

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 1, 2024

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 May 1, 2024, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the three months ended March 31, 2024. 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, as amended (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.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may be,” “continue,” “could,” “potential,” “objective,” “plan,” “seek,” “predict,” “project” and “will be” and similar expressions are intended to identify forward-looking statements. The Company’s actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 and, when filed, in our Quarterly Report on Form 10-Q for the period ended March 31, 2024. 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.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release issued on May 1, 2024, regarding financial results for the first quarter ended March 31, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Senior Vice President, Treasurer and Chief Financial Officer

Date: May 2, 2024



FOR IMMEDIATE RELEASE

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VECTOR GROUP REPORTS FIRST QUARTER 2024 FINANCIAL RESULTS

Continued Strong Earnings Growth in Tobacco Segment

First Quarter 2024 Highlights:

- **Consolidated revenues of \$324.6 million, down 2.9% or \$9.6 million compared to the prior year period.**
 - Tobacco segment revenues of \$324.6 million, down 2.9% or \$9.6 million compared to the prior year period.
 - Tobacco segment wholesale market share declined to 5.6% from 5.7% in the prior year period and retail market share remained at 5.8%, unchanged from the prior year period.
 - *Montego* wholesale market share increased to 3.9% from 3.3% in the prior year period and retail market share increased to 4.0% from 3.4% in the prior year period.
- **Reported operating income of \$77.8 million, up 4.7% or \$3.5 million compared to the prior year period.**
 - Tobacco segment operating income of \$83.0 million, up 5.6% or \$4.4 million compared to the prior year period, primarily attributable to the continued transition of the *Montego* brand strategy from volume-based to income-based.
- **Adjusted EBITDA of \$82.8 million, up 6.0% or \$4.7 million compared to the prior year period.**
 - Tobacco Adjusted EBITDA of \$84.4 million, up 5.5% or \$4.4 million compared to the prior year period.

MIAMI, FL, May 1, 2024 - Vector Group Ltd. (NYSE:VGR) today announced financial results for the three months ended March 31, 2024.

“Vector Group delivered strong performance in the first quarter driven by continued growth of our *Montego* brand,” said Howard M. Lorber, President and Chief Executive Officer of Vector Group Ltd. “Our proven ability to increase *Montego*’s market share and profitability underscores the effectiveness of our brand strategy, market analysis, broad-based distribution, and excellent retail execution. We remain confident in our ability to continue driving sustainable growth and creating long-term value for our stockholders.”

GAAP Financial Results

Three months ended March 31, 2024 and 2023

For the three months ended March 31, 2024 revenues were \$324.6 million, compared to revenues of \$334.1 million for the first quarter of 2023. The Company recorded operating income of \$77.8 million for the first quarter of 2024 compared to \$74.3 million for the first quarter of 2023. Net income for the first quarter of 2024 was \$34.8 million, or \$0.22 per diluted common share, compared to net income of \$34.7 million, or \$0.22 per diluted common share, for the first quarter of 2023.

Non-GAAP Financial Measures

Three months ended March 31, 2024 compared to the three months ended March 31, 2023

Adjusted EBITDA (as described in Table 2 attached hereto) were \$82.8 million for the first quarter of 2024, compared to \$78.1 million for the first quarter of 2023.

Adjusted Net Income (as described in Table 3 attached hereto) was \$37.2 million, or \$0.24 per diluted common share, for the first quarter of 2024, compared to \$34.0 million, or \$0.22 per diluted common share, for the first quarter of 2023.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$77.8 million for the first quarter of 2024, compared to \$74.3 million for the first quarter of 2023.

Consolidated Balance Sheet

Vector Group maintained significant liquidity at March 31, 2024 with cash and cash equivalents of \$333 million, including \$84 million of cash at Liggett. Vector Group also held investment securities of \$129 million and long-term investments of \$50 million.

Vector Group continued its longstanding practice of paying a quarterly cash dividend in the first quarter of 2024, returning \$32 million to stockholders at a rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the first quarter of 2024, the Tobacco segment had revenues of \$324.6 million, compared to \$334.1 million for the first quarter of 2023.

Operating Income from the Tobacco segment was \$83.0 million for the first quarter of 2024, compared to \$78.6 million for the first quarter of 2023.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) was \$83.0 million for the first quarter of 2024, compared to \$78.6 million for the first quarter of 2023.

Operational Metrics

For the three months ended March 31, 2024, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.10 billion units, compared to 2.35 billion units for the first quarter of 2023.

According to data from Management Science Associates, Inc., for the first quarter of 2024, the Tobacco segment's wholesale market share declined to 5.6% from 5.7% for the first quarter of 2023. The Tobacco segment's wholesale market share was 5.5% for the last twelve months ended March 31, 2024. For the three months ended March 31, 2024, *Montego's* wholesale market share increased to 3.9%, from 3.3% for the three months ended March 31, 2023. Compared to the first quarter of 2023, the Tobacco segment's wholesale shipments in the first quarter of 2024 declined by 10.7%, while the industry's overall wholesale shipments declined by 9.8%.

According to data from Management Science Associates, for the first quarter of 2024, the Tobacco segment's retail market share remained stable at 5.8% compared to the first quarter of 2024. The Tobacco segment's retail market share is 5.8% for the last twelve months ended March 31, 2024. For the three months ended March 31, 2024, *Montego's* retail market share increased to 4.0%, from 3.4% for the three months ended March 31, 2023. Compared to the first quarter of 2023, the Tobacco segment's retail shipments in the first quarter of 2024 declined by 8.7% while the industry's overall retail shipments declined by 8.9%.

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, and Tobacco Adjusted EBITDA (the "Non-GAAP Financial Measures") are financial measures not prepared in accordance with generally

accepted accounting principles (“GAAP”). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhance an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

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

Reconciliations of Non-GAAP Financial Measures to the comparable GAAP financial results for the last twelve months ended March 31, 2024 and the three months ended March 31, 2024 and 2023 are included in Tables 2 through 6.

Conference Call to Discuss First Quarter 2024 Results

As previously announced, Vector Group will host a conference call and webcast on Thursday, May 2, 2024 at 8:00AM (ET) to discuss its first quarter 2024 results. Investors can access the call via webcast at <https://www.webcaster4.com/Webcast/Page/2271/50471>. Please join the webcast at least 10 minutes prior to the start time.

A replay of the call will be available shortly after the call ends on May 2, 2024 through May 16, 2024 at <https://www.webcaster4.com/Webcast/Page/2271/50471>.

About Vector Group Ltd.

Vector Group is a holding company for Liggett Group LLC, Vector Tobacco LLC, and New Valley LLC. Additional information concerning the Company is available on the Company’s website, www.VectorGroupLtd.com.

Investors and others should note that we may post information about the Company or its subsidiaries on our website at www.VectorGroupLtd.com and/or at the websites of those subsidiaries or, if applicable, on their accounts on LinkedIn, TikTok, X 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 2023 Annual Report on Form 10-K and, when filed, in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024. 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
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended March 31,	
	2024	2023
Revenues:		
Tobacco*	\$ 324,567	\$ 334,145
Expenses:		
Cost of sales:		
Tobacco*	217,901	232,286
Operating, selling, administrative and general expenses	28,694	27,292
Litigation settlement and judgment expense	191	270
Operating income	<u>77,781</u>	<u>74,297</u>
Other income (expenses):		
Interest expense	(27,449)	(27,474)
Loss on extinguishment of debt	—	(141)
Equity in earnings (losses) from investments	2,138	(159)
Equity in losses from real estate ventures	(10,721)	(1,893)
Other, net	<u>6,385</u>	<u>3,620</u>
Income before provision for income taxes	48,134	48,250
Income tax expense	<u>13,334</u>	<u>13,509</u>
Net income	<u>\$ 34,800</u>	<u>\$ 34,741</u>
Per basic common share:		
Net income applicable to common shares	<u>\$ 0.22</u>	<u>\$ 0.22</u>
Per diluted common share:		
Net income applicable to common shares	<u>\$ 0.22</u>	<u>\$ 0.22</u>

* Revenues and cost of sales include federal excise taxes of \$105,823 and \$117,818 for the three months ended March 31, 2024 and 2023, respectively.

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

	LTM March 31, 2024	Year Ended December 31, 2023	Three Months Ended March 31, 2024		2023
Net income	\$ 183,585	\$ 183,526	\$ 34,800	\$ 34,741	
Interest expense	108,592	108,617	27,449	27,474	
Income tax expense	64,751	64,926	13,334	13,509	
Depreciation and amortization	6,882	6,941	1,633	1,692	
EBITDA	\$ 363,810	\$ 364,010	\$ 77,216	\$ 77,416	
Equity in (earnings) losses from investments (a)	(3,559)	(1,262)	(2,138)	159	
Equity in losses (earnings) from real estate ventures (b)	6,626	(2,202)	10,721	1,893	
Loss on extinguishment of debt	408	549	—	141	
Stock-based compensation expense (c)	11,319	10,111	3,314	2,106	
Litigation settlement and judgment expense (d)	18,720	18,799	191	270	
Impact of MSA settlement (e)	(592)	(734)	(169)	(311)	
Other, net	(28,884)	(26,119)	(6,385)	(3,620)	
Adjusted EBITDA	\$ 367,848	\$ 363,152	\$ 82,750	\$ 78,054	
Adjusted EBITDA by Segment					
Tobacco	\$ 375,003	\$ 370,575	\$ 84,390	\$ 79,962	
Real Estate	222	313	(29)	62	
Corporate and Other	(7,377)	(7,736)	(1,611)	(1,970)	
Total	\$ 367,848	\$ 363,152	\$ 82,750	\$ 78,054	

- a. Represents equity in (earnings) losses recognized from investments that the Company accounts for under the equity method.
- b. Represents equity in losses (earnings) recognized from the Company's investment in certain real estate ventures that are accounted for under the equity method and are not consolidated in the Company's financial results.
- c. Represents amortization of stock-based compensation.
- d. Represents accruals for litigation in the Tobacco segment.
- e. Represents the Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.

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

	Three Months Ended	
	March 31,	
	2024	2023
Net income	\$ 34,800	\$ 34,741
Loss on extinguishment of debt	—	141
Litigation settlement and judgment expense (a)	191	270
Impact of MSA settlement (b)	(169)	(311)
Impact of net interest expense capitalized to real estate ventures	3,218	(1,041)
Total adjustments	<u>3,240</u>	<u>(941)</u>
Tax expense (benefit) related to adjustments	(818)	243
Adjusted Net Income	<u>\$ 37,222</u>	<u>\$ 34,043</u>
Per diluted common share:		
Adjusted Net Income applicable to common shares	<u>\$ 0.24</u>	<u>\$ 0.22</u>

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

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

	LTM March 31, 2024	Year Ended December 31, 2023	Three Months Ended March 31,	
			2024	2023
Operating income	\$ 331,519	\$ 328,035	\$ 77,781	\$ 74,297
Litigation settlement and judgment expense (a)	18,720	18,799	191	270
Impact of MSA settlement (b)	(592)	(734)	(169)	(311)
Total adjustments	18,128	18,065	22	(41)
Adjusted Operating Income	\$ 349,647	\$ 346,100	\$ 77,803	\$ 74,256

- a. Represents accruals for litigation in the Tobacco segment.
- b. 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 March 31, 2024	Year Ended December 31, 2023	Three Months Ended March 31,	
			2024	2023
Tobacco Adjusted Operating Income:				
Operating income from Tobacco segment	\$ 351,073	\$ 346,673	\$ 82,999	\$ 78,599
Litigation settlement and judgment expense (a)	18,720	18,799	191	270
Impact of MSA settlement (b)	(592)	(734)	(169)	(311)
Total adjustments	18,128	18,065	22	(41)
Tobacco Adjusted Operating Income	<u>\$ 369,201</u>	<u>\$ 364,738</u>	<u>\$ 83,021</u>	<u>\$ 78,558</u>
	LTM March 31, 2024	Year Ended December 31, 2023	Three Months Ended March 31,	
			2024	2023
Tobacco Adjusted EBITDA:				
Operating income from Tobacco segment	\$ 351,073	\$ 346,673	\$ 82,999	\$ 78,599
Litigation settlement and judgment expense (a)	18,720	18,799	191	270
Impact of MSA settlement (b)	(592)	(734)	(169)	(311)
Total adjustments	18,128	18,065	22	(41)
Tobacco Adjusted Operating Income	369,201	364,738	83,021	78,558
Depreciation and amortization	5,621	5,686	1,312	1,377
Stock-based compensation expense	181	151	57	27
Total adjustments	5,802	5,837	1,369	1,404
Tobacco Adjusted EBITDA	<u>\$ 375,003</u>	<u>\$ 370,575</u>	<u>\$ 84,390</u>	<u>\$ 79,962</u>

a. Represents accruals for 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 March 31, 2024	Year Ended December 31, 2023	Three Months Ended March 31,	
			2024	2023
Revenues:				
Tobacco (a)	\$ 1,414,690	\$ 1,424,268	\$ 324,567	\$ 334,145

a. Tobacco segment revenues include federal excise taxes of \$474,268 for the last twelve months ended March 31, 2024, \$486,263 for the year ended December 31, 2023, and \$105,823, and \$117,818 for the three months ended March 31, 2024 and 2023, respectively.