



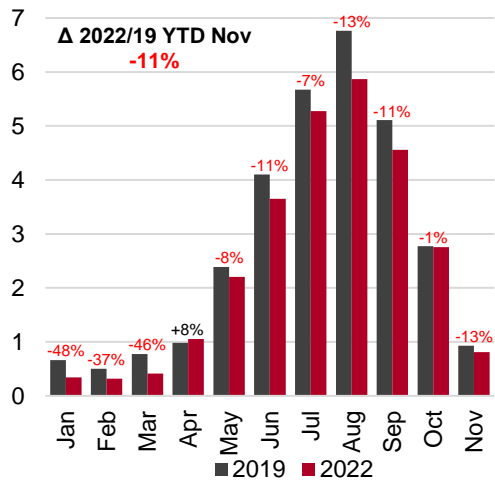
GBR HOSPITALITY QUARTERLY NEWSLETTER

Greek Hospitality Industry Performance

2022 Q4

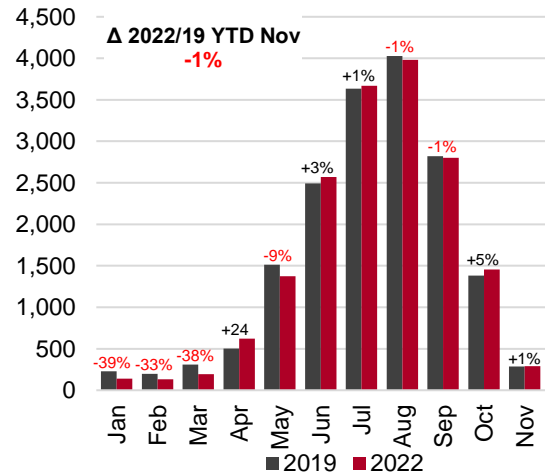
The year 2022 in review

International arrivals 2019 & 2022 (x 1 million)



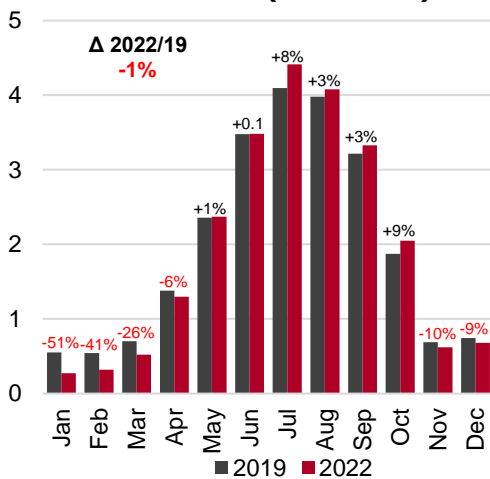
Source: Bank of Greece

International receipts 2019 & 2022 (x 1 million) €



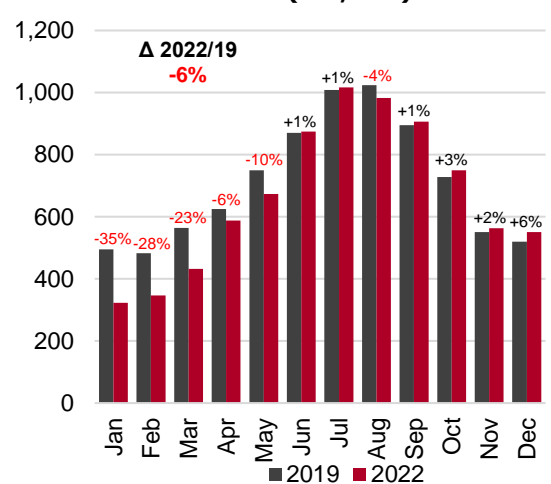
Source: Bank of Greece

International arrivals at Greek airports 2019 & 2022 (x 1 million)



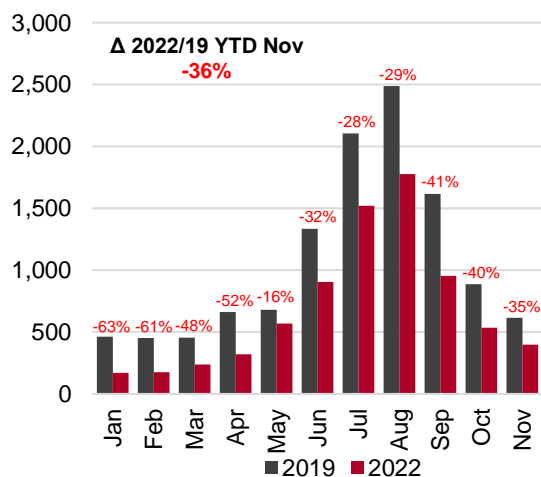
Source: Civil Aviation Authority

Domestic arrivals at Greek airports 2019 & 2022 (x 1,000)



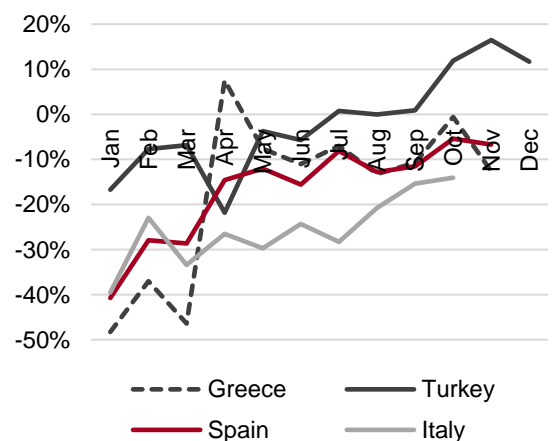
Source: Civil Aviation Authority

Road arrivals 2019 & 2022 (x 1,000)



Source: INSETE

International arrivals per month Δ 2022/19

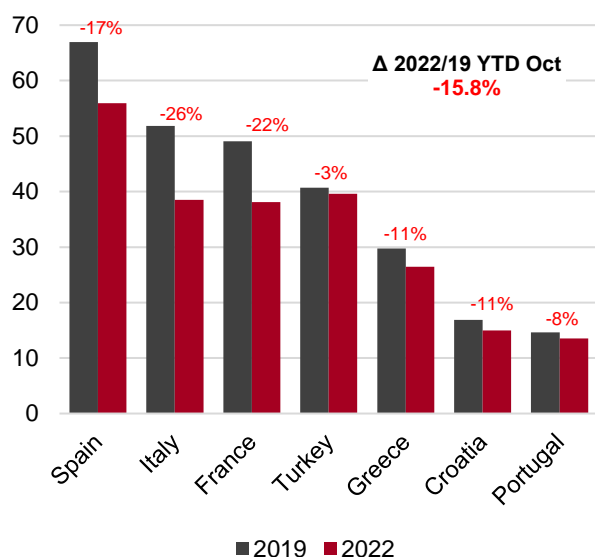


Source: UNWTO

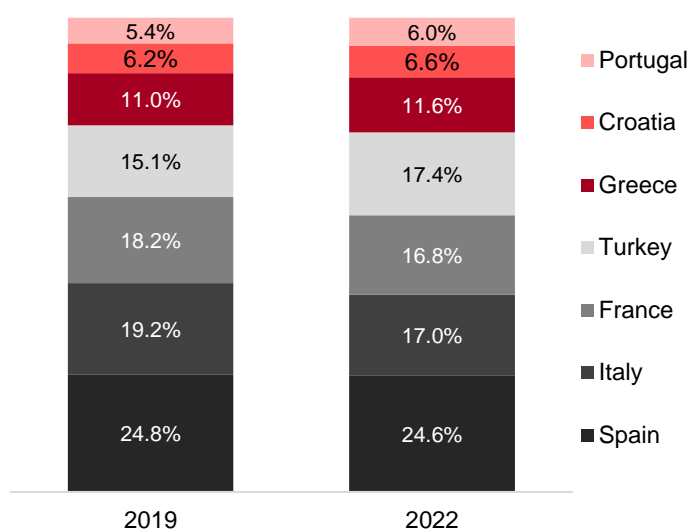
Commentary

- International arrivals in Greece declined 11% up to November 2022 compared to same period in 2019. This is mainly due to a significant drop in road arrivals, which represented 31% of all international arrivals in 2019. International arrivals at Greek airports decreased by just 1% 2022/19 due to a very strong summer season.
- International receipts dropped 1% in 2022/19 YTD November. For the entire year of 2022 it is expected that Greece attracted a total of nearly 28 international tourists spending € 17.5 billion.

**International arrivals 2022 / 2019 YTD Oct
main Mediterranean destinations (x 1 million)**



**Market share based on
data YTD October**



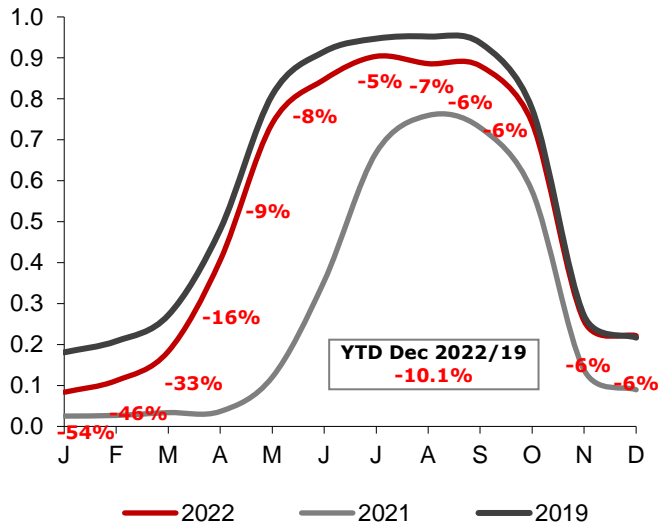
Source: UNWTO, Bank of Greece

- Based on available data up to October for all displayed Mediterranean countries, international arrivals dropped 15.8% in 2022 compared to 2019. The largest decline was recorded in Italy with a drop of 26% followed by France with 22%. Turkey showed the best performance with a decrease of international arrivals of just 3% during the reviewed period.
- As a result, based on the 2022 performance Turkey outperformed its competitors and gained market share just like Portugal, Croatia and Greece. Italy and France were the worst performers, while Spain despite the drop of 17% in international arrivals 2022/19 YTD October maintained its market share.

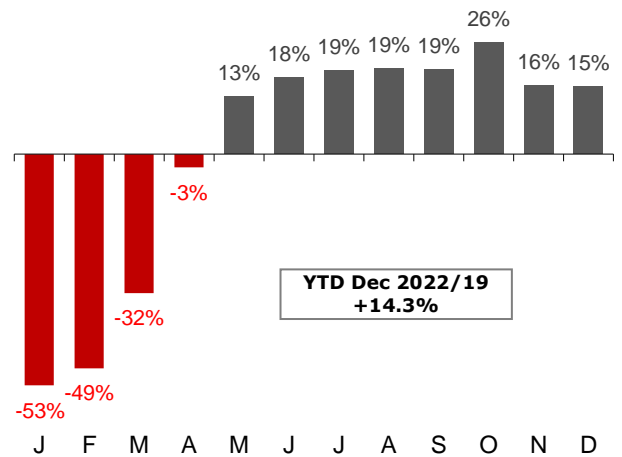
Greek hotel sector performance

- In line with the drop of international arrivals our monthly hotel performance survey on the performance of the Greek hotel sector showed a decline of room nights sold by 10.1% during 2022 compared to 2019.

Greek hotel market
Room nights sold in millions & % change 2022/19



Greek hotel market
Revenue index* 2022 as % of 2019

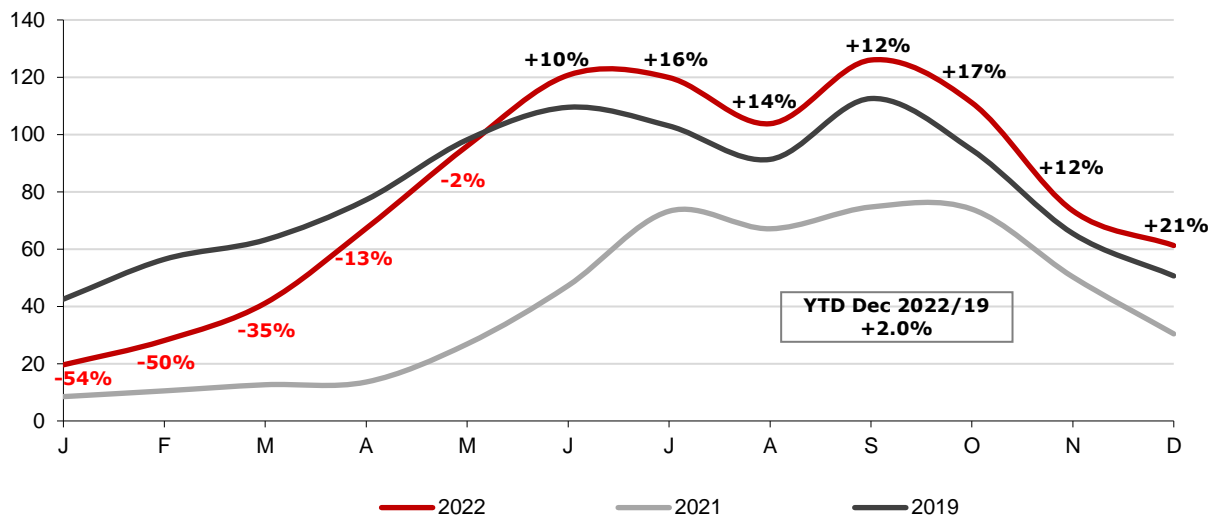


* The Revenue Index is based on Room Revenue for Athens & Thessaloniki hotels and Total Revenue for hotels in other areas

Source: GBR Consulting

- The revenue index shows the difficult first quarter of 2022. Optimism had already dampened in Q4 2021 with record levels of Covid-19 cases and deaths and the entry of the new Omikron variant. At the beginning 2022 Covid-19 measures were still in place affecting significantly the performance of city hotels including Athens and Thessaloniki as depicted below.
- As from April 2022 demand picked up and resort hotels started their season reaching similar occupancy levels of 2019, but with significantly higher revenue in an environment of high inflation caused by a strong and rapid post-Covid rebound, global supply chain disruptions and the Ukrainian – Russian war which started in February 2022. RevPAR in Athens & Thessaloniki increased 2%, while in other cities in Greece revenue per available room declined by 2%.

Athens & Thessaloniki
Revenue per Available Room (RevPAR - €)



Source: GBR Consulting

Hospitality sector challenges

- The year 2022 is the new base and further revenue increases are budgeted, while **managing the increased cost** of energy, labour (and the shortage thereof), goods & services and cost of capital. At the same time rising prices decreases disposable incomes of households putting pressure on travel budgets.

In December 2022 inflation in Greece dropped for the third consecutive month at 7.6% y-o-y at the lowest level since February. Energy inflation dropped at 4.8% y-o-y due to lower global prices and government subsidies. The surprisingly warm winter in Europe has seen natural gas prices plummet and possibly Europe will exit the winter with relatively high storage levels. Therefore, Oxford Economics expects steep disinflation in 2023 to a level of 3.9%, well above the ECB targets, who will increase interest rates further putting pressure on bank lending rates and long-term government yields. The labour market is resilient with unemployment dropping to 11.4% in November 2022 and investment is set to further support recovery with spending of the € 31 billion EU Recovery and Resilience Facility during 2021 - 2026. Parliamentary elections will be held in the spring.

- The energy crisis may have delayed the green transition, but climate change is a significant threat and will have a huge impact on the environment, economies and millions of people around the world. The tourism sector is vulnerable and must fully embrace the **2030 Agenda for Sustainable Development** and the 17 Sustainable Development Goals (SDG) adopted in 2015 in New York by 193 countries at the UN General Assembly.

These 17 goals do not only cover the state of our planet and its environment, but also goals covering dignity, people, prosperity, justice and partnership. While other industries in Greece have developed numerous initiatives with respect to **Diversity, Equity and Inclusion (DEI)**, the Greek hospitality industry has stayed behind, while it consists of an increasingly diverse set of travellers and employees.

- Integration of **digital technology** is needed to further optimise business operations and creating value for customers. This ranges from automating routine tasks, online booking and reservation systems, mobile applications, revenue management, fraud detection, green technologies, predictive maintenance to most importantly the enhancement of customer service & experience using CRM tech which covers all guest data during all stages of the journey. AI, Artificial Intelligence will increasingly be integrated in all mentioned systems.

Transactions

- Mid-January 2023 it was announced in the media that after three auctions, the 4-star Ammos Resort in Kos was sold for an amount of € 4.7 million. The initial offer price at the first two bids was set at € 5.5 million. Money & Tourism announced at the end of January 2023 that the buyer is Zeus International of Haris Siganos.