

**What are the Advantages
& Disadvantages?**



Shares Dilution

What is that?

**How does it
affect a
shareholder?**



What is Shares dilution?

Reduction of the shareholders' ownership due to the issuance of new shares.



The effects of Shares Dilution

Ownership
percentage
changes

Voting rights

Earnings per share



Advantages & Disadvantages of Shares Dilution

Advantages

Company obtains investment **capital**

1

Company has enough **cash flow** to acquire resources e.g.: *new products, acquire competitor, expansion*

2

Improves **liquidity** of the Company

3

Align long term goals with shareholders

4

Disadvantages

Ownership of a shareholder in the company decreases

Voting power diluted



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