

COFACE PUBLICATIONS 2026

CEE INSOLVENCIES

Diverging paths: the hidden disparities in CEE's
insolvency recovery, 5th edition



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STABILISING INSOLVENCIES IN A PATCHWORK ECONOMY

A region that stabilises on the surface, diverges beneath

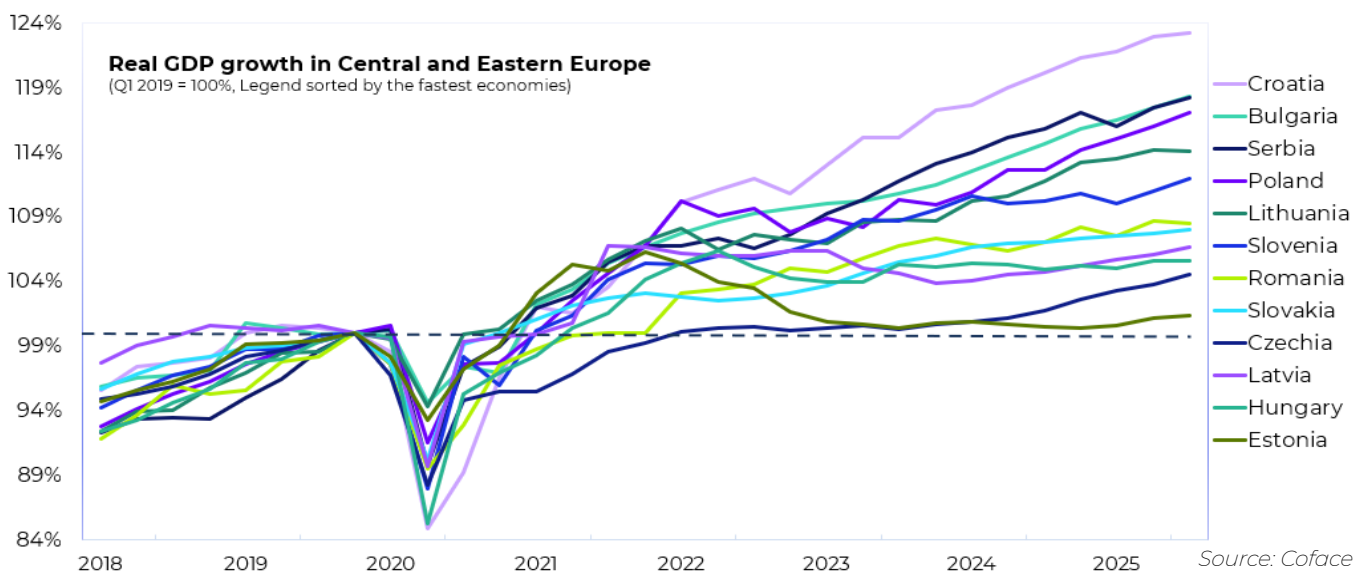
After a turbulent start to the decade, 2025 saw a period of more sustained stabilisation in corporate insolvencies across Central and Eastern Europe (CEE), with only a slight increase compared to the previous year. While the region appeared balanced, this masked contrasting trends in different countries. In several countries, insolvencies rose by 10%, or more, while insolvency figures declined in roughly half of the CEE economies. Macroeconomic developments reflected this divergence.

While the regional economy expanded by 2.3% in 2025 - an improvement on the 2.1% growth recorded in 2024 - the trajectories of individual economies varied significantly. The Czech Republic experienced a recovery and Poland recorded further acceleration. Conversely, countries such as Romania and Hungary continued to grapple with domestic challenges that weighed on their growth and business environments.

“The regional economy expanded by 2.3% in 2025 - an improvement on the 2.1% growth recorded in 2024.”

Shocks that hit unevenly

Beyond domestic developments, regional economies responded unevenly to several shocks that occurred in 2025. The most notable of these shocks was the initiation of trade wars by the US administration in April. While the economic impact was ultimately less severe than initially feared, the unprecedented scale of tariffs, combined with the unpredictability of President Donald Trump, created significant uncertainty for businesses. These trade tensions also cast doubt on the export-led growth model that has supported the long-term convergence of the CEE region with Western Europe.



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On top of this volatility, the ongoing weakness of the Eurozone, particularly in Germany, was once again putting pressure on the external demand across the CEE region. The manufacturing sector was under particular strain as the German economy struggled with persistently high energy costs. The dire situation in Germany is also reflected in the business insolvencies. According to a recent publication by Coface, insolvencies have been rising continuously since 2022, with the latest increase of 11% in 2025. The fragile condition of the German corporate sector poses a significant risk as payment delays and defaults can swiftly spread to neighboring markets, creating the potential for credit risk contagion.

Given the intensity of cross-border business linkages, companies in the CEE region remain highly exposed to such vulnerabilities.

Costs pressures ease, but competitiveness remains under strain

After a few turbulent years, many of the shocks have eased, enabling insolvencies to stabilize, albeit remaining above pre-pandemic levels. Inflation across the region has moderated, allowing many central banks to initiate a cycle of monetary easing.

On average, interest rates were lower in 2025 than the previous year, making debt servicing terms more affordable. These interest rate cuts also indirectly supported demand in the non-financial corporate sector by reducing

household mortgage costs and lifting spending power.

In 2025, tensions in the energy markets eased, with oil and natural gas prices declining. This environment supported operating costs and profit margins for CEE companies. However, these favorable conditions have not carried into 2026, as rising geopolitical risks - most notably the conflict between Iran and the United States - have reintroduced volatility into energy markets.

The corporate sector was also relieved by the softening wage dynamics. Real wage adjustments to sweeping inflation in 2022–2023 occurred at the expense of corporate margins. In 2025, however, decreasing wage dynamics provided modest relief, even though pricing power remained too weak to fully offset higher costs. Data from the last quarters of 2025 confirms a gradual recovery in the profit margins of major CEE economies.

Regional split in insolvency dynamics

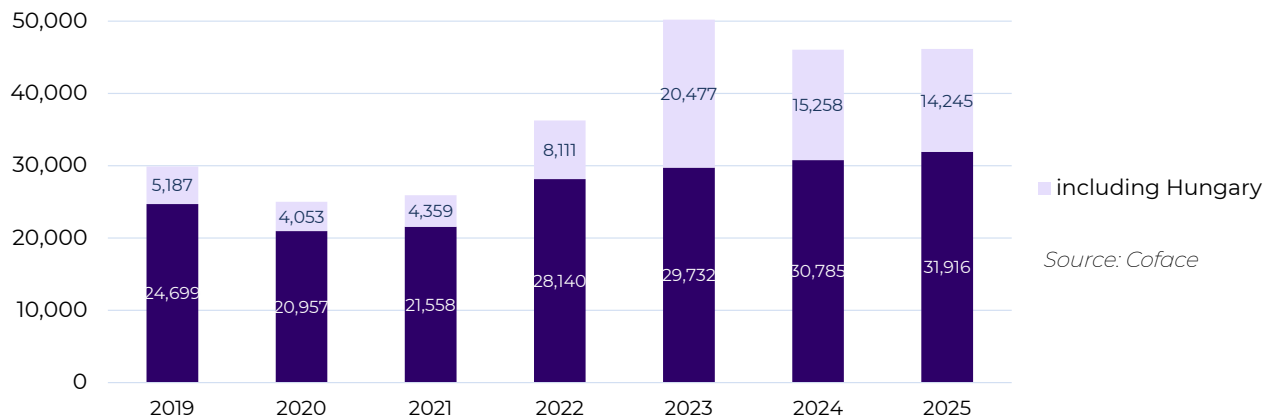
The total number of insolvency proceedings in CEE countries covered by our analysis increased from 46,043 in 2024 to 46,161 in 2025, which indicates a minor increase of 0.26%.

Six of the twelve analysed markets recorded higher insolvency levels (the Czech Republic, Estonia, Poland, Romania, Serbia and Slovenia), while the remaining six saw declines (Bulgaria, Croatia, Hungary, Latvia, Lithuania and Slovakia).

“Insolvency proceedings in CEE countries increased slightly by 0.26%.

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Insolvency number across CEE countries



The strongest increases were observed in Poland (+17.8%), Serbia (+9.6%), Slovenia (+12.9%) and the Czech Republic (+8.7%). These figures reflect a combination of persistent economic challenges, tight financing conditions, and the broader adoption of restructuring or insolvency procedures in some cases.

Poland stands out once again, as the expansion of restructuring frameworks has made formal procedures more accessible and therefore more frequently used by companies facing financial strain. Serbia, which accounted for a disproportionate share of regional insolvencies with 9,399 cases, had a turbulent 2025 as nationwide protests against corruption created a highly uncertain business environment.

In Slovenia, the increase in insolvencies was mostly due to macroeconomic conditions. Although the economy rebounded in the

second half of the year, 2025 was characterised by very sluggish GDP growth of 1.1% - the slowest since the pandemic crisis. However, despite the slowdown, insolvency levels remain below pre-pandemic figures.

On the opposite side, several countries recorded notable declines. The sharpest drops in proceedings were recorded in Croatia (-18.6%), Slovakia (-14.5%), Lithuania (-13.0%) and Latvia (-7.4%).

In Croatia and Lithuania, current trends point to a normalisation following the significant spikes in insolvencies recorded in previous years. Both economies were disproportionately affected by the energy crisis and the policy responses at the time were considered to be rather complacent. Consequently, the surge in insolvencies in 2022 is gradually unwinding as market conditions stabilise.

“The strongest increases in insolvencies were observed in Poland (+17.8%), Serbia (+9.6%), Slovenia (+12.9%) and the Czech Republic (+8.7%), while the lowest were recorded in Croatia (-18.6%), Slovakia (-14.5%), Lithuania (-13.0%) and Latvia (-7.4%).”

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Hungary (-6.6%) and Bulgaria (-6.2%) also recorded moderate declines, indicating that the extraordinary factors that inflated Hungarian figures in previous years, particularly the effects stemming from the changes in tax treatment of some enterprise legal forms, are gradually fading. This clearing of inactive companies pushed the insolvency rate to one of the highest in the region (2.51%).

The cases of Hungary, Bulgaria and Poland demonstrate that mixed business insolvency dynamics were not only driven by economic factors, but also by numerous country-specific regulatory effects.

Sectoral fault lines: manufacturing, construction & transport under pressure

Looking through a sectorial lens, regional trends were much more homogeneous, showing a clear pattern across sectors. The most pronounced increases in insolvencies occurred

in manufacturing, construction and transport – sectors that are sensitive to macroeconomic fluctuations and financing conditions.

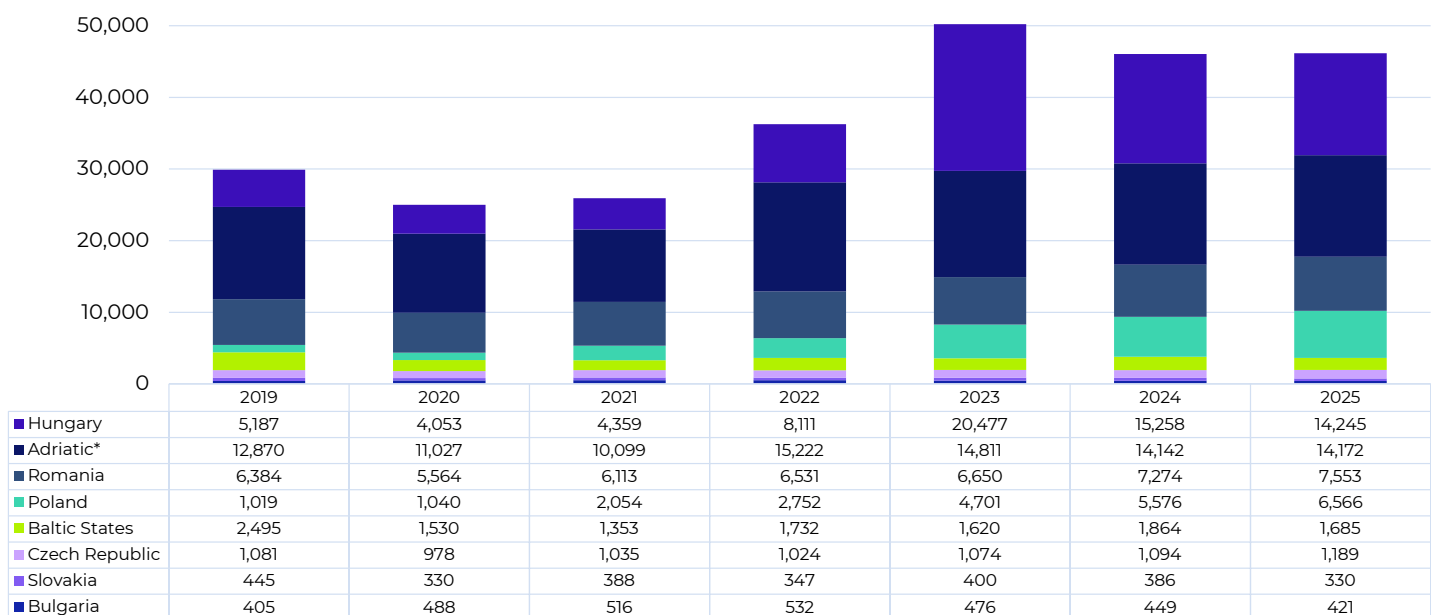
Widespread financial stress was experienced in manufacturing, though the intensity varied across specific segments.

In Poland, for example, insolvencies in the production of rubber and rubber products rose by 61% year on year, with tire manufacturers being particularly affected by weaker automotive output across Europe and elevated energy and raw material costs.

A similar pattern was observed in non-metallic mineral products (50%), such as glass and cement, where demand declined alongside the slowdown in construction activity. The metals sector experienced more acute difficulties in Serbia (117%) and Slovenia (61%), where producers struggled with high energy costs and lackluster export demand.

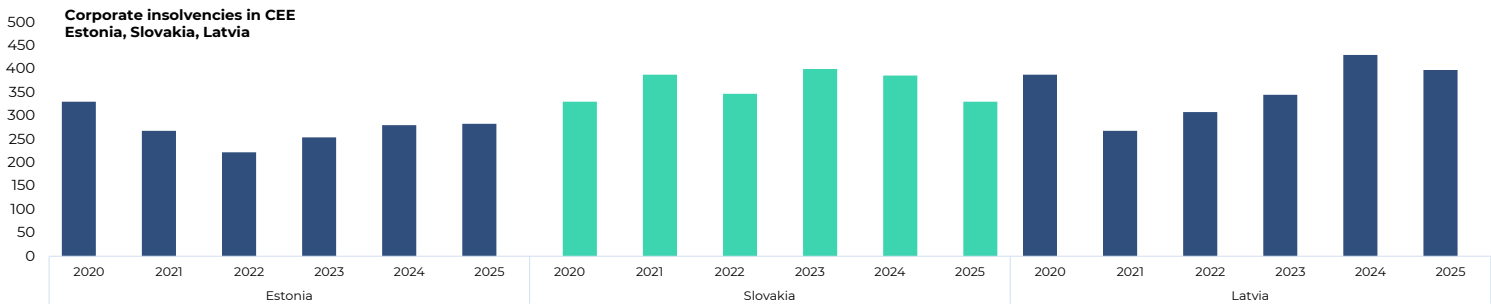
Business insolvencies across CEE region

Source: Coface



*Adriatic consists only of Croatia, Slovenia, Serbia

STABILISING INSOLVENCIES IN A PATCHWORK ECONOMY



Source: Coface

Meanwhile, manufacturers of chemical products in Bulgaria and Poland faced volatility in input prices and reduced orders from downstream industries.

These developments reflect the compounding effects of tight financial conditions and persistent weakness in European industrial production, particularly in Germany.

The construction sector saw the strongest increase in insolvencies in several CEE markets, including Croatia, Bulgaria, Serbia, Slovenia and Latvia.

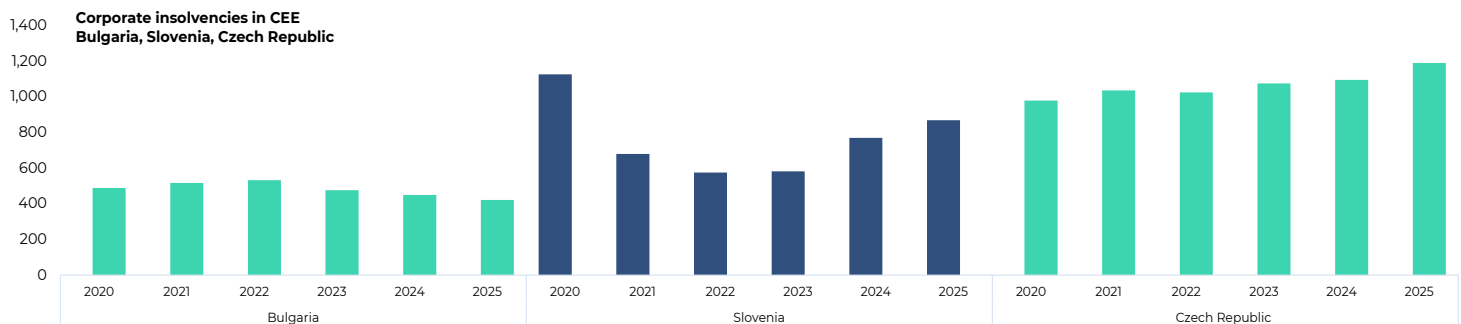
Despite a substantial interest rate cut, the prolonged period of elevated borrowing costs

has had a significant impact on residential and commercial investment.

Furthermore, delays in EU-funded infrastructure projects have weakened the pipeline of new work.

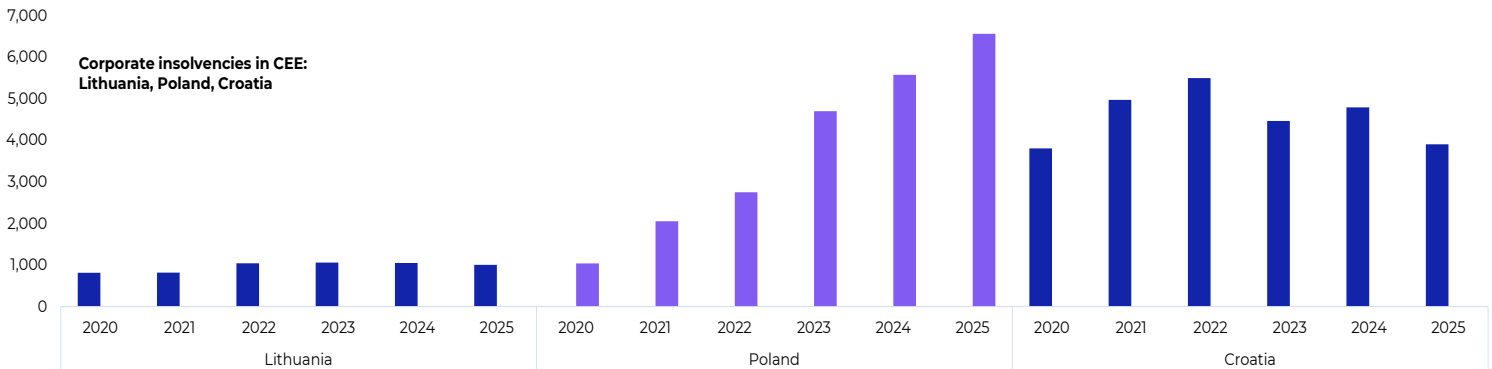
Although material cost inflation eased compared to its peaks in 2022–2023, it remained high enough to put pressure on margins, particularly for smaller contractors with limited pricing power.

As cash flows deteriorated, liquidity strains intensified, resulting in a sharp rise in business failures. Although interest rates and material costs have both declined, the construction sector and insolvencies often react with a considerable delay.



Source: Coface

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Source: Coface

Transport companies also faced significant challenges. Wage pressures remained high, particularly in countries with tight labour markets, while activity in key client industries, such as construction and manufacturing, contracted.

Lower freight volumes combined with rising operating costs eroded margins across the sector. Romania was notable in this context, with a rapid increase in transport insolvencies reaching a growth rate of 23% for the year.

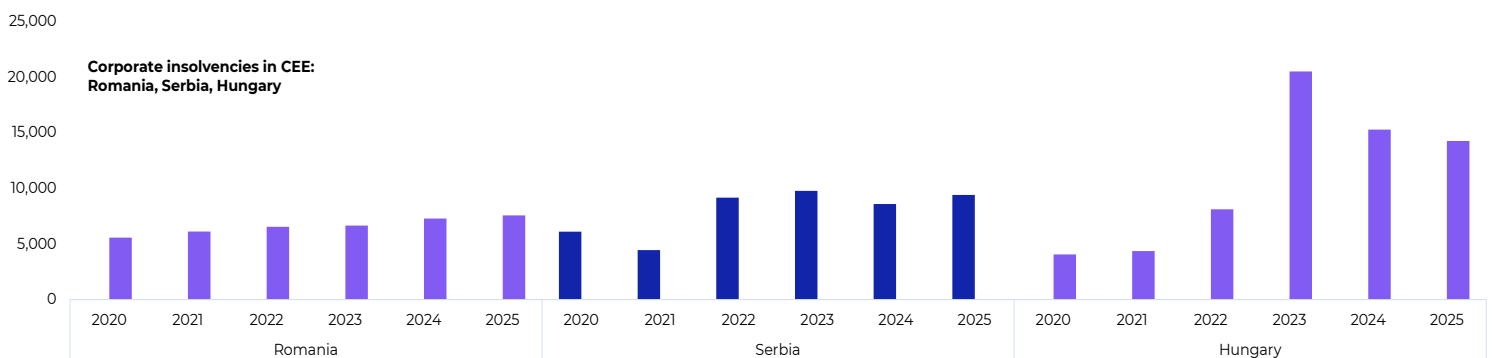
Competitive pressure, fuel price volatility and widespread payment delays added further strain, making the transport sector one of the most vulnerable in the region.

Islands of resilience: sectors that withstood the pressure

In contrast, several sectors demonstrated remarkable resilience.

Pharmaceutical manufacturing, for example, maintained low insolvency dynamics in markets such as Bulgaria, supported by stable demand and relatively strong pricing power.

The trade sector displayed subdued insolvency growth in Croatia, Hungary, Poland, Slovenia and Latvia, thanks to moderating inflation, robust growth in real household incomes, and appreciating local currencies.



Source: Coface

STABILISING INSOLVENCIES IN A PATCHWORK ECONOMY

The services sector also remained stable. Healthcare operators in Poland, Estonia and Lithuania benefited from consistent public and private spending, while telecommunications providers in Bulgaria and Croatia enjoyed predictable revenue streams and an established investment cycle.

The financial sector in Romania, Serbia and Estonia also remained robust, underpinned by strong capital positions, diversified income structures and generally conservative regulatory environments.

Looking ahead to 2026: firms under another energy shock

Amid the ongoing energy shock, Coface anticipates a marked increase in regional business insolvencies in 2026.

A sudden and severe spike in energy commodity prices - with gas and oil prices to the fore - is exerting a dire impact on the regional economy, which remains a significant net importer of the energy commodities.

Even in the event of possible de-escalation in the Middle East, the corporate sector will face serious strain in the coming months. Extensive damage to infrastructure and the considerable time required to rebuild inventories are expected to keep intense and lasting pressure on energy markets.

The consequences of this supply shock are already taking effect through multiple channels, with the most immediate being demand destruction triggered by elevated oil prices.

Households, which typically allocate 3-6% of their budgets to fuels, are now forced to expand that share, forcing them to curtail spending on other goods and services - expenditures that predominantly support production from domestic and regional companies. In response,

“Amid the ongoing energy shock, Coface anticipates a marked increase in regional business insolvencies in 2026.”

several countries' policymakers have intervened by reducing tax duties or imposing price caps on fuels.

While these measures provide temporary relief to household budgets, they come at a significant cost to public finances and introduce fresh risks to the security of fuel inventories, potentially undermining longer-term supply stability.

At the same time, the energy shock is placing substantial pressure on corporate costs across the region. Higher fuel and commodity prices are driving up input expenses and compressing operating margins, testing the resilience of even well-positioned firms.

Companies that entered this period with strong liquidity buffers may weather the initial strain, yet the longer the pressure persists, the greater the likelihood of rising business insolvencies.

There are still opportunities that lie ahead and may soften the current energy volatility. In terms of demand, the CEE region is set to benefit significantly from the accelerated deployment of EU funds, particularly those under the Recovery and Resilience Facility (RRF).

With the deadline for eligible expenditure set for 2026, both governments and private beneficiaries are under strong pressure to speed up project implementation – “use it or lose it” incentive.

STABILISING INSOLVENCIES IN A PATCHWORK ECONOMY

Another possible tailwind for the region may come from the west. After several years of stagnation, German policymakers have decided to rethink their fiscal policy. The fiscal package announced at the beginning of 2025 is expected to have a positive influence on economic activity from the second half of 2026 onwards. Given the import-intensive nature of this domestic demand, Germany's fiscal expansion will likely translate into stronger external demand for its trading partners from CEE region.

That said, an increase in business insolvencies in Germany had anyway been anticipated this year.

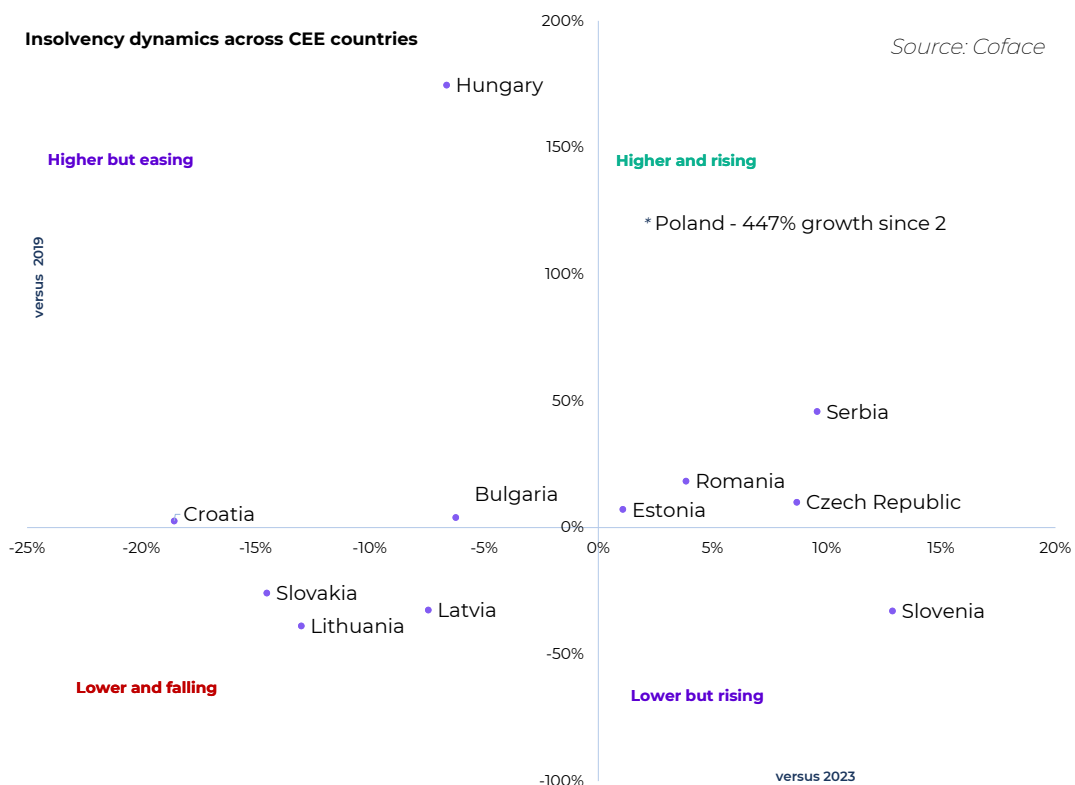
The energy shock is likely to further accelerate this trend, leading to a higher number of insolvent firms. For the CEE region, the heightened insolvency risk of a key trading partner is particularly significant, as financial distress may be transmitted to local economies

through strong trade linkages.

Considering the sudden shift in energy markets, Coface expects insolvencies to increase this year. However, several technical factors are likely to influence insolvency trends. In Hungary, for example, insolvencies are expected to decline as the impact of changes to tax regulations continues to fade away.

A similar trend is anticipated in Serbia, where national protests are expected to become more organized and less focused on street mobilization in the run-up to potential parliamentary elections, thereby reducing immediate economic disruption.

Nevertheless, these improvements will be offset to some extent by the inertia surrounding adoption of restructuring procedures in Poland, which are expected to push insolvencies higher.



COUNTRY DEEP DIVES

ADRIATICS

Croatia

-18.6% Insolvency Dynamics

On an annual level, the total number of insolvency procedures opened in 2025 decreased by 18.6% compared to the previous year.

In 2025, a total of 3,907 business entities were subject to insolvency proceedings (compared to 4,795 in 2024, 4,467 in 2023 and 5,498 in 2022). Among these, 64 companies applied for a judicial composition, 295 faced bankruptcy and 3,548 had bankruptcy proceedings opened and then closed due to a lack of assets or equity.

The majority of insolvency proceedings were initiated by companies in the business and personal services sector (33.32%) and the construction sector (25.86%). Conversely, the financial services sector (0.33%) and the mechanics and precision sector (0.56%) recorded the lowest number of cases.

The largest judicial composition procedure in 2025, according to company turnover, was opened in the following sector: Motor vehicles, motorcycles, other vehicles and transport (**3. MAJ Brodogradilište d.d.**).

The second biggest was the bankruptcy in the sector of activity: Mineral products, chemicals, petroleum, plastics, pharmaceuticals and glass. (**SOIN PLASTIKA d.o.o. za proizvodnju proizvoda od plastičnih masa, trgovinu i savjetovanje**).

The bankruptcies occurred due to a number of global economic challenges, including geopolitical tensions, Sector specific crises and tighter financial conditions.

A lack of liquidity, rising financing costs and limited access to loans are likely to continue to be problematic for many sectors in the near future.



Desa VIDAKOVIC
Head of EIC
Coface Adriatic

Slovenia

12.9% Insolvency Dynamics

The total number of all insolvency procedures that were initiated in 2025 is higher than in 2024 (12.9%). In sum, 868 business entities faced insolvency proceedings.

This is an increase from the 769 in 2024, 581 in 2023 and 575 in 2022. Of these, six companies applied for a compulsory settlement, seven companies applied for compulsory liquidation and 855 companies faced bankruptcy.

Within the total number of insolvency proceedings opened in 2025, the largest proportion was held by companies in the construction sector (33.53%) and business and personal services (24.65%), while the lowest proportion was held by companies in the mechanics and precision sector (0.69%) and miscellaneous (0.81%).

The largest judicial composition procedure in 2025, according to company turnover, was in the sector of activity: Motor vehicles, motorcycles, other vehicles and transport (**HMEZAD - TMT transport, mehanizacija, trgovina, d.o.o.**).

COUNTRY DEEP DIVES

ADRIATICS

The second biggest was a bankruptcy procedure opened in the sector of activity: Motor vehicles, motorcycles, other vehicles and transport (**AlpAvia d.o.o., storitve v letalstvu**).

The rise in corporate bankruptcies is closely tied to persistent global economic pressures. Companies are increasingly challenged by geopolitical uncertainties, sluggish economic expansion and stricter financial environments. Many industries are expected to continue facing difficulties related to limited liquidity.

Serbia

9.6% Insolvency Dynamics

The total number of insolvencies in Serbia has been increased by 9.6%. The main reason for this rise is the higher number of Judicial Composition cases compared with the previous year.

The primary reasons for open bankruptcies and/or forced liquidation remain unchanged, including bank accounts blocked for more than 60 days continuously, impending insolvencies, failure to act in accordance with the adopted reorganisation plan and execution of the reorganisation plan in a fraudulent or illegal manner.

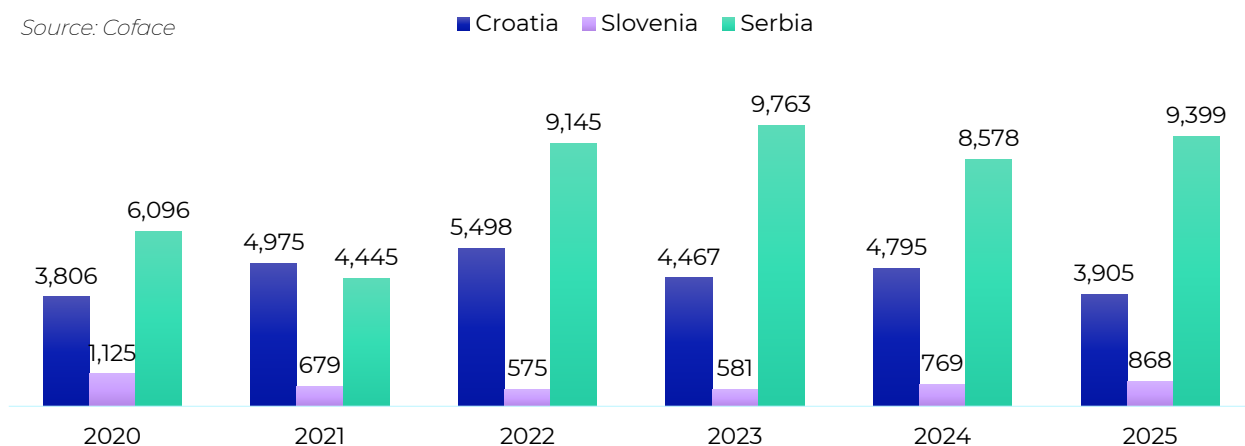
The largest bankruptcy procedure in 2025, according to company turnover, was opened in the Coface sector of activity: Construction (**ELGRA VISION DOO SUBOTICA - U STEČAJU**).

The average duration of active, suspended and closed bankruptcy proceedings is still more than three years. There have been no changes at the top of the list for the duration of bankruptcy. The record holders are the former construction giant Rad and its related entity **GP Rad International**, whose bankruptcy proceedings have been ongoing for more than 23 years. The efficiency of bankruptcy proceedings directly affects the investment climate in the country. Faster and more transparent procedures can increase investor confidence and facilitate capital inflows. Therefore, continuous improvement of the bankruptcy system is vital for Serbia's economic development.

In conclusion, analysis of bankruptcy procedures in Serbia reveals a complex picture, with positive trends alongside long-standing challenges. While the new legal framework shows signs of improvement, extreme cases such as decades-long bankruptcy proceedings highlight the need for further reforms. The efficient management of bankruptcy cases is essential for a healthy economy and for attracting investment.

Number of insolvencies

Source: Coface



COUNTRY DEEP DIVES

BALTICS

Corporate insolvencies across the Baltic states showed mixed trends in 2025, with Lithuania and Latvia recording declines, while Estonia experienced only a slight increase.

Although pressure eased compared to previous years, the business environment remained fragile, with firms continuing to face sector-specific challenges, high operating costs and uneven demand recovery.

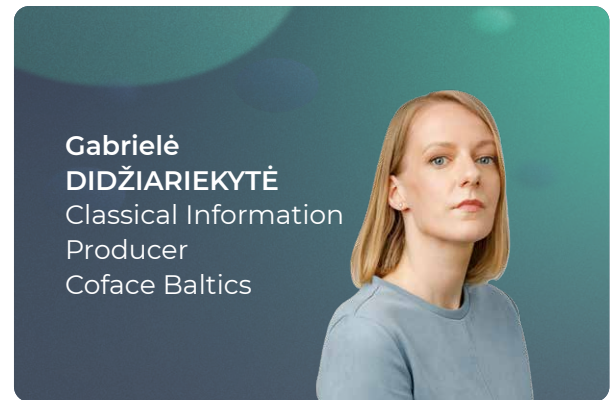
Accommodation and food service activities stood out in all three markets as the sector with the highest insolvency dynamics, signalling ongoing vulnerability among service-oriented businesses.

Lithuania

-13% Insolvency Dynamics

Lithuania recorded a notable decrease in insolvencies, falling from 1,154 cases in 2024 to 1,004 in 2025 (-13%).

Most bankruptcies came from wholesale and retail trade, construction and manufacturing.

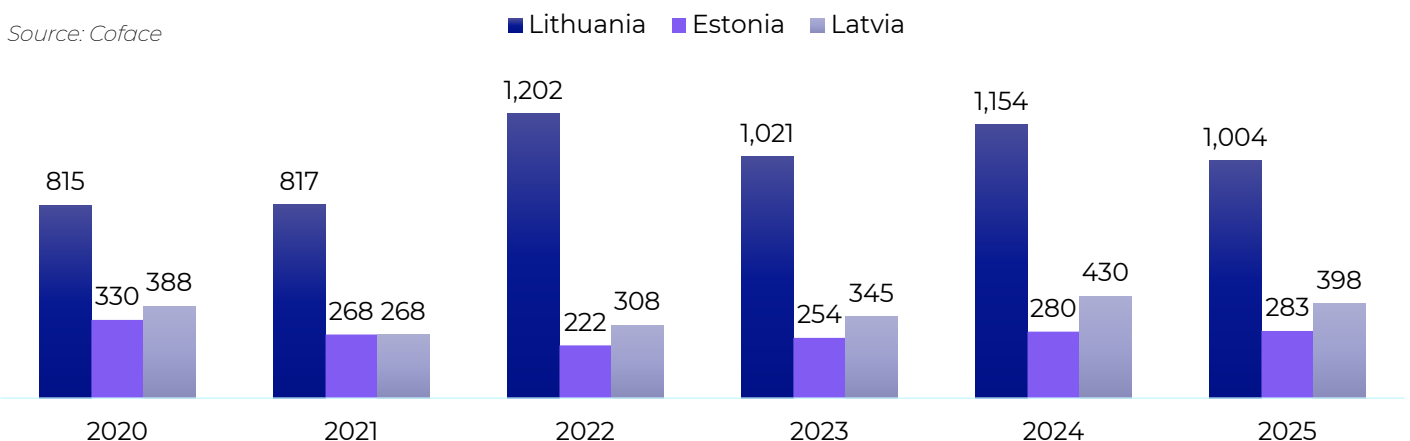


The largest insolvency was **TOPO GRUPĖ UAB** (wholesale and retail trade), highlighting pressures in retail linked to shifting consumption patterns and tighter margins.

The overall stabilisation of insolvencies suggests that Lithuania's business environment is gradually improving, with around 5% of proceedings being discontinued and fewer sectors experiencing distress. However, accommodation and food service activities showed the fastest internal increase, indicating ongoing performance issues.

Number of insolvencies

Source: Coface



COUNTRY DEEP DIVES

BALTICS

Estonia

1.1% Insolvency Dynamics

Estonia has maintained stable insolvency levels, with a slight increase from 280 cases in 2024 to 283 cases in 2025 (+1.1%).

The year's largest insolvency case was **Opteris OÜ** (wholesale of solid fuels), reflecting disruptions in energy-related trade flows.

Sector rankings shifted, with wholesale and retail trade remaining dominant, professional, scientific and technical activities, as well as telecommunications and programming, moving into the top tier.

Construction-related bankruptcies decreased from last year's high, indicating a partial normalisation following previously elevated sectoral stress.

Latvia

-7.4% Insolvency Dynamics

Latvia reported a 7.4% decrease in insolvency cases, from 430 in 2024 to 398 in 2025, breaking the steady increase recorded over the previous four years.

The largest case was **SMARTLYNX AIRLINES SIA** (transportation & storage), signalling difficulties in capital-intensive, internationally exposed sectors. The most affected fields remained unchanged: wholesale and retail trade, construction and manufacturing.

Experts attribute the overall decline to high insolvency initiation costs, simplified liquidation procedures that bypass formal bankruptcy and the lasting effects of pandemic-era relief measures.



COUNTRY DEEP DIVES

CZECH REPUBLIC & SLOVAKIA

Czech Republic

8.7% Insolvency Dynamics

The business environment in 2025 was extremely challenging. In the Czech Republic, GDP growth was mainly driven by consumer spending. After two years of decline, the construction sector experienced a strong rebound, growing by around 9%. However, the industry faced uncertainty due to Trump's trade policy, high energy prices and weak demand. Nevertheless, the final quarter brought renewed optimism.

Despite stronger GDP growth, Q4 of 2025 saw a record number of insolvencies. The total number of cases increased by 8.7% to 1,189. Construction accounted for the largest share (18%), followed by retail (12%) and investment companies (11%). The HORECA segment represented 9%, while real estate accounted for 8%.

Construction traditionally generates the most insolvencies, despite the sector's recovery. The presence of a large number of small firms with weak management, supply chain disputes and limited cash reserves create a structurally risky environment.

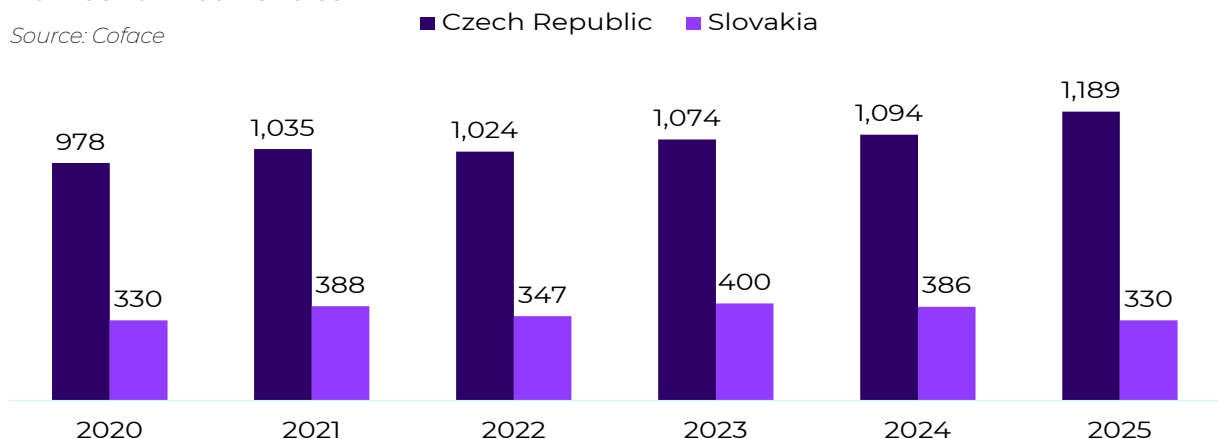


Although retail insolvencies declined year on year, the sector is facing rising market concentration and intense competition from Chinese online marketplaces. Some business models are no longer viable. The largest retail insolvency was **OK 2025 s.r.o.**, with a turnover close to €98.3 million.

Investment companies are becoming a growing concern. Many activities financed by high-yield corporate bonds exist largely on paper. The largest case was **IC Group**, which is known for its failed Protivín Castle project. Such groups often operate through opaque, multi-entity structures, which inflate total insolvency figures.

Number of insolvencies

Source: Coface



COUNTRY DEEP DIVES

CZECH REPUBLIC & SLOVAKIA

The relatively high proportion of insolvencies in the HORECA sector, particularly restaurants, was partly due to lingering pandemic-related debt and changes in consumer behaviour.

In the real estate sector, insolvencies were partly influenced by **OK 2025 s.r.o.** decision to have a separate facility company for each store. Nevertheless, the segment showed growth even after this adjustment. Higher interest rates limited developers' ability to finance capital-intensive projects.

Within the industrial sector, there was a notable increase in insolvencies in the furniture manufacturing industry, and a slight uptick in the metal production industry. It was also a challenging year for the energy sector: two renewable energy holdings, **Solek** and **GEEN Holding**, entered insolvency, as well as several older solar projects.

Insolvencies in the Czech Republic are expected to peak in 2026 and then gradually decline, supported by stronger GDP growth and recovering foreign demand.

Slovakia

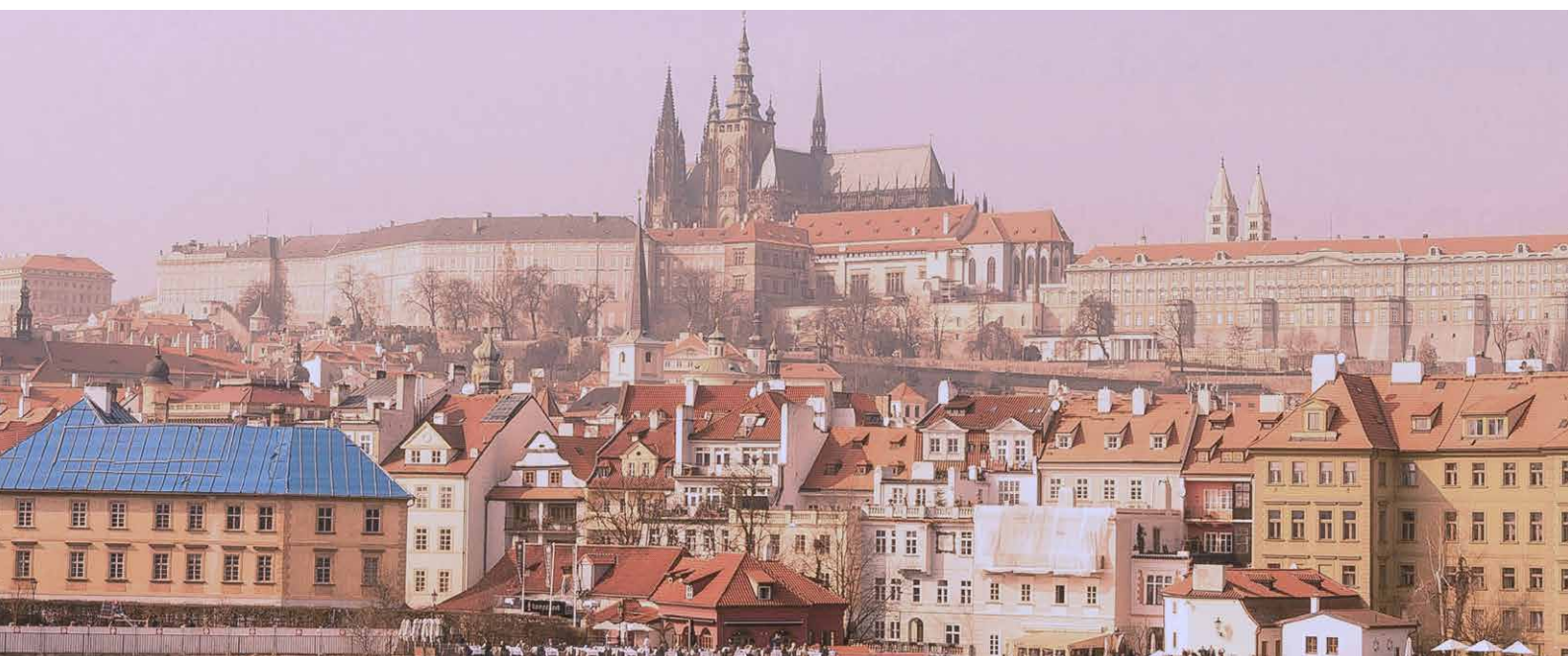
-14.5% Insolvency Dynamics

In Slovakia, GDP growth slowed to 1%, with consumer spending stagnating due to high inflation and weak real income growth. Fiscal consolidation efforts also had a negative impact on the economy.

Nevertheless, Slovak insolvencies fell by 14.5% to 330 cases. A stricter insolvency law reduced the number of filings, and, unlike in previous years, there was no impact from Arca Group entities.

Around 15% of Slovak insolvencies came from the construction sector, followed by retail, transport and services, which accounted for around 10% each. The largest case was that of the wood processor **Bukóza**. Insolvent firms were generally larger than in the previous year.

A slight increase in Slovak insolvencies is expected in 2026 due to weak growth and an unfavourable business climate.



COUNTRY DEEP DIVES

BULGARIA

Bulgaria

-6.2% Insolvency Dynamics

In 2025, the total number of insolvencies in Bulgaria recorded a further decline of 6.2% confirming the ongoing stabilisation of the corporate environment. The ratio between active companies and insolvency cases also remained favourable, staying below 1‰, and this positions Bulgaria as one of the more stable markets in the region. However, historically, the real insolvency ratio is higher due to the widespread practice of transferring companies to individuals with no assets. Consequently, we estimate that the actual number of companies going bankrupt is at 0.2–0.3‰. In 2025, the most stable sectors remained pharmaceuticals and cosmetics, which continue to exhibit low insolvency rates thanks to their high added value and steady domestic demand. The pharmaceutical sector in particular has made significant progress in reducing its risk profile compared to 2024.

At the other end of the spectrum, the highest recorded insolvency was **ARISTA - 2017 M LTD** (agriculture, fishing, hunting sector). But, high insolvency rates were observed also within other vehicles, the leather industry and paper products. These industries were facing a combination of structural challenges, limited export potential and persistent price pressure. The other vehicles sector, which is largely composed of car dealerships, has been especially affected by the decline in imports of used cars from Western Europe over the past couple of years.



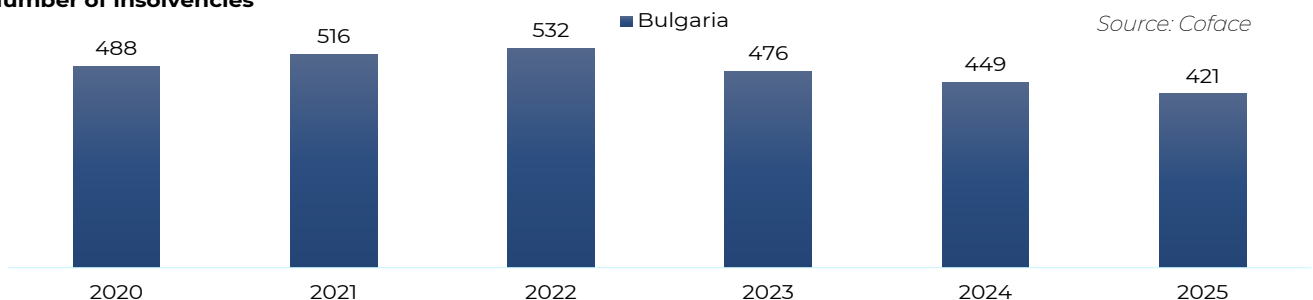
**Plamen
DIMITROV**
Country Manager
Coface Bulgaria

Petroleum and other hydrocarbons, a sector that has traditionally been high-risk, continues to be in the top group, although there has been some improvement compared to the previous year.

The sectors with the highest share of all insolvencies are construction, real estate, personal services and non-specialised trade. This is indicative of the vulnerability of sectors with low margins and significant dependence on end consumer behaviour. The construction sector has faced significant challenges in recent years due to the substantial increase in construction material prices, while many housing units had been pre-purchased at relatively low fixed prices. At the same time, sectors such as glass and ceramics, metals and electrical appliances have demonstrated stability.

2025 was a year of moderate normalisation, but with structural risks in certain sectors. In order to thrive in such an environment, companies must maintain a focus on liquidity management, adapt to market volatility, and proactively identify counterparty risk.

Number of insolvencies



Source: Coface

COUNTRY DEEP DIVES

HUNGARY

Hungary

-6.6% Insolvency Dynamics

Recent trends have given rise to the question of whether the number of liquidation proceedings in Hungary might fall back below the 10,000 mark or remain structurally elevated. The 2025 data indicates that the latter is the most likely scenario. While the total number of liquidations declined slightly by -7%, from 15,258 to 14,245 cases, the overall level remains high. This is particularly noteworthy given that two-thirds of all industries recorded a year-on-year decrease in proceedings.

Henrietta KISS
Enhanced
Information Analyst
Coface Hungary



Sectors most affected by liquidations	Number of liquidation proceedings (cases)		Number of active companies		Liquidation proceedings / active companies (%)		Share of total liquidation proceedings (%)	
	2025	2024	2025	2024	2025	2024	2025	2024
Wholesale and Retail Trade	3,532	4,266	119,585	130,850	2.95	3.26	24.80	27.96
Construction	3,837	3,684	72,896	69,884	5.26	5.27	26.94	24.14
Professional, Scientific and Technical Activities	1,056	1,127	84,690	82,742	1.25	1.36	7.41	7.39
Administrative and Support Service Activities	1,126	1,050	28,755	27,999	3.92	3.75	7.90	6.88
Total	9,551	10,127	305,926	311,475	3.12	3.25	67.05	66.37

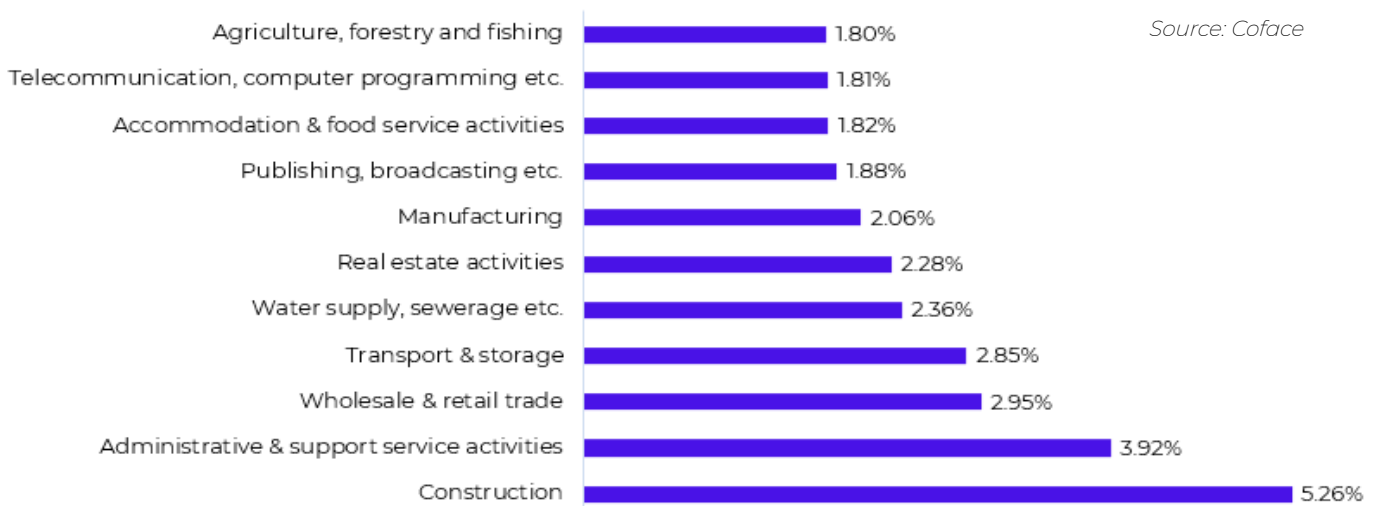
Source: Coface

The sectoral distribution of liquidations has remained largely unchanged compared to previous years. Four industries continue to account for around two-thirds of all cases. Construction and wholesale and retail trade together represent around half of all liquidation proceedings nationwide. However, when adjusted for the number of active companies, risk levels in these sectors have not shifted significantly.

In construction, for instance, around 53 out of every 1,000 active firms went into liquidation last year, which is essentially unchanged from previous years. A noteworthy development has been observed in the accommodation and food service sector. Although the number of liquidation proceedings in this segment fell by around 25% year on year, the sector still accounted for over 6% of all cases.

COUNTRY DEEP DIVES HUNGARY

Insolvency rates in 2025



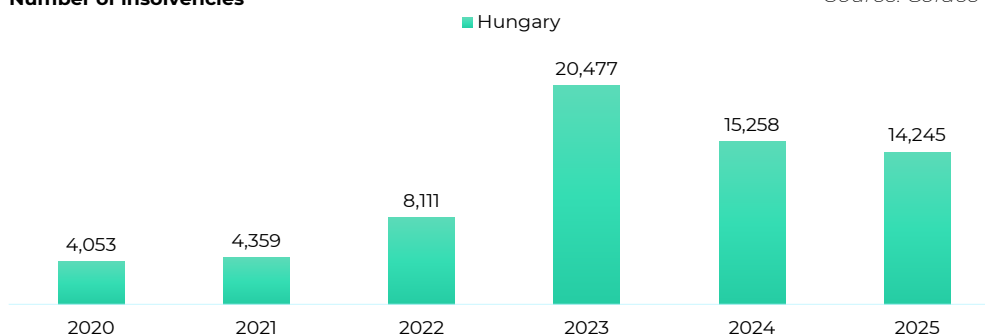
The ranking of the least affected sectors also remains stable. When measured relative to the number of active companies, the lowest incidence of liquidation proceedings continues to be recorded in human health and social work activities, as well as in education. In each of these sectors, fewer than ten proceedings were initiated per thousand active companies during the year.

Some of the most significant liquidations of the year involved large manufacturing companies. One notable example is **Magyar Vagon Dunakeszi Járműgyártó, Javító és Karbantartó Kft.**, which employed over 600 people and generated annual revenues exceeding €112 million before becoming insolvent.

Another high-profile case was **GanzMaVag International Kft.** (manufacturing), which also had a turnover exceeding €134 million. This underlines that financial distress in 2025 was not limited to smaller or structurally weaker firms.

The outlook for 2026 will be heavily influenced by several macroeconomic factors. Key determinants include the recovery of domestic consumption, the potential restart of investment activity and whether financing costs can decline meaningfully. Equally critical will be access to new funding sources in terms of both availability and affordability, as well as economic conditions in Hungary's main export markets over the coming year.

Number of insolvencies



FOCUS CHAPTER: POLAND



Record increase in insolvencies

17.8% Insolvency Dynamics

The year 2025 brought another clear increase in the number of corporate insolvencies. The number reached a record level of 6,566 cases, with the biggest insolvency in financial services (except insurance & pension funding) - **PAYHOLDING INTERNATIONAL SERVICES Sp. z o.o. Sp.K.**

Despite the Polish economy's dynamic growth, estimated by Coface at 3.6% in 2025, the number of insolvencies increased by 17.8% compared to 2024. This represented only a slight slowdown from the previous year, when the increase had been around 19%.

A two-speed economy

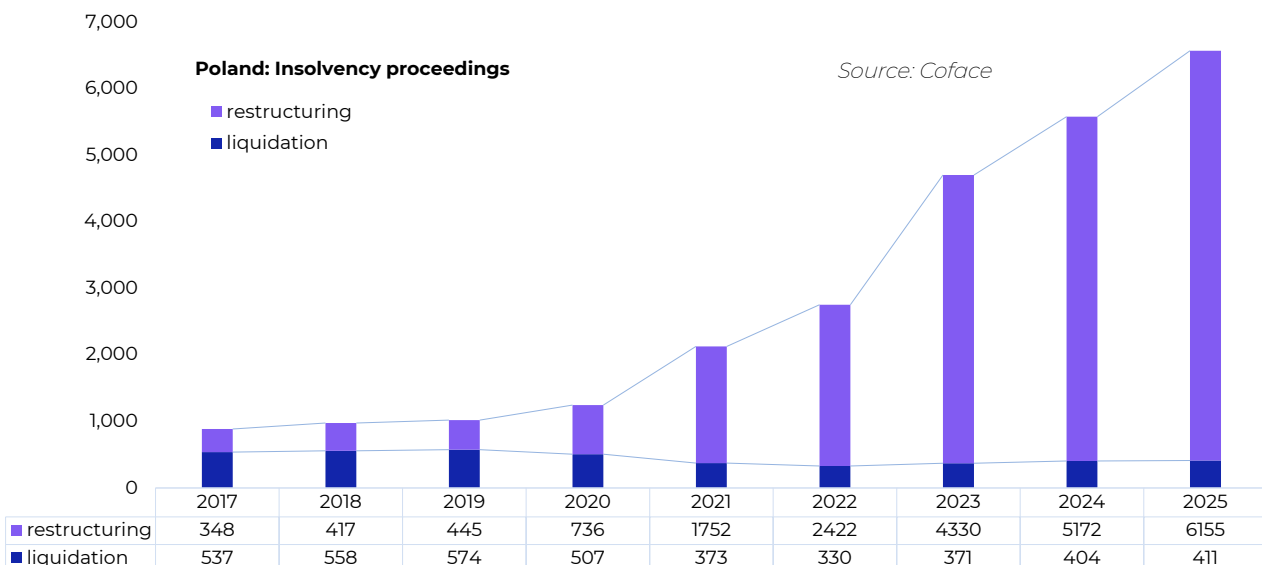
While the continued rise in insolvencies is largely driven by the increased use of restructuring proceedings, many alternative indicators suggest weak conditions within the corporate sector. The current state of the Polish economy can therefore be described as a two-speed economy: on the one hand, there is very dynamic GDP growth; on the

other hand, financial conditions for companies are only moderate or, in many cases, clearly weak.

Trade wars and tariff pressures

The main difficulties faced by the Polish economy in 2025 stemmed primarily from the external environment. The year began with an escalation of trade wars.

While the most pessimistic scenarios did not fully materialise, historically high tariff levels and prolonged uncertainty surrounding the ultimate shape of trade policy continued to negatively impact

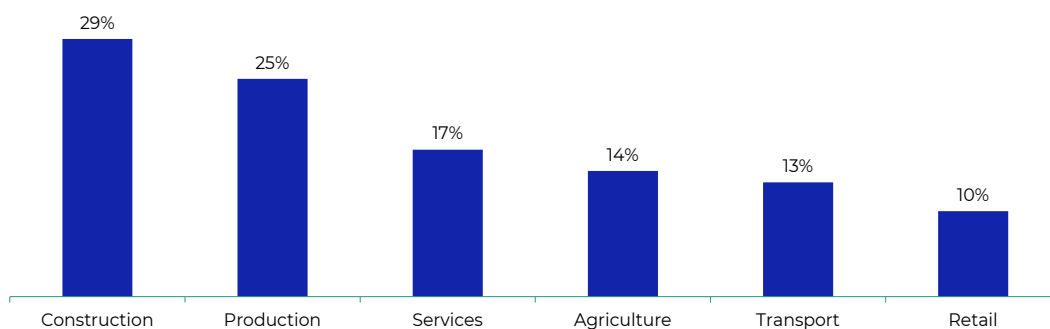




FOCUS CHAPTER: POLAND

Poland: increase of insolvencies vs. previous year

Source: Coface



Increased competition from China

The consequences of tariff wars extend beyond the direct impact on external demand. Facing very high tariffs in the US market, Chinese exporters redirected a significant proportion of their excess production to the EU market, putting European manufacturers under strong competitive pressure.

German economic stagnation

The situation was worsened further by stagnation in Germany, the largest European economy and Poland's most important trading partner, which Polish exporters have felt the effects of particularly acutely over the past year.

This resilience was made possible by a relatively large domestic market and the highly diversified geographical and product structure of Polish exports.

Growth was also supported by an exceptionally expansionary policy mix: on the one hand, the strongest monetary easing in the region (six rate cuts by the Monetary Policy Council); and on the other, a persistently high public sector deficit of around 6.5% of GDP. This significantly supported domestic demand in the short term, though it raised fiscal risks in the longer term. Despite the strong dynamics of GDP growth, the improvement in economic conditions was insufficient to offset the mounting cost pressures faced by Polish companies. Although wage growth slowed over the year, it still outpaced productivity growth in the economy.

Consequently, the financial performance and average profitability of enterprises remained well below the levels recorded in 2022–2023.

Economic outlook for 2026

Looking ahead to 2026, companies can still expect sustained relatively high economic growth. But the energy shock will seriously weigh on the economic activity. According to Coface forecasts, GDP growth is expected to stand at 3.4%, which marks a slight slowdown with respect to previous year. However, the slow absorption of EU Recovery Funds is expected to speed up due to the obligation to spend the funds by the end of the year.

“According to Coface forecasts, GDP growth is expected to accelerate to 3.8% in 2026.

Strong position in the EU and globally

Despite these unfavourable external conditions, Poland remained the fastest-growing major economy in the European Union, advancing into the group of the world's 20 largest economies.



FOCUS CHAPTER: POLAND

Combined with the delayed effects of interest rate cuts on economic activity, investment is expected to be the main driver of growth in 2026.

Additional support for the economy is expected to come from abroad this time. Fiscal spending in Germany should gradually stimulate its economy and boost demand for Polish exports.

Will the two-speed economy persist?

The key question for 2026 is whether the two-speed nature of the economy will persist. The past year has shown that the relationship between GDP growth and the financial health of companies is not as straightforward as it once was.

Looking from the point of view of domestic economy, the corporate sector should face improving conditions. The wages are expected to slow down further to align more closely with productivity growth, whereas cost of financing should decrease with respect to previous year. However, this won't be sufficient to offset a surge in energy commodities that will most likely spill over to the wider inflationary trends. Therefore, Poland will once again experience

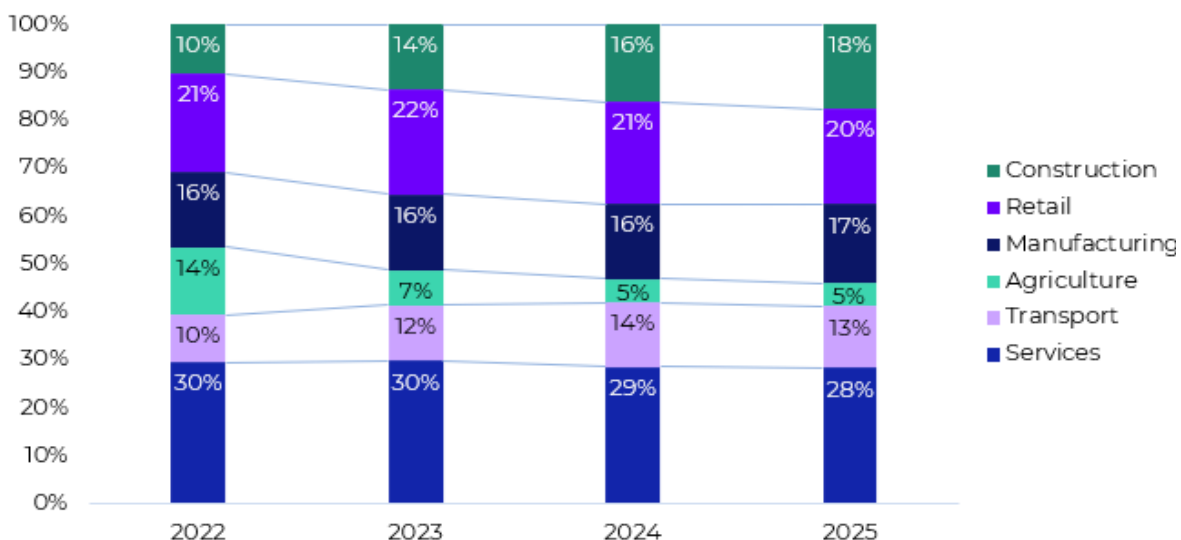
a combination of relatively dynamic economic growth and an exceptional difficulties for the corporate sector.

It should be noted that insolvency statistics will continue to be significantly affected by regulatory factors—the growing proportion of restructurings in total insolvency proceedings indicates the ongoing rapid adoption of this legal route. For this reason, Coface still forecasts an increase in the number of insolvencies in 2026, to around 7,500 cases. Nevertheless, thanks to a favourable macroeconomic environment, the pace of this increase is expected to slow considerably compared to 2023–2025.

“ Coface forecasts an increase in the number of insolvencies in 2026, to around 7,500 cases. Nevertheless, the pace of this increase is expected to slow considerably.

Poland: sectoral structure of insolvencies. Evolution 2022-2025

Source: Coface



FOCUS CHAPTER: ROMANIA



Slowing growth and rising inflation

3.8% Insolvency Dynamics

Romania's economy weakened in 2025 due to slower demand from key EU partners and new domestic fiscal measures. Inflation rose to around 9.9% following the liberalisation of energy prices and tax increases, while GDP fell for two consecutive quarters, pushing the country into a technical recession.

By the end of the year, growth had slowed to just 0.6%, the budget deficit had reached 8.2%, and public debt had surpassed 60% of GDP for the first time.

Insolvencies driven by restrictive policies and uncertainty

The number of insolvencies is closely correlated with the macroeconomic context; in 2025, this was characterised by restrictive policies (particularly fiscal ones), high inflation and geopolitical uncertainties.

The upward trend in insolvencies observed in 2024 (+9.38%) continued in 2025, reaching a seven-year high of 7,553 opened procedures — an increase of 3.84%.

End-of-year deterioration

The highest number of insolvencies was recorded in November and December, signalling an accelerated deterioration in financial positions at the end of the year. Over 90% of insolvent companies had revenues below €0.5 million or had not filed their 2024 financial statements, suggesting limited socio-economic impact.

However, the number of large firms entering insolvency also reached a seven-year peak, representing systemic risk due to potential domino effects.

Tiberiu CHESOI
Head of Claims
Coface Romania



The most significant increases in insolvencies were recorded in the following sectors:

- Transportation and storage (+24%)
- Construction (+5%)
- Agriculture (+5%)

Decreases were recorded in:

- Professional Activities (-6%)
- IT&C (-5%)
- Trade (-4%)

Four of the sectors with the most insolvencies are also among the top sectors for active firms: Construction, Manufacturing, Accommodation and Food Service activities as well as Transport and Storage, with the biggest one in Manufacturing - **Liberty Galati S.A.**

Sectorial evolution

The sectoral analysis reveals that 2025 was dominated by:

- A shift in the economic growth model from consumption-based to investment-oriented.
- Aggressive fiscal consolidation.
- Tensions in state payment behaviour, particularly in construction and pharmaceuticals.
- High financing costs, especially for SMEs.



FOCUS CHAPTER: ROMANIA

Private consumption

2025 was a turning point for private consumption. Although the fiscal stimulus from 2024 was still being felt in the first half of the year, purchasing power deteriorated significantly from Q3 2025 onwards due to the VAT increase and high inflation. Romania recorded one of the most severe declines in retail sales in the EU. Consumption is expected to stabilise in 2026, though the start of the year will remain difficult due to high inflation, negative real wages and cautious consumers.

Industry

Romanian industry was characterised by a decline in the manufacturing sector and structural problems in heavy industry, in contrast to growth in the defence industry. The PMI index remained below 50 for the 19th consecutive month, indicating contraction. Primary factors included weak domestic and foreign demand, high inflation, high energy costs, the

minimum turnover tax and the stagnation in the German economy.

Construction

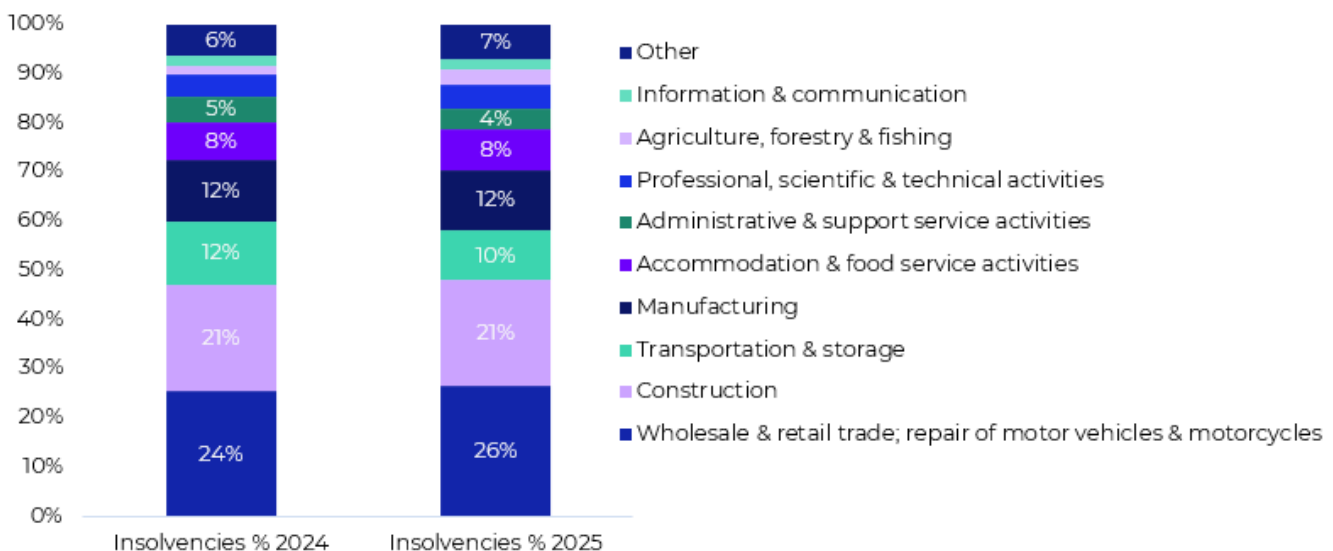
The sector enjoyed a 'golden year' of infrastructure development thanks to European funding. However, private companies, especially subcontractors, face significant liquidity risks due to state payment delays and high interest rates. Three main risks are anticipated for 2026: a post-NRRP (PNRR) volume decrease, political uncertainty and fiscal instability.

Agriculture

Following three extremely difficult years (2022–2024), 2025 brought good yields for autumn crops, though corn and sunflower were affected by drought. While the year was characterized by good harvests, it was insufficient to recover after accumulated issues, which explains the high number of insolvencies, including among large scale farmers.

Romania: insolvency rates. Evolution 2024-2025

Source: Coface





FOCUS CHAPTER: ROMANIA

Pharma

The pharmaceutical sector was marked by:

- a decline in sales volume despite value growth,
- vulnerability of the OTC segment following the VAT increase,
- state payment delays (March–August 2025),
- the impact of the minimum turnover tax.

Payment behavior

Data from the Payment Incidents Bureau (CIP) indicates a significant deterioration in payment discipline.

In 2025, the total value of rejected payment instruments reached €688 million — the highest figure for 7 years. The number of rejected instruments increased by 12% compared to 2024.

These trends confirm heightened pressure on corporate liquidity and anticipate a possible increase in insolvencies in 2026.

Evolution of the entrepreneurial environment

The 2019–2025 period shows a dynamic business environment with a high capacity for regeneration despite the rise in dissolved, suspended and insolvencies. The number of newly registered companies continues to outpace the number of deregistered ones, signalling high entrepreneurial potential. In 2025, there was a 23% increase in newly registered companies, reaching 153,425.

The number of deregistered companies remained relatively constant at 83,232, suggesting possible stabilisation.

Corporate landscape trends in Romania

Persistently high inflation, tight fiscal policy, weak private consumption and geopolitical uncertainty are expected to define 2026, placing further strain on businesses. Consequently, payment behaviour is likely to deteriorate and insolvencies are projected to increase further, including among large firms with turnovers above €10 million.

	2020	2021	2022	2023	2024	2025
Suspended companies	10,913	13,020	15,700	16,335	18,716	19,586
Dissolved companies	25,384	31,655	39,320	39,031	46,205	57,378
Deregistered companies (year on year)	-49%	29%	10%	-3%	17%	0%
Insolvencies	5,694	6,144	6,649	6,650	7,274	7,553
Newly registered companies (year on year)	-18%	35%	3%	-4%	-15%	23%
Legally active companies	1,036.594	1,106.206	1,176.237	1,227.217	1,264.309	1,297.596

Using data to predict insolvencies

Insolvent companies are leaving a significant mark on economies worldwide, and few are able to avoid the ripple effects of unpaid receivables.

In 2025, 46,161 companies across CEE region entered into insolvency proceedings. Among these, **2,312 companies reported a turnover higher than 1 million EUR in the previous fiscal year** – thus potentially not that small liabilities behind.

A closer examination of these entities tracked over a **24-12 month period before insolvency**, reveals the powerful insights drawn from **URBA 360**, Coface's business information platform.

“In 2025, 46,161 companies across CEE region entered into insolvency proceedings. Among these, 2,312 companies reported a turnover higher than 1 million EUR in the previous fiscal year.”

Wheel
Risk summary based on our 6 main indicators



Credit advice
Recommendation based on a single analysis by Coface

Score
Probability of failure



Financial data
Detailed information and peer comparisons



Behaviour of payment
According to our exclusive 60 months



Sector risk
Reflects the study of the regional situation of a sector of activity



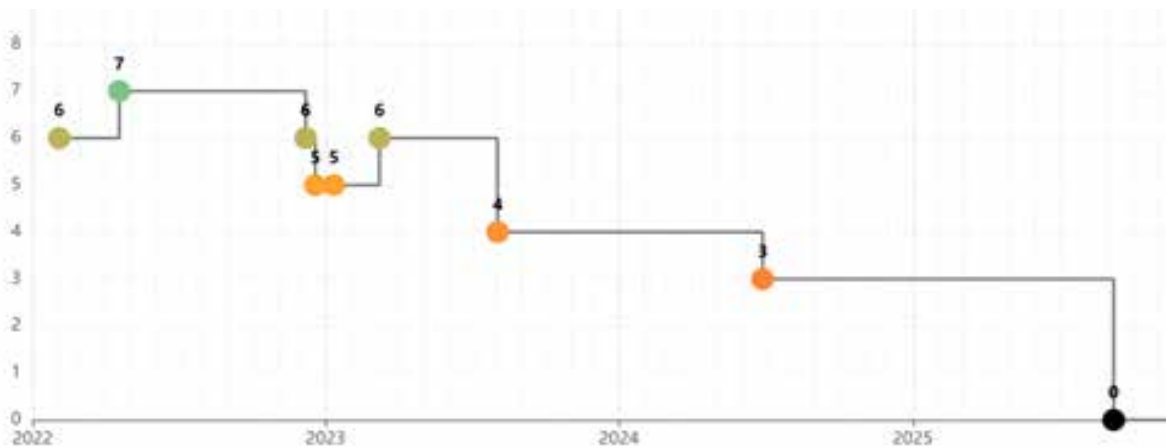
Evaluation of country risk
Summary of comments from our economists

Insolvency prediction use case

These findings offer clear signals on how data can be leveraged to monitor risk, support credit decisions, and strengthen resilience.

For example, a company that operates in the road freight transport sector had **an average Coface Score of 4.1 in December 2023, followed by even lower, Score of 3.3 in December 2024.**

Since the Coface Score assesses the likelihood of a company fulfilling its financial commitments over a 12-month span, the drop to 3.3 by end of 2024 reflects strong anticipation capacity.



Despite the overall stable level, corporate deterioration intensified during 2024, the year before the **final default in 2025.**

Where do our insights come from?

Urba360 leverages exclusive trade information and trade credit insurance insights, backed by Coface's 80's years expertise in risk management. Our insights are powered by extensive datasets and expert analysis from over 700 specialists, offering local expertise across 200 markets.

- ✓ Constantly updated business insights
- ✓ Accessible anytime, anywhere, (via WebApp or API)
- ✓ Three levels of insights: descriptive, predictive and prescriptive
- ✓ In-depth analysis available in each insight section in one click

Insights from URBA 360

By the end of 2024, **51% of the companies across CEE region have already been flagged as very high risk, while 37% were evaluated in medium-high risk category.**

These insights validate the scoring model's reliability in identifying financial distress ahead of time.

Nonetheless, in 12% of the cases, default occurred without warning, highlighting the need for consistent and active portfolio monitoring to catch less visible risks.

Score & Credit Opinion

A mix of our Score and Credit Opinion with a negative outlook, was alerting our users for 41% of these insolvency cases as early as December 2023. This early visibility proved especially vital in sectors hit hardest by the challenging macro-economic context.

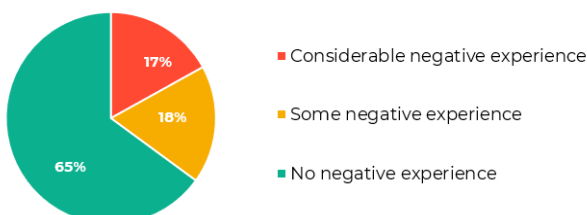


Late Payment Index

The Late Payment Index – derived from debt collection cases filed to Coface - was present at the end of 2024 in 34% of the population. During 2025, it increased to 48%, confirming our LPI as an additional signal / early warning indicator. Late payments have been prominently observed already by 2024, in sectors like metals, textile industry, paper products (not packaging) and meat, industries that reported delayed receivables more frequently than others.

A closer look at insolvencies above 1 million EUR as of January 2025 shows that 18% had already displayed some negative signals in previous years, while 17% had shown significant warning signs.

Companies with late payment index (LPI)



No negative payment experience recorded by Coface in the past 60 months.



Coface has experienced some history of unpaid invoices by the company during the past 60 months, that have since been paid, or cleared. Or the outstanding invoices are not considered to be significant in terms of the amount relative to the turnover of the company during that period.



Coface acknowledges the company is having payment difficulties and has been experiencing some history of unpaid invoices of significant importance over the last 60 months that have not been settled at date.

Insights from URBA 360

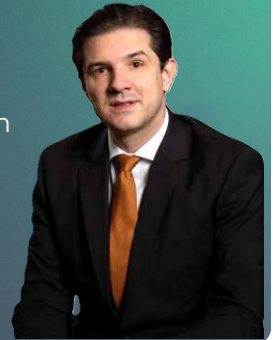


Supporting decision making

A closer look at insolvencies above 1 million EUR as of January 1st, 2025 shows that 18% of affected companies had already encountered some negative experience in previous years, while 17% had faced significant financial distress before entering insolvency.

Whether you're managing credit exposure or protecting your supply chain, early warnings and real-time information can be a powerful tool.

Matei MIHAILESCU
Business Information
Director
Coface CEE



Preventing and anticipating risk

Additional findings reflect significant risk exposure prior to insolvency: for companies with past revenues higher than 1 million EUR, we observe short term liabilities of **3.6 million EUR average per entity (on average turnover 7.1 million EUR)**, while a potential source for creditors recoveries, **Fixed Assets, at 2.3 million EUR**. Short term liabilities 50% of revenues is should have been alarming for most of the economic sectors.

Businesses that actively monitor financial and payment signals through URBA 360 were better equipped to adjust credit lines or renegotiate terms before risks materialized - ultimately gaining a strategic edge in an uncertain environment.



Seizing new opportunities

The insights in this study highlight a crucial reality: insolvencies don't happen overnight. Most companies that failed in 2025 showed negative signals - visible through Coface's URBA 360 scoring, payment behavior tracking, and predictive analytics. Whether you're managing credit exposure or protecting your supply chain, early warnings and real-time information can be a powerful tool.

**Stay tuned! We're about to launch a brand-new feature:
Portfolio Management.**

For more information, visit our website:

www.business-information.coface.com

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CEE INSOLVENCIES: Diverging Paths: The Uneven Reality Behind CEE's Insolvency Stabilisation, 5th edition

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