing operations	38,856	29,912	110,551	116,443
Net income attributed to Vector Group Ltd. from discontinued operations	—	18,977	—	57,708
Net income attributed to Vector Group Ltd.	<u>\$ 38,856</u>	<u>\$ 48,889</u>	<u>\$ 110,551</u>	<u>\$ 174,151</u>
Per basic common share:				
Net income from continuing operations applicable to common shares	\$ 0.25	\$ 0.19	\$ 0.70	\$ 0.74
Net income from discontinued operations applicable to common shares	—	0.12	—	0.37
Net income applicable to common shares	<u>\$ 0.25</u>	<u>\$ 0.31</u>	<u>\$ 0.70</u>	<u>\$ 1.11</u>
Per diluted common share:				
Net income from continuing operations applicable to common shares	\$ 0.25	\$ 0.19	\$ 0.70	\$ 0.74
Net income from discontinued operations applicable to common shares	—	0.12	—	0.37
Net income applicable to common shares	<u>\$ 0.25</u>	<u>\$ 0.31</u>	<u>\$ 0.70</u>	<u>\$ 1.11</u>

* Revenues and cost of sales include federal excise taxes of \$138,041, \$106,408, \$392,004 and \$322,857 for the three and nine months ended September 30, 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		Nine Months Ended	
	September 30,		December 31,		September 30,		September 30,	
	2022	2021	2021	2020	2022	2021	2022	2021
Net income	\$ 155,863	\$ 219,463	\$ 219,463	\$ 38,856	\$ 48,889	\$ 110,551	\$ 174,151	
Net income from discontinued operations	(14,601)	(72,309)	(72,309)	—	(18,977)	—	(57,708)	
Interest expense	111,129	112,728	112,728	27,598	28,226	83,420	85,019	
Income tax expense	51,537	62,807	62,807	14,533	16,776	41,724	52,994	
Net loss attributed to non-controlling interest	(70)	(190)	(190)	—	(120)	—	(120)	
Depreciation and amortization	7,325	7,816	7,816	1,787	1,873	5,430	5,921	
EBITDA	\$ 311,183	\$ 330,315	\$ 330,315	\$ 82,774	\$ 76,667	\$ 241,125	\$ 260,257	
Equity in losses (earnings) from investments (a)	4,059	(2,675)	(2,675)	619	(44)	5,172	(1,562)	
Equity in losses (earnings) from real estate ventures (b)	6,495	(10,250)	(10,250)	1,903	5,694	4,240	(12,505)	
(Gain) loss on extinguishment of debt	(412)	21,362	21,362	(412)	—	(412)	21,362	
Stock-based compensation expense (c)	12,959	14,799	14,799	1,558	2,375	6,275	8,115	
Litigation settlement and judgment expense (d)	354	211	211	31	12	160	17	
Impact of MSA settlement (e)	(2,123)	(2,722)	(2,722)	—	—	(2,123)	(2,722)	
Transaction expenses (f)	7,042	10,468	10,468	—	3,426	—	3,426	
Net gains on sales of assets	—	(910)	(910)	—	(910)	—	(910)	
Other, net	4,224	(10,687)	(10,687)	804	1,451	5,043	(9,868)	
Adjusted EBITDA from Continuing Operations	\$ 343,781	\$ 349,911	\$ 349,911	\$ 87,277	\$ 88,671	\$ 259,480	\$ 265,610	
Adjusted EBITDA from Continuing Operations by Segment								
Tobacco	\$ 342,110	\$ 364,399	\$ 364,399	\$ 89,632	\$ 93,350	\$ 256,591	\$ 278,880	
Real Estate	12,566	4,125	4,125	(3)	(873)	7,905	(536)	
Corporate and Other	(10,895)	(18,613)	(18,613)	(2,352)	(3,806)	(5,016)	(12,734)	
Total	\$ 343,781	\$ 349,911	\$ 349,911	\$ 87,277	\$ 88,671	\$ 259,480	\$ 265,610	

- 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 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 38,856	\$ 48,889	\$ 110,551	\$ 174,151
Net income from discontinued operations	—	(18,977)	—	(57,708)
(Gain) loss on extinguishment of debt	(412)	—	(412)	21,362
Litigation settlement and judgment expense (a)	31	12	160	17
Impact of MSA settlement (b)	—	—	(2,123)	(2,722)
Impact of net interest expense capitalized to real estate ventures	(1,081)	702	(3,092)	(167)
Expense related to Tax Disaffiliation indemnification (c)	28	—	581	—
Transaction expenses (d)	—	3,426	—	3,426
Adjustment for derivative associated with guarantee	(182)	—	(2,646)	—
Total adjustments	(1,616)	(14,837)	(7,532)	(35,792)
Tax benefit (expense) related to adjustments	377	(192)	1,411	(4,990)
Adjusted Net Income from Continuing Operations	<u>\$ 37,617</u>	<u>\$ 33,860</u>	<u>\$ 104,430</u>	<u>\$ 133,369</u>
Per diluted common share:				
Adjusted Net Income from Continuing Operations applicable to common shares	<u>\$ 0.24</u>	<u>\$ 0.22</u>	<u>\$ 0.66</u>	<u>\$ 0.85</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 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.

	LTM		Year Ended		Three Months Ended		Nine Months Ended					
	September 30,		December 31,		September 30,		September 30,					
	2022		2021		2022		2021					
Operating income	\$	318,294	\$	320,439	\$	83,901	\$	82,015	\$	249,738	\$	251,883
Litigation settlement and judgment expense (a)		354		211		31		12		160		17
Transaction expenses (b)		7,042		10,468		—		3,426		—		3,426
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)		—		(910)
Total adjustments		9,590		11,364		31		2,528		(1,963)		(189)
Adjusted Operating Income	\$	327,884	\$	331,803	\$	83,932	\$	84,543	\$	247,775	\$	251,694

- 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)

	LTM		Year Ended		Three Months Ended		Nine Months Ended	
	September 30, 2022		December 31, 2021		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Tobacco Adjusted Operating Income:								
Operating income from Tobacco segment	\$ 337,838	\$	360,317	\$	88,107	\$ 91,779	\$ 254,078	\$ 276,557
Litigation settlement and judgment expense (a)	354		211		31	12	160	17
Impact of MSA settlement (b)	(2,123)		(2,722)		—	—	(2,123)	(2,722)
Total adjustments	(1,769)		(2,511)		31	12	(1,963)	(2,705)
Tobacco Adjusted Operating Income	\$ 336,069	\$	357,806	\$	88,138	\$ 91,791	\$ 252,115	\$ 273,852

	LTM		Year Ended		Three Months Ended		Nine Months Ended	
	September 30, 2022		December 31, 2021		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Tobacco Adjusted EBITDA:								
Operating income from Tobacco segment	\$ 337,838	\$	360,317	\$	88,107	\$ 91,779	\$ 254,078	\$ 276,557
Litigation settlement and judgment expense (a)	354		211		31	12	160	17
Impact of MSA settlement (b)	(2,123)		(2,722)		—	—	(2,123)	(2,722)
Total adjustments	(1,769)		(2,511)		31	12	(1,963)	(2,705)
Tobacco Adjusted Operating Income	336,069		357,806		88,138	91,791	252,115	273,852
Depreciation and amortization	5,944		6,525		1,474	1,550	4,426	5,007
Stock-based compensation expense	97		68		20	9	50	21
Total adjustments	6,041		6,593		1,494	1,559	4,476	5,028
Tobacco Adjusted EBITDA	\$ 342,110	\$	364,399	\$	89,632	\$ 93,350	\$ 256,591	\$ 278,880

- 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.

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

	LTM	Year Ended	Nine Months Ended	
	September 30, 2022	December 31, 2021	September 30, 2022	September 30, 2021
Revenues:				
Tobacco (a)	\$ 1,367,951	\$ 1,202,497	\$ 1,061,355	\$ 895,901
Real estate	22,961	18,203	15,884	11,126
Total revenues	<u>\$ 1,390,912</u>	<u>\$ 1,220,700</u>	<u>\$ 1,077,239</u>	<u>\$ 907,027</u>

a. Tobacco segment revenues include federal excise taxes of \$503,842 for the last twelve months ended September 30, 2022, \$434,695 for the year ended December 31, 2021, \$392,004 and \$322,857 for the nine months ended September 30, 2022 and 2021, respectively.



Investor Presentation

November 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.

The distribution of this document and any related oral presentation in certain jurisdictions may be restricted by law and persons into whose possession this document or any related oral presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.

The information contained herein does not constitute investment, legal, accounting, regulatory, taxation or other advice and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information.

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 and quarterly report on Form 10-Q for the period ended September 30, 2022, as filed with the SEC. Please also refer to Vector's Current Reports on Forms 8-K, filed on October 2, 2015, November 15, 2016, March 1, 2017, May 3, 2018, June 14, 2018, September 28, 2018, February 28, 2019, May 3, 2019, October 4, 2019, February 28, 2020, March 1, 2022 and November 2, 2022 (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 **\$219.5 million**, **\$110.6 million** and **\$174.2 million** for the year ended December 31, 2021 and the nine months ended September 30, 2022 and 2021, respectively

Reported operating income of **\$320.4 million**, **\$249.7 million** and **\$251.9 million** for the year ended December 31, 2021 and the nine months ended September 30, 2022 and 2021, respectively



History of strong earnings

\$343.8M

Adjusted EBITDA from continuing operations for the last twelve months ended September 30, 2022⁽¹⁾

\$342.1M

Tobacco Adjusted EBITDA for the last twelve months ended September 30, 2022⁽¹⁾

⁽¹⁾ Vector's operating income from the tobacco segment was \$150.3 million and \$337.8 million for the year ended December 31, 2021 and the last twelve months ended September 30, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed November 2, 2022. Please also refer to the Disclaimer to this document on Page 2.

Investment Highlights & Portfolio (cont.)



Maintains substantial liquidity

\$371M

of cash, marketable securities and long-term investments at holding company as of September 30, 2022

+

\$174M

of cash at Liggett as of September 30, 2022, which will be primarily used to pay Liggett's current MSA liability (\$214.3 million at September 30, 2022)

=

\$545M

of consolidated cash, marketable securities and long-term investments as of September 30, 2022



Seasoned management team

28 years

average tenure of CEO, COO, CFO and General Counsel with Vector as of September 30, 2022

8%

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



MSA cost advantage

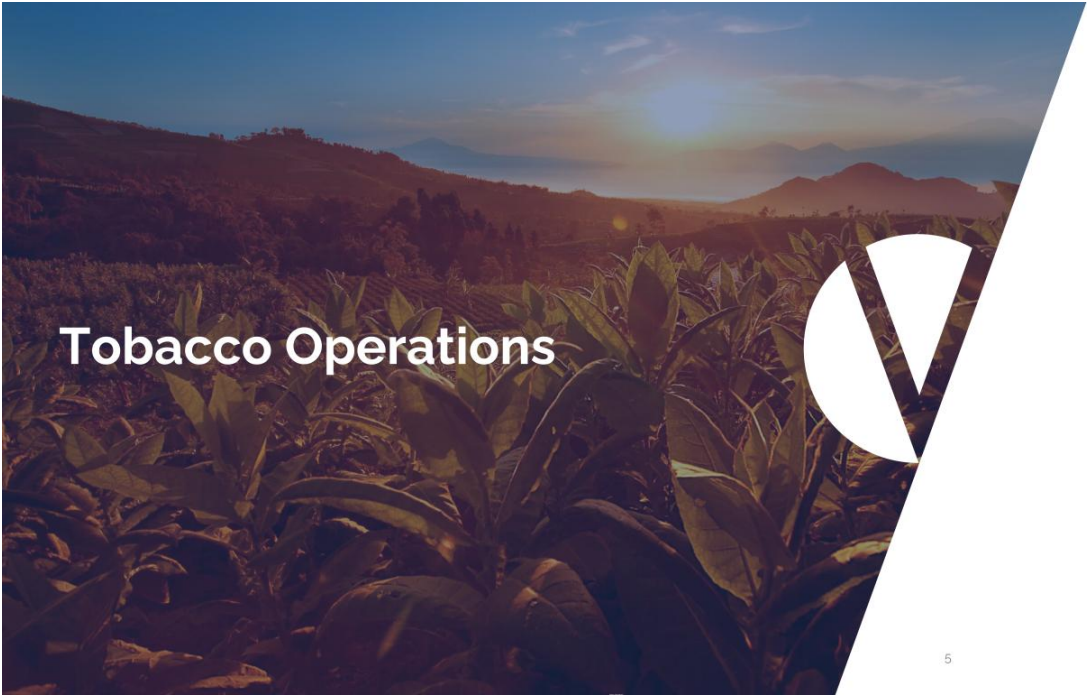


Perpetual cost advantage over the largest U.S. tobacco companies

\$160M-\$170M

annual cost advantage range from 2012 to 2021⁽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

\$342.1M
 tobacco adjusted EBITDA for the last twelve months ended September 30, 2022⁽¹⁾

\$9.7M
 capital expenditures with capital requirements related to tobacco operations for the last twelve months ended September 30, 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
 MSA exemption annual cost advantage range for Liggett and Vector Tobacco from 2012 to 2021

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

\$0.90⁽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

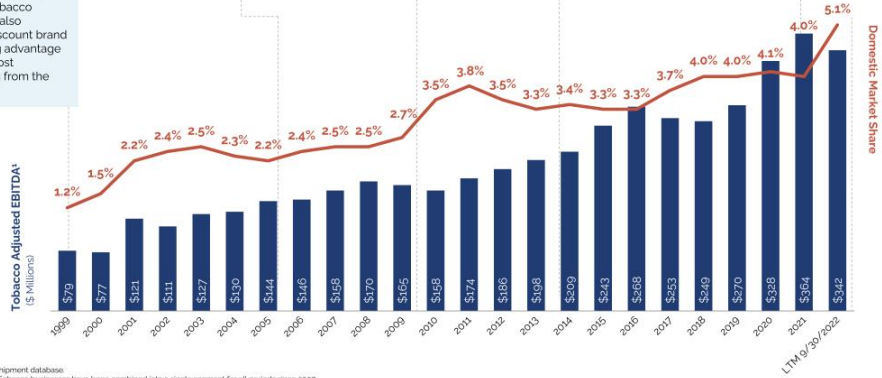
¹⁾ Vector's operating income from the tobacco segment was \$350.3 million and \$337.8 million for the year ended December 31, 2021 and the last twelve months ended September 30, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed November 2, 2022. 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

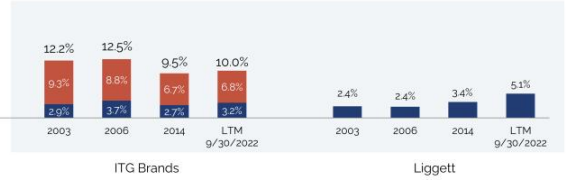
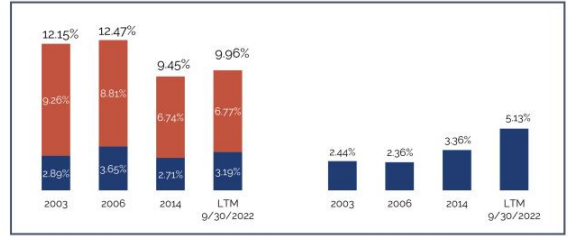
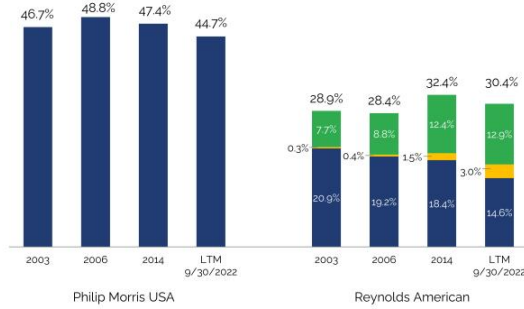
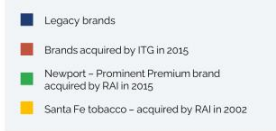


1999	2005	2009	2013	2020-2021	Today
MSA, which was signed in November 1998, became effective and Liggett, as a Subsequent Participating Manufacturer, established perpetual cost advantage over three largest U.S. tobacco companies. Liggett also introduced deep discount brand <i>Liggett Select</i> taking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



Source: MSA CRA wholesale shipment database.
 Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.
 * Vector's operating income from the tobacco segment was \$216.6, \$316.3 and \$377.8 for the years ended December 31, 2019, 2020 and 2021 and the last twelve months ended September 30, 2022, respectively. 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 November 2, 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 (1), (2)



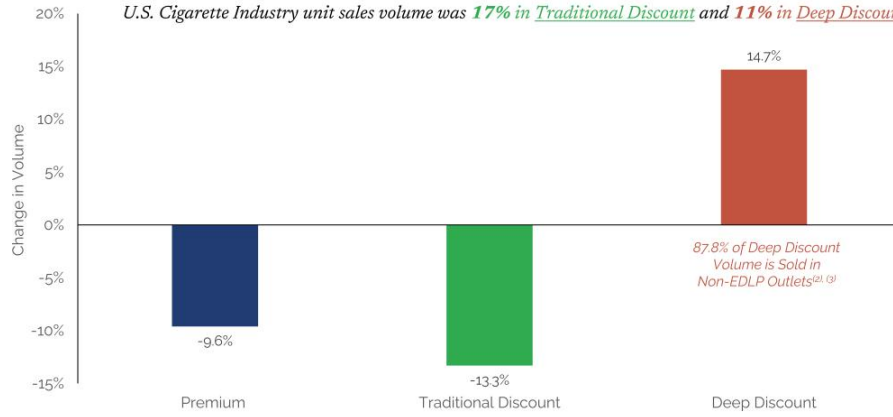
Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2004), 2006 (February 2007) and 2014 (March 2015) and internal estimates for LTM (last twelve months) ended 9/30/2022.
 (1) Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report 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 2005, 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 9.8% in 2003, 2006, 2014 and last twelve months ended September 30, 2022, respectively.

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



Liggett's unit sales volume was **60%** in *Traditional Discount* and **40%** in *Deep Discount*⁽²⁾

U.S. Cigarette Industry unit sales volume was **17%** in *Traditional Discount* and **11%** in *Deep Discount*⁽²⁾



Source: Management Science Associates (MSA) RIS Database for the 52 weeks ended October 1, 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 last twelve months ended September 30, 2022.

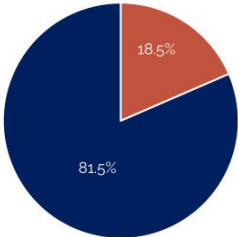
²⁾ The Deep Discount category currently includes brands whose national average retail price is at least 40% lower than the average of the leading Premium cigarette brands. Montego, which represented 40% of Liggett's volume for the twelve months ended September 30, 2022, is included in the Deep Discount 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⁾

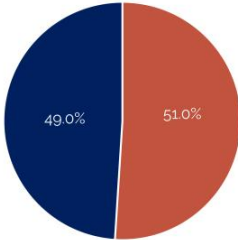


Liggett



■ EDLP⁽¹⁾ ■ Non-EDLP⁽¹⁾

Industry



■ EDLP⁽¹⁾ ■ Non-EDLP⁽¹⁾

Source: Management Science Associates RIS Database 52 Weeks Ended October 1, 2022.

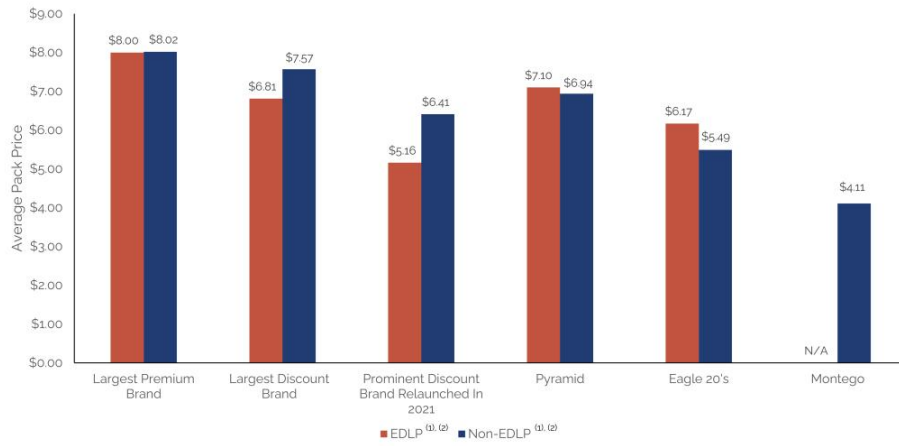
⁽¹⁾ Every Day Low Price ("EDLP") stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

Wholesale List Price Increases in 2020, 2021 and 2022



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

Average per Pack Price (Retail) – EDLP Stores⁽¹⁾ and Non-EDLP⁽¹⁾ Stores

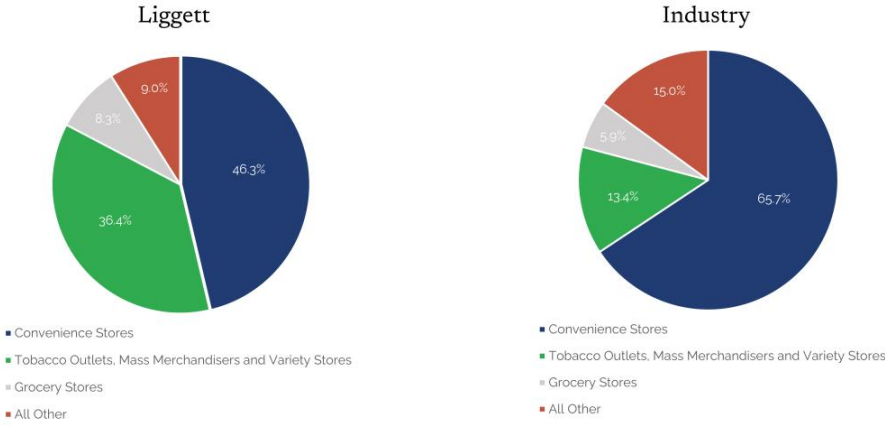


Source: Company Estimates in Liggett's markets for the 13 weeks ended October 1, 2022.

⁽¹⁾ 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.

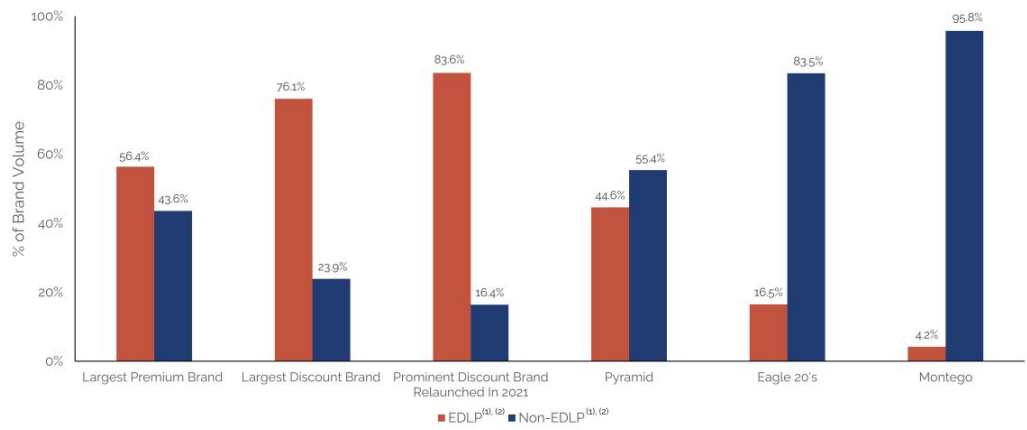
⁽²⁾ Company retail pricing estimates include State Excise Tax and, as such, average brand pricing estimates may be impacted by the degree of geographic diversity in the retail store population sample.

Liggett's Distribution is Value-Focused



Source: Management Science Associates, Inc.'s RIS Database for the 52 weeks ended October 1, 2022.

Analysis of Retail Volume - EDLP⁽¹⁾ Stores and Non-EDLP⁽¹⁾ Stores



Source: Management Science Associates, Inc.'s RIS Database for the 13 weeks ended October 1, 2022.

¹⁾ 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.

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 agreed to pay \$62 million in cash and annual payments of \$3.4 million from 2015 to 2028
 - As of September 30, 2022, 22 Engle progeny cases remain pending
 - Liggett is also a defendant in 60 non-Engle smoking-related individual cases and two smoking-related actions where either a class has been certified or plaintiffs are 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 \$39 million in damages (including interest through September 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 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 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 \$186 million⁽¹⁾ invested, as of September 30, 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)

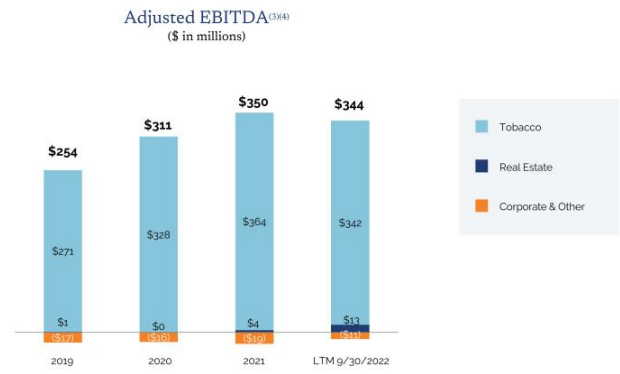
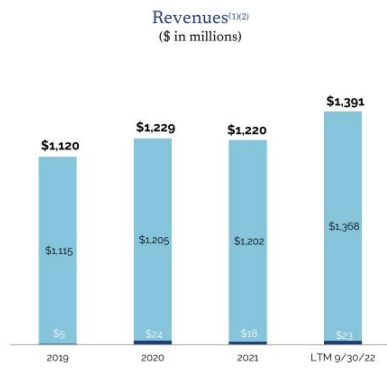
	Net cash invested	Cumulative earnings / (loss) ⁽²⁾	Carrying value ⁽²⁾	Projected construction end date	Range of ownership	Number of investments
Land owned						
All other U.S. areas	\$ 17,515	\$ 17,515	\$ -	N/A	100.0%	-
	\$ 17,515	\$ 17,515	\$ -			-
Real Estate Investments at Cost						
All other U.S. 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	\$ 45,570	\$ (26,976)	\$ 18,594	2023	4.2% - 37.0%	6
All other U.S. areas	81,786	(11,660)	70,126	2023 - 2025	12.5% - 89.1%	12
	\$ 127,356	\$ (38,636)	\$ 88,720			18
Apartments (Minority interest owned)						
All other U.S. areas	\$ 11,360	\$ (1,374)	\$ 9,976	N/A	50.0%	1
	\$ 11,360	\$ (1,374)	\$ 9,976			1
Hotels (Minority interest owned)						
New York City SMSA	\$ 8,354	\$ (7,438)	\$ 916	2023	0.4% - 12.3%	3
All other U.S. areas	8,350	(8,350)	-	N/A	N/A	-
International	6,048	(4,222)	1,826	N/A	49.0%	1
	\$ 22,752	\$ (10,010)	\$ 2,742			4
Commercial and Other (Minority interest owned)						
New York City SMSA	\$ 14,912	\$ 12,821	\$ 7,900	N/A	45.4% - 49.0%	3
All other U.S. areas	3,425	4,057	7,493	N/A	1.6%	1
	\$ (1,485)	\$ 16,888	\$ 15,402			4
Total	\$ 143,495	\$ (26,816)	\$ 117,640			28
Summary						
New York City SMSA	\$ 49,012	\$ (21,593)	\$ 27,419			12
All other U.S. areas	88,395	199	88,695			15
International	6,048	(4,222)	1,826			1
	\$ 143,495	\$ (26,816)	\$ 117,640			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-G for the period ended September 30, 2022.
²⁾ Includes interest expense capitalized to real estate ventures of \$41,760.



Financial Data

Adjusted Historical Financial Data



¹⁾ Revenues include federal excise taxes of \$491, \$462, \$435 and \$504, 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 \$311, \$219, \$293 and \$359, 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 November 2, 2022, 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 **\$545 million⁽¹⁾ at September 30, 2022 (\$371 million, excluding 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 **5.1%** wholesale market share and **5.2%** retail market share for the last twelve months ended September 30, 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**
- **\$342 million⁽²⁾** of Tobacco Adjusted EBITDA for the last twelve months ended September 30, 2022



Real Estate segment

- New Valley owns a diversified portfolio of consolidated and non-consolidated real estate investments carried at **\$118 million** at September 30, 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 September 30, 2022, the total amount of \$545 million includes cash at Liggett of \$174 million.

²⁾ Vector Group Ltd.'s operating income from the tobacco segment was \$350.3 million and \$337.8 million for the year ended December 31, 2021 and the last twelve months ended September 30, 2022, respectively. 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 November 2, 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,			Nine Months Ended		
	2019	2020	2021	9/30/2022	9/30/2021	LTM 9/30/2022
Net income attributed to Vector Group Ltd.	\$ 101.0	\$ 92.9	\$ 219.5	\$ 110.6	\$ 174.2	\$ 155.9
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	(7.1)	34.0	(72.1)	-	(57.7)	(14.6)
Interest Expense	137.5	121.3	112.7	83.4	85.0	111.1
Tax Expense	31.1	54.1	62.8	41.7	53.0	51.5
Net loss attributed to non-controlling interest	0.0	-	(0.2)	-	(0.1)	(0.1)
Depreciation and Amortization	92	91	78	5.4	5.9	7.3
EBITDA	\$ 271.8	\$ 311.4	\$ 330.5	\$ 241.1	\$ 260.3	\$ 311.2
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)	5.2	(1.5)	4.0
Equity in Losses (Earnings) from Real Estate Ventures ⁽³⁾	27.8	44.7	(10.3)	4.2	(12.5)	6.5
Loss (gain) on extinguishment of debt	4.3	-	21.4	(0.4)	21.4	(0.4)
Stock-Based compensation expense ⁽⁴⁾	95	95	14.8	6.3	8.1	13.0
Litigation settlement and judgment (income) expense ⁽⁵⁾	1.0	0.3	0.2	0.2	-	0.4
Impact of MSA settlement ⁽⁶⁾	-	0.3	(2.7)	(2.1)	(2.7)	(2.1)
Transaction expenses ⁽⁷⁾	-	-	10.5	-	3.4	7.1
Net gains on sales of assets	-	(2.3)	(0.9)	-	(0.9)	-
Other, net	(16.7)	8.6	(10.7)	5.0	(9.9)	4.3
Adjusted EBITDA Attributed to Vector	\$ 254.1	\$ 311.4	\$ 350.1	\$ 259.5	\$ 265.6	\$ 343.8
Operating Income (Loss) by Segment						
Tobacco	\$ 261.6	\$ 319.5	\$ 360.3	\$ 254.1	\$ 276.6	\$ 337.8
Real Estate	0.6	(0.6)	4.1	7.8	(0.6)	12.5
Corporate & Other	(27.6)	(24.5)	(43.9)	(12.2)	(24.1)	(32.0)
Operating Income	\$ 234.6	\$ 294.4	\$ 320.4	\$ 249.7	\$ 251.9	\$ 318.3
Adjusted EBITDA Attributed to Vector by Segment						
Tobacco	\$ 270.5	\$ 328.0	\$ 364.4	\$ 256.6	\$ 278.9	\$ 342.1
Real Estate	0.8	(0.3)	4.3	7.9	(0.5)	12.7
Corporate & Other	(17.1)	(16.4)	(18.6)	(5.0)	(12.7)	(10.9)
Adjusted EBITDA Attributed to Vector	\$ 254.1	\$ 311.4	\$ 350.1	\$ 259.5	\$ 265.6	\$ 343.8

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 Liederburg Thalmann Financial Services of \$53.4 million for the year ended December 31, 2020 and equity earnings from Castle Brands of \$85.4 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, 2021.
- B. Some numbers may not add due to rounding.



