



VECTOR GROUP LTD.

Investor Presentation

August 2022

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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 \$219.5 million, \$71.7 million and \$125.3 million for the year ended December 31, 2021 and the six months ended June 30, 2022 and 2021, respectively; reported operating income of \$320.4 million, \$165.9 million and \$169.9 million for the year ended December 31, 2021 and the six months ended June 30, 2022 and 2021, respectively.
- History of strong earnings with Adjusted EBITDA of \$345.2 million for the last twelve months ended June 30, 2022 ⁽¹⁾
 - Tobacco Adjusted EBITDA of \$345.8 million for the last twelve months ended June 30, 2022⁽²⁾
- 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 \$492 million (including cash of \$105 million at Liggett) as of June 30, 2022
- Seasoned management team (CEO, COO, CFO and General Counsel) with average tenure of 28 years with Vector as of June 30, 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⁽³⁾

1) Vector's net income was \$219.5 million and \$165.9 million for the year ended December 31, 2021 and the last twelve months ended June 30, 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 August 5, 2022 (Table 2), for a reconciliation of Net income to Adjusted EBITDA as well as the Disclaimer to this document on Page 2. Please also refer to the table on Page 22 for a reconciliation of Net Income to Adjusted EBITDA.

2) 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 \$360.3 million and \$341.5 million for the year ended December 31, 2021 and the last twelve months ended June 30, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Tables 2 and 5 of Exhibit 99.1 to the Company's Current Report on Form 8-K, filed August 5, 2022.

3) Cost advantage applies only to cigarettes sold below applicable market share exemption (approximately 1.93% of cigarettes sold in the United States).

Tobacco Operations



Overview



Liggett Vector Brands

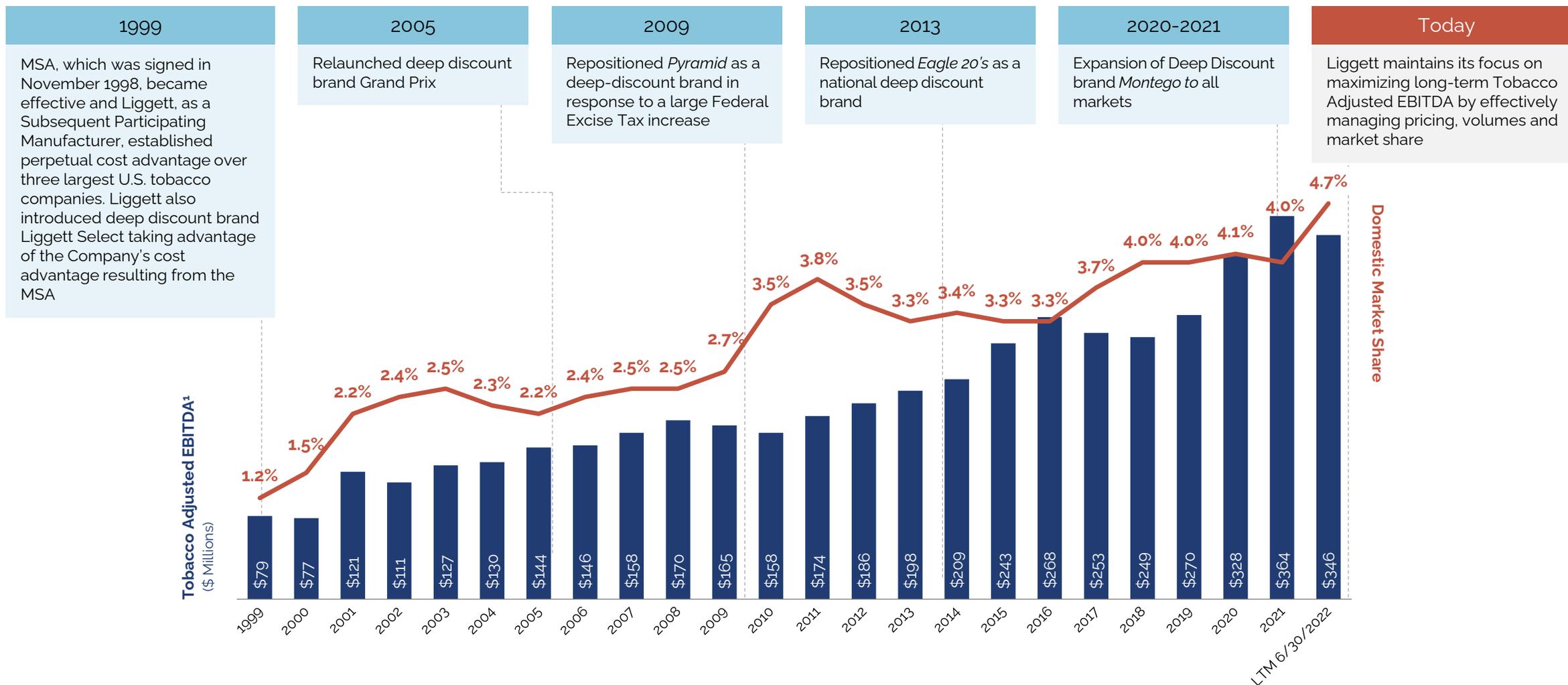
- Fourth-largest U.S. cigarette manufacturer; founded in 1873
 - Core Discount Brands – Eagle 20's, Montego, Pyramid, Grand Prix, Liggett Select and Eve
 - Today, the average retail prices of Montego, Eagle 20's and Pyramid are approximately 50%, 30% and 15%, respectively, below the average retail prices of the leading premium brands
 - Within the discount category, we continue to see momentum and growth for brands priced in the deep discount segment
 - 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 \$345.8 million for the last twelve months ended June 30, 2022 ⁽¹⁾
 - Capital requirements with capital expenditures of \$7.3 million related to tobacco operations for the last twelve months ended June 30, 2022; current capital expenditure commitments of \$15 million associated with factory modernization throughout 2022 and 2023.
- Current cost advantage of approximately \$0.90 per pack⁽²⁾ 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



¹⁾ Vector's operating income from the tobacco segment was \$360.3 million and \$341.5 million for the year ended December 31, 2021 and the last twelve months ended June 30, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed August 5, 2022. Please also refer to the Disclaimer to this document on Page 2.

²⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1.93% of total cigarettes sold in the United States).

History



Source: MSA CRA wholesale shipment database.

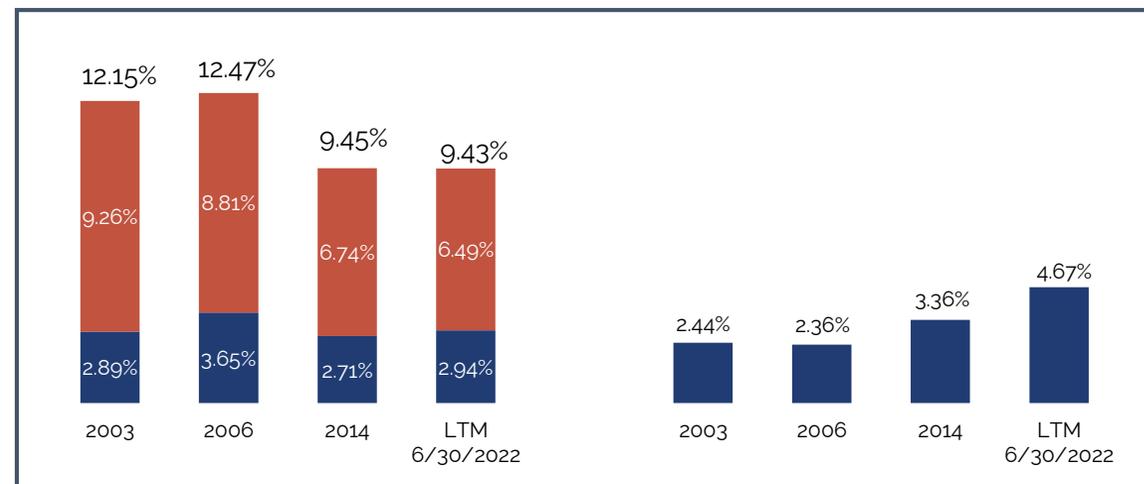
Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.

1) Vector's operating income from the tobacco segment was \$261.6, \$319.5, \$360.3 and \$341.5 for the years ended December 31, 2019, 2020 and 2021 and the last twelve months ended June 30, 2022, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed on August 5, 2022. Please also refer to Table 2 of Exhibit 99.2 to the Company's Current Reports on Form 8-K, filed October 2, 2015, November 15, 2016, and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed March 1, 2022.

Adjusted U.S. Tobacco Industry Market Share



- Legacy brands
- Brands acquired by ITG in 2015
- Newport – Prominent Premium brand acquired by RAI in 2015
- Santa Fe tobacco – acquired by RAI in 2002



Philip Morris USA

Reynolds American

ITG Brands

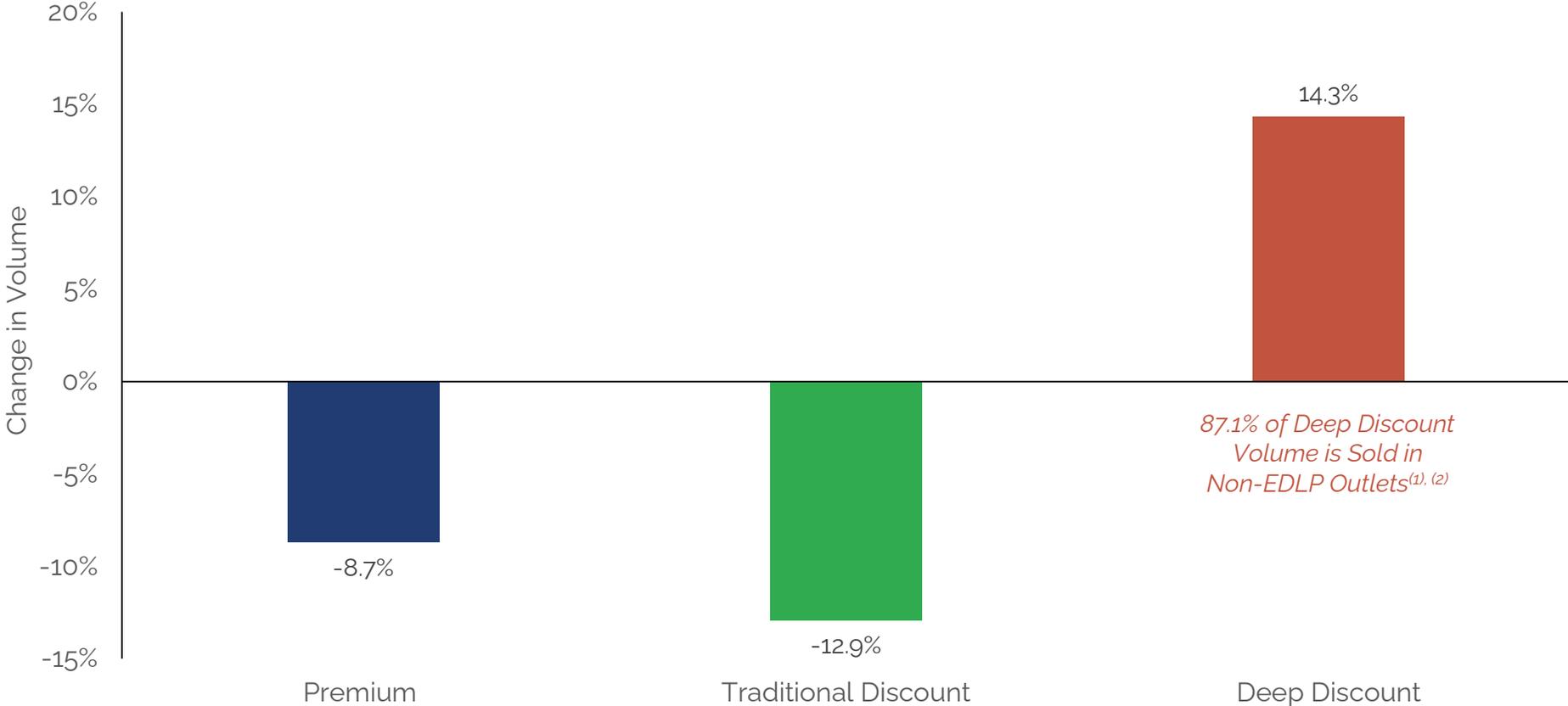
Liggett

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 6/30/2022.

1) Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report for Reynolds American was 29.6%, 27.6% and 23.1%, respectively, and, for ITG Brands, was 2.9%, 3.7% and 2.7%, respectively. Adjusted market share has been computed by Vector Group Ltd. by applying historical market share of each brand to the present owner of brand. Thus, the graph assumes each company owned its current brands on January 1, 2003. The legacy brands market share of Reynolds American in 2003 includes the market share of Brown & Williamson, which was acquired by Reynolds American in 2004. In 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 9.8%, 7.9%, 8.9% and 9.6% in 2003, 2006, 2014 and last twelve months ended June 30, 2022, respectively.

U.S. Cigarette Industry Volume Change by Segment – LTM 6/30/2022



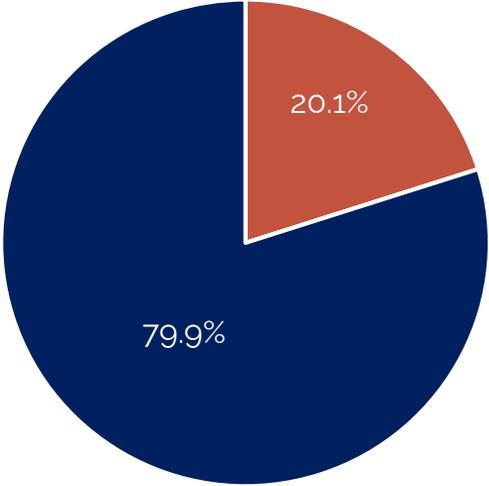
Source: Management Science Associates ("MSAi") RIS Database for the 52 weeks ended July 2, 2022. The source for the database is reporting by tobacco distributors, who are constituents of the MSAi RIS database and represent approximately 95% of distributor shipments to retailers selling cigarettes in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

- 1) The Deep Discount category currently includes brands whose national average retail price is at least 40% lower than the average of the leading Premium cigarette brands. *Montego* is included in the Deep Discount category and all other Liggett brands are included in the Traditional Discount category.
- 2) Every Day Low Price ("EDLP") stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell a EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

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

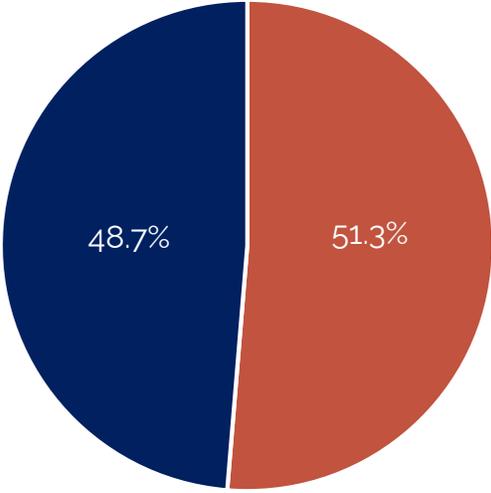


Liggett



■ EDLP⁽¹⁾ ■ Non EDLP⁽¹⁾

Industry



■ EDLP⁽¹⁾ ■ Non EDLP⁽¹⁾

Source: Management Science Associates RIS Database 52 Weeks Ended July 2, 2022.

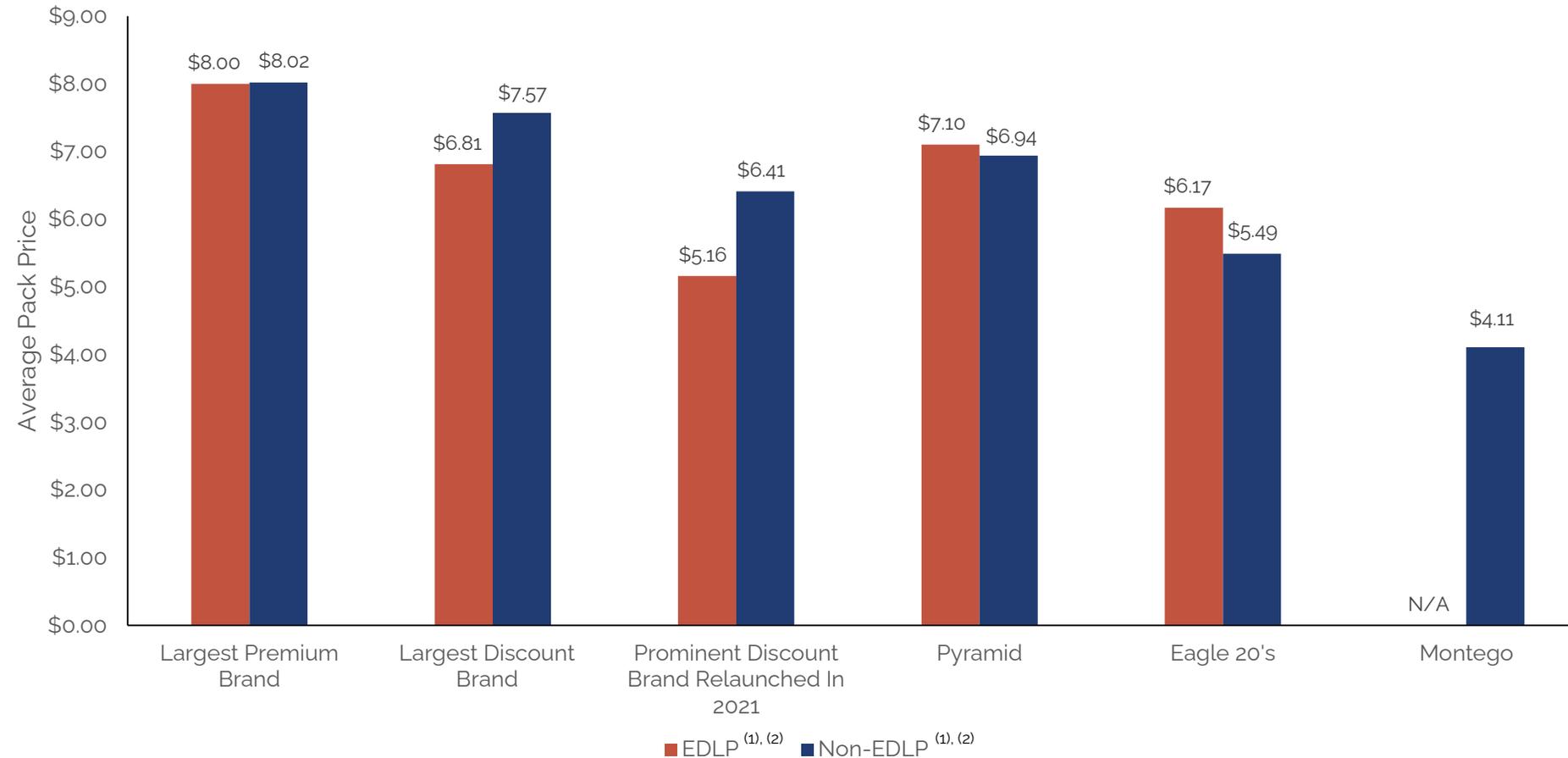
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Price Increases in 2020, 2021 and 2022



Effective Date	Action	Brands			
		Montego	Eagle 20's	Pyramid	Liggett Select, Eve and Grand Prix
Amount per pack					
<u>2020</u>					
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
<u>2021</u>					
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
<u>2022</u>					
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

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



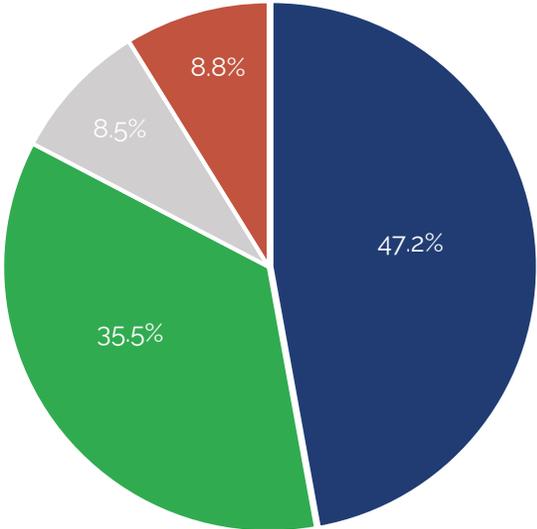
Source: Company Estimates in Liggett's markets for the 13 weeks ended July 2, 2022.

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

Liggett's Distribution is Value-Focused

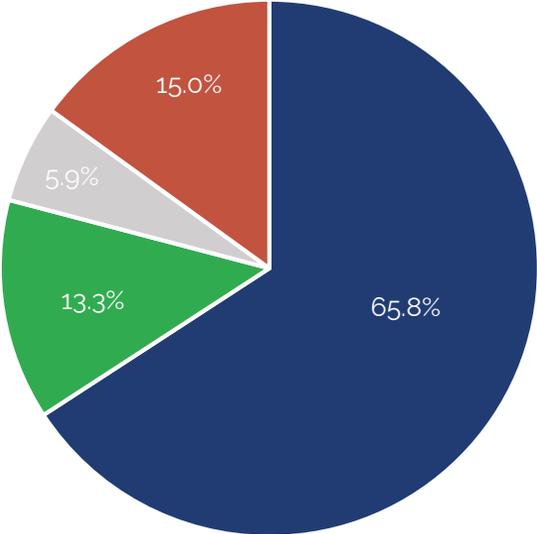


Liggett



- Convenience Stores
- Tobacco Outlets and Discount Mass Merchandisers
- Grocery Stores
- All Other

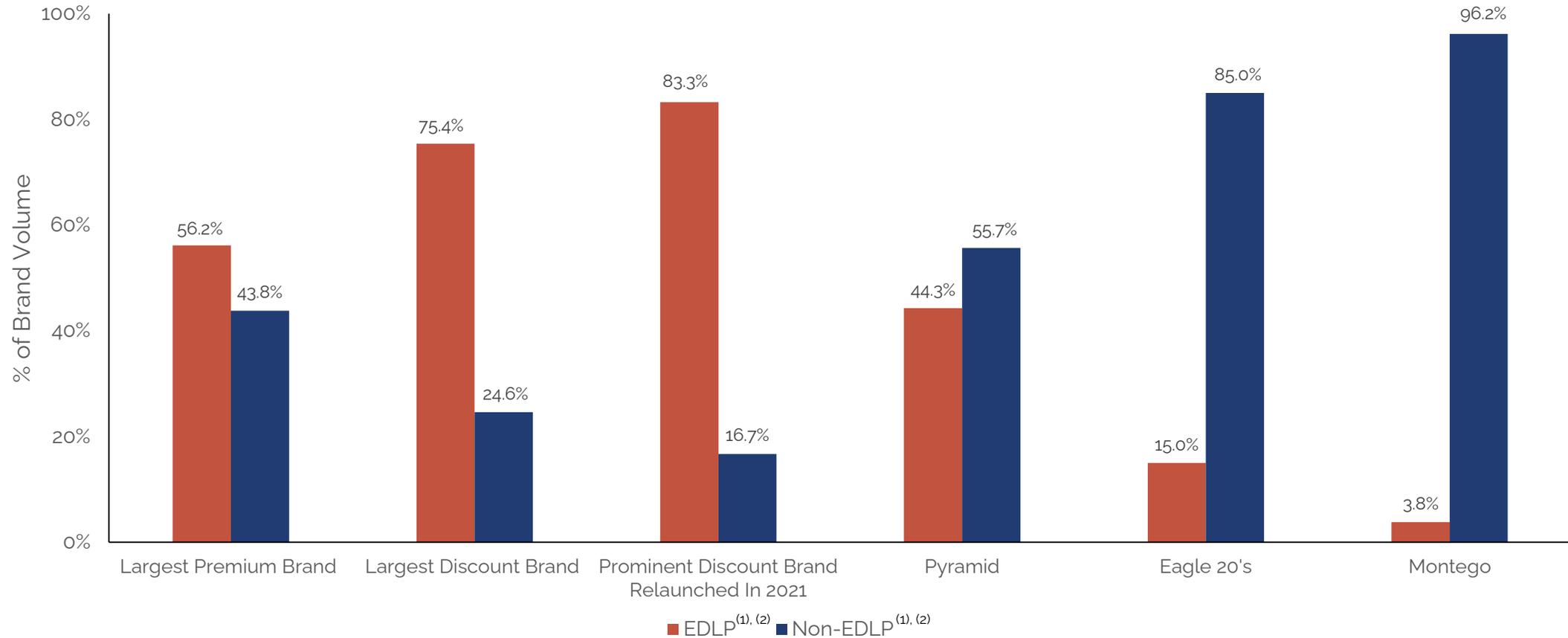
Industry



- Convenience Stores
- Tobacco Outlets and Discount Mass Merchandisers
- Grocery Stores
- All Other

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

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



Source: Management Science Associates, Inc.'s RIS Database for the 13 weeks ended July 2, 2022.

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



■ Litigation

- In 2013, Liggett reached a settlement with approximately 4,900 Engle progeny plaintiffs
 - Liggett agreed to pay \$62 million in cash and annual payments of \$3.4 million from 2015 to 2028
 - As of June 30, 2022, 24 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 \$38 million in damages (including interest through June 2022). Proceedings are ongoing and Liggett posted a bond for \$24 million in the quarter ended June 30, 2022. To date Liggett has been unsuccessful in its efforts to defeat this matter

■ Regulatory

- Since 1998, the MSA has restricted the advertising and marketing of tobacco products
- Certain states have passed legislation banning the sale of menthol cigarettes
- Family Smoking Prevention and Tobacco Control Act (2009) granted the FDA the authority to regulate (but not ban) tobacco products
 - On May 4, 2022, FDA published a proposed rule to prohibit menthol as a characterizing flavor in cigarettes
 - On June 21, 2022, the FDA indicated it plans to publish a proposed rule in May 2023 that establishes a tobacco product standard reducing the level of nicotine in cigarettes to non-addictive levels

Real Estate Operations



Real Estate Overview

- 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 \$170 million⁽¹⁾ invested, as of June 30, 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 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	Cummulative earnings / (loss) ²	Carrying value ²	Projected construction end date	Range of ownership	Number of investments
Land owned						
All other U.S. areas	\$ (17,307)	\$ 17,307	\$ -	N/A	100.0%	-
	\$ (17,307)	\$ 17,307	\$ -			-
Real Estate Investments at Cost						
All other U.S. areas	\$ 1,000	\$ -	\$ 1,000	N/A	2.5%	1
	\$ 1,000	\$ -	\$ 1,000			1
Condominium and Mixed Use Development (Minority interest owned)						
New York City SMSA	\$ 45,233	\$ (25,085)	\$ 20,148	2023	4.2% - 37.0%	8
All other U.S. areas	72,599	(12,173)	60,426	2022 - 2024	12.5% - 89.1%	11
	\$ 117,832	\$ (37,258)	\$ 80,574			19
Apartments (Minority Interest owned)						
All other U.S. areas	\$ 11,500	\$ (924)	\$ 10,576	N/A	7.6% - 50.0%	1
	\$ 11,500	\$ (924)	\$ 10,576			1
Hotels (Minority interest owned)						
New York City SMSA	\$ 8,354	\$ (7,256)	\$ 1,098	2022	0.4% - 12.3%	3
All other U.S. areas	8,350	(8,350)	-	2022-2024	N/A	-
International	6,048	(4,832)	1,258	N/A	49.0%	1
	\$ 22,752	\$ (20,438)	\$ 2,356			4
Commercial and Other (Minority interest owned)						
New York City SMSA	\$ (4,912)	\$ 12,825	\$ 7,913	N/A	45.4% - 49.0%	3
All other U.S. areas	3,686	3,801	7,487	N/A	1.6%	1
	\$ (1,266)	\$ 16,626	\$ 15,400			4
Total	\$ 134,511	\$ (24,687)	\$ 108,906			29
Summary						
New York City SMSA	\$ 48,675	\$ (19,516)	\$ 29,159			14
All other U.S. areas	79,828	(339)	79,489			14
International	6,048	(4,832)	1,216			1
	\$ 134,551	\$ (24,687)	\$ 109,864			29

1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd.'s Form 10-Q for the period ended June 30, 2022.

2) Includes interest expense capitalized to real estate ventures of \$10,668.

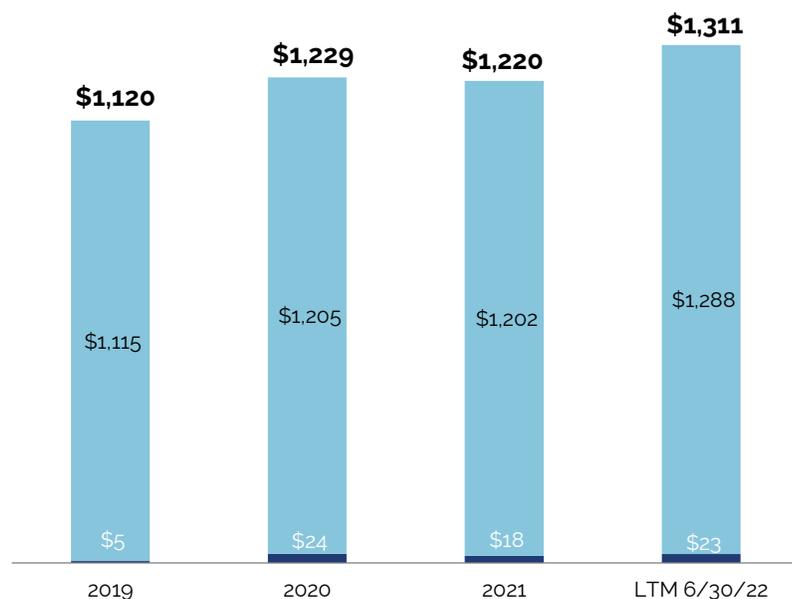
Financial Data



Adjusted Historical Financial Data



Revenues⁽¹⁾⁽²⁾
(\$ in millions)



Adjusted EBITDA⁽³⁾⁽⁴⁾
(\$ in millions)



1) Revenues include federal excise taxes of \$451, \$462, \$435 and \$472, respectively.

2) On December 29, 2021, Vector Group Ltd. completed the distribution of its real estate brokerage, services and PropTech investment business into a new stand-alone public company, Douglas Elliman Inc. (NYSE:DOUG) through a distribution of Douglas Elliman's common stock to Vector Group Ltd. stockholders. The historical results of the real estate brokerage, services and PropTech investment business owned by Douglas Elliman Inc. are excluded from revenues and are now reflected as income from discontinued operations, net of income taxes, in Vector Group Ltd.'s Consolidated Statements of Operations.

3) Vector's Net income for the periods presented was \$101, \$92.9, \$219.5 and \$165.9, respectively. Adjusted EBITDA are a Non-GAAP Financial Measure. Please refer to the Company's Current Reports on Form 8-K, filed on February 28, 2020, March 1, 2022, and August 5, 2022, respectively (Exhibit 99.1) for a reconciliation of Non-GAAP financial measures to GAAP. Please also refer to the table on Page 22 for a reconciliation of Net Income to Adjusted EBITDA.

4) Adjusted EBITDA has been computed using a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. The reconciliation is located on Page 22. Because Douglas Elliman Inc.'s results are reflected within discontinued operations, they are excluded from the financial information provided above.

Summary



Summary



Vector Group

- Vector Group Ltd., a holding company owning Tobacco and Real Estate businesses, and holding consolidated cash, investment securities and long-term investments of **\$492 million¹ at June 30, 2022 (\$387 million, excluding cash at Liggett)**
- Vector's CEO, COO, CFO and General Counsel have an average tenure of **28 years** with the Company and, along with directors, beneficially own **approximately 8% of Vector's common stock**



Tobacco segment

- Liggett is the fourth-largest U.S. cigarette manufacturer with **4.7%** wholesale market share and **4.8%** retail market share for the last twelve months ended June 30, 2022
- From April 1, 2010, to March 31, 2020, was the only major U.S. cigarette manufacturer to **increase** both **market share** and **unit volumes**
- **\$346 million²** of Tobacco Adjusted EBITDA for the last twelve months ended June 30, 2022



Real Estate segment

- New Valley owns a diversified portfolio of consolidated and non-consolidated real estate investments carried at **\$109 million** at June 30, 2022.
- New Valley's portfolio of real estate ventures exists in various markets throughout the U.S., including **New York City, Miami, Los Angeles, Las Vegas** and **Nashville**



1) At June 30, 2022, the total amount (\$492 million) includes cash at Liggett of \$105 million.

2) Vector Group Ltd.'s operating income from the tobacco segment was \$360.3 million and \$341.5 million for the year ended December 31, 2021 and the last twelve months ended June 30, 2022, respectively. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed August 5, 2022 (Tables 2 and 5) and March 1, 2022 (Tables 2 and 5), for a reconciliation of Net income to Adjusted EBITDA and a reconciliation of operating income from the tobacco segment to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.

Adjusted EBITDA Reconciliation



(\$ Millions)	FYE December 31,		Six Months Ended			LTM 6/30/2022
	2019	2020	2021	6/30/2022	6/30/2021	
Net income attributed to Vector Group Ltd.	\$ 101.0	\$ 92.9	\$ 219.5	\$ 71.7	\$ 125.3	\$ 165.9
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	(7.1)	34.0	(72.3)	-	(38.7)	(33.6)
Interest Expense	137.5	121.3	112.7	55.8	56.8	111.8
Tax Expense	31.1	54.1	62.8	27.2	36.2	53.8
Net loss attributed to non-controlling interest	0.0	-	(0.2)	-	-	(0.2)
Depreciation and Amortization	9.2	9.1	7.8	3.6	4.0	7.5
EBITDA	\$ 271.8	\$ 311.4	\$ 330.3	\$ 158.4	\$ 183.6	\$ 305.1
Change in Fair Value of Derivatives Embedded Within Convertible Debt ⁽¹⁾	(26.4)	(5.0)	-	-	-	-
Equity in (Earnings) Loss from Investments ⁽²⁾	(17.0)	(56.3)	(2.7)	4.6	(1.5)	3.4
Equity in Losses (Earnings) from Real Estate Ventures ⁽³⁾	27.8	44.7	(10.3)	2.3	(18.2)	10.3
Loss on Extinguishment of Debt	4.3	-	21.4	-	21.4	-
Stock-Based Compensation Expense ⁽⁴⁾	9.5	9.5	14.8	4.7	5.7	13.8
Litigation Settlement and Judgment (Income) Expense ⁽⁵⁾	1.0	0.3	0.2	0.1	-	0.3
Impact of MSA Settlement ⁽⁶⁾	-	0.3	(2.7)	(2.1)	(2.7)	(2.1)
Transaction Expenses ⁽⁷⁾	-	-	10.5	-	-	10.5
Net Gains on Sales of Assets	-	(2.3)	(0.9)	-	-	(0.9)
Other, Net	(16.7)	8.6	(10.7)	4.2	(11.3)	4.9
Adjusted EBITDA Attributed to Vector	\$ 254.1	\$ 311.4	\$ 349.9	\$ 172.2	\$ 176.9	\$ 345.2
<u>Operating Income (Loss) by Segment</u>						
Tobacco	\$ 261.6	\$ 319.5	\$ 360.3	\$ 166.0	\$ 184.8	\$ 341.5
Real Estate	0.6	(0.6)	4.1	7.8	0.2	11.7
Corporate & Other	(27.6)	(24.5)	(43.9)	(8.0)	(15.1)	(36.8)
Operating Income	\$ 234.6	\$ 294.4	\$ 320.4	\$ 165.8	\$ 169.9	\$ 316.4
<u>Adjusted EBITDA Attributed to Vector by Segment</u>						
Tobacco	\$ 270.5	\$ 328.0	\$ 364.4	\$ 167.0	\$ 185.5	\$ 345.8
Real Estate	0.8	(0.3)	4.1	7.9	0.3	11.7
Corporate & Other	(17.1)	(16.4)	(18.6)	(2.7)	(8.9)	(12.3)
Adjusted EBITDA Attributed to Vector	\$ 254.1	\$ 311.4	\$ 349.9	\$ 172.2	\$ 176.9	\$ 345.2

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 Ladenburg Thalmann Financial Services of \$53.4 million for the year ended December 31, 2020 and equity earnings from Castle Brands of \$16.4 million for the year ended December 31, 2019.
- 3) Represents equity in (earnings) losses recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- 4) Represents amortization of stock-based compensation.
- 5) Represents accruals for settlements of judgment expenses in the Engle progeny tobacco litigation.
- 6) Represents the tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- 7) Transaction expenses include expenses incurred in connection with the Company's spin-off of Douglas Elliman Inc. into a standalone, public company, which occurred on December 29, 2021.

