PwC Restructuring Update - Q4 2025

January 2026

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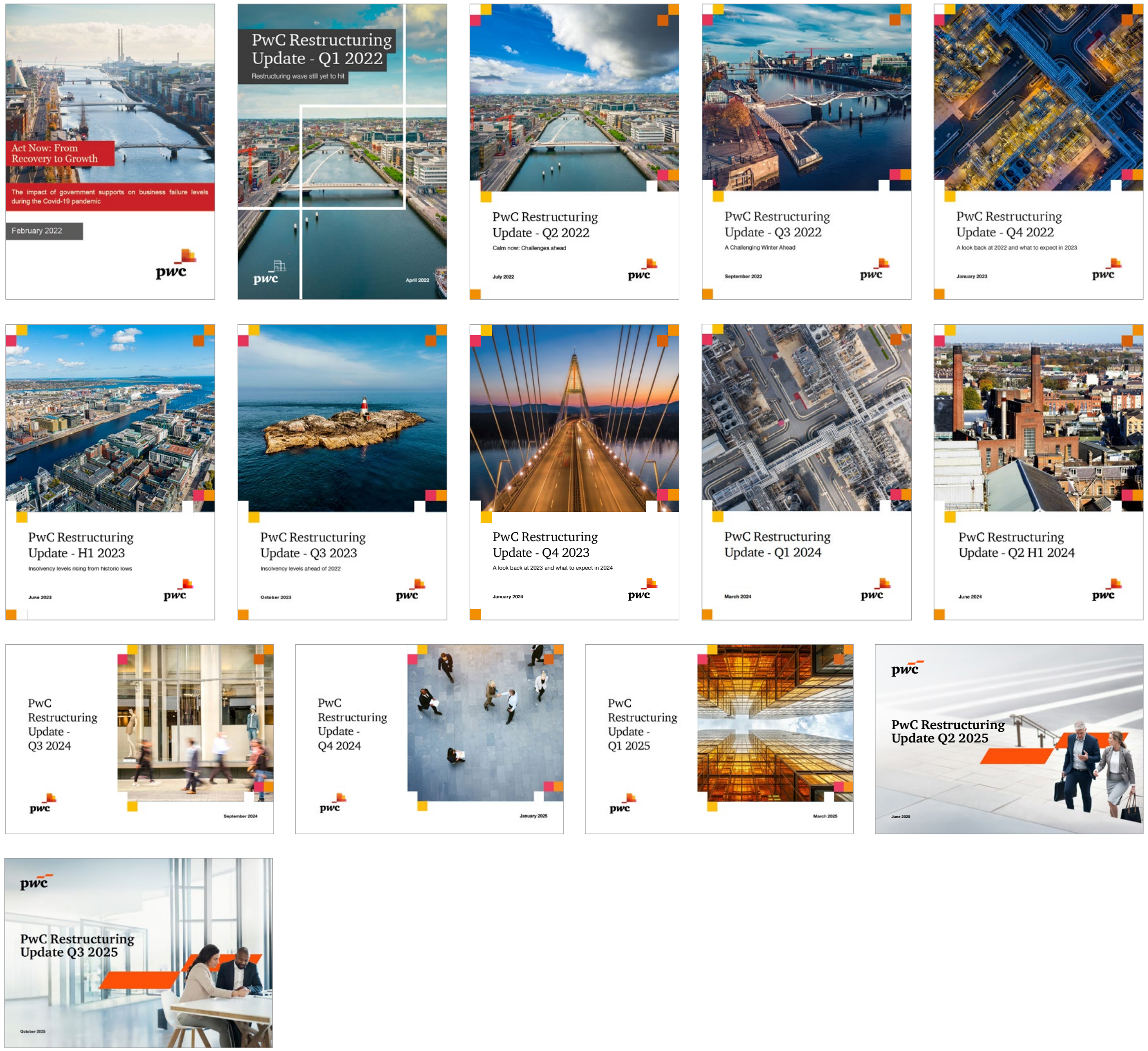


Foreword

Ken Tyrrell
Partner
Performance and Restructuring

2025: Annual Review of Insolvencies in Ireland

- **PwC's Insolvency Barometer established as the standard measure for insolvency rate in Ireland -** Now in its 20th edition since 2021, our quarterly PwC Insolvency Barometer update was the first of its kind in Ireland. The PwC Insolvency Barometer provided fresh new insight on insolvency levels in Ireland by calculating the insolvency rate per 10,000 companies to analyse insolvency levels. Since then, this has become the industry standard and most accurate metric to measure the insolvency levels, compare sectors and prior periods. Our Insolvency Barometer has helped set the standard for tracking insolvency levels using this clear "per 10,000 companies" rate — a simple, comparable metric that has since been widely used in the Irish insolvency market.
- **Insolvency rate for 2025 is 27 per 10,000 companies, well below the long-term year average -** Our PwC Insolvency Barometer shows the annual insolvency rate at the end of 2025 is 27 per 10,000 businesses, which equates to circa 850 insolvencies per annum. This is far below the 21-year average of 49 per 10,000 businesses which would equate to c.1,500 insolvencies per annum, and even further below the previous peak of 109 per 10,000 businesses recorded in 2012, which would equate to over 3,400 insolvencies per annum.
- **Insolvency levels remain remarkably consistent over the past three years -** Despite geo-political instability, inflation and interest rate variability and the tariff changes in recent years, the Irish economy has continued to perform very well, which is reflected in low and stable levels of corporate insolvencies. There were 848 insolvencies recorded in 2025, a slight decrease from 868 recorded in 2024, but still higher than the 736 insolvencies recorded in 2023. This is lower than expected for the year, further illustrating that insolvency levels have remained remarkably stable over the last three years. Our analysis reveals an average of 204 insolvencies each quarter, since the start of 2023. These steady figures highlight that despite some quarterly fluctuations, insolvency levels remain surprisingly consistent over the past three years. This is a result of Ireland's recent strong economic performance and demonstrates the resilience of Irish businesses to navigate the many current macro-economic challenges.

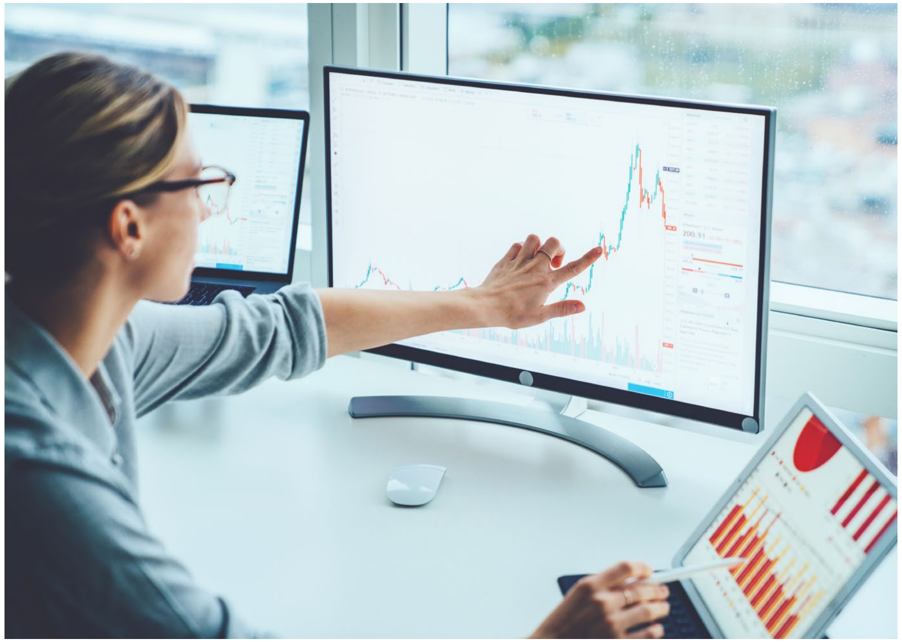
- **SCARP process failing to deliver -** A continued low uptake of SCARP indicates that the process is failing to meet its objectives. There were only 23 processes commenced in 2025, down from 30 in 2024 and 33 in 2023, highlighting a decline from an already low baseline. Since its introduction in 2021, just 108 SCARPs have been initiated. By contrast, Personal Insolvency Arrangements ("PIAs"), introduced in 2012 to assist individuals with debt levels of c. 3 million (higher with consent of creditors), saw substantial early adoption with approximately 2,500 recorded in the first four years, and now average between 1,100 and 1,300 cases per year, highlighting the differential in SCARP's use by SMEs.
- **Marked increase in Examinership appointments -** Whilst SCARP use by SMEs has declined, 2025 saw a marked increase in Examinership activity, with 23 examinerships commenced. That is more than double the 11 appointments recorded in 2024 and higher than the 18 in 2023. Examinership typically provides a greater level of court protection while a rescue plan is formulated and, in appropriate cases, can be a stronger alternative to the SCARP process. Examinership is a tried and tested restructuring process that has been in existence since 1990 with numerous improvements made to it over that period.
- **Retail insolvencies drop by 25% in 2025 -** Retail still tops all sectors for insolvencies, with 151 cases in 2025. However, this marks a 25% decrease from 201 cases recorded in 2024. The downward trend continued throughout 2025, averaging 38 cases per quarter compared to 50 in 2024. This sustained decline may reflect improved trading conditions, stronger consumer sentiment, or successful restructuring efforts within the sector. While retail leads in absolute numbers, its insolvency rate stands at 23 per 10,000 businesses, which is well below the overall insolvency rate of 27 per 10,000.
- **Hospitality insolvencies 8% lower than 2024 -** The hospitality industry recorded 141 insolvencies in 2025, slightly below the 154 in 2024. The sector has an insolvency rate of 68 per 10,000 businesses for the year, well above the overall average of 27 per 10,000 businesses. The final quarter saw just 30 cases, continuing the downward trend since the start of the year, from 43 in Q1, 38 in Q2 and 30 in Q3. Notably, only six of the 141 cases involved accommodation businesses, highlighting resilience in that segment, while food and beverage continues to account for the vast majority of failures. Several factors have helped ease pressure on the sector, yet persistent cost and inflation pressures mean the industry remains under close watch heading into 2026.
- **Increasing unemployment rate normally corresponds to increasing levels of insolvency** - Based on our first of its kind analysis which we completed in early 2025, we found that there is an almost perfect statistical correlation between the Irish unemployment rate and the Irish insolvency rate per 10,000 companies. Our analysis demonstrated that a 1% increase in the unemployment rate in Ireland would correlate to a 0.08 percentage point increase in the

insolvency rate (i.e. an increase of 8 per 10,000 businesses). In other words, for every 1% increase in the unemployment rate, we would expect to see an additional 250 insolvencies. During 2025 the Irish unemployment rate has increased from 4% in January to 4.9% in November and if that continues, historic trends tell us that will correspond with an increase in insolvency levels during 2026.

- **Average lifespan of companies entering insolvency in 2025 was 12 years -** The average lifespan of companies declaring insolvency in 2025 was just under 12 years. The shortest-lived company was less than a year old, while the longest lifespan was almost 92 years.
- **Court-appointed liquidations nearly double in 2025 -** Court-appointed liquidations surged to 113 in 2025, up from 63 in 2024—an increase of nearly 80%. Revenue Commissioners were behind three out of every five petitions, reflecting their increased recovery efforts following the end of the debt warehousing scheme and a growing reliance on court enforcement.
- **Lender enforcement slightly higher; overall remains steady in 2025 -** Receivership appointments rose to 113 in 2025, up 12% from 101 in 2024. This modest increase was largely driven by a small number of active lenders, while most loan servicers and lenders have maintained a steady approach throughout the year. The stable overall trend suggests that borrower performance and engagement, combined with lender caution amid evolving market conditions, has tempered the appetite for

legal enforcement.

- **Drop in voluntary liquidations –** Creditor Voluntary Liquidations ("CVLs") fell to 576 in 2025, down 13% from 663 in 2024, and only slightly above the 532 recorded in 2023. Nearly all these companies are SMEs, and this is a good barometer that trading conditions remain favourable.
- **Geographic concentration of insolvencies remains focused in Ireland's cities –** Dublin, Cork, and Galway accounted for 70% of all insolvencies recorded in 2025, with Dublin alone responsible for more than half (55%). This concentration underscores the dominance of city centres in business activity — and, by extension, insolvency risk. It is unsurprising that areas with higher business density face greater exposure, particularly in sectors more vulnerable to economic pressures such as retail, hospitality, and professional services.
- **UK insolvency levels for 2025 track higher than 2024 but remain below highs of 2023 –** Throughout 2025, monthly UK insolvency volumes generally tracked above the corresponding months of 2024, though they remained below the record highs recorded in 2023. As of October 2025, the rolling insolvency rate stood at 53 per 10,000 businesses, closer to Ireland's long term average insolvency rate but significantly higher than the current insolvency rate of 27 per 10,000 businesses in Ireland. Despite earlier forecasts of moderation, corporate insolvencies in the UK continue at historically elevated levels, particularly among smaller firms and within vulnerable sectors such as construction, retail, and hospitality.



Q4 2025 Update

Insolvency Rate Per 10,000

Why we use the per 10,000 businesses metric to measure the Insolvency Rate

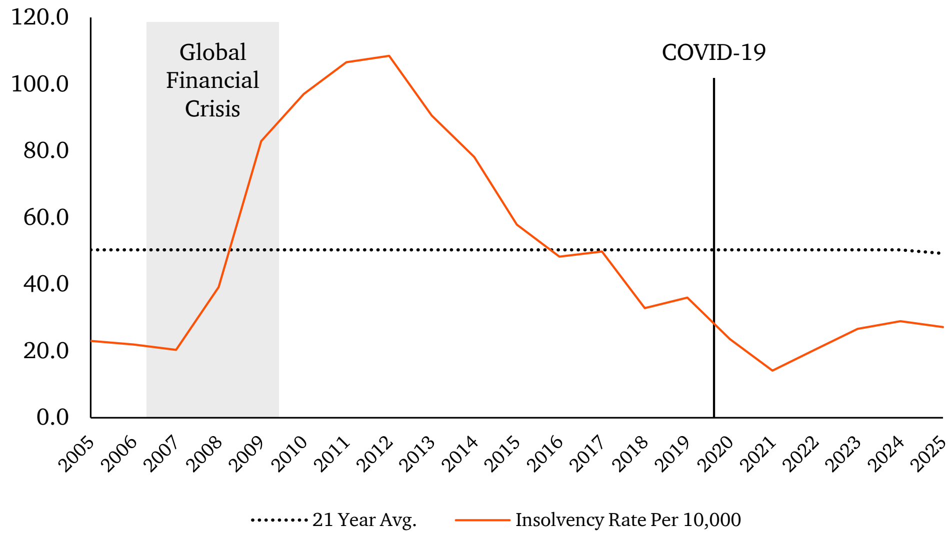
Our analysis is based on a per 10,000 measure which has become all too common to hear since the pandemic. It is also widely used when comparing the birth or death rates across different regions or countries. It is a simple yet effective statistic for comparison purposes between different periods, industries, 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 21 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 active companies registered in Ireland in 2005 and 2025 was 160,707, and 311,967 respectively, a significant increase of over 94%.

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 970 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.

Annual Insolvency Rate per 10,000



PwC Insolvency Barometer Table

	Insolvency Rate per 10,000	Year
Current	27	2025
21 Year Average	49	Past 21 years
Highest	109	2012
Lowest	14	2021

2025 Annual Review - Insolvency Highlights

Annual Irish Insolvencies

Insolvency Type	2022	2023	2024	2025
Total Corporate Insolvencies	546	736	868	848
CVL	398	532	663	576
Court Liquidation	32	38	63	113
Receivership	83	115	101	113
Examinership	11	18	11	23
SCARP	22	33	30	23

Quarterly Irish Insolvencies

Insolvency Type	Q4 2023	Q4 2024	Q3 2025	Q4 2025
Total Corporate Insolvencies	243	208	197	218
CVL	157	152	128	157
Court Liquidation	13	21	35	24
Receivership	52	23	26	31
Examinership	11	4	4	2
SCARP	10	8	4	4

Annual Irish Insolvencies per 10,000 business

Insolvency Type	2022	2023	2024	2025
Total Corporate Insolvencies	21	27	30	27
Liquidations	16	21	25	22
Receiverships	3	4	3	4
Examinerships	<1	1	<1	1
SCARP	1	1	1	1

Quarterly Irish Insolvencies per 10,000 business

Insolvency Type	Q4 2023	Q4 2024	Q3 2025	Q4 2025
Total Corporate Insolvencies	9	7	6	7
Liquidations	6	6	5	6
Receiverships	2	1	1	1
Examinerships	<1	<1	<1	<1
SCARP	<1	<1	<1	<1

- **PwC's Insolvency Barometer established as the standard measure for insolvency rate in Ireland -** Now in its 20th edition since 2021, our quarterly PwC Insolvency Barometer update was the first of its kind in Ireland. The PwC Insolvency Barometer provided fresh new insight on insolvency levels in Ireland by calculating the insolvency rate per **10,000 companies** to analyse insolvency levels. Since then, this has become the industry standard and most accurate metric to measure the insolvency levels, compare sectors and prior periods. Our Insolvency Barometer has helped set the standard for tracking insolvency levels using this clear "per 10,000 companies" rate — a simple, comparable metric that has since been widely used in the Irish insolvency market.
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- **Average lifespan of companies entering insolvency in 2025 was 12 years -** The average lifespan of companies declaring insolvency in 2025 was just under 12 years. The shortest-lived company was less than a year old, while the longest lifespan was almost 92 years.
- **Court-appointed liquidations**

nearly double in 2025 - Court-appointed liquidations surged to 113 in 2025, up from 63 in 2024—an increase of nearly 80%. Revenue Commissioners were behind three out of every five petitions, reflecting their increased recovery efforts following the end of the debt warehousing scheme and a growing reliance on court enforcement.

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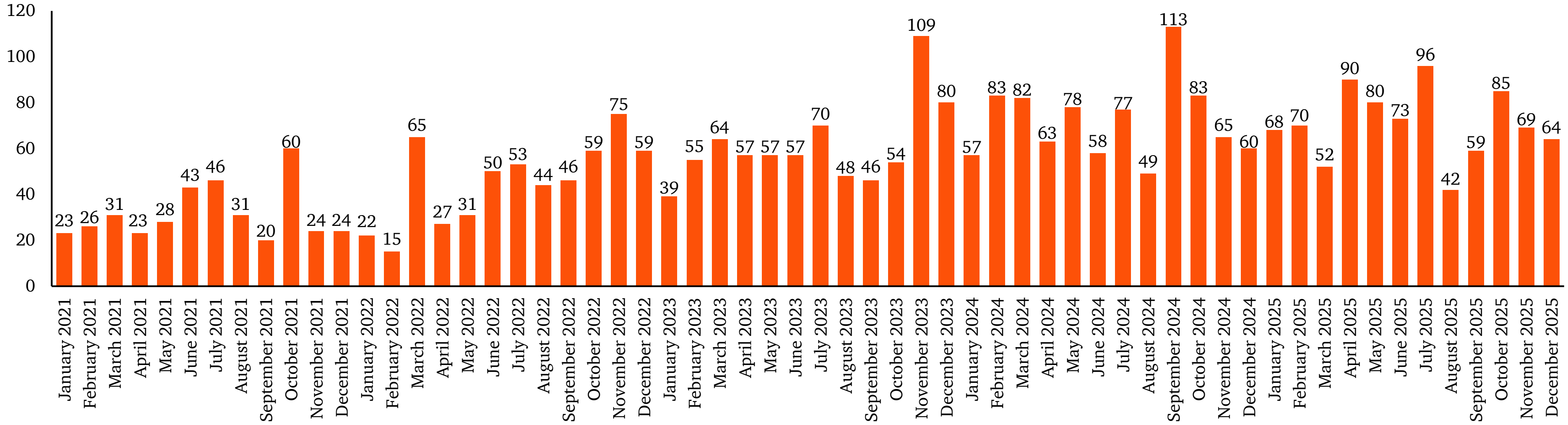
Monthly Insolvencies



2025 Annual Review - Industry Highlights

Insolvency rate by Industry

Industry	Absolute figures	Absolute figures	Per 10,000 businesses
	Q4 2025	2025	2025
Total	**217**	**847**	**27**
Retail	34	151	23
Hospitality	30	141	68
Finance and insurance	26	87	67
Real estate	26	74	45
Construction	21	92	19
Information and communication	18	53	21
Arts, entertainment and recreation	13	27	98
Professional, scientific, and technical	13	38	8
Travel and transport	12	38	32
Manufacturing	9	65	29
Administration	7	14	7
Health	4	41	70
Education	3	11	20
Energy and utility	1	14	129
Mining and quarrying	-	1	12
Other	-	-	-

- **Retail insolvencies drop by 25% in 2025 -** Retail still tops all sectors for insolvencies, with 151 cases in 2025. However, this marks a 25% decrease from 201 cases recorded in 2024. The downward trend continued throughout 2025, averaging 38 cases per quarter compared to 50 in 2024. This sustained decline may reflect improved trading conditions, stronger consumer sentiment, or successful restructuring efforts within the sector. While retail leads in absolute numbers, its insolvency rate stands at 23 per 10,000 businesses, which is well below the overall insolvency rate of 27 per 10,000.
- **Hospitality insolvencies 8% lower than 2024 -** The hospitality industry recorded 141 insolvencies in 2025, slightly below the 154 in 2024. The sector has an insolvency rate of 68 per 10,000 businesses for the year, well above the overall average of 27 per 10,000 businesses. The final quarter saw just 30 cases, continuing the downward trend since the start of the year, from 43 in Q1, 38 in Q2 and 30 in Q3. Notably, only six of the 141 cases involved accommodation businesses, highlighting resilience in that segment, while food and beverage continues to account for the vast majority of failures. Several factors have helped ease pressure on the sector, yet persistent cost and inflation pressures mean the industry remains under close watch heading into 2026.
- **Real Estate recorded the largest increase year-on-year -** Real estate insolvencies grew by 64%, the highest of any industry, from 2024 to 2025. The industry recorded 74 insolvencies in 2025, up from 45 in 2024. The industry's insolvency rate is 45 per 10,000 businesses, higher than the current average of 27 per 10,000.

2025 Annual Review - Geographic Highlights

Insolvency rate by County:

County	Absolute figures Q4 2025	Absolute figures 2025	Per 10,000 businesses 2025
Total	**217**	**847**	**27**
Dublin	129	469	48
Cork	14	83	24
Galway	13	39	22
Meath	9	29	24
Kerry	7	26	25
Limerick	7	19	17
Kildare	6	19	15
Louth	5	14	18
Tipperary	4	19	20
Mayo	3	12	14
Sligo	3	6	15
Waterford	3	11	17
Carlow	2	4	11
Clare	2	9	11
Kilkenny	2	15	27

Insolvency rate by County:

County	Absolute figures Q4 2025	Absolute figures 2025	Per 10,000 businesses 2025
Laois	2	7	18
Wexford	2	13	14
Donegal	1	9	9
Roscommon	1	2	5
Westmeath	1	4	7
Wicklow	1	20	21
Cavan	0	4	8
Leitrim	0	1	4
Longford	0	4	16
Monaghan	0	3	7
Offaly	0	6	14

- **Geographic concentration of insolvencies remains focused in Ireland's cities -** Dublin, Cork, and Galway accounted for 70% of all insolvencies recorded in 2025, with Dublin alone responsible for more than half (55%). This concentration underscores the dominance of city centres in business activity — and, by extension, insolvency risk. It is unsurprising that areas with higher business density face greater exposure, particularly in sectors more vulnerable to economic pressures such as retail, hospitality, and professional services.

- **Kilkenny and Westmeath recorded largest changes for 2025 -** Kilkenny recorded the largest increase in insolvencies in 2025, with 15 cases compared to just 5 in 2024 — a 200% year-on-year rise. In contrast, Westmeath saw the biggest decline, with insolvencies dropping by 67% to 4 cases, down from 12 in 2024.

Insolvencies in the UK

UK insolvencies remain above historical levels

By the end of November 2025, UK corporate insolvencies showed some easing but remained significantly above historical norms. A total of 1,866 companies entered formal insolvency in England and Wales—an 8% drop from October's 2,034 and 7% lower than November 2024's 2,001, though still closely aligned with the elevated 2023 levels. On a rolling annual basis (December 2024–November 2025), the rate stood at 52.9 per 10,000 companies, equating to 1 in every 189 firms, slightly dip from earlier in the year yet remaining historically high.

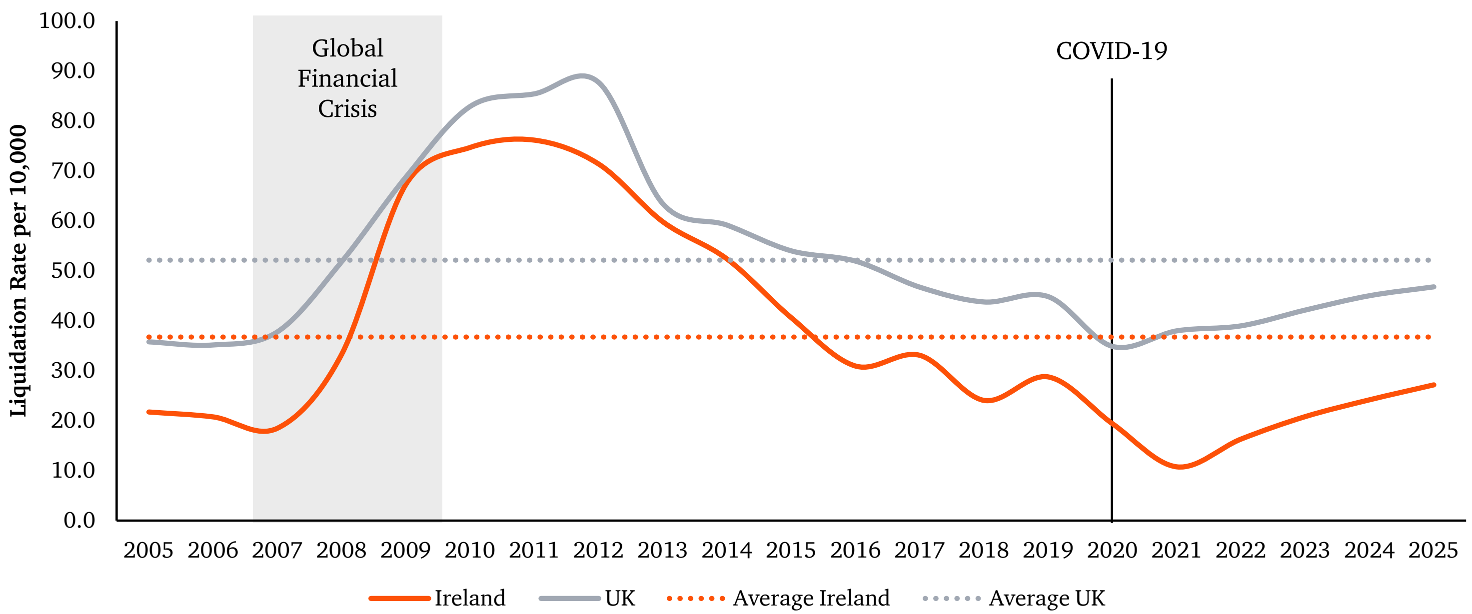
Liquidations account for 4 out of every 5 insolvencies in the UK

Despite the recent monthly decline, corporate distress remains front and centre. Creditors' Voluntary Liquidations (CVLs) accounted for 78% of insolvencies (1,461 cases), compulsory liquidations fell by 21% month-on-month, while administrations and Company Voluntary Arrangements (CVAs) both saw increases—up 12% and 6%, respectively.

Construction, wholesale and hospitality sectors register most casualties

Sector-wise, construction, wholesale & retail, and accommodation & food services were the hardest hit in the 12 months to November. Across the UK and Northern Ireland, 2,140 businesses entered insolvency in November—a 15% drop from October and 5% below November 2024—highlighting persistent strain, especially in construction, wholesale, and hospitality, which together accounted for around 30% of failures.

Ireland/UK Rolling Avg. Liquidation Rate per 10,000



Local Economic Indicators

Irish inflation at 3.2%

The Consumer Price Index (CPI) rose by 3.2% between November 2024 and November 2025, up from an annual increase of 2.9% in the 12 months to October 2025. This is the highest annual rate of inflation observed in the CPI since February 2024 when the rate was +3.4%

The ECB maintains interest rates

In December 2025, the European Central Bank (ECB) maintained all three key interest rates. The deposit facility rate remains at 2.00%, the main refinancing operations rate at 2.15%, and the marginal lending facility rate at 2.40%. This decision reflects the ECB's updated assessment that that inflation should stabilise at their 2% target in the medium term.

Ireland's GDP falls by 0.3% in Q3 2025

Ireland's GDP is estimated to have fallen by 0.3% in Q3 2025. Multinational-dominated sectors expanded by 0.2% in Q3 2025 while Domestic sectors contracted by 0.1%. Total Exports increased by 2.1% in Q3 2025 (+€4.4 billion), while total Imports rose by 10.4% (+€14.7 billion). Modified Domestic Demand (MDD), a broad measure of underlying domestic activity that covers personal, government, and investment spending, grew by 2.3% in Q3 2025. Personal spending on goods and services, a key measure of domestic economic activity, was up by 0.1% in Q3 2025.

Unemployment rate increases in 2025

Ireland's seasonally adjusted unemployment rate stood at 4.9% in November 2025, down slightly from the recent high of 5.1% in September 2025, but up from 4.4% in February 2025, according to the Central Statistics Office (CSO). Despite the

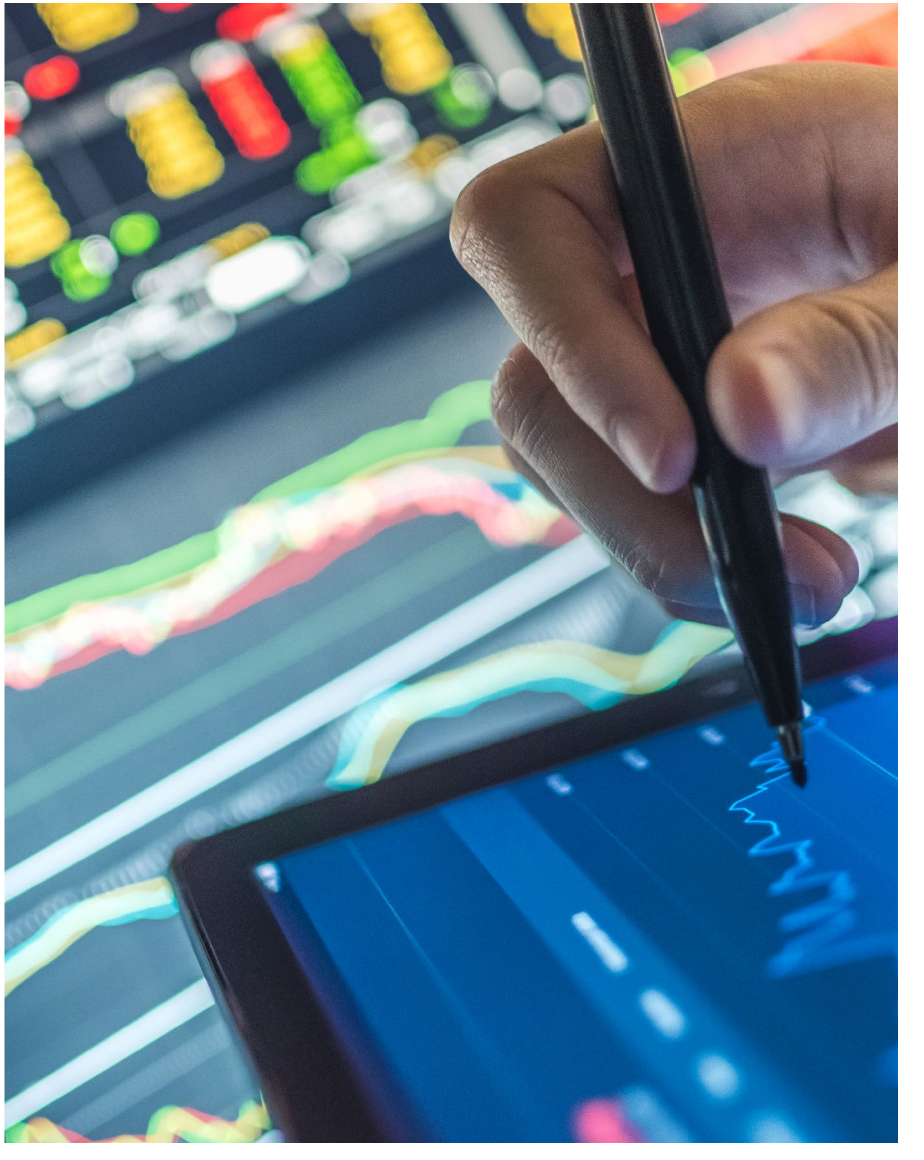
slight annual increase, the labour market remains relatively tight, with unemployment levels still historically low, and below the current rate across the euro area (6.4%) and EU (6.0%).

Consumer Sentiment Index rises in November 2025

Ireland's Consumer Sentiment Index gauges consumers' views on recent and future economic conditions, including personal finances, unemployment, inflation, and intentions regarding savings and major purchases. The index ranges from 0 (extremely pessimistic) to 200 (extremely optimistic), with 100 representing a neutral outlook. In November 2025, the index increased to 61.0, up from October's three-month low of 59.9, reflecting a slight easing of economic concerns despite continued pressure on household finances ahead of the Christmas period.

Construction activity contracts further in November 2025

The AIB Ireland Construction PMI fell to 46.7 in November 2025, down from October's four-month high of 48.1, marking the seventh consecutive month of contraction in the sector. The decline reflects ongoing weakness in demand and project delays, with activity reductions seen across all three categories. Commercial work experienced a renewed and notable drop, civil engineering recorded the steepest fall, and housing activity decreased for the seventh month in a row—though at its slowest pace since June.



Global Headwinds

Interest rates

The ECB has held its key policy rates steady as of its December 2025 decision: the deposit facility rate is at 2.00%, the main refinancing operations rate at 2.15%, and the marginal lending facility rate at 2.40%. These levels reflect a data-driven, meeting-by-meeting approach, with no immediate moves signalled for rate hikes or cuts.

The Bank of England's Base Rate is currently 3.75%, following a 0.25 percentage point cut in December 2025, which marked the first reduction since August. The Monetary Policy Committee appears cautious, noting that further adjustments hinge on evolving dynamics in inflation and wage growth.

The effective US federal funds rate stands at approximately 3.64%, with the Federal Open Market Committee maintaining a target range of 3.50%–3.75%. This range reflects the Fed's careful monetary policy calibration designed to manage inflation, with markets pricing in potential rate cuts later in the year if inflation continues to ease.

Inflation rates

According to Eurostat, annual inflation across the euro area was 2.1% in November 2025, unchanged from October. Key drivers included rising service price inflation at 3.5%, food at 2.4%, and energy at −0.5%, where energy costs contributed to dragging down the overall rate.

The UK Consumer Price Index (CPI) showed an inflation rate of approximately 3.5% in December 2025, based on the 12 months ending November. This reflects a slight uptick from 3.2% in November, indicating persistent inflationary pressures, particularly in energy and food costs.

The annual inflation rate in the United States was 2.7% for the 12 months ending November 2025, and holding steady in December, as reported by the Bureau of Labor Statistics. Core inflation, which excludes food and energy, also stood at 2.6%.

Global politics

The political landscapes across key economies are ever changing.

Across the EU, political dynamics entering 2026 are shaped by a mix of looming national elections and broader institutional challenges. With major votes scheduled in Hungary, regional ballots in Germany, France, Spain, Sweden, and Denmark - coupled with continuing tensions arising from Russia's war in Ukraine - domestic and international priorities are increasingly interconnected.

The British political scene under the Labour government has been marked by volatility and heightened public scrutiny in 2025. Ongoing debates around fiscal policy, public service reform, and defence spending have further tested Starmer's government's resolve.

Meanwhile, the American political landscape for 2026 will be dominated by the upcoming midterm elections in November 2026, where all 435 House seats and 35 Senate seats will be contested. Key issues like healthcare, immigration, and economic policy are likely to be front and centre during the election campaigns.

Corporate focus for 2026

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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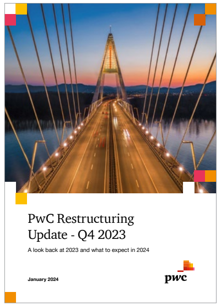

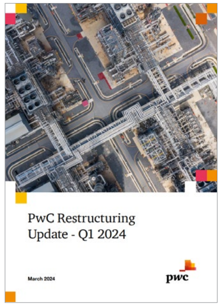

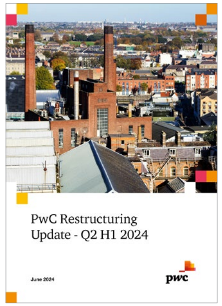

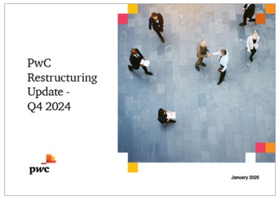

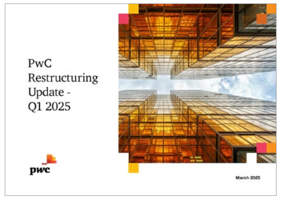

Appendix - Sources

- 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.