



Who is behind the nicotine industry in Europe?

Leading players and their financiers

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About this research note

This report was commissioned by Contre Feu, formerly known under the name Alliance Contre le Tabac (ACT) to understand financing mechanisms of the nicotine products industry.

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Authorship

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Executive Summary

This research note maps the key actors behind the nicotine products industry in Europe and identifies the financial institutions supporting their activities. Covering ten companies—from global tobacco multinationals to specialised nicotine-product manufacturers—the study examines their business profiles, supply chains, and the financing attributable specifically to nicotine-related operations.

A rapidly evolving industry landscape

The nicotine market in Europe is driven by a mix of traditional tobacco giants as well as newer specialised producers. This study, therefore, includes different company profiles, namely British American Tobacco (BAT), Philip Morris International (PMI), Japan Tobacco (JT), and Imperial Brands (IB), but also NGP Tobacco, Nicoswitch, Smoore International, Scandinavian Tobacco Group (STG), Shenzhen IVPS Technology and Shenzhen iMiracle Technology.

While combustible tobacco still dominates revenues for most major firms, nicotine products—such as vapes, and pouches—represent fast-growing segments targeted for future expansion. However, the weight of nicotine products varies widely between companies:

- BAT: around 14% of revenues,
- PMI: approx. 9% when excluding IQOS,
- STG: about 5%,
- Imperial Brands and JTI: about 1%,
- NGP Tobacco, Nicoswitch, Smoore, IVPS, iMiracle: highly or fully nicotine-dependent.

This diversity is central to the methodology, which adjusts financing figures proportionally to each firm's nicotine-related activity.

Financing flows: a downward trend since 2022

Between January 2018 and October 2025, a total of EUR 18.7 billion in loans and underwriting services attributable to nicotine products was identified. Underwriting remains the dominant channel (64%), reflecting the role of banks in facilitating bond and equity issuance for tobacco-related firms.

After peaking in 2020, nicotine-related financing has declined steadily since 2022, with 2025 on track to reach the lowest level of the period.

A concentrated financial dependency on BAT and PMI

Out of the ten companies reviewed, only six received identifiable financing from financial institutions. Because of their size and their relatively higher share of nicotine-related activities, BAT (EUR 8.4 billion) and PMI (EUR 7.9 billion) absorb the vast majority of financing attributable to nicotine. JT, IB, STG, and Smoore represent much smaller shares.

The newer companies—NGP Tobacco, Nicoswitch, IVPS, iMiracle—appear largely self-financed or financed through private owners, supplier credit, or related-party loans.

North America and Europe drive creditor financing

North American and European banks are the principal financiers:

- North America: EUR 5.9 billion
- European Union: EUR 5.0 billion
- Broader Europe (incl. UK, Switzerland, Norway): EUR 8.8 billion
- Asia: EUR 3.9 billion

The top individual creditors are Citigroup, Bank of America, and Deutsche Bank. Within the EU, creditors are primarily German and Spanish banks, with limited participation from French institutions.

Shareholders are the core financiers of the nicotine industry

As of the latest filings (October 2025), EUR 27.9 billion in investments attributable to nicotine were identified in shares and bonds of the selected companies:

- Shareholdings: EUR 25.3 billion
- Bondholdings: EUR 2.6 billion

Again, PMI (EUR 15.5 billion) and BAT (EUR 11.2 billion) dominate investment exposure.

A heavily US-dominated investor base

Investment is overwhelmingly concentrated in North America:

- North America: 83% of investments (EUR 23 billion)
- Europe: EUR 3 billion (of which EUR 1 billion in the EU)
- Asia: EUR 1.2 billion

The top investors are major US asset managers—Capital Group, Vanguard, BlackRock, and State Street—with UBS as the only non-US institution in the top 15. No EU investor appears in the top 20.

Within the EU, investment is driven mainly by German and French institutions, including Allianz, DZ Bank, Deutsche Bank, Crédit Agricole, and Groupe BPCE.

Conclusion

This research shows that despite the diversification of the nicotine market and the emergence of new actors, the financial backbone of the sector remains highly concentrated around the world's largest tobacco multinationals. Their nicotine-related activities are overwhelmingly financed by American and, to a lesser extent, European financial institutions.

In parallel, the downward trend in financing could suggest increasing caution from creditors and investors toward the sector—particularly in Europe—amid tightening regulations and public health scrutiny. Nevertheless, the scale of investment and the continued backing from major global asset managers indicate that nicotine producers, and particularly Big Tobacco companies, remain firmly embedded in mainstream financial markets.

Abbreviations

Abbreviation	Name
BAT	British American Tobacco
BVI	British Virgin Islands
DKK	Danish Krone
ENDS	Electronic Nicotine Delivery Systems
EUR	Euro
FDA	Food and Drug Administration
HTP	Heated Tobacco Products
HTS	Heated tobacco sticks
IB	Imperial Brands
JT	Japan Tobacco Inc
JTI	Japan Tobacco International
NGP	Next Generation Products
NRT	Nicotine Replacement Therapy
PMI	Philip Morris International
RMB	Chinese Yuan
RRP	Reduced Risk Products
SI	Smoores International
STG	Scandinavian Tobacco Group
UK	United Kingdom
US	United States

1

Company Selection

1.1 British American Tobacco

British American Tobacco (BAT) is a British tobacco company renowned for its famous brands, including Dunhill, Kent, Lucky Strike, Pall Mall, and Camel. BAT is headquartered in London and employs over 48,000 staff.¹

1.1.1 Weight of nicotine products in the overall business

BAT generated total revenues of EUR 29.6 billion in 2024, from the following product categories:

- Vapour (7% of total revenues),
- Heated Products (4%),
- Modern Oral (3%),
- Traditional Oral (4%),
- Combustibles (80%),
- Other (3%).²

Combustibles still represent the bulk of BAT's revenues, at 80%, while nicotine products (vapour, modern oral, and traditional oral) account for 14%, and other products for approximately 7%.

Key brands among nicotine products include VELO and Lyft (nicotine pouches), Vuse (vaping), and Grizzly in traditional oral products.³

BAT launched its first vapour product in 2013. It reports that its vapour products, which are available in 63 markets⁴, reached nearly 12 million consumers in 2024.⁵ EUR 699.9 million was generated in Europe and the Americas for vapour.⁶ France is considered a 'top market' for BAT's vapour products in Europe, along with Germany, Poland, Spain, and the UK.⁷

Their 'modern oral' products, including nicotine pouches, are available in 44 markets.⁸

BAT also has a subsidiary in France.⁹

1.1.2 Supply chain of nicotine products

Components, such as devices and liquids for BAT's 'New Category products', are manufactured in a mix of their own factories (in, among others, Hungary) and third-party factories. These third-party manufacturers supplement BAT's own production facilities in the US, Poland and Indonesia to produce the liquids used in vapour products.¹⁰

Chinese Smoore International (see section 1.10) is an important supplier of atomisation technologies to BAT.¹¹

1.2 Imperial Brands

Imperial Brands (IB) is a British tobacco company that manufactures and distributes vapes and pouches, primarily through subsidiaries and retailers. IB is headquartered in the UK and has 25,000 employees.¹² IB's main brands include Blu and Skruf (EU) as well as Zone in the US.

1.2.1 Weight of nicotine products in the overall business

IB generated total revenues of EUR 25 billion in 2024, from three distinct business segments:

- Tobacco (65% of revenues),
- Next Generation Products (NGP, 1%),
- Distribution (33%), which serves both the Tobacco and NGP products.

NGP, which includes vaping products, oral nicotine pouches, but also heated tobacco devices and sticks, generated revenues of EUR 427 million in 2024. Unfortunately, it is not clear how much heated products represent within the NGP segment. Assuming that each product type (vaping, pouches and heated tobacco) accounts for a third of the NGP segment, nicotine products accounted for only 1% of IB's total revenues.

In Europe, total NGP net revenue reached EUR 296 million in 2024, representing an increase of over 18% compared to the previous year.¹³ NGP shares are highest in Greece, Italy, and Portugal, with more than a third of their net revenue coming from these countries. In France, NGP share in IB's net revenue is 6%.¹⁴

1.2.2 Supply chain of nicotine products

IB relies on third-party manufacturers and logistics companies to produce NGP devices and distribute the products.¹⁵

IB has an extensive worldwide network of wholly or partially owned subsidiaries that develop, manufacture, and sell tobacco and nicotine products. For example, since 2008, IB has fully owned the Swedish company Skruf Snus AB, which manufactures and sells tobacco products in Sweden, including (tobacco-free) white snus products.¹⁶ MYBLU Spain focuses on e-vapour products in Spain and Austria-based Von Erl. GmbH sells e-vapour products in Europe and the US.

In 2012, IB created a Netherlands-based subsidiary, Fontem Ventures, to develop vape-based NGP, which launched the first e-cigarette in 2014. It now operates IB's blu brand, which sells several products on the market, such as rechargeable pod-based and disposable devices.¹⁷ The blu brand is strong in France.¹⁸

1.3 Japan Tobacco International

Japan Tobacco International (JTI) is a tobacco company, headquartered in Geneva (Switzerland), with almost 53,600 employees.¹⁹

1.3.1 Weight of nicotine products in the overall business

JTI's nicotine product brands are Nordic Spirit and Logic. Nordic Spirit, which includes nicotine pouches, was developed in Sweden in 2018. Logic is JTI's e-cigarette brand, which it acquired in 2015. Since 2023, JTI has also marketed pod vaping systems under this brand.²⁰

JTI does not publish annual reports or financial statements. However, JTI's parent Japan Tobacco Inc's total revenue in 2024 amounted to EUR 78 billion, of which:

- 92% was generated in tobacco, which includes combustible products, but also so-called Reduced-Risk Products (RRP), which encompass heated tobacco sticks and products, e-vapour, infused capsules, and oral products (pouches),
- 5% in processed food,
- 3% in the pharmaceutical business.²¹

Among the RRP segment, JTI appears to see the most potential in heated tobacco sticks (HTS) and expects it to experience the strongest growth.²² RRP revenues represent only 3% of the tobacco segment. Accounting for e-vapour, infused tobacco capsules and oral products only, it is estimated that nicotine products represent only 1% of JTI revenues.

1.3.2 Supply chain of nicotine products

JTI offers RRP products in 28 countries in 2024 (as compared to 18 in 2023).²³ JTI also has a foothold in France since 1999, with 240 employees and six brands active on the French market.²⁴

JTI's RRP devices are manufactured by third-party contract manufacturing organisations.²⁵

1.4 NGP Tobacco

NGP Tobacco is a manufacturer of nicotine pouches and nicopods, based in Denmark. It was founded in 2017. In 2024, the company had 89 FT employees (up from 52 FT employees in 2023).²⁶ The company has a wholesale branch based in Estonia, called N.G.P Europe OÜ.²⁷

The company was founded by a group of individuals with backgrounds in the tobacco industry. N.G.P Tobacco states it is one of the first companies to manufacture all-white (tobacco-free) snus. The nicotine pouches are produced in Aalborg (Denmark). It aims *"to make nicotine consumption less harmful by switching to non-tobacco compositions infused with nicotine and different flavours as an alternative."*²⁸

Key brands include Killa Nicotine, Pablo and BLCK.²⁹ Its markets are Europe and International, for which it expects continued growth in its activities and market expansion.³⁰

1.4.1 Weight of nicotine products in the overall business

NGP Tobacco does not report its revenue but reports a gross profit/loss (which covers revenue) figure of EUR 9.2 million in 2024 (DKK 68.7 million). All of its revenues are generated through nicotine products.

1.4.2 Supply chain of nicotine products

Significant investments and a relocation to a new factory facility suggest the company is actively pursuing anticipated market growth. Operating profit more than doubled, reaching EUR 2.7 million (DKK 20.1 million) in 2024, from EUR 1.2 million in 2023 (DKK 9.2 million).³¹

1.5 Nicoswitch

Nicoswitch is a French manufacturer of e-liquids for e-cigarettes and pouches, based in Brive-la-Gaillarde in southwestern France. The company was founded in 2009 by Norbert Neuvy, a heavy smoker, under the name Liberté de Fumer (Freedom to Smoke). The company turned into Nicoswitch in 2020. Nicoswitch has 12 employees, with the mission *'to keep smokers away from the harmful effects of tobacco by educating them, innovating with quality smoke-free products.'*³²

Its brands are D'Lice, Blizz and Dulce, reaching markets worldwide, though no details could be found.

1.5.1 Weight of nicotine products in the overall business

Nicoswitch generated an annual turnover of EUR 4.45 million in 2023.³³ All of its revenues come from nicotine products.

1.5.2 Supply chain of nicotine products

In 2021, the company launched Nicopouches.fr, an online sales platform for nicotine pouches, and has also offered reusable e-cigarettes since 2025. This wholesaler branch imports, distributes and wholesales pouches and e-cigarettes.³⁴

In 2023, Nicoswitch created the online platform Nicotine World to distribute news about nicotine and nicotine products. According to its website, nearly 1000 speciality stores sell their e-liquids and pouches in France.³⁵

1.6 Philip Morris International

Philip Morris International (PMI) is an American tobacco company with approximately 83,100 employees worldwide and operational headquarters in Switzerland.³⁶

Leading brands among the nicotine products category are IQOS (heat-not-burn) and ZYN (oral nicotine pouches). VEEV ONE and VEEV NOW are PMI's e-vapour products. PMI is also present in other oral tobacco product categories, such as moist snuff categories.³⁷

PMI's estimates its global market share to be 14.5%, the second largest tobacco company after China National Tobacco Corporation, and followed by BAT (11%), JTI (9%) and IB (3%). This includes cigarettes and heated tobacco units. Excluding both the US and China, PMI estimates its market share to be 28.7% (including 5.2% for heated tobacco). The company does not disclose its market share of nicotine products.³⁸

1.6.1 Weight of nicotine products in the overall business

PMI's total net revenue amounted to USD 37.9 billion (EUR 36.4 billion) in 2024.³⁹ Its two business segments are:

- Tobacco (61.3% of net revenues)
- Smoke-free, accounting for 38.7% of net revenues.

The smoke-free segment includes heat-not-burn (through its brand IQOS), e-vapour, and oral products (such as snus and nicotine pouches). According to Tobacco Insider, IQOS' revenues exceeded USD 11 billion (EUR 10.6 billion) in 2024, i.e. close to 30% of PMI's total revenues.⁴⁰ Therefore, excluding revenues from IQOS from the Smoke-free segment, it is possible to estimate that nicotine products account for about 9% of PMI's total revenues.

In Europe, 44% of PMI's net revenues are derived from smoke-free products.⁴¹

PMI estimates reaching almost 39 million consumers of smoke-free products in approximately 95 markets.⁴² In 2022, PMI acquired Swedish Match, a producer of nicotine pouches (the largest in Scandinavia), and shipments of cans increased from 42 million cans in 2022 to 644 million cans in 2024.⁴³

1.6.2 Supply chain of nicotine products

PMI states that 16 of their 51 factories worldwide were either partially or fully dedicated to the manufacturing of heated tobacco units or oral nicotine products.⁴⁴

1.7 Scandinavian Tobacco Group

The Scandinavian Tobacco Group (STG) is a tobacco company that manufactures cigars (both handmade and machine-rolled), smoking tobacco, and next-generation products (nicotine pouches). It has a total of 10,219 employees, 46% of whom are based in the Americas and 27% in Europe (2,746 people, of whom 85 are in France).⁴⁵

1.7.1 Weight of nicotine products in the overall business

STG launched its first nicotine pouches in 2022.⁴⁶ STG's main brand for NGP is XQS, which it acquired in 2023. XQS has, according to the company, a market share of almost 10% in Sweden and over 1% in the UK as of 2024. Sweden is the company's largest market.⁴⁷ XQS was also launched in Denmark.⁴⁸ In 2022, XQS reported annual net sales of EUR 6.7 million (DKK 50 million) and a total volume of 3 million cans.⁴⁹

In 2024, STG net sales amounted to DKK 9.2 million, and were generated through the following product categories:

- Handmade cigars (36%),

- Machine-rolled cigars & Smoking tobacco (48%),
- Next generation products (5%),
- Other (11%).⁵⁰

Since NGP only consists of nicotine pouches, nicotine products accounted for 5% of the group's revenues. In Europe, NGP accounted for 8% of sales.⁵¹

1.7.2 Supply chain of nicotine products

STG manufactures its nicotine pouches in their own factory in Svendborg, Denmark and by third-party manufacturers in Sweden and Poland (close to their largest active consumer bases in Sweden, Denmark and the UK).⁵²

1.8 Shenzhen IVPS Technology Co

Shenzhen IVPS Technology CO (IVPS) is a Chinese developer and manufacturer of vapes (pods, tanks, pens, disposables, kits, among other products), founded in 2010 and headquartered in Shenzhen. It reportedly has more than 5,000 employees, although the company itself does not disclose a figure for this.⁵³

Its main brand is SMOK, which is globally available in at least 47 countries, including Europe (21 countries, such as the UK and France), the Asia-Pacific region, the Middle East, the Americas, Oceania, and South Africa. Its products are sold worldwide.⁵⁴

1.8.1 Weight of nicotine products in the overall business

According to Orbis, the company has an annual turnover of EUR 419 million, but the company itself does not disclose information about its revenues. It seems, however, that all its business relates to nicotine products.

1.8.2 Supply chain of nicotine products

The company works with a global network of distributors. Those in France include⁵⁵:

- ADNS Wholesaler
- Cig-Access
- GFC Provap
- Greenvillage - Grossiste e-cigarette
- LVP DISTRIBUTION
- LCA Distribution
- MG VAPE
- SARLED
- Vapostore

In August 2021, IVPS was reportedly considering an IPO of USD \$500 million to USD \$1 billion (EUR 424 to 848 million).⁵⁶

1.9 Shenzhen iMiracle Technology

Shenzhen iMiracle Technology, also called iMiracle Technology, Love Miracle or Miracle, is a Chinese manufacturer of disposable vaping products. Headquartered in Nanshan District, Shenzhen, Guangdong Province, China, it was founded in 2007 and is ultimately owned by the billionaire Zhang Shengwei.⁵⁷ The company began as a trader and, starting in 2018, transitioned to a brand owner.⁵⁸

Its flagship brand Elfbar was launched in 2018, followed by Lost Mary (2021). Other brands include Elfliq, an e-liquid brand, and Quaq (2022), a technology brand specialising in leading atomization technology solutions.⁵⁹

1.9.1 Weight of nicotine products in the overall business

Shenzhen iMiracle Technology does not publicly disclose its financial statements. No evidence was found to suggest that the company is involved in businesses other than the sale of vaping products.

1.9.2 Supply chain of nicotine products

Shenzhen iMiracle Technology's parent company is Heaven Gifts. According to the company's website and its Sustainability Report 2024, Heaven Gifts employs 1,061 formal staff members and operates in over 100 markets, with more than 100,000 retail outlets globally, serving over 50 million adult users.⁶⁰

Heaven Gifts operates several branch offices worldwide, including a UK branch set up in 2019.⁶¹ Sales of Elfbar to supermarkets are handled via its UK-based so-called master distributors, companies such as Supreme PLC and Totally Wicked.⁶²

Supreme PLC states that it has a 30% share of the UK vaping market, but its products are also sold in other European countries, including Ireland, the Netherlands, and France. Its distribution agreement with Elfbar and Lost Mary reported a revenue of EUR 64.8 million (approximately £ 57 million) in 2024. Supreme PLC generated EUR 72.2 million in 2024 (compared to EUR 8.7 in 2023) in the Branded Distribution division, which is mainly driven by the selling of iMiracle's brands Elfbar and Lost Mary.⁶³

Heaven Gifts transferred its US operations of Lost Mary, whose products are not authorised in the US, to a British Virgin Islands (BVI) firm - Wonder Ladies Limited. This happened after the American Food and Drug Administration (FDA) banned several companies in 2023 (covering China, the US, and South Korea), from importing Elfbar. According to the FDA, fruit and candy-flavoured vapes appeal too much to teenagers. Lost Mary controlled 9% of the US vape market in 2023.⁶⁴

Heaven Gifts also owns Geekvape, a vaping company founded in 2015 in Shenzhen, with approximately 5,000 employees based in China, and a distribution network spanning over 70 countries, including the US, Europe, Southeast Asia, and the Middle East.⁶⁵ Geekvape's main and wholly-owned subsidiaries are Guangdong Qisitech and Zhuhai Qisitech (R&D, production, and sales of vaping devices).⁶⁶ In 2024, the majority (94%) of Geekvape's 133 suppliers are based in Guangdong province, China.⁶⁷

Geekvape released VPU, a new vaping technology solution, in Paris, France, in 2023.⁶⁸

According to a ranking by the Shenzhen Enterprise Federation, Heaven Gifts and Geekvape's combined revenue amounts to EUR 1.38 billion (2024, or RMB 11.4 billion).⁶⁹

1.10 Smoore International

Smoore International is a Chinese designer and manufacturer of vapes and other products, founded in 2009, headquartered in Shenzhen (China) and listed on the Hong Kong Stock Exchange. It has an office ('principal place of business') in Hong Kong and a trust company located in the Cayman Islands, and 18,566 employees.⁷⁰

Its business segments include:

- electronic vaping products,
- heat-not-burn products,
- components for special-purpose atomisation products,
- inhalation therapy,
- beauty atomisation products.⁷¹

Its main vaping brands are Vapresso, FEELM, and Metex, which are primarily open-system electronic vaping products and beauty atomization products.⁷² The company is globally active. For

example, it states that the FEELM atomiser has been exported to more than 50 countries worldwide.⁷³ The technology is used by various brands, including Hexa, Relx, Alfapod, and EOS, which are also available in France.⁷⁴

According to the Annual Report 2024, the Group positions itself as the world's largest manufacturer of vaping devices with a market share of approximately 13.1% (2023: approximately 13.7%).⁷⁵

In 2024, the group's revenue amounted to EUR 1.4 billion, It should be noted that more than 40% (EUR 571.6 million) of the group's revenues are accounted for by one customer, which is probably British American Tobacco (see 1.1).⁷⁶ The American tobacco company Altria (not covering Europe, but mostly the US) is also a business partner.⁷⁷

Smooore generated a total income of EUR 42.4 million in France in 2024, slightly less than the previous year (EUR 43.6 million), probably due to increased restrictions in Europe and France in particular.⁷⁸

1.10.1 Weight of nicotine products in the overall business

In 2024, the group generated revenues through the following segments:

- Self-branded business (21%), mainly from the sale of closed-system electronic vaping products,
- Corporate client-oriented business (79%), primarily focused on the sales of 'closed system electronic vaping products', and components for special purpose atomization products for tobacco and vaping companies.

The group also discloses, for each segment, revenues per geography:

- Europe,
- United States,
- Mainland China.

Among the Self-branded business segment, the group indicates that:

- Revenues in Europe and the United States only derive from electronic vaping products,
- Revenues from Mainland China only come from beauty atomization products.

Among the Corporate client-oriented business segment, the group indicates that:

- Revenues in Europe are "*mainly in the sale of closed system electronic vaping products*". It is therefore assumed that about 90% of these revenues are related to nicotine products.
- Revenues in the United States are "*mainly sales of closed system electronic vaping products and components for special purpose atomization products*". It is therefore assumed that about 65% of these revenues are related to nicotine products.

Revenues in China are mainly those of closed system electronic vaping products and the provision of technical services. Assuming that the technical services are related to nicotine products, 100% is assumed to be related to nicotine products.

1.10.2 Supply chain of nicotine products

No material information could be identified on Smooore International's manufacturing or distribution facilities and processes.

2

Financial research

2.1 Methodological note

The analyses presented in the following sections include financing amounts provided to the 10 companies listed in Chapter 1. Financing has been identified by Profundo using various sources and a methodology developed in-house, as described in a separate methodology note.

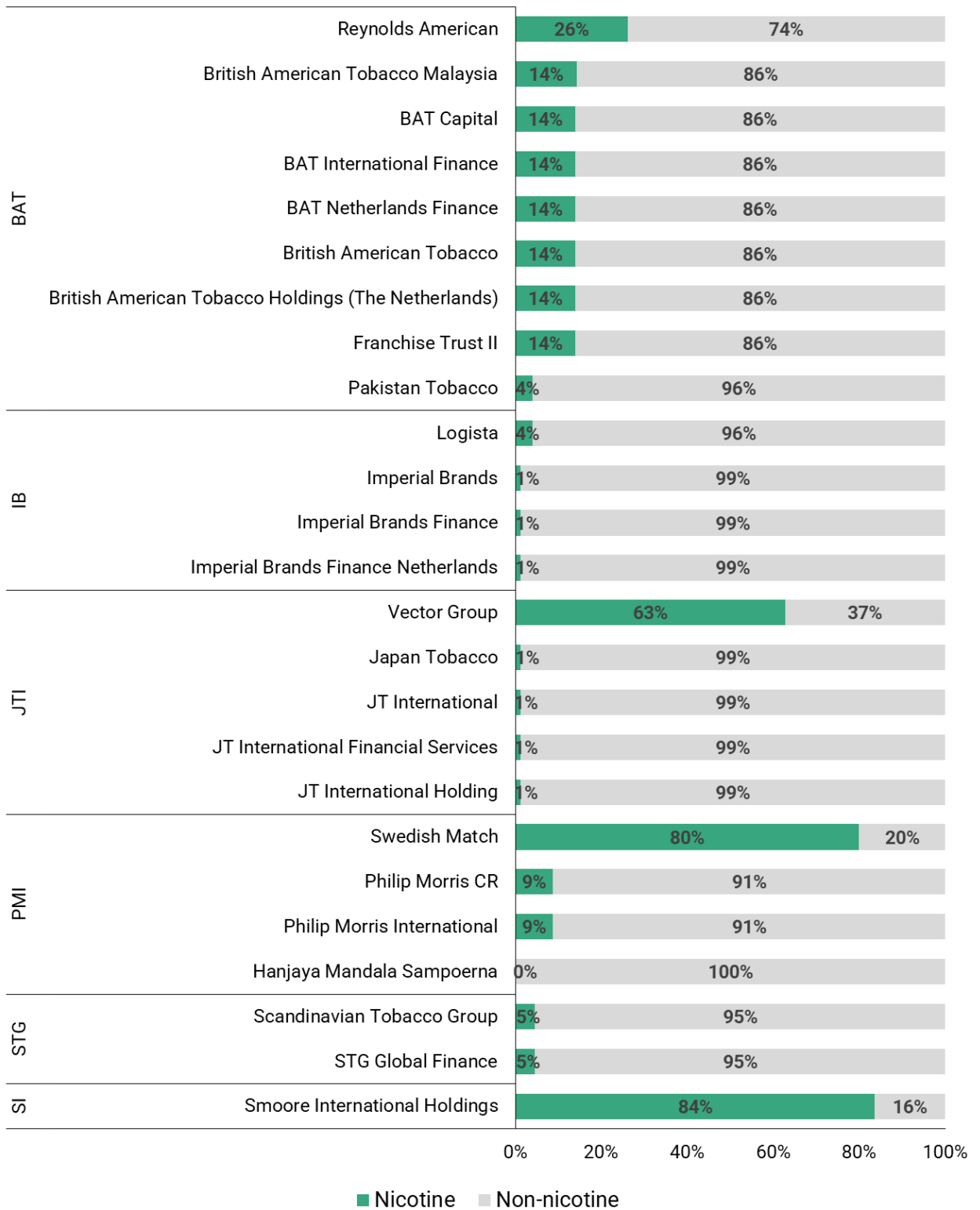
It is essential to note that the amounts of identified financing, presented below, have been adjusted to reflect, as closely as possible, the share attributable to the nicotine industry. In practice, this means that calculations were conducted for each entity for which financing was identified to estimate the share of activity related to nicotine. This estimate, called an “adjuster”, was then applied to the financing amount identified for each company.

For example, a total of EUR 60.3 billion of loans and underwriting services were provided to British American Tobacco and its subsidiaries between January 2018 and October 2025. However, the proportion of this financing that is attributable to the nicotine industry is EUR 8.4 billion. Several entities within the British American Tobacco group have attracted financing during this period:

- **British American Tobacco itself:** British American Tobacco generates its revenues through 6 product categories, which are 1/ Vapour, 2/ Heated Products, 3/ Modern Oral (=pouches such as Velo), 4/ Traditional Oral (=snus, snuff such as Grizzly), 5/ Combustibles (cigarettes and other tobacco products), 6/ Other. The proportion of activity related to the nicotine industry can be calculated by summing up revenues of 1/, 3/ and 4/, out of total revenues. This results in a proportion of 14%, which is applied to any financing attracted by British American Tobacco, as well as to its financial vehicles, including BAT Capital, BAT International Finance, and BAT Netherlands Finance.
- **BAT Kenya:** BAT Kenya serves as a manufacturing hub for over 18 BAT markets in East Africa and Southern Africa. It reports under one single reporting segment, but it discloses the split of revenues per product: 1/ cigarettes, 2/ cut rag, 3/ modern oral. In 2024, no revenues were generated from modern oral products. Therefore, the nicotine adjuster is set at 0%, and no financing attracted by BAT Kenya is considered in the analyses.
- **Pakistan Tobacco:** Pakistan Tobacco shows two distinct products: 1/ New categories (Tobacco-Free Nicotine Pouches), 2/ Combustibles. In its Corporate Briefing Session from H1 2025, Pakistan Tobacco indicates that its nicotine brand Velo represents 4% of its revenues. Therefore, the nicotine adjuster is set at 4%. All financing attracted by Pakistan Tobacco is therefore adjusted by 4%.

This rationale was applied to all entities of all 10 selected groups. Figure 1 indicates, per group and for each entity with identified financing, the nicotine adjustment which was calculated or estimated, and applied to the financing attracted by this specific entity.

Figure 1 Nicotine adjusters, per subsidiary



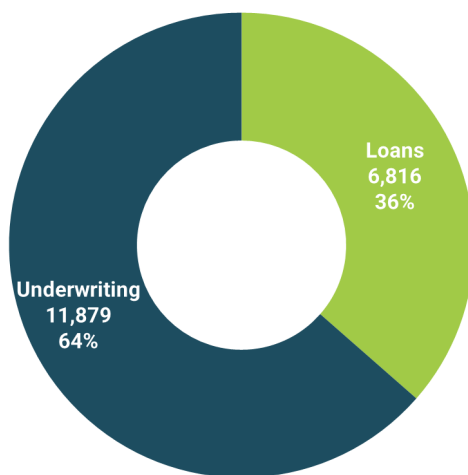
Sources: Profundo calculations based on data from companies

2.2 Analysis of the loans and underwriting services attributable to nicotine

2.2.1 A prevalence of underwriting in creditor financing

Between January 2018 and October 2025, financial institutions provided a total of EUR 18.7 billion of financing attributable to nicotine in the form of loans and underwriting services. At EUR 11.9 billion, 64% of the financing was provided through underwriting services, which involve facilitating the issuance of bonds and shares of the companies. The rest, EUR 6.8 billion or 36%, corresponds to the provision of loans, in the form of term loans or revolving credit facilities.

Figure 2 Loans and underwriting services, per type (Jan18-Oct25, million EUR)



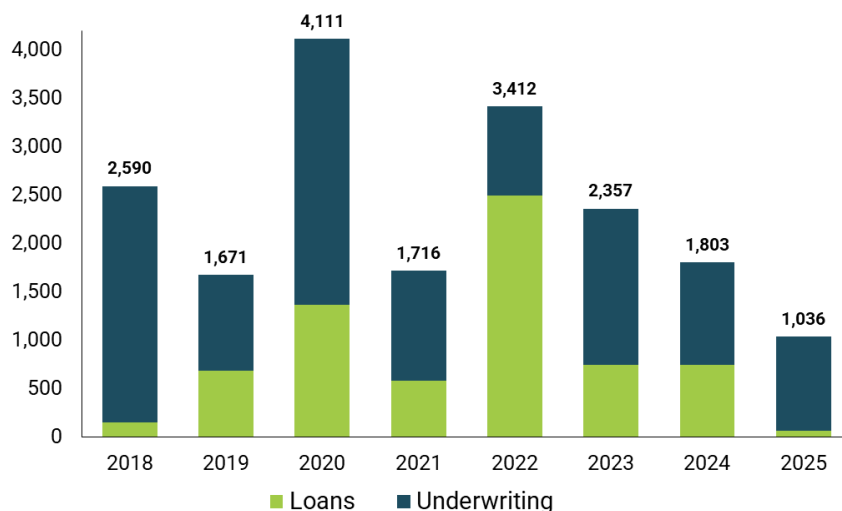
Sources: Profundo calculations based on data from different data providers (see methodology note)

2.2.2 A clear downward trend since 2022

The amount of identified financing attributable to nicotine provided to the 10 selected companies varies per year, between EUR 1.7 billion and EUR 4.1 billion. The highest year was in 2020, and there has been a clear downward trend since 2022.

Note that 2025 is not yet complete, as it is missing 2 months. However, assuming a proportional evolution over the last two months of the year, the amount of financing for 2025 would reach EUR 1.2 billion, which is still below the EUR 1.8 billion recorded in 2024, confirming the downward trend.

Figure 3 Loans and underwriting services, per year (Jan18-Oct25, million EUR)



Sources: Profundo calculations based on data from different data providers (see methodology note)

2.2.3 PMI and BAT dominate the picture

Of the 10 groups selected for the financial research, financing was identified for only 6 of them. Table 1 presents, for each selected group, whether loans and underwriting services were identified for the period January 2018 – October 2025.

Table 1 Creditor data identified, per group (Jan18-Oct25)

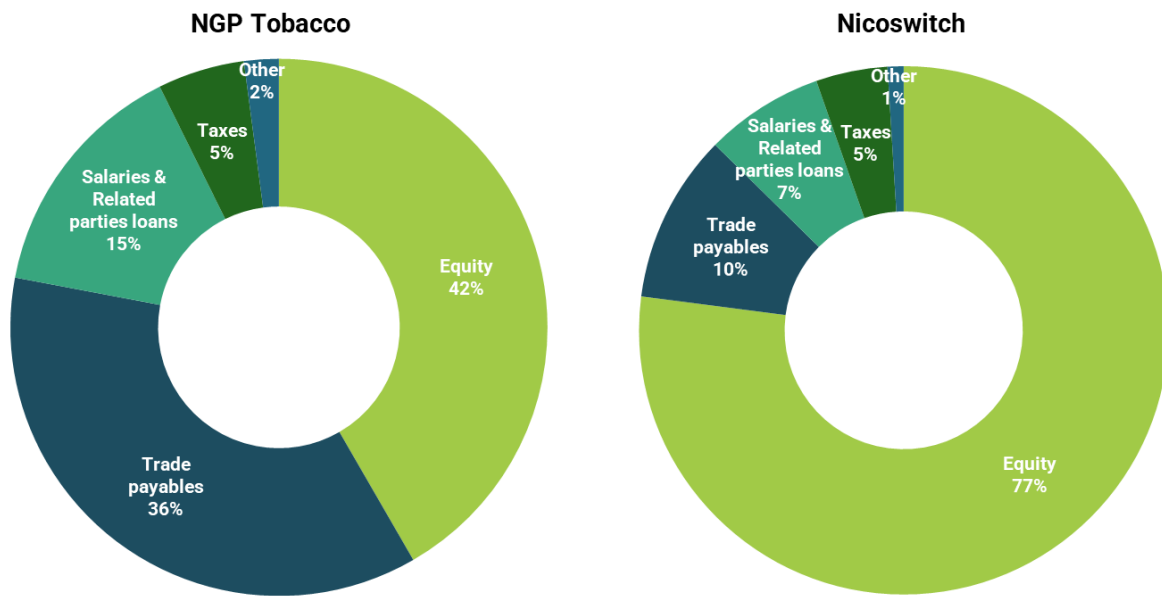
Group	Group country	Creditor data identified
British American Tobacco	United Kingdom	Yes
Imperial Brands	United Kingdom	Yes
Japan Tobacco	Japan	Yes
NGP Tobacco	Denmark	No
Nicoswitch	France	No
Philip Morris International	United States	Yes
Scandinavian Tobacco Group	Denmark	Yes
Shenzhen iMiracle Technology	China	No
Shenzhen IVPS Technology Co	China	No
Smooore International	China	Yes

Sources: Profundo, based on data from different data providers (see methodology note)

No creditor data was identified to NGP Tobacco, Nicoswitch, Shenzhen iMiracle Technology and Shenzhen IVPS Technology Co:

- NGP Tobacco does not seem to get financing from financial institutions in the form of loans, as the analysis of its balance sheet in 2024 indicates that:
 - Equity represents 42% of its Balance Sheet,
 - Debt to suppliers (Trade payables) accounts for 36%,
 - Other payables including salaries and loans from related parties (= persons or entities that have control, influence, or are part of the same group) weighs for 15%,
 - Tax payables represent 5%.
 - The remaining 2% include provisions, lease liabilities and prepayment from customers.
- Nicoswitch does not seem to get financing from financial institutions in the form of loans either, as the analysis of its balance sheet in 2023 indicates that:
 - Equity represents 77% of its Balance Sheet,
 - Debt to suppliers (Trade payables) account for 10%,
 - Other debt, not contracted with financial institutions, weighs for 7%,
 - Tax payables represent 4%.
 - The remaining 0.1% corresponds to provisions.
- It was not possible to run a balance sheet analysis and investigate the financial structure of Shenzhen iMiracle Technology and Shenzhen IVPS Technology Co. Since IVPS was reportedly considering an IPO of USD \$500 million to USD \$1 billion (EUR 424 to 848 million) in August 2021⁷⁹, it is worth to keep an eye on potential developments to identify which financial institutions could facilitate the issuance of shares.

Figure 4 Balance sheet structure of NGP Tobacco (2024) and Nicoswitch (2023)

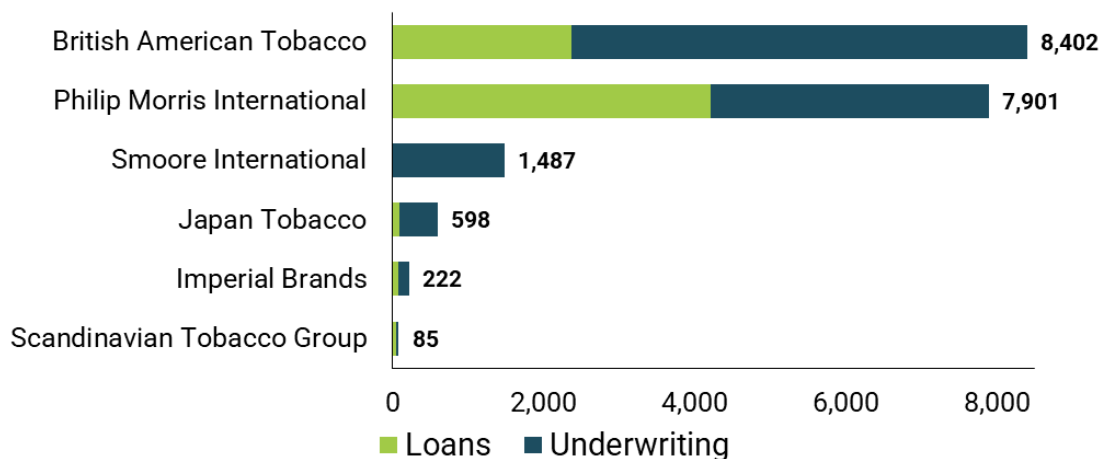


Sources: Profundo calculations based on data from different data providers (see methodology note)

When it comes to the 6 other groups for which financing was identified, considering the difference in size between the selected groups, it comes as no surprise that a significant portion of the identified financing was allocated to British American Tobacco (EUR 8.4 billion) and Philip Morris International (EUR 7.9 billion).

It should be noted that the dominance of these two groups is also due to the adjustments made to the financing amounts to reflect the proportion attributable to nicotine products. Indeed, it has been estimated that respectively 14% and 9% of British American Tobacco and Philip Morris International activities are related to nicotine products, while it reaches only 1% for the other Big Tobacco companies Japan Tobacco and Imperial Brands. This means that the amount of financing identified for British American Tobacco and Philip Morris International has been adjusted by around 14% and 9%, while it was adjusted by only 1% for Japan Tobacco and Imperial Brands. Financing attracted by Philip Morris' subsidiary Swedish Match is even adjusted by no less than 80%, due to its high involvement in the nicotine industry.

Figure 5 Loans and underwriting services, per group (Jan18-Oct25, million EUR)

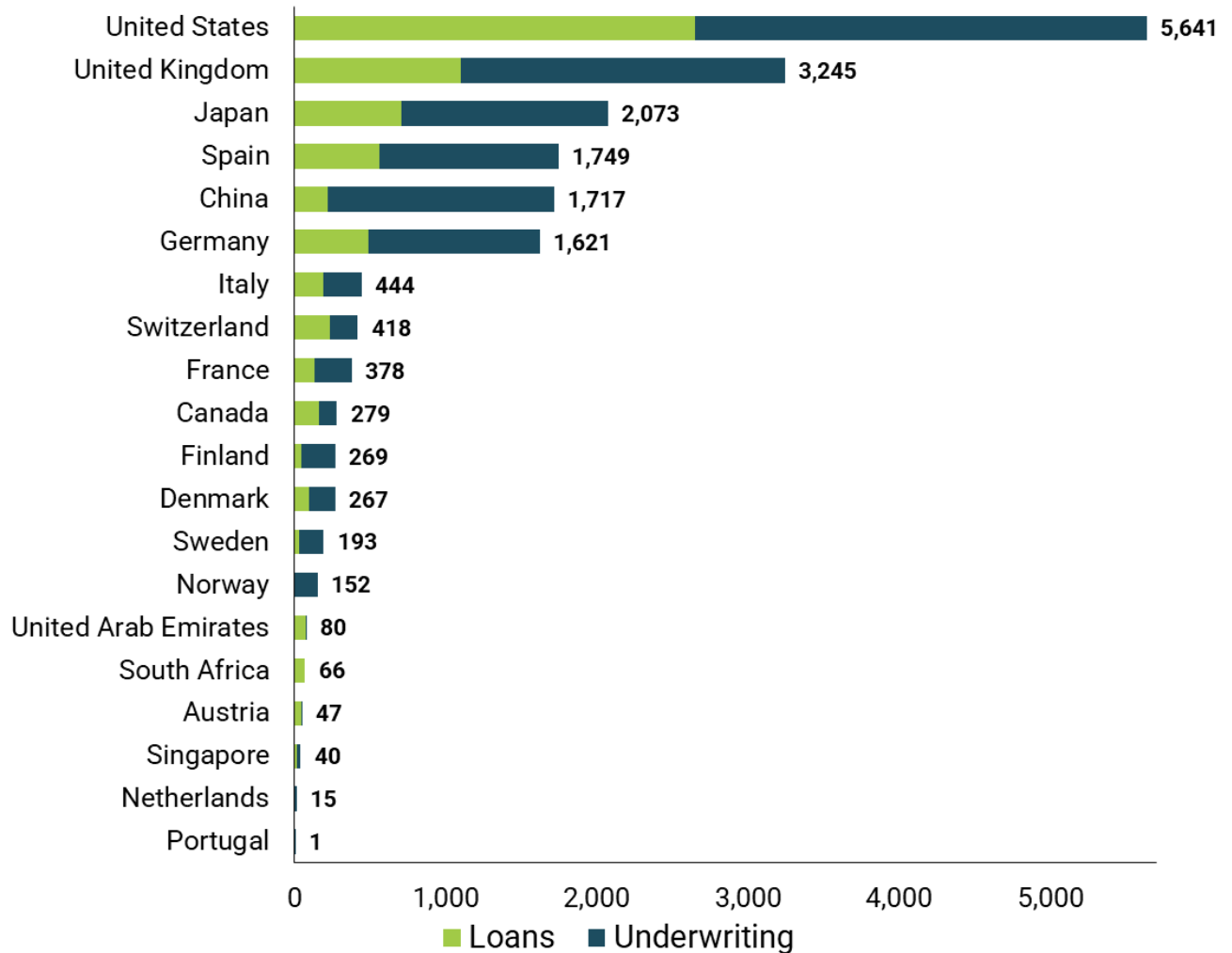


Sources: Profundo calculations based on data from different data providers (see methodology note)

2.2.4 North American and European banks provided the bulk of the financing

American and British financial institutions are the primary creditors of the selected companies. With respectively EUR 5.6 billion and EUR 3.2 billion provided between January 2018 and October 2025, they account for almost half (48%) of the loans and underwriting services identified for this period. They are followed by Japanese banks, which provided for EUR 2.1 billion.

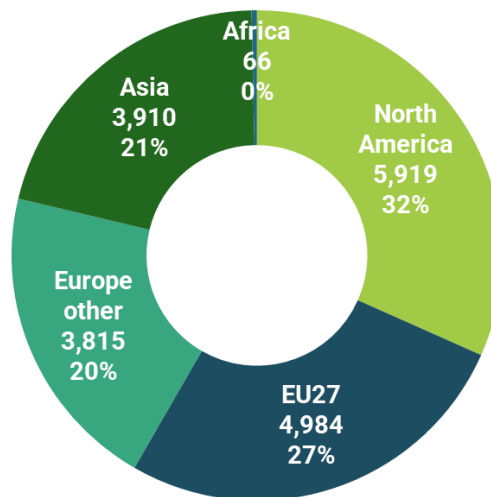
Figure 6 Loans and underwriting services, per creditor country (Jan18-Oct25, million EUR)



Sources: Profundo calculations based on data from different data providers (see methodology note)

A broader analysis of the loans and underwriting services per creditor region confirms that North America provided a significant part of this financing, accounting for 32%, at EUR 5.9 billion. The European Union is not far behind, with EUR 5.0 billion. When accounting for non-EU but European countries such as the UK, Switzerland and Norway, the amount of loans and underwriting services provided even totals EUR 8.8 billion, making Europe a larger financier than North America. Asia follows with EUR 3.9 billion, while Africa has a limited contribution of EUR 66 million.

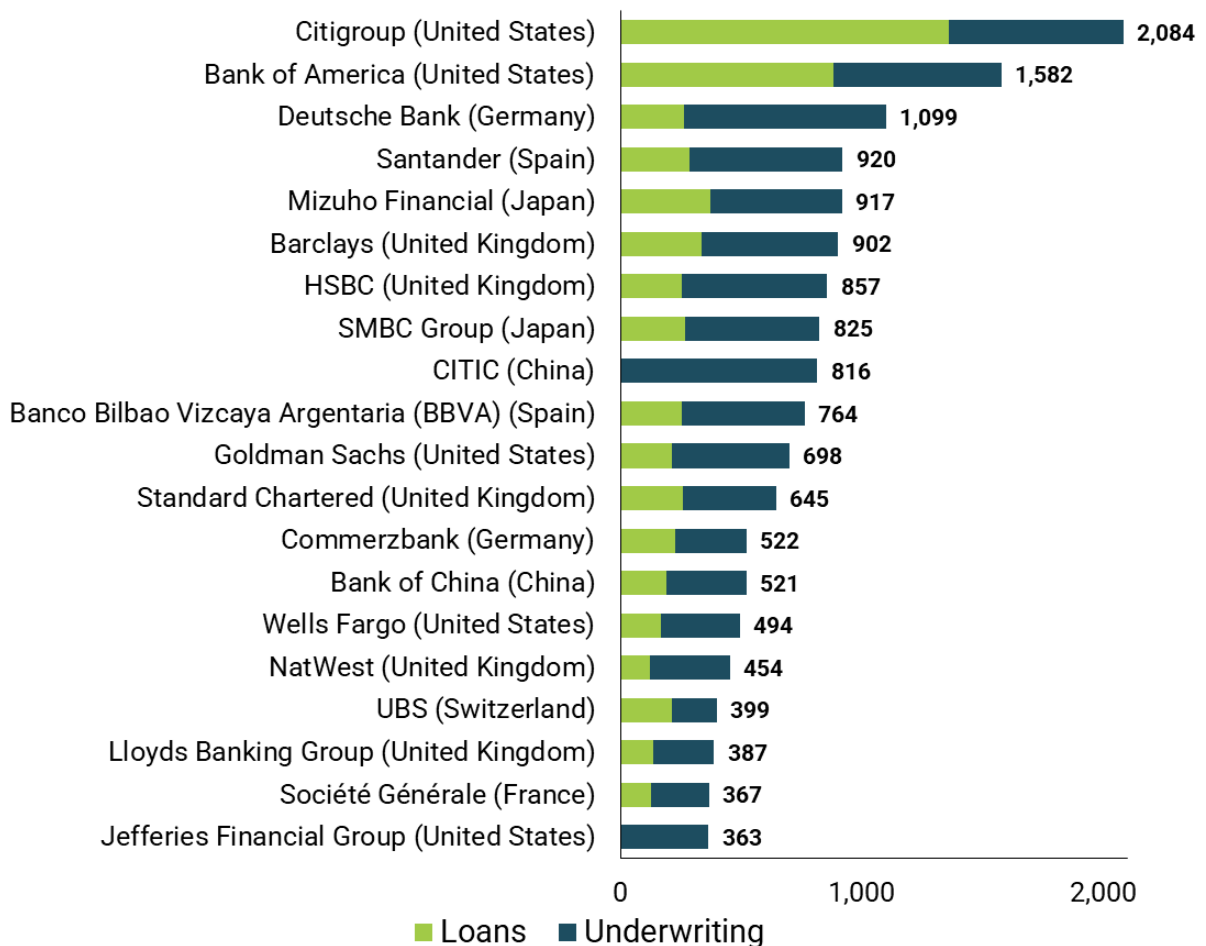
Figure 7 Loans and underwriting services, per creditor region (Jan18-Oct25, million EUR)



Sources: Profundo calculations based on data from different data providers (see methodology note)

Per financier, the two American banks Citigroup and Bank of America take the lead with EUR 2.1 billion and EUR 1.6 billion of loans and underwriting services provided. They are followed by the German bank Deutsche Bank, which provided no less than EUR 1.1 billion.

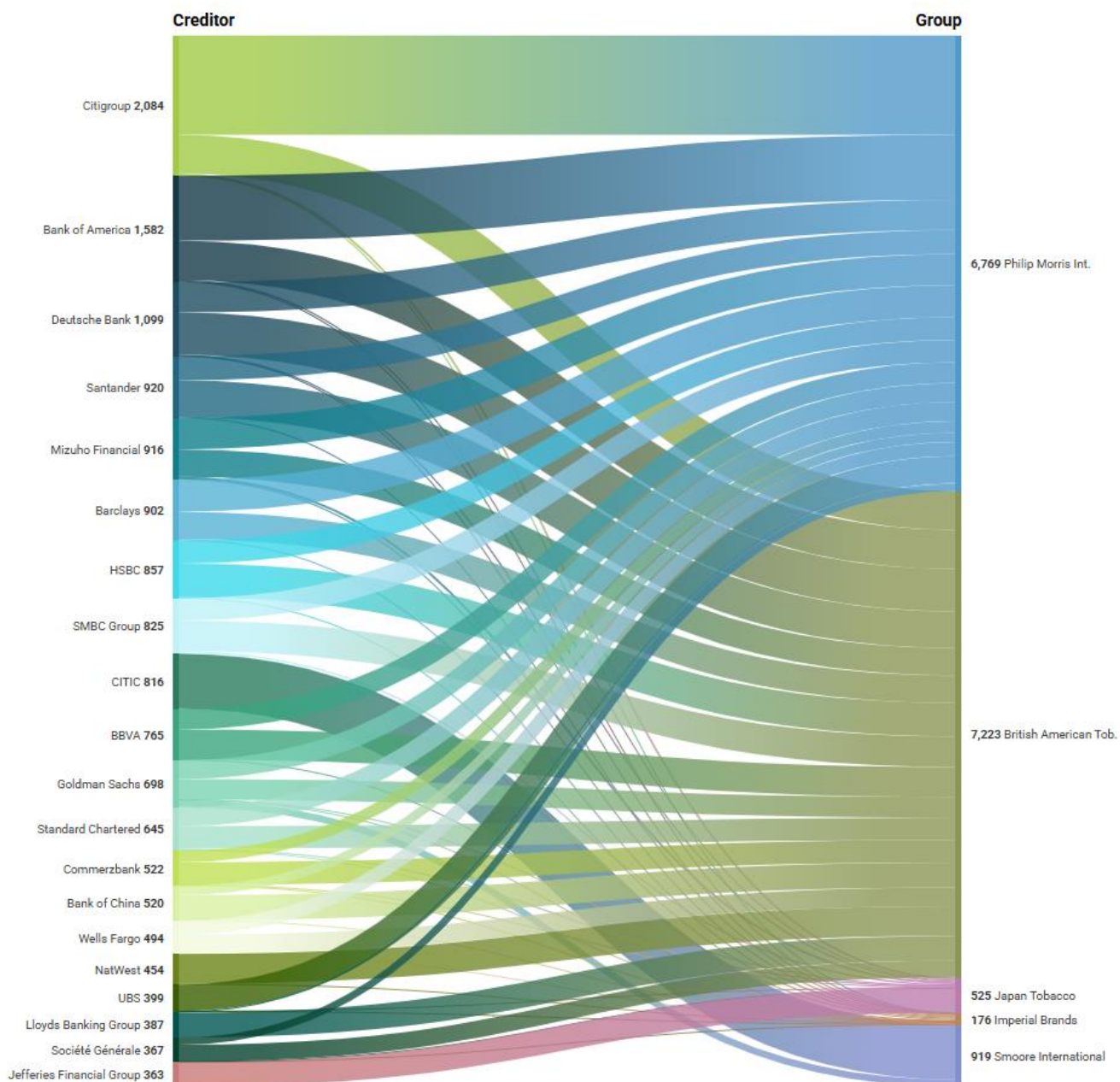
Figure 8 Top 20 creditors (Jan18-Oct25, million EUR)



Sources: Profundo calculations based on data from different data providers (see methodology note)

Figure 9 gives a representation of the money flows from the top 20 creditors to the selected groups. While Philip Morris International and British American Tobacco get financed by a wide range of banks from different parts of the world, there is a higher concentration for Japan Tobacco, which is largely financed by the American bank Jefferies Financial, as well as for Smoore International which gets most of the identified financing from the Chinese bank CITIC. Imperial Brands is also attracting financing from many different banks, but the amounts attributable to the nicotine industry are much smaller, compared to other groups.

Figure 9 Top 20 creditors to groups (Jan18-Oct25, million EUR)



Sources: Profundo calculations based on data from different data providers (see methodology note)

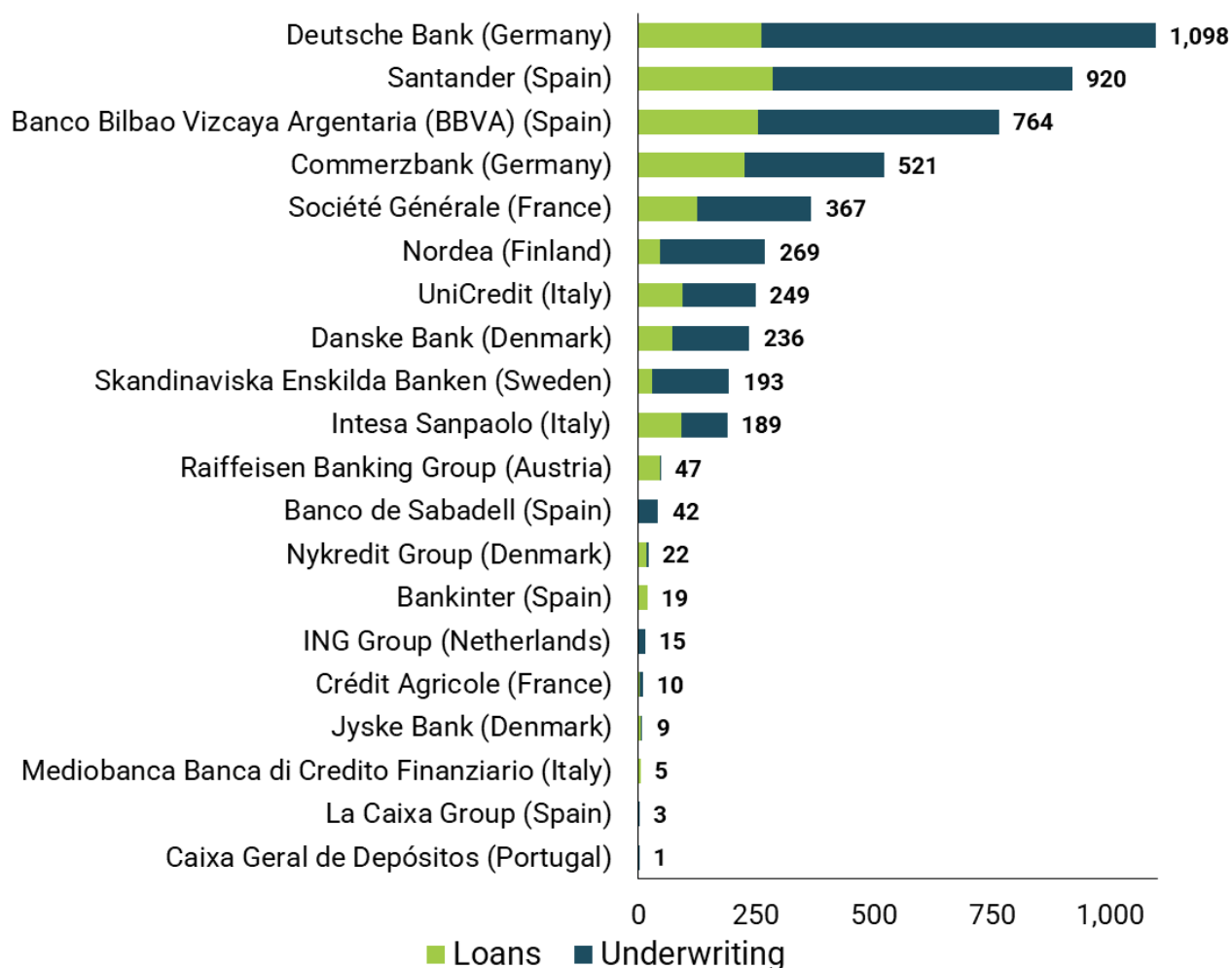
2.2.5 Germany and Spain emerge as major EU creditors

A focus on creditors from the European Union reveals that German and Spanish banks provided a significant share of the identified loans and underwriting services, notably:

- The German banks Deutsche Bank and Commerzbank, with respectively EUR 1.1 billion and EUR 521 million,
- The Spanish banks Santander and BBVA, with respectively EUR 920 million and EUR 764 million.

The French bank Société Générale follows with EUR 367 million provided. Crédit Agricole is the only other French bank identified as a provider of loans and underwriting services to the selected companies between January 2018 and October 2025, with a total of EUR 10 million.

Figure 10 Top 20 EU creditors (Jan18-Oct25, million EUR)



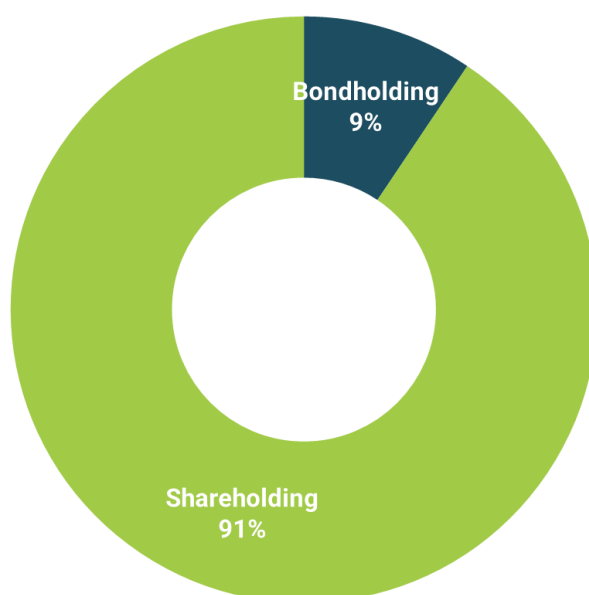
Sources: Profundo calculations based on data from different data providers (see methodology note)

2.3 Analysis of the shareholding and bondholdings attributable to nicotine

2.3.1 Shareholders bring most of the financing

At the most recent filing date in October 2025, financial institutions had investments attributable to nicotine of EUR 27.9 billion in the shares and bonds of the selected groups. Most of these investments are shareholdings, at EUR 25.3 billion, while bondholdings represent EUR 2.6 billion.

Figure 11 Share and bondholdings, per type (latest filing date Oct25, EUR mln)



Sources: Profundo calculations based on data from different data providers (see methodology note)

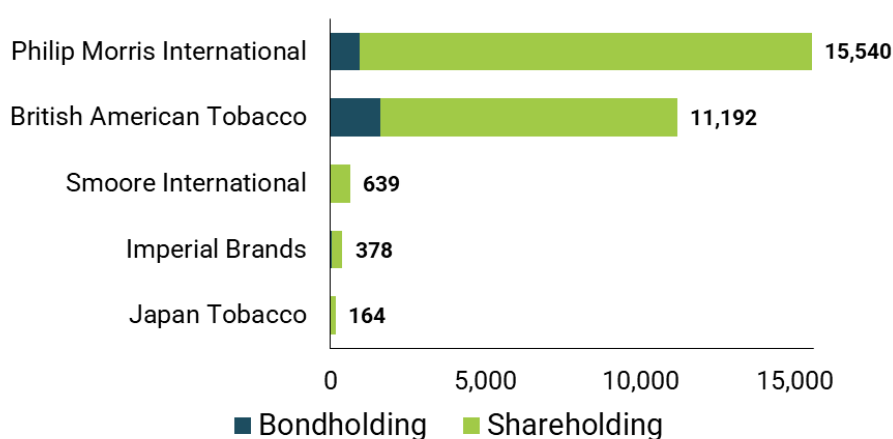
2.3.2 PMI and BAT absorb the majority of nicotine-related investments

Philip Morris International and British American Tobacco clearly stand out, with EUR 15.5 billion and EUR 11.2 billion of investments identified, respectively. On the other hand, a total of EUR 639 million of investments attributable to nicotine have been identified in the shares of Smoore International, EUR 378 million in the shares of Imperial Brands, and EUR 164 million in the shares of Japan Tobacco.

Just as in the creditor flows, the reason for the prevalence of Philip Morris International and British American Tobacco is two-fold:

- The size of the selected companies largely varies (more than EUR 200 billion for PMI, more than EUR 100 billion for BAT, while it is just above EUR 50 billion for JT, close to EUR 30 billion for IB and almost EUR 10 billion for Smoore International)⁸⁰.
- The level of adjustment applied to the identified investments is also very different from one company to another. As already specified in the creditor data analysis and clearly shown in Figure 1, the adjusters of PMI and BAT are sensibly higher than those of IB and JT.

Figure 12 Share and bondholdings, per group (latest filing date Oct25, EUR mln)



Sources: Profundo calculations based on data from different data providers (see methodology note)

No investments were identified in NGP Tobacco, Nicoswitch, Shenzhen Miracle Technology or Shenzhen IVPS Technology Co. However, the research identified some insight into the owners of each of those groups.

- **NGP Tobacco**

According to PitchBook, as of the end of 2024, NGP Tobacco's owners include:

- Nordic Equity Holding Oü (Estonia), behind which is Jan Kerem, who is also in the Board of Directors of NGP Tobacco,⁸¹
- M.L Nordic Capital Oü (Estonia), behind which is Markus Leesmaa, who is also Sales Director at NGP Europe,⁸²
- Mark Slepkin (Estonia), who is also the CEO of NGP Tobacco. Not that the 2024 Annual Report of NGP Tobacco indicates that Mark Slepkin owns the majority of the shares of NGP Tobacco, thus exercising control.⁸³
- Eduard Tsekunda.⁸⁴

- **Nicoswitch**

It is highly probable that the company is owned by its chairman, Norbert Neuvy, and CEO Jean-Francois Douenne. This could not be confirmed because data relating to beneficial owners has been subject to authorisation in France since July 31, 2024.

It is possible to request access to the beneficial owners of Nicoswitch, as we fall in the eligible category of "Journalists, researchers and civil society actors committed to financial transparency". To do so, we would need to submit the request through an official form to the French National Institute of Industrial Property (INPI), along with several supporting documents.⁸⁵

- **Shenzhen iMiracle Technology**

According to Forbes, Zhang Shengwei is the majority owner of Shenzhen iMiracle Technology.⁸⁶

- **Shenzhen IVPS Technology Co**

In August 2021, Bloomberg reported Shenzhen IVPS Technology Co's consideration of an initial public offering (IPO) on the Hong Kong stock exchange. The listing could potentially raise between US\$500 million and US\$1 billion, and the adviser's identity remained undisclosed.

The IPO process was in its early stage, and no evidence could be found on further progress or even on the cancellation of this operation.

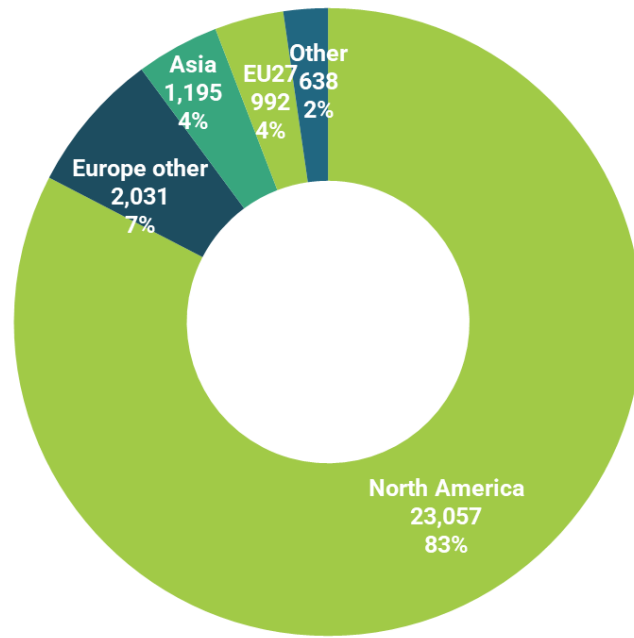
2.3.3 North American institutions stand out as major investors

The investments attributable to nicotine are largely held by North American investors, at 82% or EUR 23 billion.

Compared to these, European investments seem limited, at EUR 3.0 billion of which EUR 992 million are made by EU investors.

Next in line is Asia, with EUR 1.2 billion, and the rest of the world (Africa, Oceania, Central and South America) accounts for only 2% of the identified investments, with EUR 638 million.

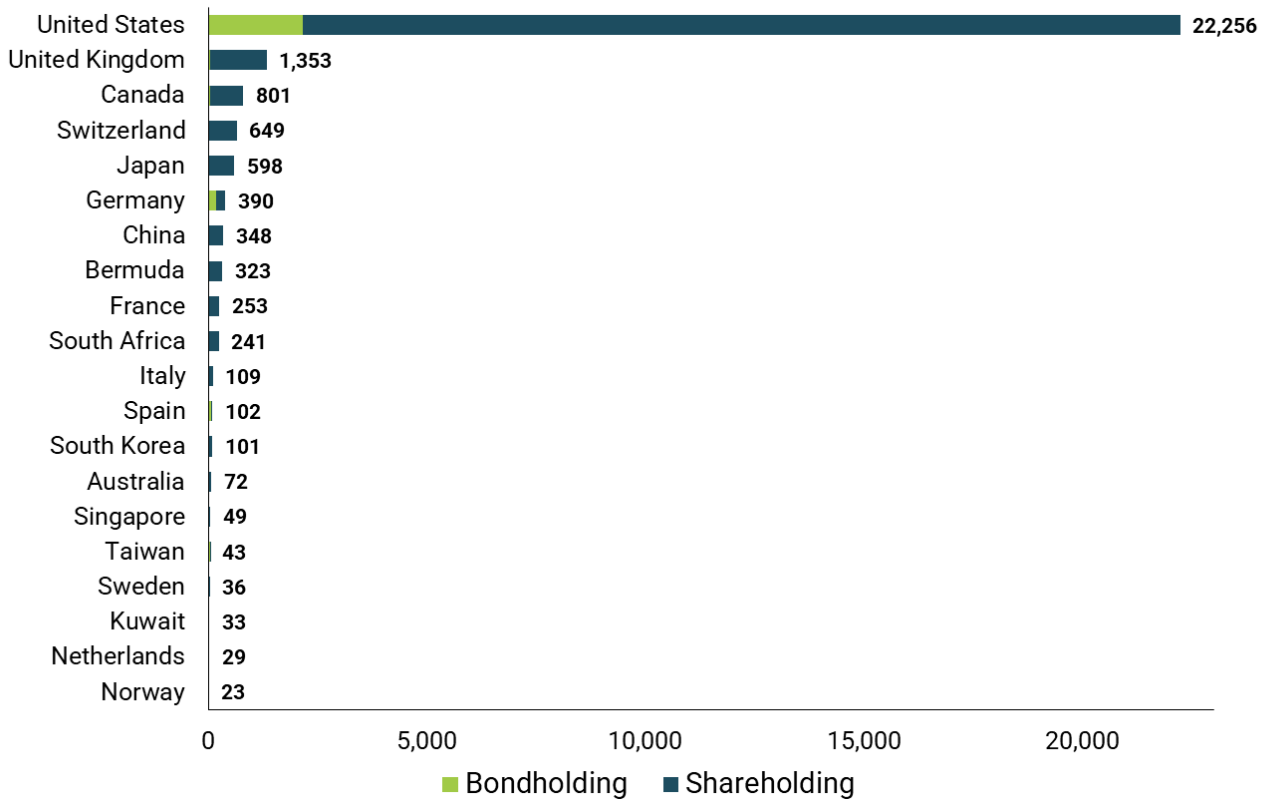
Figure 13 Share and bondholdings, per investor region (latest filing date Oct25, EUR mln)



Sources: Profundo calculations based on data from different data providers (see methodology note)

A close look at the investor countries indicates that American financial institutions are, by far, the largest holders of investments attributable to nicotine, with more than EUR 22.2 billion.

Figure 14 Share and bondholdings, per investor country (latest filing date Oct25, EUR mln)

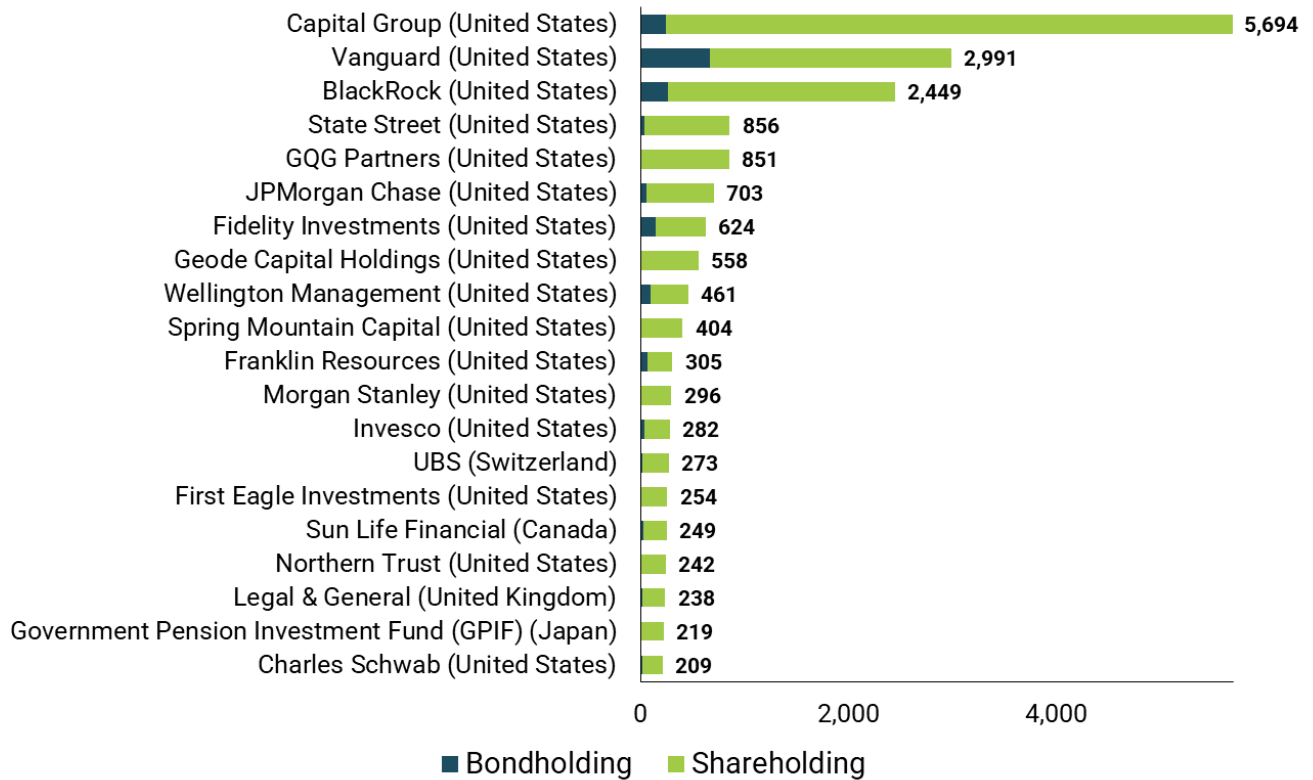


Sources: Profundo calculations based on data from different data providers (see methodology note)

2.3.4 A high concentration of investments in the United States

The top investors are dominated by the major American asset managers Capital Group, Vanguard, BlackRock, and State Street. In the top 15, the sole non-American institution is UBS from Switzerland. There is no EU investor within the top 20 investors.

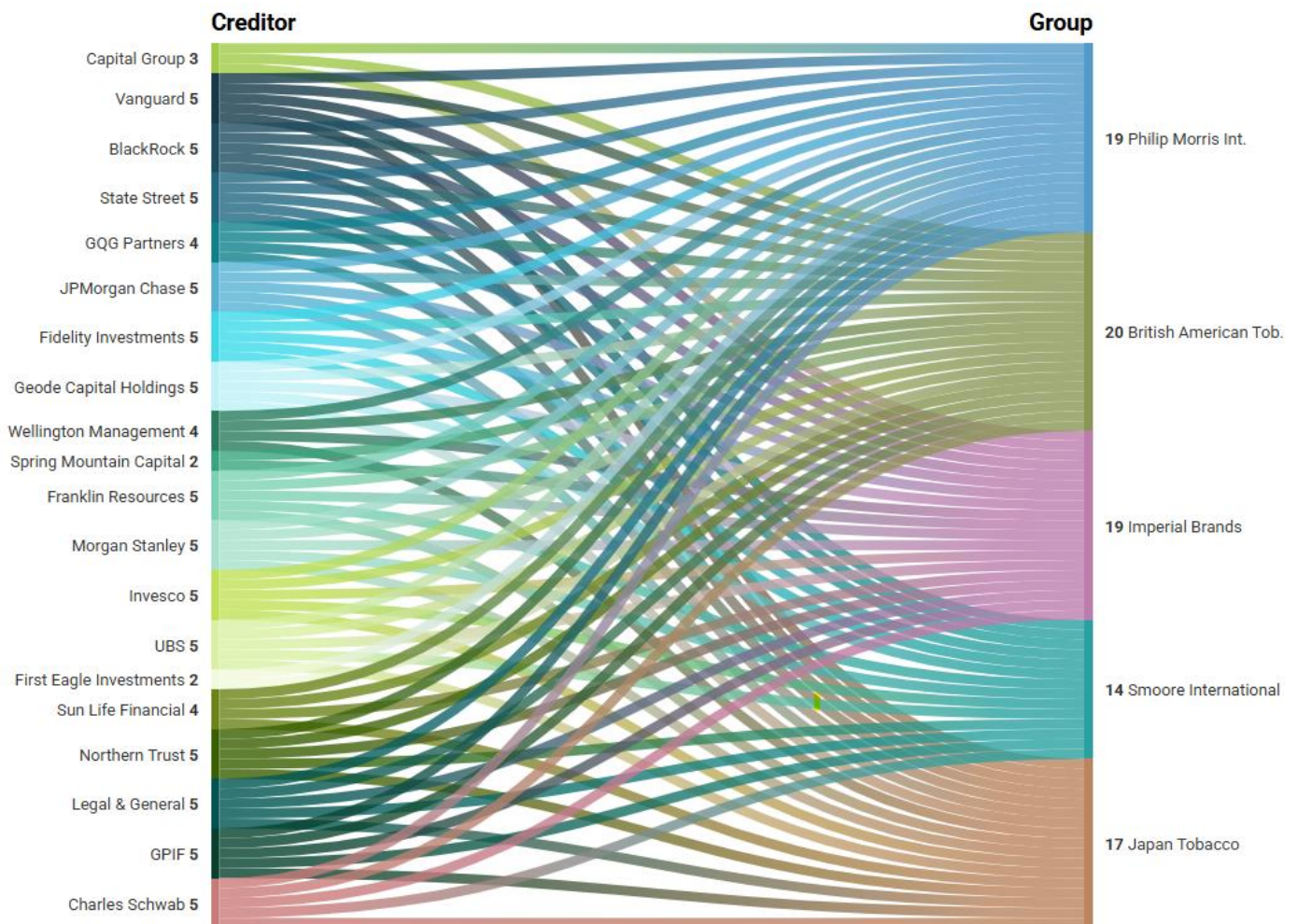
Figure 15 Top 20 investors (latest filing date Oct25, EUR mln)



Sources: Profundo calculations based on data from different data providers (see methodology note)

Figure 9Figure 16 gives a representation of the money flows from the top 20 investors to the selected groups. The chart shows that each group receives investments from multiple top investors, and conversely, most top investors spread their investments across several groups. This indicates a relatively even distribution of investment exposure, rather than concentration in a single group or a domination by a few investors.

Figure 16 Top 20 investors to groups (latest filing date Oct25, EUR bln)



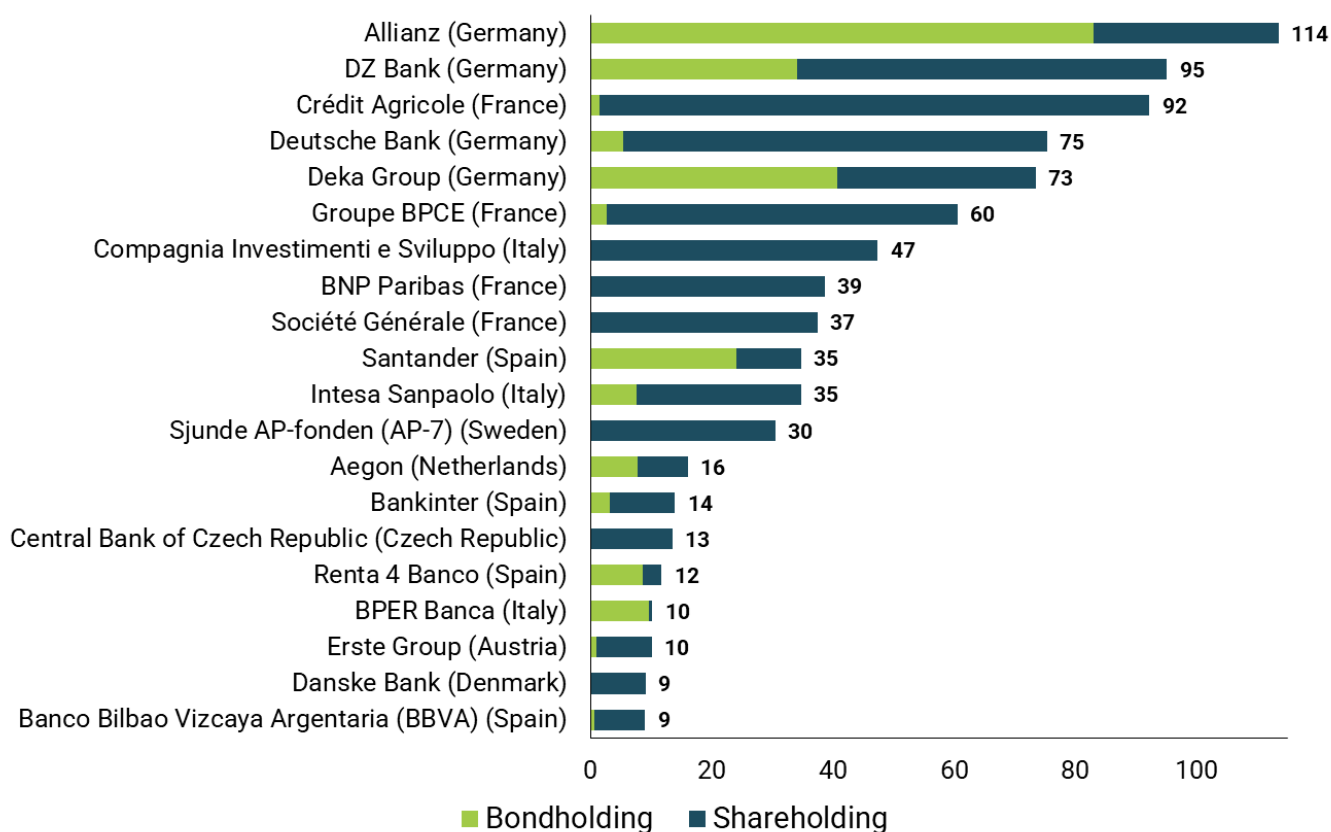
Sources: Profundo calculations based on data from different data providers (see methodology note)

2.3.5 Germany and France are the main EU investors

A focus on investors from the European Union reveals that German and French banks are the main investors, notably:

- The German financial institutions Allianz, DZ Bank, Deutsche Bank and Deka Goup, with respectively EUR 114 million, EUR 95 million, EUR 75 million and EUR 73 million,
- The French banks Credit Agricole, Groupe BPCE, BNP Paribas and Societe Generale, with respectively EUR 92 million, EUR 60 million, EUR 39 million and EUR 37 million.

Figure 17 Top 20 EU investors (latest filing date Oct25, EUR mln)



Sources: Profundo calculations based on data from different data providers (see methodology note)

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Methodology note

Company selection & Financial research

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Introduction

This note outlines the methodology used for company selection and financial research as part of the research project on the nicotine industry.

This Methodology note is organised as follows: Section 1 gives an overview of the companies selected for the research and the methodology used to select them, Section 2 describes the types of finance included in the study; Section 3 presents the data sources used to conduct the study ; Section 4 provides the time scope applied to the study ; Section 5 details the methodology used to calculate the financing contributions where these were not provided; Section 6 provides details on how the segment activities of companies were analysed to adjust the financing contributions to estimate the value of financing directed towards one or several specific sectors and Section 7 goes through some of the limitations of the research.

1 Company selection

The research examines the leading actors in the nicotine products market active in Europe. These nicotine products, also called Next Generation Products (NGP), Reduced-Risk Products (RRP) or 'Smoke-free' products by the industry, are increasingly offered as an alternative and supposedly healthier product to tobacco.

Profundo selected 10 companies that play a direct or indirect role in the European market, including traditional big tobacco companies such as Philip Morris International and British American Tobacco, as well as new, non-tobacco players. The selection was based on reported revenues or production volumes (in the nicotine product segment).

1.1 Definition of nicotine products

Nicotine products are tobacco-free human consumption products that contain nicotine or its derivatives (such as nicotine salts). A wide variety of products is being offered in a rapidly evolving market with many emerging players. A broad distinction can be made between electronic nicotine delivery systems (ENDS) and nicotine pouches:

- ENDS heat a liquid ('e-liquids') to create aerosols that are inhaled by the user. These liquids do not contain tobacco, but they contain either synthetic nicotine or nicotine derived from tobacco, as well as additives, flavours, and chemicals like propylene glycol, vegetable glycerin and other ingredients.¹ Electronic cigarettes (e-cigarettes or e-cigs) are the most common types of ENDS, but vapes, vaporisers, vape pens, hookah pens, e-cigars, and e-pipes also belong to these product categories. While ENDS may resemble conventional combustible cigarettes, cigars, or pipes, others resemble pens or USB flash drives. There are also larger devices, such as tank systems or mods, which may have reusable parts or be disposable and single-use.² The first ENDS entered the market in 2007 and have evolved over time into a wide variety of products, with some containing the highest nicotine levels ever seen in tobacco products.³

- Nicotine pouches, sachets or pods ('white snus' or 'modern oral' products) are small porous bags/pouches filled with nicotine-containing powder, which are placed between the upper lip and the gums. The nicotine is either synthetic or tobacco-derived. Nicotine pouches are made from a plant-based filler to which nicotine salt is added.⁴ Pouches are sold in small tins or cans, each containing approximately 15 to 20 units, depending on the brand.⁵ White snus does not contain tobacco, while traditional Swedish snus ('traditional oral') is made from tobacco leaves.

The following products were out of scope:

- NRT (nicotine replacement therapy). Products and nicotine substitutes developed by pharmaceutical companies.
- Heated tobacco products (HTP). Products that contain tobacco leaf and create a tobacco-enriched vapour by electronically heating the tobacco. Products (such as heated tobacco sticks or HTS) that generate an aerosol containing nicotine by heating a tobacco stick.⁶

1.2 Sources used

The companies were identified through advanced desk research, consulting company publications (including websites, annual reports, and other reports), industry rankings, industry publications, market reports, and grey sources, such as media reports and reports from civil society organisations. Over 60 companies were listed, from which ten were selected in consultation with ACT.

1.3 Company list

Table 1 presents the list of companies included in the research.

Table 1 Company list

Group	Group country
British American Tobacco	United Kingdom
Imperial Brands	United Kingdom
Japan Tobacco	Japan
NGP Tobacco	Denmark
Nicoswitch	France
Philip Morris International	United States
Scandinavian Tobacco Group	Denmark
Shenzhen iMiracle Technology	China
Shenzhen IVPS Technology Co	China
Smoore International	China

Source: Profundo

The accompanying research note provides short profiles for each of the 10 selected companies, including a brief description of the company's activities, its main nicotine products and leading brands, annual revenues, market share, operational structure, markets (with specific attention to Europe and France), provided this information is disclosed by the companies or available in other reliable sources.

The research note also presents the main findings from the financial research conducted on the 10 selected companies. The methodology for the financial research is presented in section 2 of this methodology note.

2 Types of finance

This section describes the types of finance included in the research. Financial institutions can invest in companies through a number of modalities. Financial institutions can provide credit to a company. This includes providing loans and the underwriting of share and bond issuances. Financial institutions can also invest in the equity and debt of a company by holding shares and bonds. This section outlines the different types of financing, how they were researched and the implications for the study.

2.1 Corporate loans

The most common form of debt financing is borrowing from commercial banks. In most cases, money is borrowed from commercial banks. Loans can be either short-term or long-term in nature.

- Short-term loans (including trade credits, current accounts, leasing agreements, et cetera) have a maturity of less than a year. They are mostly used as working capital for day-to-day operations. Short-term debts are often provided by a single commercial bank, which does not ask for substantial guarantees from the company.
- A long-term loan has a maturity of at least one year, but generally of three to ten years. Long-term corporate loans are particularly useful for financing expansion plans, which only yield rewards after a period of time. The proceeds of corporate loans can be used for all activities of the company. Often, long-term loans are extended by a loan syndicate, which is a group of banks brought together by one or more arranging banks. The loan syndicate will only undersign the loan agreement if the company can provide certain guarantees that interest and repayments on the loan will be fulfilled.

There are multiple reasons to acquire a loan, the two most common and broad categories are:

- **Project finance**

One specific form of corporate loan is project finance. This is a loan that is earmarked for a specific project.

- **General corporate purposes / working capital**

Often a company will receive a loan for general corporate purposes or for working capital. On occasion while the use of proceeds is reported as general corporate purposes, it is in fact earmarked for a certain project. This is difficult to ascertain.

2.2 Share issuances

Issuing shares on the stock exchange gives a company the opportunity to increase its equity by attracting a large number of new shareholders or increase the equity from its existing shareholders.

When a company offers its shares on the stock exchange for the first time, this is called an Initial Public Offering (IPO). When a company's shares are already traded on the stock exchange, this is called a secondary offering of additional shares.

To arrange an IPO or a secondary offering, a company needs the assistance of one or more (investment) banks, which will promote the shares and find shareholders. Therefore, the role of investment banks in this process is very important.

The role of the investment bank is temporary. The investment bank purchases the shares initially and then promotes the shares and finds shareholders. When all issued shares that the financial institution has underwritten are sold, they are no longer included in the balance sheet or the portfolio of the financial institution. However, the assistance provided by financial institutions to

companies in share issuances is crucial. They provide the company with access to capital markets and provide a guarantee that shares will be bought at a pre-determined minimum price.

2.3 Bond issuances

Issuing bonds can best be described as cutting a large loan into small pieces and selling each piece separately. Bonds are issued on a large scale by governments, but also by corporations. Like shares, bonds are traded on the stock exchange. To issue bonds, a company needs the assistance of one or more (investment) banks, which underwrite a certain amount of the bonds. Underwriting is in effect buying with the intention of selling to investors. Still, in case the investment bank fails to sell all bonds it has underwritten, it will end up owning the bonds.

2.4 (Managing) shareholdings

Banks can, through the funds they are managing, buy shares of a certain company making them part-owners of the company. This gives the bank a direct influence on the company's strategy. The magnitude of this influence depends on the size of the shareholding.

As financial institutions actively decide in which sectors and companies to invest, and are able to influence the company's business strategy, this research will investigate the shareholdings of financial institutions of the selected companies. Shareholdings are only relevant for stock-listed companies. Not all companies in the study are listed on a stock exchange. The company selection has tried to take this into account by including the major companies in the relevant sectors. However, some ownership forms may dominate in certain sectors under analysis. Additionally, some ownership forms are more prominent in some countries.

Shareholdings have a number of peculiarities that have implications for the research strategy. Firstly, shares can be bought and sold on the stock exchange from one moment to the next. Financial databases keep track of shareholdings through snapshots, or filings. This means that when a particular shareholding is recorded in the financial database, the actual holding, or a portion of it, might have been sold, or more shares purchased. Secondly, share prices vary from one moment to the next.

2.5 (Managing) investments in bonds

Banks can also buy bonds of a certain company. The main difference between owning shares and bonds is that owner of a bond is not a co-owner of the issuing company; the owner is a creditor of the company. The buyer of each bond is entitled to repayment after a certain number of years, and to a certain interest during each of these years.

3 Data sources

During the financial data collection process, this research utilised financial databases such as FactSet, Dealogic, Pitchbook, project finance database IJGlobal, company reports (annual, interim, quarterly) and other company publications, company register filings, as well as media and analyst reports.

4 Research period

Corporate loans, credit and underwriting facilities provided to the selected companies were researched for the period January 2018 – October 2025. Investments in bonds and shares of the selected companies were identified through FactSet and Profundo Pension Fund Portfolio at the most recently available filing date in October 2025.

5 Financial institution financing contributions

Financial databases often record loans and issuance underwriting when these are provided by a syndicate of financial institutions. Company reports and publications, company register filings, and the media will also provide information on loans provided bilaterally, i.e. between one bank and the company in question. The level of detail per deal often varies. Some sources may omit the maturity date or term of the loan, the use of proceeds, or even the exact issue date. Financial databases often do not report on the proportions of a given deal that can be attributed to the participants in deal. In such instances, this research calculated an estimated contribution based on the rules of thumb described below.

5.1 Loans and underwriting services

Individual bank contributions to syndicated loans and underwriting (bond & share issuance underwriting) were recorded to the largest extent possible where these details were included in financial database, or company or media publications.

In many cases, the total value of a loan or issuance is known, as well as the number of banks that participate in this loan or issuance. However, often the amount that each individual bank commits to the loan or issuance has to be estimated.

Profundo has developed a methodology based on a beta regression model to estimate the financial institutions' contributions based on the available information. Specifically, when the fees charged by each financial institution are available, this research estimates each financial institution's contribution as a proportion of the total fees received by all financial institutions. Then, the estimated proportion (for instance, if Bank A received 10% of all fees) is applied to the total deal value (assuming a deal of US\$10 million, Bank A would be assigned a contribution of US\$1 million or the 10% of US\$10 million).

When the deal's fee data is missing or incomplete, this research used the bookratio approach. The bookratio determines the deal's distribution between the different financial institutions involved as lenders, depending on their roles.

The beta regression model considers the following variables:

- The number of total participants
- The ratio between bookrunners and other participants

$$\text{Book ratio} := \frac{\text{number of bookrunners}}{\text{number of participant}}$$

- The role of the financial institution (bookrunner or not)
- The type of financing: Corporate loan, Revolving credit facility, bond issuance and share issuance.

Given the above variables, the bookratio methodology fits a beta regression model of the form:

$$\text{Proportion per financial institution} = g^{-1}(x_i^T \beta),$$

where g^{-1} is the inverse of the Logit function, x_i is each of the variables considered and β are the parameters to estimate.

5.2 Shareholding

The number and values of shares held by financial institutions are reported in financial databases, they were not subject to adjustment.

5.3 Bondholding

The number and values of bonds held by financial institutions are reported in financial databases, they were not subject to adjustment.

6 Segment adjusters

This section explains the methodology by which segment adjusters for the sectors in focus were calculated and applied.

Segment adjusters are an estimated percentage of a company's operations in a specific activity (here: nicotine), in order to estimate how much financing is directed towards this activity.

6.1 Sources

Segment adjusters were developed using the segment reporting in annual reports to the fullest extent possible, complemented by further information from company publications and websites and estimations where necessary.

6.2 Calculation

Segment adjusters were developed for all companies for the most recent year for which data is available (in most cases, 2024). Where no data could be identified for one or multiple years, the segment adjuster from the most recent previous year was applied.

Where financing was identified at the subsidiary level, this research identified the segment activities using company publications. Where financing was identified for a financing vehicle, the group level adjuster was applied.

The following financial indicators were used in order of preference: *segment capital expenditures / additions to non-current assets, segment liabilities, segment assets, segment revenues, and segment profit/loss.*

6.3 Example

This sub-section illustrates how a segment adjuster is developed for a company and applied to identified financing.

In 2021, British American Tobacco issued a bond for EUR 1,000 million, which was underwritten by Bank of America, Citigroup, Deutsche Bank, HSBC and Santander. They each underwrote EUR 200 million.

British American Tobacco generates its revenues through 6 product categories, which are 1/ Vapour, 2/ Heated Products, 3/ Modern Oral (=pouches such as Velo), 4/ Traditional Oral (=snus, snuff such as Grizzly), 5/ Combustibles (cigarettes and other tobacco products), 6/ Other. The proportion of activity related to the nicotine industry can be calculated by summing up revenues of 1/, 3/ and 4/, out of total revenues. This results in a proportion of 14%.

Therefore, about EUR 140 million of the EUR 1,000 million bond issuance was attributed to nicotine. At the individual financial institution level, EUR 28 million of each bank contribution of EUR 200 million was attributed to nicotine.

7 Data limitations

The financial research is subject to a number of limitations:

- **Loans**

Information from the financial databases used primarily includes syndicated lending, i.e. two or more financial institutions providing a loan to one company together. Usually, the financial databases do not have data on bilateral lending, i.e. direct loans between one bank and one company.

Bilateral lending was researched using company reports, company registries, and media archives, among others. However, these sources still have data gaps. Many companies do not disclose their bankers, or not in sufficient detail to include in the analysis. This is the result of different requirements in different jurisdictions, and whether or not the company is listed on the stock exchange.

- **Bond & shareholdings**

The financial databases collect data on bond and shareholdings from fund filings, company reports and stock exchanges. As a result, share and bond holdings data coverage is generally better for asset managers and the asset management arms of insurance companies and banking groups.

Other financial institutions that do not offer asset management activities, such as pension funds and insurance companies, are not required to publish their investment portfolios. Those who publish their portfolios are not always covered by the financial databases. Profundo maintains a database of pension fund portfolio disclosures. These are updated at least once a year.

For all bond and shareholdings, actual positions are constantly changing. Bond and shareholders identified during the course of this research may have sold their position, or in other ways changed the composition of their portfolio.

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