

THE ROLE OF THE BUCHAREST STOCK EXCHANGE IN FINANCING SMES: POST-IPO EVOLUTION

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Abstract

This paper assesses whether listing on the Bucharest Stock Exchange (BVB) enhances capital accessibility and performance for Romanian small and medium-sized enterprises (SMEs). We examine three companies that went public on BVB's AeRO market between 2020 and 2021—Safetech Innovations (cybersecurity), MAM Bricolaj (home-improvement retail), and 2Performant (digital marketing)—using a three-point panel centred on each IPO: one fiscal year before the IPO, the IPO year, and the first few fiscal years following the IPO. Drawing solely on public information (prospectuses, annual and interim reports, current reports) and exchange communications, we track changes in income and profit around the listing event and interpret the patterns through established SME finance theories. Three findings emerge. First, listing is associated with top-line expansion across all three firms in the year after the IPO. Second, profitability responses vary by sector: the technology name with scalable revenue (Safetech) shows clear post-IPO profit improvements. At the same time, the retailer (MAM) experiences margin compression and the digital platform (2Performant) records a post-IPO loss despite revenue growth. Third, these trajectories are consistent with pecking-order and credit-rationing mechanisms, as well as with the view that market design and governance discipline matter for how SME IPOs translate into performance. Policy implications follow for supervisors, the exchange, and SME managers.

Keywords: IPO, Financing SMEs, Stock Exchange Evolution, Stock Exchange Case Study

1. Introduction

Romania's SME landscape remains the backbone of employment and value creation, yet firms at the smaller end of the spectrum often face persistent financing challenges. These frictions arise from thin collateral, short credit histories, uneven managerial reporting, and information asymmetries between insiders and outside investors. In this environment, a well-calibrated public-equity venue can act as a financing "bridge," not merely by injecting capital at the listing date but by establishing an ongoing information system (regular disclosure, audited performance, and market signalling) that, in turn, lowers the cost of incremental capital over time. BVB's AeRO market aims to provide that bridge. Its logic is simple: scale down the listing hurdles to fit SME needs, but couple entry with visibility (e.g., BET-AeRO) and discipline (ongoing reporting), so that issuers can revisit the market as capabilities and scale evolve.

The paper examines the correlation between this structure and observable post-listing performance, evaluated through a transparent, replicable framework. We look at three AeRO issuers from 2020 to 2021: Safetech Innovations (SAFE), MAM Bricolaj (MAM), and 2Performant (2P). We examine their income and profit at three points in time: the fiscal year before the listing (Year -1), the IPO year (Year 0), and the first few fiscal years after the listing (Years +1). The sample spans over different industries: a recurring-revenue cybersecurity services firm (SAFE), a brick-and-mortar retailer in a cost-inflation context (MAM), and a digital platform balancing product cadence and network effects (2P). This deliberate diversity helps distinguish between what is fundamental to market design and what is unique to the firm's economics.

The framing is deliberately practical. Instead of modelling long-horizon abnormal returns (which are noisy for low-volume names), the analysis is based on issuer-reported financials from public filings and asks whether the direction and magnitude of changes around the listing are consistent with expectations. This should give regulators, exchanges, and CFOs a clear template to determine a successful IPO: a small dataset, a clear event window, and a clear interpretation.

2. Literature Review

2.1 SME financing and the equity channel

The pecking-order framework explains why SMEs typically deplete internal resources and bank debt prior to issuing equity, due to the information premium associated with new share offerings (Myers and Majluf, 1984). Credit rationing makes this point even stronger for smaller businesses: when lenders cannot fully check the quality of borrowers, they limit the amount of money they lend instead of just raising interest rates (Stiglitz and Weiss, 1981). In Europe's divided capital markets, the extent to which an IPO reduces these frictions is contingent upon the institutional context—specifically, the depth of the investor base, disclosure frameworks, and market structure—thus clarifying the variation in post-IPO results across countries (Álvarez-Otero, Sarabia, and Requejo, 2022). Macro uncertainty makes it even harder to set the initial price of small caps, making underpricing and early aftermarket noise worse (Boulton, Smart, and Zutter, 2022). During Romania's 2020–2022 period, the pandemic shock and subsequent recovery significantly influenced issuer trajectories. Evidence from domestic market studies illustrates the volatility and policy environment of the COVID era that shaped the BET complex and liquidity conditions (Văsut, 2021).

2.2 Post-IPO growth, governance, and managerial capability

An IPO changes the way information flows, but it doesn't automatically make things work better. The evolution of companies after an IPO depends on whether they put governance routines and decision-useful KPIs in place that let outside investors change their minds with less noise (Lefebvre, Ronteau, and Li, 2023). In emerging markets, managerial industry experience is disproportionately significant for converting capital into results (Morales-Solis, Santillan-Salas, and López-Cabarcos, 2023). Romanian evidence of improving reporting quality among BVB issuers indicates that the fundamental prerequisite for lowering the information cost of equity is being satisfied (Istrate, 2025). Sector heterogeneity is also important. Research that uses BVB samples shows that profitability and growth metrics have long-lasting, economically significant differences between sectors (Preda Buzgurescu, 2018). When we look at a scalable services company (Safetech), a brick-and-mortar store (MAM), and a digital platform (2Performant), we see that same spread.

2.3 Liquidity provision and market microstructure for small caps

Thin trading makes it harder for small caps to find their true value, which raises the cost of capital and slows down the feedback loop from execution to valuation. The literature on designated market makers shows that required liquidity provision narrows spreads and stabilizes order books, even when things are tough. Frontier and smaller markets tend to benefit more from these mechanisms (Bellia, Pelizzon, and Subrahmanyam, 2025; Bellia, Busato, Pelizzon, and Subrahmanyam, 2025; Matek, Posedel, and Vidas-Bubalo, 2024). When companies report clear, model-specific metrics (like ARR/backlog for tech services, per-store unit economics for retail, and cohort and take-rate metrics for platforms), investors are more likely to stay engaged (Keelson et al., 2024). This is because internal process innovation and KPI clarity work together with external microstructure. Romanian studies that compile issuer performance directly from BVB disclosures provide a useful framework for indicator design that we adhere to in this context (Ecobici, 2021).

2.4 Macro transmission and risk environment

Evidence from events and regime shifts shows that volatility shocks spread across asset classes, affecting issuer-level signals in windows that are important for IPO assessment (Hurduzeu, Musetescu, and Meghișan, 2015). Related research on public debt management and crisis dynamics in Europe outlines the macro-financial environment in which smaller issuers secure capital and encounter fluctuating risk premiums (Marcu and Meghișan, 2011; Marcu and Meghișan, 2012). Complementary analyses of Romanian bank-mediated SME support during the pandemic underscore the limitations of credit channels and the necessity for market-based finance, thereby contextualizing growth-market listings (Catană, Grădinaru, and Zainea, 2020). These studies collectively advocate for a distinctly defined issuer-level window and an emphasis on accounting outcomes—specifically income and profit—rather than short-term market returns.

3. Methodology

3.1 Research design and scope

The study employs a per-company case design with a clear event window around each IPO. If there are more years available, the analysis extends the window to track changes over the medium term:

Safetech (SAFE)—IPO January 2021; data for 2020–2024.

MAM Bricolaj (MAM)—IPO January 2021; data for 2020–2024.

2Performant (2P)—IPO December 2020; data for 2019–2024.

3.2 Data and measures

We only use two headline accounting numbers that the company reports for each issuer-year: Income and Profit (RON). There are separate tables for each issuer’s results and one simple chart that shows income and profit over time. This choice keeps things comparable and makes it easy to see how conditions change after an IPO.

3.3 Limitations

The method is descriptive and does not estimate causal treatment effects, nor does it control for macro shocks or sector-specific cycles. Thin trading in small caps may slow price discovery, but the article focuses on accounting data rather than overall returns.

4. Findings

All figures below are taken directly from the company reports. Wherever margins are discussed, they are computed as profit divided by income for the corresponding year.

4.1 Safetech Innovations (SAFE): scaling revenues with expanding margins

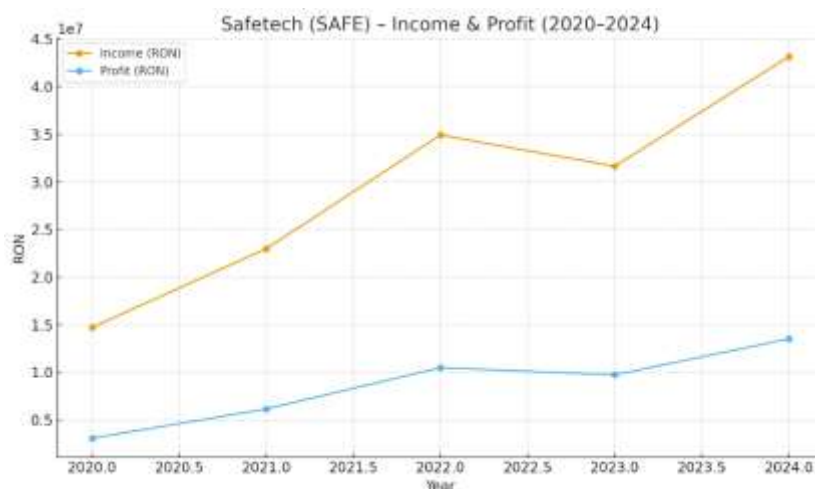
Safetech exhibits monotonic profit growth with consistently high margins. Profitability rises from about 21% in 2020 (3,092,618 / 14,721,560) to ~27% in 2021, ~30% in 2022, and remains ~31% in 2023 and 2024. Income dips slightly in 2023 but reaches a new high in 2024. The pattern is consistent with a recurring-revenue services model that rapidly converts public-market visibility and financing flexibility into operating leverage. (Table no 1)

Table no. 1 SAFE-1. Financials (issuer-reported, RON)

| Year | Income (RON) | Profit (RON) |
|------|--------------|--------------|
| 2020 | 14,721,560 | 3,092,618 |
| 2021 | 22,992,884 | 6,156,771 |
| 2022 | 34,928,901 | 10,500,302 |
| 2023 | 31,654,812 | 9,738,449 |
| 2024 | 43,160,670 | 13,517,262 |

Source: Safetech Innovations S.A. Annual report 2020, 2021, 2022, 2023, 2024. Bucharest Stock Exchange (BVB): Issuer Filings.

The table data is also shown in graph form in order to better visualise the changes over the years post-IPO. (Graph no 1)



Graph no. 1 SAFE-1. Financials (issuer-reported, RON)

Source: Safetech Innovations S.A. Annual report 2020, 2021, 2022, 2023, 2024. Bucharest Stock Exchange (BVB): Issuer Filings.

4.2 MAM Bricolaj (MAM): strong revenue growth with post-IPO margin pressure

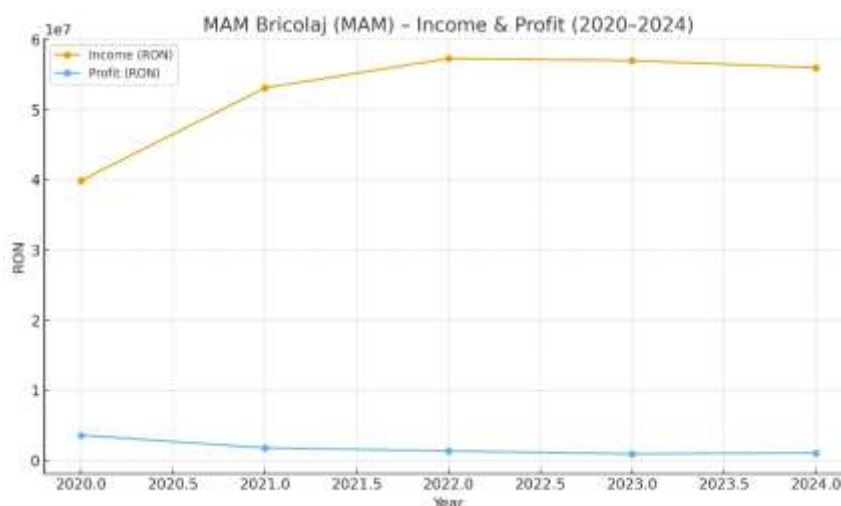
MAM delivers steady income growth through 2022, stabilizes in 2023, and eases slightly in 2024, while profit compresses from ~9.0% in 2020 to 3.4% (2021), 2.4% (2022), 1.7% (2023), recovering to ~1.9% in 2024. The sequence is consistent with a retailer processing input-cost inflation and demand normalization, with early signs of margin stabilization by 2024. (Table no 2)

Table no. 2 MAM-1. Financials (issuer-reported, RON)

| Year | Income (RON) | Profit (RON) |
|------|--------------|--------------|
| 2020 | 39,911,038 | 3,606,158 |
| 2021 | 53,107,575 | 1,801,355 |
| 2022 | 57,320,088 | 1,366,385 |
| 2023 | 57,011,260 | 954,063 |
| 2024 | 55,986,094 | 1,081,935 |

Source: MAM Bricolaj S.A. Annual report 2020, 2021, 2022, 2023, 2024 [Annual report 2020].
Bucharest Stock Exchange (BVB): Issuer Filings.

Similarly to the previous case study company, the data from the table is put into a figure to present its development over the years. (Graph no 2)



Graph no. 2 MAM-1. Financials (issuer-reported, RON)

Source: MAM Bricolaj S.A. Annual report 2020, 2021, 2022, 2023, 2024 [Annual report 2020].
Bucharest Stock Exchange (BVB): Issuer Filings.

4.3 2Performant (2P): top-line expansion accompanied by a post-IPO loss

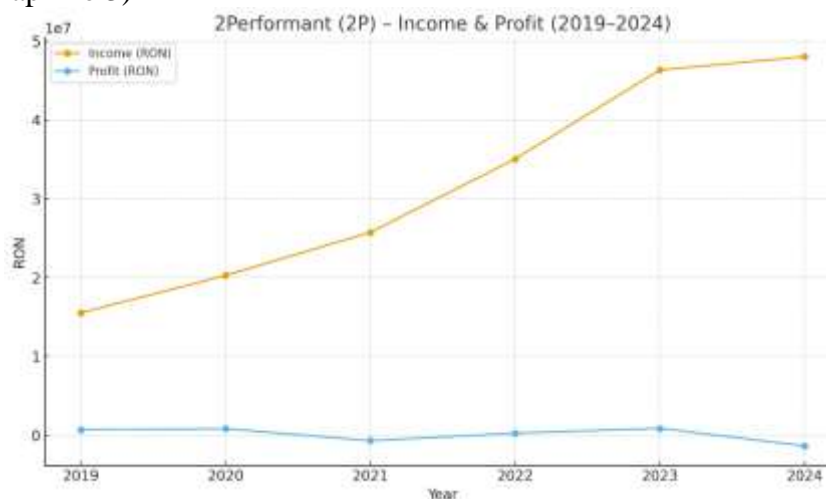
2P scales income every year from 2019 to 2024, but profits oscillate: positive in 2019–2020, a Year +1 loss in 2021 ($\approx -2.7\%$ margin), a narrow profit in 2022 ($\approx 0.7\%$), a larger profit in 2023 ($\approx 1.9\%$), and a loss again in 2024 ($\approx -2.8\%$). The profile is consistent with a platform investing through the cycle—product development and ecosystem incentives occasionally running ahead of earnings even as scale grows.

Table no. 3 2P-1. Financials (issuer-reported, RON)

| Year | Income (RON) | Profit (RON) |
|------|--------------|--------------|
| 2019 | 15,528,123 | 701,453 |
| 2020 | 20,282,448 | 818,689 |
| 2021 | 25,747,882 | -699,939 |
| 2022 | 35,066,198 | 258,454 |
| 2023 | 46,361,151 | 869,432 |
| 2024 | 48,055,232 | -1,357,488 |

Source: 2Performant Network S.A. Annual report 2019, 2020, 2021, 2022, 2023, 2024. Bucharest Stock Exchange (BVB): Issuer Filings.

The following graph uses the table data to better illustrate the evolution of income and profit after the IPO. (Graph no 3)



Graph no.3 2P-1. Financials (issuer-reported, RON)

Source: 2Performant Network S.A. Annual report 2019, 2020, 2021, 2022, 2023, 2024. Bucharest Stock Exchange (BVB): Issuer Filings.

5. Discussion

5.1 General Observations

Post-IPO scale-up is the most consistent regularity across all three issuers. Based on income reported by the issuer, each company is bigger after listing than it was at IPO: Safetech goes up from RON 22.99m in 2021 to RON 34.93m in 2022, then hits a new high of RON 43.16m in 2024 after a small drop in 2023. MAM goes up from RON 53.11m in 2021 to RON 57.32m in 2022, then stays around RON 57.01m in 2023 before slowly dropping to RON 55.99m in 2024. 2Performant goes up almost linearly from RON 25.75m in 2021 to RON 35.07m in 2022, RON 46.36m in 2023, and RON 48.06m in 2024. This common "scale" result is important because it shows that AeRO's

information system and visibility can work with commercial growth across a wide range of models, including recurring services (Safetech), omnichannel retail (MAM), and a two-sided platform (2P).

A second generality is that income volatility is still lower than profit volatility, especially for the platform and the retailer. In both MAM and 2P, revenue growth is steadier than earnings growth. This is in line with companies being able to handle shocks and investments in their cost structure (labor, utilities, marketing, RandD) while still keeping customers coming in. This is clear from looking at the issuer charts: income lines trend steadily, while profit lines show sharper changes. This split between the top line and the bottom line is common in the early days after an IPO, when companies are still working to optimize their operating leverage in public.

Finally, the figures point to early signs of adaptation. In 2023, MAM's profits hit a low point (RON 0.95m), but they slowly started to rise again in 2024 (RON 1.08m), even though income was slightly lower. This suggests that cost discipline or pricing mix started to take hold. 2P makes a small profit in 2022 (RON 0.26m) and a bigger one in 2023 (RON 0.87m), but then loses money in 2024 (RON -1.36m). This pattern suggests that the core franchise isn't getting worse, but that investment is coming in waves, which fits with a product-led platform that spends more money at certain times.

5.2 Industry Diversions

The profit channel is where heterogeneity is largest—and theoretically meaningful. Safetech delivers persistent, high margins ($\approx 21\% \rightarrow 27\% \rightarrow 30\% \rightarrow 31\% \rightarrow 31\%$), indicating that the firm converts incremental revenue into earnings at a relatively stable rate even as it scales. The mild step down in income in 2023 is not mirrored by a large margin contraction, which implies either resilient pricing, a sticky cost base already optimized, or a revenue mix that protects gross margin. By contrast, MAM's margins compress continuously from $\sim 9.0\%$ (2020) to $\sim 1.9\%$ (2024). That trajectory fits a retail story in which input costs and operating expenses (wages, energy, logistics) reprice faster than final customer prices, and where utilization gains only slowly rebuild operating leverage. The slight recovery in 2024 suggests either pricing adjustments or efficiency gains have begun to offset a re-based cost structure.

2Performant's divergence is different: revenue scales quickly, but profits oscillate around zero, with losses in 2021 and 2024. This pattern is consistent with a platform that chooses to prioritize network density and product cadence—spending on development, acquisition, and incentives—over near-term margin. The interim 2022–2023 profitability indicates the model can be profitable at scale, but that management is willing to relax the margin constraint when strategic investments are attractive. In other words, investment timing, not revenue quality, drives the variance.

These divergences have risk and valuation implications. A high-margin services model like Safetech can plausibly sustain lower required returns because earnings are both larger and less volatile for a given unit of revenue. Retail's thinner structural margins make valuation more sensitive to small operating-cost shocks, even when revenue holds. Platforms exhibit option value: investors underwrite the slope of the income line and accept profit variability so long as the scaling narrative remains intact and intermittently profitable.

Sensitivity to simple alternative cuts. If we re-express profit as $\Delta\text{profit}/\Delta\text{income}$ (a rough operating leverage proxy) between adjacent years, Safetech's ratios are consistently positive and moderate; MAM's are often negative (income up while profit down), illustrating pressure from costs; 2P's switch signs consistent with investment pulses. None of these quick checks overturn the main narrative; they sharpen it.

5.3 Implications

Implications for managers.

The evidence shows that post-IPO operating choices should be organized as a multi-year program that is specifically meant to lower the information cost of equity predicted by pecking-order theory (Myers and Majluf, 1984) while also dealing with the funding problems that credit-rationing models (Stiglitz and Weiss, 1981) discuss. In concrete terms, managers should (i) make a sequenced plan that connects revenue growth to gradually restoring operating leverage, which shows a believable way to get from scale to margins; and (ii) set up decision-useful, model-specific KPIs that let outside investors alter their viewpoints with less noise (Lefebvre, Ronteau, and Li, 2023; Istrate, 2025). For service companies like Safetech, backlog/ARR proxies and utilization rates put into action the learning and governance routines that theory says are needed for growth after an IPO. For retailers like MAM, standardized unit-economics (like-for-like sales, basket size, cost per square meter) make it easier to understand how prices are passed on and costs are absorbed. For platforms like 2Performant, cohort retention, take-rate, and cash acquisition cost compared to lifetime value formalize the story of how to build capabilities that explain why profits can vary from month to month. In every case, linking these KPIs to clear margin guardrails makes evident how disclosure minimizes information asymmetry over time.

Implications for investors.

The results support treating post-IPO performance as a test of convertibility (the rate at which revenue growth turns into earnings) rather than as a series of single-period outcomes. This approach fits with what the literature says about how institutional context and uncertainty affect small-cap IPO trajectories (Álvarez-Otero, Sarabia, and Requejo, 2022; Boulton, Smart, and Zutter, 2022). Because of this, investors should (i) differentiate required returns by structural margin profile and stability, by giving lower discount rates to issuers whose disclosure and routines yield steadily widening margins (as in services) and higher rates to business models with thinner or more volatile profitability (retail, platform); and (ii) evaluate management’s KPI architecture as a mechanism that operationalizes the learning processes highlighted in the post-IPO growth literature (Lefebvre et al., 2023). In practice, this implies that underwriting pathways consistent with the firm’s economics (e.g., tolerance for interim losses at platforms) are rational only where KPI disclosures credibly indicate durable network effects and improving unit economics.

Implications for BVB and policymakers.

At the market-design level, the uniform post-listing income expansion suggests that AeRO serves as an access point. The significant differences in profitability underscore the need to complement proportionate admission with after-market supports that the theory predicts will improve price discovery and lower the cost of capital for small caps. In particular, expanding and standardizing designated market-making arrangements is in line with microstructure evidence that mandated liquidity should narrow spreads and stabilize order books in situations with few investors (Bellia, Pelizzon, and Subrahmanyam, 2025; Bellia, et al., 2025; Matek, Posedel, and Vidas-Bubalo, 2024). At the same time, template-based KPI disclosure systems for different types of issuers (services, retail, platform) would make the reporting improvements seen in Romania (Istrate, 2025) a permanent part of the system and directly address the information gaps that cause pecking-order and credit-rationing problems. Lastly, keeping visible upgrade paths and investor education programs in line with the broader European policy focus on turning admissions into lasting liquidity and efficient capital formation should encourage the kind of environment in which the shift from listing to scale to profitability is faster for future SME IPOs.

6. Conclusion

Using issuer-reported income and profit for three AeRO listings—Safetech, MAM Bricolaj, and 2Performant—we document a robust association between listing and post-IPO scale-up: all three firms expand income beyond the IPO year. Profit trajectories diverge in ways that theory and sector economics predict. Safetech combines rapid revenue growth with sustained high margins, indicative of a scalable services model that converts public-company visibility into operating leverage. MAM grows revenues while margins compress and then begin to stabilize, consistent with retail cost pressures and gradual price pass-through. 2Performant scales quickly but alternates between thin profits and losses as product and ecosystem investments periodically outrun near-term earnings.

These results are in line with pecking-order and credit-rationing systems. The IPO gives the companies an alternative way to get money when bank credit is tight, and by constantly disclosing information, it slowly lowers the cost of equity. How quickly that turns into profits depends on the basics of the business model (pricing power, cost structure, demand cyclicity), how well the managers carry out their plans, and the quality of the post-listing ecosystem. The Romanian literature supports these channels: pandemic-era market studies document the volatility context for our windows (Văsut, 2021), sectoral analyses confirm cross-industry dispersion among BVB issuers (Preda Buzgurescu, 2018), and the other works mentioned highlight the transmission of macro shocks and the policy environment that shapes SME financing conditions (Hurduzeu, Musetescu, & Meghișan, 2015; Marcu & Meghișan, 2011, 2012; Catană, Grădinaru, & Zainea, 2020).

For managers, the implication is margin-aware growth: set guardrails, report model-specific KPIs, and pace investment to organizational capacity. BVB and policymakers need to keep strengthening post-listing supports, especially designated market-making and research coverage, to make the path from listing to scale to long-term profitability shorter. Extending the horizon to Years +2/+3 and incorporating liquidity-adjusted benchmarks would sharpen inference, but the main point is still the same: AeRO listings, when combined with disciplined execution and supportive microstructure, can significantly increase the operating scale of SMEs and, in the right models, lead to long-term profitability.

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