



VECTOR GROUP LTD.

Investor Presentation

August 2024

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Investment Highlights & Portfolio



Holding company with two primary businesses



Liggett Vector Brands

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, 2023 and **\$199.7 million** for the twelve months ended June 30, 2024

Reported operating income of **\$328.0 million** for the year ended December 31, 2023 and **\$357.7 million** for the twelve months ended June 30, 2024



History of strong earnings

\$377.0M

Adjusted EBITDA for the twelve months ended June 30, 2024⁽¹⁾

\$384.7M

Tobacco Adjusted EBITDA for the twelve months ended June 30, 2024⁽²⁾

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 August 1, 2024, for a reconciliation of net income to Adjusted EBITDA. Please also refer to the table on Page 23 for a reconciliation of net income to Adjusted EBITDA.

2) Vector's operating income from the tobacco segment was \$346.7 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 August 1, 2024. Please also refer to the table on Page 23 for a reconciliation of net income to Adjusted EBITDA.

Investment Highlights & Portfolio (cont.)



Maintains substantial liquidity

\$429M

of cash, marketable securities and long-term investments at holding company as of June 30, 2024

+

\$150M

of cash at Liggett as of June 30, 2024, which will be primarily used to pay Liggett's current MSA liability (\$131 million at June 30, 2024)

=

\$579M

of consolidated cash, marketable securities and long-term investments as of June 30, 2024



Seasoned management team

30 years

average tenure of CEO, COO, CFO and General Counsel with Vector as of June 30, 2024

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 1.93% of total cigarettes sold in the United States).

Tobacco Operations



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

Consistent and strong cash flow

\$384.7M

Tobacco Adjusted EBITDA for the twelve months June 30, 2024 ⁽¹⁾

\$6.0M

capital expenditures related to tobacco operations for the twelve months ended June 30, 2024, including factory modernization described below

\$13.4M

current capital expenditure commitments, of which \$9.7 million has been funded, associated with factory modernization in 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

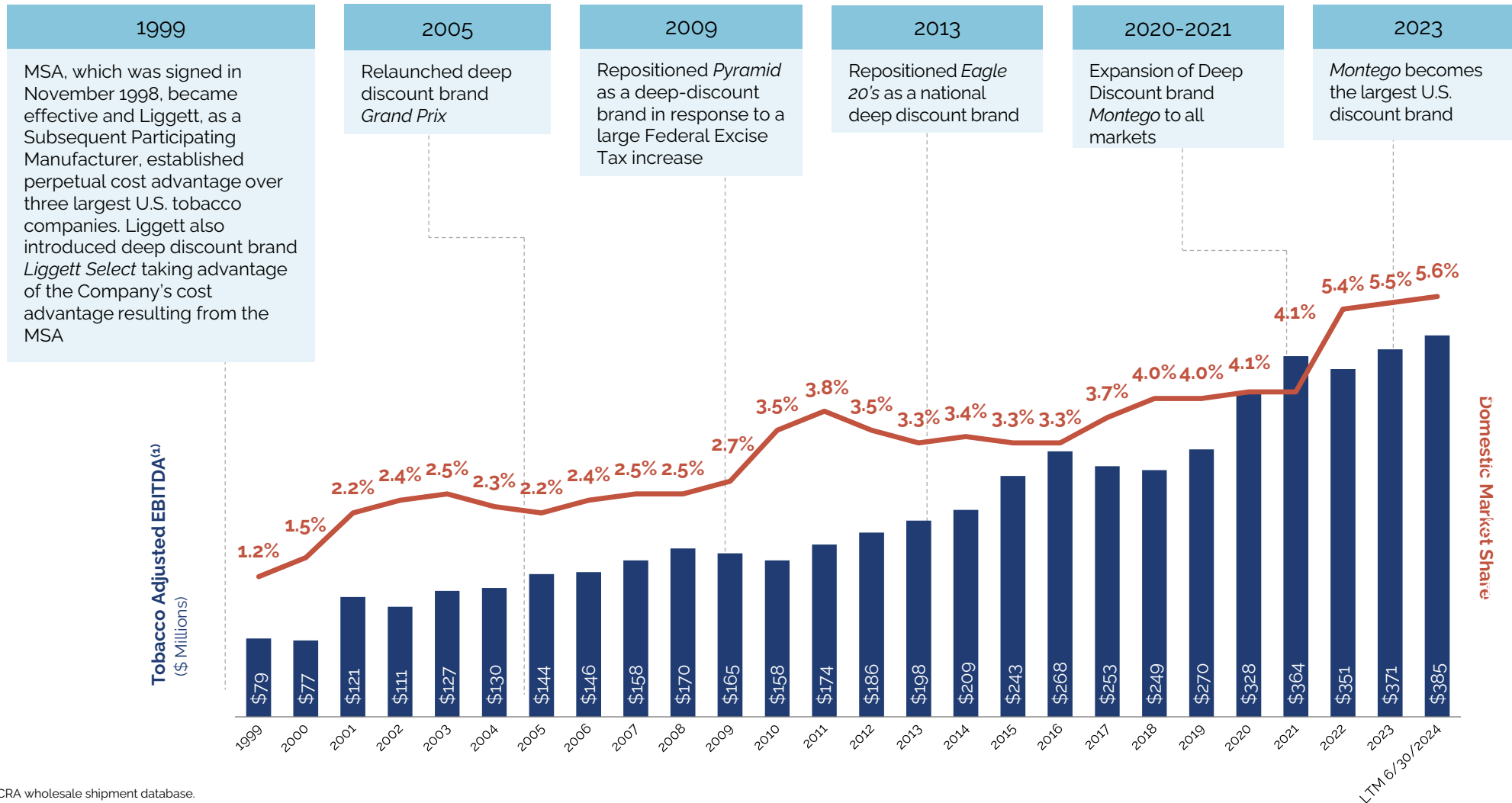
\$0.95 ⁽²⁾

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

¹⁾ Vector's operating income from the tobacco segment was \$346.7 million for the year ended December 31, 2023 and \$378.9 million for the twelve months ended June 30, 2024, respectively. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed May 2, 2024. 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.

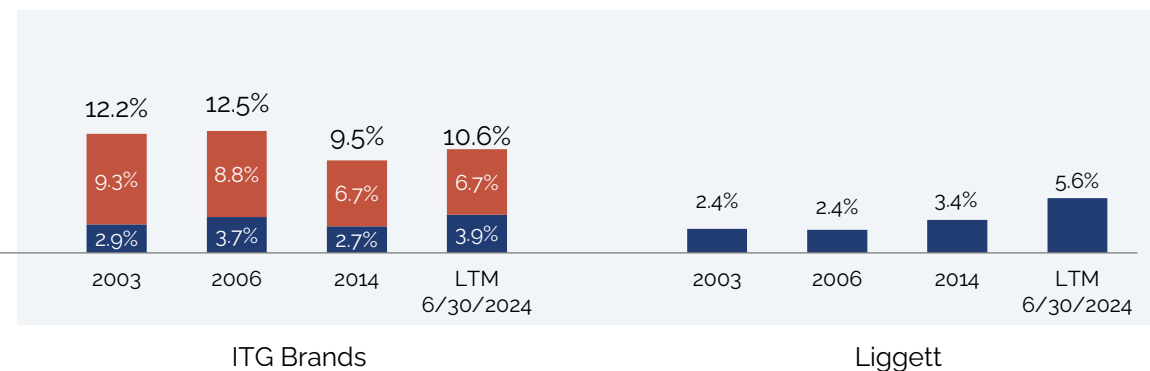
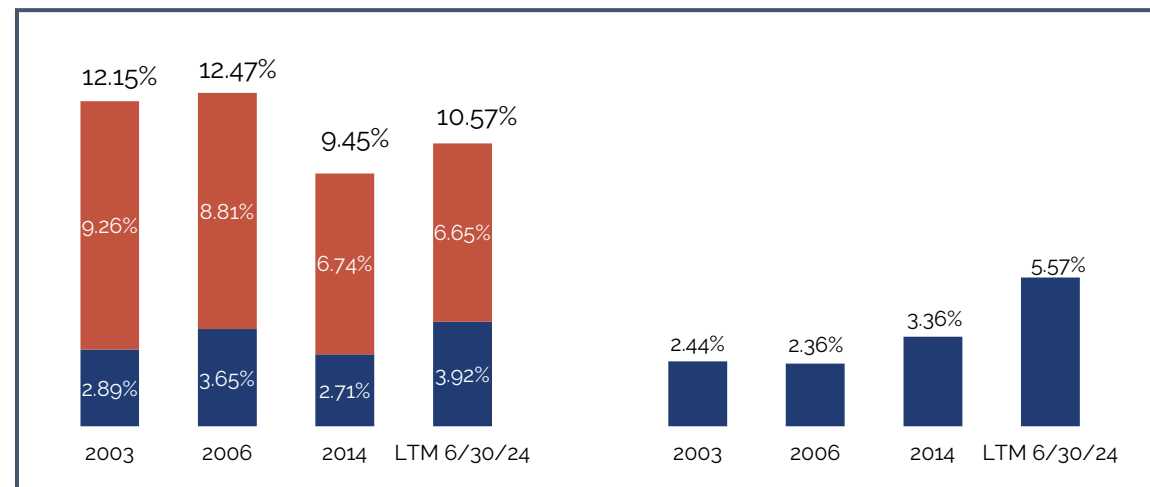
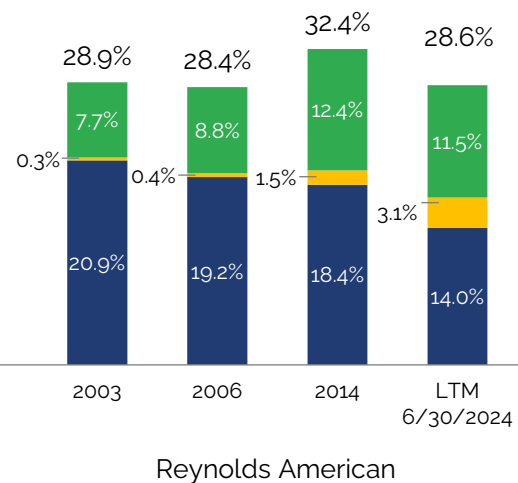
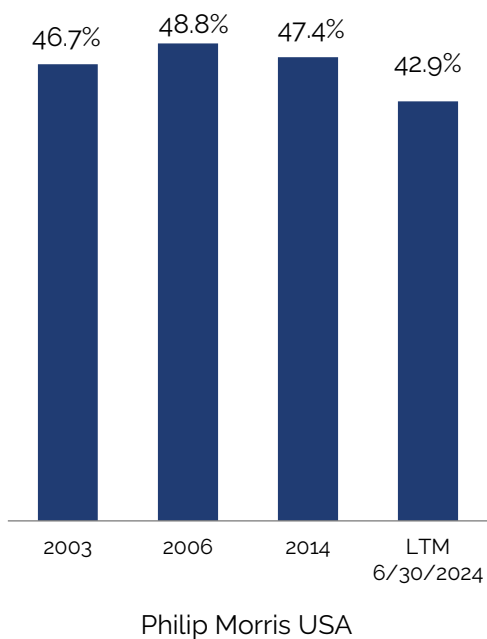
1) Vector's operating income from the tobacco segment was \$319.5, \$360.3, \$347.0 and \$346.7 for the years ended December 31, 2020, 2021, 2022 and 2023, respectively, and \$378.90 for the twelve months ended June 30, 2024. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed on March 1, 2022 and August 1, 2024. 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 Report on Form 8-K, filed February 28, 2020.

Adjusted U.S. Tobacco Industry Market Share

(1), (2)



- 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



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 2023.

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 such 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 12.5% in 2003, 2006, 2014 and LTM 6/30/2024, respectively.

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



Liggett's unit sales volume was **33%** in Traditional Discount and **67%** in Deep Discount(2)

U.S. Cigarette Industry unit sales volume was **14.7%** in Traditional Discount and **15.5%** in Deep Discount(2)



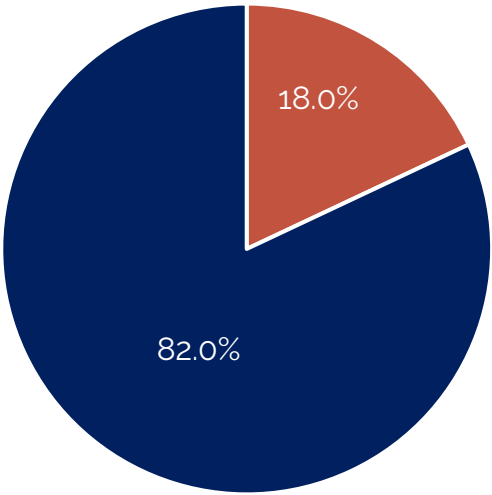
Source: Management Science Associates, Inc.'s ("MSAi") RIS Database for the 52 weeks ended June 30, 2024. The source for the database is reporting by tobacco distributors, who are constituents of the MSAi RIS database and represent approximately 95% of distributor shipments to retailers selling cigarettes in the United States.

1) For the 52 weeks ended June 30 2024.
 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. *Montego*, which represented 67% 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)

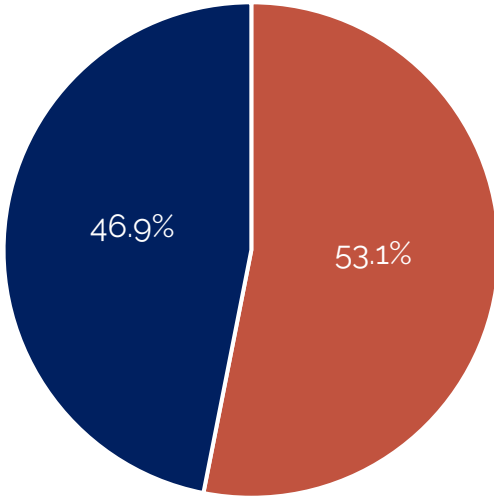


Liggett



■ EDLP (1) ■ Non-EDLP (1)

Industry



■ EDLP (1) ■ Non-EDLP (1)

Source: MSAI's RIS Database for the 52 Weeks Ended June 30, 2024.

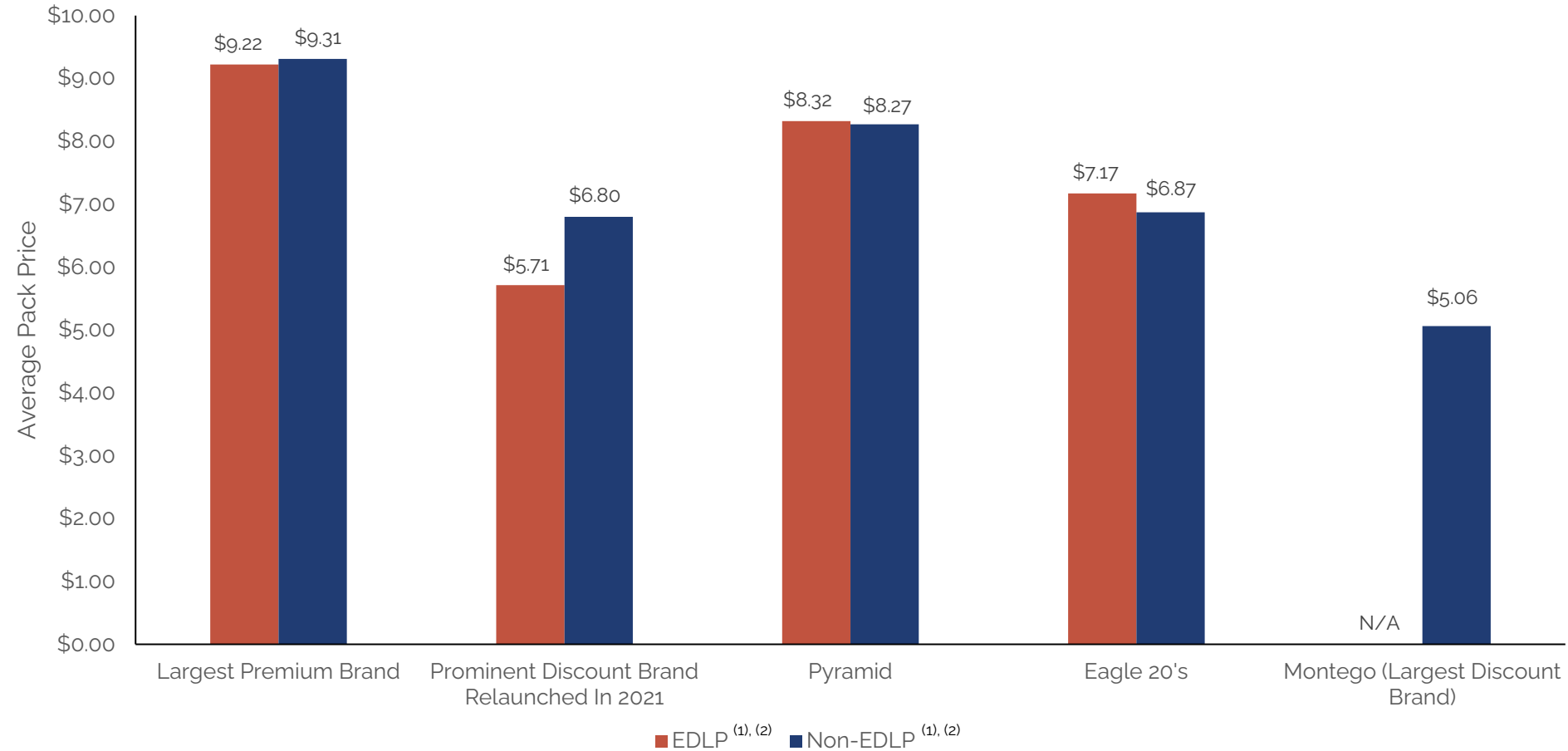
1) EDLP stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell an EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

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
April 26, 2024	List Price increase	0.12	.017	0.17	0.30

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



Source: Company estimates in Liggett's markets for the 13 weeks ended June 30, 2024.

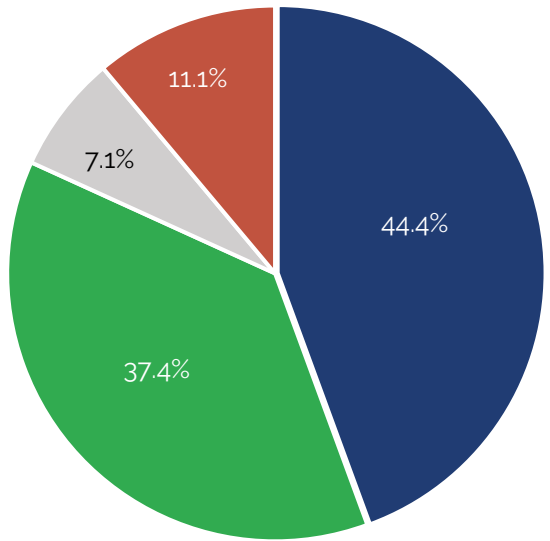
1) EDLP stores are defined as retail stores participating in R. J. Reynolds Tobacco Company's contractual trade program that requires such retail stores to price and sell an EDLP Brand to consumers, at equal to or less than the lowest price offered for any cigarette products sold in the store.

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

Liggett's Distribution is Value -Focused

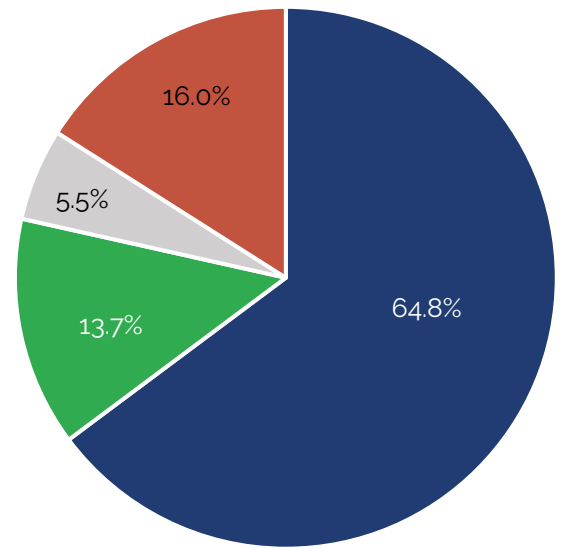


Liggett



- Convenience Stores
- Tobacco Outlets, Mass Merchandisers and Variety Stores
- Grocery Stores
- All Other

Industry

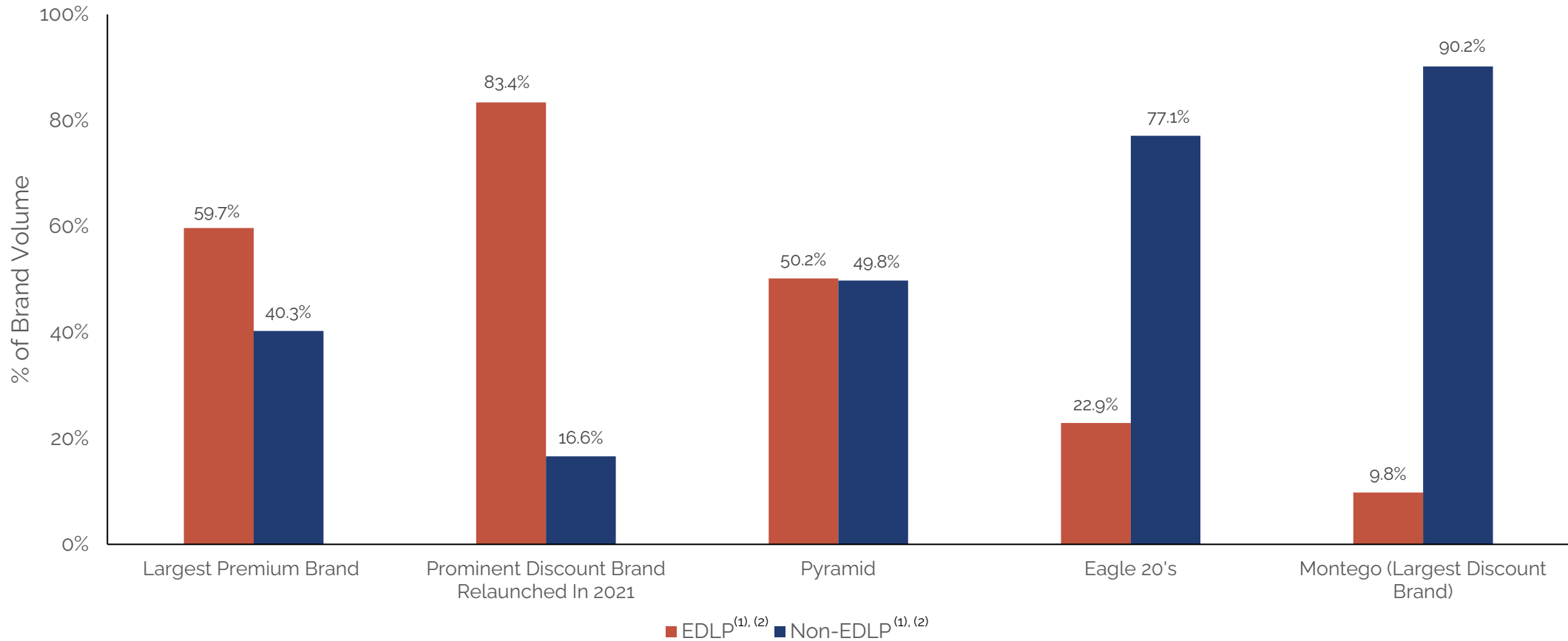


- Convenience Stores
- Tobacco Outlets, Mass Merchandisers and Variety Stores
- Grocery Stores
- All Other

Source: MSAI's RIS Database for the 52 weeks ended June 30, 2024.

Analysis of Retail Volume Stores

– EDLP (1), (2) Stores and Non -EDLP (1), (2)



Source: MSAI's RIS Database for the 13 weeks ended June 30, 2024.

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 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 maybe 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 June 30, 2024, six *Engle* progeny cases on behalf of nine plaintiffs remain pending
- Liggett is also currently a defendant in approximately 97 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
 - According to Moody's February 2024 analysis, Liggett will be less impacted by a regulatory restriction or ban on menthol than its peers due to its lower exposure to the menthol category as a percentage of volume.
- 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 April 26, 2024, FDA announced an indefinite delay in the publication of the final rule.
 - 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 was 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 \$174 million⁽¹⁾ invested, as of June 30, 2024, 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	\$ 5,800	\$ -	\$ 5,800	N/A	10%	3
Condominium and Mixed Use Development (Minority interest owned)						
United States	\$ 121,069	\$ (27,361)	\$ 93,708	2023 - 2025	4.1% - 77.8%	17
Apartments (Minority interest owned)						
United States	\$ 12,870	\$ (6,585)	\$ 6,285	N/A	15% - 50%	2
Hotels (Minority interest owned)						
United States	\$ (270)	\$ 275	\$ 5	N/A	0.4% - 12.3%	2
International	6,048	(6,048)	-	N/A	49.0%	1
	\$ 5,778	\$ (5,773)	\$ 5			3
Commercial and Other (Minority interest owned)						
United States	\$ 15,877	\$ 706	\$ 16,583	N/A	1.6% - 49.0%	2
Total	\$ 161,394	\$ (39,013)	\$ 122,381			27

Summary						
Florida	\$ 37,718	\$ 9,848	\$ 47,566			12
Tennessee	27,366	4,341	31,707			1
New York City SMSA	48,877	(29,118)	19,759			8
North Carolina	7,500	910	8,410			1
Nevada	2,342	6,580	8,922			1
Alabama	11,600	(5,315)	6,285			1
California	19,943	(20,211)	(268)			2
International	6,048	(6,048)	-			1
	\$ 161,394	\$ (39,013)	\$ 122,381			27

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-Q for the quarter ended June 30, 2024.

2) Includes interest expense capitalized to real estate ventures of \$13,014.

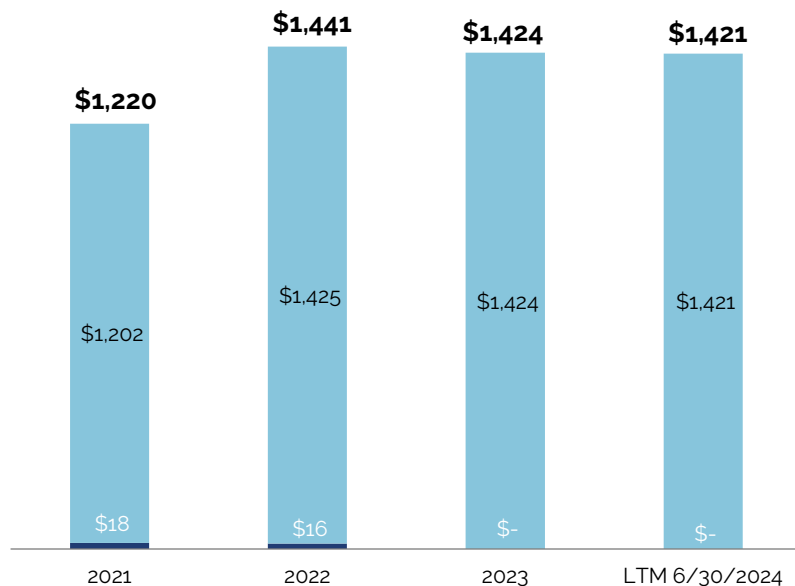
Financial Data



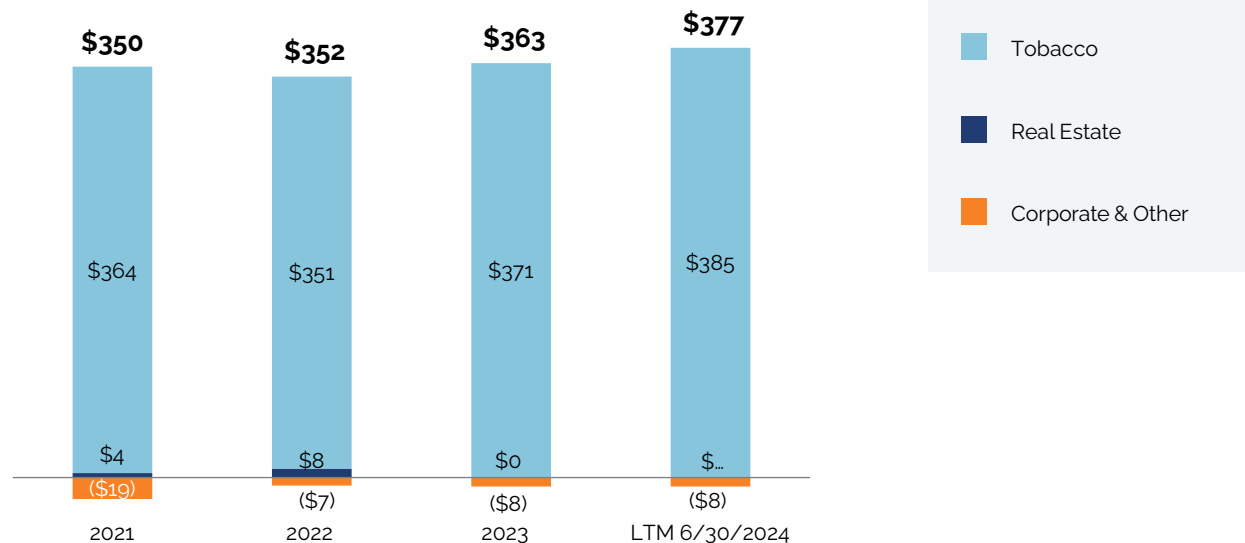
Adjusted Historical Financial Data



Revenue^{(1), (2)}
(\$ in millions)



Adjusted EBITDA^{(3), (4)}
(\$ in millions)



1) Revenues include federal excise taxes of \$435, \$521, \$486, and \$468 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 \$219.5, \$158.7, \$183.5, and \$199.7, respectively. Adjusted EBITDA are a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed on March 1, 2022 and August 12, 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. 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 **\$579 million⁽¹⁾ as of June 30, 2024 (\$430 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 **5.6%** wholesale market share and **5.8%** retail market share for the last twelve months ended June 30, 2024
- 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
- **\$384.7 million⁽²⁾** of Tobacco Adjusted EBITDA for the twelve months ended June 30, 2024



Real Estate segment

- New Valley owns a diversified portfolio of non-consolidated real estate investments carried at **\$122 million** as of June 30, 2024.
- 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 June 30, 2024, the total amount of \$579 million includes cash at Liggett of \$149 million.

2) Vector's operating income from the tobacco segment was \$346.7 million for the year ended December 31, 2023 and \$378.9 million for the twelve months ended June 30, 2024. 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 August 1, 2024. Please also refer to the table on Page 23 for a reconciliation of net income to Adjusted EBITDA.

Adjusted EBITDA Reconciliation



(\$ Millions)	2021	2022	2023	6/30/2024	6/30/2023	LTM 6/30/2024
Net income attributed to Vector Group Ltd.	\$ 219.5	\$ 158.7	\$ 183.5	\$ 89.0	\$ 72.8	\$ 199.7
Net (income) loss attributed to Vector Group Ltd. from discontinued operations	(72.1)	-	-	-	-	-
Interest Expense	112.7	110.7	108.6	54.0	54.6	108.1
Tax Expense	62.8	61.9	64.9	34.1	28.6	70.4
Net loss attributed to non-controlling interest	(0.2)	-	-	-	-	-
Depreciation and Amortization	7.8	7.2	7.0	3.3	3.4	6.8
EBITDA	\$ 330.5	\$ 338.5	\$ 364.0	\$ 180.4	\$ 159.4	\$ 385.0
Derivatives Embedded Within Convertible Debt ⁽¹⁾	-	-	-	-	-	-
Equity Investments ⁽²⁾	(2.7)	5.0	(1.3)	(1.5)	(0.8)	(2.0)
Loss from Real Estate Ventures ⁽³⁾	(10.3)	5.9	(2.2)	11.9	(1.1)	10.8
Loss (gain) on extinguishment of debt	21.4	(0.4)	0.5	-	0.2	0.4
Transaction expense ⁽⁴⁾	14.8	7.8	10.1	7.1	4.8	12.5
Amortization expense ⁽⁵⁾	0.2	0.2	18.8	0.3	18.4	0.7
Other ⁽⁶⁾	(2.7)	(2.1)	(0.7)	(0.2)	(0.3)	(0.6)
	10.5	-	-	-	-	-
Net gains on sales of assets	(0.9)	-	-	-	-	-
Other, net	(10.7)	(2.7)	(26.0)	(12.0)	(8.4)	(29.8)
Adjusted EBITDA Attributed to Vector	\$ 350.1	\$ 352.2	\$ 363.2	\$ 186.0	\$ 172.2	\$ 377.0
<u>Operating Income (Loss) by Segment</u>						
Tobacco	\$ 360.3	\$ 347.0	\$ 346.7	\$ 185.9	\$ 153.7	\$ 378.9
Real Estate	4.1	8.0	0.3	(0.1)	0.2	-
Corporate & Other	(43.9)	(16.0)	(19.0)	(10.3)	(8.0)	(21.2)
Operating Income	\$ 320.4	\$ 339.0	\$ 328.0	\$ 175.6	\$ 145.9	\$ 357.7
<u>Adjusted EBITDA Attributed to Vector by Segment</u>						
Tobacco	\$ 364.4	\$ 351.1	\$ 370.6	\$ 188.8	\$ 174.7	\$ 384.7
Real Estate	4.3	8.1	0.3	(0.1)	0.2	-
Corporate & Other	(18.6)	(7.0)	(7.7)	(2.7)	(2.7)	(7.7)
Adjusted EBITDA Attributed to Vector	\$ 350.1	\$ 352.2	\$ 363.2	\$ 186.0	\$ 172.2	\$ 377.0

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.
- 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 Elliman Inc. into a standalone, public company, which occurred on December 29, 2021.
- 8) Some numbers may not add due to rounding.

