

# Block slows investment, hiring after mixed Q2 but plays up growth initiatives

Article

**The data:** Block's gross payment volume (GPV) increased 23% year over year (YoY) in Q2, a slowdown from 88% YoY growth during the same period last year, [per](#) its shareholder letter.

However, **total net revenues fell 6% YoY** compared with a 143% YoY increase in Q2 2021.

**Here's what happened:** The firm's revenue drop was primarily driven by a 34% YoY decline in its Bitcoin revenues.

Block attributed these losses to widespread **volatility** in the cryptocurrency space and softened consumer crypto demand. As a result, it reported a \$36 million Bitcoin impairment loss for the quarter. Block tried to increase crypto engagement during the quarter with new Bitcoin **services** in early April like Bitcoin Roundups and Paid in Bitcoin.

**But expanding services helped Block drive up spending and led to healthy seller retention in Q2**, CFO Amrita Ahuja **noted** on the company's earnings call. These factors may have also offset some of Block's revenue losses.

- After **closing** its acquisition of **Afterpay**, Block made it **available** for in-person purchases across its seller network in Australia and the US.
- And it built out Square for Restaurants by **acquiring** restaurant ordering and marketing platform **GoParrot** in May. Block also **partnered** with restaurant delivery software provider **VROMO** that month to streamline delivery for Square restaurants.

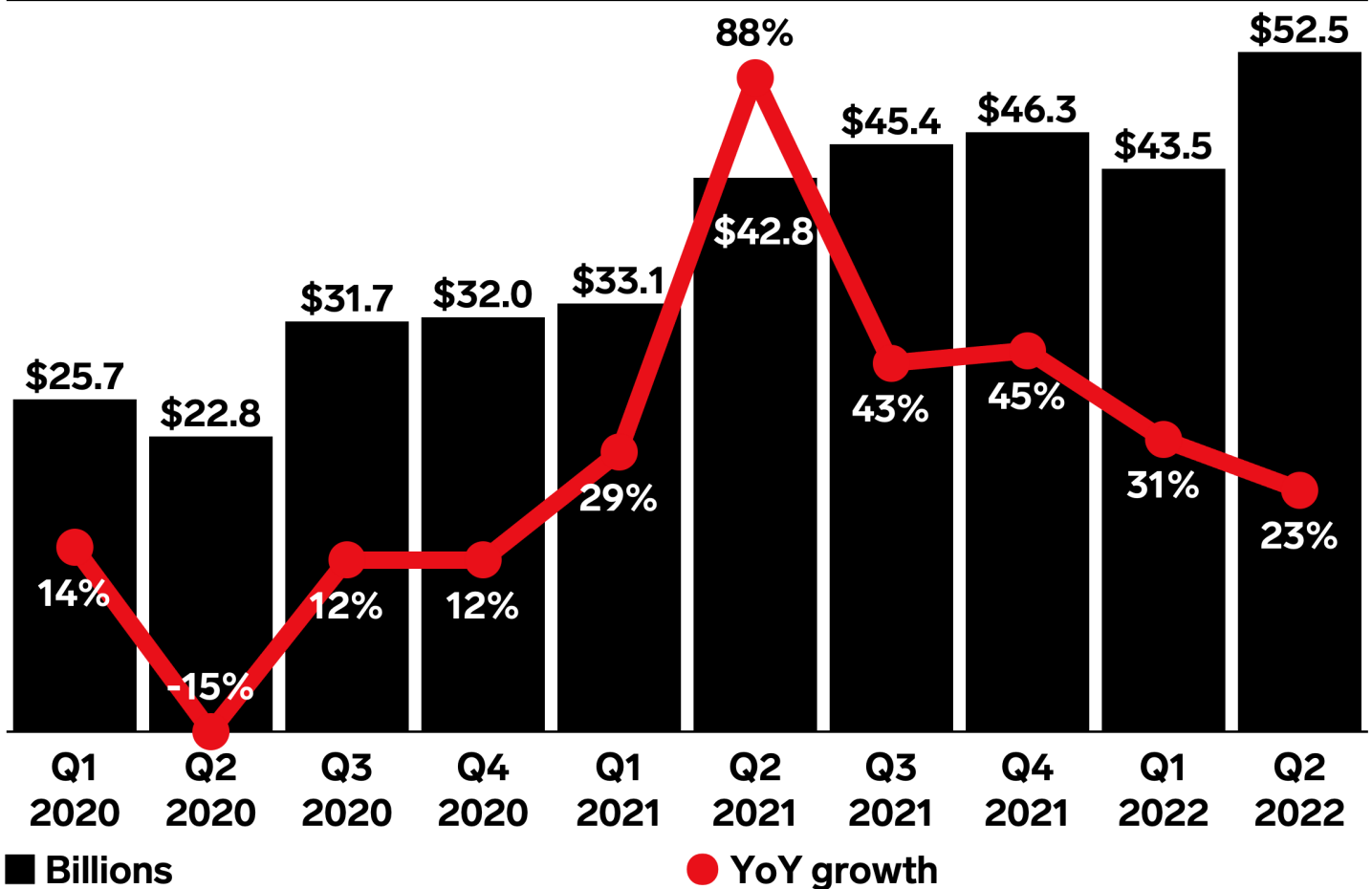
**What's next?** Going into Q3, Block plans to double down on growth initiatives while keeping a pulse on macroeconomic conditions.

1. **Focus on large sellers and global growth.** Ahuja said Block is still trying to grow upmarket with larger sellers, which tend to remain resilient through economic downturns. The firm will keep expanding its omnichannel capabilities, which can help it navigate shifts in consumer spending patterns. And Block plans to grow its global footprint by capturing more sellers outside of the US.
2. **Connect ecosystems.** The company **highlighted** this initiative last quarter and will carry it into Q3, specifically with Afterpay. CEO Jack Dorsey said Block is bringing Afterpay's discovery capabilities into **Cash App**, which can help drive user engagement and increase seller volume.
3. **Remain cautious on investments.** Block reduced planned investments for 2022 by \$250 million, pulling back on "experimental and less efficient go-to-market spend," and slowed down hiring, according to Ahuja. Despite the more cautious approach, Ahuja noted that Block's diversified ecosystems and products make it less exposed to economic volatility.

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## Block Gross Payment Volume



Note: year-over-year growth

Source: Block, 2022

Methodology: This data is from Block's quarterly shareholder letters.

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