



## Bitfarms Ltd (TSXV:BITF) vs. Banxa (TSXV:BNXA): Which Is a Better Buy in 2021?

### Description

The digital assets sector has come a long way over the past year. In 2021, the only way to bet on cryptocurrencies was either buying them directly or betting on overpriced mining stocks. Now, major cryptocurrencies like Bitcoin and Ethereum are available directly on trading platforms, investors can buy exchange-traded funds and non-mining companies have listed on the stock exchange.

With that in mind, should investors buy a payment processor like **Banxa Holdings** ([TSXV:BNXA](#)) or mining giants like **Bitfarms** (TSXV:BITF)? Here's a closer look.

### Bitcoin mining

Bitfarms stock is up over 200% to record highs of \$8 over the past year. While the stock has gone lower, it is still up by more than 50% year to date. The pullback appears to be a healthy correction following a pullback in crypto prices in recent weeks.

### Cost-effective miner

As one of the largest and most cost-effective crypto mining operations, Bitfarms is well positioned to bounce back after the recent pullback. The company has acquired new generation mining equipment, a key investment that could help it ramp up mining operations.

These two new mining equipment are expected to produce an additional 160 petahash per second (PH/s). The company has also started rehabilitating its older and mid-generation equipment, which restore an additional 80 PH/s of production.

Increased mining power should enhance the company's ability to mine more Bitcoin to take advantage of record-high Bitcoin prices. The company has over 650 Bitcoin in reserve, valued at over US\$32 million at US\$50,000 per Bitcoin. With the company adding 7.5 Bitcoin per day, it is on course to increase its holdings.

## Financials

Bitfarms ended the fourth quarter on a positive note with the addition of 218 PH/s to the mining pool. An increase in Bitcoin prices saw the company's revenues power to \$34.7 million on mining 3,014 Bitcoin.

Bitfarms has already confirmed plans to list in the U.S., as it eyes a NASDAQ listing. Listing in the U.S. should bolster the stock liquidity levels as well as position itself for more institutional investor interest.

The stock is fairly valued with a price-to-sales multiple of 10.58. The price per share is also 20 times higher than its BTC reserves, which seems reasonable given the current market environment.

## Banxa

[Payment processor Banxa](#) offers an alternative way to bet on the cryptocurrency sector. The company's partners include exchanges like Binance, service providers like Abra, and hardware manufacturers like Trezor. As the value of cryptocurrencies surge, Banxa's transaction volumes should increase exponentially.

The company handled gross transactions worth over \$200 million in its most recent quarter. Assuming annualized transaction volume of \$800 million and a 3.5% average commission rate, the company's sales should exceed 28 million. Meanwhile, its market capitalization is \$273 million.

Of course, revenue could be much higher if the value of Bitcoin continues to surge and the number of users continue to expand. In my view, Banxa seems more undervalued than Bitfarms and could be a better bet for 2021.

### CATEGORY

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