

Determinants of the Maturity Structure of the Debt of Listed Companies in Bulgaria During the COVID Pandemic

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Abstract

The aim of the article is to identify the intra-firm determinants of the maturity structure of the debt of publicly traded non-financial enterprises in Bulgaria during the Covid crisis. The analysis is based on data for 43 non-financial enterprises, including manufacturing enterprises and enterprises in the service sector, listed on the Bulgarian Stock Exchange during the period 2020 - 2022. The results of the multiple linear regression analysis show a positive influence of the indicators Long-term assets / Total assets, Total Debt / Total Assets, Interest expense / Total expenses on the share of long-term debt in the financing of companies. In the extraordinary economic conditions during the Covid-19 pandemic in Bulgaria, the theories about the importance of the maturity structure of assets and the level of leverage for the maturity structure of the debt of listed enterprises are confirmed. The established negative impact of net sales revenue on the dependent variables in the

developed models shows that companies that are larger and/or less affected by the pandemic and achieve higher net sales revenue have shorter debt maturities.

Key words: maturity structure, debt, Covid crisis

JEL: G30, G32, G39

Introduction

Crisis has always accompanied the development of humanity, and the reasons for their occurrence, their specific characteristics, and their effects have always attracted the attention of researchers in search of lessons and opportunities for a more effective response to future shocks. The unprecedented crisis in many respects, caused by the coronavirus pandemic, tested the possibility of carrying out a number of activities of vital importance for the existence of many enterprises. Providing financial resources for the activities of companies is a basic task in their financial management, and in times of crisis it is of paramount importance for the survival of the business.

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It is no coincidence that governments and central banks around the world took measures specifically to provide liquidity support to businesses during the pandemic. In Bulgaria, these measures included mechanisms for directly providing financial resources to companies, facilitating access to bank lending, as well as tax reforms, the latter of which turned out to have a more symbolic effect (Nenkova and Metalova, 2021). The process of attracting financial resources for the activities of companies includes a number of decisions that are accompanied by significant consequences for their financial condition. Among them are decisions related to the maturity structure of debt, which are just as important as those related to the capital structure of companies, but unlike the capital structure, which is the subject of numerous studies, the maturity structure of debt attracts much less research interest. There is very little empirical research on the maturity structure of debt in countries with market-based financial systems such as the United States and the United Kingdom, and this is even more true for countries with bank-based financial systems and countries in transition (Köner, 2007). In addition, empirical research that tests existing theoretical assumptions about the maturity structure of debt is relatively new (Antoniou, Guney, and Paudyal, 2006). Theories about the maturity structure of corporate debt were developed in the late 1980s and early 1990s, and empirical research in the field began to multiply in the early 1990s (Wu, Opare, Bhuiyan, and Habib, 2022).

The shock of the Covid-19 pandemic has caused unprecedented problems for companies and has questioned the relevance of generally accepted theoretical assumptions, including those about the maturity structure of

debt. Wu, Opare, Bhuiyan, and Habib (2022) note that there is no research specifically on the impact of the coronavirus pandemic on the maturity structure of debt and that such research is needed to assess the broader implications of the pandemic. All of this justifies the need for further research in this area.

The aim of the article is to identify the intra-firm determinants of the maturity structure of debt of non-financial corporations traded on the Bulgarian Stock Exchange during the period 2020-2022, when the country's economy was in the grip of the coronavirus pandemic. During the research period, unprecedented government measures to support business in Bulgaria were also in effect.

Hypothesis 1: The degree of indebtedness, the burden of debt and the share of long-term assets in the total assets have a positive impact on the maturity structure of the debt of publicly traded companies under the economic conditions in Bulgaria during the analyzed period.

Hypothesis 2: During the Covid crisis, companies with higher sales revenues are financed with more short-term loans.

The first part of the article presents an overview of the main theoretical premises and empirical research in the field. The second part is devoted to a description of the data and the research methodology. The third part of the article covers the results of the empirical study. The final part of the article summarizes the main conclusions of the study.

1. Theoretical overview

A number of studies have shown that the maturity structure of debt is affected by changes in macroeconomic conditions during different phases of the business

cycle (Erel, Julio, Kim and Weisbach, 2012). According to Gungoraydinoglu and Öztekin (2021), the financial crisis of 2007–2008 led to a change in the desired structure of financing sources towards shorter maturities and more deviations from the target structure. However, in countries with better institutional environments, the probability of deviations from the targets is lower.

Erel, Julio, Kim and Weisbach (2012) show that in times of economic downturn, the expected maturity of newly issued public and private debt (public bonds and private loans) decreases and the probability of their being secured increases. This is because in adverse economic conditions, firms seek to structure the debt they issue in a way that is less information sensitive and in line with changes in investor sentiment towards seeking more security. However, Erel, Julio, Kim and Weisbach (2012) also emphasize that in crisis conditions, the supply of capital has a greater impact on firms' finances than the demand for capital.

Halling, Jin, and Zechner (2020) find that firms choose to issue longer-term bonds during the pandemic, which contradicts previous observations in the literature that shorter-term debt is issued during crises. A possible explanation, according to Halling, Jin, and Zechner (2020), is that firms seek to defer the risk associated with refinancing debt in times of economic uncertainty. This explanation is also consistent with the observation that the ratings of bonds that are due to be refinanced in the coming years significantly decreased during the onset of the pandemic.

Mian and Santos (2018) demonstrate that demand-side factors create procyclical debt refinancing behavior across phases of the credit cycle. The study by Mian and Santos (2018) is based on data for the

period 1988–2009. Firms are more likely to refinance their liabilities to creditors early when credit conditions are favorable, in order to maintain a long effective maturity of their debts and to protect themselves from having to refinance debt under adverse economic conditions. Furthermore, Mian and Santos (2018) show that firms with high credit quality are better able to hedge the risk of needing to refinance under adverse credit conditions and are therefore more sensitive to changes in credit cycles than firms with low credit quality. Another finding from their study is that there is a strong relationship between loan refinancing and subsequent increases in capital expenditures, especially when the loan is refinanced earlier.

Using data from COMPUSTAT for the period 1974–2010, Chen, Xu, and Yang (2021) create a dynamic capital structure model and prove that the maturity structure of debt is procyclical, as both default risk and liquidity costs change over the business cycle. In addition, they argue that firms with higher systematic risk tend to hold longer-term debt and have a more stable maturity structure across economic conditions. Their study also shows that shortening debt maturities makes credit spreads more sensitive to aggregate shocks. In their dynamic model, there is a relationship between firms' debt decisions and debt maturity structure. This relationship is driven by the trade-off between the low liquidity of long-term debt, the repayment risks of short-term debt, and the ability to adjust the firm's debt level through short-term debt when necessary. Long-term debt reduces the risk associated with refinancing obligations, but it is associated with higher costs because it is less liquid.

The model developed by Chen, Xu and Yang (2021) shows how firms can manage

their exposure to systematic risk by choosing an optimal maturity structure. Systematic risk affects the maturity of firms' debt. Firms that carry high systematic risk are also exposed to a higher risk of bankruptcy in bad economic conditions. These firms seek long-term debt in normal economic conditions to reduce the risk of refinancing their liabilities and thus reduce their bankruptcy costs. In addition, risk premiums and, accordingly, the liquidity premium for longer-term loans increase during a recession. Therefore, firms with low systematic risk replace their long-term debts that mature during the recession with short-term liabilities, reducing the average maturity of the debt. In a recession, firms with high systematic risk are even more likely to avoid the risk of refinancing short-term debt, and therefore continue to roll over maturing long-term debt with other long-term debt even in bad economic conditions, despite higher liquidity costs. This means that firms with high systematic risk have more stable maturity structures across economic conditions. For firms with low levels of debt, shortening debt maturities increases the risk of refinancing debt in future low cash flow situations, but is unlikely to cause a short-term solvency problem. However, for firms that are highly indebted, shortening debt maturities increases credit risk much more (Chen, Xu, and Yang, 2021).

According to a number of studies, higher levels of leverage lead firms to issue more long-term debt in an effort to reduce the risk of bankruptcy (Leland and Toft, 1996; Morris, 1992). Körner (2007) also examines the impact of leverage on the maturity structure of firms' debt. Körner (2007) finds that the level of leverage has a significant positive impact on the share of long-term debt. Wu, Opare, Bhuiyan and Habib (2022) also indicate that

highly indebted firms usually prefer long-term loans to reduce the risk of bankruptcy they bear.

However, it should also be borne in mind that, as Myers (1977) points out, shortening the maturity of debt to match its maturity with the maturity of assets also contributes to alleviating the problem of debt overhang, since obligations to creditors mature soon after the income from the assets in which it is invested is realized (Wu, Opare, Bhuiyan and Habib, 2022).

Among the main hypotheses for the intra-firm determinants of the maturity structure of debt is the one about the matching of the maturities of the assets and liabilities of the firms. It is widely accepted that firms should match the maturities of the liabilities and the assets that are financed with them. Matching the maturities of assets and liabilities serves to protect the liquidity of the firms (Körner, 2007). By matching the maturities of assets and liabilities, the risks of financial distress are reduced (Stohs and Mauer, 1996). In conditions of market imperfections, firms strive to structure the mix of financing attracted from creditors in such a way that there is a correspondence between the maturity of the assets and the funds with which they are financed (Antoniou, Guney and Paudyal, 2006). There is evidence in the literature of the desire of Bulgarian listed companies to match the maturity of assets and liabilities during the Covid crisis in their trade credit policy (Taseva, 2024).

The theory also addresses the problem of the relationship between information asymmetry and the maturity structure of non-financial corporations' debt. Informationally opaque firms, which are characterized by serious moral hazard problems, are forced to borrow for shorter terms in order to reduce

information asymmetry (Flannery, 1986). According to a study by Custódio, Ferreira, and Laureano (2013) (cited in Wu, Opare, Bhuiyan, and Habib, 2022), increasing information asymmetry is the main factor in shortening debt maturity in US firms, and in the same direction is also influenced by the increase in the risk of firms. According to Stulz (2000), shortening debt maturity can be used by firms as a tool to reduce agency problems caused by information asymmetry, since with more frequent refinancing of liabilities, managers are subject to more regular control by creditors.

The contradictory results of existing research in different countries around the world and the specific features of the Covid crisis make the issue of the determinants of the maturity structure of corporate debt in Bulgaria during the pandemic a problem whose solution must be sought empirically. There are significant differences between the Covid crisis and previous financial, banking, currency and debt crises from previous decades (Mihaylova-Borisova, 2023). The crisis caused by the Covid – 19 virus is specific in a number of respects, including the disruption of logistical connections and the possibility of delivery, which led to an increase in demand and prices for many goods and services, the supply of which turned out to be insufficient (Nenkov and Hristozov, 2023).

In the existing studies in the field, there is no single definition of long-term and short-term debt (Antoniou, Guney and Paudyal, 2006). Different dependent variables are used in the analysis of the determinants of the maturity structure of debt. According to some authors, long-term debt can be defined as debt with a maturity after one year, according to others with a maturity after three years or even after five years. There are also studies that use an

average maturity value of debt, such as that of Stohs and Mauer (1996). The measure of the maturity structure of debt in their study is a weighted average of the maturities of the company's liabilities. However, the results obtained are poorly sensitive to the choice of a specific dependent variable (Antoniou, Guney and Paudyal, 2006). In their study, Antoniou, Guney and Paudyal (2006) use the accounting practice of considering debt with a maturity of more than one year as long-term, justifying their choice with the available data. However, they point out that this accounting approach has serious limitations, since there are firms that read the recurring component of short-term debt as long-term debt and also that firms using creative accounting have opportunities to reduce their reported debt. The literature review shows that despite the shortcomings of the approach of considering debt with a maturity of more than one year as long-term debt, it is the most widespread in empirical studies.

2. Data and Methodology

The research in the article is based on pooled data from the financial statements of 43 non-financial enterprises listed on the Bulgarian Stock Exchange during the period 2020 - 2022, when the country was experiencing a coronavirus epidemic and government measures to support business were in effect. During the analyzed period, an increase in the average value of the total debt of companies was observed, which is a result of the simultaneous increase in both short-term and long-term debt. In the article, long-term debt is considered debt with a remaining maturity of more than one year.

In 2021, the increase in the average value of short-term debt exceeded the increase in long-term debt. However, in 2022, the picture

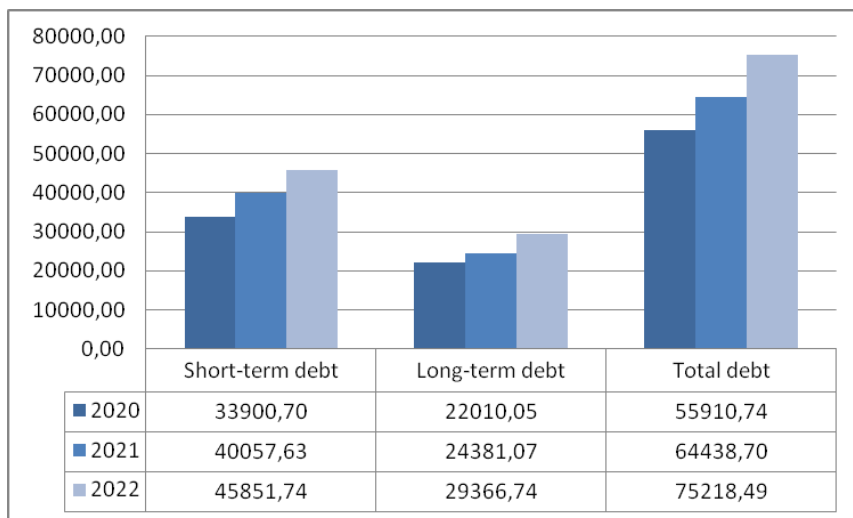


Chart 1. Arithmetic average of short-term, long-term and total debt of enterprises

Source: Author's calculations

Table 1. Percentage change in short-term, long-term and total debt of enterprises

	Short-term debt	Long-term debt	Total debt
2021	18,162	10,772	15,253
2022	14,464	20,449	16,729

Source: Author's calculations

turns around and a stronger increase in long-term debt is already established compared to short-term.

In existing empirical research in the field, the ratios Long-term debt / Amount of debt or Long-term debt / Amount of assets are mainly used as indicators of the maturity structure of companies' debt. The article constructs models for both indicators, measuring the maturity structure of the indebtedness of listed companies in Bulgaria. This makes it possible to test to what extent the results of the analysis of the intra-firm determinants of the maturity structure of debt are influenced by the selected dependent variable.

An increase in the average value of the share of long-term debt in the amount of

debt of the studied companies is established by 6.03% in 2021 compared to 2020 and by 0.85% in 2022 compared to 2021.

The dynamics of the Long-Term Debt/ Amount of Assets ratio during the period is similar. It increases by 15.98% in 2021 compared to the first year of the Covid-19 crisis in Bulgaria. In the following year, 2022, the increase is weaker – by 2.56%.

The multiple linear regression analysis method identifies the intra-firm determinants of the debt maturity structure of the studied companies during the period 2020 - 2022. The data were processed using the SPSS software product.

The multiple linear regression model has the form (Goev, 1996, p. 162):

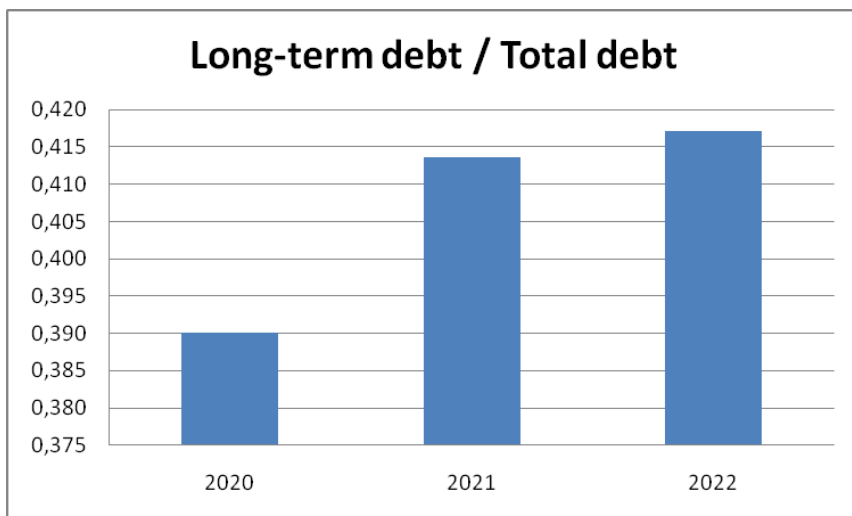


Chart 2. Dynamics of the ratio Long-term debt / Amount of debt

Source: Author's calculations

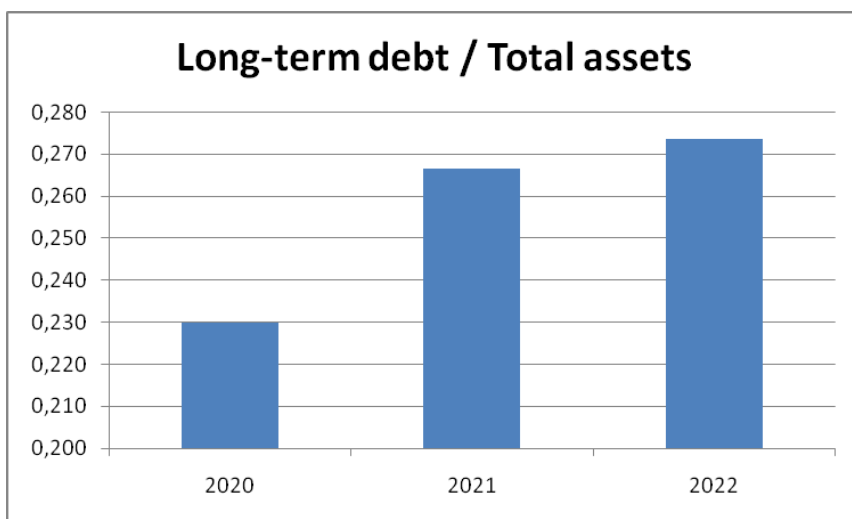


Chart 3. Dynamics of the ratio Long-term debt / Total assets

Source: Author's calculations

$$Y = b_0 + b_1 X_1 + b_2 X_2 + \dots + b_k X_k + e_i$$

Y – dependent variable;

$X_1, X_2, \dots, X_k$ – factor variables;

b_0 – constant;

$b_1, b_2, \dots, b_k$ – regression coefficients;

e_i – residual (random) component.

In the empirical study, the following variables were proven to be intra-firm determinants of the debt maturity structure, measured by the indicators Long-term debt / Amount of debt and Long-term debt / Amount of assets:

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- Net sales revenue - an indicator of the scale of the companies, as well as the degree of impact of the crisis on the companies;
- Long-term assets / Amount of assets - an indicator of the asset structure;
- Amount of debt / Amount of assets - an indicator of the level of leverage;
- Interest expenses / Total expenses - an indicator of the burden that companies experience when servicing debt.

The constructed models with the dependent variable Long-term debt / Amount of assets and Long-term debt / Amount of debt respectively are adequate and have high explanatory power. All factor variables that participate in them are statistically significant. The following table presents the arithmetic mean values of the independent variables in the models over the years from 2020 to 2022.

There is a slight increase in corporate indebtedness. The average level of the Total Debt / Total Assets ratio is increasing. After the sharp decline at the beginning of

the pandemic, the net sales revenues of companies also increased in 2021 and especially in 2022. The Long-term assets / Total assets ratio has a slight decrease during the period. The Interest expense / Total expenses ratio decreases slightly in 2021, but in the following 2022, a slight increase is observed, although it does not reach the value from the beginning of the period. The percentage changes in the average values of the explanatory variables included in the model are presented in Table 3.

The reasons for the sharp decrease in net sales revenues of enterprises in 2020 compared to 2019 are related to the contraction of economic activity, including due to strict measures to limit the spread of the coronavirus. The increase in the turnover of companies in 2022 compared to 2021 is related to the gradual adaptation of companies to the new economic realities in the context of a pandemic and the relaxation of measures against the spread of the infection. The reasons for the dynamics of

Table 2. Arithmetic mean values of the factor variables in the model by years of the research period

	Net Sales	Long-term assets / Total assets	Total debt / Total assets	Interest expenses / Total expenses
2020	82199,47	0,612	0,475	0,084
2021	99047,77	0,580	0,517	0,081
2022	126908,65	0,560	0,533	0,082

Source: Author's calculations

Table 3. Percentage changes in the mean values of the factor variables

	2021	2022
Net Sales	20,497	28,129
Long-term assets / Total assets	-5,182	-3,492
Total debt / Total assets	8,862	3,048
Interest expenses / Total expenses	-3,253	1,219

Source: Author's calculations

the remaining factors in the model can be found by tracking the percentage change in the variables participating in them, which are presented in Table 4.

The decrease in the ratio Long-term assets / Total assets, which was observed during the period, is due to the decrease in long-term assets in 2021 against the background of an increase in the amount of assets, and in 2022 to the fact that the increase in the value of long-term assets lagged behind the increase in the value of the amount of assets. The increase in the ratio Total debt / Total assets during the period is the result of the larger percentage increase in the amount of debt compared to the increase in the amount of assets in both 2021 and 2022.

The decrease in the ratio Interest expense / Total expenses in 2021 reflects both the decrease in interest expenses and the increase in total expenses. This ratio increases in 2022 due to the larger increase

in interest expenses compared to the increase in total expenses.

3. Results and discussion

The characteristics of the model for the intra-firm determinants of the maturity structure of debt of non-financial publicly traded enterprises during the period 2020 - 2022 with the dependent variable Long-term debt / Total assets are as follows (Model 1):

The model is adequate, the significance level of the F criterion $\text{sig.} = 0.000 < \alpha = 0.05$. The correlation coefficient (R) is 0.907, which indicates a very strong multiple dependence of the ratio Long-term debt / Total assets on the independent variables included in the model. The coefficient of determination shows that 82% of the variation of the dependent variable can be explained by the combined influence of the factor variables in the model. All factors included in the model are significant ($\text{sig.} < 0.05$). The strongest influence is the degree

Table 4. Percentage changes in the variables involved in the ratios in the model

	2021	2022
Total debt	15,253	16,729
Total assets	5,259	12,459
Long-term assets	-2,097	6,838
Interest expenses	-3,911	27,220
Total expenses	26,012	22,895

Source: Author's calculations

Table 5. Characteristics of the model with dependent variable Long-term debt / Total assets

Correlation coefficient (R)	0,907
Coefficient of determination (R Square)	0,823
Adjusted R Square	0,817
F statistic	144,032
Sig.	0,000
Std. Error	0,1143951

Source: Author's calculations

Table 6. Results for the explanatory variables in the model
with the dependent variable Long-term debt / Total assets

	B (unstandardized coefficients)	Std. Error (unstandardized coefficients)	Beta (standardized coefficients)	t	Sig.
(Constant)	- 0,203	0,037	-	- 5,536	0,000
Net Sales	- 2,177	0,000	- 0,155	- 3,750	0,000
Long-term assets / Total assets	0,240	0,050	0,188	4,757	0,000
Total Debt / Total Assets	0,640	0,032	0,836	20,296	0,000
Interest expense / Total expenses	0,198	0,077	0,109	2,561	0,012

Source: Author's calculations

Table 7. Correlation matrix for the factors in the model
with the dependent variable Long-term debt / Debt amount ratio

	Net Sales	Long-term assets / Total assets	Total Debt / Total Assets	Interest expense / Total expenses
Net Sales	1	-0,283	0,079	-0,268
Long-term assets / Total assets	-0,283	1	-0,064	0,082
Total Debt / Total Assets	0,079	-0,064	1	0,352
Interest expense / Total expenses	-0,268	0,082	0,352	1

Source: Author's calculations

of indebtedness, measured by the ratio Total Debt / Total Assets, followed by the influence of the ratio Long-term assets / Total assets (See Table 6). This result is natural given the increasing indebtedness of enterprises during the analyzed period, which increases the risk of falling into a state where they cannot repay maturing liabilities. In crisis conditions, this creates a very strong incentive to reduce risk by increasing the maturity of debt and matching the maturity of assets and liabilities.

There is no single coefficient in the correlation matrix greater than 0.7 (except for those located on the main diagonal, which show the dependence of each variable

on itself). This means that there is no multicollinearity, i.e. the factor variables are independent of each other (See Table 7).

The characteristics of the model for the intra-firm determinants of the maturity structure of the debt of non-financial public enterprises during the period 2020 - 2022 with the dependent variable Long-term debt / Amount of debt are as follows (Model 2):

The model is adequate, the significance level of the F criterion $\text{sig.} = 0.000 < \alpha = 0.05$. The correlation coefficient (R) is 0.676, which indicates a medium-strong multiple dependence of the ratio Long-term debt / Amount of debt on the independent variables

Table 8. Characteristics of the model with dependent variable Long-term debt / Total debt

Correlation coefficient (R)	0,676
Coefficient of determination (R Square)	0,456
Adjusted R Square	0,439
F statistic	26,020
Sig.	0,000
Std. Error	0,2046378

Source: Author's calculations

Table 9. Results for the explanatory variables in the model

	B (unstandardized coefficients)	Std. Error (unstandardized coefficients)	Beta (standardized coefficients)	t	Sig.
(Constant)	-0,020	0,065	-	-0,299	0,766
Net Sales	-2,133	0,000	-0,149	-2,054	0,042
Long-term assets / Total assets	0,385	0,090	0,295	4,268	0,000
Total Debt / Total Assets	0,393	0,056	0,503	6,971	0,000
Interest expense / Total expenses	0,290	0,138	0,156	2,095	0,038

Source: Author's calculations

included in the model. The coefficient of determination shows that 46% of the variation of the dependent variable can be explained by the combined influence of the factor variables in the model. All factors included in the model are significant (sig. < 0.05). Again, the strongest influence is the degree of indebtedness, measured by the ratio Total Debt / Total Assets, and the next strongest is the influence of the ratio Long-term assets / Total assets (See Table 9). In accordance with the study by Antoniou, Guney and Paudyal (2006), the results obtained by the two models are similar regardless of the choice of a specific dependent variable.

As shown in Table 7, there is no coefficient greater than 0.7 in the correlation matrix, i.e. there is no multicollinearity.

Regarding the direction of influence of the individual factors included in the models for the intra-firm determinants of the debt maturity structure, the following results are established:

- Net sales revenue – this variable is an indicator of the scale of the companies, but also of the extent to which they are affected by the crisis. The negative sign indicates that companies that are larger and less affected by the pandemic, and continue to achieve higher net sales revenue, have shorter debt maturities. Enterprises that are larger and financially stable and have easier access to financing and, accordingly, to refinancing maturing debts, prefer shorter debt maturities during

the pandemic. It is also more profitable for them to postpone the attraction of long-term capital for a time when they could negotiate more favorable debt conditions.

- Long-term assets / Total assets – the ratio is an indicator of the maturity structure of assets. The established positive dependence of the dependent variable on the share of long-term assets is in accordance with the widespread hypothesis of the matching of the maturities of liabilities and the assets financed with them. In difficult economic conditions, compliance with the golden rule in financial management for the correspondence between the maturities of assets and liabilities ensures the stability of companies.
- Debt/Asset Ratio – this ratio measures the level of indebtedness of companies. It shows what part of the total assets of companies are financed with borrowed funds. The results prove that it is the Debt/Total Assets ratio that is of the greatest importance compared to the other intra-company factors included in the debt maturity structure models. The established positive influence of the leverage level on the share of long-term debt is in line with the numerous studies that prove that usually more indebted companies prefer long-term loans in order to reduce the risk of bankruptcy. Moreover, the risk that companies will not be able to refinance maturing short-term debts on time and go bankrupt is greater in turbulent economic conditions and high uncertainty, in which companies operate in the studied period. This conclusion is consistent with a study by Taseva (2023), which found high volatility in debt-bearing capacity among Bulgarian non-financial enterprises, high risk, and a

strong dependence on attracted financing to refinance maturing liabilities.

- Interest expenses / Total expenses – a positive influence of the share of interest expenses in the total expenses of companies on the level of financing with long-term debt is established. Companies that have higher interest expenses in the expense structure and, accordingly, experience a greater burden of debt servicing prefer longer-term debt during the Covid crisis. This relationship also corresponds to the positive influence of the level of indebtedness on the indicators of the maturity structure of debt. Companies that are more indebted are considered to be riskier, which increases the price of their attracted resources. Usually, long-term debt is also more expensive than short-term. In addition, interest is a constant expense. This means that firms with a higher share of interest expenses in the cost structure also have higher operating leverage and are more sensitive to changes in sales revenue, which is why they are more at risk of bankruptcy in crisis conditions, which makes them seek longer-term financing from creditors. From this perspective, the established positive influence of the variable Interest Expenses / Total Expenses also corresponds to the negative influence of net sales revenue on long-term debt.

Conclusions

The results of the multiple linear regression analysis confirm the research hypotheses. Determinants of the debt maturity structure that were identified in the study are the variables Net sales revenue, Long-term assets / Total assets, Total debt / Total assets, Interest expense / Total expenses.

These factors are statistically significant regardless of whether the Long-term debt / Total assets ratio or the Long-term debt / Total debt ratio is used as the dependent variable in the regression model. In the extraordinary economic conditions during the Covid-19 pandemic in Bulgaria, the theory of the maturity structure of assets is confirmed. Matching the maturity of assets and liabilities, especially in crisis economic conditions, is essential for maintaining the liquidity and stability of companies. The results also prove the influence of the level of leverage and the burden of debt borne by enterprises on the maturity structure of their obligations to creditors. Firms that are more indebted are financed with more long-term debt. This reflects the desire of these enterprises to reduce the risk of bankruptcy. During the studied period, the desire of enterprises for security by avoiding the need to refinance maturing short-term debts is extremely strong. Firms that experience a greater burden of debt service (measured by the share of interest expenses in total expenses) also have a higher share of long-term borrowed funds. A negative impact of net sales revenues on the share of long-term debt in the financing of firms was also found. Companies that are larger and/or less affected by the pandemic, and continue to achieve higher turnover, have shorter debt maturities. It is easier for them to attract financing and refinance maturing short-term liabilities if necessary. It is also more profitable for these companies to postpone raising long-term capital until a time when they could negotiate more favorable debt terms.

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