



To our Shareholders:

2024 was a seminal year for Plaid. In 2021, we began a journey to transform the company in three ways. First, we set out to expand our business beyond bank account linking. After nearly a decade of delivering data connectivity infrastructure, we had generated a very large data network. Utilizing this data network, we set out to build a set of unique analytics products that improve consumer outcomes. Three years later, I am proud to say that we have emerged with strong new business lines in Alternative Credit Data, Anti-Fraud, and Bank Payments. New products represented >20% of ARR in 2024, compounding at 93% annually. Second, we expanded our business to the enterprise. Today, our customers include companies such as Citi, H&R Block, Invitation Homes, and Rocket. Third, as we emerged from the complexities of a potential sale in 2021, we set out to chart a path for Plaid as a long-term independent company. In 2024, we ended the year with [Redacted for confidentiality].

Three new business lines, expansion into the enterprise, strong top line growth, and positive operating margins. It's been a very busy few years.

The data revolution

Retail financial services is at a pivotal moment. A small handful of industry giants have emerged with a vast technological and data advantage that they are using to accumulate market share by using data to intelligently target customers more effectively, cross-sell products, make better lending decisions, and improve their risk and underwriting models. The impact is that these large players add more new customers, accumulate more deposits, make more and better loans, and experience less fraud. The companies that will grow fastest in the next decade will be those who can best use data to their and their end users' advantage.

While other industries have been embracing data for several years, financial services is finally catching up. Our aim is to help accelerate this data revolution by delivering excellent data products to the entire industry—improving outcomes, and allowing all players to compete.

Plaid's role in the ecosystem

Plaid's mission is to unlock financial freedom for everyone. We've all felt the pain of financial stress. Standing at the mailbox. Sitting around the kitchen table. Waiting in line to check out. Seeing a notification on your phone. Money is stressful for everyone, and the stress is made worse by a financial system that is often too confusing, too opaque, or too hard to access. Our goal is to build software that makes the financial system easier and better for everyone. Our products are the bedrock upon which many of the most well-known financial brands are built—companies like Affirm, Chime, Robinhood, and SoFi. We serve as essential infrastructure for the digital financial economy, enabling our customers to build better products faster, reduce risk, and reach more consumers than ever before. We are helping to build a financial system that is safe, empowering, and accessible to all. Our vision is a world where financial services are open, intelligent, and universally accessible—where anyone, anywhere can build and benefit from the next generation of financial innovation.

How we arrived here

We founded Plaid in 2012 at a time when most consumers carried a smartphone in their pocket, and yet most financial services interactions required you to show up at a bank branch and talk to a banker. We believed that by building critical infrastructure that allowed consumers to interact with their finances digitally (rather than in-branch), we could meaningfully increase access to financial products, improve the consumer experience, and increase trust and customer satisfaction with the financial system. What started as an "API for your bank account" quickly emerged as a critical component of thousands of new financial products built by fintechs, banks, and enterprises alike.



Over the past 12 years, we have delivered a simple, reliable product that our customers and their end users have appreciated. Our bank linking business has demonstrated a durable competitive advantage. We seek to differentiate our bank linking product in three crucial ways: 1) new user signup conversion lift of up to 25% due to the size of our network, 2) ease-of-use by developers and their teams, and 3) analytics-oriented products that go well beyond simply moving raw data. Our intent is to deliver a product that makes our customers say, "It just works!" Given the complexities of our industry (12,000 data providers with varying account types, structures, and data), our work is never done.

Our bank linking business has generated a set of unique and valuable assets. We have a broad and loyal customer base. We partner with thousands of banks. More than 1 in 2 Americans with a bank account have used Plaid to better manage their financial lives. We have a substantial and unique data asset. And our core business has consistently grown double digits YoY despite 2022 and 2023 being the worst slowdown in fintech in the last two decades. This speaks to the essential nature of our products, which provides meaningful free cash flow for us to invest into new business lines. As we move from only providing bank linking services to building a broader suite of analytics products, we rely on our customer base, partners, data, and cash from our core to build unique and differentiated products and distribute them rapidly into the market. We see a substantial opportunity to improve the financial services ecosystem by expanding our Anti-Fraud, Alternative Credit Data, and Bank-Linked Payments capabilities.

Building a lasting business in a complex market

Financial services can be a cyclical business. When our customers experience ups and downs, that can impact us on a short horizon. When interest rates go up, many of our customers are impacted. When interest rates decline, our business experiences a welcome tailwind as our customers accelerate. We have a usage-based billing model. We earn revenue when our customers sign up new users, when those users take action within our customers' apps, and via ongoing per-user-per-month fees. Most of our revenue is generated per-action and per-user-per-month. We've structured our business model and customer relationships to take advantage of the market upswings, and to limit the downside of market downswings. As we continue to scale up evergreen new products in areas like fraud detection and as we expand our customer base, the impact of short-term market swings on our business will wane.

While we might experience externally driven volatility in a given quarter, over the longer-term we believe that most things are within our control. We control the products we build and the markets we participate in. We control who we sell to and how we structure our customer relationships. We control our costs and how we choose to allocate capital. We focus on solving the most important problems for our customers in all environments, with the goal of building a company and an industry around it that will thrive for decades to come.

The road ahead

Plaid is persistently focused on the long term. While we must make smart decisions on how we navigate the vicissitudes of inherent market volatility, we cannot lose sight of the long-term trends:

- Financial services will continue to digitize. We have started the process, but have a long way to go.
- The intelligent use of data will transform how financial services companies acquire customers, personalize products, manage risk, optimize underwriting, and more.
- The age of AI is upon us, and will transform every aspect of how banks operate internally and (slightly later) how consumers interact with those solutions and their finances overall.
- With these innovations, the threat of fraud goes up substantially. Fraudsters are getting ever more clever, and the industry is in a race to keep up.

Financial services is in dire need of modernization.



Looking ahead to 2025

In 2025 our strategic priorities remain largely the same. We are accelerating investment in our new business lines across Alternative Credit Data, Anti-fraud, and Bank Payments where we're seeing strong market demand. We have increased investment in data science, machine learning, and AI as we build even more data analytics capabilities across our solutions. We remain committed to responsible growth and are targeting positive operating margins again this year.

I am incredibly proud of the team we have assembled at Plaid. We hold the bar high for the talent on our team, and have assembled a team of individuals who are smart, hardworking, kind, and deeply focused on delivering impact. We believe that small, highly-motivated teams with high ownership are the fastest way to produce results.

I could not be more excited for all that is to come in 2025 and beyond.

Zach Perret
Co-Founder and CEO

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