

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

FORM 8-K

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

Date of Report (Date of earliest event reported): August 4, 2021

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 Symbol(s)	Name of each exchange 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 August 4, 2021, Vector Group Ltd. announced its financial results for the three and six months ended June 30, 2021. 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 9.01. Financial Statements and Exhibit

(c) Exhibit.

Exhibit No.

Exhibit

[99.1](#)

Press Release issued on August 4, 2021.

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

SIGNATURE

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

VECTOR GROUP LTD.

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

Date: August 5, 2021



FOR IMMEDIATE RELEASE

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VECTOR GROUP REPORTS SECOND QUARTER 2021 FINANCIAL RESULTS

Record High Quarterly Revenues and Robust Operating Income Continued Strong Earnings Momentum in Tobacco and Real Estate Segments

Second Quarter 2021 Highlights:

- **Consolidated revenues of \$729.5 million, up 64% or \$283.8 million compared to the prior year period**
 - Real Estate segment revenues of \$400.0 million, up 200% or \$266.8 million compared to the prior year period
 - Douglas Elliman's closed sales volume of \$14.5 billion, up 209% or \$9.8 billion compared to the prior year period
- **Reported net income of \$93.3 million or \$0.61 per diluted share, up \$67.5 million compared to the prior year period; Adjusted Net Income of \$96.5 million or \$0.63 per diluted share, up \$67.8 million compared to the prior year period**
- **Reported operating income of \$137.1 million, up \$70.3 million compared to the prior year period**
 - Tobacco segment operating income of \$103.2 million, up 30% or \$23.9 million compared to the prior year period
 - Real Estate segment operating income of \$42.4 million, up \$49.2 million compared to the prior year period
- **Adjusted EBITDA of \$144.2 million, up 89% or \$67.7 million compared to the prior year period**
 - Tobacco segment Adjusted EBITDA of \$104.9 million, up 29% or \$23.5 million compared to the prior year period
 - Real Estate segment Adjusted EBITDA of \$44.6 million, up \$46.3 million compared to the prior year period

Year-to-date 2021 Highlights:

- **Consolidated revenues of \$1.27 billion, up 41% or \$373.0 million compared to the prior year period**
 - Real Estate segment revenues of \$675.3 million, up 125% or \$374.7 million compared to the prior year period
 - Douglas Elliman's closed sales volume of \$24.6 billion, up 128% or \$13.8 billion compared to the prior year period

- **Reported net income of \$125.3 million or \$0.81 per diluted share, up \$102.7 million compared to the prior year period; Adjusted Net Income of \$141.8 million or \$0.92 per diluted share, up \$73.2 million compared to the prior year period**
- **Reported operating income of \$227.3 million, up \$165.4 million compared to the prior year period**
 - Tobacco segment operating income of \$184.8 million, up 24% or \$36.3 million compared to the prior year period
 - Real Estate segment operating income of \$57.6 million, up \$132.0 million compared to the prior year period
- **Adjusted EBITDA of \$238.6 million, up 75% or \$101.9 million compared to the prior year period**
 - Tobacco segment Adjusted EBITDA of \$185.5 million, up 22% or \$32.9 million compared to the prior year period
 - Real Estate segment Adjusted EBITDA of \$62.1 million, up \$70.7 million compared to the prior year period
- **Strong liquidity with cash and cash equivalents of \$490 million and investment securities and long-term investments of \$212 million at June 30, 2021**
- **Cash dividends of \$63 million returned to stockholders at a rate of \$0.40 per common share**

Last Twelve Months ended June 30, 2021 Highlights:

- **Consolidated revenues of \$2.38 billion**
 - Tobacco segment revenues of \$1.20 billion
 - Real Estate segment revenues of \$1.17 billion
 - Douglas Elliman's closed sales volume of \$42.9 billion
- **Net income of \$195.7 million**
 - Real Estate segment net income of \$42.4 million
- **Operating income of \$410.5 million**
 - Tobacco segment operating income of \$355.8 million
- **Adjusted EBITDA of \$435.3 million**
 - Tobacco segment Adjusted EBITDA of \$361.0 million
 - Real Estate segment Adjusted EBITDA of \$92.5 million

MIAMI, FL, August 4, 2021 - Vector Group Ltd. (NYSE:VGR) today announced second quarter 2021 financial results.

“Vector had another outstanding quarter, achieving all-time high quarterly revenues and significantly increased operating income in both our Tobacco and Real Estate segments,” said Howard Lorber, President and Chief Executive Officer of Vector Group.

“We are excited by the continued strong performance of our tobacco business which validates our market strategy and reflects the competitive advantages we have in the deep discount segment, as demonstrated by increased Adjusted EBITDA during the quarter. Our Douglas Elliman subsidiary also delivered record revenues up 195% compared to the year ago period, and closed sales volume was up 209% over the same timeframe. Combined with expense reductions, Douglas Elliman achieved record quarterly Adjusted EBITDA during the second quarter.”

GAAP Financial Results

Three months ended June 30, 2021 and 2020. Second quarter 2021 revenues were \$729.5 million, compared to revenues of \$445.8 million in the second quarter of 2020. The Company recorded operating income of \$137.1 million in the second quarter of 2021, compared to operating income of \$66.8 million in the second quarter of 2020. Net income attributed to Vector Group Ltd. for the second quarter of 2021 was \$93.3 million, or \$0.61 per diluted common share, compared to net income of \$25.8

million, or \$0.16 per diluted common share, in the second quarter of 2020. Operating income and net income for the second quarter of 2020 included pretax restructuring charges of \$3.0 million in the Company's Real Estate segment.

Six months ended June 30, 2021 and 2020. For the six months ended June 30, 2021, revenues were \$1.27 billion, compared to revenues of \$900.2 million for the six months ended June 30, 2020. The Company recorded operating income of \$227.3 million for the six months ended June 30, 2021, compared to operating income of \$61.9 million for the six months ended June 30, 2020. Net income attributed to Vector Group Ltd. for the six months ended June 30, 2021 was \$125.3 million, or \$0.81 per diluted common share, compared to net income of \$22.5 million, or \$0.14 per diluted common share, for the six months ended June 30, 2020. Operating income and net income for the six months ended June 30, 2020 included pre-tax and non-cash impairment charges of \$58.3 million and pre-tax restructuring charges of \$3.0 million in the Company's Real Estate segment.

Non-GAAP Financial Measures

Non-GAAP financial measures include adjustments for change in fair value of derivatives embedded within convertible debt, loss on extinguishment of debt, litigation settlements and judgment expense, impact of Master Settlement Agreement settlements, restructuring charges, net gains on sales of assets (for purposes of Adjusted EBITDA and Adjusted Operating Income only), and impairments of goodwill and other intangible assets. For purposes of Adjusted EBITDA only, adjustments include equity in earnings from investments, equity in (earnings) losses from real estate ventures, stock-based compensation expense, and other, net. For purposes of Adjusted Net Income only, adjustments include non-cash amortization of debt discount on convertible debt, net interest expense capitalized to real estate ventures, and the derivative associated with the 2018 acquisition of 29.41% of Douglas Elliman. Reconciliations of non-GAAP financial measures to the comparable GAAP financial results for the last twelve months ended June 30, 2021 and the three and six months ended June 30, 2021 and 2020 are included in Tables 2 through 8.

Three months ended June 30, 2021 compared to the three months ended June 30, 2020

Adjusted EBITDA attributed to Vector (as described in Table 2 attached hereto) were \$144.2 million for the second quarter of 2021, compared to \$76.5 million for the second quarter of 2020.

Adjusted Net Income (as described in Table 3 attached hereto) was \$96.5 million, or \$0.63 per diluted share, for the second quarter of 2021, and \$28.7 million or \$0.19 per diluted share, for the second quarter of 2020.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$137.1 million for the second quarter of 2021, compared to \$69.8 million for the second quarter of 2020.

Six months ended June 30, 2021 compared to the six months ended June 30, 2020

Adjusted EBITDA attributed to Vector (as described in Table 2 attached hereto) were \$238.6 million for the six months ended June 30, 2021, compared to \$136.7 million for the six months ended June 30, 2020.

Adjusted Net Income (as described in Table 3 attached hereto) was \$141.8 million, or \$0.92 per diluted share, for the six months ended June 30, 2021, compared to \$68.6 million, or \$0.45 per diluted share, for the six months ended June 30, 2020.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$224.6 million for the six months ended June 30, 2021, compared to \$123.2 million for the six months ended June 30, 2020.

Last twelve months ended June 30, 2021

For the last twelve months ended June 30, 2021, revenues were \$2.38 billion. The Company recorded operating income of \$410.5 million for the last twelve months ended June 30, 2021. Net income attributed to Vector Group Ltd. for the last twelve months ended June 30, 2021 was \$195.7 million.

For the last twelve months ended June 30, 2021, Adjusted EBITDA attributed to Vector (as described in Table 2 attached hereto) were \$435.3 million. Adjusted Operating Income (as described in Table 4 attached hereto) was \$407.7 million for the last twelve months ended June 30, 2021.

Consolidated Balance Sheet

Vector maintained significant liquidity at June 30, 2021 with cash and cash equivalents of \$490 million, including \$108 million of cash at Liggett and \$155 million of cash at Douglas Elliman. Vector also held investment securities of \$157 million and long-term investments of \$55 million.

Vector continued its longstanding history of paying a quarterly cash dividend in the second quarter of 2021. For the six months ended June 30, 2021, Vector returned a total of \$63 million to stockholders at a quarterly rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the second quarter of 2021, the Tobacco segment had revenues of \$329.5 million, compared to \$312.5 million for the second quarter of 2020. For the six months ended June 30, 2021, the Tobacco segment had revenues of \$598.0 million, compared to \$599.6 million for the six months ended June 30, 2020. For the last twelve months ended June 30, 2021, the Tobacco segment had revenues of \$1.2 billion.

Operating Income from the Tobacco segment was \$103.2 million and \$184.8 million for the three and six months ended June 30, 2021, respectively, compared to \$79.3 million and \$148.5 million for the three and six months ended June 30, 2020, respectively. Operating Income from the Tobacco segment was \$355.8 million for the last twelve months ended June 30, 2021.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the second quarter of 2021 and 2020 was \$103.2 million and \$79.4 million, respectively. Tobacco Adjusted Operating Income for the six months ended June 30, 2021 was \$182.1 million, compared to \$148.5 million for the six months ended June 30, 2020. Tobacco Adjusted Operating Income for the last twelve months ended June 30, 2021 was \$353.7 million.

For the second quarter of 2021, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.36 billion units, compared to 2.41 billion units for the second quarter of 2020. For the six months ended June 30, 2021, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 4.30 billion units, compared to 4.66 billion units for the six months ended June 30, 2020.

According to data from Management Science Associates, for the second quarter of 2021, Liggett's retail market share declined to 4.09% compared to 4.31% for the second quarter of 2020. For the six months ended June 30, 2021, Liggett's retail market share declined to 4.13%, compared to 4.29% for the six months ended June 30, 2020. Compared to the second quarter of 2020, Liggett's retail shipments in the second quarter of 2021 declined by 7.0% while the overall industry's retail shipments declined by 2.1%. Compared to the six months ended June 30, 2020, Liggett's retail shipments for six months ended June 30, 2021 declined by 6.4% while the overall industry's retail shipments declined by 2.7%.

Real Estate Segment Financial Results

For the second quarter of 2021, the Real Estate segment had revenues of \$400.0 million compared to \$133.3 million for the second quarter of 2020. For the six months ended June 30, 2021, the Real Estate segment had revenues of \$675.3 million, compared to \$300.7 million for the six months ended June 30, 2020. For the last twelve months ended June 30, 2021, the Real Estate segment had revenues of \$1.17 billion. For the second quarter of 2021, the Real Estate segment reported net income of \$39.4 million, compared to a net loss of \$12.4 million for the second quarter of 2020. For the six months ended June 30, 2021, the Real Estate segment reported net income of \$51.5 million, compared to a net loss of \$66.8 million for the six months ended June 30, 2020.

Douglas Elliman's results are included in the Company's Real Estate segment. For the second quarter of 2021, Douglas Elliman had revenues of \$392.0 million, compared to \$132.9 million for the second quarter of 2020. For the six months ended June 30, 2021, Douglas Elliman had revenues of \$664.8 million, compared to \$298.5 million for the six months ended June 30, 2020. For the last twelve months ended June 30, 2021, Douglas Elliman had revenues of \$1.14 billion. For the second quarter of 2021, Douglas Elliman reported net income of \$43.2 million, compared to a net loss of \$5.0 million for the second quarter of 2020. For the six months ended June 30, 2021, Douglas Elliman reported net income of \$57.1 million, compared to a net loss of \$74.1 million for the six months ended June 30, 2020.

Results for the second quarter of 2020 for the Real Estate segment and Douglas Elliman included pre-tax restructuring charges of \$3.0 million and the Real Estate segment's and Douglas Elliman's net loss for the six months ended June 30, 2020 included pre-tax and non-cash impairment charges of \$58.3 million and pre-tax restructuring charges of \$3.0 million.

Non-GAAP Financial Measures

For the second quarter of 2021, Real Estate Adjusted EBITDA attributed to Vector (as described in Table 6 attached hereto) were \$44.6 million, compared to a loss of \$1.7 million for the second quarter of 2020.

For the six months ended June 30, 2021, Real Estate Adjusted EBITDA attributed to Vector were \$62.1 million, compared to a loss of \$8.6 million for the six months ended June 30, 2020.

For the last twelve months ended June 30, 2021, Real Estate net income was \$42.4 million and Real Estate Adjusted EBITDA were \$92.5 million.

For the second quarter of 2021, Douglas Elliman's Adjusted EBITDA (as described in Table 7 attached hereto) were \$45.3 million, compared to a loss of \$1.1 million for the second quarter of 2020.

For the six months ended June 30, 2021, Douglas Elliman's Adjusted EBITDA were \$61.6 million, compared to a loss of \$8.8 million for the six months ended June 30, 2020.

For the last twelve months ended June 30, 2021, Douglas Elliman's net income was \$83.0 million and Douglas Elliman's Adjusted EBITDA were \$92.4 million.

For the three and six months ended June 30, 2021, Douglas Elliman achieved closed sales of approximately \$14.5 billion and \$24.6 billion, respectively, compared to \$4.7 billion and \$10.8 billion for the three and six months ended June 30, 2020, respectively. For the last twelve months ended June 30, 2021 and the year ended December 31, 2020, Douglas Elliman achieved closed sales of approximately \$42.9 billion and \$29.1 billion, respectively.

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, Tobacco Adjusted EBITDA, New Valley Adjusted EBITDA, Douglas Elliman Adjusted EBITDA and financial measures for the last twelve months ("LTM") ended June 30, 2021 ("the Non-GAAP Financial Measures") are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company's business, and management and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company's business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company's measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies. Attached hereto as Tables 2 through 8 is information relating to the Company's Non-GAAP Financial Measures for the last twelve months ended June 30, 2021 and the three and six months ended June 30, 2021 and 2020.

Conference Call to Discuss Second Quarter 2021 Results

As previously announced, the Company will host a conference call and webcast on Thursday, August 5, 2021 at 8:30 AM (ET) to discuss its second quarter 2021 results. Investors can access the call by dialing 877-271-1828 and entering 18383182 as the conference ID number. The call will also be available via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/42138>. Webcast participants should allot extra time to register before the webcast begins.

A replay of the call will be available shortly after the call ends on August 5, 2021 through August 19, 2021. To access the replay, dial 877-656-8905 and enter 18383182 as the conference ID number. The archived webcast will also be available at <https://www.webcaster4.com/Webcast/Page/2271/42138> for one year.

About Vector Group Ltd.

Vector Group is a holding company for Liggett Group LLC, Vector Tobacco Inc., New Valley LLC, and Douglas Elliman Realty, 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 Facebook, Instagram, LinkedIn, TikTok, Twitter, YouTube 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, including statements regarding the current or anticipated impact of the COVID-19 pandemic on our business, 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. In particular, the extent, duration and severity of the spread of the COVID-19 pandemic and economic consequences stemming from the COVID-19 crisis (including a potential significant economic contraction) as well as related risks and the impact of any of the foregoing on our business, results of operations and liquidity could affect our future results and cause actual results to differ materially from those expressed in forward-looking statements.

Risks and uncertainties that could cause our actual results to differ significantly from our current expectations are described in our 2020 Annual Report on Form 10-K and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021. 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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Revenues:				
Tobacco*	\$ 329,496	\$ 312,510	\$ 597,959	\$ 599,579
Real estate	400,033	133,250	675,334	300,669
Total revenues	<u>729,529</u>	<u>445,760</u>	<u>1,273,293</u>	<u>900,248</u>
Expenses:				
Cost of sales:				
Tobacco*	206,145	214,067	370,176	411,357
Real estate	294,265	90,818	493,776	204,151
Total cost of sales	<u>500,410</u>	<u>304,885</u>	<u>863,952</u>	<u>615,508</u>
Operating, selling, administrative and general expenses	92,043	71,064	182,057	161,581
Litigation settlement and judgment expense	—	53	5	53
Impairments of goodwill and other intangible assets	—	—	—	58,252
Restructuring charges	—	2,961	—	2,961
Operating income	<u>137,076</u>	<u>66,797</u>	<u>227,279</u>	<u>61,893</u>
Other income (expenses):				
Interest expense	(28,115)	(29,358)	(56,866)	(64,985)
Loss on extinguishment of debt	—	—	(21,362)	—
Change in fair value of derivatives embedded within convertible debt	—	1,669	—	4,999
Equity in earnings from investments	941	2,207	1,518	52,359
Equity in earnings (losses) from real estate ventures	16,685	(12,260)	18,274	(18,765)
Other, net	5,578	7,635	8,332	(3,020)
Income before provision for income taxes	<u>132,165</u>	<u>36,690</u>	<u>177,175</u>	<u>32,481</u>
Income tax expense	<u>38,860</u>	<u>10,916</u>	<u>51,913</u>	<u>9,938</u>
Net income	<u>93,305</u>	<u>25,774</u>	<u>125,262</u>	<u>22,543</u>
Net loss (income) attributed to non-controlling interest	—	—	—	—
Net income attributed to Vector Group Ltd.	<u>\$ 93,305</u>	<u>\$ 25,774</u>	<u>\$ 125,262</u>	<u>\$ 22,543</u>
Per basic common share:				
Net income applicable to common share attributed to Vector Group Ltd.	<u>\$ 0.61</u>	<u>\$ 0.17</u>	<u>\$ 0.81</u>	<u>\$ 0.14</u>
Per diluted common share:				
Net income applicable to common share attributed to Vector Group Ltd.	<u>\$ 0.61</u>	<u>\$ 0.16</u>	<u>\$ 0.81</u>	<u>\$ 0.14</u>

* Revenues and cost of sales include federal excise taxes of \$118,735, \$121,170, \$216,449 and \$234,309 for the three and six months ended June 30, 2021 and 2020, respectively.

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

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2021	December 31, 2020	June 30,		June 30,	
			2021	2020	2021	2020
Net income attributed to Vector Group Ltd.	\$ 195,657	\$ 92,938	\$ 93,305	\$ 25,774	\$ 125,262	\$ 22,543
Interest expense	113,422	121,541	28,115	29,358	56,866	64,985
Income tax expense	83,752	41,777	38,860	10,916	51,913	9,938
Depreciation and amortization	16,910	17,629	4,089	4,412	8,268	8,987
EBITDA	\$ 409,741	\$ 273,885	\$ 164,369	\$ 70,460	\$ 242,309	\$ 106,453
Change in fair value of derivatives embedded within convertible debt (a)	—	(4,999)	—	(1,669)	—	(4,999)
Equity in earnings from investments (b)	(5,427)	(56,268)	(941)	(2,207)	(1,518)	(52,359)
Equity in losses (earnings) from real estate ventures (c)	7,659	44,698	(16,685)	12,260	(18,274)	18,765
Loss on extinguishment of debt	21,362	—	—	—	21,362	—
Stock-based compensation expense (d)	10,682	9,483	3,080	2,283	5,740	4,541
Litigation settlement and judgment expense (e)	289	337	—	53	5	53
Impact of MSA settlement (f)	(2,423)	299	—	—	(2,722)	—
Restructuring charges (g)	421	3,382	—	2,961	—	2,961
Net gains on sales of assets	(1,114)	(1,114)	—	—	—	—
Impairments of goodwill and other intangible assets (h)	—	58,252	—	—	—	58,252
Other, net	(5,896)	5,456	(5,578)	(7,635)	(8,332)	3,020
Adjusted EBITDA attributed to Vector Group Ltd.	\$ 435,294	\$ 333,411	\$ 144,245	\$ 76,506	\$ 238,570	\$ 136,687
Adjusted EBITDA Attributed to Vector Group Ltd. by Segment						
Tobacco	\$ 360,989	\$ 328,049	\$ 104,885	\$ 81,362	\$ 185,530	\$ 152,590
Real Estate (i)	92,478	21,782	44,588	(1,716)	62,070	(8,626)
Corporate and Other	(18,173)	(16,420)	(5,228)	(3,140)	(9,030)	(7,277)
Total	\$ 435,294	\$ 333,411	\$ 144,245	\$ 76,506	\$ 238,570	\$ 136,687

- a. Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.
- b. 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 Ladenburg Thalmann Financial Services of \$372 for the last twelve months ended June 30, 2021, \$53,424 for the year ended December 31, 2020, and \$53,052 for the six months ended June 30, 2020.
- c. Represents equity in losses (earnings) recognized from the Company's investment in certain real estate businesses that are accounted for under the equity method and are not consolidated in the Company's financial results.
- d. Represents amortization of stock-based compensation.
- e. Represents accruals for product liability litigation in the Company's Tobacco segment.
- f. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.
- g. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- h. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.
- i. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$92,443 for the last twelve months ended June 30, 2021, \$22,054 for the year ended December 31, 2020, \$45,280, loss of \$1,054, \$61,631 and loss of \$8,758 for the three and six months ended June 30, 2021 and 2020, respectively.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net income attributed to Vector Group Ltd.	\$ 93,305	\$ 25,774	\$ 125,262	\$ 22,543
Change in fair value of derivatives embedded within convertible debt	—	(1,669)	—	(4,999)
Non-cash amortization of debt discount on convertible debt	—	759	—	5,276
Loss on extinguishment of debt	—	—	21,362	—
Litigation settlement and judgment expense (a)	—	53	5	53
Impact of MSA settlement (b)	—	—	(2,722)	—
Impact of net interest expense capitalized to real estate ventures	(559)	1,531	(869)	3,050
Adjustment for derivative associated with acquisition of 29.41% of Douglas Elliman Realty, LLC	3,595	234	3,523	(1,831)
Restructuring charges (c)	—	2,961	—	2,961
Impairments of goodwill and other intangible assets (d)	—	—	—	58,252
Total adjustments	3,036	3,869	21,299	62,762
Tax benefit (expense) related to adjustments	151	(981)	(4,798)	(16,694)
Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 96,492</u>	<u>\$ 28,662</u>	<u>\$ 141,763</u>	<u>\$ 68,611</u>
Per diluted common share:				
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.63</u>	<u>\$ 0.19</u>	<u>\$ 0.92</u>	<u>\$ 0.45</u>

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
- b. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.
- c. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- d. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.

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

	LTM June 30, 2021	Year Ended December 31, 2020	Three Months Ended June 30,		Six Months Ended June 30,	
			2021	2020	2021	2020
Operating income	\$ 410,529	\$ 245,143	\$ 137,076	\$ 66,797	\$ 227,279	\$ 61,893
Litigation settlement and judgment expense (a)	289	337	—	53	5	53
Restructuring charges (b)	421	3,382	—	2,961	—	2,961
Impact of MSA settlement (c)	(2,423)	299	—	—	(2,722)	—
Net gains on sales of assets	(1,114)	(1,114)	—	—	—	—
Impairments of goodwill and other intangible assets (d)	—	58,252	—	—	—	58,252
Total adjustments	(2,827)	61,156	—	3,014	(2,717)	61,266
Adjusted Operating Income	<u>\$ 407,702</u>	<u>\$ 306,299</u>	<u>\$ 137,076</u>	<u>\$ 69,811</u>	<u>\$ 224,562</u>	<u>\$ 123,159</u>

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
- b. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- c. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.
- d. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.

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

	LTM June 30, 2021	Year Ended December 31, 2020	Three Months Ended June 30,		Six Months Ended June 30,	
			2021	2020	2021	2020
Tobacco Adjusted Operating Income:						
Operating income from Tobacco segment	\$ 355,819	\$ 319,536	\$ 103,179	\$ 79,309	\$ 184,778	\$ 148,495
Litigation settlement and judgment expense (a)	289	337	—	53	5	53
Impact of MSA settlement (b)	(2,423)	299	—	—	(2,722)	—
Total adjustments	(2,134)	636	—	53	(2,717)	53
Tobacco Adjusted Operating Income	<u>\$ 353,685</u>	<u>\$ 320,172</u>	<u>\$ 103,179</u>	<u>\$ 79,362</u>	<u>\$ 182,061</u>	<u>\$ 148,548</u>
Tobacco Adjusted EBITDA:						
Operating income from Tobacco segment	\$ 355,819	\$ 319,536	\$ 103,179	\$ 79,309	\$ 184,778	\$ 148,495
Litigation settlement and judgment expense (a)	289	337	—	53	5	53
Impact of MSA settlement (b)	(2,423)	299	—	—	(2,722)	—
Total adjustments	(2,134)	636	—	53	(2,717)	53
Tobacco Adjusted Operating Income	353,685	320,172	103,179	79,362	182,061	148,548
Depreciation and amortization	7,292	7,877	1,697	2,000	3,457	4,042
Stock-based compensation expense	12	—	9	—	12	—
Total adjustments	7,304	7,877	1,706	2,000	3,469	4,042
Tobacco Adjusted EBITDA	<u>\$ 360,989</u>	<u>\$ 328,049</u>	<u>\$ 104,885</u>	<u>\$ 81,362</u>	<u>\$ 185,530</u>	<u>\$ 152,590</u>

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

TABLE 6
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF REAL ESTATE SEGMENT (NEW VALLEY LLC) ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2021	December 31, 2020	June 30,		June 30,	
			2021	2020	2021	2020
Net income (loss) attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 42,403	\$ (75,910)	\$ 39,398	\$ (12,417)	\$ 51,464	\$ (66,849)
Interest expense (a)	121	268	44	106	75	222
Income tax expense (benefit) (a)	17,879	(27,674)	16,508	(4,529)	21,215	(24,338)
Depreciation and amortization	9,139	8,874	2,374	2,198	4,776	4,511
EBITDA	\$ 69,542	\$ (94,442)	\$ 58,324	\$ (14,642)	\$ 77,530	\$ (86,454)
(Income) loss from non-guarantors other than New Valley LLC	(332)	45	(174)	15	(333)	44
Equity in losses (earnings) from real estate ventures (b)	7,659	44,698	(16,685)	12,260	(18,274)	18,765
Restructuring charges (c)	421	3,382	—	2,961	—	2,961
Loss on sale of asset	1,169	1,169	—	—	—	—
Impairments of goodwill and other intangible assets (d)	—	58,252	—	—	—	58,252
Other, net	13,982	8,575	3,121	(2,325)	3,125	(2,282)
Adjusted EBITDA attributed to New Valley LLC	\$ 92,441	\$ 21,679	\$ 44,586	\$ (1,731)	\$ 62,048	\$ (8,714)
Adjusted EBITDA Attributed to New Valley LLC by Segment						
Real Estate (e)	\$ 92,478	\$ 21,782	\$ 44,588	\$ (1,716)	\$ 62,070	\$ (8,626)
Corporate and Other	(37)	(103)	(2)	(15)	(22)	(88)
Total (f)	\$ 92,441	\$ 21,679	\$ 44,586	\$ (1,731)	\$ 62,048	\$ (8,714)

- a. Amounts are derived from Vector Group Ltd.'s Condensed Consolidated Financial Statements. See Exhibit 99.2 "Condensed Consolidating Financial Information" contained in Vector Group Ltd.'s Form 10-K for the period ended December 31, 2020, Form 10-Q for the period ended June 30, 2021 and Note 14 contained in Vector Group Ltd.'s Form 10-Q for the period ended June 30, 2020.
- b. Represents equity in losses (earnings) recognized from the Company's investment in certain real estate businesses that are accounted for under the equity method and are not consolidated in the Company's financial results.
- c. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- d. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.
- e. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$92,443 for the last twelve months ended June 30, 2021, \$22,054 for the year ended December 31, 2020, \$45,280, loss of \$1,054, \$61,631 and loss of \$8,758 for the three and six months ended June 30, 2021 and 2020, respectively.
- f. New Valley's Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s "Corporate and Other" segment expenses (for purposes of computing Adjusted EBITDA contained in Table 2 of this press release) of \$18,173 for the last twelve months ended June 30, 2021, \$16,420 for the year ended December 31, 2020, \$5,228, \$3,140, \$9,030 and \$7,277 for the three and six months ended June 30, 2021 and 2020, respectively.

TABLE 7
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF DOUGLAS ELLIMAN REALTY, LLC ADJUSTED EBITDA
ATTRIBUTED TO REAL ESTATE SEGMENT
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Six Months Ended	
	June 30, 2021	December 31, 2020	June 30,		June 30,	
			2021	2020	2021	2020
Net income (loss) attributed to Douglas Elliman Realty, LLC	\$ 82,956	\$ (48,210)	\$ 43,160	\$ (5,042)	\$ 57,084	\$ (74,082)
Interest expense	3	1	1	—	3	1
Income tax expense (benefit)	826	(5)	590	2	833	2
Depreciation and amortization	8,445	8,537	2,097	2,089	4,220	4,312
Douglas Elliman Realty, LLC EBITDA	\$ 92,230	\$ (39,677)	\$ 45,848	\$ (2,951)	\$ 62,140	\$ (69,767)
Equity in earnings from real estate ventures (a)	(82)	(30)	(75)	—	(75)	(23)
Restructuring charges (b)	421	3,382	—	2,961	—	2,961
Loss on sale of asset	1,169	1,169	—	—	—	—
Impairments of goodwill and other intangible assets (c)	—	58,252	—	—	—	58,252
Other, net	(1,295)	(1,042)	(493)	(1,064)	(434)	(181)
Douglas Elliman Realty, LLC Adjusted EBITDA attributed to Real Estate Segment	\$ 92,443	\$ 22,054	\$ 45,280	\$ (1,054)	\$ 61,631	\$ (8,758)

- a. Represents equity in earnings recognized from the Company's investment in certain real estate businesses that are accounted for under the equity method and are not consolidated in the Company's financial results.
- b. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- c. Represents non-cash intangible asset impairment charges related to the goodwill and trademark of Douglas Elliman Realty, LLC.

TABLE 8
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF REVENUES
(Unaudited)
(Dollars in Thousands)

	LTM June 30, 2021	Year Ended December 31, 2020	Six Months Ended	
			June 30, 2021	June 30, 2020
Revenues:				
Tobacco (a)	\$ 1,202,881	\$ 1,204,501	\$ 597,959	\$ 599,579
Real estate (b)	1,172,833	798,168	675,334	300,669
Total revenues	<u>\$ 2,375,714</u>	<u>\$ 2,002,669</u>	<u>\$ 1,273,293</u>	<u>\$ 900,248</u>

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- a. Tobacco segment revenues include federal excise taxes of \$443,672, \$461,532, \$216,449 and \$234,309 for the last twelve months ended June 30, 2021, the year ended December 31, 2020 and the six months ended June 30, 2021 and 2020, respectively.
- b. Real Estate segment revenues include revenues from Douglas Elliman of \$1,140,208, \$773,987, \$664,751 and \$298,530 for the last twelve months ended June 30, 2021, the year ended December 31, 2020 and the six months ended June 30, 2021 and 2020, respectively.