

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): June 27, 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 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 7.01. Regulation FD Disclosure**

Vector Group Ltd. (NYSE:VGR) (the "Company") has prepared materials for presentations to investors. The materials are furnished (not filed) as Exhibit 99.1 to this Current Report on Form 8-K pursuant to Regulation FD.

**Non-GAAP Financial Measures**

Exhibit 99.1 contains the Non-GAAP Financial Measures discussed below.

Please refer to Current Reports on Form 8-K dated May 10, 2022, March 1, 2022, and February 25, 2021 for reconciliations of financial measures prepared in accordance with GAAP to Non-GAAP Financial Measures.

Adjusted EBITDA, Tobacco Adjusted EBITDA, and financial measures for all periods presented, including the last twelve months ("LTM") ended March 31, 2022, (hereafter, referred to as "the Non-GAAP Financial Measures") are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company's business, and management 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 March 31, 2022 and the Company's Annual Report on Form 10-K for the year ended December 31, 2021. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

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*Item 9.01. Financial Statements and Exhibits*

**Exhibit Index**

(c) Exhibit.

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Exhibit No.	Exhibit
<a href="#">99.1</a>	Investor presentation of Vector Group Ltd. dated June 2022 (furnished pursuant to Regulation FD).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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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: June 27, 2022



Investor Presentation

June 2022



## Disclaimer

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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 March 31, 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 May 10, 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

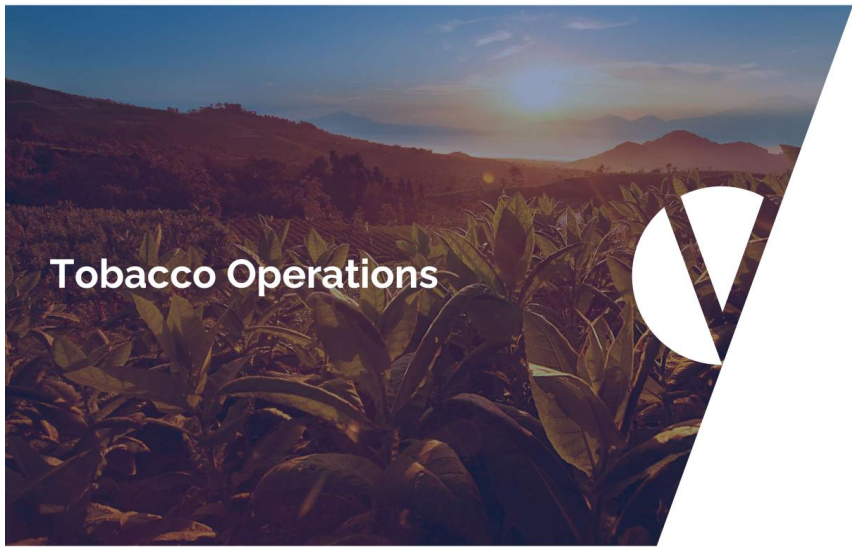


- Overview
  - Holding Company with two primary businesses: tobacco (Liggett Group) and real estate (New Valley LLC)
    - On December 29, 2021, Vector completed the spin-off of Douglas Elliman Inc. into an independent publicly traded company (NYSE: DOUG)
  - Reported GAAP net income of \$32.5 million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

<sup>(1)</sup> Vector's net income was \$29.5 million and \$20.0 million for the year ended December 31, 2021 and the last twelve months ended March 31, 2022, respectively. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, filed May 10, 2022 (Table 2) for a reconciliation of net income to Adjusted EBITDA as well as the Disclosure to this document on Page 4.

<sup>(2)</sup> All "Liggett" and "Tobacco" financial information in this presentation includes the operations of Liggett Group LLC, Vector Tobacco Inc., and Liggett Vector Brands LLC unless otherwise noted. Vector's operating income from the tobacco segment was \$265.2 million and \$354.4 million for the year ended December 31, 2021 and the last twelve months ended March 31, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Tables 2 and 3 of Exhibit 99.1 to the Company's Current Report on Form 8-K, filed May 10, 2022.

<sup>(3)</sup> Cost advantage applies only to cigarettes sold below applicable market share exemption (approximately 1.2% of cigarettes sold in the United States).



Tobacco Operations





## Overview



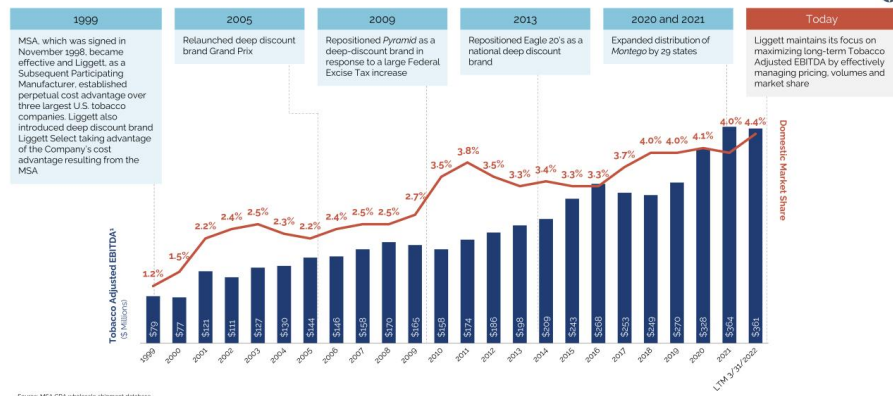
- Fourth-largest U.S. cigarette manufacturer; founded in 1873
  - Core Discount Brands – Eagle 20's, Montego, Pyramid, Grand Prix, Liggett Select and Eve
    - Today, the average retail prices of Eagle 20's and Pyramid are approximately 30% and 15%, respectively, below the average retail prices of the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



<sup>(1)</sup> Vector's operating income from the tobacco segment was \$360.3 million and \$351.4 million for the year ended December 31, 2021 and the last twelve months ended March 31, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP financial measure and is defined in the Company's Current Report on Form 8-K, March 29, 2022. Please also refer to the Disclosure to this document on Page 9.

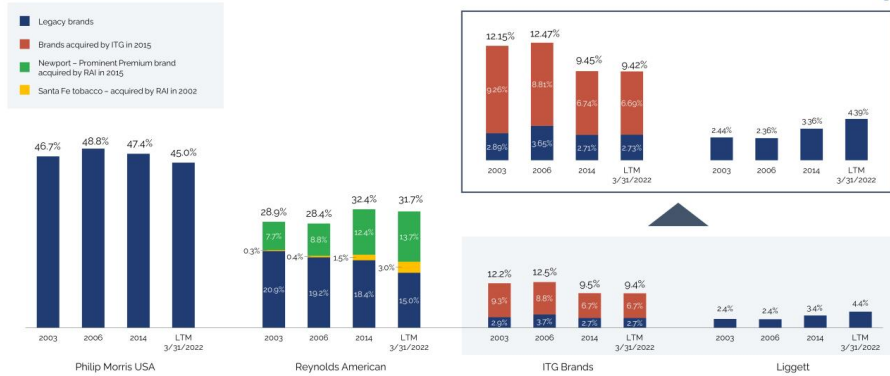
<sup>(2)</sup> Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1.22% of total cigarettes sold in the United States).

# History



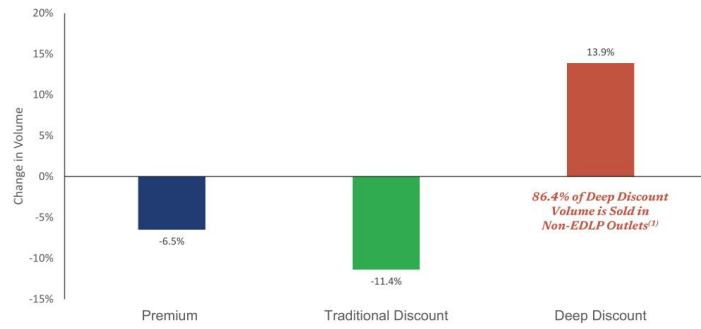
Source: MSA CDM wholesale shipment database.  
 Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.  
 \* Vector's operating income from the tobacco segment was \$19.6, \$20.9, \$26.3 and \$33.4 for the years ended December 31, 2019, 2020 and 2021 and the last twelve months ended March 31, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 5 of Exhibit 991 to the Company's Current Reports on Form 8-K, filed on May 13, 2022. Please also refer to Table 3 of Exhibit 992 to the Company's Current Reports on Form 8-K, filed October 2, 2015, November 15, 2016, and Table 5 of Exhibit 991 to the Company's Current Reports on Form 8-K, filed March 1, 2022.

# Adjusted U.S. Tobacco Industry Market Share



Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2004), 2006 (February 2007) and 2014 (March 2015) and internal estimates for LTM ended 3/31/2022.  
 Actual market share in 2003, 2006 and 2014 reported in the Maxwell Report for Reynolds American was 28.0%, 28.8% and 32.5%, respectively, and for ITG Brands, was 12.1%, 12.7% and 9.5%, respectively. Adjusted market share has been computed by Vector Group, Ltd. by applying historical market share of each brand to the present owner of brand. Thus, the graph assumes each company owned its current brands on January 1, 2003. The legacy brands market share of Reynolds American in 2003 includes the market share of Brown & Williamson, which was acquired by Reynolds American in 2004. In 2015, Reynolds American acquired Lorillard Tobacco Company, which manufactured the Parliament Premier brand and sold a portfolio of brands.  
 † Does not include smaller manufacturers, whose cumulative market shares were 0.8%, 0.9%, 0.8% and 0.5% in 2003, 2006, 2014 and LTM ended 3/31/2022, respectively.

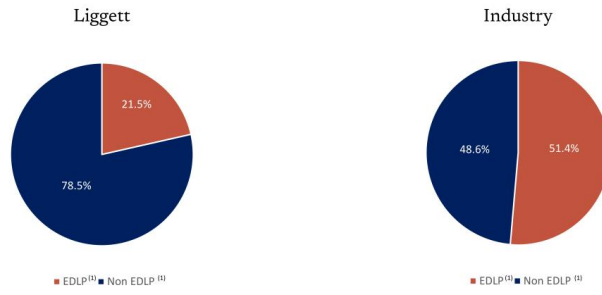
## U.S. Cigarette Industry Volume Change by Segment – LTM 3/31/2022



Source: Management Science Associates (MSA) RES Database for the 52 weeks ended April 2, 2022. The source for the database is reporting by tobacco distributors, who are constituents of the MSA/RES database and represent approximately 95% of distributor shipments to retailers selling cigarettes in the United States.

<sup>1)</sup> 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<sup>(1)</sup>



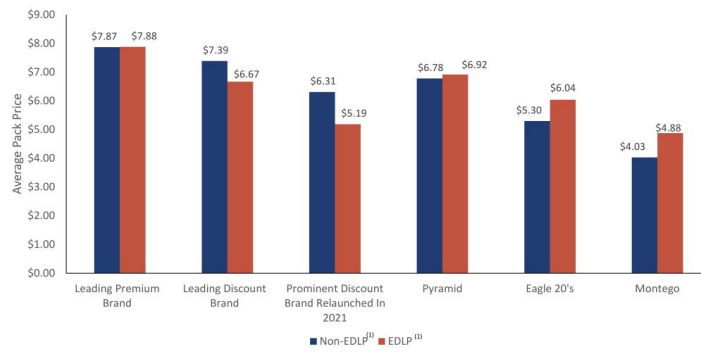
Source: Management Science Associates R/S Database 52 Weeks Ended April 2, 2002  
<sup>(2)</sup> Every Day Low Price ("EDLP") stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

## Price Increases in 2020, 2021 and 2022



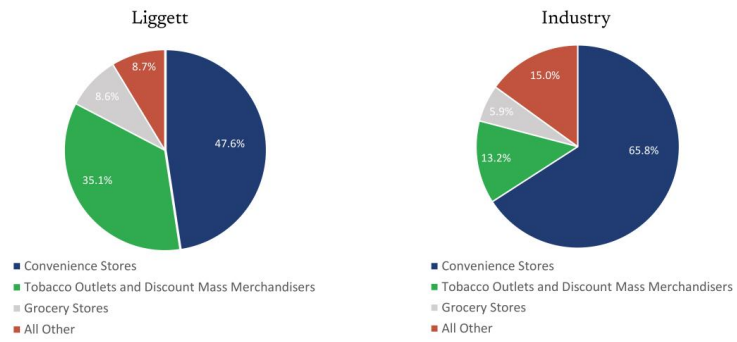
Effective Date	Action	Brand(s)			
		Montego	Eagle 20's	Pyramid	Liggett Select, Eve and Grand Prix
Amount per pack					
<b>2020</b>					
February 17, 2020	List Price increase	\$ -	\$ 0.08	\$ 0.08	\$ 0.08
June 22, 2020	List Price increase	-	0.11	0.11	0.11
November 2, 2020	List Price increase	-	0.13	0.13	0.13
<b>2021</b>					
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
<b>2022</b>					
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	-	-	-

## Average per Pack Price – EDLP Stores<sup>(1)</sup> and Non-EDLP<sup>(1)</sup> Stores



Source: Company Estimates in Liggett's markets for the 12 weeks ended April 2, 2022.  
<sup>(1)</sup> 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.

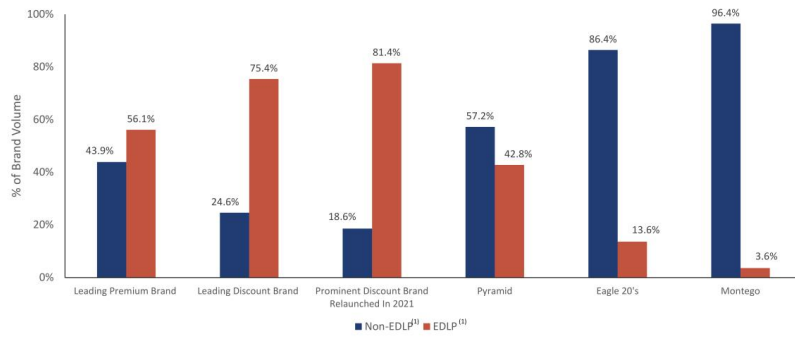
## Liggett's Distribution is Value-Focused



Source: Management Science Associates, Inc.'s RIS Database for the 52 weeks ended April 2, 2022



## Analysis of Volume - EDLP<sup>(1)</sup> Stores and Non-EDLP<sup>(1)</sup> Stores



Source: Management Science Associates, Inc.'s IQS Database for the 13 weeks ended April 2, 2022.  
1. Every Day Low Price (EDLP) stores are defined as retail stores participating in J. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a DLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

## Tobacco Litigation and Regulatory Updates

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- **Litigation**

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

- **Regulatory**

- Since 1998, the MSA has restricted the advertising and marketing of tobacco products
- Certain states have passed legislation banning the sale of menthol cigarettes
- Family Smoking Prevention and Tobacco Control Act (2009) granted the FDA the authority to regulate (but not ban) tobacco products
  - On 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
  - On May 4, 2022, FDA published a proposed rule to prohibit menthol as a characterizing flavor in cigarettes



Real Estate Operations



## Real Estate Overview

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

<sup>(1)</sup> Net of cash returned.

# Real Estate Summary<sup>(1)</sup>



(\$ in thousands)

	Net cash invested	Cumulative earnings / (loss) <sup>2</sup>	Carrying value <sup>3</sup>	Projected construction end date	Range of ownership	Number of investments
<b>Land owned</b>						
All other U.S. areas	\$ 8,894	\$ 10,933	\$ 9,039	N/A	100.0%	1
	\$ 8,894	\$ 10,933	\$ 9,039			1
<b>Condominium and Mixed Use Development (Minority Interest owned)</b>						
New York City SMCA	\$ 46,242	\$ 153,079	\$ 21,257	2023	42% - 49.7%	8
All other U.S. areas	71,955	(80,393)	61,725	2022 - 2025	15.0% - 89.1%	10
	\$ 117,197	\$ (34,170)	\$ 82,982			18
<b>Apartments (Minority Interest owned)</b>						
All other U.S. areas	\$ 11,700	\$ 300	\$ 11,301	N/A	7.6% - 50.0%	1
	\$ 11,700	\$ 300	\$ 11,301			1
<b>Hotels (Minority Interest owned)</b>						
New York City SMCA	\$ 8,198	\$ 17,000	\$ 1,100	2022	0.4% - 17.8%	3
All other U.S. areas	8,360	8,360	-	N/A	N/A	-
International	5,048	(8,797)	1,258	N/A	49.0%	1
	\$ 21,595	\$ 16,563	\$ 2,458			4
<b>Commercial and Other (Minority Interest owned)</b>						
New York City SMCA	\$ 0,176	\$ 11,247	\$ 8,071	N/A	45.4% - 49.0%	3
All other U.S. areas	3,040	3,820	7,444	N/A	1.6%	1
	\$ 295	\$ 14,728	\$ 15,515			4
<b>Total</b>	<b>\$ 150,333</b>	<b>\$ (28,943)</b>	<b>\$ 121,390</b>			<b>28</b>
<b>Summary</b>						
New York City SMCA	\$ 50,368	\$ 169,740	\$ 30,628			14
All other U.S. areas	94,012	(44,483)	89,959			13
International	5,953	(4,792)	1,752			1
	\$ 150,333	\$ (28,943)	\$ 121,390			28

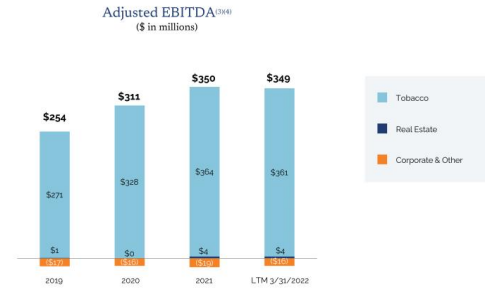
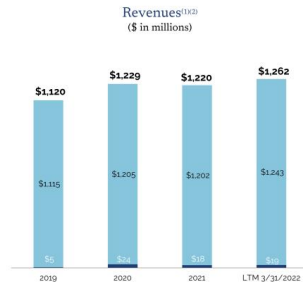
<sup>1)</sup> For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd.'s Form 10-Q for the period ended March 31, 2022.  
<sup>2)</sup> Includes interest expense capitalized to real estate ventures of \$11,353.



Financial Data



# Adjusted Historical Financial Data



<sup>1)</sup> Revenues include federal excise taxes of \$40, \$46, \$43 and \$43, respectively.  
<sup>2)</sup> On December 29, 2021, Vector Group Ltd completed the distribution of its real estate coverage services and Property investment business (P&I) to new standalone public company, Douglas Elman Inc. (NYSE:DOUG) through a distribution of Douglas Elman's common stock to Vector Group Ltd. stockholders. The historical results of the real estate coverage services and Property investment business owned by Douglas Elman 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.  
<sup>3)</sup> Vector's net income for the periods presented are: 2019, 2020, 2021 and LTM 3/31/2022, respectively. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to the Company's Current Reports on Form 8-K, filed on February 28, 2021; March 1, 2022; and May 20, 2022, respectively. EBITDA is a financial measure of performance that is not a measure of GAAP.  
<sup>4)</sup> 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 Elman 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 **\$421 million<sup>1</sup>** at **March 31, 2022 (\$375 million, net of cash at Liggett)**
- Vector's CEO, COO, CFO and General Counsel have an average tenure of **28 years** with the Company and, along with directors, beneficially own **approximately 8% of Vector's common stock**



## Tobacco segment

- Liggett is the fourth-largest U.S. cigarette manufacturer with **4.4%** wholesale market share and **4.4%** retail market share for the last twelve months ended March 31, 2022
- From April 1, 2010, to March 31, 2020, was the only major U.S. cigarette manufacturer to **increase both market share and unit volumes**
- **\$361 million<sup>2</sup>** of Tobacco Adjusted EBITDA for the last twelve months ended March 31, 2022



## Real Estate segment

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



<sup>1</sup> At March 31, 2022, the total amount (\$421 million) includes cash at Liggett of \$46 million.  
<sup>2</sup> Vector Group Ltd.'s operating income from the tobacco segment was \$303.2 million and \$265.4 million for the year ended December 31, 2021 and the last twelve months ended March 31, 2022, respectively. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 991 to the Company's Current Reports on Form 8-K, filed May 10, 2022 (Tables 2 and 3) and March 1, 2022 (Tables 2 and 3), for a reconciliation of Net Income to Adjusted EBITDA and a reconciliation of operating income from the tobacco segment to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.

## Adjusted EBITDA Reconciliation

(\$ Millions)	FYE December 31,		Three Months Ended			LTM 3/31/2022
	2019	2020	2021	3/31/2022	3/31/2021	
Net income attributed to Vector Group Ltd.	\$ 101.0	\$ 92.0	\$ 219.5	\$ 32.5	\$ 32.0	\$ 220.0
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	(7.1)	34.0	(72.3)	-	(10.4)	(51.8)
Interest Expense	137.5	121.3	112.7	25.1	28.7	109.1
Tax Expense	31.1	54.1	62.8	12.2	9.2	65.8
Net loss attributed to non-controlling interest	0.0	-	(0.2)	-	-	(0.2)
Depreciation and Amortization	9.2	9.1	7.8	1.9	2.1	7.5
<b>EBITDA</b>	<b>\$ 271.6</b>	<b>\$ 311.4</b>	<b>\$ 330.3</b>	<b>\$ 71.7</b>	<b>\$ 61.5</b>	<b>\$ 349.5</b>
Change in Fair Value of Derivatives Embedded Within Convertible Debt <sup>(1)</sup>	(26.4)	(5.0)	-	-	-	-
Equity in (Earnings) Loss from Investments <sup>(2)</sup>	(17.0)	(56.3)	(2.7)	2.2	(0.6)	0.1
Loss on Extinguishment of Debt	27.8	44.7	(10.3)	1.9	(1.6)	(6.8)
Loss on Extinguishment of Debt	4.3	-	21.4	-	21.4	-
Stock-Based Compensation Expense <sup>(3)</sup>	9.5	9.5	14.8	2.1	2.7	14.3
Litigation Settlement and Judgment (Income) Expense <sup>(4)</sup>	1.0	0.3	0.2	0.1	0.0	0.3
Impact of MSA Settlement <sup>(5)</sup>	-	0.3	(2.7)	(2.2)	(2.7)	(2.2)
Transaction Expenses <sup>(7)</sup>	-	-	10.5	-	-	10.5
Net Gains on Sales of Assets	-	(2.3)	(0.9)	-	-	(0.9)
Other Net	(6.7)	8.6	(0.7)	1.2	(2.7)	(5.7)
<b>Adjusted EBITDA Attributed to Vector</b>	<b>\$ 254.1</b>	<b>\$ 311.4</b>	<b>\$ 349.0</b>	<b>\$ 77.1</b>	<b>\$ 78.0</b>	<b>\$ 349.0</b>
<b>Operating Income (Loss) by Segment</b>						
Tobacco	\$ 261.6	\$ 319.5	\$ 360.3	\$ 77.6	\$ 81.6	\$ 356.4
Real Estate	0.6	(0.6)	4.1	1.0	1.0	4.0
Corporate & Other	(7.1)	(7.4)	(15.4)	(3.5)	(6.7)	(11.4)
<b>Operating Income</b>	<b>\$ 254.6</b>	<b>\$ 294.4</b>	<b>\$ 349.0</b>	<b>\$ 75.1</b>	<b>\$ 76.0</b>	<b>\$ 349.0</b>
<b>Adjusted EBITDA Attributed to Vector by Segment</b>						
Tobacco	\$ 270.5	\$ 328.0	\$ 364.4	\$ 77.1	\$ 80.6	\$ 360.8
Real Estate	0.8	(0.3)	4.1	1.0	1.1	4.1
Corporate & Other	(17.1)	(16.4)	(19.6)	(1.0)	(3.8)	(15.9)
<b>Adjusted EBITDA Attributed to Vector</b>	<b>\$ 254.1</b>	<b>\$ 311.4</b>	<b>\$ 349.0</b>	<b>\$ 77.1</b>	<b>\$ 78.0</b>	<b>\$ 349.0</b>

**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 Lohndorf, Tailored Financial Services of \$5.4 million for the year ended December 31, 2020 and equity earnings from Castle Brands of \$4.4 million for the year ended December 31, 2019.

(3) Represents equity in nonrecurring 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 Philip Morris tobacco litigation.

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

(7) Transaction expenses include expenses incurred in connection with the Company's spin-off of Duquesne Light, Inc. (DL), a regulated utility, public company, which occurred on December 10, 2021.



