MBG | MAGNUS BUSINESS GROUP

FAQ

WHAT IS A ROLL OVER?

In Mergers & Acquisitions (M&A), **a roll over** happens when shareholders of the target company keep part of their ownership by exchanging it for equity in the new entity after the acquisition. Instead of receiving only cash, they "roll over" some of their equity and become part-owners of the combined business.

How It Works:

- Shareholders in the target company exchange a portion of their equity for shares in the new entity.
- The result: they continue as shareholders, now in the combined or acquiring company.

Why Roll Overs Are Used:

- **Management Incentives** – Gives existing management and key employees a stake in the new entity, motivating them to stay and contribute to long-term success.
- **Bridging Valuation Gaps** – If a buyer won't meet the seller's full asking price, a roll over allows the seller to accept a lower upfront payment while still participating in future upside.
- **Alignment of Interests** – Ensures both buyer and seller share in the risks and rewards of the new business.

Roll overs are a valuable tool in M&A, aligning interests and helping deals move forward. However, the specifics depend on the structure of the deal and the objectives of both parties.

WHAT WE DO

BUSINESS VALUATION

What's your business worth today? Find out with an instant estimate.

BUSINESS BROKERAGE/M&A

From planning to closing, Magnus Business Group helps you sell your business smoothly—and for maximum value.

EXIT PLANNING AND PREPARATION

Whether selling or transferring your business, **careful planning is key.** We help you clarify your goals and reach them.

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