PwC Restructuring Update Q2 2025

June 2025

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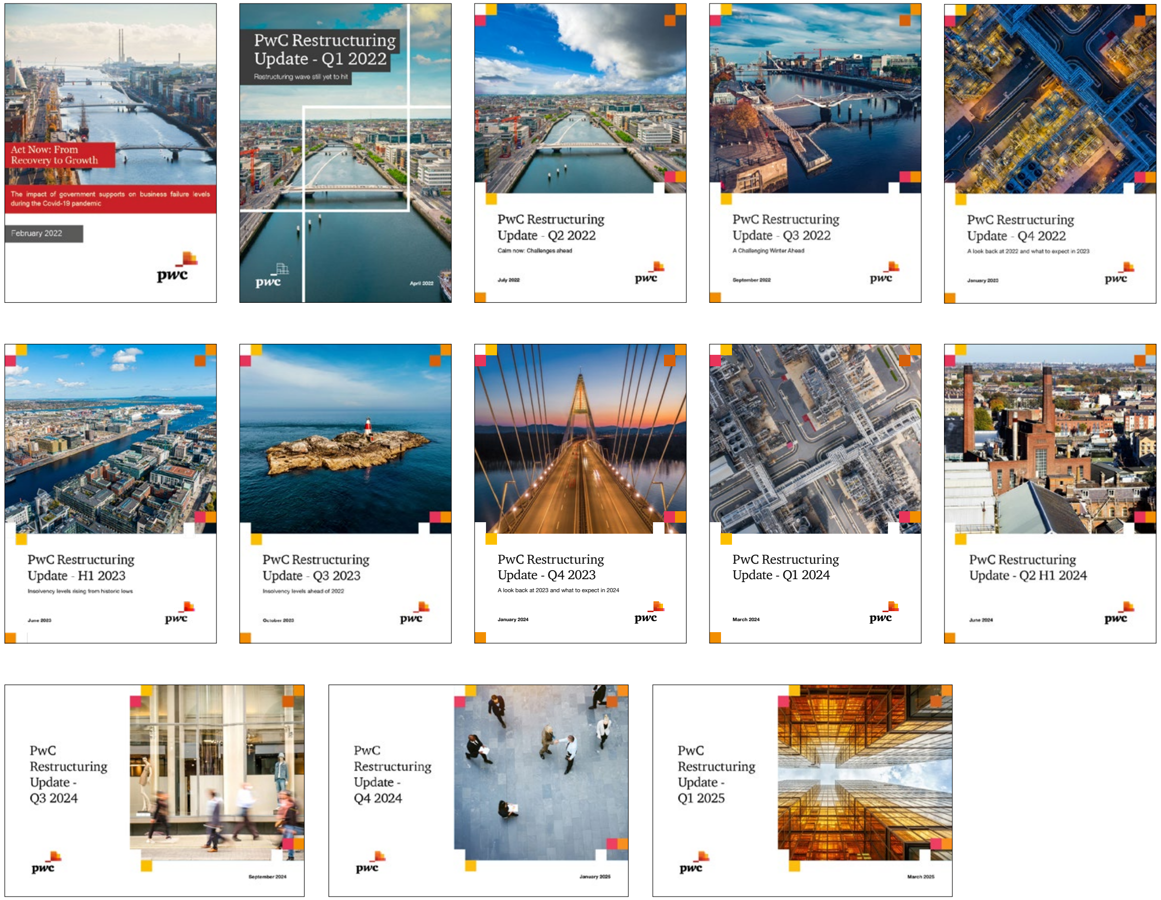

Foreword

Ken Tyrrell
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Q2 Update

- **Second quarter of 2025 sees rise in insolvencies, bringing total for first half of the year in line with same period of 2024 –** The second quarter of the year recorded an increase in insolvencies compared to the first quarter of the year. After the low insolvency numbers in Q1 of the year (192), Q2 has recorded 229 insolvencies which is an almost 20% increase quarter on quarter. The total for the first half of the year is 421, which is exactly in line with the number of insolvencies recorded in the same 6-month period of 2024 (421). This consistency suggests that the Irish economy and Irish businesses continue to demonstrate resilience amid domestic challenges and international geopolitical uncertainties.
- **Insolvency rate per 10,000 businesses has doubled since 2021 but remains below 20-year average –** Our PwC Insolvency Barometer shows the annual insolvency rate is 29 per 10,000 businesses. The current rate is more than double the rate of 14 per 10,000 recorded in 2021, however, it still remains below the 20-year average of 50 per 10,000 businesses, and far below the previous peak of 109 per 10,000 businesses recorded in 2012.
- **Revenue enforcement activity continues to drive increase in court liquidations –** Court appointed liquidations rose by 40% in Q2 2025, with 34 court liquidations recorded compared to 25 in Q1. This brings the total for the first half of the year to 59 – a more than a threefold increase on 19 recorded during the same period for 2024. The Office of the Revenue Commissioners were the petitioner in 38 of these 59 cases, suggesting that enforcement actions likely linked to the recovery of debts following the conclusion of Revenue's debt warehousing scheme are a key driver.
- **Retail insolvencies double in the second quarter of the year –** The number of insolvencies in Retail has doubled in the second quarter of the year compared to the first quarter of the year. This increase comes after the industry demonstrated strong resilience post-Christmas. There were 53 Retail insolvencies in the second quarter of the year, an increase of 112% on the first quarter of the year (25). However, despite the apparent spike in Q2, the total number of insolvencies for the first half of the year (78) is slightly behind the same period of 2024 (84).
- **Insolvencies in Hospitality fall, despite industry facing many challenges –** The Hospitality industry recorded 35 insolvencies in Q2 2025, which is a 19% decrease from 43 insolvencies recorded in Q1 2025. Albeit a decrease quarter on quarter, this number of insolvencies is closely in line with the average of 39 insolvencies per quarter observed across 2024 and the first quarter of 2025, indicating a consistency within the industry despite

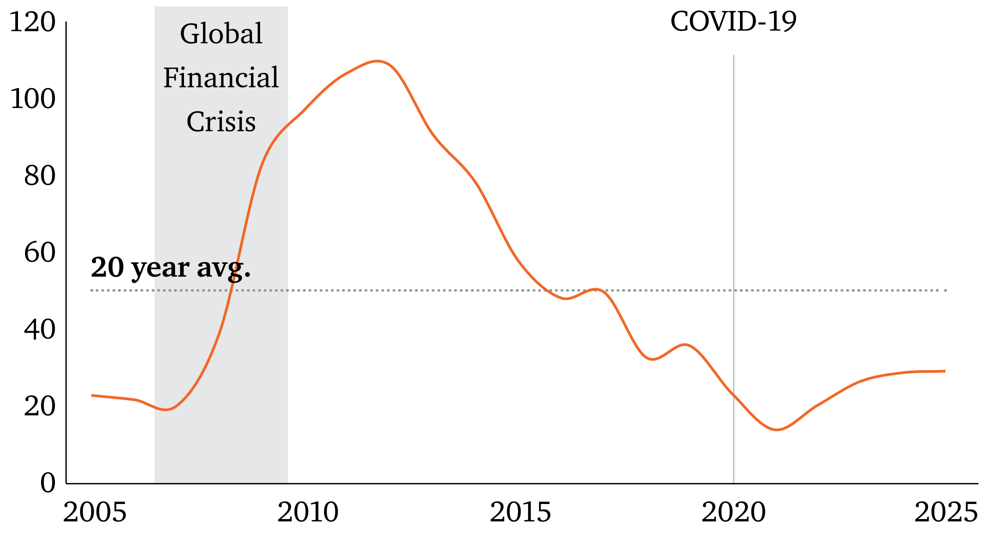
ongoing macroeconomic and sector-specific challenges.

- **Increase in examinerships, while SCARP utilisation remains low –** There was a notable increase in examinerships in Q2 2025, with 13 appointments recorded compared to just one in Q1 2025. Of the 13 companies, 7 related to a single large group of related companies placed under high court protection, so a more accurate comparable figure is 7 for the second quarter. Using this adjusted comparable number of examinerships, the 8 appointments for the first half of the year represent a slight increase in appointments when compared to the same period of 2024 (6). In contrast, SCARP continues to see limited uptake. 14 SCARP cases were recorded in the first half of 2025, broadly in line with the 13 cases during the same period of 2024. SCARP cases accounted for just 3% of all insolvencies for the year to date, suggesting that while the process is now well established, its utilisation remains low.
- **Lender enforcement declines in Q2 following increase at start of the year –** Receivership appointments fell significantly in Q2 2025, with 19 recorded. This equates to an almost 50% decrease from the 36 recorded in Q1 2025, a reversal of the uptick in lender activity seen in the first quarter compared to each of the four quarters of 2024. Despite the slowdown in Q2, the total number of receiverships for the first half of 2025 stands at 55, an increase of 17% over the same period of 2024 (47).
- **Top five counties account for 75% of insolvencies -** Dublin, Cork, Galway, Kilkenny and Meath account for 3 out of every 4 insolvencies for the quarter, with Dublin alone accounting for 1 of every 2 insolvencies.

PwC Insolvency Barometer

	Insolvency Rate per 10,000	Year
Current	29	2025
20 Year Average	50	Past 20 years
Highest	109	2012
Lowest	14	2021

Insolvency Rate per 10,000 companies



Q2 2025 Update

Q2 2025 Insolvency Highlights

Why we use a per 10,000 business measure - Insolvency Rate

Our analysis is based on a per 10,000 measure which has become all too common to hear since the pandemic. It is also widely used when comparing the birth or death rates across different regions or countries. It is a simple yet effective statistic for comparison purposes between different periods, industries, towns, counties or countries with different population sizes. It provides meaningful context to the numbers rather than simply looking at them in absolute terms.

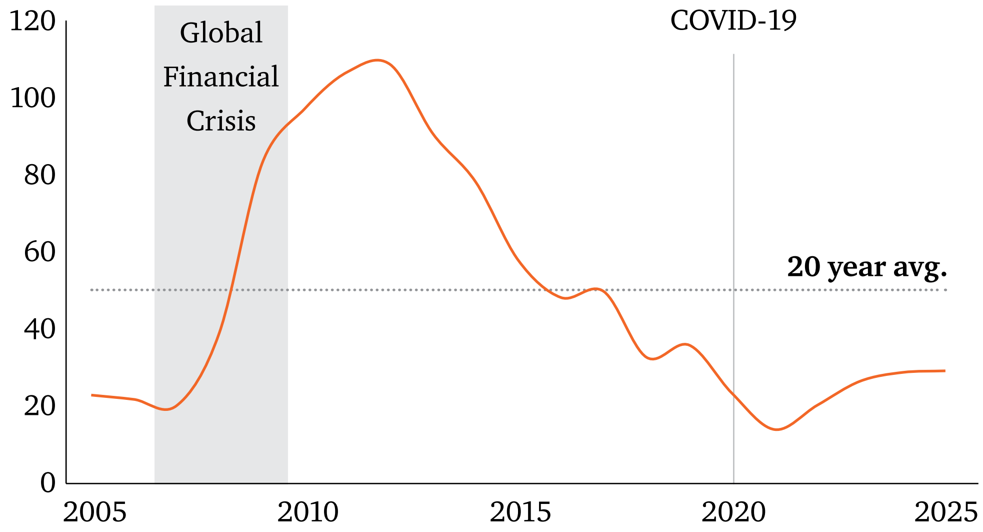
There has been a large increase in the total number of companies registered in Ireland over the past 20 years, which means extra care needs to be taken when comparing annual levels of insolvency

Analysing insolvencies using absolute numbers only can be misleading due to the increasing number of Irish businesses over time. For example, the number of companies registered in Ireland in 2005 and 2025 was 160,707, and 298,101 respectively, an increase of almost 86%.

Solely looking at insolvency levels in absolute terms can be misleading given the rise in the total number of companies. For example, if 500 companies failed 20 years ago, the comparable number for today would be 925 given the rise in the total number of companies.

Analysing insolvencies per 10,000 provides a much clearer picture and meaningful context to the analysis of insolvencies and takes account of the increased total number of companies.

Insolvency Rate per 10,000 companies



PwC Insolvency Barometer

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Total number of Irish quarterly insolvencies

Insolvency Type	Q2 2025	Q1 2025	Q2 2024	Q2 2023
Total Corporate Insolvencies	229	192	199	169
Liquidations	191	147	164	140
Receiverships	19	36	24	17
Examinerships	13	1	3	2
SCARP	6	8	8	10

Total number of Irish quarterly insolvencies per 10,000 businesses

Insolvency Type	Q2 2025	Q1 2025	Q2 2024	Q2 2023
Total Corporate Insolvencies	8	6	7	6
Liquidations	6	5	6	5
Receiverships	1	1	1	1
Examinerships	<1	<1	<1	<1
SCARP	<1	<1	<1	<1

1. Second quarter of 2025 sees rise in insolvencies, bringing total for first half of the year in line with same period of 2024

The second quarter of the year recorded an increase in insolvencies compared to the first quarter of the year. After the low insolvency numbers in Q1 of the year (192), Q2 has recorded 229 insolvencies which is an almost 20% increase quarter on quarter. The total for the first half of the year is 421, which is exactly in line with the number of insolvencies recorded in the same 6-month period of 2024 (421). This consistency suggests that the Irish economy and Irish businesses continue to demonstrate resilience amid domestic challenges and international geopolitical uncertainties.

2. Insolvency rate per 10,000 businesses has doubled since 2021 but remains below 20-year average

Our PwC Insolvency Barometer shows the annual insolvency rate is 29 per 10,000 businesses. The current rate is more than double the rate of 14 per 10,000 recorded in 2021, it still remains below the 20-year average of 50 per 10,000 businesses, and far below the previous peak of 109 per 10,000 businesses recorded in 2012.

3. Revenue enforcement activity continues to drive increase in court liquidations

Court appointed liquidations rose by 40% in Q2 2025, with 34 court liquidations recorded compared to 25 in Q1. This brings the total for the first half of the year to 59 – a more than threefold increase on 19 recorded during the same period for 2024. The Office of the Revenue Commissioners were the petitioner in 38 of these 59 cases, suggesting that enforcement actions likely linked to the recovery of debts following the conclusion of Revenue's debt warehousing scheme are a key driver.

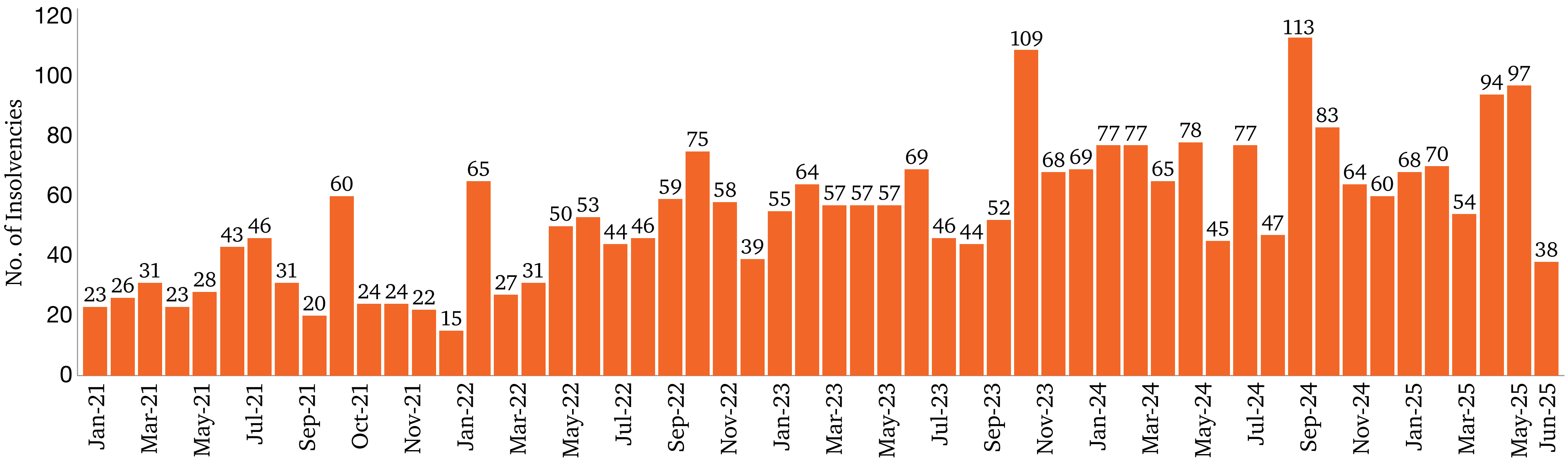
4. Increase in examinerships, while SCARP utilisation remains low

There was a notable increase in examinerships in Q2 2025, with 13 appointments recorded compared to just one in Q1 2025. Of the 13 companies, 7 related to a single large group of related companies placed under high court protection, so a more accurate comparable figure is 8 for the second quarter. Using this adjusted comparable number of examinerships, the 7 appointments for the first half of the year represent a slight increase in appointments when compared to the same period of 2024 (6). In contrast, SCARP continues to see limited uptake. 14 SCARP cases were recorded in the first half of 2025, broadly in line with the 13 cases during the same period of 2024. SCARP cases accounted for just 3% of all insolvencies for the year to date, suggesting that while the process is now well established, its utilisation remains low.

5. Lender enforcement declines in Q2 following increase at start of the year

Receivership appointments fell significantly in Q2 2025, with 19 recorded. This equates to an almost 50% decrease from the 36 recorded in Q1 2025, a reversal of the uptick in lender activity seen in the first quarter compared to each of the four quarters of 2024. Despite the slowdown in Q2, the total number of receiverships for the first half of 2025 stands at 55, an increase of 17% over the same period of 2024 (47).

Monthly Insolvencies



Q2 Industry Highlights

Insolvency rate by industry

Industry	Absolute figures	Absolute figures	Per 10,000 businesses
	Q2 2025	Q1 2025	LTM
Retail	52	25	31
Hospitality	35	43	78
Finance and insurance	33	9	73
Construction	23	20	20
Manufacturing	17	14	22
Information and communication	15	7	21
Real estate	11	26	35
Travel and transport	9	8	28
Health	7	19	88
Education	6	2	28
Professional, scientific, and technical activities	6	8	6
Energy and utility	5	5	212
Administration	4	-	8
Arts, entertainment and recreation	3	6	76
Other	2	-	9
Mining and quarrying	1	-	38

1. Retail insolvencies double in the second quarter of the year

The number of insolvencies in Retail has doubled in the second quarter of the year compared to the first quarter of the year. This increase comes after the industry demonstrated strong resilience post-Christmas. There were 53 Retail insolvencies in the second quarter of the year, an increase of 112% on the first quarter of the year (25). However, despite the apparent spike in Q2, the total number of insolvencies for the first half of the year (78) is slightly behind the same period of 2024 (84).

2. Health and Education industries see sharp rise in 2025 compared to 2024

In the first half of 2025, both the Health and Education industries recorded significant increases in insolvencies compared to the same period of 2024. The Health industry recorded 26 insolvencies, a fourfold increase on just 6 recorded in first half of 2024. Similarly, Education saw 8 insolvencies by the end of June 2025 - an eightfold increase from just one insolvency recorded during the same period of 2024.

3. Insolvencies in Hospitality decrease, although industry still faces many challenges

The Hospitality industry recorded 35 insolvencies in Q2 2025, which is a 19% decrease from 43 insolvencies recorded in Q1 2025. Albeit a decrease quarter on quarter, this level of insolvencies is closely in line with the average of 39 insolvencies per quarter observed across 2024 and the first quarter of 2025, indicating a consistency within the industry despite ongoing macroeconomic and sector-specific challenges.

Industry In Focus - Hospitality

In the first half of 2025, the hospitality industry recorded 78 insolvencies, with 65 of were liquidations.

Key Challenges Facing the Industry

Operators and organisations within the industry cite many challenges:

- cost inflation on food
- increase in labour costs due to wages and PRSI changes
- increase in energy costs over recent years
- post pandemic demand shifts in urban areas and tighter consumer spending
- Higher VAT rate of 13.5% since 2023 has had a knock on effect

Profitability appears to be the issue, not unsustainable debts

The issue in the industry is clearly about underlying profitability and not necessarily about unsustainable or historic debts.

Underuse of rescue processes suggest no prospect of survival

With these businesses going straight to liquidation, formal company rescue processes are not being utilised which indicates fundamental problems with the business model and underlying profitability.

There was 1 Examinership and only 4 SCARPs within hospitality for the 6-months of the year to date. This suggests that there was no prospect of survival for the businesses that have gone into liquidation, and profitability issues were not capable of being solved.

Insolvencies in Hospitality

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Liquidation	31	34	36	30
Receivership	1	7	2	3
SCARP	2	0	1	0
Examinership	1	2	1	2
Total	35	43	40	35

Insolvencies by type of hospitality business

	Dublin	Rest of Ireland	Q1 2025
Restaurants	7	11	18
Cafes	2	1	3
Pubs	3	3	6
Accommodation Related Businesses	0	2	2
Other Hospitality Businesses	3	3	6
Total	15	20	35

Dublin records half of the casualties for the year so far

Unsurprisingly Dublin has recorded almost half of the insolvencies within the industry for the year to date. 34 of the 78.

Hospitality insolvency rate is higher than the 20-year overall average

Hospitality has a current annual insolvency rate of 78 insolvencies per 10,000 companies.

In terms of historical context, the overall rate of insolvency in the hospitality industry is above the overall 20-year average insolvency level of 50 per 10,000 while most other sectors are currently well below historic insolvency levels. The statistics back up the well publicised issues that the industry is facing.

High number of closures in media do not fully equate to insolvencies

On the face of it, these numbers may appear lower than some of the recently reported closures by restaurants/cafes/bars, this stems from the fact that many of these businesses are sole traders and do not operate as a company and also that some businesses are in the process of winding up but are yet to finalise their closure.

Q2 County Highlights

Insolvency rate by county

County	Absolute figures Q2 2025	Absolute figures Q1 2025	Per 10,000 businesses LTM
Dublin	119	115	50
Cork	25	13	22
Galway	11	8	22
Kerry	10	0	22
Limerick	7	0	19
Meath	7	4	25
Kilkenny	6	6	28
Louth	6	2	32
Mayo	5	3	19
Waterford	5	3	22
Wicklow	5	2	28
Tipperary	4	5	16
Clare	3	1	8
Donegal	3	2	12
Offaly	3	3	28
Laois	2	1	8
Westmeath	2	0	11
Wexford	2	7	21
Cavan	1	2	11
Kildare	1	10	24
Longford	1	1	29
Monaghan	1	1	13
Carlow	0	0	6
Leitrim	0	0	4
Roscommon	0	1	10
Sligo	0	2	8

1. Top five counties account for 75% of insolvencies

Dublin, Cork, Galway, Kilkenny and Meath account for 3 out of every 4 insolvencies for the quarter, with Dublin alone accounting for 1 of every 2 insolvencies.

2. Kilkenny and Offaly with six times more insolvencies in 2025 than same period of 2024

Kilkenny recorded 12 insolvencies in the year to date, a sixfold increase on the 2 recorded in the same six months of 2024. Offaly has had the same increase, with 6 recorded this year to date compared to 1 in the first half of last year.

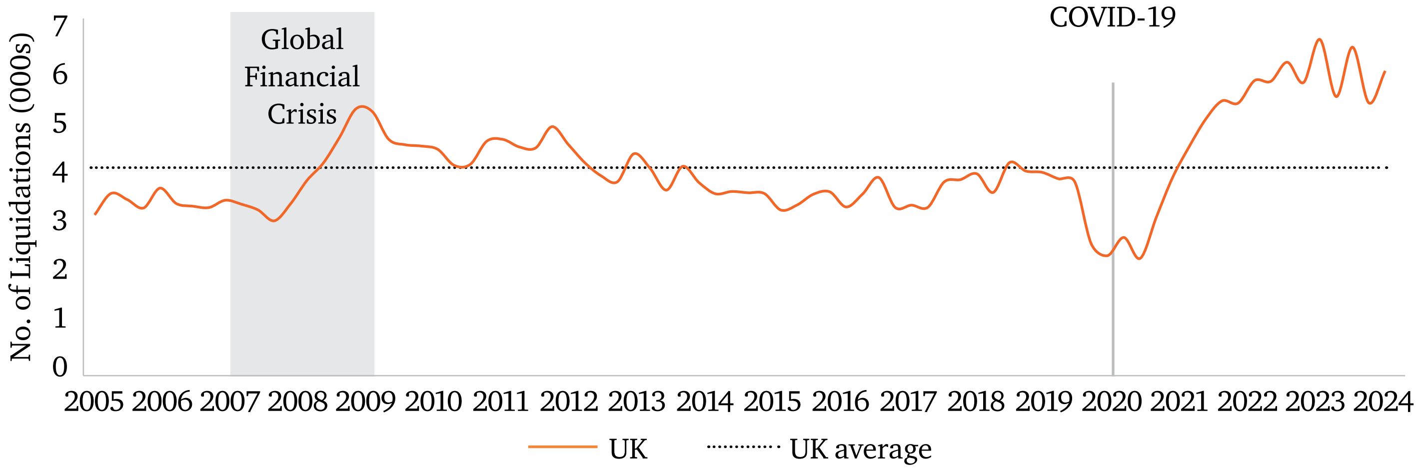
Insolvencies in the UK

By the end of May 2025, the UK has recorded consistently higher numbers of insolvencies when compared with the same five month period of 2024, aligning closely with levels recorded in 2023 which had the highest annual insolvency total in 30 years.

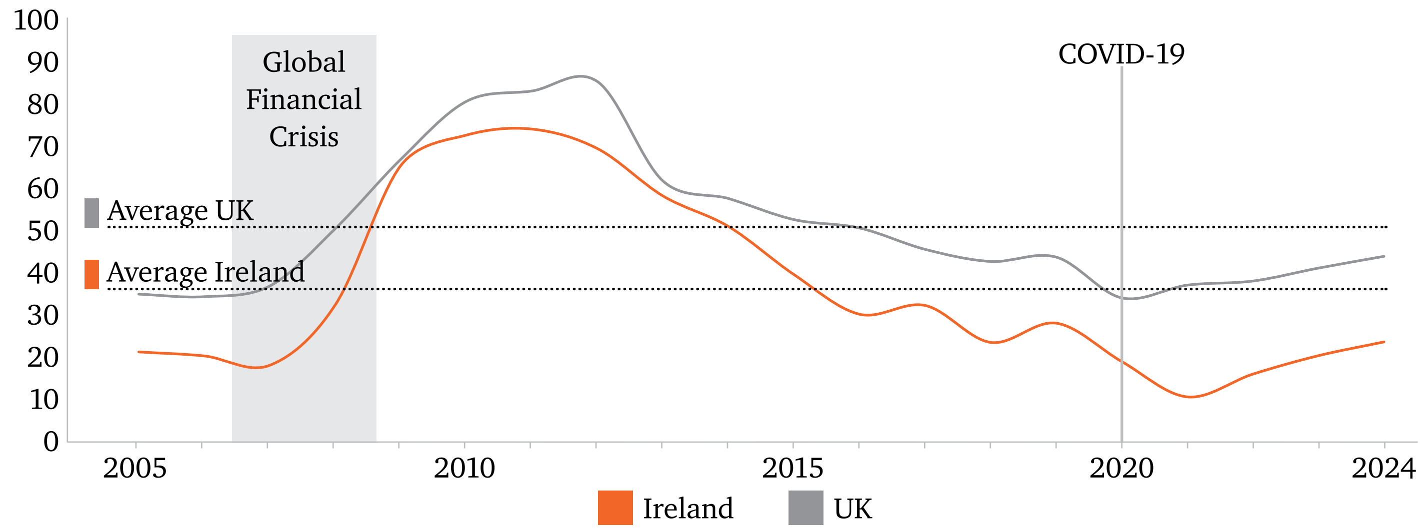
The construction sector leads the insolvency figures, accounting for 17% of all cases in the 12 months leading up to April 2025, followed by the wholesale and retail trade and accommodation and food service activities sectors, each representing 15%. This reflects ongoing economic challenges including cost pressures and labour shortages.

The disparity in liquidation rates remains significant, with the UK's rate at 52.5 per 10,000 companies compared to Ireland's approximately 32 per 10,000, highlighting a stronger business survival environment in Ireland amidst continued economic headwinds in the UK.

UK Quarterly Liquidations



Ireland's Liquidation Rate Compared to the UK (rolling twelve month average)



Local Economic Indicators

Irish inflation at 1.7%

As of May 2025 the Irish inflation rate was at 1.68%, down from 2.2% reported in April 2025. This continues a trend of moderate inflation and represents a significant decline from the high of 4.1% recorded in January 2024. The recent easing of inflation is largely attributed to an apparent drop in transport and utility costs, although these costs were at high levels.

The ECB reduces interest rates

On 5 June 2025, the European Central Bank ("ECB") announced a further reduction to all three key interest rates by 25 basis points, bringing them to their lowest levels since early 2022, with deposit facility rate at 2.00%, marginal lending facility rate at 2.15% and main refinancing operations rate at 2.15%. This marks the eight rate cute since June 2024, bringing the cumulative reduction to 200 basis points over the last twelve months.

Ireland's GDP rebounds by 3.2% in Q1, 2025

Ireland's GDP grew by 3.2% in Q1 2025 on a quarterly basis, according to the Central Statistics Office. This marks a strong rebound after the contraction indicated at the end of Q4 2024. This growth was reportedly primarily driven by the performance of pharmaceuticals and ICT services sectors.

Unemployment rate further decreases in May 2025

Ireland's seasonally adjusted unemployment rate stood at 4.0% at the end of May 2025, down slightly from 4.1% in April 2025 and similarly down on 4.4% in May 2024. This shows the unemployment rate remaining close to the record low of 3.9%, which was matched in February 2025.

Consumer sentiment hits three month high

Ireland's Consumer Sentiment Index rose to 62.5 in June 2025, up from 61.2 in May, marking a three-month high. This modest improvement reflects some slight easing of concerns over global trade tensions and some reduction in living costs. However, sentiment remains well below levels recorded in mid-2024, indicating that Irish households are still cautious about the broader economic outlook.

Real Estate Construction index falls in May 2025

The BNP Paribas Real Estate Ireland's Construction Index measures the growth in Irish construction activity. An index below 50 indicates decreased activity. The index fell to 49.2 in May 2025, down from 52.4 in April 2025, marking a contraction in overall construction activity. This decline reflects growing market uncertainty and a slowdown in new order growth, reportedly due to concerns over international trade policy.

Global Headwinds

In June 2025, the ECB continued its easing cycle, cutting rates by

25 basis points.

Interest rates

As of June 2025, the US Federal Reserve has maintained its target range for the federal funds rate at 4.25% to 4.50%, unchanged since early 2024. Chair Jerome Powell reiterated that any future rate cuts will depend on sustained progress in reducing inflation, which remains above the Federal Reserve's 2% target.

The Bank of England also held its Bank Rate steady at 4.25% during its meeting in June 2025, following a 25 basis point cut in February. The Bank cited ongoing disinflation and a softening labour market but emphasized the need for a cautious approach amid persistent inflationary pressures.

Meanwhile, the European Central Bank (ECB) continued its easing cycle, cutting rates by 25 basis points in June 2025, it's eight cut since June 2024 and total reduction of 200.

Inflation

As of May 2025, the EU inflation rate was 2.2% (Euro area 1.9%), down from 2.4% in April and continuing a steady decline from earlier in the year. Inflation remained highest in Romania (5.4%), Estonia (4.6%), and Hungary (4.5%), while the lowest rates were seen in Cyprus (0.4%), France (0.6%), and Ireland (1.4%). The US inflation rate held at 2.4% in May, easing from 2.8% in February. In the UK, inflation edged down to 3.4% in May, following a slight drop from 3.5% in April.

Global politics

Political elections occurred in major global territories including the UK (General) which saw a Labour Government return to power. Keir Starmer's Government has introduced a spending programme, including substantial investments in the NHS and public services. In the US, Donald Trump and the Republican Party was re-elected to the White House. The administration has focused on reducing taxes, deregulating industries and imposing tariffs to stimulate economic growth. The EU has implemented a series of green policies aimed at accelerating the carbon neutrality goals by 2050. The General Election was held in Ireland, resulting in a coalition government led by Fianna Fail and Fine Gael. The implications of these economic policies are likely to have major implications in both the global and local economies and financial markets.

Corporate focus for 2025

Higher cost of debt	Whilst debt maturities may present a challenge for some corporates, higher interest rates and other macro factors that erode debt servicing capacity are also expected to drive a number of defaults.
Focus on refinancing	Refinancing has overtaken M&A as the primary purpose of new leveraged loans. In the leveraged loan market the focus has very much been on amending and extending facilities.
Working capital	Against a backdrop of high inflation and low M&A activity, driving value through operational improvements is more critical than ever.
Fatigue	some management teams in challenged sectors are fatigued after the past few years of unprecedented economic conditions.

Cash Management Culture

In the face of general market disruption, geopolitical change and high profile challenges across different industries, businesses are feeling the effects of an uncertain market with restructuring activity rising and risk of shocks remaining in the market. Creating a cash-conscious culture is critical to ensure organisations can improve and accelerate their resilience to mitigate the impacts and flourish in the future. To achieve this, everyone in an organisation needs to be focused on cash. This is a collective responsibility from the boardroom and across the business - not just the finance team or treasury to make decisions impacting cash.

Five ways to optimise your company's cash culture

1. Make cash the business of everyone in the organisation - Cash is bigger than the treasury and finance departments; they both have a key coordinating role in effectively managing cash but it's the operations of the business that are making daily decisions that impact cash. Push cash up everyone's agenda.

2. Cash can mean different things to different people, so make cash relevant to everyone - Having a common language of cash across the organisation (operations and finance) is vital to instilling a proactive cash conscious culture:

- Reliable cash forecasting
- Effective expenditure management and tactical actions
- Cash reporting and incentivisation, tailored to audiences across the organisation
- Management of cash tax and government incentives
- Centralising management of true cash availability and foreign currency cash
- Effective management of banking and other financing facilities.

3. Forecasting cash and appropriately granular scenario planning - on both a medium and short term basis should involve both operations and finance teams. These are essential in reflecting and understanding the real operational risks that exist in the current volatile market.

4. Understanding and sharing your minimum cash thresholds - to help the wider business manage the daily decisions and cash commitments that they are making (once the decision is made, the cash is committed).

5. Optimising supplier and customer working capital terms and relationships - to conserve and generate the cheapest form of cash available to you.

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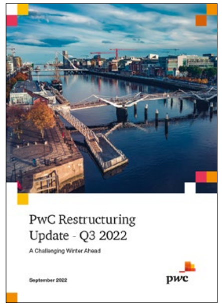

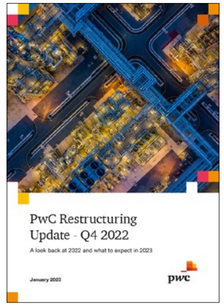

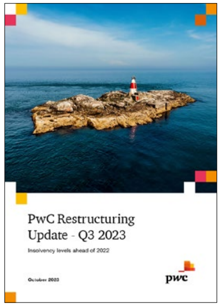

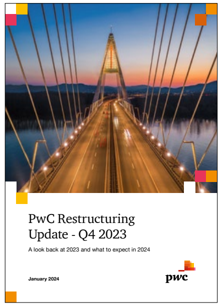

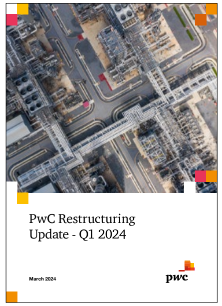

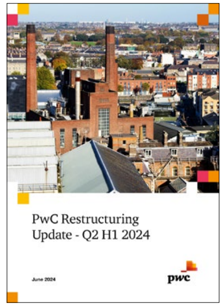

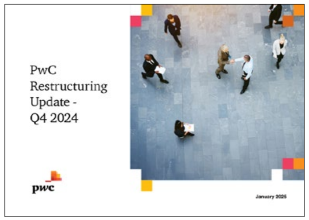

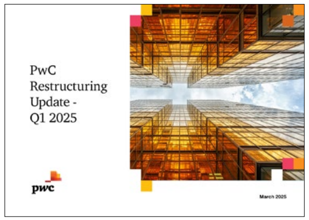

Appendix - Sources

- BNP Paribas Real Estate
- Bank of England
- Central Bank of Ireland
- Central Statistics Office
- Companies Registration Office
- Courtsdesk
- European Central Bank
- Eurostat
- Experian Gazette
- Gov.ie
- Gov.uk
- Irish League of Credit Unions
- International Monetary Fund
- PwC UK
- PwC US
- Revenue Commissioners
- Vision-net

Revisions

The figures in this report may differ slightly from previous versions of this report largely due to the cut-off timings of previous reports, incorrect corporate filings and/or notices.