

— Street Talk

Shareholders in biggest Aussie crypto exchange fired up

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Bitcoin might be booming but that doesn't mean it's all sunshine and daisies for cryptocurrency businesses Down Under.

That certainly seems to be the case at Australia's biggest crypto exchange Independent Reserve, which Street Talk understands has been facing down a rabble of angry minority shareholders in the past week or so.

At the centre of the disquiet is a private sale of shares at 70¢ a pop last year, which a bunch of minority investors have only recently found out about, and are upset with, as shares in Independent Reserve had traded at around \$1.80 in 2018.



Crypto exchange Independent Reserve has been dealing with some shareholder disquiet. **Bloomberg**

So incensed by the sale – which the shareholders reckon they should've known about and it presumably devalues their stakes – the investors fired off a bunch of emails to Independent Reserve's top brass voicing their displeasure, and seen by this column.

Independent Reserve chief executive Adrian Przelozny said that "just like any other private company in Australia, shareholders are free to sell their shares to other parties and negotiate a price that they deem fair," in a statement to Street Talk on Thursday.

And the shareholders shouldn't be complaining too much. Independent Reserve's shares were worth 5¢ in 2013 when the company was founded, so even a 70¢ sale would be a 14-bagger, and \$1.80 is a whopping 36 times return.

The emails also raised concerns with an \$886,000 "financial trading loss" the company suffered in the past year due to parking some operational capital in hybrid securities issued by the big four banks, which hit the skids due to the pandemic.

"The company has since restructured its asset allocation and the losses have now been recovered," Przelozny said.

The crypto exchange serves more than 150,000 Antipodean users and more than 8,000 SMSFs. It counts former Challenger CEO Mike Tilley as chairman and just welcomed Professor Mike Aitken onto its board.

The disquiet is a classic – and unavoidable – tale for most start-ups, that have to get cash in the door early in their life and don't have the luxury of choosing where it comes from, which can cause problems down the line...

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