



# FAQ

## WHAT IS A ROLL OVER?

In Mergers and Acquisitions (M&A), a "roll over" refers to a transaction in which a portion of the equity ownership in the target company is rolled over into the new entity that is formed after the acquisition.

The roll over typically involves the shareholders of the target company exchanging a portion of their ownership in the target company for ownership in the new entity, which is typically formed as a result of the acquisition. This means that the shareholders of the target company become shareholders in the new entity, which is usually a combination of the target company and the acquiring company.

Roll overs are often used as a way to incentivize the existing management team and key employees of the target company to remain with the new entity and continue to drive its success. By giving them an ownership stake in the new entity, the management team and key employees have a strong incentive to work towards the success of the new entity.

Roll overs can also be used as a way to bridge the valuation gap between the buyer and the seller. If the buyer is not willing to pay the full price that the seller is seeking, the seller may agree to a lower price if they are able to retain an ownership stake in the new entity.

Overall, roll overs can be a useful tool in M&A transactions, as they can help to align the interests of the buyer, seller, and key stakeholders, and facilitate a smooth transition to the new entity. However, like all aspects of M&A, the specifics of a roll over transaction will depend on the specific circumstances of the deal and the objectives of the parties involved.

## WHAT WE DO?

### BUSINESS VALUATION




What's my business worth today is a must have for every business owner. Check out our **Free** Valuation Tool that gives you an estimated value of your business.

### BUSINESS BROKERAGE/M&A

Selling a business is a complex task. Magnus Business Group will guide you through the entire process until it is sold for the best price possible.

### EXIT PLANNING AND PREPARATION

Planning the sale or other transfer of a business shall be planned carefully with the right goal in mind. We guide and coach business owners to achieve their goals.

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