Update on National Insolvency Statistics from Slovakia

DÁVID ORŠULA
Advokát, Partner, bnt attorneys in CEE, Bulgaria

In 2024, Slovakia recorded the highest number of insolvency proceedings in the past decade, while the number of restructurings reached its lowest point in five years. This development is highlighted from the latest statistics on restructuring and insolvency proceedings in Slovakia.

Although the EU Preventive Restructuring Directive was transposed into Slovak law in 2022, the first public restructuring was not initiated until 2025. Given the rising number of bankruptcies, the low interest in preventive restructuring cannot be explained by the overall financial health of companies in Slovakia. Rather, it is likely driven by the administrative complexity of the proceedings and the rigid requirements surrounding the preparation and approval of the restructuring plan, which may discourage entrepreneurs from opting for this solution.

Interest in "traditional" restructuring proceedings also remains limited. Since the 2017 amendment to Slovakia's insolvency legislation, which introduced stricter conditions for business recovery, the number of approved restructurings has declined significantly, averaging only 20 per year over the past seven years. In 2024, courts approved just 19 restructurings, falling below even this modest average.

In contrast, the number of bankruptcies has been steadily rising, increasing from 331 in 2023 to 336 in 2024. Nearly half of these cases involved so-called "small bankruptcies," where the company's assets and turnover did not exceed EUR 1 million.

The total asset value of bankrupt companies in 2024 was approximately EUR 333 million — just over one thousandth of the total assets of all non-financial enterprises in 2023. Notably, nearly half of the insolvent companies had little to no assets. The net turnover of bankrupt companies in 2024 was just under EUR 350 million, representing around 1.25 thousandths of the total turnover of non-financial enterprises in 2023, and marking a 25% increase compared to the previous year's EUR 281 million. Reported negative equity amounted to over EUR -27 million, roughly consistent with 2023 figures.

The primary drivers of financial distress among companies continue to be rising inflation and the absence of targeted state support. Looking ahead, insolvencies are expected to increase further as the effects of the government's fiscal consolidation package begin to take hold. ■

> *The primary drivers of financial distress among companies continue to be rising inflation and the absence of targeted state support*