

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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 13, 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

Name of each exchange

Symbol(s)

on which registered:

Common stock, par value \$0.10 per share

VGR

New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On February 13, 2024, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the fourth quarter and full year ended December 31, 2023. 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.

Item 7.01. Regulation FD Disclosure

The Company has prepared materials for presentations to investors. The materials are furnished (not filed) as Exhibit 99.2 to this Current Report on Form 8-K pursuant to Regulation FD.

Non-GAAP Financial Measures

Exhibit 99.2 contains the Non-GAAP Financial Measures discussed below.

Please refer to our Current Reports on Form 8-K filed on October 2, 2015, November 15, 2016, June 14, 2018, May 3, 2019, March 1, 2022, and February 16, 2023 for reconciliations of financial measures prepared in accordance with GAAP to Non-GAAP Financial Measures.

Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, and Tobacco Adjusted EBITDA, and certain financial measures for periods presented (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 enhance an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

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

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

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may be,” “continue” “could,” “potential,” “objective,” “plan,” “seek,” “predict,” “project” and “will be” and similar expressions are intended to identify forward-looking statements. The Company’s actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 and, when filed, in our Annual Report on Form 10-K for the year ended December 31, 2023. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information,

subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibit

(d) Exhibits. Exhibit No.	Exhibit
99.1	Press Release issued on February 13, 2024, regarding financial results for the fourth quarter ended December 31, 2023.
99.2	Investor presentation of Vector Group Ltd. dated February 2024 (furnished pursuant to Regulation FD).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Senior Vice President, Treasurer and Chief Financial Officer

Date: February 14, 2024



FOR IMMEDIATE RELEASE

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305-579-8000

VECTOR GROUP REPORTS FOURTH QUARTER AND FULL YEAR 2023 FINANCIAL RESULTS

Montego maintains position as largest discount brand in the U.S.

Fourth Quarter 2023 Highlights:

- **Consolidated revenues of \$360.4 million, down 0.9% or \$3.4 million compared to the prior year period.**
 - Tobacco segment wholesale market share increased to 5.7% from 5.5% in the prior year period and retail market share remained at 5.8% in the current period.
 - *Montego* wholesale market share increased to 3.8% from 3.0% in the prior year period and retail market share increased to 3.8% from 3.2% in the prior year period.
- **Operating income of \$91.6 million, up 2.6% or \$2.3 million compared to the prior year period.**
 - Tobacco segment operating income of \$98.1 million, up 5.6% or \$5.2 million compared to the prior year period.
- **Adjusted EBITDA of \$96.0 million, up 3.6% or \$3.3 million compared to the prior year period.**
 - Tobacco Adjusted EBITDA of \$99.6 million, up 5.4% or \$5.1 million compared to the prior year period.

Full Year 2023 Highlights:

- **Consolidated revenues of \$1.42 billion, down 1.2% or \$16.7 million compared to the prior year.**
 - Tobacco segment revenues of \$1.42 billion, down 0.1% or \$0.9 million compared to the prior year.
 - Tobacco segment wholesale and retail market share increased to 5.5% and 5.8% from 5.4% and 5.5%, respectively, in the prior year.
 - *Montego* wholesale market share increased to 3.5% from 2.5% in the prior year and retail market share increased to 3.6% from 2.6% in the prior year.
- **Operating income of \$328.0 million, down 3.2% or \$11.0 million compared to the prior year.**
 - Tobacco segment operating income of \$346.7 million, down 0.1% or \$0.4 million compared to the prior year.

- **Adjusted EBITDA of \$363.2 million, up 3.1% or \$11.0 million compared to the prior year.**
- Tobacco Adjusted EBITDA of \$370.6 million, up 5.5% or \$19.4 million compared to the prior year.

MIAMI, FL, February 13, 2024 - Vector Group Ltd. (NYSE: VGR) today announced financial results for the three months and year ended December 31, 2023.

“Vector Group delivered a solid performance in 2023 amid a dynamic operating environment, as the successful execution of our targeted investment strategy enabled *Moniego’s* continued growth as the largest discount brand in the United States,” said Howard M. Lorber, President and Chief Executive Officer of Vector Group Ltd. “The Company is well positioned in 2024 and we are confident we have the right strategy and team in place to continue optimizing long-term profit and driving value for our stockholders.”

GAAP Financial Results

Three months ended December 31, 2023 and 2022. Fourth quarter 2023 revenues were \$360.4 million, compared to \$363.8 million in the fourth quarter of 2022. The Company recorded operating income of \$91.6 million in the fourth quarter of 2023, compared to \$89.3 million in the fourth quarter of 2022. Net income for the fourth quarter of 2023 was \$58.0 million, or \$0.37 per diluted common share, compared to \$48.2 million, or \$0.30 per diluted common share, in the fourth quarter of 2022.

Year ended December 31, 2023 and 2022. For the year ended December 31, 2023, revenues were \$1.42 billion, compared to \$1.44 billion for the year ended December 31, 2022. The Company recorded operating income of \$328.0 million for the year ended December 31, 2023, compared to \$339.0 million for the year ended December 31, 2022. Net income for the year ended December 31, 2023 was \$183.5 million, or \$1.16 per diluted common share, compared to \$158.7 million, or \$1.01 per diluted common share, for the year ended December 31, 2022.

Non-GAAP Financial Measures

Three months ended December 31, 2023 compared to the three months ended December 31, 2022

Adjusted EBITDA (as described in Table 2 attached hereto) were \$96.0 million for the fourth quarter of 2023, compared to \$92.7 million for the fourth quarter of 2022.

Adjusted Net Income (as described in Table 3 attached hereto) was \$57.5 million, or \$0.36 per diluted share, for the fourth quarter of 2023, compared to \$48.9 million, or \$0.31 per diluted share, for the fourth quarter of 2022.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$91.6 million for the fourth quarter of 2023, compared to \$89.4 million for the fourth quarter of 2022.

Year ended December 31, 2023 compared to the year ended December 31, 2022

Adjusted EBITDA (as described in Table 2 attached hereto) were \$363.2 million for the year ended December 31, 2023, compared to \$352.2 million for the year ended December 31, 2022.

Adjusted Net Income (as described in Table 3 attached hereto) was \$194.3 million, or \$1.23 per diluted share, for the year ended December 31, 2023, compared to \$153.4 million, or \$0.97 per diluted share, for the year ended December 31, 2022.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$346.1 million for the year ended December 31, 2023, compared to \$337.1 million for the year ended December 31, 2022.

Consolidated Balance Sheet

Vector Group maintained significant liquidity at December 31, 2023 with cash and cash equivalents of \$268.6 million, including \$16.8 million of cash from the Tobacco segment, investment securities of \$110.9 million and long-term investments of \$46.8 million.

Vector Group continued its longstanding history of paying a quarterly cash dividend in the fourth quarter of 2023. For the year ended December 31, 2023, Vector Group returned a total of \$127.0 million to stockholders at a quarterly rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the fourth quarter of 2023, the Tobacco segment had revenues of \$360.4 million, compared to \$363.8 million for the fourth quarter of 2022. For the year ended December 31, 2023, the Tobacco segment had revenues of \$1.42 billion, compared to \$1.43 billion for the year ended December 31, 2022.

Operating Income from the Tobacco segment was \$98.1 million and \$346.7 million for the three months and year ended December 31, 2023, respectively, compared to \$93.0 million and \$347.0 million for the three months and the year ended December 31, 2022, respectively.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the fourth quarter of 2023 was \$98.1 million compared to \$93.0 million for the fourth quarter of 2022. Tobacco Adjusted Operating Income for the year ended December 31, 2023 was \$364.7 million, compared to \$345.2 million for the year ended December 31, 2022.

Operational Metrics

For the fourth quarter of 2023, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.37 billion units, compared to 2.56 billion units for the fourth quarter of 2022. For the year ended December 31, 2023, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 9.69 billion units, compared to 10.35 billion units for the year ended December 31, 2022.

According to data from Management Science Associates, Inc., for the fourth quarter of 2023, the Tobacco segment's wholesale market share increased to 5.7%, from 5.5% for the fourth quarter of 2022. For the year ended December 31, 2023, the Tobacco segment's wholesale market share increased to 5.5%, from 5.4% for the year ended December 31, 2022. For the fourth quarter of 2023, *Montego's* wholesale market share increased to 3.8%, from 3.0% for the fourth quarter of 2022. For the year ended December 31, 2023, *Montego's* wholesale market share increased to 3.5%, from 2.5% for the year ended December 31, 2022. The Tobacco segment's wholesale shipments in the fourth quarter of 2023 declined by 7.4% compared to the fourth quarter of 2022, while the industry's overall wholesale shipments declined by 9.5%. The Tobacco segment's wholesale shipments for the year ended December 31, 2023 declined by 6.2% compared to the year ended December 31, 2022, while the industry's overall wholesale shipments declined by 7.5%.

According to data from Management Science Associates, Inc., for the fourth quarter of 2023, the Tobacco segment's retail market share remained at 5.8% compared to the fourth quarter of 2022. For the year ended December 31, 2023, the Tobacco segment's retail market share increased to 5.8%, from 5.5% for the year ended December 31, 2022. For the fourth quarter of 2023, *Montego's* retail market share increased to 3.8%, from 3.2% for the fourth quarter of 2022. For the year ended December 31, 2023, *Montego's* retail market share increased to 3.6%, from 2.6% for the year ended December 31, 2022. The Tobacco segment's retail shipments in the fourth quarter of 2023 declined by 8.4% compared to the fourth quarter of 2022, while the industry's overall retail shipments declined by 8.5%. The Tobacco segment's retail shipments for the year ended December 31, 2023 declined by 3.4% compared to the year ended December 31, 2022, while the industry's overall retail shipments declined by 8.3%.

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 fourth quarter and full year ended December 31, 2023 and 2022 are included in Tables 2 through 5.

Conference Call to Discuss Fourth Quarter and Full Year 2023 Results

As previously announced, the Company will host a conference call and webcast on Wednesday, February 14, 2024 at 8:00 AM (ET) to discuss its fourth quarter and full year results. Investors may access the call via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/49823>. Please join the webcast at least ten minutes prior to the start time.

A replay of the call will be available shortly after the call ends on February 14, 2024 through February 28, 2024 at <https://www.webcaster4.com/Webcast/Page/2271/49823>.

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, Twitter or other social media platforms. It is possible that the postings or releases could include information deemed to be material information. Therefore, we encourage investors, the media and others interested in the Company to review the information we post on our website at www.VectorGroupLtd.com, on the websites of our subsidiaries and on their social media accounts.

Forward-Looking and Cautionary Statements

This press release includes forward-looking statements within the meaning of the federal securities law. All statements other than statements of historical or current facts made in this document are forward-looking. We identify forward-looking statements in this document by using words or phrases such as "anticipate," "believe," "estimate," "expect," "intend," "may be," "continue," "could," "potential," "objective," "plan," "seek," "predict," "project" and "will be" and similar words or phrases or their negatives. Forward-looking statements reflect our current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons.

Risks and uncertainties that could cause our actual results to differ significantly from our current expectations are described in our Annual Report on Form 10-K for the year ended December 31, 2022 and, when filed, in our Annual Report on Form 10-K for the year ended December 31, 2023. 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 December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenues:				
Tobacco*	\$ 360,350	\$ 363,770	\$ 1,424,268	\$ 1,425,125
Real estate	—	—	—	15,884
Total revenues	<u>360,350</u>	<u>363,770</u>	<u>1,424,268</u>	<u>1,441,009</u>
Expenses:				
Cost of sales:				
Tobacco*	238,398	247,582	965,348	991,331
Real estate	—	—	—	7,327
Total cost of sales	<u>238,398</u>	<u>247,582</u>	<u>965,348</u>	<u>998,658</u>
Operating, selling, administrative and general expenses	30,352	26,837	112,086	103,102
Litigation settlement and judgment expense	10	79	18,799	239
Operating income	<u>91,590</u>	<u>89,272</u>	<u>328,035</u>	<u>339,010</u>
Other income (expenses):				
Interest expense	(26,763)	(27,245)	(108,617)	(110,665)
(Loss) gain on extinguishment of debt	(368)	—	(549)	412
Equity in earnings (losses) from investments	1,403	177	1,262	(4,995)
Equity in (losses) earnings from real estate ventures	(2,598)	(1,706)	2,202	(5,946)
Other, net	10,601	7,789	26,119	2,746
Income before provision for income taxes	73,865	68,287	248,452	220,562
Income tax expense	15,868	20,137	64,926	61,861
Net income	<u>\$ 57,997</u>	<u>\$ 48,150</u>	<u>\$ 183,526</u>	<u>\$ 158,701</u>
Per basic common share:				
Net income applicable to common shares	<u>\$ 0.37</u>	<u>\$ 0.30</u>	<u>\$ 1.17</u>	<u>\$ 1.01</u>
Per diluted common share:				
Net income applicable to common shares	<u>\$ 0.37</u>	<u>\$ 0.30</u>	<u>\$ 1.16</u>	<u>\$ 1.01</u>

* Revenues and cost of sales include federal excise taxes of \$118,752, \$128,756, \$486,263 and \$520,760 for the three months and year ended December 31, 2023 and 2022, respectively.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 57,997	\$ 48,150	\$ 183,526	\$ 158,701
Interest expense	26,763	27,245	108,617	110,665
Income tax expense	15,868	20,137	64,926	61,861
Depreciation and amortization	1,756	1,788	6,941	7,218
EBITDA	<u>\$ 102,384</u>	<u>\$ 97,320</u>	<u>\$ 364,010</u>	<u>\$ 338,445</u>
Equity in (earnings) losses from investments (a)	(1,403)	(177)	(1,262)	4,995
Equity in losses (earnings) from real estate ventures (b)	2,598	1,706	(2,202)	5,946
Loss (gain) on extinguishment of debt	368	—	549	(412)
Stock-based compensation expense (c)	2,687	1,573	10,111	7,848
Litigation settlement and judgment expense (d)	10	79	18,799	239
Impact of MSA settlement (e)	—	—	(734)	(2,123)
Other, net	(10,601)	(7,789)	(26,119)	(2,746)
Adjusted EBITDA	<u>\$ 96,043</u>	<u>\$ 92,712</u>	<u>\$ 363,152</u>	<u>\$ 352,192</u>
Adjusted EBITDA by Segment				
Tobacco	\$ 99,625	\$ 94,540	\$ 370,575	\$ 351,131
Real Estate	19	177	313	8,082
Corporate and Other	(3,601)	(2,005)	(7,736)	(7,021)
Total	<u>\$ 96,043</u>	<u>\$ 92,712</u>	<u>\$ 363,152</u>	<u>\$ 352,192</u>

- 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 December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 57,997	\$ 48,150	\$ 183,526	\$ 158,701
Loss (gain) on extinguishment of debt	368	—	549	(412)
Litigation settlement and judgment expense (a)	10	79	18,799	239
Impact of MSA settlement (b)	—	—	(734)	(2,123)
Impact of net interest expense capitalized to real estate ventures	(1,161)	955	(4,204)	(2,137)
Expense related to Tax Disaffiliation indemnification (c)	—	8	—	589
Adjustment for derivative associated with guarantee	—	—	—	(2,646)
Total adjustments	(783)	1,042	14,410	(6,490)
Tax expense (benefit) related to adjustments	284	(267)	(3,637)	1,144
Adjusted Net Income	<u>\$ 57,498</u>	<u>\$ 48,925</u>	<u>\$ 194,299</u>	<u>\$ 153,355</u>
Per diluted common share:				
Adjusted Net Income applicable to common shares	<u>\$ 0.36</u>	<u>\$ 0.31</u>	<u>\$ 1.23</u>	<u>\$ 0.97</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.

c. Represents amounts accrued under the Company's Tax Disaffiliation Agreement related to certain tax liabilities of Douglas Elliman Inc. prior to its distribution on December 29, 2021.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Operating income	\$ 91,590	\$ 89,272	\$ 328,035	\$ 339,010
Litigation settlement and judgment expense (a)	10	79	18,799	239
Impact of MSA settlement (b)	—	—	(734)	(2,123)
Total adjustments	10	79	18,065	(1,884)
Adjusted Operating Income	<u>\$ 91,600</u>	<u>\$ 89,351</u>	<u>\$ 346,100</u>	<u>\$ 337,126</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 5
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF TOBACCO ADJUSTED OPERATING INCOME
AND TOBACCO ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Tobacco Adjusted Operating Income:				
Operating income from Tobacco segment	\$ 98,131	\$ 92,966	\$ 346,673	\$ 347,044
Litigation settlement and judgment expense (a)	10	79	18,799	239
Impact of MSA settlement (b)	—	—	(734)	(2,123)
Total adjustments	10	79	18,065	(1,884)
Tobacco Adjusted Operating Income	<u>\$ 98,141</u>	<u>\$ 93,045</u>	<u>\$ 364,738</u>	<u>\$ 345,160</u>

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Tobacco Adjusted EBITDA:				
Operating income from Tobacco segment	\$ 98,131	\$ 92,966	\$ 346,673	\$ 347,044
Litigation settlement and judgment expense (a)	10	79	18,799	239
Impact of MSA settlement (b)	—	—	(734)	(2,123)
Total adjustments	10	79	18,065	(1,884)
Tobacco Adjusted Operating Income	98,141	93,045	364,738	345,160
Depreciation and amortization	1,443	1,475	5,686	5,901
Stock-based compensation expense	41	20	151	70
Total adjustments	1,484	1,495	5,837	5,971
Tobacco Adjusted EBITDA	<u>\$ 99,625</u>	<u>\$ 94,540</u>	<u>\$ 370,575</u>	<u>\$ 351,131</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.



Investor Presentation

February 2024



Disclaimer



This document and any related oral presentation do 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" or the "Company") or its subsidiaries and nothing contained herein or its presentation shall form the basis of any contract or commitment whatsoever.

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Investment Highlights & Portfolio




Holding company with
two primary businesses



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



Real Estate
Diversified portfolio of real estate ventures

NYSE: DOUG

On December 29, 2021, Vector completed the
distribution to its stockholders of Douglas Elliman Inc.
as a standalone publicly traded company


GAAP financial results

Reported GAAP net income of **\$183.5 million** for
the year ended December 31, 2023¹

Reported operating income of **\$328.0 million** for
the year ended December 31, 2023


History of
strong earnings

\$363.2M

Adjusted EBITDA for the year ended December 31, 2023²

\$370.6M

Tobacco Adjusted EBITDA for the year
ended December 31, 2023²

¹ Vector's net income was \$183.5 million for the year ended December 31, 2023. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Table 2 of Exhibit 99.1 to the Company's Current Report on Form 8-K, filed February 14, 2024, for a reconciliation of net income to Adjusted EBITDA. Please also refer to the Disclaimer to this document on Page 2.

² Vector's operating income from the tobacco segment was \$367 million for the year ended December 31, 2023. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed February 14, 2024. Please also refer to the Disclaimer to this document on Page 2.

Investment Highlights & Portfolio (cont.)



Maintains substantial liquidity

\$409M

of cash, marketable securities and long-term investments at holding company as of December 31, 2023

+

\$17M

of cash at Liggett as of December 31, 2023, which will be primarily used to pay Liggett's current MSA liability (\$3 million at December 31, 2023)

=

\$426M

of consolidated cash, marketable securities and long-term investments as of December 31, 2023



Seasoned management team

30 years

average tenure of CEO, COO, CFO and General Counsel with Vector as of December 31, 2023

7%

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



MSA cost advantage

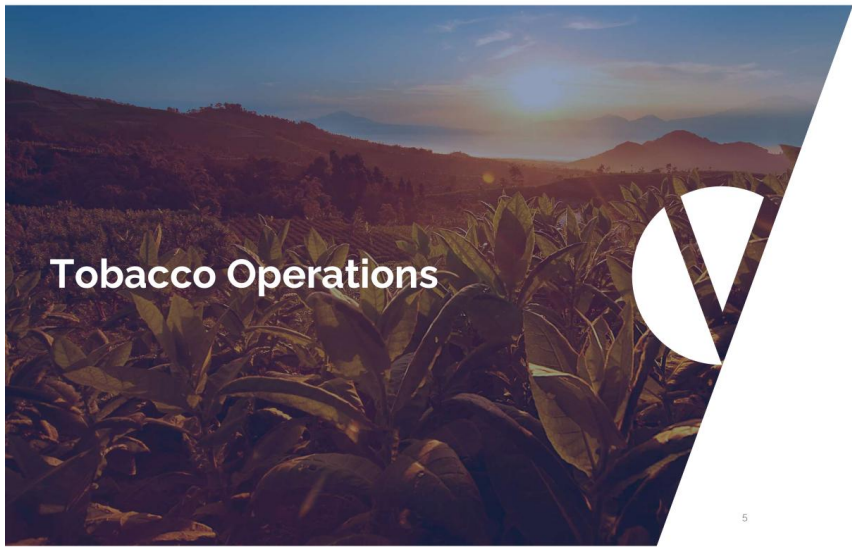


Perpetual cost advantage over the largest U.S. tobacco companies

\$159M-\$170M

annual cost advantage range from 2013 to 2023⁽¹⁾

⁽¹⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1,125 of total cigarettes sold in the United States).



Tobacco Operations

Overview



4th largest U.S. cigarette manufacturer, founded in 1873

Core Discount Brands
Montego, Eagle 20's, Pyramid, Grand Prix, Liggett, Select and Eve

Average Retail Prices Below Leading Premium Brand



Discount Category

- Momentum and growth for brands priced in the deep discount segment
- Approximately 35% of current volumes exempt from payment due to perpetual MSA grandfathered market share

Partner Brands

- USA, Bronson and Tourney

¹⁾ Vector's operating income from the tobacco segment was \$346.7 million for the year ended December 31, 2023, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed February 14, 2024. Please also refer to the Disclaimer to this document on Page 4.
²⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1.93% of total cigarettes sold in the United States).

Consistent and strong cash flow

\$370.6M
Tobacco Adjusted EBITDA for the year ended December 31, 2023 ⁽¹⁾

\$10.3M
capital expenditures related to tobacco operations for the year ended December 31, 2023, including factory modernization described below

\$14.0M
current capital expenditure commitments, of which \$10.2 million has been funded, associated with factory modernization in 2023 and 2024.

\$159M-\$170M ⁽²⁾
MSA exemption annual cost advantage range for Liggett and Vector Tobacco from 2013 to 2023

Pursuant to the MSA

- Liggett has no payment obligations unless its market share exceeds an exemption of approximately 1.65% of total cigarettes sold in the United States.
- Vector Tobacco has no payment obligations unless its market share exceeds an exemption of approximately 0.28% of total cigarettes sold in the United States

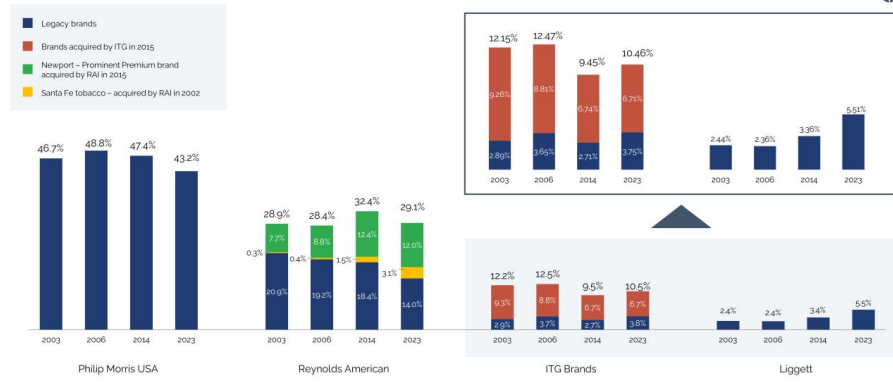
\$0.95 ⁽²⁾
2024 cost advantage per pack on first 1.93% of cigarettes sold in the United States compared to the largest U.S. tobacco companies

History



Source: MSA CSA 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 \$203.5, \$267.0 and \$267.7 for the years ended December 31, 2020, 2021, and 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 3 of Exhibit 99 to the Company's Current Reports on Form 8-K filed on March 1, 2022 and February 14, 2024. Please also refer to Table 2 of Exhibit 99 to the Company's Current Reports on Form 8-K filed October 2, 2019, November 19, 2020, and Table 3 of Exhibit 99 to the Company's Current Report on Form 8-K filed February 28, 2020.

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



Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2006), 2006 (February 2007) and 2014 (March 2016) and internal estimates for 2023.
⁽¹⁾ Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report for Reynolds American was 28.0%, 28.4% and 32.4%, respectively, and for ITG Brands, was 12.2%, 12.5% 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 each 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 Prominent Premium brand and sold a portfolio of brands.
⁽²⁾ Does not include smaller manufacturers, whose cumulative market shares were 0.8%, 0.9%, 0.8% and 1.1% in 2003, 2006, 2014 and 2023, respectively.

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

Liggett's unit sales volume was **38% in Traditional Discount** and **62% in Deep Discount**⁽²⁾

U.S. Cigarette Industry unit sales volume was **15.2% in Traditional Discount** and **14.4% in Deep Discount**⁽²⁾



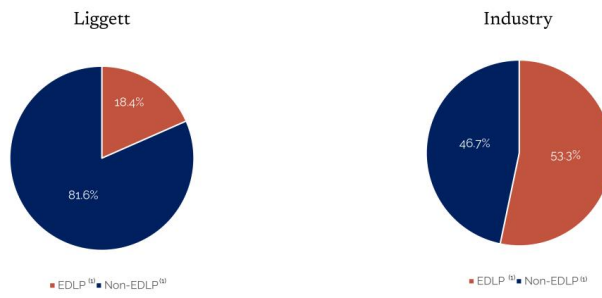
Source: Management Science Associates, Inc.'s (MSA) RIS Database for the 52 weeks ended December 31, 2023. The source for the database is reporting by tobacco distributors, who are constituents of the MSA/RIS database and represent approximately 95% of distributor shipments to retailers selling cigarettes in the United States.

⁽¹⁾ For the 52 weeks ended December 31, 2023.

⁽²⁾ The Deep Discount category currently includes brands whose national average retail price is approximately 50% lower than the average of the leading Premium cigarette brands. Montage, which represented 6.5% of Liggett's volume for the 52 weeks ended December 31, 2023, is included in the Deep Discount category and all other Liggett brands are included in the Traditional Discount category.

⁽³⁾ Every Day Low Price (EDLP) stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

Liggett's Volume is More Heavily Weighted in Non-EDLP Stores⁽¹⁾

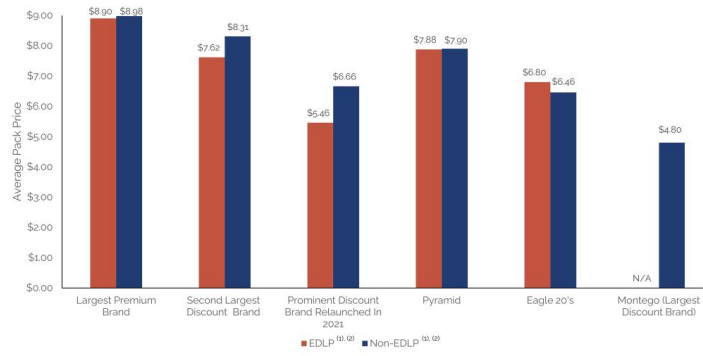


Source: MSA's RIS Database for the 52 Weeks Ended December 31, 2023.
⁽¹⁾ EDLP stores are defined as retail stores participating in R.J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell an EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

Wholesale List Price Increases - 2021 - 2024

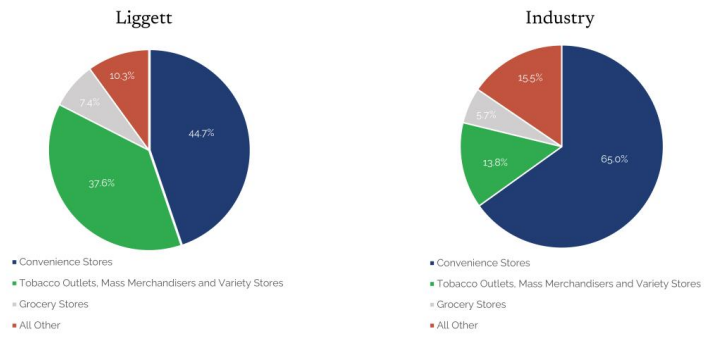
Effective Date	Action	Brands			
		Montego	Eagle 20's	Pyramid	Liggett Select, Eve and Grand Prix
		Amount per pack			
2021					
January 25, 2021	List Price increase	\$ -	\$ 0.14	\$ 0.14	\$ 0.14
June 28, 2021	List Price increase	-	0.14	0.14	0.14
September 27, 2021	List Price increase	-	0.15	0.15	0.15
2022					
January 31, 2022	List Price increase	\$ 0.10	\$ 0.15	\$ 0.15	\$ 0.15
April 29, 2022	List Price increase	-	0.16	0.16	0.16
May 1, 2022	Promotional spending reduction	0.10	-	-	-
July 29, 2022	List Price increase	0.16	0.16	0.16	0.16
October 28, 2022	List Price increase	0.10	0.16	0.16	0.16
2023					
January 27, 2023	List Price increase	\$ 0.10	\$ 0.16	\$ 0.16	\$ 0.16
April 28, 2023	List Price increase	0.16	0.16	0.16	0.20
August 25, 2023	List Price Increase	0.10	0.16	0.16	0.20
2024					
January 26, 2024	List Price increase	\$ 0.14	\$ 0.17	\$ 0.17	\$ 0.30

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



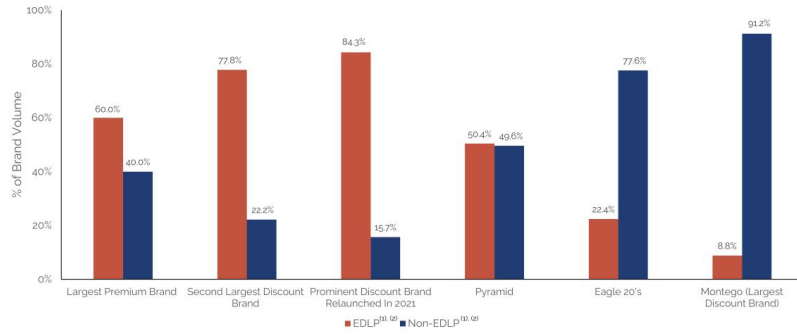
Source: Company estimates in Lugette's markets for the 12 weeks ended December 31, 2023.
⁽¹⁾ EDLP stores are defined as retail stores participating in R.J. REYNOLDS Tobacco Company's contractual trade program that requires such retail stores to price and sell an EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.
⁽²⁾ Company retail pricing estimates include State Excise Tax and, as such, average brand pricing estimates may be impacted by the degree of geographic diversity in the retail store population sample.

Liggett's Distribution is Value-Focused



Source: MSA's RIS Database for the 52 weeks ended December 31, 2022

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



Source: MSA's RIS Database for the 13 weeks ended December 31, 2023.
⁽¹⁾ EDLP stores are defined as retail stores participating in a J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP brand to consumers at equal to or less than the lowest price offered for any cigarette products sold in the store.
⁽²⁾ Company retail pricing estimates include State Excise Tax and, as such, average brand pricing estimates may be impacted by the degree of geographic diversity in the retail store population sample.

Tobacco Litigation and Regulatory Updates



- **Litigation**
 - In 2013, Liggett reached a settlement with approximately 4,900 *Engle* progeny plaintiffs
 - Liggett is paying approximately \$4.0 million annually until 2028
 - As of December 31, 2023, 14 *Engle* progeny cases remain pending
 - Liggett is also currently a defendant in approximately 70 non-*Engle* smoking-related individual cases; more cases continue to be filed, particularly in Massachusetts.
 - There are two purported class actions and a health care cost recovery action pending, but all are inactive
- **Regulatory**
 - Since 1998, the MSA has restricted the advertising and marketing of tobacco products
 - Certain states and cities have passed legislation, among other things, banning the sale of menthol cigarettes
 - Family Smoking Prevention and Tobacco Control Act (2009) granted the FDA the authority to regulate (but not ban) tobacco products
 - On May 4, 2022, FDA published a proposed rule to prohibit menthol as a characterizing flavor in cigarettes and the final rule is expected to be adopted in 2024
 - On June 21, 2022, the FDA indicated it plans to publish a proposed rule that establishes a tobacco product standard reducing the level of nicotine in cigarettes to non-addictive levels, which is currently scheduled to be proposed in April 2024



Real Estate Operations



Real Estate Overview



- New Valley LLC owns interests in real estate ventures operating in different asset classes, including condominium and mixed-use developments, apartment buildings, hotels and commercial properties
- New Valley has approximately \$179 million⁽¹⁾ invested, as of December 31, 2023, in a broad portfolio of real estate ventures
- On December 29, 2021, Vector completed the distribution to its stockholders of Douglas Elliman Inc. as a standalone public company. Douglas Elliman Inc. (NYSE: DOUG) owns the real estate brokerage, ancillary services operations and PropTech investment businesses formerly owned by Vector through New Valley. New Valley's interest in numerous real estate properties and projects remain owned by Vector.

⁽¹⁾ Net of cash returned.

Real Estate Summary⁽¹⁾



(\$ in thousands)

	Net cash invested	Cumulative earnings / (loss) ⁽²⁾	Carrying value ⁽²⁾	Projected construction end date	Range of ownership	Number of investments
Real Estate Investments at Cost						
United States	\$ 6,000	\$ -	\$ 6,000	N/A	10%	3
Condominium and Mixed Use Development (Minority interest owned)						
United States	\$ 127,451	\$ (19,356)	\$ 108,095	2023 - 2025	41% - 77.8%	17
Apartments (Minority interest owned)						
United States	\$ 13,207	\$ (5,415)	\$ 7,791	N/A	15% - 50%	2
Hotels (Minority interest owned)						
United States	\$ 3,190	\$ (3,052)	\$ 138	2023	0.4% - 12.3%	3
International	\$ 6,048	\$ (6,048)	\$ -	N/A	49.0%	1
	\$ 9,238	\$ (9,100)	\$ 138			4
Commercial and Other (Minority interest owned)						
United States	\$ 14,940	\$ 294	\$ 15,234	N/A	1.6% - 49.0%	2
Total	\$ 170,836	\$ (31,607)	\$ 137,229			28
Summary						
Florida	\$ 45,714	\$ 10,042	\$ 55,753			12
Tennessee	\$ 27,000	\$ 3,913	\$ 30,913			1
New York City SMSA	\$ 50,027	\$ (23,501)	\$ 26,526			9
North Carolina	\$ 7,500	\$ 770	\$ 8,270			1
Nevada	\$ 2,670	\$ 5,574	\$ 8,244			1
Alabama	\$ 11,355	\$ (1,147)	\$ 7,203			1
California	\$ 20,530	\$ (20,210)	\$ 320			2
International	\$ 6,048	\$ (6,048)	\$ -			1
	\$ 170,836	\$ (31,607)	\$ 137,229			28

⁽¹⁾ For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2023, when filed.

⁽²⁾ Includes interest expense capitalized to real estate ventures of \$1,025.



Financial Data

Adjusted Historical Financial Data



1) Revenues include federal excise taxes of \$410, \$436, \$221 and \$485, respectively.
 2) On December 29, 2020, Vector Group Ltd. completed the distribution of its real estate brokerage services and PrologTech investment business (its) a new stand-alone public company, Douglas Elliman Inc. (NYSE:DOU), through a distribution of Douglas Elliman's common stock to Vector Group Ltd. stockholders. The historical results of the real estate brokerage services and PrologTech investment business owned by Douglas Elliman Inc. are excluded from revenues and are now reflected as income from discontinued operations, net of income taxes, in Vector Group Ltd.'s Consolidated Statements of Operations.
 3) Vector's net income for the periods terminated on 2020, 2021, 2022 and 2023, respectively. Adjusted EBITDA are a non-GAAP Financial Measure. Please refer to Exhibit 99 to the Company's Current Reports on Form 8-K filed on March 1, 2022 and February 14, 2024, respectively, for a reconciliation of non-GAAP financial measures to GAAP. Please also refer to the table on Page 23 for a reconciliation of net income to Adjusted EBITDA.
 4) Adjusted EBITDA has been computed using a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. The reconciliation is located on Page 23. Since 2022 Douglas Elliman Inc.'s results are reflected within discontinued operations, they are excluded from the financial information provided above.



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 **\$426 million⁽¹⁾ as of December 31, 2023 (\$409 million, excluding cash at Liggett)**
- Vector's CEO, COO, CFO and General Counsel have an average tenure of **30 years** with the Company and, along with directors, beneficially own **approximately 7% of Vector's common stock**



Tobacco segment

- Liggett is the fourth-largest U.S. cigarette manufacturer with **5.5%** wholesale market share and **5.8%** retail market share for the year ended December 31, 2023
- Liggett was the only major U.S. cigarette manufacturer to **increase both market share and unit volumes** when comparing unit sales for the year December 31, 2013 to unit sales for the year ended December 31, 2023
- \$370.6 million⁽²⁾** of Tobacco Adjusted EBITDA for the year ended December 31, 2023



Real Estate segment

- New Valley owns a diversified portfolio of non-consolidated real estate investments carried at **\$131 million** as of December 31, 2023.
- New Valley's portfolio of real estate ventures in various markets throughout the U.S., including **New York City, Miami, Los Angeles, Las Vegas and Nashville**



⁽¹⁾ At December 31, 2023, the total amount of \$426 million includes cash at Liggett of \$27 million.
⁽²⁾ Vector's operating income from the tobacco segment was \$267.7 million for the year ended December 31, 2023. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed March 1, 2022 and February 14, 2024. Please also refer to the Disclaimer to this document on Page 2.

Adjusted EBITDA Reconciliation

(\$ Millions)	2020	2021	2022	2023
Net income attributed to Vector Group Ltd.	\$ 92.9	\$ 219.5	\$ 158.7	\$ 183.5
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	34.0	(72.1)	-	-
Interest Expense	121.3	112.7	110.7	108.6
Tax Expense	54.1	62.8	61.9	64.9
Net loss attributed to non-controlling interest	-	(0.2)	-	-
Depreciation and Amortization	9.1	7.8	7.2	7.0
EBITDA	\$ 311.4	\$ 330.5	\$ 338.5	\$ 364.0
Change in Fair Value of Derivatives Embedded Within Convertible Debt ⁽¹⁾	(6.0)	-	-	-
Equity in (Earnings) Loss from Investments ⁽²⁾	(56.3)	(2.7)	5.0	(1.3)
Equity in Losses (Earnings) from Real Estate Ventures ⁽³⁾	44.7	(0.3)	5.9	(2.2)
Loss (gain) on extinguishment of debt	-	21.4	(0.4)	0.5
Stock-Based compensation expense ⁽⁴⁾	9.5	14.8	7.8	10.1
Litigation settlement and judgment expense ⁽⁵⁾	0.3	0.2	0.2	18.8
Impact of MSA settlement ⁽⁶⁾	0.3	(2.7)	(2.1)	(0.7)
Transaction expenses ⁽⁷⁾	-	10.5	-	-
Net gains on sales of assets	(2.3)	(0.0)	-	-
Other, net	8.6	(0.7)	(2.7)	(26.0)
Adjusted EBITDA Attributed to Vector	\$ 311.4	\$ 350.1	\$ 352.2	\$ 363.2
Operating Income (Loss) by Segment				
Tobacco	\$ 319.5	\$ 360.3	\$ 347.0	\$ 346.7
Real Estate	(0.6)	4.1	8.0	0.3
Corporate & Other	(24.5)	(43.9)	(16.0)	(19.0)
Operating Income	\$ 294.4	\$ 320.4	\$ 339.0	\$ 328.0
Adjusted EBITDA Attributed to Vector by Segment				
Tobacco	\$ 328.0	\$ 364.4	\$ 351.1	\$ 370.6
Real Estate	(0.3)	4.3	8.1	0.3
Corporate & Other	(16.4)	(18.6)	(7.0)	(7.7)
Adjusted EBITDA Attributed to Vector	\$ 311.4	\$ 350.1	\$ 352.2	\$ 363.2

Source: Company filings.

⁽¹⁾ Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.

⁽²⁾ Represents equity in earnings recognized from investments that the Company accounts for under the equity method, included in the amount are equity in earnings from Landerburg Therman Financial Services of \$0.1 million for the year ended December 31, 2020.

⁽³⁾ Represents equity in earnings/losses recognized from the company's investment in certain real estate businesses that are not consolidated in its financial results.

⁽⁴⁾ Represents amortization of stock-based compensation.

⁽⁵⁾ Represents accruals for litigation in the tobacco segment.

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

⁽⁷⁾ Transaction expenses include expenses incurred in connection with the Company's spin-off of Douglas Elmer Inc. into a standalone public company, which occurred on December 31, 2021.

⁽⁸⁾ Some numbers may not add due to rounding.



