National Statistics Update - Hungary

By the end of 2024, the number of operating companies had fallen by 11,000. More than 35,000 business entities dissolved last year, while the number of new firms established exceeded 14,000. The number of new liquidation proceedings remained above 15,000, with 4,000 companies in the construction business and 4,300 in the commercial sector. Despite implementing the Restructuring Directive, however, there has been no reported restructuring case. ***Petra Springer from DLA Piper has summarized recent statistics in Hungary.***

The company trends for 2024 indicate that the economic environment continued to present significant challenges for Hungarian companies: GDP growth remained below 1%, impacted by a shortfall in EU funds, weak government and business investment, and a high interest rate environment compared to recent years. Economic operators have been weighed down by the volatility of the Hungarian forint, the weak economic performance of its main export partner Germany, and the downturn in the automotive and battery sectors.

According to the data of OPTEN, the number of active enterprises has fallen again, while economic uncertainty has discouraged business start-ups. In 2024, 505,000 companies were active, a 2.2% decrease compared to the previous year, when the number of active enterprises also fell by more than 12,000.

The decline in the number of firms particularly affected manufacturing (2.8% decline, with more than 1,000 firms) and construction sectors (3% decline, with nearly 2,000 firms), while trade and repair of motor vehicles saw a loss of more than 3,000 firms (2.9% decline). Administrative services and education also shrank, with both sectors down 2.8%.

The number of start-ups continued to decline, with more than 24,000 new businesses created in 2024, a drop of almost 10% compared to 2023. At the same time, the number of businesses dissolving remained high, with more than 35,000 closed businesses, a slight decrease compared to more than 37,000 in 2023.

Of particular concern is that the number of firms dissolved through **liquidation proceedings** (*felszámolás*) approached 18,000, reflecting the increasing insolvency trend. The number of new liquidation proceedings remained significant at over 15 thousand, a national rate of 3%. Although this is a slight decrease compared to 4% in 2023, the economic burden is still dominant. Construction and trade are the sectors most affected, with 4,000 and 4,300 businesses at risk of being lost in the future. Pressure is also being felt in manufacturing, with nearly a thousand firms going into liquidation. The number of new liquidation proceedings remained significant at over 15,000, a national rate of 3%. Although this is a slight decrease compared to 4% in 2023, the economic burden is still dominant. Construction and trade are the sectors most affected, with 4,000 and 4,300 businesses at risk of being lost in the future. Pressure is also being felt in manufacturing, with nearly a thousand firms going into liquidation.

On a positive note, the number of **forced deregistration proceedings** (*kényszertörlés*) has fallen significantly to below 6,000, compared to 8,000 in 2023. This may indicate a partial stabilisation of the business environment or an improvement in the efficiency of the administrative procedures. On the other hand, the number of firms terminated by **voluntary winding-up**

proceedings (*végelszámolás*) has fallen sharply, from nearly 19,000 companies opting for a voluntary winding-up in 2023 to around 10,000 in 2024.

New forced deregistration proceedings have risen slightly, which suggests an increase in the number of liquidations in the future. By contrast, new liquidations have fallen sharply, indicating that it is becoming increasingly difficult to dissolve a company in a conscious and stable manner.

Hungary implemented the Preventive Restructuring Directive (EU) 2019/1023 by introducing Act LXIV of 2021. The purpose of the restructuring proceedings (*szerkezetátalakítási eljárás*) was to enable debtors to restructure effectively at an early stage and to adopt and implement a restructuring plan with creditors in order to avoid insolvency and ensure viability. Since its entry into force on 1 July 2022, however, there have been no reported cases, which may also be attributable to the fact that the proceedings may be conducted non-publicly, as well.