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### **Equity crowdfunder Snowball Effect gets FMA green light**

Snowball Effect was this morning granted New Zealand's first equity crowdfunding licence by the Financial Markets Authority and is arranging a launch date for the week beginning 11 August.

Snowball Effect co-founder Simeon Burnett says the company would initially present investors with the opportunity to take shareholding stakes in leading craft brewery Renaissance Brewing (see attached summary and Renaissance Flyer).

Renaissance Brewing is seeking \$600,000-\$700,000 in new funding to expand its Marlborough operations and increase its marketing presence as it pursues its global growth ambitions. It is offering 300,000-350,000 shares (minimum purchase 250 shares) at \$2, valuing the company at \$5m and representing 12.28% equity if fully subscribed. The initial offer period is for 30 days.

Burnett says more than 200 companies have contacted the online platform about raising capital and the team is actively working with 14 businesses to bring them to market in the coming months.

"Equity crowdfunding represents a paradigm shift in the way SMEs access funding for growth," says Burnett. "And it also changes the market for investors by broadening and simplifying investment opportunities in New Zealand."

"SMEs have always struggled for capital but investors, particularly the average investor, have also had limited choice," he adds. "Snowball Effect will open up this high-growth sector in New Zealand to everyday investors – and they can take small or large stakes without paying brokerage fees."

"The pool of people who participate in New Zealand's capital markets is suddenly going to get a lot bigger and that's very exciting."

"It is however important that investors consider the risks of each investment opportunity carefully before committing. While these high growth companies may provide a potentially exciting investment opportunity, they typically have higher failure rates than more mature businesses".

Snowball Effect's Head of Platform and Investor Growth Josh Daniell said the licencing process was appropriately rigorous, and he is pleased to have demonstrated Snowball's ability to meet the requirements.

Equity crowdfunding public offers would usher in a new era, Daniell says, and, over time, accelerate growth across the important SME sector.

International research into equity crowdfunding, he says, shows that participating companies are boosting revenue, hiring more employees and attracting interest from institutional investors after successful offers.

#### **Note to editors:**

The Financial Markets Conduct Act 2013 and corresponding Regulations provide a new channel for investors. Through licensed equity crowdfunding platforms, each Kiwi company can raise up to \$2 million in any 12 month period by offering shares to the general New Zealand public. This enables

companies to raise funds from their customers, users, supporters, as well as the wider public. Investors are free to invest any amount up to the \$2 million limit per year in any company raising funds through a licensed platform.

**ENDS**

**For further information, including interviews with Snowball Effect or Renaissance, please contact: Nick Smith on 09 309 1494 or 0210 553 644.**