



Is Hut 8 Stock a Buy in December 2022?

Description

Hut 8 Mining ([TSX:HUT](#)) is a Toronto-based cryptocurrency mining company. Today, I want to determine whether it is worth snatching up this stock in the face of turbulence in the broader [crypto space](#). Let's jump in.

What is behind crypto's terrible, horrible, no good, very bad year?

Bitcoin, the world's top cryptocurrency by market cap, has seen its valuation [steadily chipped away](#), as 2022 has pressed forward. Now, as we approach the final weeks of the year, it is trading close to its 52-week low. Meanwhile, Bitcoin has been throttled in the face of rising interest rates and heightened economic uncertainty.

The price fluctuations for Bitcoin, **Ethereum**, and other top digital currencies have been overshadowed by the collapse of FTX, a former cryptocurrency exchange. FTX had entered Chapter 11 bankruptcy proceedings in early November. Binance, the largest crypto exchange in the world, had signed a letter of intent to acquire the firm. However, it went on to withdraw the offer the next day after reports emerged that FTX had mishandled customer funds. Last week, FTX founder Sam Bankman-Fried was arrested in the Bahamas for an avalanche of financial offences.

This space will need to win back the trust of regular investors in 2023 and beyond.

How has Hut 8 Mining performed in the face of this turbulence?

Shares of Hut 8 Mining have plunged 88% in 2022 as of early afternoon trading on December 19. Meanwhile, the stock is down 21% over the past month. Investors can look at how it has performed recently with the interactive chart below.

Should investors be encouraged by the company's recent earnings?

This coming unveiled its third-quarter fiscal 2022 earnings on November 10. Hut 8 Mining reported total revenue of \$31.7 million — down from \$50.3 million in the previous year. Moreover, it mined 982 Bitcoin in the third quarter. That was up 8.5% compared to the third quarter of fiscal 2021.

Hut 8 Mining posted a net loss of \$23.7 million in the third quarter. That was down from net income of \$23.3 million in the prior year. Meanwhile, its net loss deepened to \$57.1 million in the first nine months of fiscal 2022 compared to net income of \$38.4 million in the year-to-date period in fiscal 2021.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. The company's adjusted EBITDA shrank to \$2.07 million compared to \$30.7 million in the third quarter (Q3) 2021. Moreover, adjusted EBITDA fell to \$35.9 million in the year-to-date period in FY2022 — down from \$61.3 million in the prior year.

Hut 8 Mining: Should you buy today?

The acquisition of new high-performance computing operations generated \$4.4 million of primarily recurring revenue in Q3 FY2022. Like other crypto miners, Hut 8 Mining is going to be largely dependent on the price fluctuations of Bitcoin, Ethereum, and other top digital currencies. Indeed, high interest rates are expected to stay into the first half of 2023. That means that this market will likely be under pressure in the months ahead. I'm not looking to buy the dip in Hut 8 Mining considering the risks in the crypto space right now.

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1. Cryptocurrency
2. Investing

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