

Illicit cigarette consumption in Latin America and Canada

Results for the calendar
years 2021 – 2025



Important notice

This report of key findings (the 'Report') has been prepared by KPMG LLP. The Report was commissioned by Philip Morris Products SA (PMP SA), described in this Important Notice and in this Report as the 'beneficiary', on the basis set out in a private contract agreed between the beneficiary and KPMG LLP dated 20 November 2025.

Information sources, the scope of our work, and scope and source limitations are set out in the footnotes and methodology contained within this Report. The scope of our work, information sources used, and any scope and source limitations were fixed by agreement with the beneficiary. We have satisfied ourselves, where possible, that the information presented in this Report is consistent with the information sources used, but we have not sought to establish the reliability of the information sources by reference to other evidence. We relied upon and assumed without independent verification, the accuracy and completeness of information available from public and third-party sources.

The findings contained in this Report are those of KPMG LLP. The Report does not include opinions of PMP SA.

This Report has not been designed to benefit any specific organisation other than the beneficiary. In preparing this Report we have not taken into account the interests, needs, or circumstances of any specific organisation, other than the beneficiary. This Report is not suitable to be relied on by any party (other than the beneficiary) wishing to acquire rights or assert any claims against KPMG LLP for any purpose or in any context. As such, any person or entity (other than the beneficiary) who reads this Report and chooses to rely on it (or any part of it) will do so at their own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the beneficiary.

In particular, and without limiting the general statement above, although we have prepared this Report in agreement with the beneficiary, this Report has not been prepared for the benefit of any other manufacturer of tobacco products nor for any other person or entity who might have an interest in the matters discussed in this Report, including for example those who work in or monitor the tobacco or public health sectors or those who provide goods or services to those who operate in those sectors.



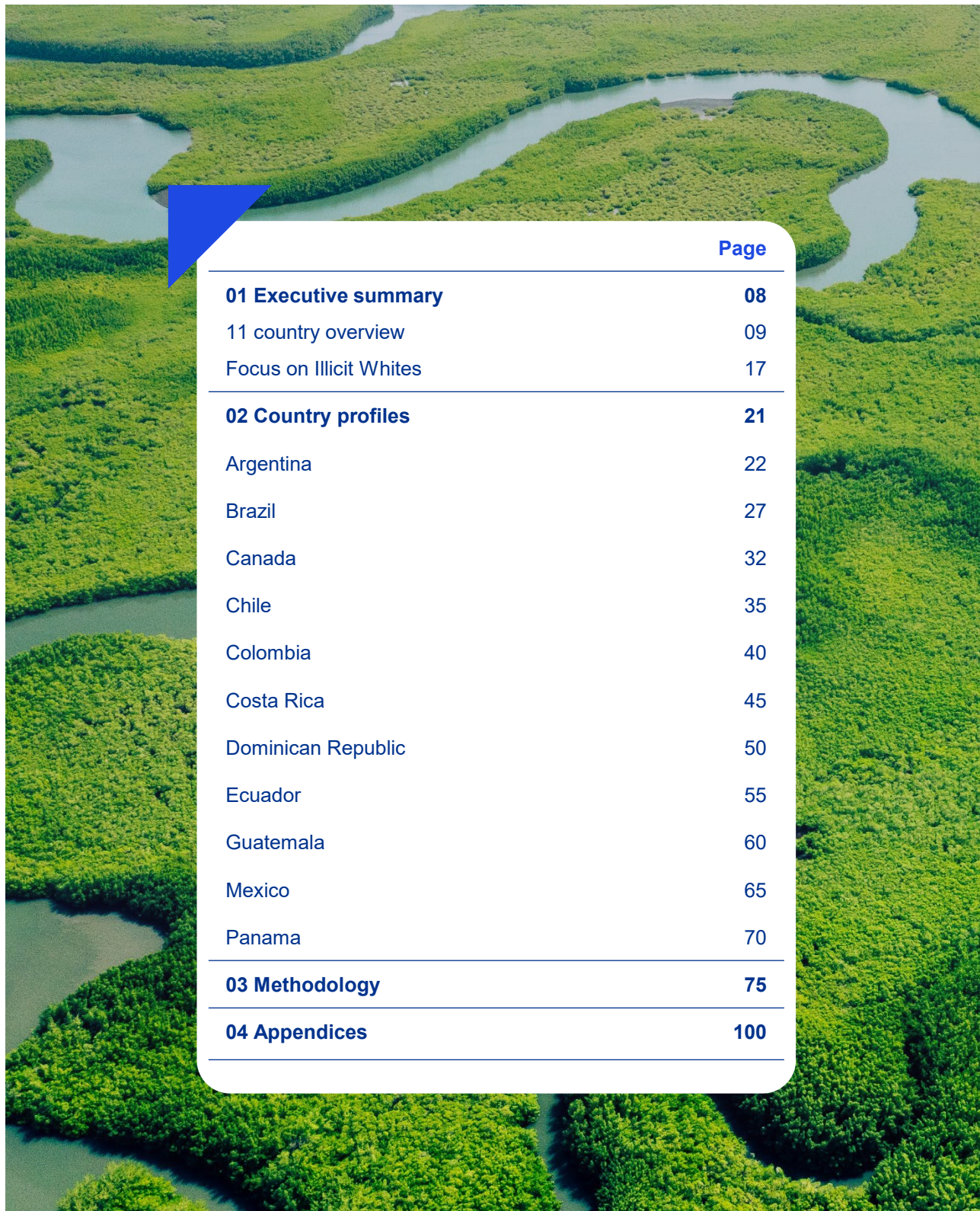
Glossary

Average daily consumption	Daily average consumption by the population of the legal smoking age
BAT	British American Tobacco plc
Bn	Billion
~	Approximately
C&C	Counterfeit and Contraband, including Illicit Whites
CAGR	Compound Annual Growth Rate
Cigarette	Any factory-made product that contains tobacco and is intended to be burned under ordinary conditions of use
Total Consumption	Actual total consumption of cigarettes in a market, including Legal Domestic Consumption (LDC) and illicit products as well as those legally purchased overseas
Contraband (CB)	Genuine products that have been either bought in a lower-tax country and which exceed legal border limits or acquired without taxes for export purposes to be illegally re-sold (for financial profit) in a higher priced market
Counterfeit (CF)	Cigarettes that are illegally manufactured and sold by a party other than the original trademark owner. In this Report, counterfeit volumes are reported from the manufacturers (BAT, IB, JTI and PMI) participating in the empty pack surveys conducted by third party research agencies. No other counterfeit is included in the volumes reported due to lack of information
Country of origin	Country from which the packs collected are deemed to have originated. This is determined by either the tax stamp on the pack or in cases where the tax stamp is not shown, on the health warning and packaging characteristics
Duty Free	Cigarettes bought without payment of customs or excise duties. Consumers may buy Duty Free Cigarettes when travelling into or out of the countries in this report by land, air or sea at legal Duty Free shops
LA&C Flows Calculation	The primary methodology for measuring consumption in a country. The methodology has been developed by KPMG LLP on a bespoke basis for the specific purpose of measuring inflows and outflows of cigarettes between countries
IB	Imperial Brands PLC
Illicit Whites (IW)	Cigarettes that are usually manufactured legally in one country/market but which the evidence suggests have been smuggled across-borders during their transit to the destination market under review where they have limited or no legal distribution and are sold without payment of tax
Illicit Whites with no country-specific labelling	Packs of Illicit White cigarettes which have “Duty Free” or no identifiable labelling on the packs
IMS	In Market Sales (the primary source of Legal Domestic Sales volumes)

Glossary (cont.)

Inflows	Inflows of Non-Domestic product into a market. Refer to the methodology section for further details
JTI	JT International SA
KPMG LLP	KPMG Limited Liability Partnership, also abbreviated to KPMG
LA&C	The 10 Latin American countries and Canada that are included within this report; Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico and Panama
LDC	Legal Domestic Consumption is defined as Legal Domestic Sales (LDS) net of outflows
LDS	Legal Domestic Sales of genuine domestic product through legitimate, domestic channels based on In Market Sales (IMS) data
m	Million
ND	Non-Domestic product – product that originates from a different market than the one in which it is consumed
ND(L)	Non-Domestic (Legal) – product that is brought into the market legally by consumers, such as during a cross-border trip
Outflows	Outflows of product from a market. For the purposes of the LA&C Flows Calculation, outflows are to other markets in the Report. Refer to the methodology section for further details
PMI	Philip Morris International
PMPSA	Philip Morris Products SA
ppt	Percentage point
Reporting period	The period covered by this Report (2021-2025)
Smoking prevalence	The percentage of smokers in the total population of legal smoking age
Tobacco taxes	The sum of all types of taxes levied on tobacco products, including VAT. There are two basic methods of tobacco taxation: Normal or specific taxes are based on a set amount of tax per unit (e.g. cigarette); these taxes are differentiated according to the type of tobacco. Ad valorem taxes are assessed as a percentage mark up on a determined value, usually the retail selling price or a wholesale price and includes any value added tax
Unspecified	Unspecified market variant refers to cigarette packs which do not bear specific market labelling or Duty Free labelling
UNWTO	United Nations World Tourism Organisation
WAP	The weighted average price for cigarettes calculated by reference to the total value of all cigarettes released for consumption, based on the retail selling price including all taxes, divided by the total quantity of cigarettes released for consumption.

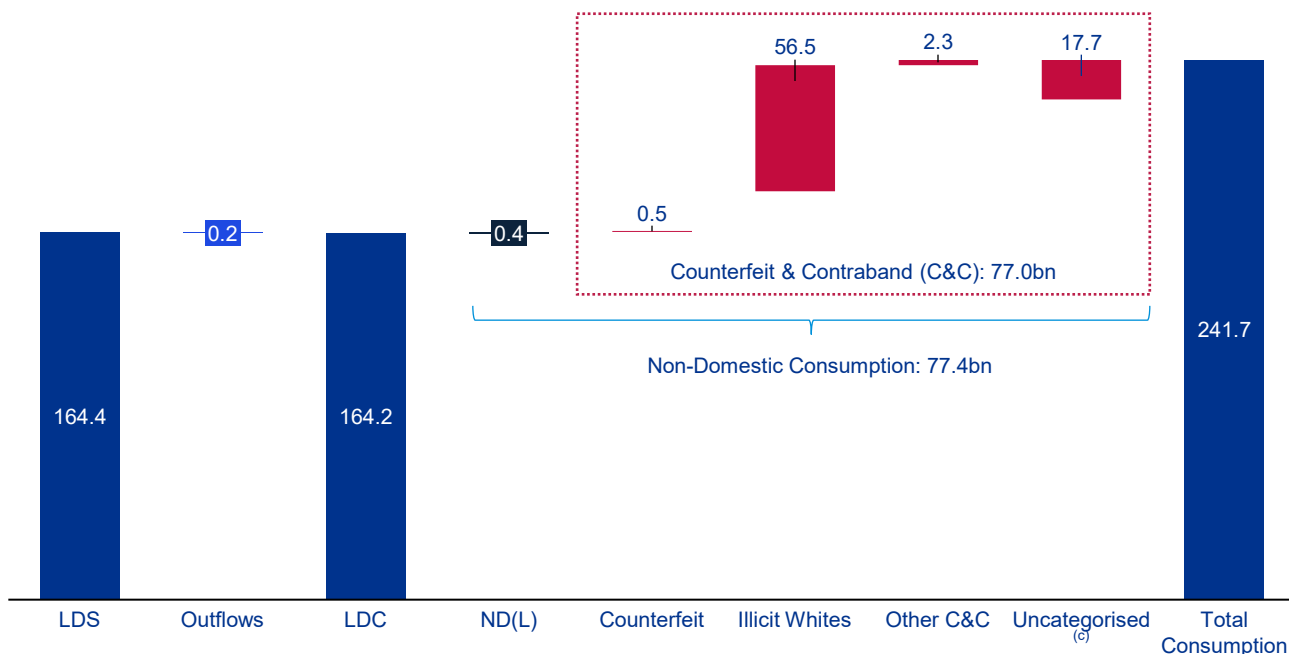
Contents



	Page
01 Executive summary	08
11 country overview	09
Focus on Illicit Whites	17
02 Country profiles	21
Argentina	22
Brazil	27
Canada	32
Chile	35
Colombia	40
Costa Rica	45
Dominican Republic	50
Ecuador	55
Guatemala	60
Mexico	65
Panama	70
03 Methodology	75
04 Appendices	100

KPMG's LA&C Flows Calculation: Categorising cigarette consumption

Estimate of total cigarette consumption in 11 markets, 2025
(bn cigarettes)^{(1)(a)(b)}



- The chart above illustrates KPMG's core approach to estimating the size and scale of illicit cigarette consumption, known as Counterfeit & Contraband (C&C), which includes Illicit Whites
- KPMG's approach, using empty pack and pack swap surveys (from market research agencies commissioned by tobacco manufacturers) and Legal Domestic Sales (provided by manufacturers and third-party market research agencies) allows us to split total cigarette consumption into its constituent parts. In some years in certain countries, empty pack surveys or pack swap surveys were unavailable. In such instances, publicly available cigarette consumption statistics were used to produce estimates of changes in total cigarette consumption
- Legal Domestic Sales, available in every country, underpin the initial volume estimate, whilst empty pack and pack swap surveys enable KPMG to estimate the additional 'Non-Domestic' component of consumption, which can be further analysed depending on the source and brand of each pack
- KPMG's flows calculation ensures that the calculation of inflows and outflows around the 10 Latin American markets and Canada are all balanced, so that the overall consumption in each country can be estimated
- The United States is not included within the scope of this Report, as the complexity of intra state cigarette flows would require a different methodological approach to estimating cigarette market dynamics than that applied in this study
- Definitions for each component of cigarette consumption are available in the Methodology section

Note: (a) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report; (b) The 11 markets are Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama; (c) C&C by type is not available for years without empty pack surveys detailing country of origin of collected packs (d) Due to rounding, the difference between totals shown in the chart or commentary may vary from the actuals

Source: (1) KPMG LA&C Flows Calculation, 2021-2025

About this Report



This Report estimates the scale and development of the illicit cigarette market in 10 Latin American markets and Canada. This Report was commissioned by Philip Morris Products SA for data covering the calendar years 2021-2025.

This study covers 11 markets, which are the Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico and Panama.

This study contains an overview and individual reports for each of the 11 markets. More information on the agreed scope of work can be seen in the appendices to this Report.

The United States is not included within the scope of this Report, as the complexity of intra state cigarette flows would require a different methodological approach to estimating cigarette market dynamics than that applied in this study.

It should be noted that external issues such as the COVID-19 pandemic impacted the results between 2021 and 2022.

The methodology used to estimate the size of illicit cigarette markets has been applied consistently across each year in this Report. The methodology is underpinned by a combination of hard data, such as legal sales of cigarettes, travel data, average prices of cigarettes, and empty pack and pack swap surveys separately commissioned by a number of tobacco manufacturers and undertaken by independent market research agencies. KPMG's approach is to review these data-points to produce the relevant estimates as set out on the previous page. These estimates are then triangulated against other publicly available data-points, such as smoking prevalence, average daily consumption statistics, and estimates from other third-party sources. Details of the overall methodology is provided within this Report.

01



Executive summary

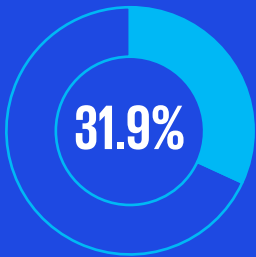
Executive summary

77.0bn

Counterfeit & Contraband cigarettes consumed



-0.21bn
on 2024
-0.3%
on 2024



Of total consumption was C&C



+0.57 ppt
on 2024

\$8.5bn

Estimated tax revenue lost^(a)



+\$1.2bn
on 2024
+17%
on 2024

Total cigarette consumption in the 11 markets decreased

- Total cigarette consumption declined by 2.0% in 2025 vs 2024, mostly due to a 2.9% fall in Legal Domestic Consumption (LDC)⁽¹⁾
- This decrease in LDC has been tempered by a smaller decrease in Non-Domestic consumption, with Non-Domestic inflows decreasing by 0.3%
- Within Non-Domestic inflows, substantially all (99%) of these inflows were due to illicit cigarette consumption (C&C) which decreased by 0.3%. Legal Non-Domestic inflows (ND(L)) were a small share but grew by 2.3%.

Contraband & Counterfeit (C&C) accounted for a higher share of consumption

- C&C consumption in the 11 markets declined more slowly than overall cigarette consumption, decreasing by 0.3% in 2025 to 77.0bn cigarettes; and represented 31.9% of total consumption, a 0.6 ppt increase on 2024
- Had these cigarettes been legally purchased in the markets in which they were consumed, an estimated additional ~\$8.5bn in taxes would have been raised in the 11 markets^(a)

Evolution of C&C varied across markets

- While total illicit cigarette consumption declined in 2025, this masked diverging trends at a market level
- Brazil remained the largest illicit market, with volumes broadly stable year-on-year
- Ecuador and Canada recorded the largest absolute declines in illicit consumption
- These reductions were partially offset by an increase in Chile and a number of other markets albeit at smaller volume, limiting the overall decline across the 11 markets

C&C consumption remains structurally high in several markets

- In 2025, 41.8bn illicit cigarettes were consumed in Brazil, ~36% of total cigarette consumption in Brazil and ~54% of all illicit consumption across the 11 markets
- Illicit cigarettes accounted for over half of total consumption in several markets; Panama (~89%), Ecuador (~84%) and Chile (~58%)
- By contrast, Argentina recorded the lowest illicit share at approximately 11%

Illicit Whites dominate the composition of C&C

- The majority of illicit cigarette consumption in 2024 (~81% or 62.9bn cigarettes) and 2025 (~73% or 56.5 bn cigarettes) was driven by Illicit Whites. The actual share is likely to be even higher given data gaps meant we were unable to estimate Illicit Whites consumption in some markets^(b)
- Brazil accounted for the largest absolute volume of Illicit Whites inflows across the 11 markets at 39.7bn cigarettes
- Illicit Whites represented a particularly high share of total consumption in Panama (~89%), Ecuador (~76%) and Costa Rica (~45%)
- The top 6 Illicit Whites brands accounted for approximately 50% of all Illicit Whites consumption in both 2024 and 2025

The sources of C&C are evolving

- Paraguay remained the single largest source of illicit cigarette inflows in 2025, accounting for 44% of total C&C, despite a 10.6bn cigarette decline versus 2024
- This reduction was partially offset by a 5.8bn increase in Illicit Whites with no country-specific labelling, alongside smaller offsetting movements across other source markets

Note: (a) Tax revenue lost represents estimated excise & VAT if C&C volumes had been consumed legally in the countries of study (b) Argentina, Canada, Chile and the Dominican Republic (c) Counterfeit can only be identified by manufacturers forensically examining their brands collected in empty pack surveys. As only BAT, IB, JTI and PMI participate in the empty pack surveys used in this Report, Counterfeit can only be identified from these manufacturers

Sources: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

Enforcement observations and market context

As part of our work, we reviewed publicly available statements and reporting from enforcement and government sources across Latin America and Canada to provide contextual insight on the nature and drivers of illicit cigarette markets. These sources were used to inform our understanding of the broader operating environment in which illicit cigarette consumption occurs, and to help frame the interpretation of our estimates

Illicit cigarettes are embedded within wider organised criminal activity

- Public enforcement reporting from multiple countries included in this Report links illicit cigarettes to wider criminal economies, rather than viewing it solely as a fiscal impact
- Illicit tobacco is frequently referenced alongside other contraband and illicit activities, indicating integration within broader and diversified criminal revenue models
- This context indicates that illicit cigarette consumption is a persistent issue, rather than a short-lived market distortion

High profit potential continues to underpin illicit supply

- Enforcement commentary highlights high profitability as a key factor sustaining illicit cigarette trade
- These reported returns help explain the persistence of supply despite sustained enforcement activities

Enforcement activity remains high, and is reflecting the complexity of illicit networks

- Illicit cigarette seizure and destruction data indicate ongoing, large-scale enforcement activity across the region, with seizures occurring at multiple entry points including borders, ports, rivers and airports indicating the use of multiple transport channels
- Paraguay remains a particularly relevant source market for the supply of illicit cigarettes into neighbouring countries
- Public communications continue to highlight the adaptability and resilience of illicit cigarette supply networks
- In response to this complexity, public reporting frequently references coordinated, intelligence-led enforcement approaches, including information sharing across agencies and geographies to address organised and cross-border supply chains

Illicit cigarette flows reflect regional, not isolated, market dynamics

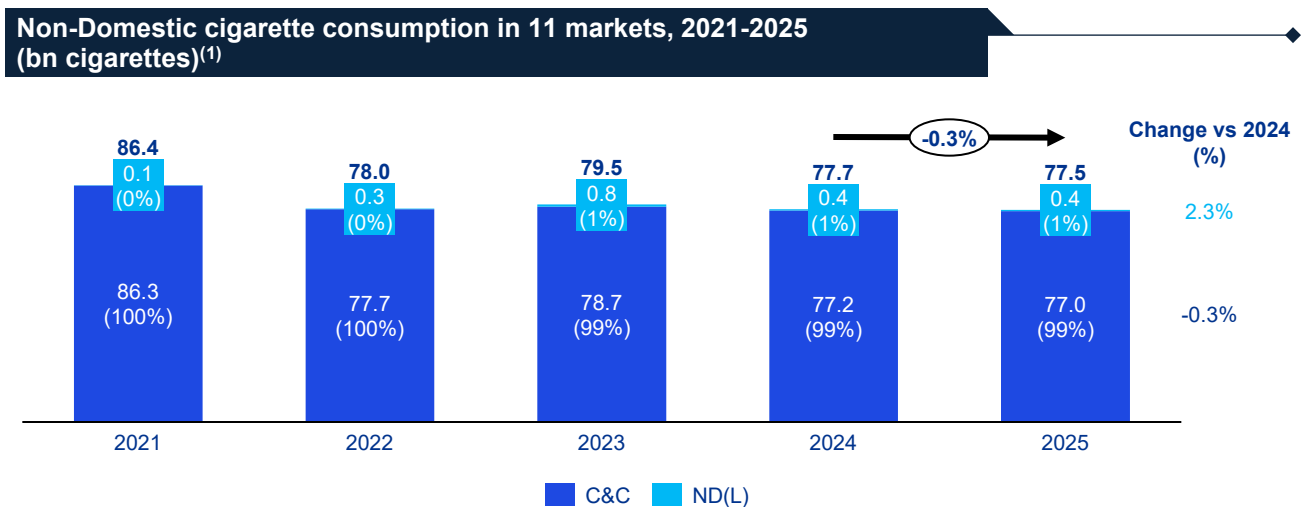
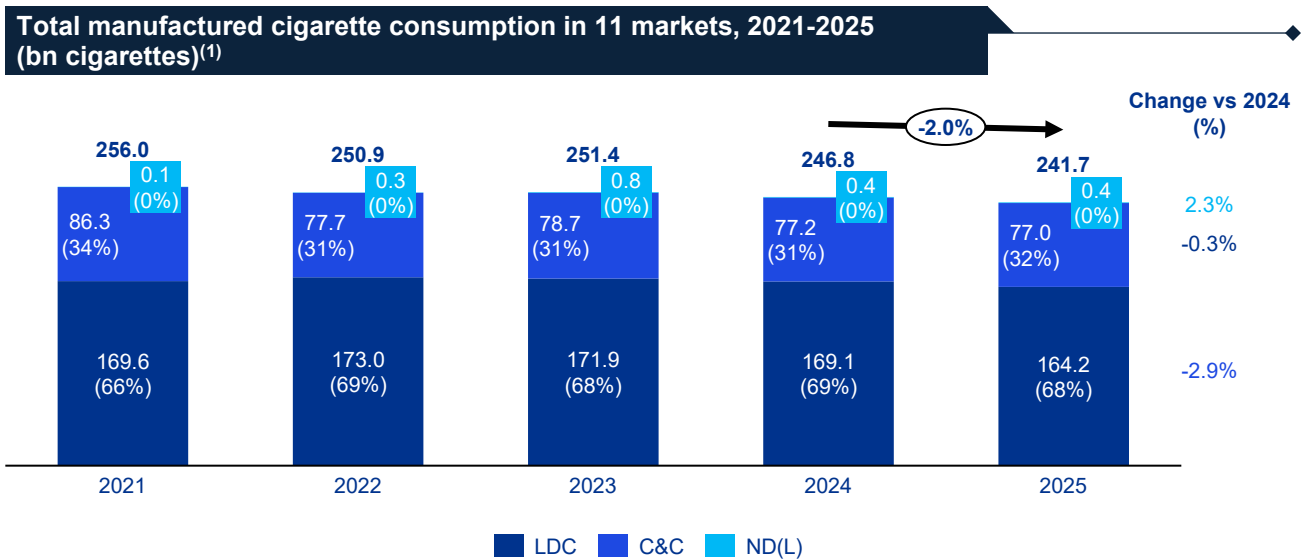
- Public reporting frequently references logistics and transit infrastructure, including free trade zones, as enabling factors for illicit trade
- Illicit cigarettes appear to benefit from established cross-border distribution routes, supporting scale and continuity
- These dynamics suggest that illicit cigarette consumption reflects regional supply structures rather than country-specific factors alone

Note: (a) Public sources referenced primarily describe enforcement outcomes and operating context, rather than detailed trafficking intelligence

Sources: (1) TVN Panamá (TVN-2), "Contrabando y falsificación de cigarrillos financian crimen organizado en Panamá", Sep 2025 (2) La Prensa, "Aduanas decomisa cigarrillos de contrabando por un valor de \$24 millones", Dec 2024 (3) Presidencia de la República Dominicana, "Aduanas destruye millones de cigarrillos incautados en frontera, puertos y aeropuertos", Mar 2025 (4) Infobae, "El contrabando de cigarrillos... ya financia economías criminales en las regiones", Feb 2026 (5) Diario Extra, "Contrabando de cigarros y licores financiaría redes criminales", Jun 2025 (6) Brazilian Federal Police – WHO FCTC side-event (2024), "Illicit Trade in Brazil – Experience from the Brazilian Federal Police", Feb 2024 (7) Caribbean, Bermuda & Latin America Crime Stoppers Foundation, Free Trade Zones: a place to be protected against transnational crime organizations

Cigarette consumption trends

- Total manufactured cigarette consumption across the 11 markets has declined over the 2021–2025 period, with volumes decreasing in both 2024 and 2025 following a marginal increase in 2023. Overall consumption declined by ~2.0% in 2025, equivalent to around 5bn cigarettes
- Non-Domestic cigarette consumption (almost all of which is illicit) has also trended down over the longer term, declining in volume terms from 2021 levels despite a brief increase in 2023 which may potentially link to easing Covid-19 restrictions on the movement of people and goods. In 2025, Non-Domestic consumption fell by 0.3%, a slower rate of decline than total cigarette consumption
- Illicit cigarette consumption (C&C) has also followed the same longer-term downward trend, declining from around 87bn cigarettes in 2021 to around 77bn in 2025, despite a modest rebound in 2023. C&C decreased by ~0.3% in 2025, equivalent to approximately 0.2bn cigarettes
- Consequently, C&C's share of total cigarette consumption, which was steady at 31% from 2022 to 2024, rose to 32% in 2025, reflecting a slower decline in illicit consumption relative to the overall market



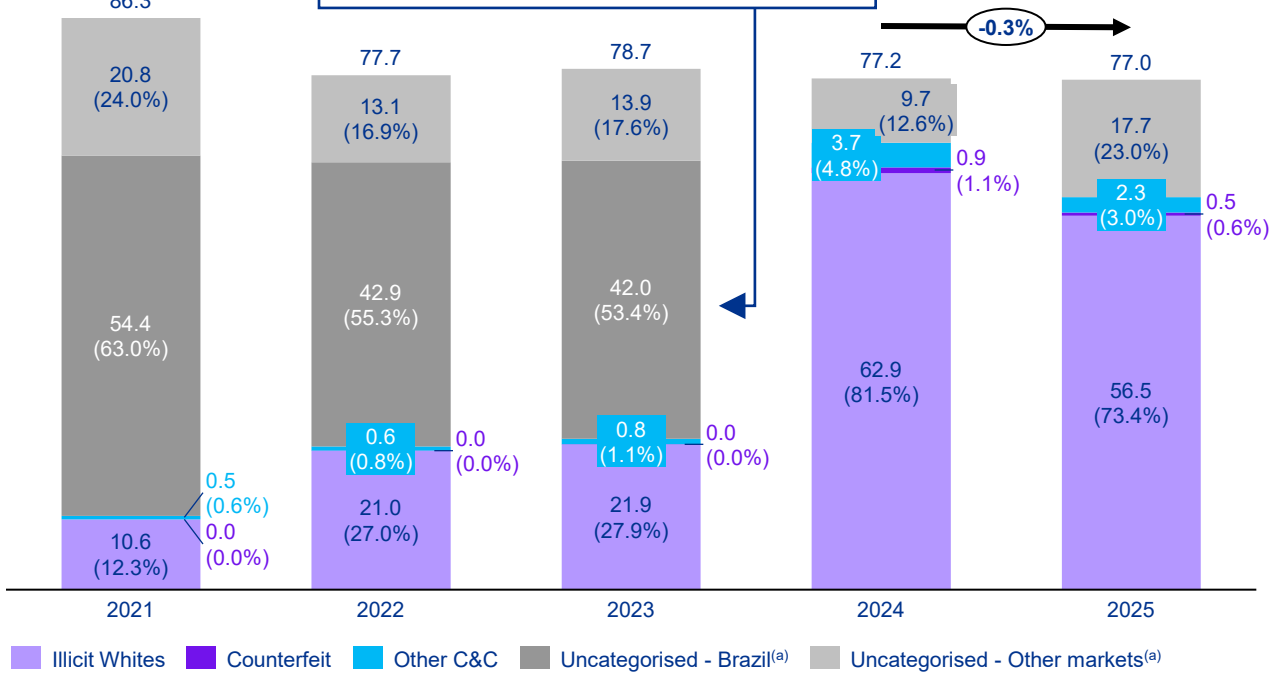
Notes: (a) Due to rounding, the difference between totals shown in the chart or commentary may vary from the actuals
 Sources: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report; (2) UNWTO; (3) Euromonitor International;

C&C trends by type

- Total C&C volumes decreased by 0.2bn cigarettes or 0.3% to 77.0bn cigarettes in 2025
- In 2024 and 2025 the majority of C&C consumption is comprised of Illicit Whites
- 39.7bn (~70%) of the 56.5bn of Illicit Whites inflows identified in 2025 were in Brazil
- Increasing Counterfeit volumes in 2024 and 2025 are predominantly driven by increases in Mexico
- Given data limitations, most notably the lack of granular data for Brazil between 2021 and 2023, it is not possible to determine the breakdown of C&C on the same basis in 2021 to 2023 as in 2024 and 2025. However, where the breakdown is available, Illicit Whites continue to represent the large majority of C&C consumption between 2021 and 2023

C&C trend by type in 11 markets, 2021-2025 (bn cigarettes)⁽¹⁾

The breakdown of C&C by type is not available in Brazil between 2021 and 2023 due to data limitations. In 2024 and 2025, Illicit Whites made up the large majority of C&C in Brazil, resulting in a significant rise in the classification of Illicit Whites in 2024. This suggests that a significant portion of the uncategorised volumes in Brazil from 2021 to 2023 were likely Illicit Whites.

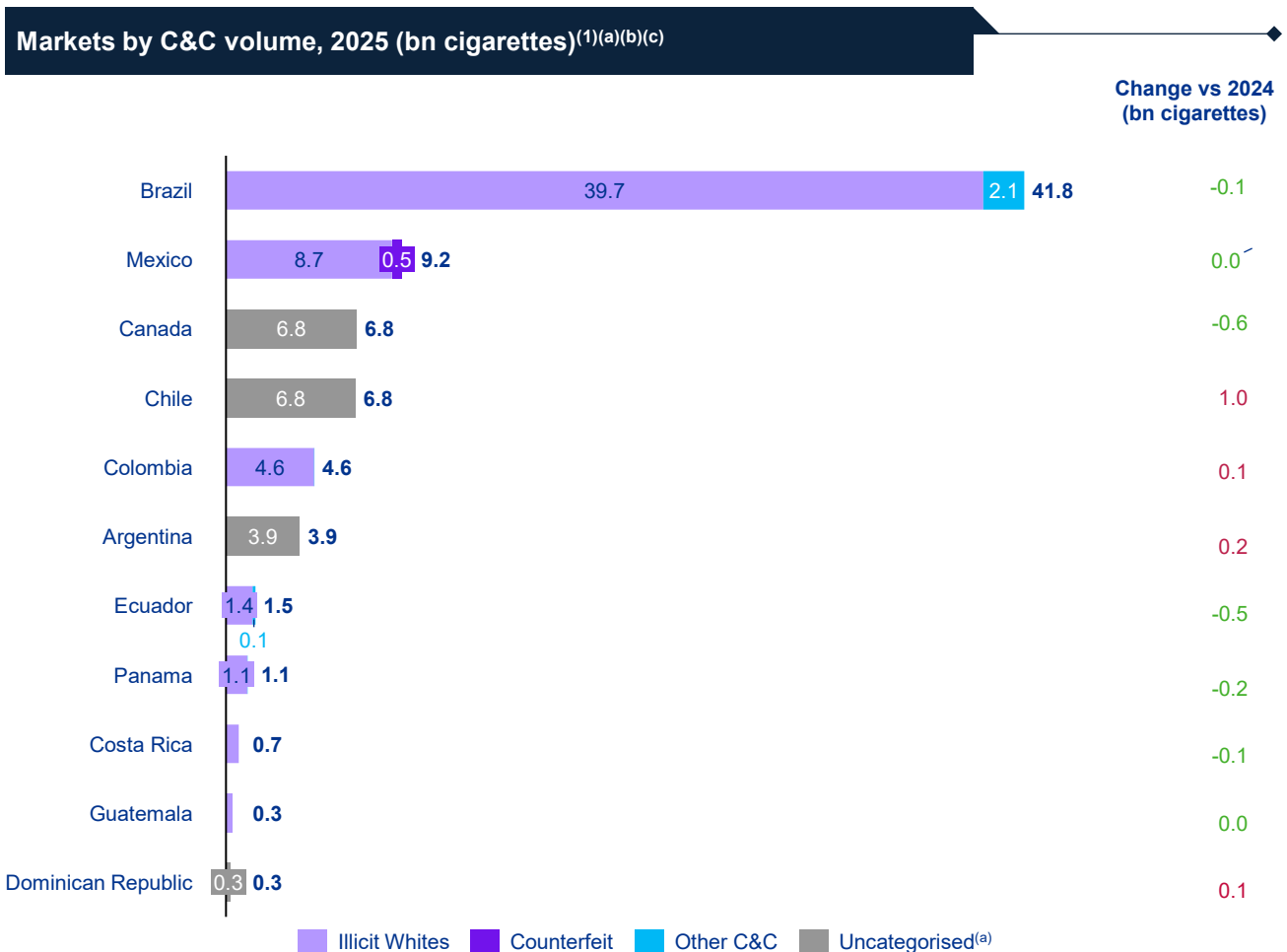


Notes: (a) C&C detail is only shown for years with empty pack surveys detailing the country of origin of collected packs (b) Due to rounding, the difference between totals shown in the chart or commentary may vary from the actuals

Source: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

C&C key markets

- Despite a small overall decrease in the volume of illicit inflows in 2025, dynamics differ across the 11 markets
- Brazil is the largest market for illicit cigarettes across the 11 markets in the study, with C&C declining by 0.1bn (<1%) in 2025 (a similar quantum to that observed in 2024)
- Ecuador and Canada saw relatively large decreases in illicit consumption, with C&C volumes in Ecuador decreasing by 0.5bn or 26% in 2025 (vs marginal decline in 2024) and C&C volumes in Canada decreasing by 0.6bn or 8% in 2025 (vs a 9% decrease in 2024)
- Conversely, Chile saw the largest increase in illicit consumption, with C&C volumes increasing by 1.0bn or 16% in 2025 (vs a 2% increase in 2024)



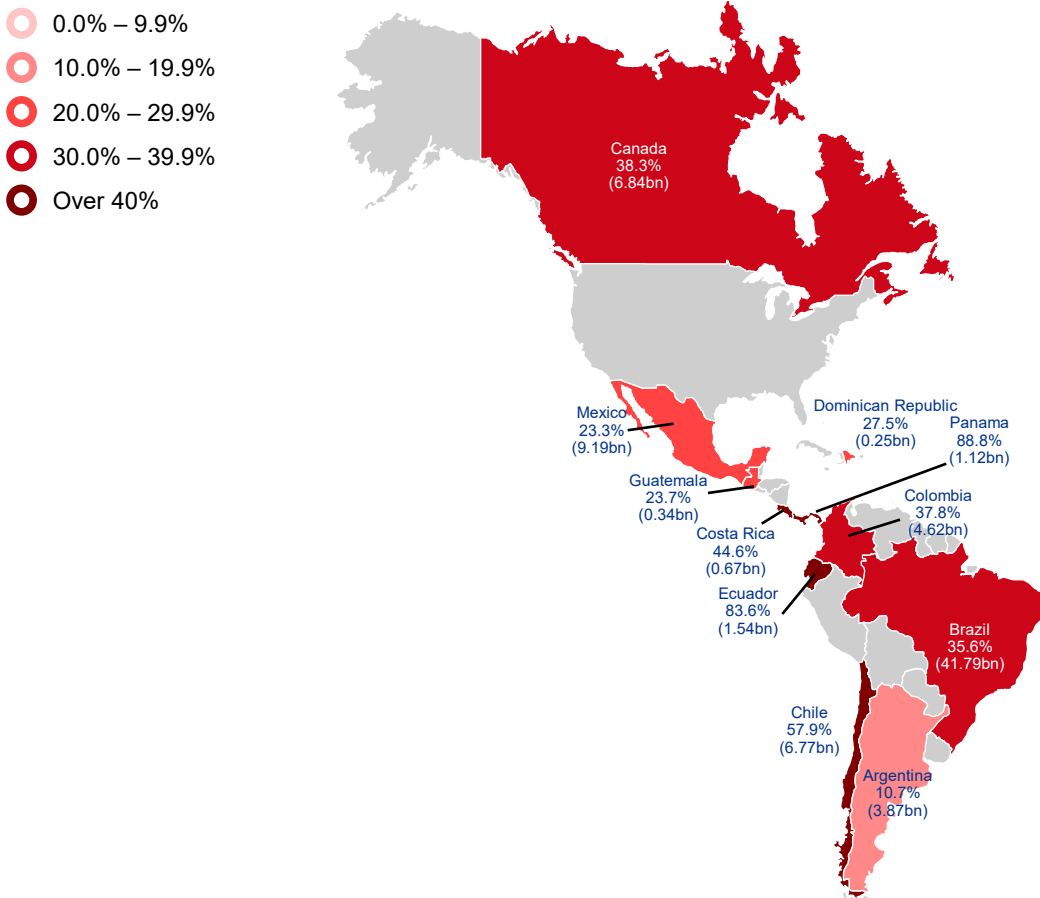
Notes: (a) C&C breakdown detail is only shown where empty pack or pack swap surveys are available, otherwise C&C volume is shown as Uncategorised (b) Only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/pack swap surveys; (c) Due to rounding, the difference between 2024 and 2025 totals shown in the chart or commentary may vary from the actuals

Source: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

C&C consumption trend

- ~32% of total cigarette consumption across the 11 markets in this Report was illicit in 2025. This indicates that illicit shares in the markets covered by this Report are higher than the global average, which is estimated at around 11% of global cigarette consumption⁽²⁾
- The highest illicit consumption shares were in Panama (~89%), Ecuador (~84%) and Chile (~58%)
- Argentina had the lowest share (~11%)

C&C as a percentage of total consumption, 2025 (%)⁽¹⁾



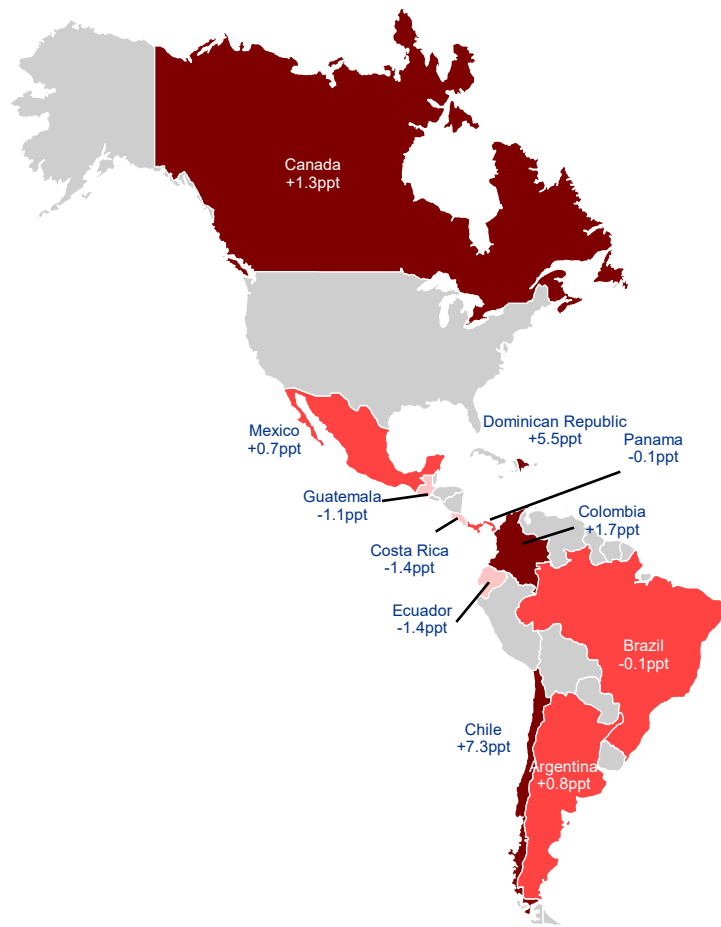
Source: (1) 11 market level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report; (2) WHO Framework Convention on Tobacco Control (WHO FCTC), Global Treaty Marks Anniversary in Fight Against Illicit Tobacco Trade, September 2025

C&C consumption trend (cont.)

- Whilst Brazil and Panama maintained a broadly stable C&C share in 2025 compared to the prior year, there were more pronounced changes in other markets (both up and down) which have contributed to the overall change in illicit consumption across the 11 markets
- The largest increase in illicit consumption share was in Chile (+7 ppt)
- The largest declines were in Ecuador and Costa Rica (-1 ppt)

Change in share of C&C consumption in 2025 vs prior year (ppt)⁽¹⁾

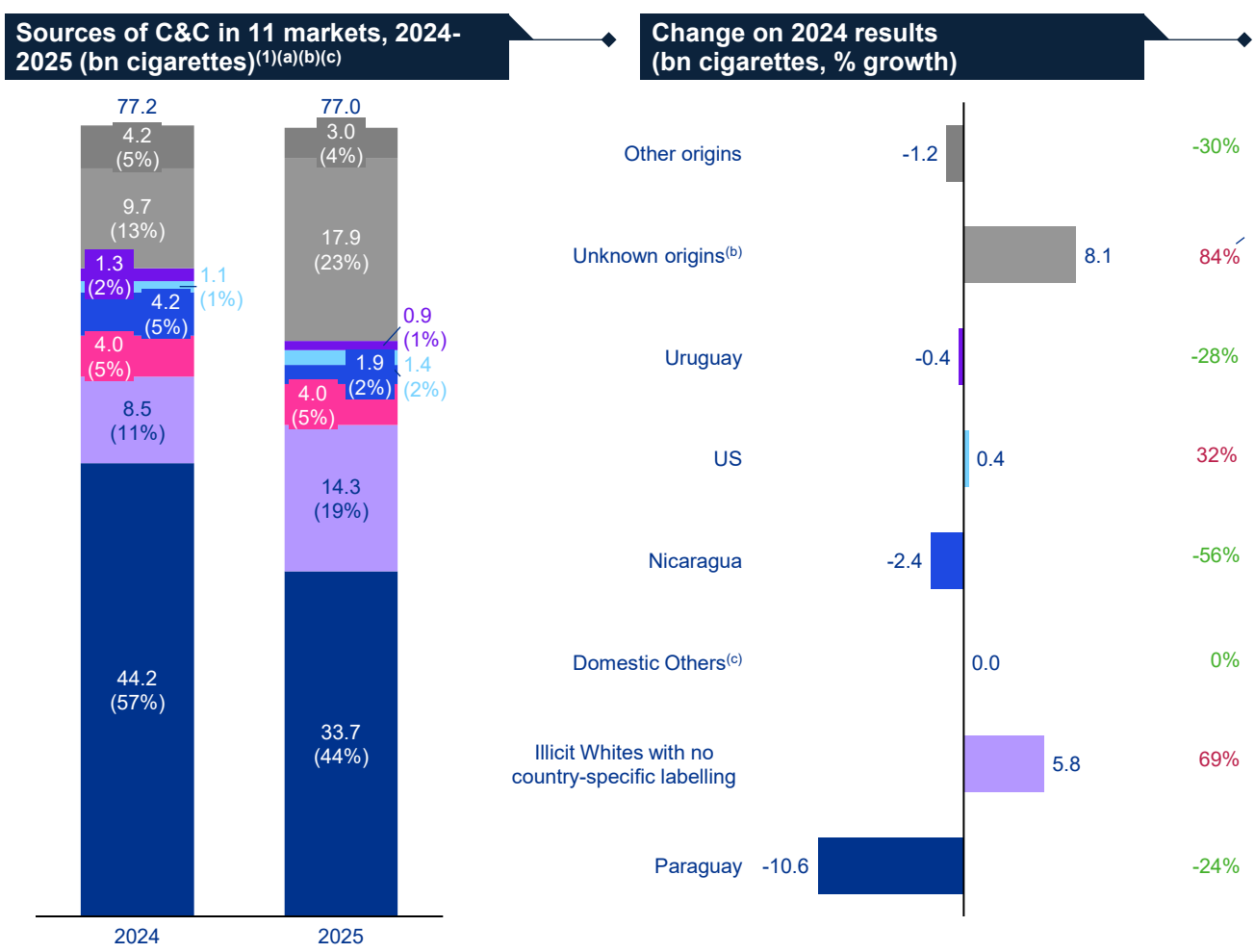
- Increased by 1ppt+
- Stable
- Decreased by 1ppt+



Source: (1) 11 market level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

C&C sources

- While overall C&C consumption has decreased by 0.2bn cigarettes in 2025, this is driven by differing movements at a source level
- Flows from Paraguay decreased by 10.6bn, accounting for 44% of illicit cigarette consumption (vs 57% in 2024)
- There were also decreases in inflows from Nicaragua, Uruguay and other smaller volume origins
- There was an increase in flows of Illicit Whites with no country-specific labelling and inflows of illicit cigarettes where the origin market could not be determined^(b), as well as a smaller increase in flows from the US



Notes: (a) Due to rounding, the difference between 2024 and 2025 totals shown in the chart or commentary may vary from the actuals (b) Sources of inflows could not be determined for the markets where empty pack surveys of pack swap surveys were not available. Refer to the methodology section for further details (c) Mexican labelled packs identified in Mexico that do not contain or contain invalid legally required security codes

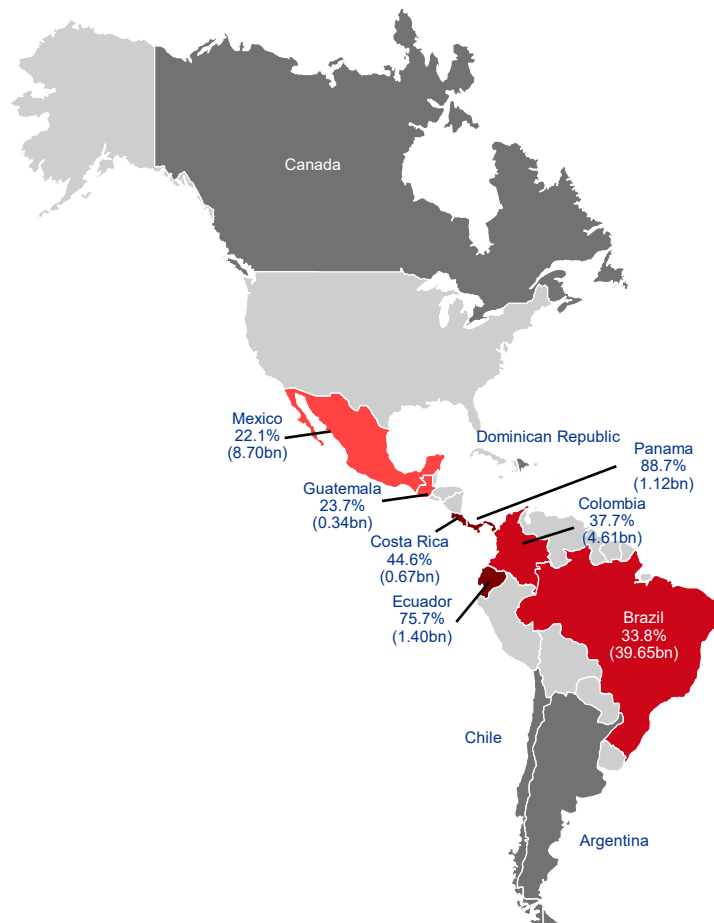
Source: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report;

Focus on Illicit Whites

- Brazil saw the largest flows of Illicit Whites in 2025, with 39.7bn of Illicit Whites inflows to Brazil accounting for 72% of all Illicit Whites inflows across the 11 markets
- The highest Illicit Whites shares of total consumption were in Panama (89%), Ecuador (76%) and Costa Rica (45%)
- Mexico had the lowest share at (22%), albeit this still represented an Illicit White inflow of 8.7bn cigarettes
- Due to data limitations, there are a number of markets (Argentina, Canada, Chile, Dominican Republic) where we have not been able to determine Illicit Whites consumption and share in 2025

Illicit Whites as a percentage of total consumption, 2025, % (absolute)^{(1)(a)}

- 0.0% – 9.9%
- 10.0% – 19.9%
- 20.0% – 29.9%
- 30.0% – 39.9%
- Over 40%
- Uncategorised^(a)



Note: (a) Due to unavailability of empty pack survey data, C&C and Illicit Whites breakdowns could not be estimated for Argentina, Canada, Chile and the Dominican Republic.

Source: (1) 11 market level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

Focus on Illicit Whites (cont.)

- While Illicit Whites' share of total consumption in Brazil remained relatively stable in 2025 vs 2024, there was more variability in other markets
- Illicit Whites' share of total consumption increased in Panama (+2.4 ppt), Colombia (+1.6ppt) and Mexico (+1.6 ppt)
- Illicit Whites' share of total consumption decreased in Costa Rica (-1.4 ppt) and Guatemala (-1.1 ppt)

Change in share of Illicit Whites consumption in 2025 vs prior year (ppt)^{(1)(a)}

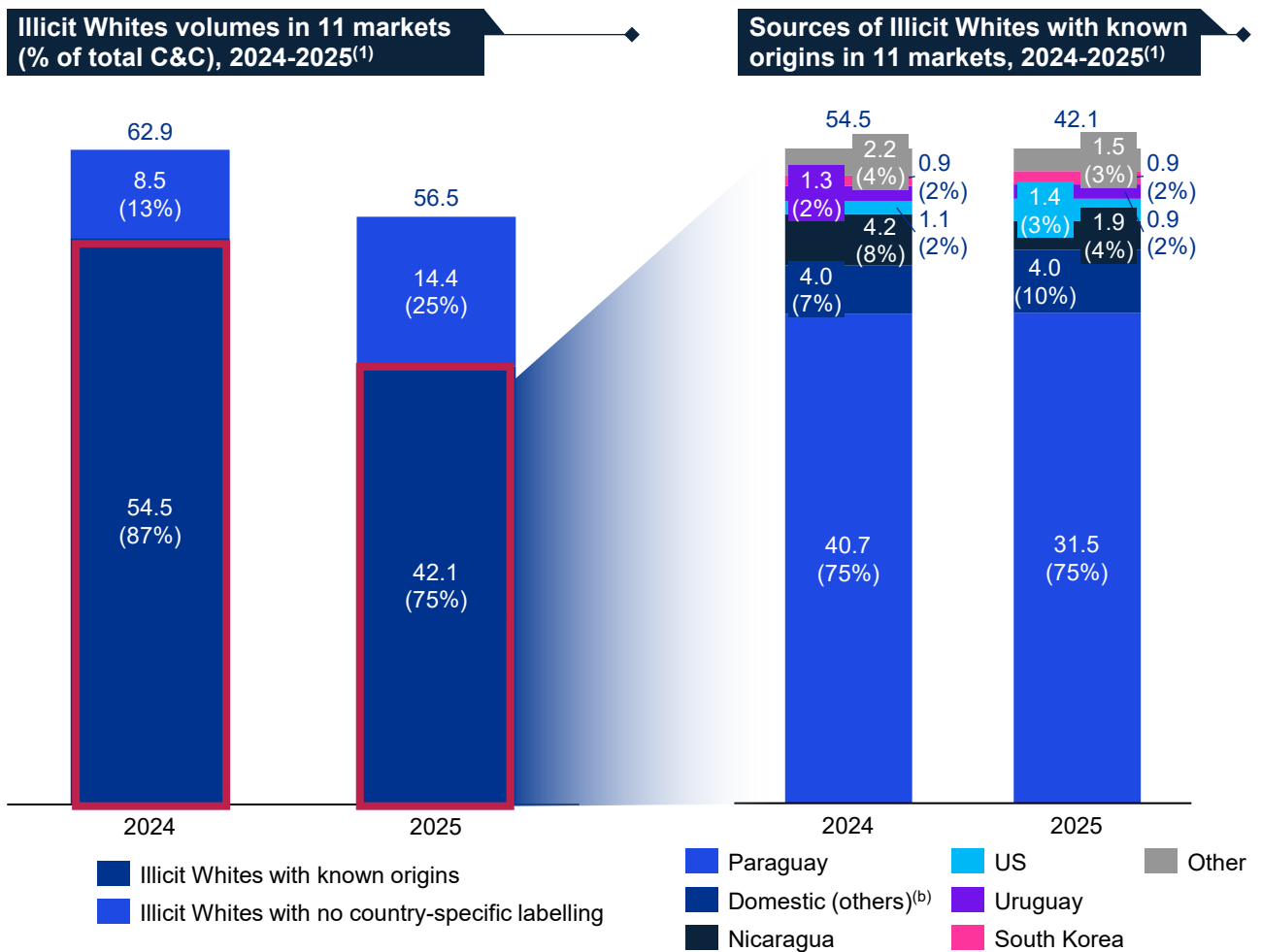
- Increased by 1ppt+
- Stable
- Decreased by 1ppt+
- Uncategorised^(a)



Note: (a) Due to unavailability of empty pack survey data, C&C and Illicit Whites breakdowns could not be estimated for Argentina, Canada, Chile and the Dominican Republic
 Source: (1) 11 market level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

Focus on Illicit Whites (cont.)

- Identified Illicit Whites volumes decreased by ~10% or 6.4bn cigarettes in 2025. However, it is important to consider that this change may not reflect a true decline in Illicit Whites flows to the 11 markets covered in this Report. This is because the quantity of illicit consumption that could not be classified as Illicit Whites or otherwise due to data limitations rose by about 8 billion cigarettes in 2025 compared to 2024. As set out on page 12, where it is possible to distinguish C&C by type, most C&C consists of Illicit Whites
- Illicit Whites with known origins accounted for 42.1bn cigarettes in 2025. Within these Illicit Whites with known origins, Paraguay remains the largest source (75% of the total). The remaining inflows of Illicit Whites with known origins are predominantly from Domestic origins^(b), Nicaragua, the US, Uruguay and South Korea
- Illicit Whites with no country-specific labelling form the minority of Illicit Whites flows but have increased share in 2025. These Illicit Whites either have no health warnings meaning they are of 'Unspecified' origin or are labelled as Duty Free. This generic labelling makes identification of the source market difficult. Some Illicit Whites brands identified have packs with known origins alongside others with no country-specific labelling, suggesting that the rise in Illicit Whites with no country-specific labelling does not necessarily reflect a shift in brand shares but rather the nuances of pack labelling



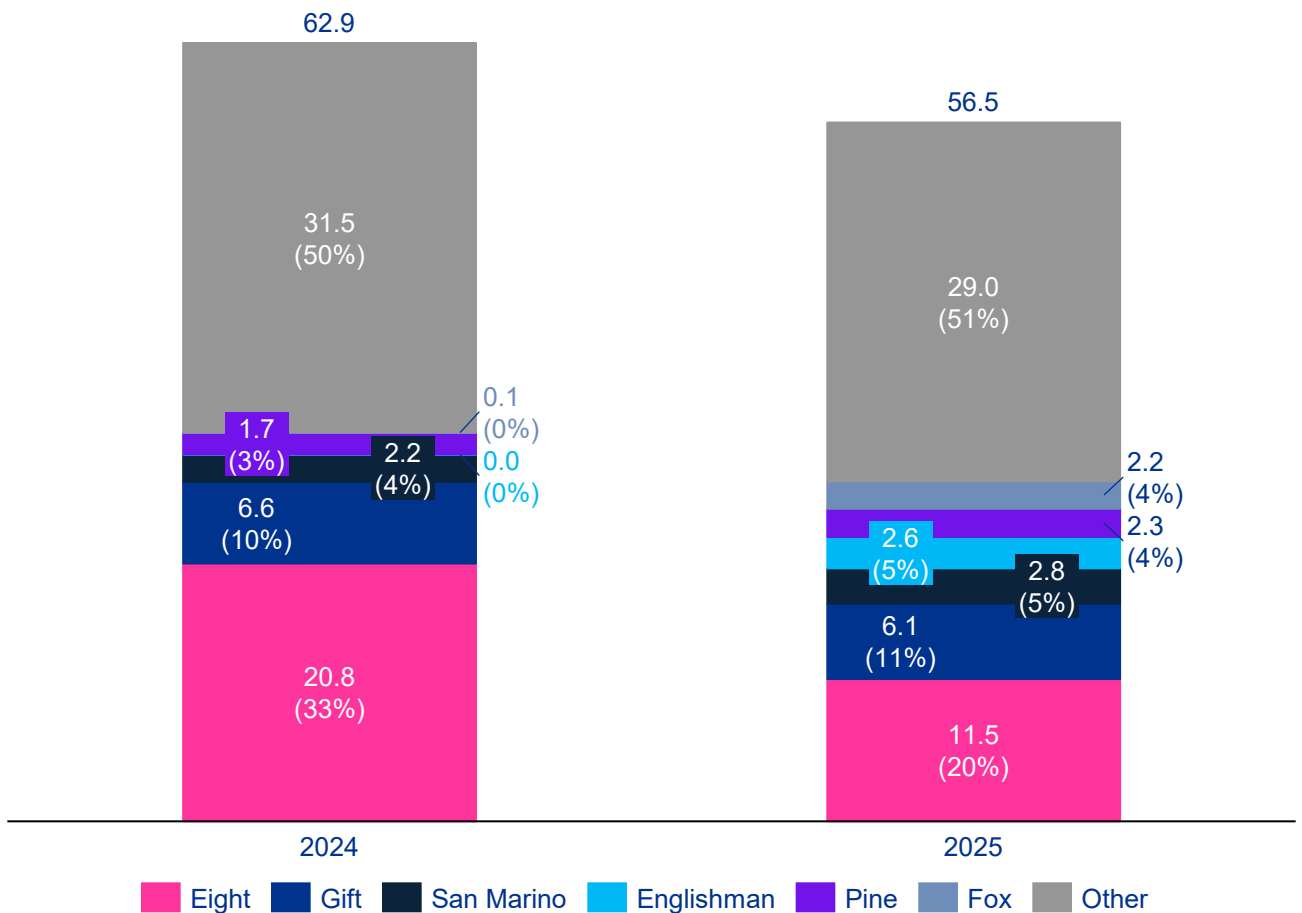
Notes: (a) Due to rounding, the difference between 2024 and 2025 totals shown in the chart or commentary may vary from the actuals (b) Mexican labelled packs that do not contain or contain invalid legally required security codes

Source: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

Focus on Illicit Whites (cont.)

- For markets where we have been able to identify Illicit Whites the top 6 Illicit Whites brands accounted for approximately 50% of Illicit Whites consumption
- However, there has been a change in mix at the brand level, with share of the largest Illicit Whites brand Eight decreasing, and share of Gift, San Marino, Englishman, Pine and Fox increasing
- Since our analysis cannot identify whether Illicit Whites are Counterfeit or not, it is possible that we may be overstating the Illicit Whites issue and understating the Counterfeit issue

Illicit Whites by brand in 11 markets, 2024-2025 (bn cigarettes)^{(1)(a)}



Note: (a) We cannot identify Counterfeit Illicit White volumes in this Report as the manufacturers do not participate in the empty pack surveys and therefore do not analyse if the packs collected are genuine

Source: (1) 11 markets level results are an aggregation of the LA&C Flows Calculation results for the 11 markets, a detailed methodology and list of sources for each market is available in the methodology section of this Report

02



Country profiles

An aerial photograph of a lush green forest. A dark, winding road cuts through the trees, leading towards a dark blue lake in the lower right corner. The forest is dense and vibrant green, with various tree species visible. A large blue rectangular overlay covers the left side of the image, containing the word "Argentina" in white text.

Argentina



C&C cigarette consumption and total consumption

36.3bn

Cigarettes consumed



-0.63bn on 2024

3.9bn

C&C cigarettes consumed



+0.23bn on 2024

10.7%

Of total consumption was C&C



+0.80ppt on 2024

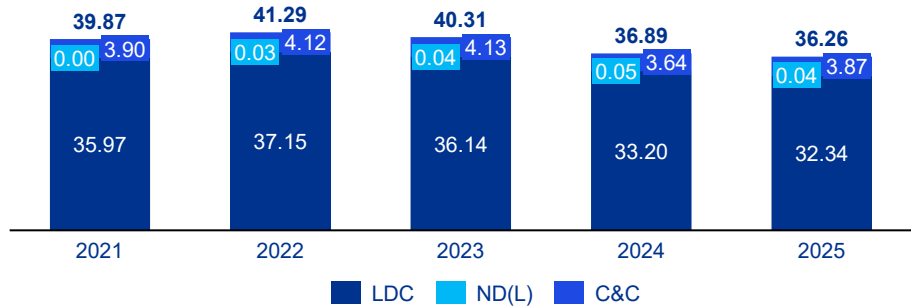
\$332m

Total tax revenue lost from C&C^(c)



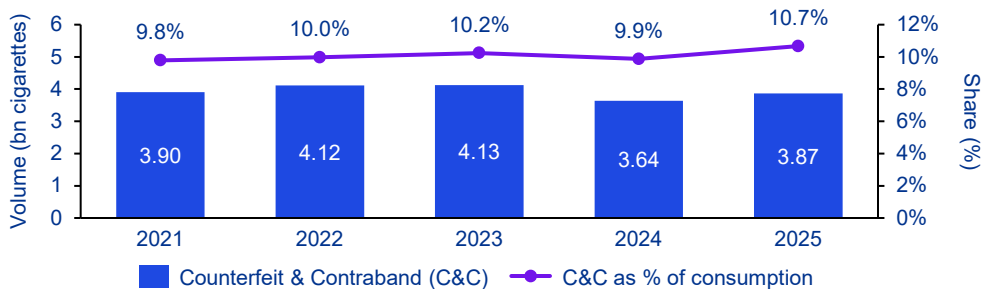
+\$26.4m on 2024^(d)

Total consumption – 2021-2025 (bn cigarettes)^{(1)(2)(a)}

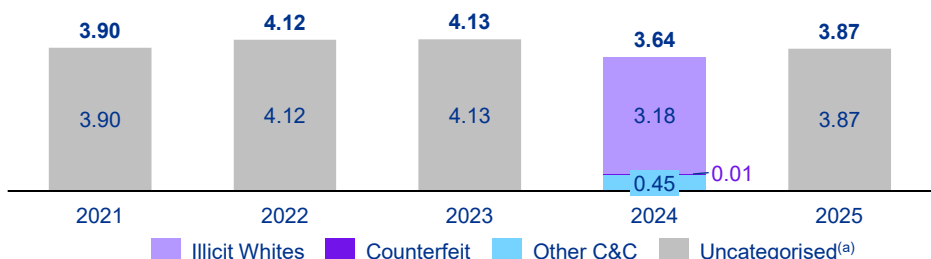


- C&C as a share of total cigarette consumption reached 10.7% in 2025, and has remained relatively stable at around 10-11% of total cigarette consumption since 2021
- Illicit Whites accounted for the majority of illicit consumption in 2024^(a)

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025^{(1)(2)(a)}



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)(b)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys detailing the country of origin and types of collected packs (b) C&C breakdown chart only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/pack swap surveys; (c) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (d) Scale of increase is driven by price increases in 2025; (e) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (f) Estimates shown are produced from sales data from the Ministry of Agriculture, Livestock and Fisheries for all years, pack swap survey data in 2022, empty pack data in 2024, and third party market research agency data in 2021, 2023 and 2025. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Sales data from the Ministry of Agriculture, Livestock and Fisheries

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025^{(1)(2)(a)}

Total Argentina Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	35.97	37.15	36.60	33.31	32.34	(3%)
Outflows	0.00	0.00	(0.45)	(0.11)	0.00	(100%)
Legal Domestic Consumption (LDC)	35.97	37.15	36.14	33.20	32.34	(3%)
Non-Domestic Legal (ND(L))	0.00	0.03	0.04	0.05	0.04	(3%)
Counterfeit and Contraband (C&C)	3.90	4.12	4.13	3.64	3.87	6%
Total Non-Domestic	3.90	4.14	4.17	3.69	3.91	6%
Total Consumption	39.87	41.29	40.31	36.89	36.26	(2%)

- Total cigarette consumption decreased by 2% in 2025 compared to 2024, continuing the decreasing trend observed since 2022. In 2025, a decline in Legal Domestic Sales was partially offset by an increase in Non-Domestic inflows
- Non-Domestic inflows were primarily from Paraguay in 2024, the only year for which data is available^(a)
- Outflows observed from Argentina were to Chile in 2023 and 2024
- Cigarette consumption in Argentina includes the presence of local manufacturers that have historically operated under differentiated tax treatment⁽³⁾. These dynamics form part of the broader market context for cigarette consumption; however, this Report does not distinguish domestic sales by tax status

Total inflows by country of origin – 2021-2025^{(1)(a)(b)(c)}

Inflows to Argentina					
Billion cigarettes	2021	2022	2023	2024	2025
Paraguay				2.76	
Domestic Illicit				0.86	
Other				0.06	
Total Inflows	3.90	4.14	4.17	3.69	3.91

Total outflows by destination – 2021-2025^{(1)(a)(b)}

Outflows from Argentina					
Billion cigarettes	2021	2022	2023	2024	2025
Chile	0.00	0.00	(0.45)	(0.11)	0.00
Other	0.00	0.00	0.00	0.00	0.00
Total Outflows	0.00	0.00	(0.45)	(0.11)	0.00

Note: (a) Detailed breakdowns of ND(L), C&C, inflows and outflows are only shown for years with empty pack surveys detailing the country of origin of collected packs. Total Non-Domestic, and inflows totals for years where empty pack surveys were not conducted are estimates only based on extrapolations of empty pack survey results from the prior and following years. Refer to the methodology section for further details (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows; (c) Domestic Illicit refers to packs lacking a tax stamp or bearing counterfeit tax stamps

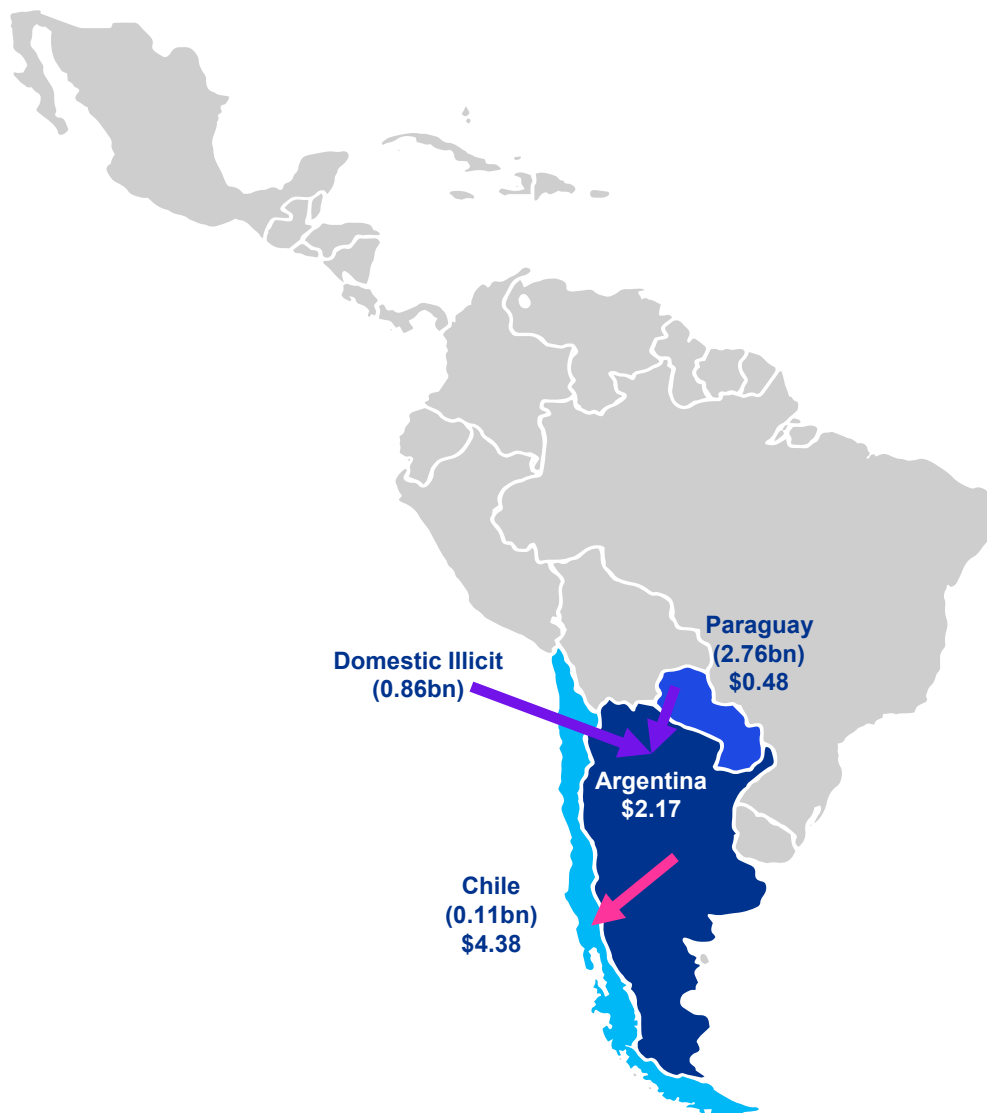
Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Sales data from the Ministry of Agriculture, Livestock and Fisheries (3) ARCA (ex-AFIP / Argentine Federal Public Revenue), General Resolution 5113/2021 and subsequent updates

Key flows and C&C consumption patterns

Key inflows and outflows – 2024^{(1)(a)(b)}

- Argentina
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

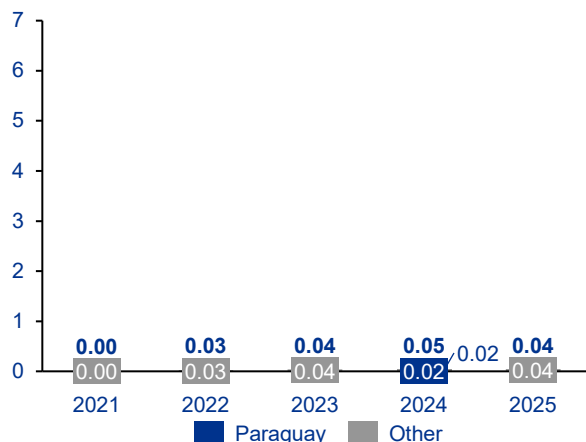
Label description:
 Country (Inflow/
 Outflow Volume)
 Price per pack



Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown (b) Inflow and outflow volumes have been shown for the year 2024
 Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

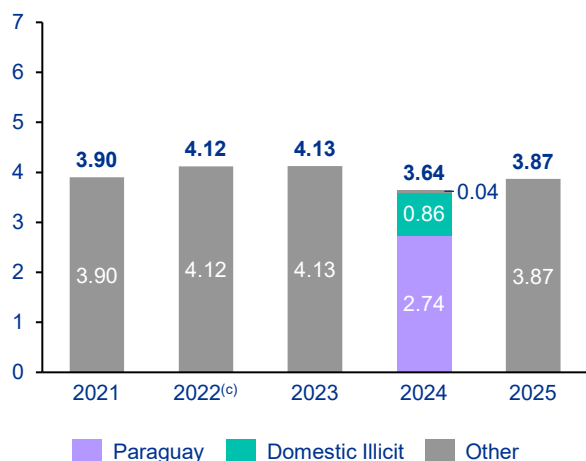
ND(L) and C&C flows

ND(L) by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)}

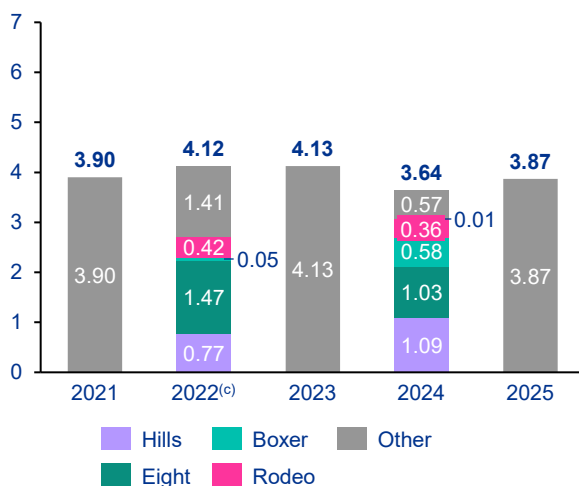


- Legal inflows (ND(L)) have remained relatively stable since 2023, and account for a small share of Non-Domestic consumption
- C&C inflows have been approximately 4bn cigarettes each year since 2022, and predominantly originated from Paraguay in 2024^(a)
- The brands Hills, Eight, Boxer and Rodeo account for the majority of C&C inflows in 2022 and 2024, with the share of Hills and Boxer increasing in 2024 and the share of Eight declining^(a)

C&C by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)(b)(c)(d)}



C&C by brand – 2021-2025
(bn cigarettes)^{(1)(a)(b)(c)}



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack / pack swap survey was undertaken detailing the country of origin and/or brands of collected packs. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other' (b) Only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/pack swap surveys (c) The 2022 survey for Argentina contained granular details on brands consumed but not country of origin. As a result, a detailed breakdown of C&C by brand only is available in 2022 (d) Domestic Illicit refers to packs lacking a tax stamp or bearing counterfeit tax stamps

Source: (1) KPMG LA&C Flows Calculation, 2021-2025

An aerial photograph of a lush green forest. A dark road or path winds through the trees, and a dark river or stream flows along the bottom edge. The forest is dense and vibrant green.

Brazil



C&C cigarette consumption and total consumption

117.3bn

Cigarettes consumed



+0.23bn on 2024

41.8bn

C&C cigarettes consumed



-0.09bn on 2024

35.6%

Of total consumption was C&C



-0.14ppt on 2024

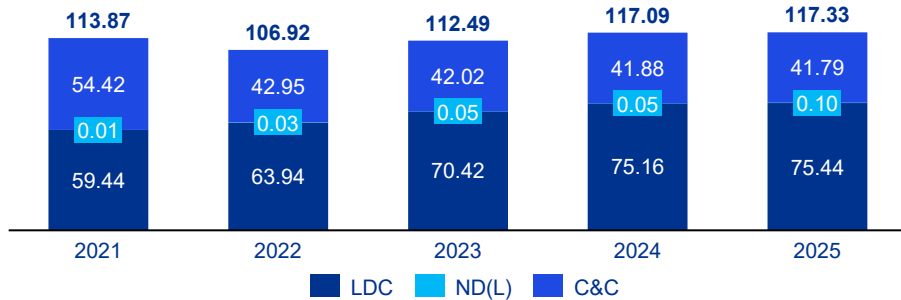
\$2,656m

Total tax revenue lost from C&C^(b)



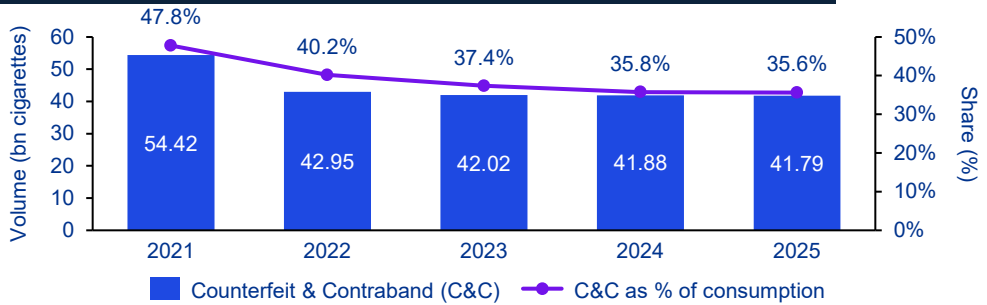
+\$1,106.9m on 2024^(c)

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

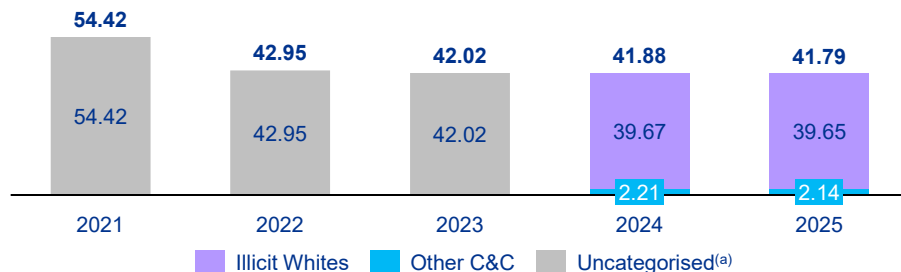


- C&C as a share of total cigarette consumption has declined since 2021, reaching 35.6% in 2025
- The large majority of C&C in 2024 and 2025 is comprised of Illicit Whites^(a)

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys; (b) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (c) Scale of increase is driven by price increases and increased tax incidence in 2025 (d) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (e) Estimates shown are produced from In Market Sales data for all years, Kantar surveys in 2021-23, pack swap and empty pack surveys in 2024, and empty pack survey and third party market research agency data in 2025. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025⁽¹⁾⁽²⁾

Total Brazil Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	59.44	63.94	70.42	75.17	75.44	0%
Outflows	0.00	0.00	0.00	(0.01)	0.00	(100%)
Legal Domestic Consumption (LDC)	59.44	63.94	70.42	75.16	75.44	0%
Non-Domestic Legal (ND(L))	0.01	0.03	0.05	0.05	0.10	80%
Counterfeit and Contraband (C&C)	54.42	42.95	42.02	41.88	41.79	(0%)
Total Non-Domestic	54.43	42.98	42.07	41.93	41.89	(0%)
Total Consumption	113.87	106.92	112.49	117.09	117.33	0%

- Total cigarette consumption remained relatively stable in 2025 following a trend of increasing Legal Domestic Sales and declining Non-Domestic Inflows between 2021 and 2024
- Increasing Legal Domestic Sales between 2021 and 2024 are against a backdrop of general devaluation of the Brazilian Real against the US Dollar⁽³⁾, which has made imports of Non-Domestic tobacco products (often priced in Dollars regardless of their origin) relatively more expensive vs domestic alternatives
- In 2024 and 2025, Paraguay remained the largest source of Non-Domestic inflows to Brazil^(a)
- Outflows from Brazil to other markets in the study were minimal

Total inflows by country of origin – 2021-2025^{(1)(a)(b)}

Inflows to Brazil					
Billion cigarettes	2021	2022	2023	2024	2025
Paraguay				36.93	33.26
IWs with no country-specific labelling				2.62	8.17
Other				2.37	0.46
Total Inflows	54.43	42.98	42.07	41.93	41.89

Total outflows by destination – 2021-2025^{(1)(a)(b)}

Outflows from Brazil					
Billion cigarettes	2021	2022	2023	2024	2025
Argentina	0.00	0.00	0.00	(0.00)	0.00
Other	0.00	0.00	0.00	(0.00)	0.00
Total Outflows	0.00	0.00	0.00	(0.01)	0.00

Note: (a) Detailed breakdowns of ND(L), C&C, inflows and outflows are only shown for years with empty pack surveys detailing the country of origin of collected packs. Total Non-Domestic, and inflows totals for years where empty pack surveys were not conducted are estimates only based on extrapolations of empty pack survey results from the prior and following years. Refer to the methodology section for further details (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data; (3) xe.com

Key flows and C&C consumption patterns

Key inflows and outflows – 2025^{(1)(a)}

- Brazil
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:
 Country (Inflow/
 Outflow Volume)
 Price per pack

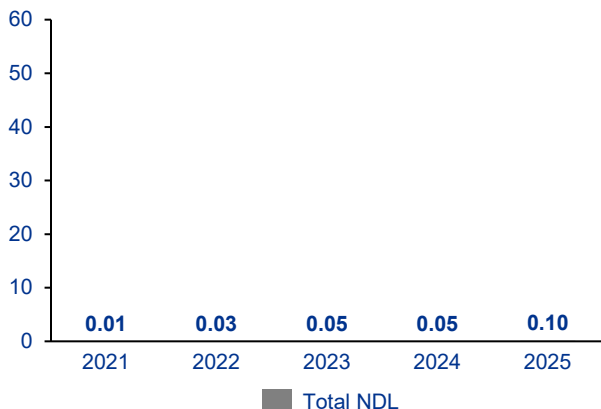


Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

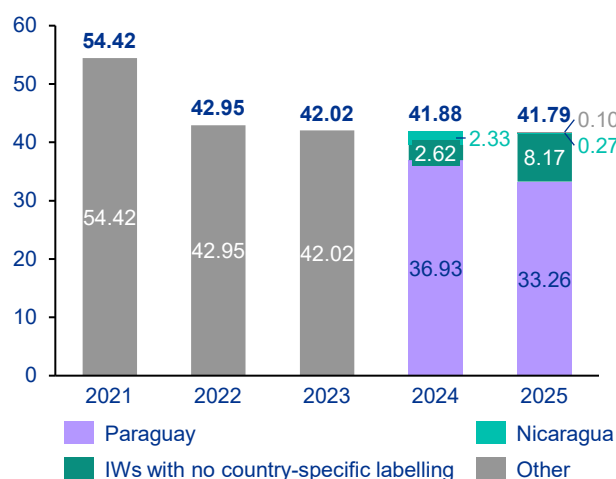
ND(L) and C&C flows

Total ND(L) – 2021-2025 (bn cigarettes)^{(1)(a)}

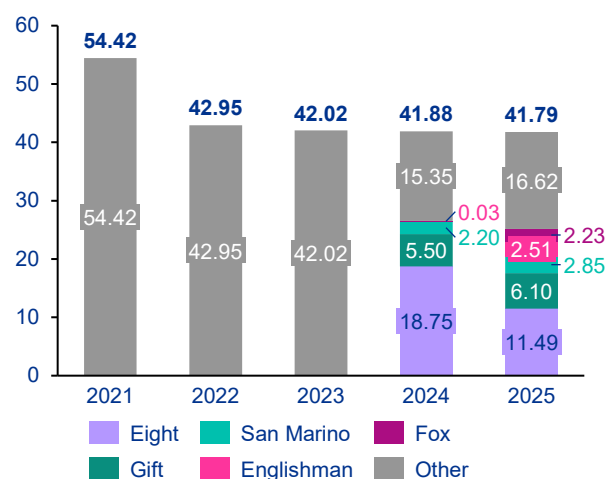


- Non-Domestic Legal inflows have increased since 2021, but remain a small share of Non-Domestic consumption
- The large majority of C&C inflows are from Paraguay in 2024 and 2025, albeit public reporting also notes that illicit factories operating in Brazil have been identified producing Counterfeit Paraguayan cigarette brands^{(2)(b)}. Inflows of Illicit Whites with no country-specific labelling have increased share in 2025
- The brand Eight continued to be the largest C&C brand in 2025, albeit with declining volumes vs 2024 as inflows of the brands Gift, San Marino, Englishman and Fox increased
- This Report does not provide separate estimates of under-declaration (or under-reporting) where manufacturers report lower production volumes than what they produce and sell, as it is challenging to determine the extent of any possible under-declaration^(c)

C&C by country of origin – 2021-2025 (bn cigarettes)^{(1)(a)}



C&C by brand – 2021-2025 (bn cigarettes)^{(1)(a)}



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other'; (b) Counterfeit can only be identified by manufacturers forensically examining their brands collected in empty pack surveys. As only JTI and PMI participate in the empty pack surveys in Brazil, Counterfeit can only be identified of these manufacturers' brands, and as a result some of the Paraguayan C&C inflows above may potentially be Counterfeit; (c) Estimation of under-declaration volumes is outside of the scope of this Report

Source: (1) KPMG LA&C Flows Calculation, 2021-2025 (2) Organized Crime and Corruption Reporting Project, Brazil Busts Cigarette Smuggling and Counterfeiting Ring that Enslaved Paraguayans, Nov 2023

An aerial photograph of a lush green forest. A dark road or path winds through the trees, and a dark blue lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the word "Canada" in white text.

Canada



C&C cigarette consumption and total consumption

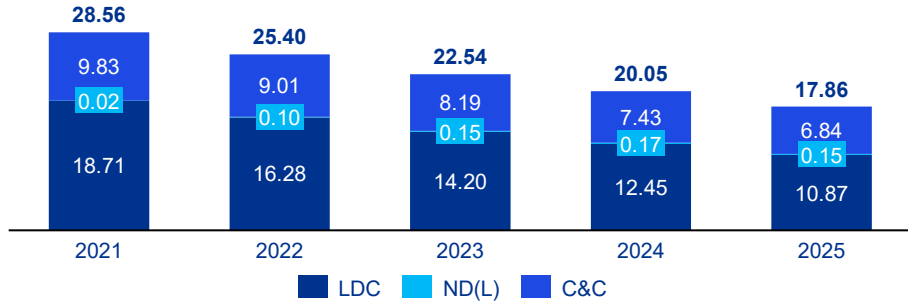
17.9bn

Cigarettes consumed



-2.19bn on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾⁽³⁾



6.8bn

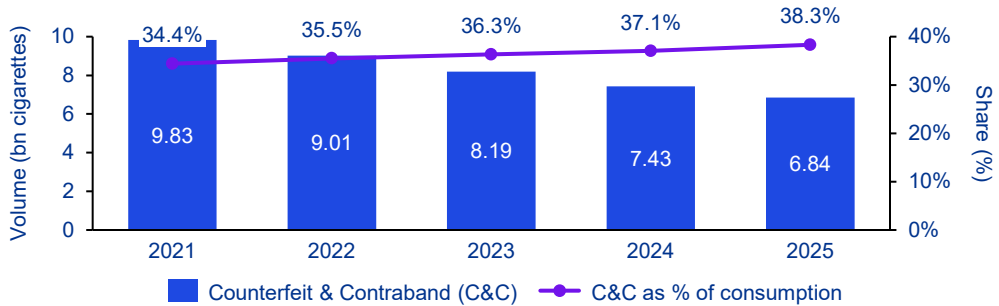
C&C cigarettes consumed



-0.59bn on 2024

– C&C as a share of total cigarette consumption has increased since 2021 reaching 38.3% in 2025 against a backdrop of an overall cigarette consumption decrease

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025^{(1)(2)(3)(b)}



38.3%

Of total consumption was C&C



+1.25ppt on 2024

\$2,111m

Total tax revenue lost from C&C^(a)



-\$103.1m on 2024

Note: (a) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study. Pricing data for tax loss calculations is sourced from data from the WHO. This may differ from pricing data available from other sources (b) Discussion with manufacturer market teams indicates that C&C consumption in Canada includes cigarettes that are manufactured by unlicensed producers who acquire or import raw tobacco without paying applicable federal excise duties, and subsequently distribute or sell the finished products in Canada without the required tobacco taxes or regulatory compliance. However, we have not been able to quantify this element of illicit consumption in this Report due to data limitations (c) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (d) Estimates shown are produced from In Market Sales data and Euromonitor International estimates of total consumption for all years. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data (3) Euromonitor International 2021-2025; Canada (Illicit + Legal, Retail Volume)

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025^{(1)(2)(3)(a)}

Total Canada Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	18.71	16.28	14.20	12.45	10.87	(13%)
Outflows	0.00	0.00	0.00	0.00	0.00	N/A
Legal Domestic Consumption (LDC)	18.71	16.28	14.20	12.45	10.87	(13%)
Non-Domestic Legal (ND(L))	0.02	0.10	0.15	0.17	0.15	(12%)
Counterfeit and Contraband (C&C)	9.83	9.01	8.19	7.43	6.84	(8%)
Total Non-Domestic	9.85	9.12	8.34	7.61	7.00	(8%)
Total Consumption	28.56	25.40	22.54	20.05	17.86	(11%)

- Total cigarette consumption has followed a decreasing trend since 2021, with a 11% decline in 2025 compared to 2024. This decline has been driven by falling Legal Domestic Sales and a smaller decline in Non-Domestic inflows
- No outflows were observed from Canada to the other markets in this report
- As no empty pack or pack swap surveys have been conducted in Canada, detailed breakdowns of inflows, outflows, ND(L) and C&C are not available^(a). Refer to the methodology section for further details

Total inflows by country of origin – 2021-2025^{(1)(a)}

Inflows to Canada					
Billion cigarettes	2021	2022	2023	2024	2025
Total Inflows	9.85	9.12	8.34	7.61	7.00

Total outflows by destination – 2021-2025⁽¹⁾

Outflows from Canada					
Billion cigarettes	2021	2022	2023	2024	2025
Total Outflows	0.00	0.00	0.00	0.00	0.00

Note: (a) As no empty pack or pack swap surveys have been conducted in Canada, detailed breakdowns of ND(L), C&C, inflows and outflows are not available. Total cigarette consumption estimates in Canada are sourced from Euromonitor International, with inflow and outflow estimates calculated via the KPMG LA&C Flows Calculation. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data; (3) Euromonitor International 2021-2025; Canada (Illicit + Legal, Retail Volume)

An aerial photograph of a lush green forest. A dark road or path winds through the trees, and a dark blue lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the word 'Chile' in white text.

Chile

Chile



C&C cigarette consumption and total consumption

11.7bn

Cigarettes consumed



+0.18bn on 2024

6.8bn

C&C cigarettes consumed



+0.95bn on 2024

57.9%

Of total consumption was C&C



+7.35ppt on 2024

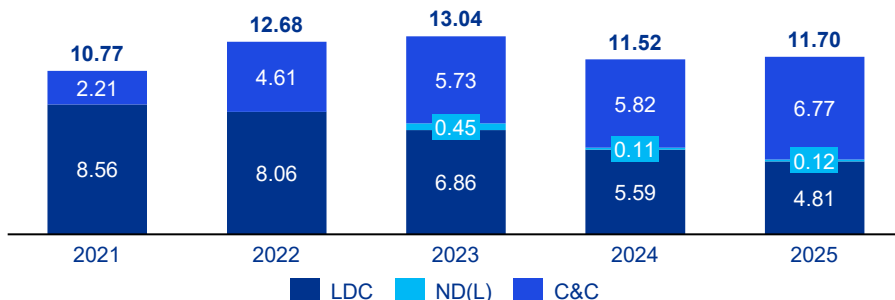
\$1,126m

Total tax revenue lost from C&C^(b)



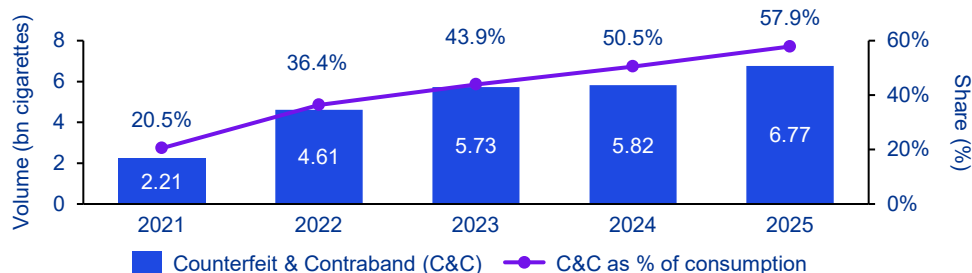
+\$103m on 2024

Total consumption – 2021-2025 (bn cigarettes)^{(1)(2)(a)}

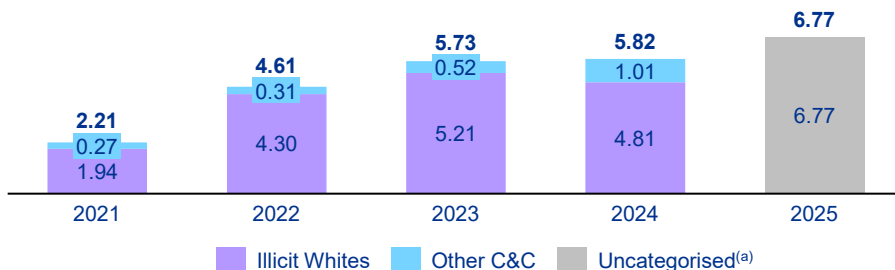


- C&C as a share of total cigarette consumption has increased since 2021, reaching 57.9% in 2025
- Illicit cigarette consumption is primarily comprised of Illicit Whites

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025^{(1)(2)(a)}



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)(b)}



Note: (a) ND(L) and C&C detail is only shown for years with pack swap surveys; (b) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (c) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (d) Estimates shown are produced from In Market Sales data for all years, pack swap surveys in 2021-24, and third party market research agency data in 2025. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025^{(1)(2)(a)}

Total Chile Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	8.56	8.06	6.86	5.59	4.84	(13%)
Outflows	0.00	0.00	0.00	0.00	(0.03)	N/A
Legal Domestic Consumption (LDC)	8.56	8.06	6.86	5.59	4.81	(14%)
Non-Domestic Legal (ND(L))	0.00	0.00	0.45	0.11	0.12	6%
Counterfeit and Contraband (C&C)	2.21	4.61	5.73	5.82	6.77	16%
Total Non-Domestic	2.21	4.61	6.18	5.93	6.89	16%
Total Consumption	10.77	12.68	13.04	11.52	11.70	2%

- Total cigarette consumption in Chile has been characterised by an ongoing decrease in Legal Domestic Sales (LDS) and increasing illicit (C&C) inflows as legal Non-Domestic (ND(L)) inflows have varied
- Paraguay was the largest source of Non-Domestic inflows to Chile between 2021 and 2024^(a)
- Outflows from Chile to other markets in the study have remained low since 2021, albeit with an increase in outflows to Brazil in 2025

Total inflows by country of origin – 2021-2025^{(1)(a)(b)}

Inflows to Chile					
Billion cigarettes	2021	2022	2023	2024	2025
Paraguay	1.88	3.95	4.86	4.22	
Argentina	0.00	0.00	0.45	0.11	
Unspecified	0.21	0.19	0.47	0.06	
Other	0.33	0.47	0.40	1.53	
Total Inflows	2.21	4.61	6.18	5.93	6.89

Total outflows by destination – 2021-2025^{(1)(a)(b)}

Outflows from Chile					
Billion cigarettes	2021	2022	2023	2024	2025
Brazil	0.00	0.00	0.00	0.00	(0.03)
Other	0.00	0.00	0.00	0.00	0.00
Total Outflows	0.00	0.00	0.00	0.00	(0.03)

Note: (a) Detailed breakdowns of ND(L), C&C, inflows and outflows are only shown for years with pack swap surveys detailing the country of origin of collected packs. Total Non-Domestic, and inflows totals for years where empty pack surveys were not conducted are estimates only based on extrapolations of empty pack survey results from the prior and following years. Refer to the methodology section for further details (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Key flows and C&C consumption patterns

Key inflows and outflows – 2024^{(1)(a)(b)}

- Chile
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

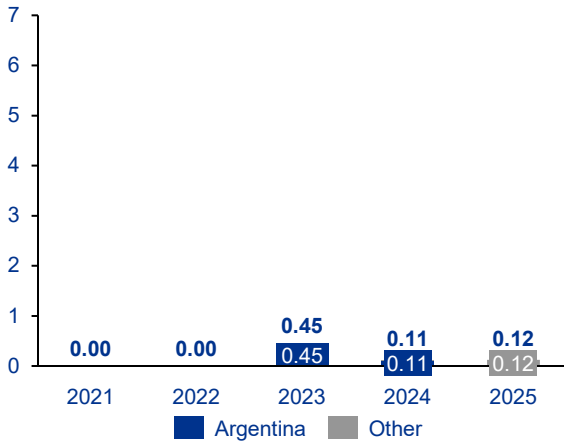
Label description:
 Country (Inflow/
 Outflow Volume)
 Price per pack



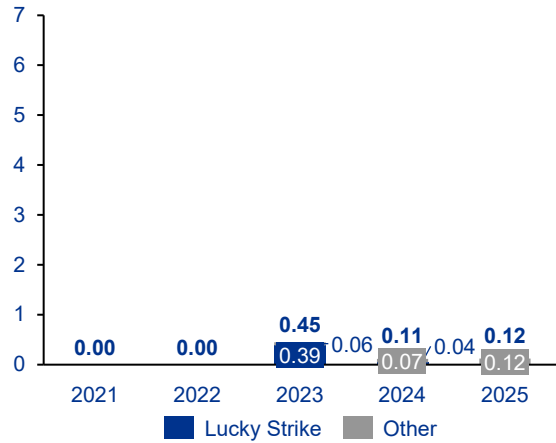
Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown; (b) Inflow and outflow volumes have been shown for the year 2024
 Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

ND(L) and C&C flows

ND(L) by country of origin – 2021-2025 (bn cigarettes)^{(1)(a)}

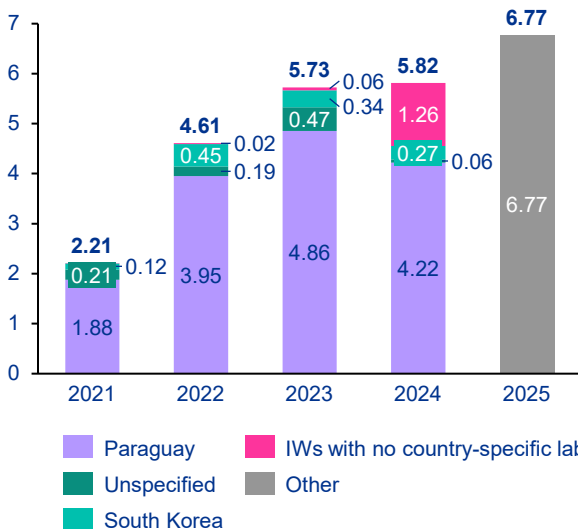


ND(L) by brand – 2021-2025 (bn cigarettes)^{(1)(a)}

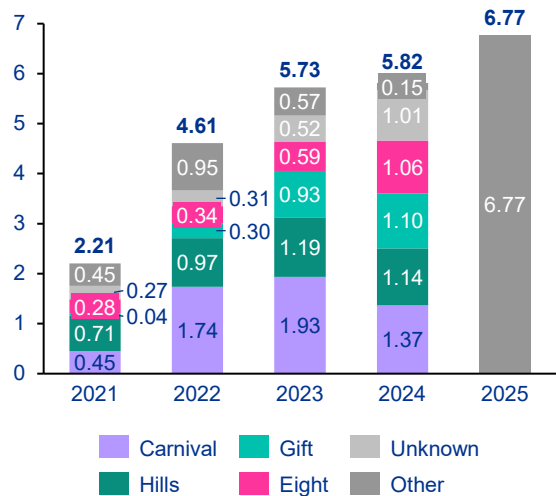


- Non-Domestic Legal (ND(L)) inflows to Chile increased in 2023 and have subsequently returned to ~0.1bn cigarettes in 2024 and 2025. These ND(L) inflows were predominantly from Argentina in 2023 and 2024
- The majority of C&C inflows to Chile between 2021 and 2024 were from Paraguay, with inflows of Illicit Whites with no country-specific labelling increasing in 2024
- The brands Carnival, Hills, Gift and Eight, comprised the majority of C&C consumption, albeit with the share of Carnival declining in 2024

C&C by country of origin – 2021-2025 (bn cigarettes)^{(1)(a)}



C&C by brand – 2021-2025 (bn cigarettes)^{(1)(a)(b)}



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where a pack swap survey was undertaken. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other' (b) Unknown relates to packs where the brand was not specified in the survey data

Source: (1) KPMG LA&C Flows Calculation, 2021-2025

An aerial photograph of a lush green forest. A dark road or path winds through the trees, and a dark blue lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the word 'Colombia' in white text.

Colombia



C&C cigarette consumption and total consumption

12.2bn

Cigarettes consumed



-0.41bn on 2024

4.6bn

C&C cigarettes consumed



+0.07bn on 2024

37.8%

Of total consumption was C&C



+1.75ppt on 2024

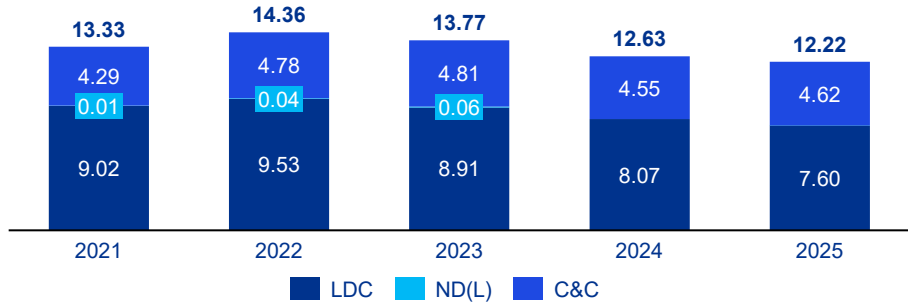
\$299m

Total tax revenue lost from C&C^(a)



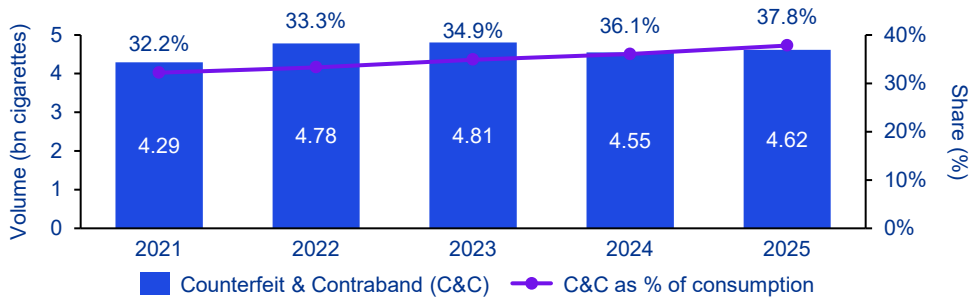
+\$27.1m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

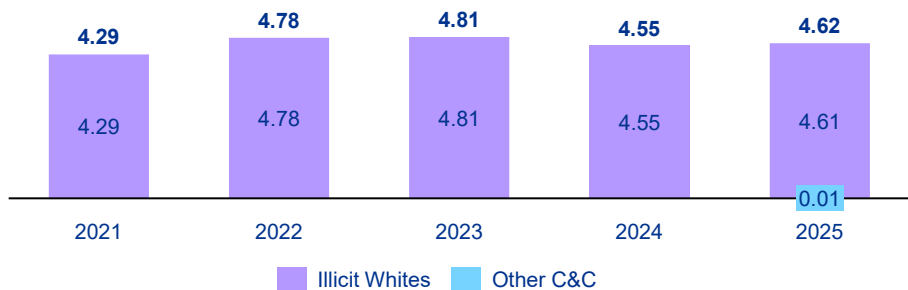


- C&C as a share of total cigarette consumption has increased since 2021, reaching 37.8% in 2025
- Illicit Whites comprised all or the large majority of C&C

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾



Note: (a) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (b) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (c) Estimates shown are produced from In Market Sales data and empty pack surveys for all years. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025⁽¹⁾⁽²⁾

Total Colombia Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	9.02	9.73	9.09	8.08	7.75	(4%)
Outflows	0.00	(0.20)	(0.18)	(0.00)	(0.15)	>100%
Legal Domestic Consumption (LDC)	9.02	9.53	8.91	8.07	7.60	(6%)
Non-Domestic Legal (ND(L))	0.01	0.04	0.06	0.00	0.00	N/A
Counterfeit and Contraband (C&C)	4.29	4.78	4.81	4.55	4.62	1%
Total Non-Domestic	4.30	4.82	4.87	4.55	4.62	1%
Total Consumption	13.33	14.36	13.77	12.63	12.22	(3%)

- Total cigarette consumption increased in 2022 and has subsequently declined, decreasing by 3% in 2025. Since 2022, total consumption evolution has been characterised by a decline in Legal Domestic Sales
- Non-Domestic inflows have remained relatively stable at approximately 4-5bn cigarettes per year since 2022. Since 2022, increasing inflows from the US and South Korea have been largely offset by a decline in flows from Uruguay, China and other smaller volume sources of inflows. Flows from Paraguay increased in 2025 following a period of decline between 2021 and 2024
- Outflows from Colombia have been predominantly to neighbouring Ecuador

Total inflows by country of origin – 2021-2025^{(1)(a)}

Inflows to Colombia					
Billion cigarettes	2021	2022	2023	2024	2025
US	0.01	0.04	0.26	1.07	1.43
Uruguay	0.92	1.68	1.56	1.27	0.92
South Korea	0.73	0.59	0.95	0.62	0.87
Paraguay	0.65	0.56	0.36	0.34	0.42
China	0.81	0.43	0.53	0.24	0.38
Other	3.37	1.52	1.21	1.01	0.60
Total Inflows	4.30	4.82	4.87	4.55	4.62

Total outflows by destination – 2021-2025^{(1)(a)}

Outflows from Colombia					
Billion cigarettes	2021	2022	2023	2024	2025
Ecuador	0.00	(0.20)	(0.18)	0.00	(0.15)
Other	0.00	0.00	0.00	(0.004)	0.00
Total Outflows	0.00	(0.20)	(0.18)	(0.004)	(0.15)

Note: (a) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

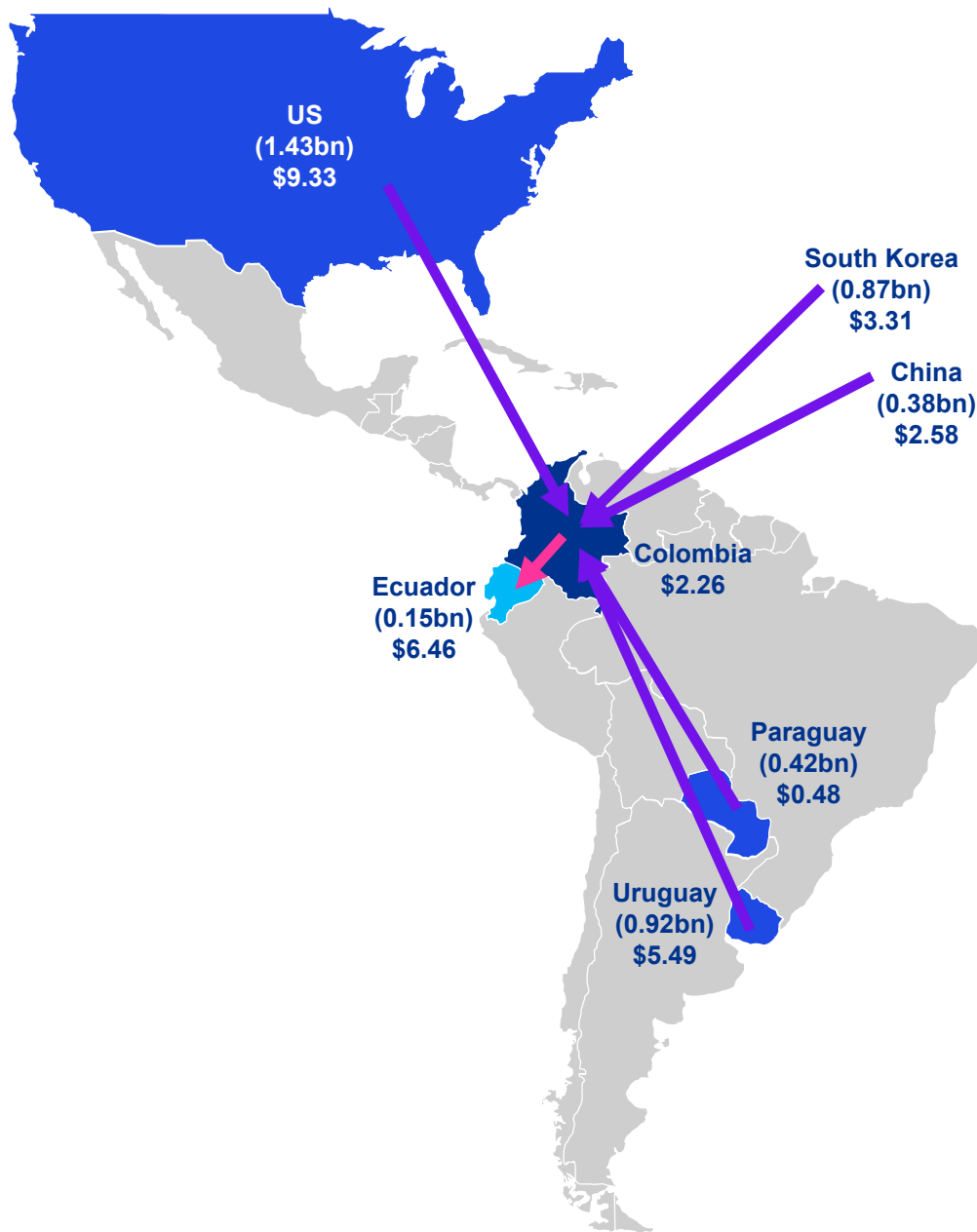
Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Key flows and C&C consumption patterns

Key inflows and outflows – 2025^{(1)(a)}

- Colombia
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:
Country (Inflow/
Outflow Volume)
Price per pack

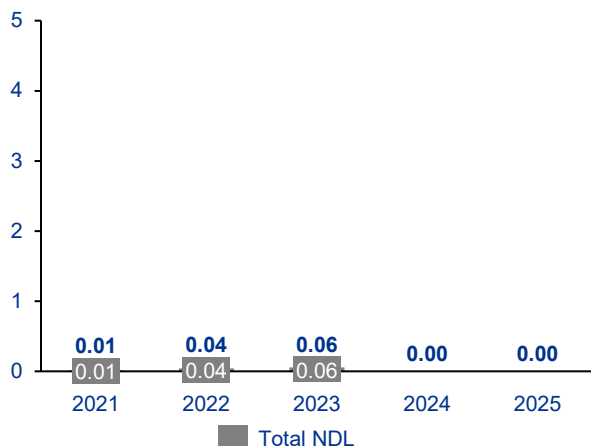


Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

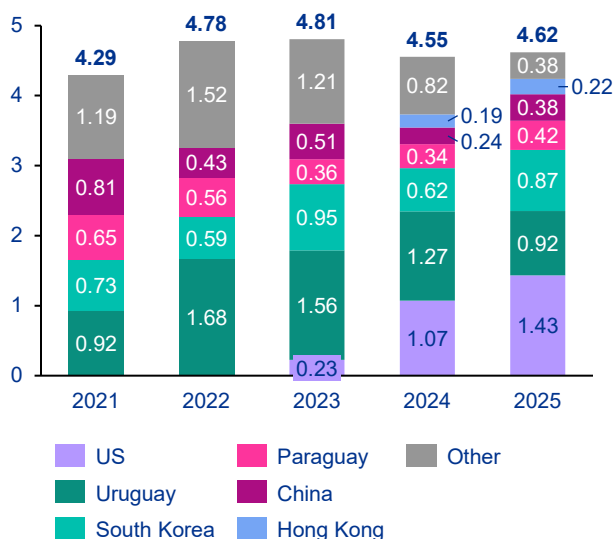
ND(L) and C&C flows

Total ND(L) – 2021-2025
(bn cigarettes)^{(1)(a)}



- Non-Domestic Legal inflows increased to 2023 but remained a small share of Non-Domestic consumption, and have subsequently declined
- C&C inflows have remained relatively stable in overall volume terms since 2022
- C&C from the US (predominantly of the brands Rumba, Cherokee and Nashville) increased in 2025 and became the largest source of illicit inflows as inflows from Uruguay declined
- Rumba has remained the largest C&C brand since 2021, accounting for around one third of total C&C since 2022

C&C by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)}



C&C by brand – 2021-2025
(bn cigarettes)^{(1)(a)}



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs

Source: (1) KPMG LA&C Flows Calculation, 2021-2025;

An aerial photograph of a lush green forest. A dark road winds through the trees, and a dark lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the text 'Costa Rica' in white.

Costa Rica



C&C cigarette consumption and total consumption

1.5bn

Cigarettes consumed

-0.13bn on 2024

0.7bn

C&C cigarettes consumed

-0.08bn on 2024

44.6%

Of total consumption was C&C

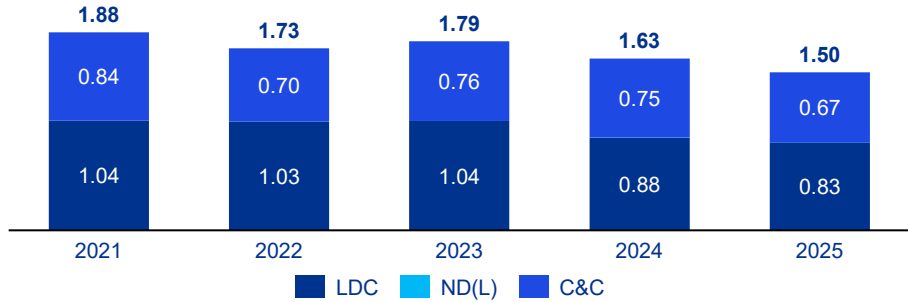
-1.40ppts on 2024

\$89m

Total tax revenue lost from C&C^(b)

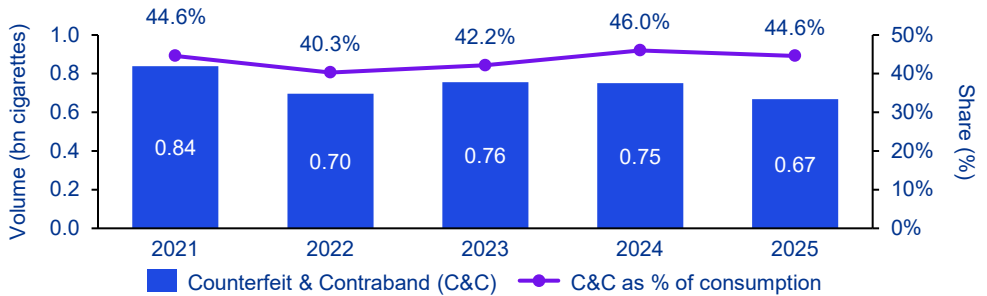
+\$19.8m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

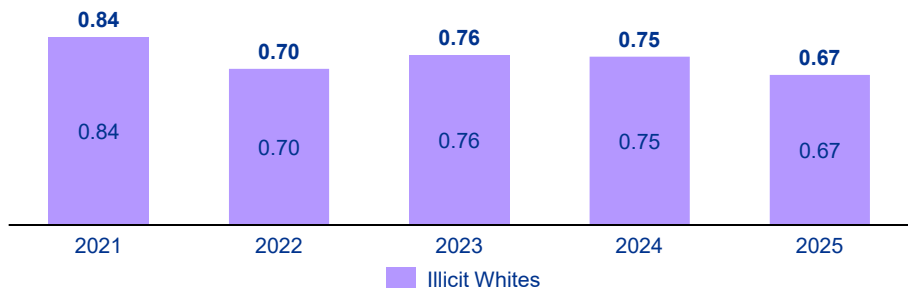


- C&C as a share of total cigarette consumption declined to 44.6% in 2025, reversing an increasing trend observed since 2022
- Illicit Whites account for the entirety of illicit consumption

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys; (b) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (c) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (d) Estimates shown are produced from In Market Sales data and empty pack surveys for all years. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025^{(1)(2)(a)(b)}

Total Costa Rica Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	1.04	1.03	1.04	0.88	0.83	(5%)
Outflows	0.00	0.00	0.00	0.00	(0.00)	N/A
Legal Domestic Consumption (LDC)	1.04	1.03	1.04	0.88	0.83	(5%)
Non-Domestic Legal (ND(L))	0.00	0.00	0.00	0.00	0.00	(87%)
Counterfeit and Contraband (C&C)	0.84	0.70	0.76	0.75	0.67	(11%)
Total Non-Domestic	0.84	0.70	0.76	0.75	0.67	(11%)
Total Consumption	1.88	1.73	1.79	1.63	1.50	(8%)

- Total cigarette consumption has largely followed a decreasing trend since 2021, decreasing by 8% in 2025 as both Legal Domestic Consumption and Non-Domestic inflows declined
- Non-Domestic inflows have remained relatively stable at approximately 0.7bn per year since 2022, and are primarily comprised of Illicit Whites with no country-specific labelling
- Outflows from Costa Rica to other markets in the study are minimal

Total inflows by country of origin – 2021-2025^{(1)(b)}

Inflows to Costa Rica					
Billion cigarettes	2021	2022	2023	2024	2025
IWs with no country-specific labelling	0.71	0.65	0.75	0.72	0.63
Other	0.13	0.05	0.01	0.04	0.04
Total Inflows	0.84	0.70	0.76	0.75	0.67

Total outflows by destination – 2021-2025^{(1)(b)}

Outflows from Costa Rica					
Billion cigarettes	2021	2022	2023	2024	2025
Panama	0.00	0.00	0.00	0.00	(0.001)
Other	0.00	0.00	0.00	0.00	0.000
Total Outflows	0.00	0.00	0.00	0.00	(0.001)

Note: (a) Detailed breakdowns of ND(L), C&C, inflows and outflows are only shown for years with empty pack surveys detailing the country of origin of collected packs. Total Non-Domestic, and inflows totals for years where empty pack surveys were not conducted are estimates only based on extrapolations of empty pack survey results from the prior and following years. (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data;

Key flows

Key inflows and outflows – 2025^{(1)(a)}

- Costa Rica
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:

Country (Inflow/
Outflow Volume)
Price per pack

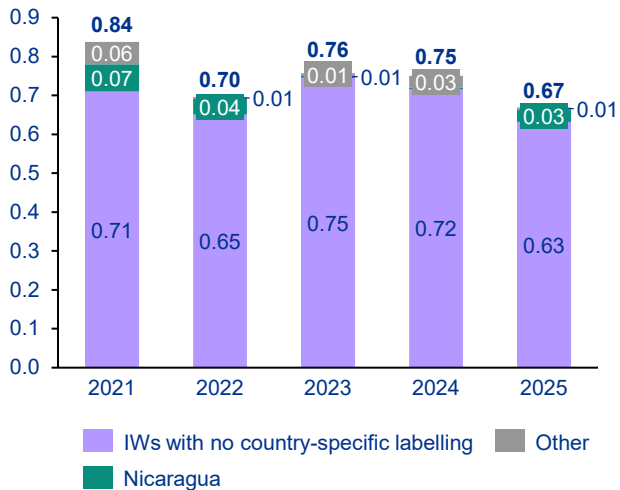


Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown

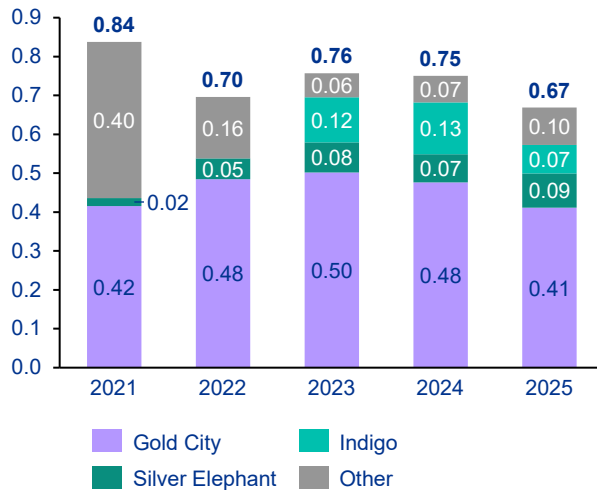
Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

C&C flows

C&C by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)}



C&C by brand – 2021-2025
(bn cigarettes)^{(1)(a)}



– Illicit Whites with no country-specific labelling form the majority of C&C inflows to Costa Rica, with Gold City the largest brand

Note: (a) C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs

Source: (1) KPMG LA&C Flows Calculation, 2021-2025

An aerial photograph of a lush, green forest. A dark, winding road or path cuts through the trees, leading towards a dark blue body of water in the lower right corner. The forest is dense and vibrant green, with various tree species visible. A large, solid blue rectangular area is overlaid on the left side of the image, containing the text 'Dominican Republic' in white.

Dominican Republic



C&C cigarette consumption and total consumption

0.9bn

Cigarettes consumed

+0.00bn on 2024

0.25bn

C&C cigarettes consumed

+0.05bn on 2024

27.5%

Of total consumption was C&C^(c)

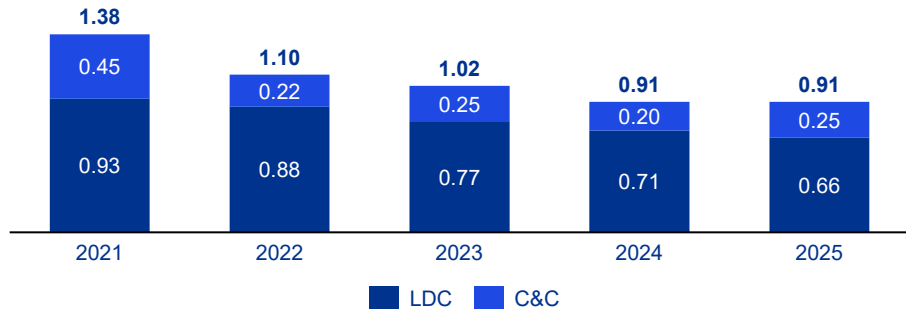
+5.52ppts on 2024

\$41m

Total tax revenue lost from C&C^(b)

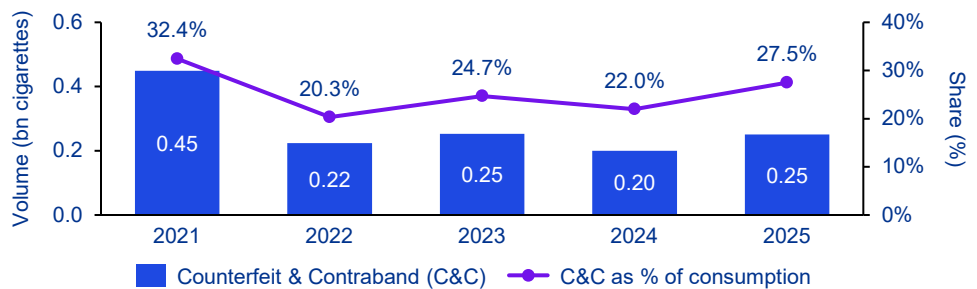
+\$6m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

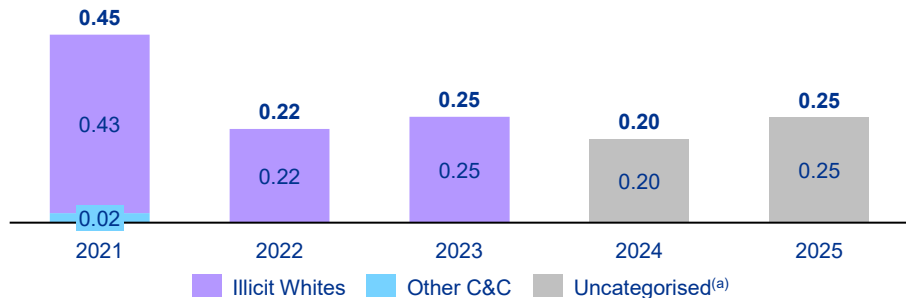


- C&C accounted for 27.5% of total cigarette consumption in 2025
- Between 2021 and 2023, Illicit Whites formed the large majority of C&C consumption^(a)

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys; (b) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study. Pricing data for tax loss calculations is sourced from data from the WHO. This may differ from pricing data available from other sources; (c) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (e) Estimates shown are produced from In Market Sales data for all years, empty pack survey data in 2021, empty pack data and third party market research agency data in 2022 and 2023, and third party market research agency data in 2024 and 2025. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data;

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025^{(1)(2)(a)}

Total Dominican Republic Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	0.93	0.88	0.77	0.71	0.66	(7%)
Outflows	0.00	0.00	0.00	0.00	0.00	N/A
Legal Domestic Consumption (LDC)	0.93	0.88	0.77	0.71	0.66	(7%)
Non-Domestic Legal (ND(L))	0.00	0.00	0.00	0.00	0.00	N/A
Counterfeit and Contraband (C&C)	0.45	0.22	0.25	0.20	0.25	25%
Total Non-Domestic	0.45	0.22	0.25	0.20	0.25	25%
Total Consumption	1.38	1.10	1.02	0.91	0.91	0%

- Total cigarette consumption has followed a declining trend between 2021 and 2024, and remained stable in 2025 as a decline in Legal Domestic Sales was offset by an increase in Non-Domestic inflows. This overall decline in total cigarette consumption sits alongside a growing prevalence of e-cigarette usage from 2021 onwards⁽³⁾
- Non-Domestic inflows between 2021 and 2023 were predominantly comprised of Illicit Whites with no country-specific labelling^(a)
- Outflows from the Dominican Republic to other markets in the study were minimal

Total inflows by country of origin – 2021-2025^{(1)(a)(b)}

Inflows to Dominican Republic					
Billion cigarettes	2021	2022	2023	2024	2025
IWs with no country-specific labelling	0.41	0.22	0.23		
Haiti	0.00	0.00	0.02		
Other	0.03	0.00	0.00		
Total Inflows	0.45	0.22	0.25	0.20	0.25

Total outflows by destination – 2021-2025^{(1)(a)(b)}

Outflows from Dominican Republic					
Billion cigarettes	2021	2022	2023	2024	2025
Total Outflows	0.00	0.00	0.00	0.00	0.00

Note: (a) Detailed breakdowns of ND(L), C&C and inflows are only shown for years with empty pack surveys detailing the country of origin of collected packs. Total Non-Domestic, and inflows totals for years where empty pack surveys were not conducted are estimates only based on extrapolations of empty pack survey results from the prior and following years. Refer to the methodology section for further details (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data; (3) Euromonitor International, Tobacco: Sales of Smokeless Tobacco, E-Vapour Products and Heated Tobacco

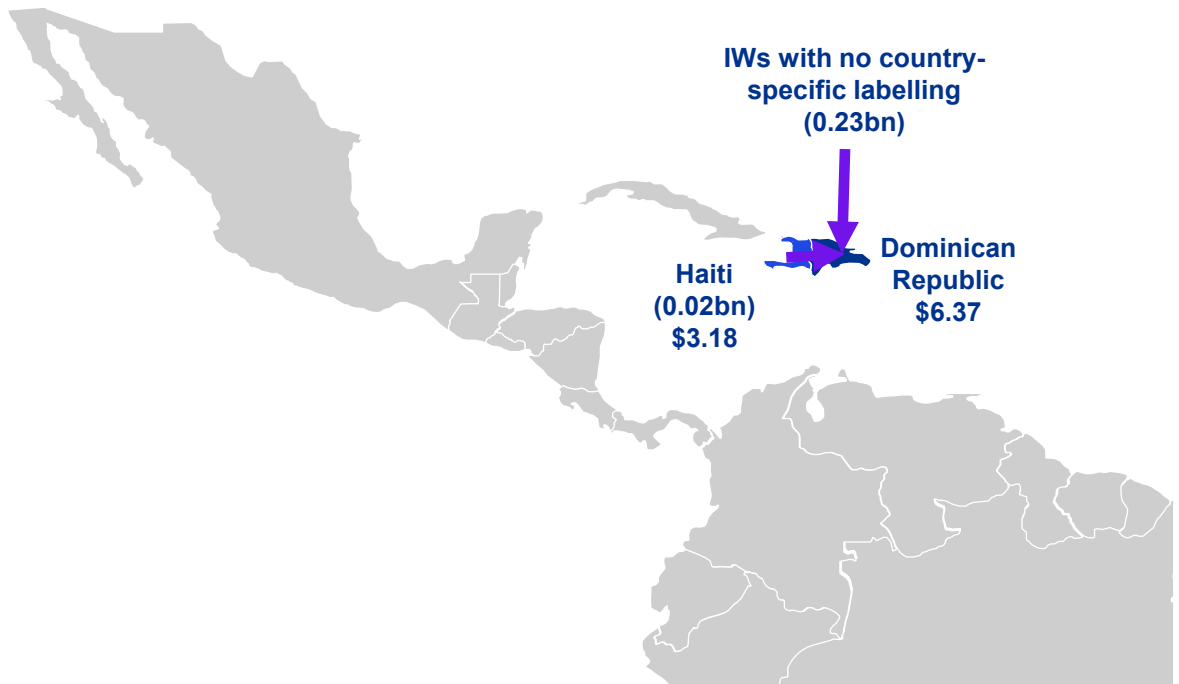
Key flows and C&C consumption patterns

Key inflows and outflows – 2023^{(1)(a)(b)}

- Dominican Republic
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:

Country (Inflow/
Outflow Volume)
Price per pack

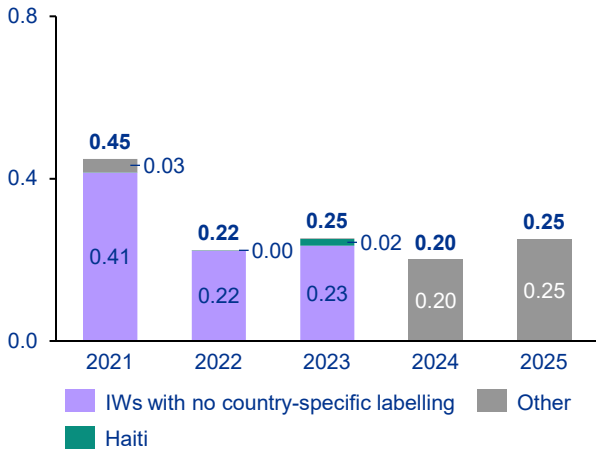


Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown; (b) Inflow volume have been shown for the year 2023

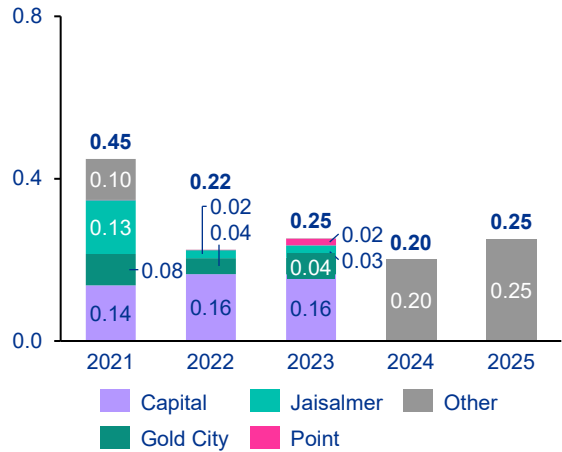
Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

C&C flows

C&C by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)(b)}



C&C by brand – 2021-2025
(bn cigarettes)^{(1)(a)(b)}



— Illicit Whites with no country-specific labelling formed the majority of C&C inflows between 2021 and 2023, with Capital the largest brand

Note: (a) C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other' (b) Only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/pack swap surveys

Source: (1) KPMG LA&C Flows Calculation, 2021-2025;

An aerial photograph of a lush, green forest. A dark, winding road or path cuts through the dense canopy of trees. In the lower right corner, a dark blue body of water is visible, bordered by the forest. A large, solid blue rectangular area is overlaid on the left side of the image, containing the word "Ecuador" in white text.

Ecuador



C&C cigarette consumption and total consumption

1.8bn

Cigarettes consumed



-0.61bn on 2024

1.5bn

C&C cigarettes consumed



-0.54bn on 2024

83.6%

Of total consumption was C&C



-1.41ppt on 2024

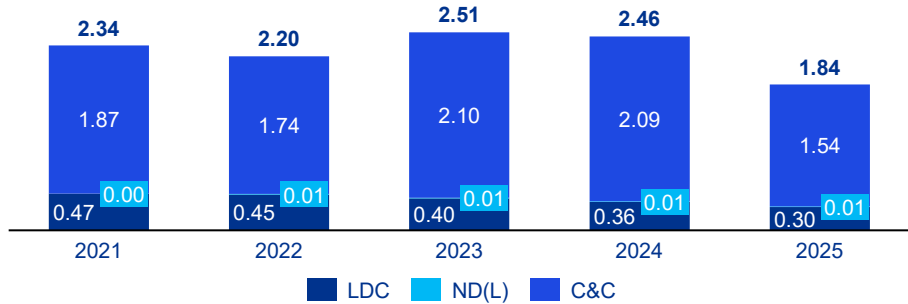
\$312m

Total tax revenue lost from C&C^(b)



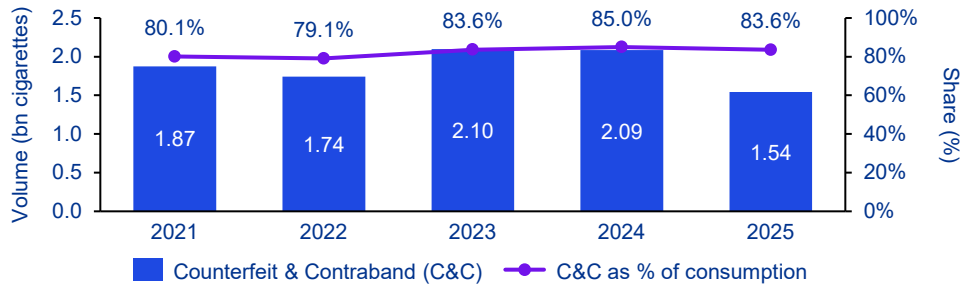
-\$116.4m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

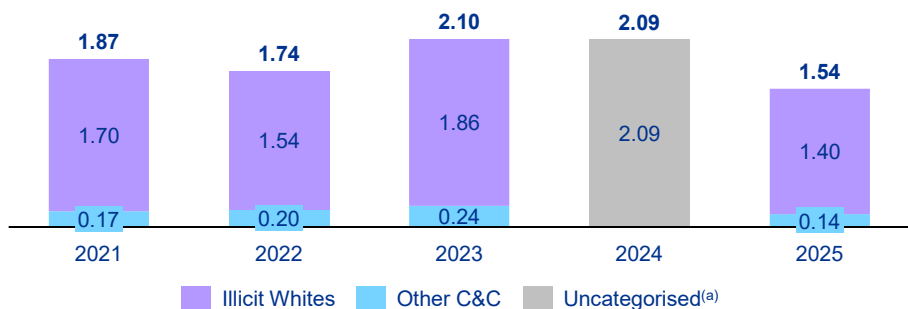


- C&C has consistently accounted for approximately 80% of total cigarette consumption in Ecuador since 2021
- Illicit Whites account for the majority of C&C

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys; (b) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (c) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (d) Estimates shown are produced from In Market Sales data for all years, empty pack survey data in 2021, 2022, 20223 and 2025, and third party market research agency data in 2024. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025⁽¹⁾⁽²⁾

Total Ecuador Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	0.47	0.45	0.40	0.36	0.30	(18%)
Outflows	0.00	0.00	0.00	0.00	0.00	N/A
Legal Domestic Consumption (LDC)	0.47	0.45	0.40	0.36	0.30	(18%)
Non-Domestic Legal (ND(L))	0.00	0.01	0.01	0.01	0.01	(8%)
Counterfeit and Contraband (C&C)	1.87	1.74	2.10	2.09	1.54	(26%)
Total Non-Domestic	1.87	1.75	2.10	2.09	1.55	(26%)
Total Consumption	2.34	2.20	2.51	2.46	1.84	(25%)

- Total cigarette consumption decreased in 2025 as Non-Domestic inflows declined following a period of relative stability between 2023 and 2024. This decline in total cigarette consumption in 2025 sits alongside 70%+ growth in use other categories such as e-cigarette products⁽³⁾
- There has been a mix change in inflows to Ecuador in 2025 vs 2023, with an increase in inflows of Illicit Whites with no country-specific and a decrease in inflows of packs bearing South Korea, China and Paraguay labelling^(a)
- Outflows from Ecuador to other markets in the study were minimal

Total inflows by country of origin – 2021-2025^{(1)(a)}

Inflows to Ecuador					
Billion cigarettes	2021	2022	2023	2024	2025
IWs with no country-specific labelling	0.00	0.00	0.00		1.37
Colombia	0.17	0.20	0.18		0.15
South Korea	0.73	0.87	1.22		0.00
China	0.75	0.51	0.56		0.00
Paraguay	0.15	0.13	0.11		0.00
Other	0.07	0.03	0.02		0.03
Total Inflows	1.87	1.75	2.10	2.09	1.55

Total outflows by destination – 2021-2025^{(1)(a)}

Outflows from Ecuador					
Billion cigarettes	2021	2022	2023	2024	2025
Total Outflows	0.00	0.00	0.00	0.00	0.00

Note: (a) Detailed breakdowns of ND(L), C&C, inflows and outflows are only shown for years with empty pack surveys detailing the country of origin of collected packs. Total Non-Domestic, and inflows totals for years where empty pack surveys were not conducted are estimates only based on extrapolations of empty pack survey results from the prior and following years. Refer to the methodology section for further details; (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data; (3) Euromonitor International, Tobacco: Sales of Smokeless Tobacco, E-Vapour Products and Heated Tobacco

Key flows and C&C consumption patterns

Key inflows and outflows – 2025^{(1)(a)}

- Ecuador
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:
Country (Inflow/
Outflow Volume)
Price per pack

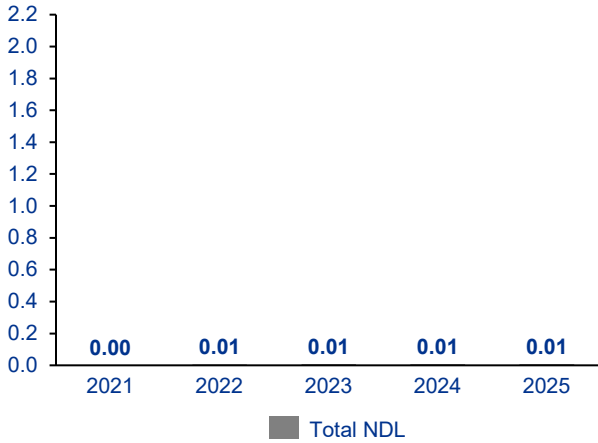


Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown;

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

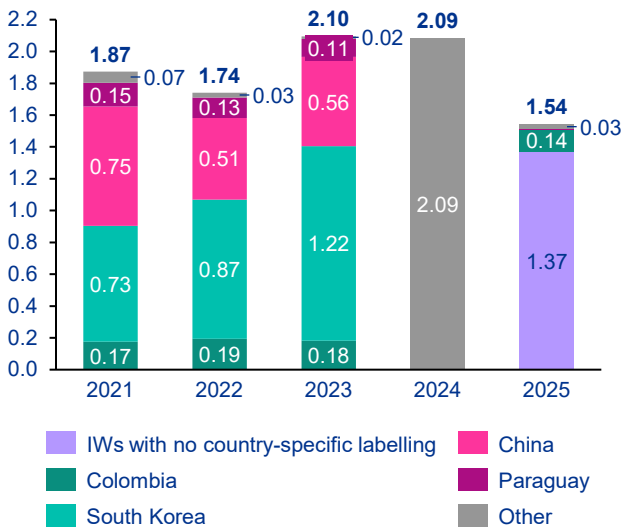
ND(L) and C&C flows

Total ND(L) – 2021-2025
(bn cigarettes)^{(1)(a)}

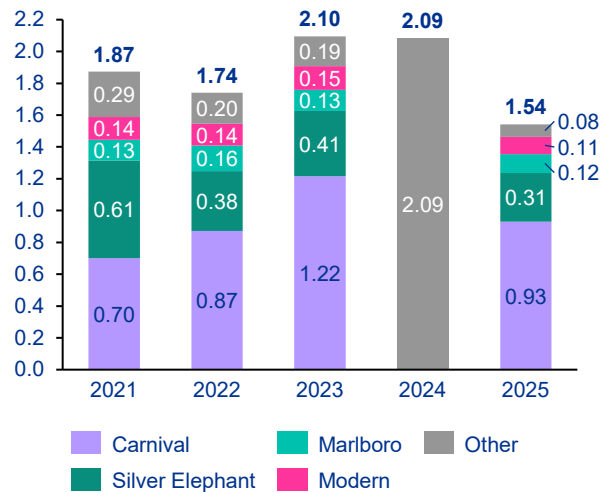


- Non-Domestic Legal (ND(L)) inflows are a small share of Non-Domestic consumption
- C&C inflows have seen an uptick in volume in 2023, but experienced a decline in 2025
- C&C inflows of Illicit Whites with no country-specific labelling have become the largest source of illicit inflows in 2025, replacing inflows with South Korea and China labelling
- Carnival has remained the largest C&C brand since 2021, accounting for more than half of total C&C since 2022

C&C by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)}



C&C by brand – 2021-2025
(bn cigarettes)^{(1)(a)}



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other'
Source: (1) KPMG LA&C Flows Calculation, 2021-2025;

An aerial photograph of a lush green forest. A dark road or path winds through the trees, and a dark blue lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the word 'Guatemala' in white text.

Guatemala



C&C cigarette consumption and total consumption

1.5bn

Cigarettes consumed

-0.06bn on 2024

0.3bn

C&C cigarettes consumed

-0.03bn on 2024

23.7%

Of total consumption was C&C

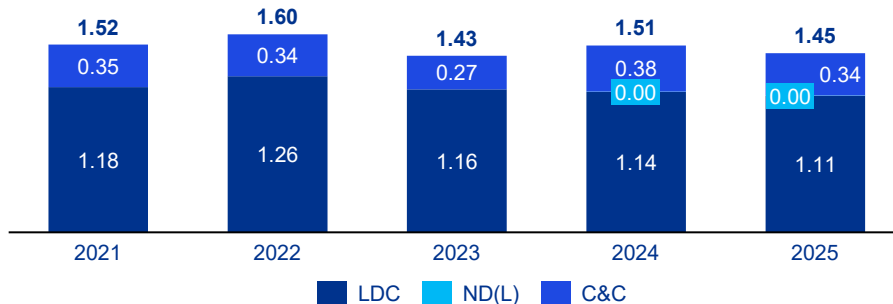
-1.13ppt on 2024

\$23m

Total tax revenue lost from C&C^(a)

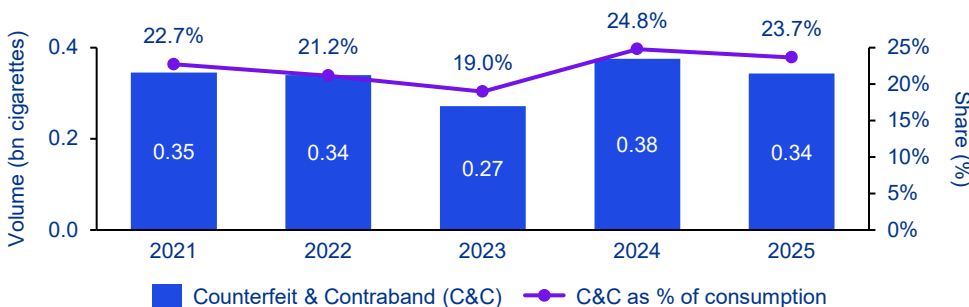
-\$5.4m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

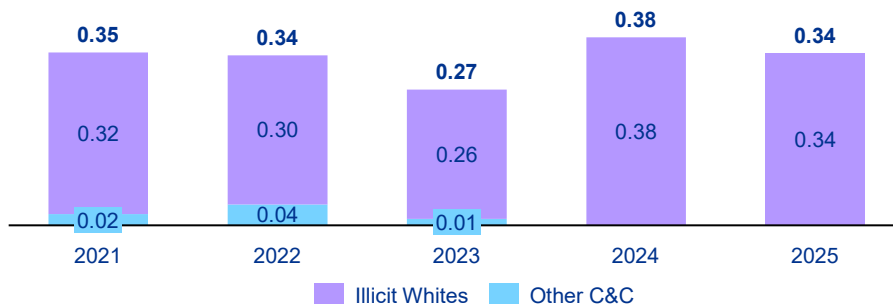


- C&C as a share of total cigarette consumption has decreased by 1.1 ppts to 23.7% in 2025 following an increase in 2024
- Illicit consumption in Guatemala is primarily comprised of Illicit Whites

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (b) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (c) Estimates shown are produced from In Market Sales data and empty pack surveys for all years. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data;

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025⁽¹⁾⁽²⁾

Total Guatemala Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	1.18	1.26	1.16	1.14	1.11	(3%)
Outflows	0.00	0.00	0.00	0.00	0.00	N/A
Legal Domestic Consumption (LDC)	1.18	1.26	1.16	1.14	1.11	(3%)
Non-Domestic Legal (ND(L))	0.00	0.00	0.00	0.00	0.00	N/A
Counterfeit and Contraband (C&C)	0.35	0.34	0.27	0.38	0.34	(9%)
Total Non-Domestic	0.35	0.34	0.27	0.38	0.34	(8%)
Total Consumption	1.52	1.60	1.43	1.51	1.45	(4%)

- Total cigarette consumption decreased by 4% in 2025, driven by a decrease in both Legal Domestic Consumption and Non-Domestic inflows
- Non-Domestic inflows decreased by 8% in 2025, with decreases in inflows of Illicit Whites with no country-specific labelling and inflows from Honduras
- Outflows from Guatemala to other markets in the study were minimal

Total inflows by country of origin – 2021-2025^{(1)(a)}

Inflows to Guatemala					
Billion cigarettes	2021	2022	2023	2024	2025
IWs with no country-specific labelling	0.30	0.22	0.18	0.32	0.30
Honduras	0.00	0.00	0.00	0.04	0.03
Other	0.05	0.12	0.09	0.01	0.01
Total Inflows	0.35	0.34	0.27	0.38	0.34

Total outflows by destination – 2021-2025^{(1)(a)}

Outflows from Guatemala					
Billion cigarettes	2021	2022	2023	2024	2025
Total Outflows	0.00	0.00	0.00	0.00	0.00

Note: (a) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Key flows and C&C consumption patterns

Key inflows and outflows – 2025^{(1)(a)}

- Guatemala
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

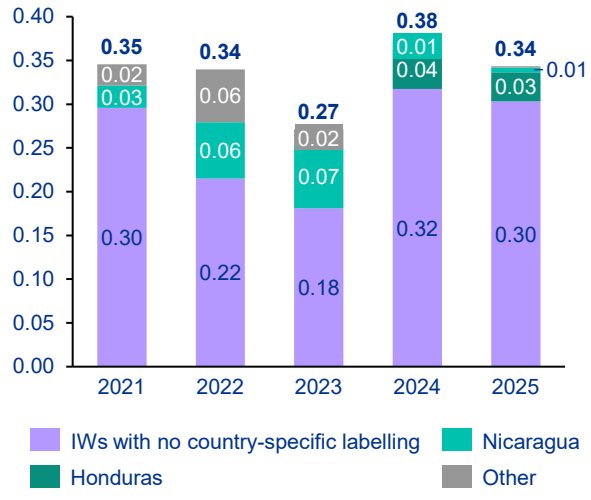
Label description:
 Country (Inflow/
 Outflow Volume)
 Price per pack



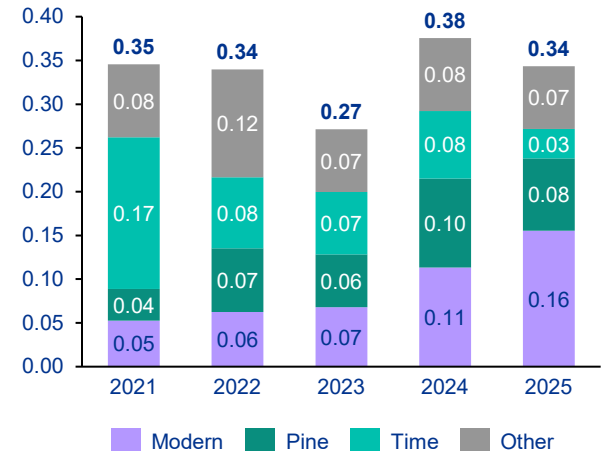
Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown
 Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

C&C flows

C&C by country of origin – 2021-2025 (bn cigarettes)^{(1)(a)}



C&C by brand – 2021-2025 (bn cigarettes)^{(1)(a)}



— Illicit Whites with no country-specific labelling have comprised the majority of C&C since 2021, with Modern, Pine and Time the largest brands

Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs
 Source: (1) KPMG LA&C Flows Calculation, 2021-2025

An aerial photograph of a lush green forest. A dark road winds through the trees, and a dark lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the word "Mexico" in white text.

Mexico



C&C cigarette consumption and total consumption

39.4bn

Cigarettes consumed



-1.25bn on 2024

9.2bn

C&C cigarettes consumed



-0.01bn on 2024

23.3%

Of total consumption was C&C



+0.69ppts on 2024

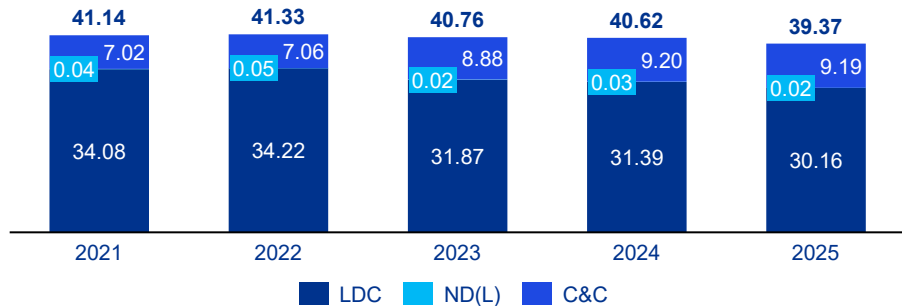
\$1,314m

Total tax revenue lost from C&C^(c)



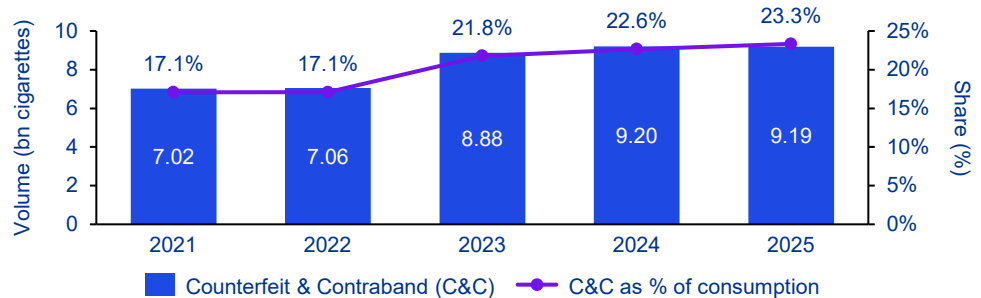
+\$179.4m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

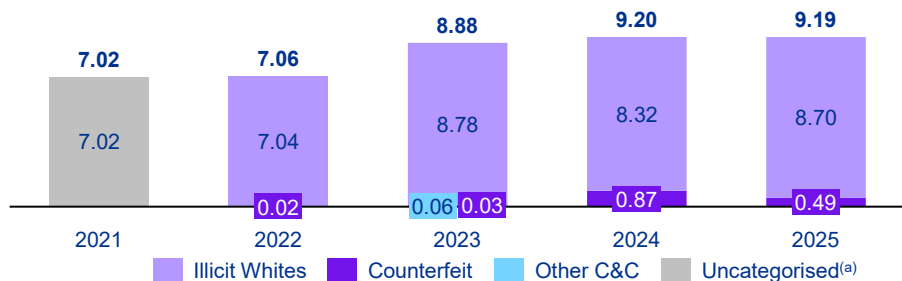


- Illicit consumption (C&C) share has followed an increasing trend since 2022, and accounted for ~23% of total cigarette consumption in 2025
- Illicit consumption in Mexico is primarily comprised of Illicit Whites, albeit Counterfeit has formed a greater share in 2024 and 2025

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys; (b) C&C breakdown chart only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/swap surveys; (c) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (d) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (e) Estimates shown are produced from In Market Sales data for all years, third party market research agency data in 2021, and empty pack survey data in 2022-25. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025⁽¹⁾⁽²⁾

Total Mexico Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	34.07	34.22	31.87	31.42	30.18	(4%)
Outflows	(0.00)	0.00	0.00	(0.03)	(0.02)	(35%)
Legal Domestic Consumption (LDC)	34.08	34.22	31.87	31.39	30.16	(4%)
Non-Domestic Legal (ND(L))	0.04	0.05	0.02	0.03	0.02	(33%)
Counterfeit and Contraband (C&C)	7.02	7.06	8.88	9.20	9.19	(0%)
Total Non-Domestic	7.07	7.11	8.89	9.22	9.21	(0%)
Total Consumption	41.14	41.33	40.76	40.62	39.37	(3%)

- Total cigarette consumption in Mexico has declined since 2022, with declining Legal Domestic Consumption partially offset by increasing Non-Domestic inflows. In 2025, total consumption declined by 3%, as Legal Domestic Consumption continued to decline, and Non-Domestic inflows remained stable
- Non-Domestic inflows are primarily comprised of flows of cigarettes classified as Domestic Others^(b), albeit inflows of Illicit Whites with no country-specific labelling and Counterfeit have gained share since 2023. Domestic illicit^(c) flows have decreased since 2022
- Outflows from Mexico to other markets in the study were minimal

Total inflows by country of origin – 2021-2025^{(1)(a)}

Inflows to Mexico					
Billion cigarettes	2021	2022	2023	2024	2025
Domestic Others		2.60	4.39	4.02	4.02
IWs with no country-specific labelling		1.15	1.62	2.01	2.79
Counterfeit		0.02	0.03	0.87	0.49
Domestic Illicit		1.64	0.70	0.26	0.24
Other		1.71	2.15	2.07	1.66
Total Inflows	7.07	7.11	8.89	9.22	9.21

Total outflows by destination – 2021-2025^{(1)(a)}

Outflows from Mexico					
Billion cigarettes	2021	2022	2023	2024	2025
Colombia	0.00	0.00	0.00	(0.01)	(0.01)
Costa Rica	0.00	0.00	0.00	(0.00)	(0.01)
Other	(0.00)	0.00	0.00	(0.01)	0.00
Total Outflows	(0.00)	0.00	0.00	(0.03)	(0.02)

Note: (a) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows (b) Mexican labelled packs that do not contain or contain invalid legally required security codes (c) Mexican labelled packs that have been listed in COFEPRIS' (the Federal Commission for Protection Against Sanitary Risks) Sanitary Alert, meaning the product has been identified as likely illegal, counterfeit, or contaminated and is a serious risk to public health

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

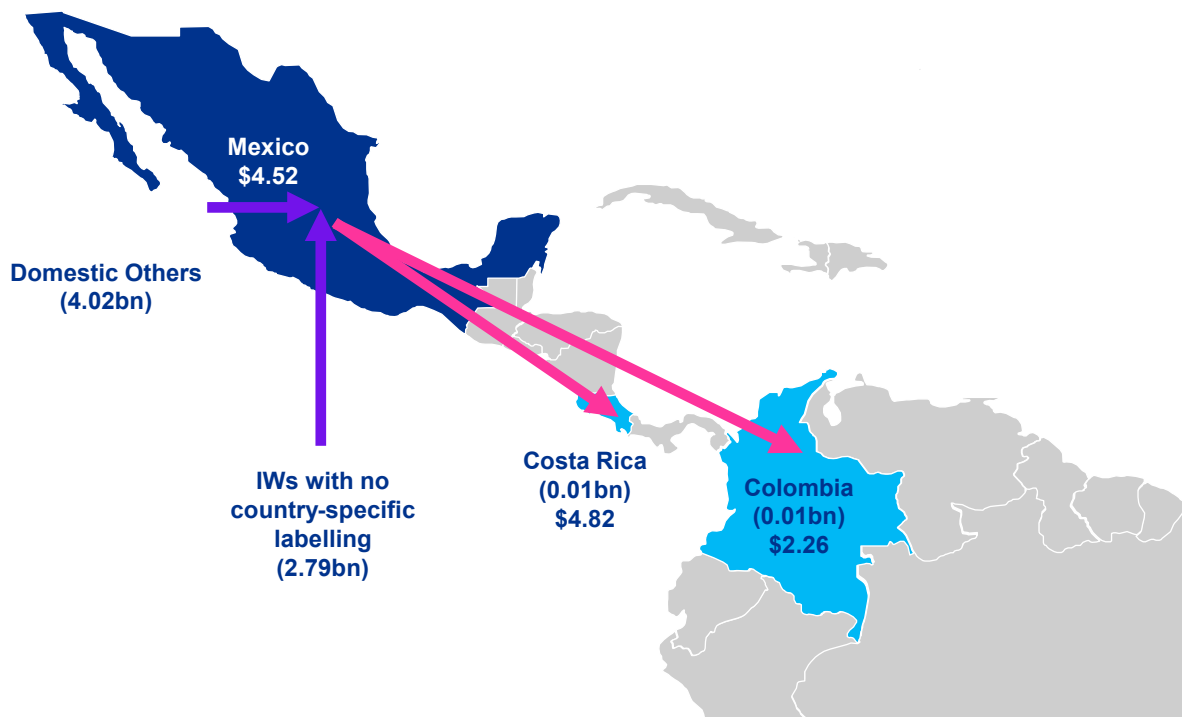
Key flows and C&C consumption patterns

Key inflows and outflows – 2025^{(1)(a)}

- Mexico
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:

Country (Inflow/
Outflow Volume)
Price per pack

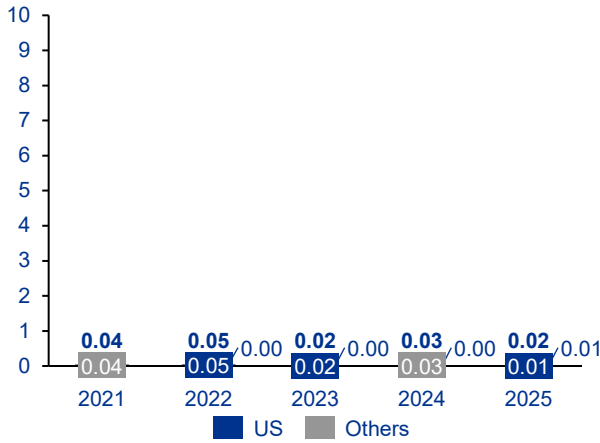


Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown;

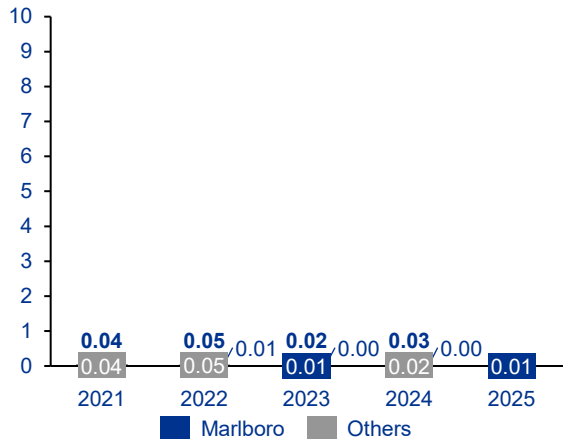
Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

ND(L) and C&C flows

ND(L) by country of origin – 2021-2025 (bn cigarettes)^{(1)(a)}

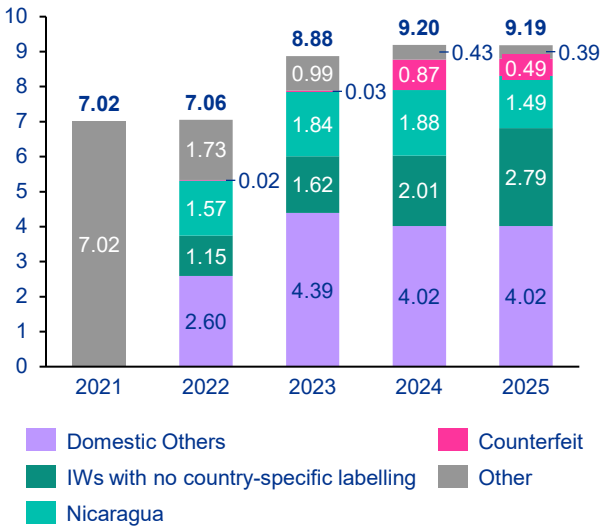


ND(L) by brand – 2021-2025 (bn cigarettes)^{(1)(a)}

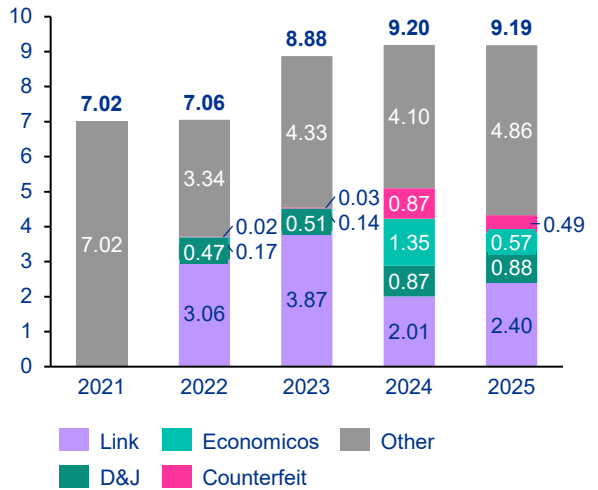


- Legal Non-Domestic inflows comprise a small share of inflows to Mexico, with legal inflows from the US the largest component
- Domestic Others^(c), Illicit Whites with no country-specific labelling, and inflows from Nicaragua comprise the majority of illicit consumption (C&C), albeit inflows of Counterfeit have also increased in 2024 and 2025 compared with prior years
- The brands Link, D&J and Economicos are the largest components of C&C

C&C by country of origin – 2021-2025 (bn cigarettes)^{(1)(a)(b)(c)}



C&C by brand – 2021-2025 (bn cigarettes)^{(1)(a)(b)}



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other'; (b) Only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/pack swap surveys (c) Mexican labelled packs that do not contain or contain invalid legally required security codes

Source: (1) KPMG LA&C Flows Calculation, 2021-2025

An aerial photograph of a lush green forest. A dark road or path winds through the trees, and a dark blue lake is visible in the lower right corner. A large blue rectangle is overlaid on the left side of the image, containing the word "Panama" in white text.

Panama



C&C cigarette consumption and total consumption

1.3bn

Cigarettes consumed



-0.18bn on 2024

1.1bn

C&C cigarettes consumed



-0.17bn on 2024

88.8%

Of total consumption was C&C



-0.08ppts on 2024

\$183m

Total tax revenue lost from C&C^(b)



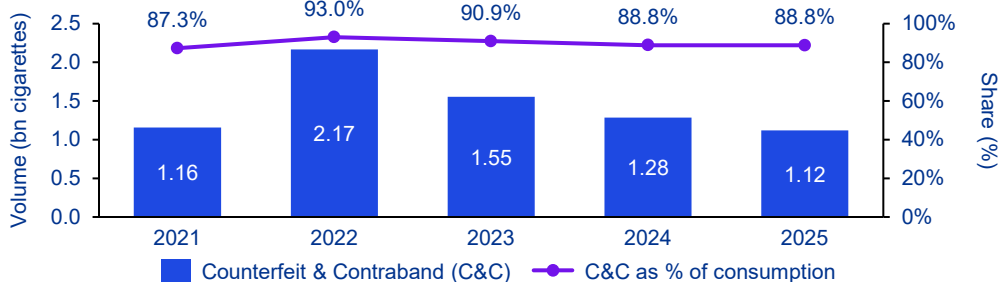
-\$21.6m on 2024

Total consumption – 2021-2025 (bn cigarettes)⁽¹⁾⁽²⁾

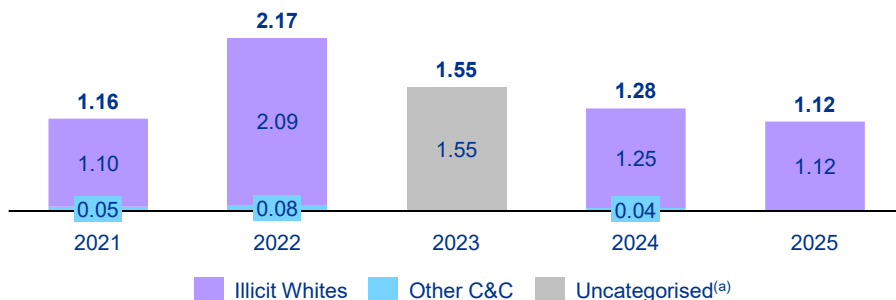


- C&C has accounted for approximately 90% of total cigarette consumption in Panama since 2021
- The majority of C&C is comprised of Illicit Whites

Manufactured cigarette C&C volumes and share of overall cigarette consumption – 2021-2025⁽¹⁾⁽²⁾



C&C consumption by type – 2021-2025 (bn cigarettes)^{(1)(2)(a)}



Note: (a) ND(L) and C&C detail is only shown for years with empty pack surveys; (b) Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country of study; (c) Due to rounding, segments highlighted in the charts may not add up to the total and year-on-year changes highlighted in the sidebar may differ from the charts; (d) Estimates shown are produced from In Market Sales data for all years, empty pack survey data in 2021-22 and 2024-25 and third party market research agency data in 2023. Refer to the methodology section for further details

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data

Manufactured cigarette consumption, inflows and outflows

Total manufactured cigarette consumption – 2021-2025⁽¹⁾⁽²⁾

Total Panama Consumption						
Billion cigarettes	2021	2022	2023	2024	2025	2024-25 (%)
Legal Domestic Sales (LDS)	0.17	0.16	0.14	0.15	0.13	(10%)
Outflows	0.00	0.00	0.00	0.00	0.00	N/A
Legal Domestic Consumption (LDC)	0.17	0.16	0.14	0.15	0.13	(10%)
Non-Domestic Legal (ND(L))	0.00	0.00	0.01	0.01	0.01	(35%)
Counterfeit and Contraband (C&C)	1.16	2.17	1.55	1.28	1.12	(13%)
Total Non-Domestic	1.16	2.17	1.56	1.30	1.13	(13%)
Total Consumption	1.32	2.33	1.71	1.45	1.26	(13%)

- Total cigarette consumption has followed a declining trend after an increase in 2022, with the post 2022 decline predominantly driven by a decline in Non-Domestic inflows
 - Total cigarette consumption increase in 2022 coincides with the prohibition of the use, import and sale of e-cigarettes, vaporisers and heated tobacco products⁽³⁾
- Non-Domestic inflows have declined since 2022 and are principally comprised of Illicit Whites with no country-specific labelling
- Outflows from Panama to other markets in the study were minimal

Total inflows by country of origin – 2021-2025^{(1)(a)(b)}

Inflows to Panama					
Billion cigarettes	2021	2022	2023	2024	2025
IWs with no country-specific labelling	0.97	2.07		1.22	1.06
Nicaragua	0.02	0.00		0.01	0.05
Other	0.16	0.10		0.06	0.02
Total Inflows	1.16	2.17	1.56	1.30	1.13

Total outflows by destination – 2021-2025^{(1)(a)(b)}

Outflows from Panama					
Billion cigarettes	2021	2022	2023	2024	2025
Total Outflows	0.00	0.00	0.00	0.00	0.00

Note: (a) Detailed breakdowns of ND(L), C&C, inflows and outflows are only shown for years with empty pack surveys detailing the country of origin of collected packs. Refer to the methodology section for further details (b) The inflow and outflow tables only show the top five sources/destinations or countries that make up 80% of total flows

Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) In Market Sales data (3) Official Gazette Digital, Law 315, National Executive Body of the Presidency Of The Republic of Panama, June 30, 2022

Key flows

Key inflows and outflows – 2025^{(1)(a)}

- Panama
- Source
- Destination
- ↑ Inflow
- ↑ Outflow

Label description:

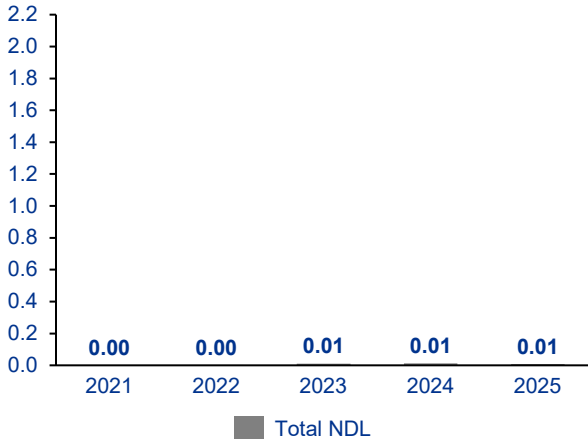
Country (Inflow/
Outflow Volume)
Price per pack



Note: (a) For countries with both inflows and outflows, only the larger of the two flows have been shown
 Source: (1) KPMG LA&C Flows Calculation, 2021-2025; (2) Prices and tax rates, EC Excise Duty, 2021-2025; (3) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (4) Prices, Euromonitor International, 2025

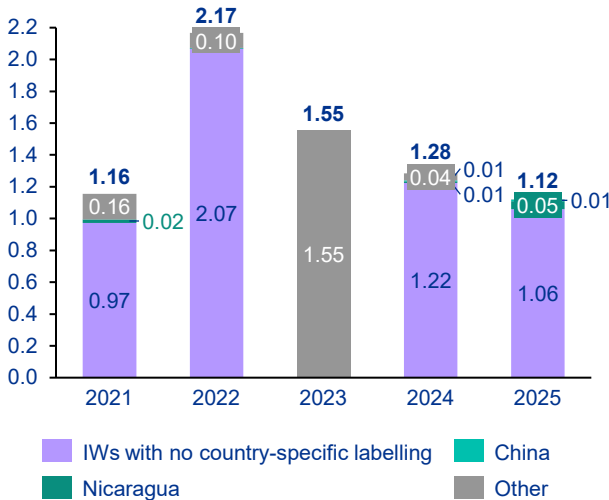
ND(L) and C&C flows

**Total ND(L) – 2021-2025
(bn cigarettes)⁽¹⁾**

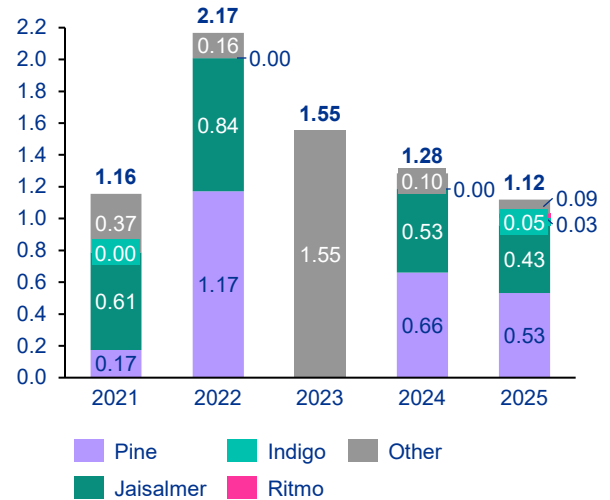


- Non-Domestic Legal inflows have remained relatively stable since 2023, but remain a small share of inflows to Panama
- C&C inflows have declined since 2022 and are predominantly comprised of Illicit Whites with no country-specific labelling
- The brands Pine and Jaisalmer have comprised the majority of C&C inflows since 2021

**C&C by country of origin – 2021-2025
(bn cigarettes)^{(1)(a)}**



**C&C by brand – 2021-2025
(bn cigarettes)^{(1)(a)}**



Note: (a) ND(L) and C&C country / brand breakdowns are only shown for the years where an empty pack survey was undertaken detailing the country of origin and/ or brands of collected packs. Where breakdowns are not shown, all ND(L) and C&C inflows are included within 'Other'; (b) Only includes Counterfeit volumes related to brands of manufacturers who participate in the empty pack/pack swap surveys

Source: (1) KPMG LA&C Flows Calculation, 2021-2025

03



Methodology

Overview

<p>KPMG has developed and refined its methodology for estimating annual Counterfeit and contraband incidence</p>	<p>The methodology used to produce the estimates in this report has been tested extensively and refined to ensure that it delivers robust and justifiable results</p> <ul style="list-style-type: none"> • Our approach integrates multiple sources and custom-built analytical tools • This report has been commissioned by Philip Morris Products SA. The fundamental methodology used in this report is the same as that used in other illicit cigarette consumption reports produced by KPMG, most notably the European report which has been produced on an annual basis since 2006. Certain adjustments have been made to the methodology due to data gaps, and these changes are detailed in this methodology section • As part of the European report for results covering the calendar year 2018, an external panel of experts with a background in law enforcement, brand protection and tobacco control was appointed by KPMG. The panel had a mandate to review the methodology, validate and challenge any assumptions used, and suggest improvements KPMG could make, which were then implemented in future studies of this type, including this Report. For details on the panel of experts, refer to the 2018 Project Stella Report • The 11 markets included in this report are Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico and Panama
<p>The methodology is based primarily on objective evidence from LDS and empty pack/ pack swap survey results, which are input to the bespoke LA&C Flows Calculation</p>	<p>The KPMG LA&C Flows Calculation is a dynamic, iterative approach that is based on Legal Domestic Sales (LDS) and empty pack / pack swap survey results and is used to estimate overall manufactured cigarette volumes</p> <ul style="list-style-type: none"> • The KPMG LA&C Flows Calculation has been developed by KPMG to specifically estimate inflows and outflows of cigarettes between LA&C countries. It is an iterative, data-driven approach that uses LDS and empty pack / pack swap survey results to estimate the volume of Non-Domestic outflows and inflows to and from the markets in this report: Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, and Panama • LDS is the starting point of the methodology, from which outflows of legal sales to other countries are then subtracted to estimate Legal Domestic Consumption (LDC) • Inflows from other countries are then added to estimate the total consumption within a market • This methodology has been developed by KPMG for the manufactured cigarettes market specifically. For that reason, an assessment of other tobacco products (both legal and illicit) is excluded from the scope of this Report

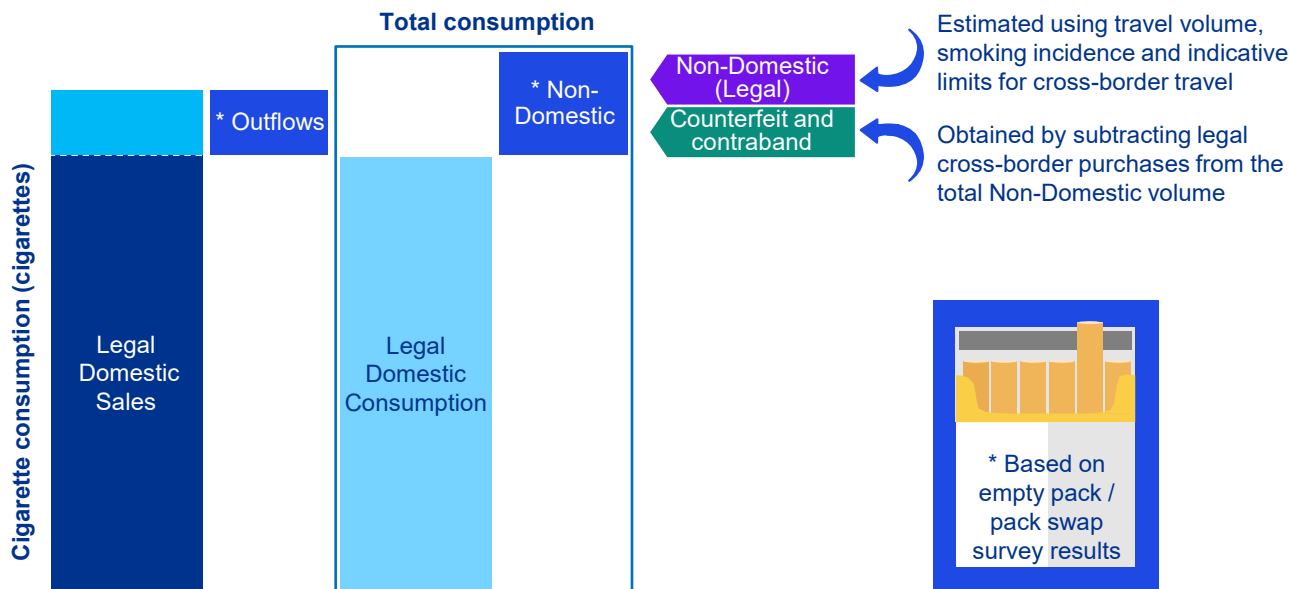
Overview (cont.)

<p>Empty pack/ pack swap survey results provide a robust indication of the incidence of Non-Domestic and Counterfeit packs and their country of origin</p>	<p>An empty pack or pack swap survey relies purely on physical evidence, avoiding the potential for consumer bias found in interview-based methods</p> <ul style="list-style-type: none"> • Empty pack and pack swap surveys were separately commissioned by the tobacco manufacturers and conducted by independent market research agencies using a consistent methodology across the LA&C countries of Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico and Panama allowing for direct comparison of data and the identification of inflows and outflows between countries analysed • 30,356 packs were collected in 2025 as part of this research⁽¹⁾ • The total number of packs collected in each country is not solely based on population but is determined by a number of factors such as the size of the market, the likelihood of high Non-Domestic incidence and the manufacturers' share of the legal market. However, the locations where packs are collected 'in market' are based on city and regional populations to seek to ensure the sample is nationally representative <ul style="list-style-type: none"> • Small surveys^{(1)(a)} (300-4,999 packs): Colombia, Costa Rica, Ecuador, Guatemala, Panama • Medium surveys^{(1)(a)} (5,000-9,999 packs): Mexico • Large surveys^{(1)(a)} (10,000 packs or more collected): Brazil • No surveys were available in Argentina, Chile and Dominican Republic in 2025^(b) • No surveys were available in Canada across 2021 to 2025^(b) • Further detail regarding the reliability and validity of empty pack and pack swap surveys, the sampling approach and results by country are provided later in this Report
<p>Tourism and travel trends are used to estimate legal Non-Domestic cigarette purchases</p>	<p>Tourism and travel data provided by publicly-available third-party sources are used to estimate genuine, legal Non-Domestic tobacco purchases (including cross-border shopping) in each market based on inbound visitor inflows</p> <ul style="list-style-type: none"> • United Nations World Tourism Organisation (UNWTO) data is the primary source used to identify travel trends, supplemented with data from Euromonitor International and other publicly available data • The prices are taken as per data from the WHO (Price of a 20-cigarette pack of the most sold brand)⁽²⁾ and tax rates levied of a pack of cigarettes in this Report were provided by PMI⁽³⁾. Where flows come into a country from a higher priced country, they are assumed to be 100% legal, as there is no price incentive for smuggling
<p>There are some specific limitations in the methodology</p>	<p>Given the complexity of measuring C&C, we recognise there are some limitations within the methodology</p> <p>There are broadly two types of limitations: scope exclusions and source limitations</p> <ul style="list-style-type: none"> • Scope exclusions include areas which cannot or have not been accounted for in our scope of work and approach, such as geographic, brand (non-participating manufacturer Counterfeit), category exclusions (other tobacco products) and legal domestic product flows to countries outside of the 11 countries included in this Report (e.g. US or other Latin American countries) • Source limitations include the availability of information and the potential errors inherent with any data sources such as sampling criteria, coverage issues and seasonality factors
<p>To help improve the accuracy of results, some minor refinements were necessary at a country level</p>	<p>Comparison of results from alternative sources identified instances where country-to-country flows required adjustment</p> <ul style="list-style-type: none"> • In nearly all instances, overall country results and flows from the KPMG LA&C Flows Calculation appeared in line with estimates from other third-party sources. However, in a limited number of instances, specific adjustments were made to country-to-country flows where additional data provided allowed for further refinement of the analysis. Refer to pages 87-93 for further details

Note: (a) Sample size relates to 2025 surveys (b) Refer to 'Estimating consumption where no empty pack survey / pack swap is available' section for further details
 Source: (1) Empty pack / pack swap surveys (2) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (3) PMI, Tax rates, LC Excise Duty, 2021-2025

Overview (cont.)

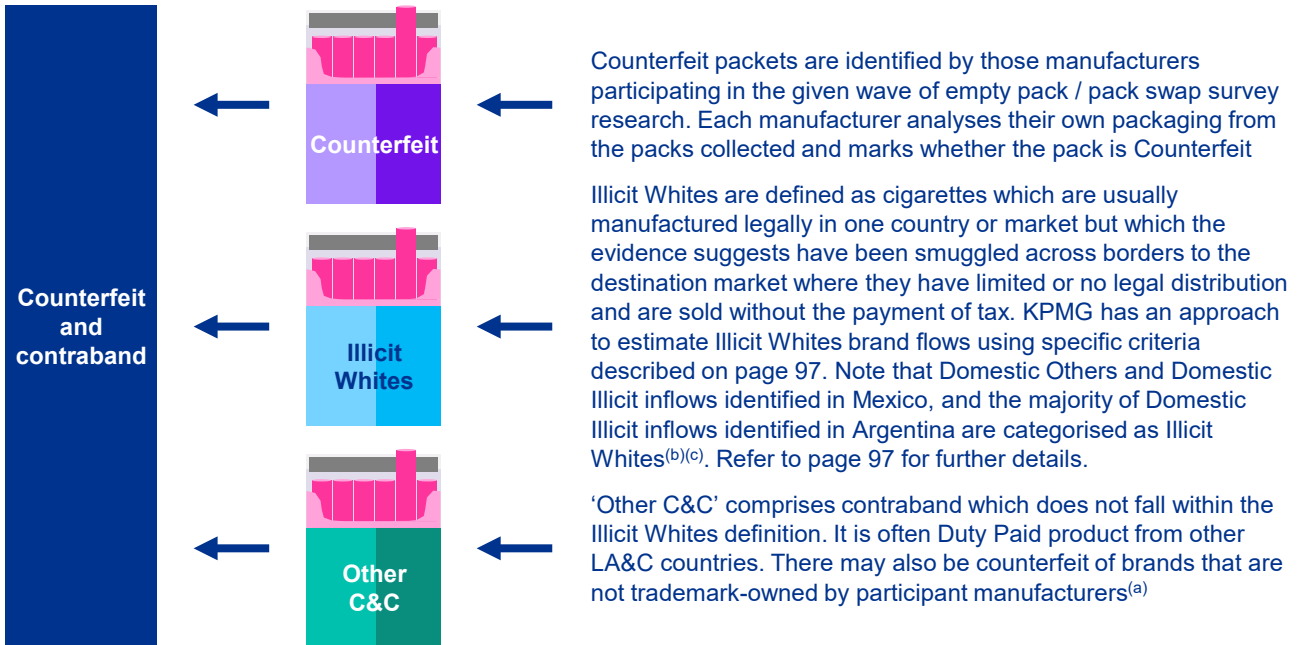
This methodology uses LDS, empty pack survey results and other consumer research to estimate the volume of C&C cigarettes consumed in 11 LA&C markets



This methodology was developed by KPMG. It has been deployed consistently across all years in this report, enabling comparisons to be made between Counterfeit and Contraband volumes from year to year

Overview (cont.)

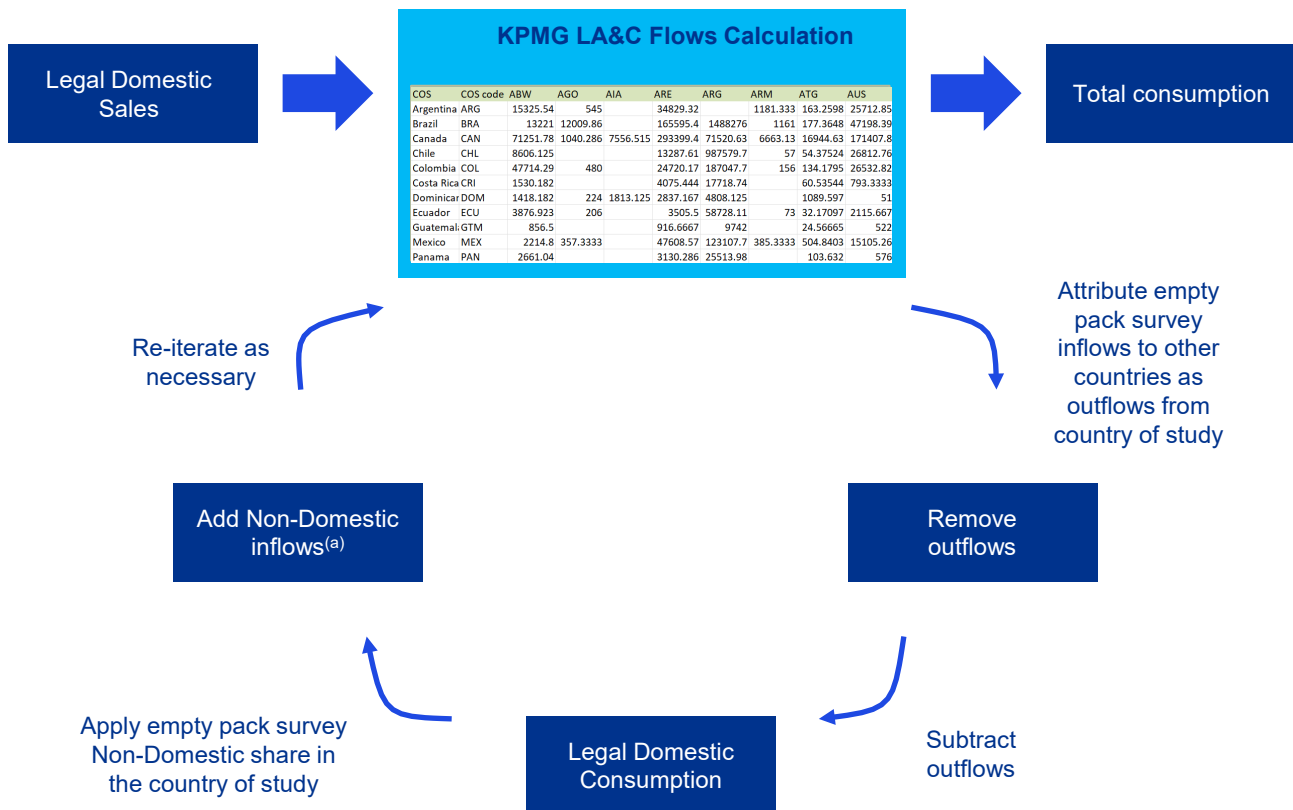
Counterfeit and contraband is allocated into three constituent parts: Counterfeit, Illicit Whites and Other C&C



Note: (a) Cigarette packs of brands that are not trademark owned by participant manufacturers are not analysed and are all considered to be genuine
 (b) Domestic Others in Mexico are Mexican labelled packs that do not contain or contain invalid legally required security codes (c) Domestic Illicit in Mexico refers to Mexican labelled packs that have been listed in COFEPRIS' (the Federal Commission for Protection Against Sanitary Risks) Sanitary Alert, meaning the product has been identified as likely illegal, counterfeit, or contaminated and is a serious risk to public health (d) Domestic Illicit in Argentina refers to packs lacking a tax stamp or bearing counterfeit tax stamps

KPMG LA&C Flows Calculation

Primary information sources and tools – LA&C Flows Calculation



The KPMG LA&C Flows Calculation is a dynamic, iterative approach that is principally based on LDS and empty pack / pack swap survey results

- LDS volumes are the starting point of the calculation from which outflows of legal sales to other countries are then subtracted to estimate Legal Domestic Consumption in a market
- Non-Domestic inflows from other countries are then added back in to give an estimate for the total consumption within a market
- The calculation is then re-iterated as necessary reflecting the relationship of inflows and outflows between Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico and Panama
- Empty pack / pack swap survey results provide an estimate of the share of Non-Domestic packs by country of origin
 - In the 10 LA&C markets Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, empty pack / pack swap survey results provide a consistent source of Non-Domestic packs by country of origin from which we can estimate total product outflow from each market to the other markets^(b)
 - In markets and years without an empty pack / pack swap survey (see the following ‘Estimating consumption where no empty pack survey / pack swap is available’ section for more information), the LA&C Flows Calculation is still used; however, Non-Domestic inflows are applied at the aggregate level rather than broken down by individual source markets

Note: (a) The methodology to identify the ND(L) and C&C components of Non-Domestic flows is explained in the ND(L) methodology section
 (b) Empty pack / pack swap surveys were not available in Canada. Refer to the Canada country pack for further details

Legal Domestic Sales

LDS data is primarily sourced from Nielsen and other independent agencies⁽¹⁾

- In the majority of countries, LDS estimates for all brands have been sourced from In Market Sales (IMS) data compiled by the market research agency Nielsen

Where appropriate, local state estimates of LDS have been used instead of the above approach

- In certain countries, publicly available estimates of legal manufactured cigarette sales are widely used by manufacturers, industry participants, government bodies and non-governmental organisations
- In these instances, we have deemed it more appropriate to incorporate these recognised estimates of LDS in the KPMG LA&C Flows Calculation
- This is the case with Argentina, where the LDS figures used are those reported by the Argentinian Ministry of Agriculture, Livestock and Fisheries for 2021 to 2025

Source: (1) LDS data provided by Nielsen and other independent agencies. Refer to appendix section for a list of sources

Empty pack survey methodology

<p>Overview</p>	<p>An empty pack survey is a research system of collecting discarded empty cigarette packs, the results of which are used to estimate the share of domestic (duty paid), Non-Domestic and Counterfeit packs in each of the markets</p> <ul style="list-style-type: none"> • Empty pack surveys were conducted in Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico and Panama • Empty pack surveys are conducted by independent market research agencies (e.g. Kantar, IPEC, Invamer) in each of the countries sampled. The surveys are commissioned by the participating manufacturers, and the sampling plan is designed by the agencies in conjunction with the manufacturers to help make the sampling plan statistically representative of consumption in the country for the whole year studied • Results are based on a large sample of packs collected in various population centres throughout the countries, although the exact collection plan differs by country. Accuracy and credibility of results is driven by sound design of the sampling plan • Results are not subject to respondent behaviour and are therefore less prone to sampling errors than many other alternative methodologies • Results reflect actual overall Non-Domestic share and provide a good snapshot of brands consumed
<p>Process</p>	<p>Empty pack surveys rely purely on physical evidence, avoiding the potential for consumer bias in interview-based methods</p> <ul style="list-style-type: none"> • The independent market research agencies randomly collect empty packs of any brand and market variant from streets and easy access bins • Homes and workplaces are not visited, and the collection route specifically excludes sports stadia, shopping malls and stations, or any other locations where Non-Domestic incidence is likely to be higher because of a skewed population or demographic visiting these areas • Once packs are collected, they are sorted by manufacturer and brand and the number of packs with domestic versus Non-Domestic tax stamps counted to estimate the proportion of packs that did not originate from that jurisdiction (including Duty Free variants) <ul style="list-style-type: none"> - In cases where tax stamps are not shown on a packet, health warning and packaging characteristics are used to determine the source market and where no markings are found they are recorded as unspecified • For brands belonging to the major manufacturers, packs are sent to the manufacturers for analysis to determine which are genuine and which are Counterfeit. Only the manufacturers can determine this, based on ink, paper and other characteristics of the packaging • KPMG used the results of the empty pack surveys to extrapolate overall consumption in the market using LDS and the percentage of Non-Domestic cigarettes in the market as found through empty pack surveys • The process is repeated across all countries of study using an approach which iterates the level of Non-Domestic cigarettes until all inflows and outflows are equal

Empty pack survey methodology (cont.)

Empty pack survey methodology⁽¹⁾



The empty pack survey is conducted in a consistent way for each country. It follows a four-step process:

1. Population centre selection

- The population centres chosen are representative of the country of study. Each population centre is divided into five sectors (north, south, east, west and centre). Each sector is subdivided into neighbourhoods of the same size (250-meter radius)

2. Pack collection

- Each neighbourhood is assigned a number of discarded packs for collection based on the size of the overall population centre in comparison with the national population. For example, in Mexico 21 cities are sampled in each wave of 7,000 packs. Of all packs collected, 1,400 packs are collected in Mexico city, which represents over 20% of the packs collected. The neighbourhoods sampled include residential, commercial and industrial areas
- A minimum number of packs are collected from each neighbourhood. Each neighbourhood has a specific starting point and a fixed route. The collectors accumulate as many empty packs as possible within each neighbourhood regardless of the quota requested in the sampling plan. Packs are collected from any manufacturer regardless of whether they participate in the survey. Collectors revisit the neighbourhood as many times as necessary in order to achieve the required quotas
- The training of collectors includes an explanation of the methodology and running of pilots prior to the collection. Each team of collectors is supervised by a team leader
- An additional 5% extra packs are collected in case there are issues with the existing sample

3. Pack processing

- The empty packs are placed into bags and stored at a safe collection point. Packs are discarded if they do not meet the survey quality requirements (e.g. torn, unreadable, rotten). Each survey qualified pack is cleaned and placed in a transparent nylon bag with a zipper that carries a unique barcode label indicating the serial number attributed to the pack. The details and serial number of each pack are then entered into the survey “data sheet”. The packs are delivered to the participating manufacturers in the given wave of empty pack survey in a way that enables easy processing and identification

4. Pack analysis

- The participating manufacturers check the packets belonging to their brands to identify Counterfeit and inform the agency that collates and updates the data sheets
- These data sheets are finally provided to KPMG by the manufacturers and analysed to estimate the Non-Domestic incidence and contraband and Counterfeit volumes

Source: (1) Third party market research agencies

Pack swap methodology

<p>Overview</p>	<p>A pack swap is a research methodology based on collecting cigarette packs from respondents door to door. These packs are then assessed to estimate the share of domestic (duty paid), Non-Domestic and Counterfeit packs</p> <ul style="list-style-type: none"> • Pack swap surveys were conducted in Argentina (2022 only) and Chile • Pack swaps are conducted by independent market research agencies. The surveys are commissioned by the participating manufacturers, and the survey plan is designed by the agencies in conjunction with the manufacturers to help make the sampling plan nationally representative of consumption in the country for the whole year studied • The outputs are based on the analysis of packs collected in various population centres throughout the countries • Results summarise the share of non-duty paid cigarettes consumed in the markets
<p>Process</p>	<ul style="list-style-type: none"> • Pack swap surveys are conducted across both rural and urban regions. Urban regions are subdivided into smaller sub-regions based on sub-regional population with a predetermined target for the number of packs to be collected in each region and sub-region to give a nationally representative picture of consumption in the country • A random route ‘door to door’ approach is used to identify respondents in each region • The independent market research agencies conduct short face to face interviews where respondents are offered to swap their current cigarette pack in exchange for an incentive, typically a voucher. If respondents decline the interview or to swap their pack, the interview is terminated • An interviewer records the details of the swapped pack after interview completion • Once the swapped packs are collected, the research agency sorts them by manufacturer and brand, and the number of packs with domestic versus Non-Domestic tax stamps is counted to determine the proportion of packs that did not originate from that jurisdiction (including Duty Free variants) • The health warning labelling, excise stamp details and pack descriptors are then evaluated by the research agency to determine the source market • For brands belonging to the participating manufacturers, packs are sent to the manufacturers for analysis to determine which are genuine and which are Counterfeit • The details and serial number of each pack are then entered into the survey “data sheet” • KPMG used the data sheets containing the results of the pack swaps to extrapolate overall consumption in the market using LDS and the percentage of Non-Domestic cigarettes in the market as found through the pack swaps

Estimating consumption where no empty pack survey / pack swap is available

Estimating consumption in years where survey data is not available

In Argentina, Chile, Dominican Republic, Ecuador Mexico and Panama empty pack surveys or pack swap surveys were unavailable for certain years. In such instances, we have used publicly available cigarette consumption data to produce estimates of changes in cigarette consumption. The annual variation derived from this data is then applied to the consumption estimates derived for years when survey data is available.

Between 2021 and 2025, empty pack or pack swap surveys were not conducted in Canada. Total cigarette consumption estimates in Canada are based on a combination of third-party total consumption estimates and Legal Domestic Consumption estimated via the KPMG LA&C Flows Calculation.

Below is a list of the countries and years where publicly available statistics were used to estimate the changes in total cigarette consumption where empty pack and pack swap surveys were not available.

Market	Years without survey data	Sources and approach used ^(a)	Impact
Argentina	2021, 2023, 2025	<p>The annual rate of change in consumption of Non-Domestic cigarettes between 2021 and 2025 was calculated using Non-Domestic cigarette consumption estimates from Euromonitor International⁽¹⁾</p> <p>This annual rate of change was applied to KPMG's estimate of Non-Domestic consumption in 2022 and 2024 (when empty pack / pack swap surveys were available) to estimate Non-Domestic consumption in 2021, 2023 and 2025</p> <p>The resulting 2021, 2023 and 2025 Non-Domestic estimates were added to Legal Domestic Consumption estimated via the KPMG LA&C Flows Calculation in 2021, 2023 and 2025 to estimate total consumption in these three years</p>	<p>2021: total consumption decrease of 3.6% vs 2022</p> <p>2023: total consumption decrease of 2.4% vs 2022</p> <p>2025: total consumption decrease of 1.7% vs 2024</p>
Canada	2021 to 2025	<p>Total cigarette consumption estimates in Canada were obtained from Euromonitor International⁽¹⁾, with Non-Domestic volumes calculated as the difference between Euromonitor International's total cigarette consumption estimates and Legal Domestic Consumption estimated via the KPMG LA&C Flows Calculation for each year</p>	<p>2022: total consumption decrease of 11.1% vs 2021</p> <p>2023: total consumption decrease of 11.3% vs 2022</p> <p>2024: total consumption decrease of 11.0% vs 2023</p> <p>2025: total consumption decrease of 10.9% vs 2024</p>
Chile	2025	<p>The annual rate of change in total cigarette consumption in 2025 vs 2024 was estimated based on the annual change in the number of smokers in Chile calculated from Euromonitor International data⁽²⁾⁽³⁾. This rate of change in the number of smokers was then applied to KPMG's 2024 estimate of total consumption per the LA&C Flows Calculation (when a pack swap survey was available) to estimate total consumption in 2025</p>	<p>2025: total consumption increase of 1.6% vs 2024</p>

Note: (a) Sources and approach used differs across markets based on the availability of data

Source: (1) Euromonitor International, Tobacco: Euromonitor International from trade sources/national statistics (2) Euromonitor International, Economies and Consumers Annual Data ,18+ population (3) Euromonitor International, Smoking population - number of adult smokers (4) PMI, Nicotine Containing Products Tracker (NCPT) survey

Estimating consumption where no empty pack survey / pack swap is available (cont.)

Estimating consumption in years where survey data is not available

Market	Years without survey data	Sources and approach used ^(a)	Impact
Dominican Republic	2024, 2025	Rate of change in total consumption of cigarettes in 2024 and 2025 was calculated using; number of smokers calculated from Euromonitor International data ⁽²⁾⁽³⁾ and average daily consumption of cigarettes statistics based on PMI internal data ⁽⁴⁾ . This 2024 and 2025 rate of change in total consumption was then applied to KPMG's 2023 estimate of total consumption per the LA&C Flows Calculation (when an empty pack survey was available) to estimate total consumption in 2024 and 2025	2024: total consumption decrease of 10.9% vs 2023 2025: total consumption increase of 0.2% vs 2024
Ecuador	2024	The annual rate of change in total cigarette consumption in 2024 vs 2023 was estimated based on the annual change in the number of smokers in Ecuador calculated from Euromonitor International data ⁽²⁾⁽³⁾ . This rate of change in the number of smokers was then applied to KPMG's 2023 estimate of total consumption per the LA&C Flows Calculation (when an empty pack survey was available) to estimate total consumption in 2024	2024: total consumption decrease of 2.0% vs 2023
Mexico	2021	The annual rate of change in total cigarette consumption in 2021 vs 2022 was estimated based on the annual change in the number of smokers in Mexico calculated from Euromonitor International data ⁽²⁾⁽³⁾ . This rate of change in the number of smokers was then applied to KPMG's 2022 estimate of total consumption per the LA&C Flows Calculation (when an empty pack survey was available) to estimate total consumption in 2021	2021: total consumption increase of 0.5% vs 2022
Panama	2023	2023 total cigarette consumption estimates in Panama were obtained from Euromonitor International ⁽¹⁾ , with Non-Domestic volumes calculated as the difference between Euromonitor International's total cigarette consumption estimates and Legal Domestic Consumption estimated via the KPMG LA&C Flows Calculation for 2023	2023: total consumption decrease of 26.7% vs 2022

Note: (a) Sources and approach used differs across markets based on the availability of data

Source: (1) Euromonitor International, Tobacco: Euromonitor International from trade sources/national statistics (2) Euromonitor International, Economics and Consumers Annual Data, 18+ population (3) Euromonitor International, Smoking population - number of adult smokers (4) PMI, Nicotine Containing Products Tracker (NCPT) survey

Empty pack / pack swap survey adjustments

Empty pack / pack swap survey adjustments

Where necessary, we made adjustments to the survey results in our analysis in the form of reweighting different packs or quarterly surveys, based on additional evidence available. Due to missing data in certain countries and years as highlighted on the prior pages, it has not been possible to rely on the same data sources consistently across all locations and time periods. Consequently, triangulation with other data sources is conducted, which may reveal areas requiring adjustments to address issues found in the surveys.

The main issues identified this report are covered below. A detailed list of survey adjustments and their impact can be found in the following pages

Empty pack survey	Explanation	Method	Countries where adjustment made
1. Adjustments to specific flows	The flows from some sources appear to have been over or under-sampled based on the timing of the survey or areas sampled	<ul style="list-style-type: none"> Adjustments were made when the empty pack surveys over or under sampled some flows as highlighted by other sources of data For example: <ul style="list-style-type: none"> Additional third-party research agency survey data available in Mexico indicated that Counterfeit of particular brands was being undersampled in the empty pack surveys 	Dominican Republic, Mexico
2. Brand oversampling or undersampling	The flows of some brands appear to have been over or undersampled based on sales from other countries	<ul style="list-style-type: none"> Some brands may be oversampled which we can check through a comparison with legal domestic sales data For example: <ul style="list-style-type: none"> Legal Domestic Sales data in Guatemala indicated that flows of some brands were being oversampled in the Mexico empty pack survey 	Mexico (inflows of the brand 'This')
3. Incomplete survey detail	Some surveys estimated overall Non-Domestic incidence but lacked sufficient detail	<ul style="list-style-type: none"> Where available, alternative surveys from the same year were used to inform inflows by brand and country of origin For example: <ul style="list-style-type: none"> The Costa Rica 2021 empty pack survey did not contain details on origins of packs Inflow origins / brands from other surveys were overlaid onto the primary survey's Non-Domestic incidence to preserve consistency in total volume estimates 	Costa Rica (2021), Brazil (2025)
4. Survey results were inconsistent with other indicators	Survey-based movements implied changes in consumption that were not supported by other indicators	<ul style="list-style-type: none"> Survey-implied changes were triangulated against third-party data sources e.g. smoking prevalence, average daily consumption etc. Where not supported, total consumption was anchored to alternative estimates Survey data was retained to inform brand and origin mix where considered representative 	Dominican Republic (2022–2023), Panama (multiple years)

Empty pack / pack swap survey adjustments (cont.)

Empty pack / pack swap surveys – adjustments made in KPMG analysis⁽¹⁾

Country	Year	Sample dates	Packs collected	Number of cities	Adjustment	Impact
Brazil	2025	Q4:Nov-Jan	10,000	39	<p>Country flows adjustments:</p> <p>The source of overall Non-Domestic incidence in Brazil from 2021 to 2024 was sourced from a Kantar survey. This survey only provides detail on overall Non-Domestic share in Brazil and does not provide details of inflows by brand or country of origin</p> <ul style="list-style-type: none"> – In 2024 an Ipsos empty pack survey was also carried out – As this empty pack survey provides details of the sources and brands consumed in Brazil in 2024, the share of Non-Domestic inflows by brand and by country of origin have been overlaid on the Non-Domestic volume indicated by the Kantar survey in 2024 in order to maintain a consistent source across 2021-2024 <p>In 2025 no Kantar survey was available</p> <ul style="list-style-type: none"> – However, change in Non-Domestic share estimates for 2025 vs 2024 were available from a number of market research agencies such as IPEC (no change), Euromonitor International (1% decline), and Nielsen (1% decline) and an Ipsos empty pack survey (1.4% increase). In 2025 we have applied the average rate of change in Non-Domestic share in Brazil based on the average of these sources (0.2% decline) – In 2025, in line with the approach taken in 2024, the share of Non-Domestic inflows by brand and by country of origin per the Ipsos empty pack survey have been overlaid on the 2025 Non-Domestic volume indicated above 	Not quantified

Source: (1) Pack swap surveys and empty pack surveys

Empty pack / pack swap survey adjustments (cont.)

Empty pack / pack swap surveys – adjustments made in KPMG analysis⁽¹⁾

Country	Year	Sample dates	Packs collected	Number of cities	Adjustment	Impact
Costa Rica	2021	Q1 Q4	4,000	31	<p>Country flows adjustments:</p> <p>The source of overall Non-Domestic incidence in Costa Rica from 2021 to 2025 is sourced from empty pack surveys conducted by market research agency Total Research Network. In 2021 this empty pack survey only provides detail on the overall Non-Domestic share in Costa Rica and key inflow brands, without specifying inflows of brands by country of origin</p> <ul style="list-style-type: none"> – In 2021 an empty pack survey was also carried out by the market research agency WSPM – The WSPM empty pack survey indicated a higher Non-Domestic share than that of the Total Research Network survey, with the Total Research Network survey's Non-Domestic share more in line with estimates from other third-party sources. However, the WSPM survey identified a consistent snapshot of the brands consumed as well as the sources of these brands in Costa Rica in 2021, so the share of Non-Domestic inflows by brand and by country of origin per the WSPM empty pack survey have been overlaid on the Non-Domestic share indicated by the Total Research Network empty pack survey in 2021. This maintains a consistent source for estimating Non-Domestic consumption across 2021-2025 (the Total Research Network empty pack survey), while adding granular detail on the sources of these brands 	Not quantified

Source: (1) Pack swap surveys and empty pack surveys

Empty pack / pack swap survey adjustments (cont.)

Empty pack / pack swap surveys – adjustments made in KPMG analysis⁽¹⁾

Country	Year	Sample dates	Packs collected	Number of cities	Adjustment	Impact
Dominican Republic	2022	Q2: Apr	4,290	13	<p>Country flows adjustments:</p> <p>2022 and 2023 empty pack survey results indicated markedly different country inflow and city level results to previous years and other estimates of cigarette consumption in the country</p> <p>To understand the validity of the 2022 and 2023 results, we triangulated and tested them as follows:</p> <ul style="list-style-type: none"> – 2021 Non-Domestic flows were triangulated against other third-party estimates. These third-party estimates suggested a similar quantum of Non-Domestic consumption as that indicated by the 2021 EPS results – The Non-Domestic flows suggested by the 2022 and 2023 EPS would have indicated a large increase in total cigarette consumption vs 2021. This increase was contradicted by other data sources (e.g. smoking incidence, relative stability in Legal Domestic Sales etc.) – Analysis of the results at a pack and city level suggested the collection process was overstating Non-Domestic consumption <p>As a result, the 2022 and 2023 empty pack survey results were not considered representative of the level of Non-Domestic consumption. However, the empty pack surveys were considered to give a reasonable snapshot of the brands and origins of cigarettes consumed in the market</p> <p>In 2022 and 2023, total consumption in the Dominican Republic was estimated using the calculated rate of change of total consumption vs 2021 using; the number of smokers based on Euromonitor International data⁽²⁾⁽³⁾ and average daily consumption of cigarettes statistics based on PMI internal data⁽⁴⁾. Non-Domestic consumption was estimated using the difference between this estimate of total consumption and Legal Domestic Consumption estimated via the KPMG LA&C Flows Calculation</p>	Not quantified
	2023	Q1: Feb-Mar	4,290	13		

Source: (1) Empty pack surveys (2) Euromonitor International, Economics and Consumers Annual Data , 18+ population (3) Euromonitor International, Smoking population - number of adult smokers (4) PMI, Nicotine Containing Products Tracker (NCPT) survey

Empty pack / pack swap survey adjustments (cont.)

Empty pack / pack swap surveys – adjustments made in KPMG analysis⁽¹⁾

Country	Year	Sample dates	Packs collected	Number of cities	Adjustment	Impact
Mexico	2024	Q4:Nov-	7,000	21	<p>Outflows of a brand from Guatemala appear to have been oversampled in the Mexican empty pack survey</p> <ul style="list-style-type: none"> Flows of the brand This from Guatemala to Mexico were in excess of sales of the brand in the origin market (after accounting for domestic consumption in the origin market), indicating the brand was potentially over-sampled in the Mexico empty pack survey if they were genuine packs (i.e. were an outflow from Guatemala LDS) Since the manufacturer does not take part in empty pack surveys, we could not verify if the packs collected in Mexico were genuine Guatemalan packs or Counterfeit Therefore, we limited outflows of the brand from Guatemala to equal the sales of the brand in Guatemala less domestic consumption of the brand per LDS and empty pack surveys. This approach is valid if the packs were either genuine (and had been oversampled) or Counterfeit (and therefore not an outflow from Guatemala LDS) As we could not verify if the packs were genuine or Counterfeit as noted above, they remain classified as Non-Domestic inflows of unspecified origin in the Mexico results <p>Additional market research indicated that Counterfeit volumes were undersampled in the Mexican empty pack survey</p> <ul style="list-style-type: none"> Market research agency WSPM carried out a full pack survey in 2024 in which 1,000 packs of Marlboro were purchased at 1,000 retail locations across Mexico and 2,330 packs of Marlboro at 2,000 retail locations in 2025⁽²⁾. This full pack survey indicated that in 2024 16.1% of domestic packs of the brand Marlboro collected were Counterfeit vs 2.2% in the empty pack survey, and in 2025 5.2% of domestic packs of the brand Marlboro were Counterfeit vs 1.8% of domestic packs in the empty pack survey. Since the full pack survey gathered a similar number of Marlboro packs as the EPS, we've updated our analysis to show the weighted average counterfeit share for domestic Marlboro packs across both surveys, suggesting the counterfeit rate falls between the two studies 	<p>Outflows from Guatemala decreased by:</p> <ul style="list-style-type: none"> 0.12 bn cigarettes in 2024 0.14bn cigarettes in 2025 <p>Nil impact on Mexico Non-Domestic inflows</p>
	2025	Dec Q4:Nov	7,000	21		

Source: (1) Empty pack surveys (2) WSPM Group – Full Packs Survey, Marlboro, Mexico, 2024 and 2025

Empty pack / pack swap survey adjustments (cont.)

Empty pack / pack swap surveys – adjustments made in KPMG analysis⁽¹⁾

Country	Year	Sample dates	Packs collected	Number of cities	Adjustment	Impact
Mexico	2025	Q4:Nov	7,000	21	<p>2025 empty pack survey results indicated markedly lower inflows of Domestic Others brands vs 2024</p> <p>To understand the validity of the 2025 flow, we triangulated and tested it as follows:</p> <ul style="list-style-type: none"> – The Domestic Others flows suggested by the 2025 EPS would have indicated a large decrease in total cigarette consumption. This increase was contradicted by other data sources (e.g. smoking incidence, other third party estimates of total cigarette consumption etc.) – Analysis of Nielsen retail audit data carried out in Mexico in 2025 indicated that sales of Domestic Others brands had remained stable in 2025 <p>As a result, the 2025 empty pack survey results were considered to have undersampled the volume of Domestic Others brands in 2025, and flows of Domestic Others brands were adjusted using the rate of change implied by Nielsen’s retail audit data in 2025</p>	Domestic Others volume increased by 1.20 bn cigarettes

Source: (1) Empty pack surveys (2) WSPM Group – Full Packs Survey, Marlboro, Mexico, 2024 and 2025

Empty pack / pack swap survey adjustments (cont.)

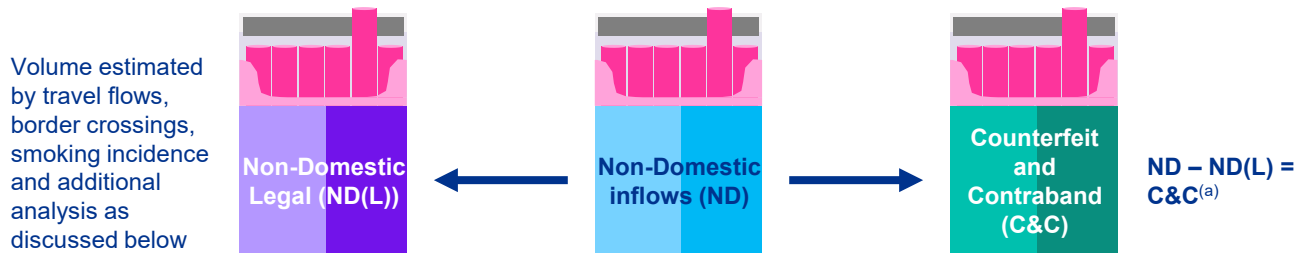
Empty pack / pack swap surveys – adjustments made in KPMG analysis⁽¹⁾

Country	Year	Sample dates	Packs collected	Number of cities	Adjustment	Impact
Panama	2021	Q3:Sep	1,150	5	<p>Empty pack survey results for Panama show some of the highest levels of Non-Domestic consumption worldwide</p> <p>The estimation process used in the KPMG LA&C Flows Calculation means that even small changes in the Non-Domestic share in countries with very high non-domestic consumption can cause significant fluctuations in total consumption estimates from year to year. These fluctuations did not align with other data sources, such as smoking prevalence rates or cigarette average daily consumption figures</p> <ul style="list-style-type: none"> — Therefore, for the four years where empty pack survey data is available, we have referenced third-party estimates of total cigarette consumption in Panama from Euromonitor International⁽¹⁾. We then calculated Non-Domestic consumption by subtracting Legal Domestic Consumption (estimated using the KPMG LA&C Flows Calculation) from these total consumption estimates — The resulting output of this adjustment significantly reduces year on year volatility of the results and maintains a consistently high Non-Domestic share in Panama that is largely in line with the results of the empty pack surveys carried out in each year 	Not quantified
	2022	Q3:Jul	1,150	5		
	2024	Q2:Jun	1,150	5		
	2025	Q3:Jul	1,150	5		

Source: (1) Euromonitor International, Tobacco: Euromonitor International from trade sources/national statistics

Non-Domestic Legal analysis

Primary information sources and tools – Non-Domestic Legal analysis and assumptions



ND(L) was estimated by analysis of travel trends, border crossings and cigarette pricing data. C&C volumes formed the remaining Non-Domestic balance after subtracting ND(L) from total Non-Domestic

- Business and tourism travel data from the World Tourism Organization (UNWTO), Euromonitor International, national statistics offices and other publicly available sources were used to estimate the number of trips made by travellers over the age of 18
- This total number of trips was then multiplied by the average cigarette smoking prevalence of the country of origin to estimate the total number of trips by cigarette smokers. Smoking prevalence data was provided by WHO and Euromonitor International
- We assumed that the number of packs purchased per trip is equal to the Duty-Free allowance, or the indicative legal limit for cross-border travel
- The empty pack / pack swap surveys and LA&C Flows Calculation form the basis of all Non-Domestic analysis. As a result, if the ND(L) calculation was greater than 100% of the flow calculated by the LA&C Flows Calculation, it is capped at the volume generated by the LA&C Flows Calculation

Analysis example

Travel Flow Analysis												
Year	Country of study	Country of origin	ND (bn sticks) ⁽¹⁾	Category	Number of journeys (m) ⁽²⁾⁽³⁾	% of Population 18+ ⁽³⁾⁽⁴⁾	Smoking Prevalence ⁽³⁾⁽⁵⁾	Trips where cigarettes purchased (m)	Cigarettes per trip ^(b)	ND(L) (bn sticks)	Total ND(L) (bn sticks)	% of ND
2024	Argentina	Paraguay	2.76	Returners	0.734	73%	21%	0.110	200	0.022	0.023	0.8%
				Incomers	0.472	66%	9%	0.027	40	0.001		

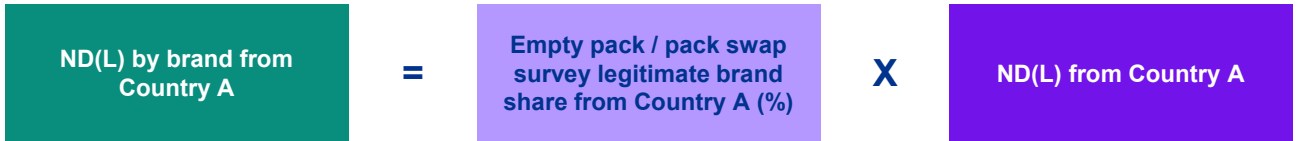
Notes (a) KPMG estimates the split between C&C and ND(L) by calculating the ND(L) volume and subtracting from the total inflows
 (b) Unless stated otherwise it is assumed that returning travellers purchase the indicative maximum allowed

Sources: (1) KPMG LA&C Flows Calculation (2) UN WTO Tourism Factbook (3) Euromonitor International (4) UNICEF (5) WHO

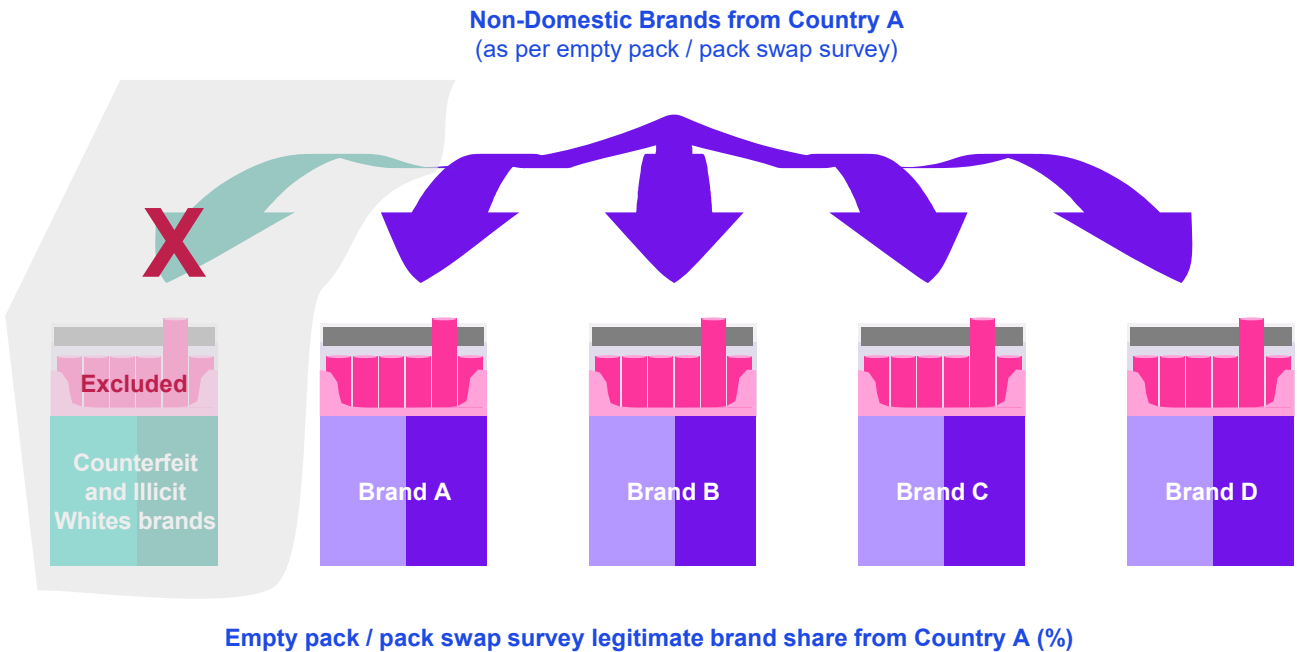
Non-Domestic Legal analysis (cont.)

Non-Domestic Legal brand split analysis and assumptions

Illustrative example of ND(L) by brand approach



Illustrative example of Brand Share calculation



Having estimated the volume of ND(L) inflows on a country basis as detailed on the previous page, the brand share was estimated by analysis of the brands that were found in the empty pack / pack swap survey from that country

The ND(L) inflow from each source country was split into brands by using the following approach

- Illicit Whites brands and Counterfeit packs were excluded from being potentially classified as ND(L) as these brands are always C&C, leaving only brands that could have potentially legal inflow volumes
- For the remaining potentially legal brands, the ND(L) percentage share was estimated to be the same as the Non-Domestic share of these brands
- ND(L) volume by brand was estimated as the product of the total ND(L) inflow and the brand percentage share

Non-Domestic Legal calculations for years with no empty pack / pack swap survey

Approach taken for years where survey data is unavailable

In some countries, empty pack surveys or pack swap surveys were unavailable for certain years, or a breakdown of the country of origin of packs collected was not available.

For these years, it is not possible to estimate Non-Domestic Legal (ND(L)) inflows using the methodology outlined in the prior pages, as no information exists on Non-Domestic inflows by country of origin

For these years, Non-Domestic legal volumes have been extrapolated based on volumes of ND(L) in years where ND(L) inflows can be determined using our standard approach set out on the prior pages. Extrapolations are based on year-on-year changes in total tourism volumes using data from the World Tourism Organization (UNWTO) and Euromonitor International. This is based on the assumption that Non-Domestic Legal inflows are closely tied to travel trends

The years where this approach has been applied are:

Country	Year	Traveller growth rate vs prior year ^{(a)(b)}				
		2021	2022	2023	2024	2025
Argentina	2021, 2022, 2023, 2025	-72%	642%	60%	N/A	-3%
Brazil	2021, 2022, 2023	-49%	340%	48%	N/A	N/A
Chile	2025	N/A	N/A	N/A	N/A	6%
Dominican Republic	2024, 2025	N/A	N/A	N/A	9%	8%
Ecuador	2024	N/A	N/A	N/A	21%	N/A
Mexico	2021		N/A	N/A	N/A	N/A
Panama	2023	N/A	N/A	25%	N/A	N/A

Approach taken for Canada

Since Canada does not have empty pack or pack swap surveys available for any year covered in this report, a different method has been used.

Because there are no official statistics specifically showing the consumption of ND(L) cigarettes in Canada, we estimated ND(L) inflows by assuming that Canadian travellers have a similar ND(L) consumption rate per traveller as Brazil, which has the highest rate in this report and a similar 10-pack indicative legal allowance for international travellers. This highest rate was chosen to offer a potential upper-bound estimate of ND(L), thereby providing a more conservative perspective on the share of Non-Domestic inflows attributed to C&C. The approach taken is as follows:

- Total ND(L) in Brazil was divided by the number of travellers to estimate ND(L) per traveller
- This ND(L) per traveller figure was applied to Canadian cross-border traveller data
- This estimate was then extended for other years based on changes in traveller numbers

This approach suggests that between 2023 and 2025, about 2% of Non-Domestic inflows to Canada are ND(L). This percentage drops to 1% or less in 2022 and 2021, as traveller volumes decrease during Covid-19 travel restrictions.

We acknowledge there are limitations with this approach, and it should be viewed as illustrative only. Our estimate may either underestimate or overestimate ND(L) volumes depending on whether Canada's ND(L) per traveller is higher or lower than Brazil's. Factors such as travellers' ages, genders and the price differences of cigarettes between countries can affect ND(L) per traveller. We have not sought to quantify this potential under or over estimation. However, this approach does not impact the overall quantum of Non-Domestic inflows to Canada in each year.

Note: (a) N/A indicates an empty pack or pack swap survey was available in this year so the standard approach to calculating ND(L) set out on the prior pages has been followed
(b) Large changes in traveller numbers during 2021, 2022, and partly 2023 reflect the effects and easing of COVID-19 travel restrictions

Source: (1) Inbound Arrivals and Outbound Departures, Euromonitor International: Travel; Number of Trips, 2021-2025; (2) UN WTO Tourism Factbook

Illicit Whites analysis

Illicit Whites brand flows accounted for ~73% of total identified C&C volumes in the 11 markets in this report in 2025

Illicit Whites are defined as

- Cigarettes which are usually manufactured legally in one country or market but which the evidence suggests have been smuggled across borders to the destination market where they have limited or no legal distribution and are sold without the payment of tax^(a)

KPMG undertook the following analysis to estimate which brands made up Illicit Whites brand flows:

- Non-Domestic volumes were compared to LDS on a country-by-country basis to estimate the Non-Domestic share of total consumption
- KPMG conservatively assumed that where Non-Domestic volumes of a brand represented over 99% of total consumption, it is classified as an Illicit Whites brand

Where Illicit Whites packs do not have any country-specific tax stamps, they are categorised as ‘Illicit Whites with no country-specific labelling’ in the Report. This includes Duty Free labelled packs

An Illicit Whites brand’s overall volume is the total of only those countries where the brand flow meets the 99% criteria

Many of the Illicit Whites flows are identified in high volumes in the empty pack survey. However, given our identification of Counterfeit product is limited to the empty pack survey participants, we cannot assess whether these flows are genuine or Counterfeit

Illustrative example

Non-Domestic volumes by brand and destination country

Brand	Country 1	Country 2	Country 3	Country 4
Brand A	0.01	0.24	0.01	0.01

LDS by brand and by country

Brand	Country 1	Country 2	Country 3	Country 4
Brand A	-	0.00	-	0.01

Non-Domestic volumes as share of total consumption

Brand	Country 1	Country 2	Country 3	Country 4
Brand A	100%	100%	100%	38%

Illicit White volumes by brand and by destination country

Brand	Country 1	Country 2	Country 3	Country 4
Brand A	0.01	0.24	0.01	-

Classified as an Illicit White in country 1, 2 and 3 where there is limited or no evidence of legal distribution

Not classified as an Illicit White in country 4 where Non-Domestic volumes are 38% of consumption

Note: (a) Domestic Others inflows identified in Mexico are categorised as Illicit Whites, as despite bearing Mexican labelling these brands have no Legal Domestic Sales presence in Mexico. Domestic Illicit inflows in Argentina and Mexico are also categorised as Illicit Whites where the brands in question have no Legal Domestic Sales presence

Tax Revenue Loss

The Report estimates the excise and VAT revenue that would have been gained had the volume of identified C&C cigarettes consumed in a country been legally purchased in that country

- The calculation shown below was performed for each country:
 - Pricing data for cigarettes is as per the WHO (Price of a 20-cigarette pack of the most sold brand)⁽¹⁾, except for Argentina where pricing data is sourced from publications from the Argentinean Ministry of Agriculture, Livestock and Fisheries^{(4)(a)}
 - This is then multiplied by the tax rate (as a % of Price) in each country, provided by PMI⁽¹⁾
 - The resultant tax take (per cigarette) is multiplied by the C&C consumption volumes for that country per the LA&C Flows Calculation to give the total potential tax loss
- Total tax losses for the 11 countries were estimated to be ~\$8.8bn in 2025.
- Tax losses are estimated based on sales volumes and are not reflective of any other factors, like affordability or price elasticity and are always reported at what would have been lost if the C&C had been purchased legally



Note: (a) Price data for Argentina is sourced from publications from the Argentinean Ministry of Agriculture, Livestock and Fisheries. This provides a more conservative estimate of potential tax loss in Argentina given WHO data indicates a higher price point

Sources: (1) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (2) PMI, Tax rates, LC Excise Duty, 2021-2025; (3) KPMG LA&C Flows Calculation and analysis of data sources provided by manufacturers (4) Argentinean Ministry of Agriculture, Livestock and Fisheries, Volume of Sold Packs, Evolution and Price Range, Period 2005–2026, Tobacco Coordination Finance and Collection Area, 2026

Tax Revenue Loss by country

Tax revenue loss calculation per market

The table below sets out the tax revenue loss per market based on the methodology outlined on the prior page

Region	2024				2025			
	C&C (bn cigarettes) ⁽¹⁾	Price: 20 cigarettes ^{(2)(a)}	Tax rate ⁽²⁾	Tax revenue loss (\$m)	C&C (bn cigarettes) ⁽¹⁾	Price: 20 cigarettes ⁽²⁾	Tax rate ⁽²⁾	Tax revenue loss (\$m)
	1	2	3	= 1 / 20 x 2 x 3				
Argentina	3.6	2.17	78.2%	305.6	3.9	2.17	78.3%	331.9
Brazil	41.9	1.10	67.3%	1,549.0	41.8	1.79	71.0%	2,655.9
Canada	7.4	9.95	59.9%	2,214.3	6.8	10.13	60.9%	2,111.3
Chile	5.8	4.58	76.8%	1,022.8	6.8	4.38	76.0%	1,126.2
Colombia	4.6	2.07	57.9%	272.2	4.6	2.26	57.2%	299.3
Costa Rica	0.8	3.34	55.0%	68.8	0.7	4.82	55.0%	88.6
Dominican Republic	0.2	6.81	51.1%	34.9	0.3	6.37	51.2%	40.9
Ecuador	2.1	6.58	62.5%	428.8	1.5	6.46	62.8%	312.4
Guatemala	0.4	3.04	49.0%	28.0	0.3	2.68	49.0%	22.5
Mexico	9.2	3.86	63.9%	1,134.6	9.2	4.52	63.3%	1,314.0
Panama	1.3	5.63	56.5%	204.4	1.1	5.78	56.5%	182.8

Note: (a) Price of a 20-cigarette pack of the most sold brand

Sources: (1) KPMG LA&C Flows Calculation; (2) Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024; (3) PMI, Tax rates, LC Excise Duty, 2021-2025

04



Appendices

Limitations of Results

The below noted limitations of results apply across 2021 to 2025

Limitation	Detail	Impact	Adjustment
Non-major manufacturer Counterfeit	<ul style="list-style-type: none"> Empty pack survey results do not identify Counterfeit packs that have been made by manufacturers that do not participate in the empty pack / pack swap surveys (British American Tobacco, Japan Tobacco International, and Philip Morris International) as only the manufacturer/trademark owner can confirm whether their brand's pack is genuine 	<ul style="list-style-type: none"> In some instances, the volume of Legal Domestic Consumption may be overstated where domestic Counterfeit variants exist, leading to corresponding understatements of C&C volumes for some brands (although the impact is likely to be minimal) We cannot distinguish non-major manufacturer brand Counterfeit (Non-Domestic variants) and Contraband product, although this will not impact the overall volume of C&C Illicit Whites volumes may include Counterfeit 	Not adjusted for
Non-LA&C and Canada outflows	<ul style="list-style-type: none"> To estimate consumption, we have assumed no outflows of LDS outside the 11 countries of study 	<ul style="list-style-type: none"> Outflows to nations beyond the 11 countries covered in this report have not been estimated due to the lack of access to empty pack surveys in those regions. Notably, this includes the US, a large and populous country that shares borders with some countries included in this report 	Not adjusted for
Extrapolation of total consumption in years without empty pack / pack swap data	<ul style="list-style-type: none"> In some markets and years, empty pack surveys or pack swap surveys were unavailable. In such instances, publicly available cigarette consumption statistics were used to estimate the annual rate of change in total consumption (or Non-Domestic consumption, depending on data availability), and this rate of change was applied to years with survey-based estimates to extrapolate total consumption 	<ul style="list-style-type: none"> The approach introduces additional uncertainty versus survey-anchored years, as external consumption indicators may not fully capture short term shifts in market structure (e.g., changes in Non-Domestic incidence or enforcement intensity) and may smooth volatility between years 	Not adjusted for

Limitations of Results (cont.)

Limitation	Detail	Impact	Adjustment
Extrapolation of traveller volumes to estimate ND(L) in years without empty pack / pack swap data	<ul style="list-style-type: none"> In years where no empty pack / pack swap survey was available (or where pack country-of-origin detail was unavailable), ND(L) could not be estimated using the standard approach (i.e., inflows by country of origin and brand shares). For these years, ND(L) volumes were extrapolated using year-on-year changes in travel volumes using UNWTO and Euromonitor International data, based on the assumption that ND(L) inflows are closely tied to travel trends 	<ul style="list-style-type: none"> This assumption may over or understate ND(L) where traveller behaviour changes (e.g., propensity to purchase cigarettes, enforcement at borders, or changes in indicative allowances) are not proportional to the change in headline traveller volumes. As ND(L) is used to derive C&C as a residual (ND less ND(L)), any over or underestimation of ND(L) will correspondingly under or overstate C&C Although ND(L) is extrapolated under simplified assumptions, any resulting imprecision is unlikely to have a significant impact on C&C estimates, given that ND(L) accounts for only a minor proportion of overall consumption in each country in this Report 	Not adjusted for
Travel data coverage (UNWTO) and potential under capture of cross-border shopping and day trips	<ul style="list-style-type: none"> Travel volumes used to estimate ND(L) are sourced from UNWTO. Travel statistics may not consistently capture the full set of land-border movements, particularly same-day trips, and comparability can vary by country depending on national reporting practices 	<ul style="list-style-type: none"> Where cross-border shopping or frequent land-border day trips are significant, ND(L) may be underestimated if traveller volumes do not fully reflect those movements, which would lead to a corresponding overstatement of C&C. The risk is likely to be higher in markets with high-frequency land border movement (e.g., between Canada and the USA) than in markets where international travel is more predominantly by air 	Not adjusted for
Inability to segment C&C into Counterfeit / Illicit Whites / Other C&C in years without empty pack / pack swap data	<ul style="list-style-type: none"> In years (and in some markets) where empty pack / pack swap surveys detailing pack origin and brand/type were unavailable, it is not possible to provide a consistent breakdown of C&C into Counterfeit, Illicit Whites and Other C&C. In such instances, C&C is presented as “Uncategorised” and only shown at an aggregate level 	<ul style="list-style-type: none"> This limits year-on-year comparability of C&C composition and reduces the ability to attribute changes in C&C to specific components (e.g., Illicit Whites versus Counterfeit). Where 2024 and 2025 estimates suggest Illicit Whites form the majority of C&C, earlier years with larger “Uncategorised” C&C shares are likely to include significant Illicit Whites volumes that cannot be separately identified 	Not adjusted for

Limitations of Results (cont.)

Limitation	Detail	Impact	Adjustment
C&C inflows exclude potential under-declaration / under-reporting of domestic production	<ul style="list-style-type: none"> C&C inflow estimates do not include an adjustment for under-declaration (or under-reporting) where manufacturers report lower production volumes than what is produced and sold, as it is challenging to determine the extent of any possible under-declaration based on the data sources available for this Report 	<ul style="list-style-type: none"> Where under-declaration exists, domestic consumption may be understated, which could lead to an understatement of total consumption and/or misattribution between legal and illicit components depending on the market context and available triangulation data 	Not adjusted for

Limitations of Results (cont.)

Source	Limitation
Empty pack / pack swap surveys	<p>Empty pack and pack swap survey limitations</p> <p>Whilst the survey for every country is designed by the third-party market research agencies to be representative of the overall population, in some countries, owing to the geographical circumstances or demographics it may not be possible to ensure that the sample is fully representative. This may be because:</p> <ul style="list-style-type: none"> • The sample is more heavily weighted towards populous, urban areas and therefore may not be fully representative of consumption habits in rural regions • Workplaces or public spaces are not covered, and in the case of empty pack surveys, homes are not covered <p>Brand and market variant share can only be extrapolated with a degree of statistical accuracy for brands where a sufficiently large number of packs have been collected</p> <p>We analyse survey results to identify any outliers that may impact results, such as geographic concentrations of a specific brand or market variant. We also compare brand specific data to known sales in the source market to identify whether results are credible</p> <ul style="list-style-type: none"> • Where data suggests a sampling or data capture error may have occurred at a specific location, we adjust the results in our analysis accordingly <p>In some specific instances it is not possible to differentiate between Duty Free and Duty Paid variants from the packs collected</p> <p>Empty pack survey specific limitations</p> <p>Although empty pack survey dates are selected by the third-party market research agencies to seek to minimise seasonal factors, there may be specific events that impact the results such as significant price changes between countries and major national events which result in large numbers visiting the country, such as the Olympics or a World Cup</p> <ul style="list-style-type: none"> • In some instances, the timing of empty pack surveys has changed between years. To seek to ensure comparability of results, we analyse monthly LDS figures, consumption trends and visitor data and make adjustments where appropriate • Where there are specific outflows related to tourism limited to the summer months, the reported numbers may underrepresent the full picture as the empty pack survey will only capture one point in time • COVID-19 related lockdowns and travel restrictions have impacted the timings of empty pack surveys in some markets in the 2021 results. To seek to ensure comparability of results, we have analysed monthly LDS figures, consumption trends, visitor data and other data sources to adjust where appropriate

Limitations of Results (cont.)

Source	Limitation
LDS	<ul style="list-style-type: none"> In some cases, tax stamp data on packs released for sale may not correspond to the calendar year and may also be distorted by inventory holdings in advance of increases in taxation. In these instances, we have used the LDS source considered by local country PMI management to be representative of smoker consumption during the calendar year, or official government data sources Slight timing variances may arise between the date the product was shipped and actual consumption but, following discussions with local PMI management, this is not considered significant and the full year LDS information we have is considered to be a fair and accurate representation in each market
ND(L)	<ul style="list-style-type: none"> We have used business and tourism travel data from sources such as the UN World Tourism Organization (UNWTO) and Euromonitor International to estimate the number of trips made We have estimated the volume of cigarettes purchased by travellers by assuming that smokers purchase the Duty-Free limit, or the indicative legal limit for intra-market travel This may over-weight ND(L) volume as a proportion of the total Non-Domestic flow We assume that traveller demographics are the same as the domestic population. It is likely that travellers will be older on average, with fewer under 18s. This may under-estimate ND(L) In order to estimate the ND(L) brand split, we used brand shares from the empty pack surveys. Refer to page 95 for details
Price data	<ul style="list-style-type: none"> At the time of publication of this Report, the most recent price data available from the WHO were for the year 2024 These prices have been extrapolated to produce 2025 figures using Euromonitor International data on Retail Selling Price (RSP) and Retail Volume⁽¹⁾

Source: (1) Prices, Euromonitor International: Tobacco; Calculated based on Retail Value RSP and Retail Volume estimates, 2021-2025

Empty pack / pack swap survey results by country

Empty pack survey results in 11 LA&C markets, 2021-25^{(a)(b)(c)}

Region	Number of packs collected					ND incidence in empty pack / pack swap survey ^(b)				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Argentina	-	2,651	-	9,000	-	-	10.0%	-	10.0%	-
Brazil	10,000	10,000	10,000	9,000	10,000	47.8%	40.2%	37.4%	12.5%	13.8%
Canada	-	-	-	-	-	-	-	-	-	-
Chile	7,492	7,492	7,492	7,492	-	20.5%	36.4%	47.4%	51.5%	-
Colombia	3,908	3,908	3,908	3,908	3,908	32.3%	34.0%	35.0%	36.0%	37.8%
Costa Rica	4,000	4,000	4,000	4,000	4,000	44.6%	40.3%	42.2%	46.2%	44.6%
Dominican Republic	4,290	4,290	4,290	-	-	20.3%	48%	29.2%	-	-
Ecuador	1,024	1,024	1,286	-	1,286	80.1%	79.4%	83.9%	-	82.8%
Guatemala	3,012	3,012	3,012	3,012	3,012	22.7%	21.2%	19.0%	24.8%	23.7%
Mexico	-	7,000	14,000	7,000	7,000	-	7.0%	9.3%	10.8%	11.6%
Panama	1,150	1,150	-	1,150	1,150	87.9%	92.1%	-	96.2%	97.1%

Empty Pack Surveys

Pack Swap Surveys

Note: (a) Only base survey data in the empty pack surveys have been summarised in this table, i.e. 'focus' samples designed to investigate particular regional phenomena are excluded as they do not form part of the statistically representative national sample; (b) ND incidence listed in this table is based on the weighted number of Non-Domestic packs collected in the empty pack / pack swap survey. It doesn't account for differences due to country and brand adjustments made as a part of this study. Therefore, this incidence may differ from the ND incidence stated elsewhere in this Report; (c) Years with "-" indicate that surveys were not conducted in those countries for the particular year

Sources

Data sources

The sources listed below are those used in analysis and reporting across 2021 to 2025

Sources

18+ smoking prevalence per Euromonitor International

Average daily consumption of cigarettes for 18+ population per PMI internal data (2023 and 2025)

Average daily consumption of cigarettes for 18+ population per WHO GATS data (2021)

Brazilian Federal Police – WHO FCTC side-event (2024), “Illicit Trade in Brazil – Experience from the Brazilian Federal Police”, Feb 2024

Caribbean, Bermuda & Latin America Crime Stoppers Foundation, Free Trade Zones: a place to be protected against transnational crime organizations

Current cigarette smoking rates among people aged 15 years and older, 2022 estimates, WHO global report on trends in prevalence of tobacco use 2000-2025, WHO fourth edition

Diario Extra, “Contrabando de cigarrillos y licores financiaría redes criminales”, Jun 2025

Empty pack surveys, Independent research agencies, 2021-2025

Euromonitor International, Canada (Illicit + Legal, Retail Volume)

Euromonitor International, Tobacco: Euromonitor International from trade sources/national statistics

Euromonitor International, Tobacco: Sales of Smokeless Tobacco, E-Vapour Products and Heated Tobacco

Inbound Arrivals and Outbound Departures, Euromonitor International: Travel; Number of Trips, 2021-2025

Infobae, “El contrabando de cigarrillos... ya financia economías criminales en las regiones”, Feb 2026

Kantar panel surveys, Brazil, 2021-2024

KPMG LA&C Flows Calculation 2021-2025 and analysis of data sources provided by manufacturers

La Prensa, “Aduanas decomisa cigarrillos de contrabando por un valor de \$24 millones”, Dec 2024

Official Gazette Digital, Law 315, National Executive Body of the Presidency Of The Republic of Panama, June 30, 2022

Organized Crime and Corruption Reporting Project, Brazil Busts Cigarette Smuggling and Counterfeiting Ring that Enslaved Paraguayans, Nov 2023

Pack Swap Surveys, Independent research agencies, 2021-2025

PMI, Nicotine Containing Products Tracker (NCPT) surveys

Population 18+, Euromonitor International: Total Population; Socio-economic indicators, 2021-2025

Population 18+, UNICEF, 2024

Presidencia de la República Dominicana, “Aduanas destruye millones de cigarrillos incautados en frontera, puertos y aeropuertos”, Mar 2025

Prices and tax rates, LC Excise Duty, 2021-2025

Prices, Euromonitor International: Tobacco; Calculated based on Retail Value RSP and Retail Volume estimates, 2021-2025

Prices, Pack of 20 cigarettes of the most sold brands, WHO 2024

Sales data from the Argentinean Ministry of Agriculture, Livestock and Fisheries

TVN Panamá (TVN-2), “Contrabando y falsificación de cigarrillos financian crimen organizado en Panamá”, Sep 2025

UNWTO Factbook

WSPM Group – Full Packs Survey, Marlboro, Mexico, 2024 and 2025

xe.com for exchange rate data

Scope of work

Estimating the size, nature and financial impact (i.e., equivalent tax value) of illicit consumption of cigarettes in Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama for Calendar Year 2021 – 2025.

Methodology and Reporting

1. The purpose of the study is to consider and comment on:

- a) the estimated size and composition of the total cigarette market (including counterfeit and contraband products), for each of Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama for 2021-2025

2. The Contractor will prepare a Report which will be provided in PDF format which covers the results of the analysis undertaken as set out below:

- a) The findings from the work on the 11 markets will be used both individually and to produce a summary covering an overall view of the total market for Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, and Panama, and an analysis of sources of illicit manufactured cigarettes, including reference to specific source countries and free trade zones where appropriate. The Contractor will also provide a section in the Report on counterfeit and contraband flows for each of the 11 markets
 - b) Each market section will consist of the equivalent of four pages if printed and will include a table detailing total manufactured cigarette consumption from 2021 to 2025, along with charts showing the Non-Domestic Legal (ND(L)) and Counterfeit & Contraband (C&C) volumes by source country and by brand. The commentary will be brief and factual and will source publicly available data on tobacco prices, traveller data and total tobacco consumption where relevant. The commentary will also source other quantitative and qualitative research and analysis as deemed necessary, for example to in relation to trends in C&C
 - c) The Contractor's analysis of the cigarette market will be based on a methodology that incorporates primary research, market analysis, existing industry surveys and other sources of data.
- For each of the 11 markets, the Contractor will use in-market cigarette sales data provided by PMPSA to estimate Legal Domestic Sales and estimate Legal Domestic Consumption by subtracting outflows to other markets based on the results of Empty Pack Surveys provided by PMPSA.
 - The Contractor will analyse the results of the Empty Pack Surveys to estimate the level of Non-Domestic cigarette inflows for each market, which will then be added to Legal Domestic Consumption to estimate Total Consumption.
 - Using publicly available data, the Contractor will analyse tourism flows, smoking incidence, cigarette purchase limits for travellers and border sales data to estimate the proportion of Non-Domestic inflows that could be considered to be legal, and as a direct result provide an estimate of the level of counterfeit and contraband for each of the 11 markets
 - The steps above will be undertaken to simultaneously analyse the inflows and outflows between all of the 11 markets using Excel and Alteryx analytical tools, which have been specifically developed for this purpose by the Contractor and are consistent with those used in previous engagements for the Client, using the data sources above
 - Additional data sources may be used to refine the Contractor's analysis
 - The Contractor will set out the estimation process in detail in a methodology section in the Report
 - The Contractor will also conduct analysis on illicit whites. This will be reported in the consolidated section of the Report



If you would like further information, please talk to your usual KPMG contact or contact:

KPMG press office
T: +44 (0)20 7694 8773

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.



kpmg.com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Document Classification: KPMG Public

CREATE: CRT165825A | January 2026